

ECONOMICS AND INDUSTRY STANDING COMMITTEE

INQUIRY INTO SHORT-STAY ACCOMMODATION



**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
WEDNESDAY, 12 JUNE 2019**

SESSION THREE

Members

**Ms J.J. Shaw (Chair)
Mr S.K. L'Estrange (Deputy Chair)
Mr Y. Mubarakai
Mr S.J. Price
Mr D.T. Redman**

Hearing commenced at 10.36 am

Mrs SUZANNE MARY O'NEILL

Short-Stay Host, Airbnb:

Mr ARAVINDHAN RAJARATNAM

Private Citizen and Owner, Cozy Stay:

Mr KEITH HEWARD GENNOE

Superhost, Airbnb:

Mr GEORGE MICHAEL JONES

Private Citizen and Short-Stay Host, Airbnb:

Mr DAVID RICHARD DARN

Private Home Share:

Mr IAN ANTHONY HAMER

Owner, Airbnb Unit:

Mr STEPHEN JOHN YARWOOD

Short-Term Accommodation Property Manager, Let Go Pty Ltd:

Mr JACK FRATER

Airbnb Host:

Mr GEHAN MARCEL PERERA

Airbnb Host:

Mr IAN MacRAE

Private Citizen and Retired Town Planner:

Miss MARGARET ELIZABETH GIBSON

Airbnb Host:

The CHAIR: Welcome everyone. Thank you very much for coming along today. I would like to thank you for providing a deposition for the committee's inquiry into short-stay accommodation. My name is Jessica Shaw and I am the Chair of the Economics and Industry Standing Committee. I would like to introduce the other members of the committee: to my right, Yaz Mubarakai, member for Jandakot, and to my left, Stephen Price, member for Forrestfield, and Terry Redman, member for Warren-Blackwood. Sean L'Estrange is an apology today. I advise that the proceedings of the committee's hearing will be broadcast live within Parliament House and via the internet. This broadcast may include documentation provided by you to assist the committee in its investigations.

Before we begin, it is important that you understand that any deliberate misleading of this committee may be regarded as a contempt of Parliament. Your evidence is protected by parliamentary privilege; however, this privilege does not apply to anything you might say outside of

today's proceedings. We ask that when it is your turn to talk you approach the table and say who you are and the capacity in which you appear and we will then invite you to make your statement. You each have three to five minutes. Our secretariat, David and Franchesca, will indicate when your five minutes is finished.

This is a very new process for the Parliament. We do not typically take evidence like this. We have had such an overwhelming number of submissions on this particular topic that we thought that in addition to receiving submissions this would be a very good way to give people an opportunity to have their say. Although there are only half a dozen people in the room now, there are others who are listed to speak today, so we will need to be quite strict with the time, because if we do not get across the road for 12 o'clock, we get in a lot of trouble, because that is when the Parliament sits. I will have to chair quite strictly.

Ms O'Neil, thank you very much for joining us today. If you would like to start us off.

Mrs O'Neill: I am here as an Airbnb host. Thank you very much for giving me this opportunity to address the committee. I have been an Airbnb host for almost three years and I host guests in my apartment in the west end in Fremantle. I feel passionately about hosting as I love to welcome people from all over the world to Fremantle. I have guests from the US, UK, Singapore, New Zealand, Germany, Israel, South Korea, China, Canada, Norway, Vietnam, Sweden, Ireland and other places I cannot remember, and also, a lot of local people. A lot of travellers like to stay in hotels but many others prefer to stay in a more home-like place.

I do not believe I am taking business from hotels. My guests source and choose my product. I have always felt secure and confident using platforms like Airbnb as both the host and a guest. When my husband and I travel, which we do a lot, we always stay in self-catering accommodation as a choice—apartments or cottages. We have travelled for years with our four daughters and now we often travel with them as well as two grandchildren and their partners.

We like to feel like a local. We like to shop local, buy local produce and have a much more home life experience, like many Airbnb guests choose to do. I am registered with the council, which already has in place procedures to ensure that community amenity is protected and any problems can be quickly addressed. I live close by and I am available 24 hours a day. My daughter is a co-host and is available also to meet and greet. I have the necessary insurance. All the safety features—fire alarm, carbon monoxide detector, fire extinguisher and so on—and all my income that I earn is declared.

I live locally and I love Fremantle. When I meet my guests I make them feel welcome. I recommend cafes, restaurants and bars that I go to as my favourites, as well as places of interest to visit. I also give a brief history about Fremantle and point out historical buildings. If they are international guests I try to source local flowers and foliage from my garden or from the flower markets to give them a feel of Western Australia when they arrive. I think what better ambassador could there be for tourism in Fremantle than a local who loves the place. I want to share that with others.

My guests choose to stay in the apartment because they want a different experience to a hotel or a very generic holiday complex. I offer them a more personalised experience with a real feel for Fremantle. There is definitely a niche in the market for this kind of accommodation and I believe hosts like myself should be allowed the opportunity to fill that gap. Why should it only be the domain of big business that is often based out of Western Australia? I clean and prep the apartment myself, providing me with a part-time job, which I hope to continue when I retire. The money I earn through my short-stay is again spent in Fremantle. It is not sent off to an international or interstate company. I live locally and I spend locally.

With tourism comes both positive and negative impacts on the community. As a ratepayer and a local I suffer some of the negative impacts such as extra crowds, less parking, more rubbish and greater demand on facilities; therefore, why should I not be able to reap some of the benefits of that tourism? With the tourism also being in decline in WA, should we really be restricting visitors' choice?

Self-regulation is something that I have often had doubts about, but in the case of Airbnb I think it works really well. The reviews system is so comprehensive that standards of both hosts and guests are kept high. I think any accommodation venue is only as good as its management. I can choose only to host guests with excellent reviews. If my listing does not maintain a high standard, I do not get bookings. It is the perfect self-regulator. Because of my personal involvement I have a real sense of pride and strive to maintain high standards for my guests and I ensure I do this with no negative impact on my neighbours. I believe most hosts strive for the same, so please consider the necessary diversity we need in our accommodation sector. It needs to be as diverse as the guests who play such an important part in the tourism industry in Western Australia. Thank you again for this opportunity.

The CHAIR: Thank you, Ms O'Neill; we appreciate it.

Mr Rajaratnam: Good morning. My wife and I have a business called Cozy Stay and we advertise and market through three different channel partners and also through our website. This is our presentation for today. The first thing we did was approach the Melville City Council. It is a fantastic council that told us exactly what is to be done and what are the limitations. We always work with the council. We have the council's permission in email. We met the next-door neighbours and told them exactly what we are doing. The neighbours have my business card and our flyers, so should there be any problem with the tenants, we will definitely get a phone call. We have had those properties for the last 14 years. We live locally. We have four properties in Murdoch. We live in one and all the other three investment properties were typically long-term tenancies. We have converted them gradually—as the tenants left we converted them into short-stay. We also pay council rates and all the charges; land tax for investment property.

Our business is professionally managed. We pay \$35 per hour for cleaning—not per clean, per hour—to make sure the company can employ either casuals or permanent staff and adequately remunerate them rather than taking shortcuts. We also pay GST; we have GST registered. We pay income tax. We maintain two credit cards, one for the business and one for personal shopping. The tax department is always welcome to look at my credit card statements; I am happy to provide information. We are also a tourism accredited business. We comply with all the quality endorsements from Tourism WA. We are also insured with public liability, including worker's compensation, for all my staff and contractors as well. I guess, going against what the AHA maintains, we are a legal business and we operate legally. We pay tax at three different layers of government as well.

The market segment that we cater for in Murdoch—we are right at the hub of Murdoch within the knowledge and health precinct in Murdoch. A lot of our guests are families visiting for medical reasons. Patients, carers, some come for elective surgery and some unfortunately come for chemotherapy or are burns victims. Currently we are hosting a family from Merredin, a farming community. I do not want to mention names but it is on our Facebook page. They are so appreciative of what we do. They just cannot afford to pay at big hotels or stay kilometres away when their loved one is being treated. The gentleman lost both his legs; they have been amputated. The wife nurses him. She takes him from the hospital and comes home, just for a day trip. It makes him feel great and she takes him back to the hospital. You cannot possibly do that in a hotel. You possibly cannot

do that when you are living in an area further away. One of the text messages I got was: "I love you, love your family." Is really heart-wrenching.

We have also hosted families from Broome, Christmas Island, Cocos Islands, Carnarvon, and all sorts of regional areas. The health department budget is \$60 a night. We are probably better off going and looking for tourism, but we do not; we keep the booking channels open. We do not control. We do not racially profile. Anyone who complies with the terms and conditions can book automatically through any of the channels we have, so we do not restrict any booking. People have approached us and said, "I can only afford 60 bucks a night." We say, "Yes, not a problem at all", because we want to do that for that community as well.

We have a lot of parents, especially from overseas, dropping kids at Murdoch University and staying while they settle the kids in. We also have mothers and families coming for shopping. They do not want to drive back home late at night. They stay with us and drive home the next morning. It is an excellent opportunity for people coming for sports and participation. We are very close to infrastructure. They do not have to drink and drive. They catch public transport, go off to the footy game, come back to our property and the next morning they drive home. Most of them come from Bunbury especially to stay with us to avoid traffic jams in the city as well. We have a lot of holiday makers. We have also helped people who escaped fire incidents in Bedfordale. Families who are unfortunately battling domestic violence have very short-term stays with us to be able to access the facilities.

There is a local demand. One of the PowerPoints that I sent through will highlight that within the five to seven kilometre radius that we have, there are hardly any established premises. I know we are a little short of time so I am trying to ramp up a little faster. We do comply with council requirements for fire, planning and emergency and I urge the committee to apply proportionality in this. We are also competing in a space where there are hotels. We compete with Murdoch University, which is trying to attract guests to stay. I am also helping people who own their own home and are renting out one bedroom. I think there are plenty of opportunities for us to co-exist in this very market.

Also, if I can point out, with childcare centres there are two different perspectives for in-home care and centre care. Similarly, some GPs operate out of a GP practice in a commercial business as against having a Medicare provider number from their home. There are multiple examples that I have provided where there are, not double standards, but standards applicable from a proportionality perspective. I would strongly urge the committee to look into that.

Finally, I have submitted enough documentary evidence where the hotel industry has performed exceptionally well in the last five years, considering the Western Australian economy, and all we ask is do not scaremonger anyone that Airbnb or the short-stay model is taking the livelihood of hoteliers. It is certainly not. We are simply providing an affordable option for every traveller.

The CHAIR: Thank you very much. Would you like to introduce yourself, Mr Gennoe?

Mr Gennoe: Yes, I would like to thank members for making time to take these submissions from us. I 100 per cent appreciate that it is taking time from your constituents and other people in the community that you might want to represent as well, so I totally appreciate you people taking the time today.

I am an Airbnb super host. I have been doing this for three years. I am a live-in host, so I rent one room from my house and guests have the use of that room, a lounge room, their own bathroom et cetera. My circumstances have not changed. When I made the submission to you people I was 67; I am now 68. I am still unemployed, still cannot get a pension, and this is a form of income that I

appreciate having. It helps me pay whatever I need to pay for the household expenses. When I originally started this it was purely because I needed income, but I have become quite passionate over the fact that I now feel that I am part of the Western Australian tourism industry.

The international guests who come and stay with us, I present a local feeling to them of the house that they have just rented, and the personal experience that I give to them. I go around to the local shops in the area and I have a folder that I put together of recommendations so they do not have to worry about where they will find their meals or whatever. It is a recommendation for the local businesses in the area. I am fortunate to have three or four coffee shops and three restaurants all within about 800 metres of us. We live on a bus route. What we are planning on doing—this comes from the fact that I went to Sydney and saw an Airbnb host there—is we are now going to give the bus ride cards to the guests as well to get them around. It is only a few dollars that you put on it, and it helps them. But it promotes tourism and it promotes the feeling that they are welcome to come here.

I guess we will cut to the chase: it is inevitable that we are going to end up with some sort of legislation. Like the other people, I do not believe that we are taking business away from the hotels association. I believe that one of the hotel chains is going to set up their own short-term stay accommodation. I think that is the Marriott group, from information that I have been given by Airbnb. If they are prepared to do a short-term stay, I do not see why we should not be allowed to continue what we are doing. I would like to see the regulation or the legislation go through the Western Australian Tourism Commission rather than through the Tourism Council. The council is more interested, I believe anyway, in the higher end of town, like the types of people they currently represent and the submission they made to yourself.

We do need extra funding in tourism in WA. That is for sure. We have dropped the ball as far as promoting Western Australia goes. I would like to see the Tourism Commission as the overseer of what we do. Although it is important for the shires to understand what we are doing and where we are, I would not like to see the shires take over that role. The reason being is that each shire will have its own ideas of how they want to operate, and the person across the road who lives in one shire might have some onerous rules and regulations that they have to jump through: “On this side, they do not care, so I can just carry on the way I have been.”

A classic example of that is that I am a builder and we were building in Toodyay. One side of the road had a strict compliance to earthquake design, which cost the client several thousands of dollars more and also in engineering and the rest of it. We built a house on the opposite side of the road and there was no earthquake requirement. We are talking a line down the middle of the road: One side says yes and the other side says no. That caused a conflict between the client and us as the builders.

The CHAIR: I do have to keep us to time, Mr Gennoe, so if you could conclude your comments.

Mr Gennoe: Other than that, I think it is very important to keep in perspective that I as a live-in host have strict control over my premises and what I do. That might be different to other hosts who are remote hosts or hosts who have multiple units in a complex. I would not like to see the same regulations that are applied to a hotel applied to myself because my health standards are already high. We bleach floors; we bleach the shower.

The CHAIR: We have a lot of people in the back of the room now. We have a hard deadline we are running against.

Mr Gennoe: I appreciate your time. Thank you for taking an interest in what I have to say. Please do not legislate me out of my business.

The CHAIR: If there is anything else that you want to say to us, you can write to us and put additional comments down. Thank you very much, Mr Gennoe.

Mr Gennoe: I appreciate your time.

The CHAIR: I am sorry I have to be so strict, everyone.

Mr Jones: Good morning. My name is George Jones. I am here as a private citizen who owns a unit in Highgate that I currently rent out through Airbnb and TripAdvisor. Thank you for allowing me to address you today to retell the experience I had when applying for permission to use my property for short-stay accommodation under the current regulations of a local city council. My property is a smallish, two-storey, two-bedroom, one-bathroom unit in a complex of 24 in Highgate, which I bought in 2000 as an investment. The local authority is the City of Vincent. The procedure I was required to follow would perhaps be typical for property owners wishing to get into the short-stay accommodation market, with a property that had been previously leased to a long-term tenant. The City of Vincent calls it “change of use”.

Up until April 2014, when I retired from work, the property was rented out on a monthly basis to a variety of tenants. At that time, by coincidence, the tenant who had occupied the unit for more than six years gave notice that she would be vacating. The place was badly in need of some renovation and I was in need of a project to keep me busy, so I set about getting it ready to rent. After giving my circumstances some thought, I opted to place it on the short-term accommodation market, the idea being, taking the bookings, doing the cleaning and managing guests would be a good way to keep me busy. I fitted the place out completely—furniture, bedding, spare linen, crockery and cutlery, everything a home requires to run properly.

In August 2014, I registered with Airbnb and TripAdvisor, with the first guests arriving the same month. I did think about the responsibility of there being some sort of licence or permit I needed to attain, but did nothing about it. Bookings kept coming regularly enough for me to be able to cover the costs of my little enterprise and pocket a small profit along the way.

In June 2017, I received a letter from the City of Vincent, stating that they had received a written complaint alleging my property was being used for short-term accommodation purposes. Their records did not show that this particular use had been authorised and that I was to cease the activity immediately. Being unwilling to cancel a number of reservations already accepted, I commenced the process of obtaining retrospective authorisation under the provision of their policy number 7.4.5, titled “Temporary Accommodation”.

The City of Vincent is to be commended for allowing me to do it. They could have made things much harder for me. My experiences with the staff were entirely positive. They were always polite and efficient and, at times, almost apologetic for the situation I found myself in. It turns out authorisation involved gaining planning approval. I thought at the time, much as you may be thinking, “Planning approval—why? What’s that all about?” According to the classification my application found itself filed under, planning approval is necessary to allow for a leased tenant to vacate the unit one day and a short-term guest to walk in the next. To be fair to the staff at the City of Vincent, I believe, as this particular change of use was not specifically allowed for in the procedures, it ended up being subjected to far greater attention than it required. Regardless of the how or why, the City of Vincent made it perfectly clear that if I wanted to continue with my short-term rental, I must follow the steps laid down by them and get authorisation.

Planning approval required submission of plans of the complex, including floor plans and a site plan. This is a building that was built in 1982. The building was constructed in the early 80s, so I paid to get copies of the plans from the City of Vincent archives. Planning approval required a period of

public consultation. The city wrote to local residents, notifying them of the proposed change of use and I was required to place notices in the local newspaper and erect a sign onsite. The public was invited to comment on the proposed change of use. As my unit is in a strata complex, all owners were notified of the proposal. I was required to get written permission from the strata manager. No problem—that is just normal; you expect that.

Planning approval required a licensed building surveyor to certify the building suitable for a change of use from residential Class 1A to Class 1B. Hardwired smoke alarms were built in and lights installed and the unit was certified suitable. The City of Vincent required me to pay a fee for the authorisation and, because my application was retrospective, I had to pay three times the normal fee.

On 22 February 2018—this is nine months after the first letter—I received conditional approval; conditional because they had added more procedural requirements involving guests being hammered with house rules and parking restrictions around the complex. The exercise cost me slightly under \$2,000. I have no way of knowing how many others have been through, or are likely to be forced to go through, a similar process to gain authorisation from their local government body. It is reasonable to assume that other hosts seeking authorisation to operate a short-stay premises will be doing so with a change of use of an existing property, so perhaps my experience is not unique. But I would hope that the local government has purpose-set regulations.

The CHAIR: Mr Jones, I encourage you to hit your key points for us. I have to keep chairing quite strictly. Thank you.

Mr Jones: Thirty seconds. In conclusion, I must caution against over-regulation. It would be unwise to drive out private small operations, short-stay accommodation providers. My little operation has hosted more than 200 families, groups of friends, and individuals from 16 countries. Most are visiting Perth on some form of holiday and are doing so because short-term accommodation is available here. If it were not, a lot of them would holiday elsewhere because the cost of hotel or similar accommodation is prohibitive for regular families. Also, they are after a relaxed suburban feel rather than the city experience. They live in cities; why would they holiday in one? Thank you very much.

The CHAIR: Well done. Mr Darn.

Mr Darn: Good morning. Thank you for inviting me. I am David Darn, I immigrated here with my wife in 2012 from the UK—you can tell by the accent. We built a home in Singleton three years ago, with a local builder. It was designed so that we could sublet part of it to help us in our retirement and to provide short to medium-term accommodation for families at a reasonable price. We have downstairs accommodation, comprising a self-contained two-bedroom apartment and a separate double bedroom with ensuite, both of which are available for our guests. The apartment is totally self-contained, with its own kitchen and laundry, whilst the double bedroom shares our downstairs lounge and kitchen. We have our own lounge upstairs with two private bedrooms.

From a financial point of view, we are a registered business and the rental income, which is all spent in WA, helps enormously as we are both retired. We spend most of our time maintaining the property to ensure that our guests get the best service and value for money. We comply with all current regulations and treat our guests with respect and humility. Their safety and comfort is our primary concern. We also provide indirect employment as we use local tradesmen, restaurants, shops, doctors, dentists, lawyers and accountants. We enjoy meeting new people and try and personalise their stay whenever possible, particularly over Christmas and Easter. We live in a quiet neighbourhood and will never allow any noisy parties. Many of our guests are new to the area or

emigrating, with no family or friends here that they can talk to. We pride ourselves on being approachable and are happy to pass on the benefit of our experience.

We have had guests from France, Germany, Japan, America and the UK, as well as families from other parts of Australia and New Zealand who want to see what our wonderful State has to offer. We encourage our guests to make the most of local businesses because we do not provide any meals. There are many excellent local restaurants, bakeries and coffee shops to choose from. We also encourage them to visit our national parks and other tourist amenities. Some guests are visiting family in Singleton and want somewhere to stay as close as possible.

It has been stated in the press that Airbnb has an unfair advantage, that because they may not pay registration fees, they can heavily discount their rates. This is clearly untrue, as you only have to look at the market to see hotels offering huge discounts as well. Of course, there are always exceptions. But we believe in fair play and have no intention of discounting our rates as we believe it would attract the wrong type of customer. It has also been said that unregistered accommodation is disruptive, and Airbnb are being cited as responsible. But booking.com, stayz.com.au and many others do not require accommodation to be council registered either. What is the difference between this accommodation and a normal rental? Normal rentals can also be for any length of time, according to the Commerce WA tenants' guide, so will they have to be registered as well? Are we all being disruptive?

All travellers have a choice—a choice to choose where they would like to stay, a choice of how much they are prepared to pay, and a choice to complain if they are not satisfied. All our customers are asked to complete a review after their stay and have consistently given us five stars; nor have we had any complaints from our neighbours who are very supportive. When we go away, we much prefer to stay in private accommodation as we invariably get a better deal and much better service. We realise that every situation is different, and there is a huge difference between what we offer and what a hotel offers. A home such as ours does not need further regulations. We provide a home away from home where people can truly relax and enjoy their surroundings. We enjoy sharing our home with new people and have made many new friends from our short term in business. We trust the committee's decision is fair to all concerned.

The CHAIR: Thank you very much. Thank you, Mr Darn. I will just welcome the additional witnesses who are joining us. I would like to thank you all for providing a deposition for the committee's inquiry into short-stay accommodation. My name is Jessica Shaw. I am Chair of the Economics and Industry Standing Committee. I would like to introduce the other members of the committee. To my right is Yaz Mubarakai and to my left is Stephen Price. Terry Redman and Sean L'Estrange are apologies.

I advise that the proceedings of the committee's hearing will be broadcast live within Parliament House and via the internet. This broadcast may include documentation provided by you to assist the committee in its investigations. Before we begin it is important that you understand that any deliberate misleading of this committee may be regarded as a contempt of Parliament. Your evidence is protected by parliamentary privilege; however, this privilege does not apply to anything that you might say outside today's proceedings.

What we will do is invite you to come up one by one. I do have to chair very strictly, at three to five minutes. As a new politician, I can tell you, when you read things out, you always take a lot longer than you think you are going to. So perhaps review your notes ahead of time, think about the key notes that you need to hit, and, hopefully, we will give everybody an opportunity to speak today. The reason we are doing evidence gathering in this format is because of the overwhelming response.

We do have a hard deadline for 12.00 pm so we will need to wrap-up at about five to. So thank you very much. Mr Hamer. I invite you to make your opening comments.

Mr Hamer: Thank you for seeing us all today. I thought a way to approach this is to talk through my experience with coming to Airbnb, how my wife and I are now a host and our experiences with it and with the tourism market in WA. Also, I am in a strata complex in Cottesloe. There are 13 units; four are short stay. I am on the council of owners, so I can talk to you about that from that perspective as well.

So with respect to Airbnb, three or four years ago, with my teenage children, two girls who are young teens, we went to Europe. We lived there for a long time so we were going back and seeing people et cetera and knew where we wanted to stay et cetera. Our first experience was actually in Paris. As a family, it was far easier to stay self-contained. We had a two-bedroom apartment in central Paris. It was brilliant. We did not choose a hotel. We did not want to do that either. We have done many holidays up to Asia and Singapore. As soon as they hit 12, they are an adult et cetera, and it becomes \$600 or \$700 a night for families with children, to book two hotel rooms in basically all of Asia. So we stayed in Paris and then also went to Vienna where we stayed centrally there. A young couple had bought quite a few apartments in a central block and they operated it, obviously, as a business. Where they got the money from to buy them all, I have no idea, but they were very high quality and great to stay in. We then went to London, where we had lived for a long time, and stayed in a onefinestay property, which has been bought by Accor, so they have now gone into this market themselves. We had a very positive experience from all of that.

My wife and I bought a small unit down by the beach in Cottesloe, which is in the old holiday rental area, just back from Marine Parade. So Cottesloe itself has about 300 historic short-stay units all down by Marine Parade and back. We bought one. It had been used for decades as short-stay accommodation. The history with that—a father had bought it for his daughter who was living in New York, who was meant to come back. He fully renovated it so it complied with everything, and was very secure and safe. She had a US boyfriend and never came back. But it was all very renovated and well done. They had it a private business called Cottesloe holiday lettings or holiday rentals which had a portfolio of 10-odd properties, so it was with that historically anyway after the daughter decided not to come back. We then bought it and did it on Airbnb. We adjusted to being hotel hosts and those sorts of thing. We did that for about three or four months and then thought, okay, it is actually easier to get a long-term tenant. We did that for 12 months; took it off Airbnb and then got a 12-month tenancy. We learnt that the rental market here is terrible. It can take ages to actually get a tenant. The revenue was vastly less than through Airbnb, but we had a tenant for 12 months. Then after the 12 months we put it back on Airbnb and we have had that for, it must be the third year now. So we have really embraced the hosting.

Talking about a Cottesloe perspective, there are a lot of short-stay accommodation units there historically and people know the area. Most of our guests are international or from Melbourne—turns out to be, but interstate. They come to Perth for a reason. They would be people who know the area, they want to stay by the beach; there is no alternative. Families stay in the unit with children, the same as we did—so quite a few families from Europe with young children. People from work, from the US, so oil and gas, people coming here for longer stays, interstate, relocating for work. It is that kind of a market where people want to be close to the beach and there is no alternative. So we have had a very positive experience with it.

Then talking about from a strata matter, because Cottesloe counsellors are trying to deal with this because of complaints they have had—we have had none in our block. On the council of owners at the AGM, which is in July, we are going to, as a group, approve short stay because we can do this

within the context of the strata, approve it as valid use, because about a third is doing it anyway, and then we will self-regulate basically, maintenance of guests with the strata bylaws. The only issues we have had are people from somewhere else where you can smoke. They sit outside on the balcony and have a cigarette. People complain. We tell them, no, you cannot do that; people stop. But, otherwise, it has been a great experience. I am very happy to host all these people—met some from all other places and give them a positive experience of Perth.

The CHAIR: Excellent. Thank you very much. Thank you for appearing today. Mr Yarwood.

Mr Yarwood: Thanks, committee. Good morning. Thanks for seeing us today. My name is Steve Yarwood. I own and operate a short-term management company with my wife. We manage a portfolio of about 20 properties. We have managed these properties for a varied mixture of clients, and it is a place for us to do this and operate so that we can manage these properties for people who would otherwise struggle with time or proximity or knowledge constraints. We operate under a management plan. We abide by a strict code of conduct which is adopted by the ASTRA—the Australian Short Term Rental Accommodation Association—which was formerly known as the Holiday Rental Industry Association.

To make sure we responsibly and effectively deliver our management plan, we go to pretty strict lengths. We screen our guests quite comprehensively. We list our properties almost exclusively on Airbnb. We prefer that system because it is so transparent. There is a two-way review system, up-front payments, you can see recommendations and reviews from other hosts, you can set security deposits—you can actually customise it to great lengths to make sure that you do that effectively. I know there is a bit of a perception in the media and elsewhere that there are a lot of complaints and that sort of thing, and public amenity, nuisance. It is interesting that a year ago at the City of Stirling meeting—City of Stirling being the largest local government authority by population size—it only received as at that date six complaints, which is just so minuscule. From our experience, personally and anecdotally, we have hosted now over 3,000 nights on Airbnb—630 stays—and we have had next to no problems at all.

It has been a very positive and rewarding experience. We find that our clients love it. We have got, as I said, a varied mixture of clients. We have people who go travelling for six months and instead of having a property sitting vacant, losing them money—they want to go caravanning around Australia for example—we manage their property. Obviously, it stops it being a target for theft as well. Their income—they get to make ends meet while they go travelling, because basically costs of travelling are quite expensive. We see our guests as well, they prefer it as—there is a trend emerging, I think. This sort of living as the locals do, this way of travelling, I think—you know, the sharing economy—I think it is something that we as Western Australians should be embracing just to catch up with the rest of the world. It is something that has been great for us.

I did submit a submission as well which basically listed a few more points as well, but for fear of repeating myself, obviously, there are huge economic benefits and flow-on effects. I think, a Deloitte's report published that \$155 million is spent annually by guests just in WA—this was in 2015–16—supporting 780 jobs. We also contribute with that. We go to the local visitor centre in the city. We get pamphlets. We colab with all the local cafes, restaurants, bars, butchers, everything like that. We also have a pretty detailed customised handbook. We make sure all our guests are comfortable—they have details for taxis, Ubers, public transport, everything. They need wi-fi details, how to use the alarm, and how to use the air con. Because you get people from all over the world so we want to make sure they are comfortable. We are available 24/7 as well to respond to anything.

We only manage properties in Perth and are only comfortable doing that so we can be a short drive to any of our properties, manage them and deal with anything that arises. But again there has been next to nothing. Less than five times have we ever had to deal with anything and, actually, with regards to the claims on Airbnb, of all our claims, there has been only about five or six—all of them been under \$100 worth of value too. I think Brent Thomas from Airbnb said that something like 0.001% of claims are over \$1,000. I can vouch for that too. My background, before I got into this, has been in traditional long-term residential property management. I have been doing that my whole life and full time for the last six years. I can tell you hand on heart that I faced more problems in that than I have in short term. I think a lot of people are just as nervous about staying in someone else's house as you are to host them. I find it is a much better way to host people and I think it is something we should embrace.

I would urge you as the committee to consider—I know there is probably a bifurcated approach here. Obviously, what we are doing is an unhosted form of management. I would like you to at least consider our case as well. We are doing it responsibly. I would urge you to hear our voice and allow us to continue operating in this way as I think we are doing a pretty good job, which I think a lot of our clients would agree with.

The CHAIR: Thank you very much, Mr Yarwood. Mr Frater, welcome.

Mr Frater: Hello, committee. Firstly, thanks very much for welcoming us all here to tell you our story, I suppose. I thought I would start just with my story and why I started Airbnb and how it helps me, but not only me; it also impacts the people that live close to me as well. I obviously have a lot of friends and family who are not in Perth. You can probably tell by my accent! I have a spare room and I want to keep that spare for those people when they come and visit. What I started doing about two years ago was I put it onto Airbnb. I made it very clear in my description that, "You're living with me. I haven't got a TV or anything like that, so when you come, you come to be part of the home, essentially." Because of that, I have had people from all over the world. I have had a few people who have stayed for a couple of months. They have all been brilliant contributors.

Essentially, it has been people who have either been at the beginning of their travels or at the end of their travels. They just want a bit of a home away from home where they can relax and, I suppose, gather themselves before they go onto the next journey. Of these people, there are also a couple who have come over to learn English. They do not want to have a TV; they want to be able to speak to people. For those people a hotel is too expensive for them and inconvenient, whereas to try to find a rental property is almost impossible given you have to try to work out bills and things like that.

The other really good impact it has had, but was not expected, was for my neighbours. I live on a seven-block strata. It has seven three-by-two villas. I am on the strata council as well. My neighbours next door are Rod and Jeanette, who have retired. Two doors down is Val, who has retired, and next door from that is Rose, who has also retired. Quite a fun thing that started happening was they also get involved with my guests. It has happened twice in two years, unexpectedly, when I have gone home and my neighbours have been in my house with the Airbnb guest! It has been really fun. I have also found my Airbnb guests, particularly the ones who have been there for a week or so longer, have actually ended up being invited around to my neighbours' places, which was good. It was something that I did not expect to happen at all. It is quite nice how the community expands, not just beyond me and my home, but my next door neighbours' as well.

I suppose the best thing for me about Airbnb is that it is an enabler for me to be able to help with the mortgage for my place, which would otherwise be a little bit harder. It also gives me the flexibility to bring people into Perth and to Scarborough, which is something I am proud of. Also,

when I do have friends and family abroad who want to come and visit, I can offer them a place to be with me as well. Thanks very much.

The CHAIR: Thank you very much.

Mr Perera: Thank you for giving me the opportunity. My name is Gehan Perera. My wife and I have a three-bedroom house in Parkwood, which we have previously rented. Despite dropping the price by about 30%, we were unable to rent the property and it was unoccupied for three months; hence the reason we resorted to Airbnb. Using Airbnb, we have regular custom, better control of our asset, and enjoy the interactions with our guests. We also do the cleaning, most of the maintenance, gardening, hosting and meeting guests ourselves. In the current financial year, we have been able to pay our bills and make a profit instead of a loss otherwise. This will also result in additional taxes to the state and contribute positively to encouraging additional visitors to WA.

I would like to mention the following four points. Our offering as an Airbnb host is distinctively different from hotels. We offer a really personalised service at affordable prices. These are very complementary to the development of tourism. Just last week, we returned from a holiday in Europe with our daughter and her family, which included our three-year-old granddaughter. We stayed in hotels and Airbnbs. The experience of the Airbnb was far better, as Hannah could be herself and we felt much more comfortable having an entire unit for ourselves as opposed to hotel rooms. As you can imagine, having a washing machine in the unit is very handy with a little kid. Some rooms even provided toys for Hannah and useful information on how to get to play areas. Due to convenience and affordability of Airbnb units, we were able to enjoy a long holiday and visit more countries on the same budget. Responses from our guests we host are very similar.

On regulation, I believe the rental industry is already well regulated. It would be prudent to apply the same criteria for short-term rentals without reinventing the wheel, as it is essentially the same. I urge you not to differentiate between a whole house and a room being rented, as long as we abide by the same code. Please avoid over-regulating and adding cumbersome administrative procedures and unnecessary costs. We are just individuals trying to make an honest living and do not have the resources to conform to regulations that apply to large organisations; hence a register and a code of conduct would suffice.

Our offer, as well as our customer responses, is available in the public domain for anyone, including regulators. In the Airbnb site, the host and the customers are kept honest as both are reviewed by each other after each stay. This is probably the best system around. We pay our taxes fairly on our profits. Our revenue is transparent; it is fed into a bank account.

I have been in tourism for over 40 years. My humble opinion is that WA has not fully exploited the potential of tourism for the benefit of Western Australians. This is despite having a great product and being so close to major markets such as China, India and South-East Asia. Our compatriots in the Eastern States are streets ahead of us. We need to be progressive and embrace new technology and distribution platforms such as Airbnb to fast-track tourism. Protecting legacy accommodation suppliers is clearly not the answer. Competition is good for everyone and a choice to the customer is healthy for tourism and the legacy hotel accommodation providers, and we can stay relevant to potential tourists with our points of differentiation and play our part in promoting tourism to WA.

Let me end by emphasising the following. Our personalised offer and attractive price point is the reason so many visitors have had positive experiences in WA and have recommended others to visit our State. Our contribution to the growth of tourism is significant. We support small business in our areas, maintain good relationships with our guests and neighbours, we are gainfully employed ourselves, and pay tax on our profits. I would appeal to you to let us continue to rent our houses to short-term visitors with minimum disruption and also not let tourism in WA be compromised. This

is our retirement plan. My wife and I hope to be independent in retirement, not bother the state with a pension, by having this income. Thank you for your consideration.

The CHAIR: Thank you very much, Mr Perera. Mr MacRae, hello.

Mr MacRae: Thank you for the opportunity. My name is Ian MacRae. I am a retired town planner. I have 40 years-plus experience in state and local government. In the 1990s, I built a studio in my back garden as a way of easing my teenage son out with his drum kit and guitars, but subsequently he left home—both my kids left home—so I am left in the house with my wife. It is quite a large facility. Certainly the studio at the back was left vacant for 10 years. I thought, well, I might as well get a use out of it, so I converted it and renovated it and put it on the market under Airbnb. I had a totally positive experience during that time.

It is interesting that over the last year, because I have only had it on for the last year, that a minority of the people who have used it have been here for tourism—say, 20% —and a third have come for family reasons. They have family in the locality and they do not want to impose on their family. They come and see their grandchildren or their children, or they come for a wedding, and they stay with us. The other third are people who come for work-related reasons. They are attending a course, or they have a job here and they want to find a place that is going to give them long-term accommodation, and they start with us. People come for reasons that you could not predict, and reasons that probably they would not be so happily accommodated within the current or the historic hotel situation.

It is interesting to look at why people are embracing Airbnb from a host point of view. We have the largest stock of average size houses in the whole world, probably. The average house nowadays is about 327 square metres and the occupancy rate is about 2.6 people. A lot of houses in my location in particular have one or two people in them, but they do not want to leave because it costs about 50 grand to downsize, so they want to stay and age in place. This provides an opportunity to better utilise the urban structure that we have and at the same time provides an opportunity for people to live with families, or at arm's length, and utilise facilities in areas that are well provided with facilities.

Where I am, there are four bus routes, two train lines and 14 cafes within walking distance. So I think it is quite valuable as a better utilisation of our resources. Over the last 30 years, the planning agencies in this state have tried to cajole local governments to embrace urban consolidation and encourage higher densities and for people to redevelop for higher density, and they are always resisted by local governments in areas like ours. Here is one way in which one can better utilise without coming up against a block.

Anyway, as a town planner, I have sort of tried to exercise my mind on how to deal with this issue. From what I can see and what I have heard, the issue that you are facing is not one of control of hosted places—it is un-hosted. I think we need to have a definition within the regulations that addresses this problem so that they do not trawl in all the places that are hosted, but they provide a reasonable control on the un-hosted places. I would suggest that the planning regulations include a specific definition, because currently all the definitions do not address this issue. What I would say is that the definition of “short-term accommodation” is “where a property may be occupied for periods of less than two weeks, and where the owner, or tenants with a lease, is not resident therein”. This would capture people swapping houses or renting out their house while they go on holiday. It would not impact on hosted properties. It would not impact on houses shared by students and the like. It would focus on regulating short-stay accommodation where there is no permanent resident on site. It would provide statewide consistency by introducing the definition into the

deemed provisions of the regulations. It would enable local governments to choose to regulate by policy or scheme provision on this basis. Thank you.

The CHAIR: Thank you very much, Mr MacRae. Miss Gibson.

Miss Gibson: Good morning, and thank you so much. I appreciate being able to speak for Airbnb because I believe in the model so strongly. My name is Margaret Gibson and I host in Albany in the great southern, so I am bringing a regional perspective of a little town that in fact at Easter, as I understand, was the most popular destination in Western Australia.

The CHAIR: I can understand why.

Miss Gibson: Thank you. I also know from having been in the boardroom of Albany recently that the town wants to keep activating all of the citizens in the town, and activating people who are not in those higher income economic streams is something that Airbnb enables. I am an example of a woman who now considers myself to be a businesswoman. I, too, built a studio to edge the son out. The thing that matters to me in my Airbnb business is that when I received a call from a real estate agent yesterday about an application from a young woman that they had received for a rental property, they were referring to her as a businesswoman. She is my cleaner. She is a woman who at 16 had a baby, and has made enormous changes in her life. I have been able to employ her, mentor her, and link her with business, and she is no longer using government subsidies. She is moving towards being independent, and her self-esteem and her contribution to the wellbeing of her family has risen exponentially.

I also have had an enormously long work history with the Indigenous people of Western Australia, who because of cultural difficulties do not always manage, despite huge efforts in this state, to integrate into our economic basis of wellbeing. I also happen to have worked on Indigenous communities and looked at 11 aeroplanes on an airstrip on one day, all service providers, entering a community, who understood well and truly how to hide the information they needed to. So my assessment of those 11 flights was that there was a lot of expenditure for not a lot of savings. The reason I make this comment is that when my friends talk about wanting to contribute something of their knowledge into Western Australia, I tell them go to Airbnb experiences. That is not accommodation, but the platform offers simplicity. It offers the chance for people to be flexible about when and where they are available, for that little economic return, and therefore it fits the cultural model that my friends who are Aboriginal are most comfortable with.

I also really appreciate this week having had conversations with my daughter about my son, who I am giving small opportunities to manage the property as a teaching and learning experience. The comment of my daughter was how he had missed out on a microchip—my son—for being highly competent, but I have to say that is changing really fast. Airbnb has a model that really gives human beings a chance to be more positive towards each other rather than negative. So when we receive a review that says, “The place was spotless, and we really appreciated the chalk welcome on the pavement”, I photograph that and send that to him, and what I notice is that his next clean is even better! I do not think I have much else to say, except at a really personal level, I was thrilled this week.

I am in a cohort of women who are older. We have fierce competition for employment. So it gave me great pleasure this week, when I was worrying about my significant mortgage, and knowing that the little account where I put the money for the mortgage was not full, to notice that there had been an Airbnb deposit, slipped the funds across, and the worry was off my mind; the mortgage is sorted for this month. So that is just a real story from me, as a competent, capable, hardworking older woman who happens to carry a mortgage.

My closing statement is that I encourage whatever decisions you make to be simple enough and consistent enough that individual human beings can become involved in the economy of this state.

The CHAIR: Excellent; thank you very much.

We have a couple of moments left, so what I might do, if people would like me to, is explain a little bit about the process from here and what it is that you have just participated in.

The Parliament has a number of mechanisms that it develops the law through. There is the sort of very combative question time function that you see on TV, which is all about an accountability function where the opposition are holding the government to account. There is the legislation that we pass. We here until two o'clock this morning debating legislation to try and get some things through the Parliament. That is another process of Parliament aimed at changing the law. Then the Parliament establishes committees. Those previous two processes can be quite adversarial, but the committee processes are multipartisan, processes through which the political parties come together and look at issues of public policy interest that are important issues and try, as far as they are able, to come up with bipartisan approaches to public policy. What I am trying to say is that politics is not always about the cut and thrust, and the fighting that you see going on through the media or within the institution of Parliament; we genuinely do come together around topics and try, on a bipartisan or multipartisan basis, to just come up with things that could work.

This committee has three members from the government and two members from the opposition; so, three Labor members, a National and a Liberal member. We have been inquiring into this topic around the state. This particular inquiry has garnered a record number of submissions and we have had an incredible amount of interest in this particular committee.

It is important for me to communicate that we are not the government; we are a very separate branch. The Parliament is a very separate branch of the legislature, and separate from the executive, which is Mr McGowan and his cabinet. As the legislature and as a committee of the legislature, what we will do is we will consider the issues, consider the evidence that has been presented to us and come up with some recommendations as to how we think this particular issue could be addressed. We will write a report that will be tabled in the Parliament and that report will be responded to by the government who will say what recommendations they accept and the ways in which they intend to amend the law.

But I guess I just want to communicate that we agreed to inquire into this topic on a bipartisan basis. We developed the terms of reference together, and we are working together to try and develop a solution. The quality of the recommendations we make is very much contingent on the quality of evidence that is presented to us. So, insofar as all of you have chosen to participate in this inquiry, you have enriched this process for us.

Committees are one of the most direct ways that citizens can influence legislative outcomes and political outcomes. This particular format that we have tried today is a very new way that we are trying as a committee. We are the first committee to try to do this to engage citizens directly and seek your views very directly in a process of the Parliament. The government will run all sorts of consultation processes, but the Parliament has tended to run very formal question-and-answer, hour-long hearing processes, which can be really quite intimidating and, I would argue, probably do not encourage enough people to come forward and give us, as your representatives, a much more real view of what general people are thinking and feeling about topics. We hear a lot from very well organised, very well resourced companies and industry organisations, but it is very important as we undertake our roles, that we listen to you and that we try and make this democracy, this Parliament, which is your institution, as accessible, as open and as transparent as it can be.

Thank you all very much for your evidence today. If there is anything more that you think we need to know, as part of this process, please do feel free to jot your ideas down and send them to us as correspondence. We are aiming to wrap this inquiry up as quickly as we can, but as I am sure you can appreciate if you have reviewed the evidence, it has garnered some real differences of opinion. We have a heavy task ahead of us.

Thank you very much. A transcript of the public depositions that have been made today will be emailed to you all for correction of minor errors. Any corrections must be made and the transcript must be returned within seven days of the date of the letter attached to the transcript. If the transcript is not returned within this period, it will be deemed to be correct. New material cannot be added via your corrections and the sense of your evidence cannot be altered, but should you wish to provide additional information or elaborate on particular points, please include a supplementary submission for the committee's consideration when you return your corrected transcript of evidence. Thank you all very much for coming today.

Hearing concluded at 11.42 am
