

ECONOMICS AND INDUSTRY STANDING COMMITTEE

INQUIRY INTO SHORT-STAY ACCOMMODATION



**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
WEDNESDAY, 1 MAY 2019**

SESSION TWO

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 10.11 am

Mrs DEBBIE NOONAN

Spokesperson, Registered Accommodation Providers of the Margaret River Region, examined:

Mr PETER NOONAN

Co-founder, Registered Accommodation Providers of the Margaret River Region, examined:

The CHAIR: On behalf of the committee, I would like to thank you for agreeing to appear today for a hearing into our 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 is the Deputy Chair, Sean L'Estrange, member for Churchlands; and to my left Stephen Price, member for Forrestfield, and Terry Redman, member for Warren–Blackwood. Yaz Mubarakai, member for Jandakot, is an apology today.

It is important 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.

Before we begin with our questions, do you have any questions about your attendance here today?

Mrs Noonan: No.

The CHAIR: Would you like to make an opening statement?

Mrs Noonan: Please. I will read it, if you do not mind. My name is Debbie Noonan and I am the spokesperson for RAPMRR, the Registered Accommodation Providers of the Margaret River Region. Our association speaks for over 800 mum-and-dad, small and medium-sized accommodation providers across the Margaret River region and regional Western Australia, who up until 10 months ago did not have a voice. Our association and accommodation providers would like to thank this committee and the state government for this inquiry and we would sincerely like to thank the committee for bringing this inquiry to Margaret River, allowing us the opportunity to share the impact that short-stay holiday lets are having on our businesses and tourism industry.

Over the next couple of days, you will hear from the tip of a very large iceberg of accommodation providers, some whom tell us that they will go out of business due to the so-called shared economy. Our submission has clearly outlined the issues we face in the region, along with suggestions on how we would like to see the local and state government move forward in protecting our industry. It is my hope that this committee, along with the state government, listens to our industry, because the fact is once we leave Perth central, in WA small and medium-sized mum-and-dad accommodation providers are the ones who provide accommodation for tourists and travellers with unique and safe accommodation choices across all regional WA. To lose these tourism professionals to part-time opportunists and amateurs who look at the industry as free money would be catastrophic for our regional tourism industry.

Despite media coverage stating that the Margaret River region has been busy and that our visitation numbers have increased, the reality for accommodation providers of this region could not be more different. On average, RAPMRR members are reporting decreases in occupancy between 15 and 35 per cent; some are reporting reductions of up to 50 per cent. The double impact is felt as accommodation providers have needed to lower their prices below running costs just to receive bookings over the past 12 months. This is before we mention the considerable losses in value to our businesses and land. These losses cannot be sustained. An ever-growing supply of cheap, non-

compliant pretend hoteliers who do this for the sole purpose of supplementing income and paying off their investment properties will ensure that our evermore long-term professional operators will leave the industry or return their properties back to residential. Consequently, future investment in regional tourism is unlikely.

Currently, there are at least 12 accommodation providers on the market in Margaret River—even more across the region. We know of one property in the Margaret River township who has put in an application for council to rezone their property back to residential as they state their business is unviable as tourism accommodation. If this trend continues, we will leave regional WA at risk of losing quality tourism products for what we are famous for the world over, and be replacing it with part-time, pop-up hoteliers who are only in it for the money. Then there are the effects that this will have on the regional communities we live in. We employ and train locals, are involved in the community, support volunteers and local services like firefighting and sporting groups. Our professional accommodation providers continue to put back into our local economy by purchasing and using local goods and services. We support our local restaurants and fellow tourism businesses by informing and making recommendations to our guests; we are on site talking to our guests, providing them with an experience that they go away raving about. Just as we are there for the good times, professional accommodation providers are there for the bad times. When accidents happen, when our guests are injured and when they simply lock themselves out, we are there. For all of us, we are in the business of tourism. We are all invested in our region and we live our jobs 24/7. We are there for our guests. We are mum and dads fighting for our homes, for our livelihood, and while none of us shy away from competition, to be put out of business by a platform many of us cannot access, and those who do so for free money, it puts our lives and livelihoods at risk. There are no big boys in regional WA and all we are trying to do is survive, just like Airbnb hosts say they are doing.

I will give you some statistics for at the moment. Margaret River as of two days ago had 1 020 active listings; at the time of our submission, we had just over 800—that is on Airbnb—on AirDNA. Of those listings, 91 per cent, or 927, are actually entire houses; 93 of those listings are one room—the ones that you are asking about; and that is actually us. This is our accommodation providers. We are in that bracket, so it is not a lot of people in there. We estimate there are probably about 20 who are renting out rooms within the region. For Busselton, there are 1 552 active listings; of that, 94 per cent, or 1 449, are actually entire houses, up to five bedrooms, and there are 97 private rooms. Again, our members that sit within that bracket as well. This means that in Margaret River, one in seven houses is a short-term holiday let.

Mr D.T. REDMAN: One in seven?

Mrs Noonan: One in seven, and, in Busselton, one in eight. If you look at it in ratio, it is one in 14 residences, and Venice is one in seven. At the current rate of five per cent a month, we will be Venice in two years, and everyone is screaming about what is happening in Venice.

Madam Chair and committee members, I have one question to ask you. Many of our members, myself included, provide hosted accommodation. We live in our primary place of residence and we rent out a room in or on our property, so why is it that we are a business, yet those advertising their properties on the same platform we do, offering the same products we do, are not?

There is no such thing as an Airbnb. This is not a formative accommodation, and “unhosted” and “hosted” are just new terms for holiday homes and everything else—neither new nor different. We need to make sure that this inquiry does not get lost in names and new descriptions reinvented by a booking platform as part of a successful marketing campaign. When all the smoke and mirrors are pulled away, our products are no different. Each one of us is running an accommodation business.

The fact of the matter is that some of us stupidly comply with shire, state and federal law. What we need to focus on is the fact that any traveller looking to book accommodation on any online travel agent or booking platform, like Airbnb, HomeAway or booking.com, will be given a never-ending choice of accommodation. Properties have names like “Home Amongst the Trees”, “Two Ocean Villas”, “Walnut Brook Guesthouse” or “Cave Road Cottages”. As a consumer, would you know who is legal and who is not? I have been doing this for nearly 11 years now and I cannot tell the difference. Tourists who book via these platforms assume every listing is a legal accommodation provider who complies with all the legal regulations for the area and, therefore, are a safe holiday accommodation choice. In reality, often many are not.

[10.20 am]

To list the property on Airbnb, listers give themselves a business name, usually not a registered business name. They will price their room or property at a nightly rate. They will add descriptions and photos of their properties, all in readiness to showcase their accommodation to the world, just as any accommodation business does. Then before listing, they will agree to terms and conditions of which one tick box asks the listers, “Do you comply with all the local laws and regulations in the country you operate in?” Of course, what we do know is most tick that box not complying. One very important point I must make is we have heard many Airbnb hosts comment they are not commercial businesses because they take listings down, on and off whenever they want. Taking your property offline is nothing new to a small to medium-sized operator. This is our reality too. For many, they operate in seasonal tourism. For most, we do not make enough money to afford managers or relief staff or run our business when we are not there, thereby having no choice but to shut down our business when needed. This, however, does not stop us being considered a business, nor complying to local regulations or paying tax. Regulations are put in place for a very good reason. In our region, the fire risk alone is extremely high. We have communities who do not want to be living next door to pop-up hotels and the oversupply of noncompliant accommodation is not in our region’s benefit when our infrastructure has not grown to the demand. Many of the 91 per cent of unhosted entire houses listed on Airbnb come from our long-term rental market. It leaves our region chronically short of affordable housing. This consistent growth will continue to negatively impact families and workers in our region.

The argument that in peak periods we need more accommodation is not a valid one when infrastructure cannot sustain the growth, when main roads leading to Perth are congested, when small towns and communities are swamped by cars, rubbish, noise, party houses, unruly dogs and the very real threat of a disaster of a fire, not to mention the families displaced for rental properties and their homes so greedy homeowners can cash in on the influx of tourists at that time. It is not a bad thing to say, “Sorry, we’re full.” When we are full, travellers will move to outlying towns. In towns like Augusta, Dunsborough and Gracetown, they face becoming empty neighbourhoods, with strangers as neighbours for those left behind. Is this really something we want to happen to our key tourism towns and regional WA?

In conclusion, the professional accommodation providers ask this inquiry not to be blindsided by new terminology or fancy marketing by big corporate online travel agents. Airbnb does not bring tourism; tourism brings Airbnb. We have clearly stated in our submission our thoughts on the solution. We would like to see implemented mandatory registration and identification to all displays on all listings on OTAs operating in WA; new laws holding both the host and the platform accountable for the noncompliance of listing; any properties offering online accommodation should be classed as a business, thereby compliant with local laws and regulations; protections of the community amenities; and compulsory data sharing of all OTAs. Without this, the rest is actually not viable.

I would like to thank you very much.

The CHAIR: Your organisation came into being 10 months ago?

Mrs Noonan: Yes, that is correct.

The CHAIR: Particularly in response to this issue, or is there another reason why you now have 800 members?

Mrs Noonan: We have not got 800 members; our membership base has been mainly Margaret River based and Busselton based. We actually have a lot outside this region as well that have jumped on board. They would like us to be a WA-based association, so they are waiting for us to become that before they come, because at the moment we fighting for our region, so we speak for these members as well. As you heard yesterday, a lot of our members are multiple owners, so that is where our numbers come from as well.

The CHAIR: You are very focused on this region but there is interest from other regions. Are there any regional differences between the positions of your potential members?

Mrs Noonan: Not when we are talking about the accommodation providers; they all face the same difficulty. We have Albany, Nannup; we have contact from Broome, Rockingham. So wherever there is tourism—I suppose people visiting—they have an issue with this happening. We are very lucky, I suppose, that we are in a downturn, or were in a downturn, that our numbers have not ballooned more. Once we grow, so will our numbers, as they have in Sydney and Tasmania. Airbnb do not direct market to Margaret River. People choose to come here and then they look at their accommodation choice. When you have these platforms sitting in front of you saying they bring tourists, no, they do not; they do not actually market to come to Margaret River.

The CHAIR: That is an interesting point, because one of the things that has been put to us is that this form of accommodation is a bridge to building a sort of baseload of tourism activity that then justifies establishing a hotel or a more traditional form of short-stay accommodation.

Mrs Noonan: When people come travelling, they normally decide where they are going before they look for accommodation; they do not look for accommodation and then decide they are going there. If we look outside of little towns that may not have traditional accommodation providers, or a large range of traditional accommodation, you are not going to have the influx of tourists just because you have those properties there. People will make the choice to go there and then look for accommodation. If they had a market, you would already have businesses operating. So it is not about the affordability of the accommodation; it is about whether the tourists are already heading to that region, which will bring those businesses.

The CHAIR: You made the comment in your opening statement around compliance. There are, as we have already flagged, some regional differences. Compliance with what and to what ends? What are the key things that you think that these alternative forms of short-stay accommodation should comply with?

Mrs Noonan: If we are looking at a local level, they need to work with the industry so they understand more. They have put in strategies that said this was going to happen in 2015 and they have not looked at those strategies and realised this was happening. When we first stepped up to the council and explained what was happening, the councillors turned around and said they were being told there was a shortage of accommodation. They had no idea this was happening. The industry was not actually spoken to to find out what was going on. We need to ensure that there is compliance for illegal operators, and that requires having a compliance officer on staff. They need to follow through that the illegals do take their listings down and they stay down, because people pull them down and then they just put them back up again in a few weeks' time. Stop hiding behind

SAT and the fear that saying no will mean that they will take it to higher levels, because we hear this all the time. They sort of say, “No, we can’t say no because they’ll take it further and then we’re going to have to pay for that.” That is incorrect. If it does not comply, it does not comply.

The CHAIR: But comply with what? What are the key things? We are hearing a lot about, “Well, you need to comply.” Comply with what? Is it about the shape of the building or the number of occupants or the period with which —

Mrs Noonan: All of those.

The CHAIR: This committee can come up with some recommendations about what the state government can do, because we are operating at the state government level. If there is a set of criteria that the state government should insist that every short-stay accommodation comply with, what are those criteria?

Mrs Noonan: They are the same ones that we comply with, which is parking, which is fire compliance, which is having fire walls, which is having disabled facilities. If you are in a fire zone, then they should not be able to operate. If they are in residential areas, they should not operate. They should have the neighbours able to say whether or not it is happening. All the same things that we comply with, they are already in place. They are there; they are just actually not following through with those rules.

Mr D.T. REDMAN: Does the act of simply registering accommodation with the local government and all the steps you have to go through to do that meet the compliance that you are chasing?

Mrs Noonan: I think it does. I think it is pretty fair to say we have all done it, and you heard last night from one of the people who was here what she had to go through to get compliance. Yes, I think it is a pretty hard thing to do.

Mr D.T. REDMAN: Therefore, the issue is the strategies to ensure compliance?

Mrs Noonan: Yes, definitely.

Mr D.T. REDMAN: There are two jurisdictions that can take that up—do it at the state government level or at the local government level, or both. Can you give us a distinction between what might be state responsibilities versus local government?

Mrs Noonan: The need for registration so that everybody can tell who is registered and who is not, because at the moment we do not have that.

[10.30 am]

Mr D.T. REDMAN: Are you talking big fines if you do not do it or are you talking funded compliance officers running around checking it out?

Mrs Noonan: I think you need fines in place to deter people from not being illegal. At the moment there is nothing to stop them doing it and they know that. They know that they just pull it down, and the trouble that the council has to go through to take them to court, they know it will never get there. Also, just needing the evidence to take them to court is hard to do as well. That needs to be made easier for the councils, to be able to go out there and make these people know that they cannot run an illegal business, because at the moment they can do it without any comeback.

Mr D.T. REDMAN: Besides meeting the requirements that a local government would have through a process of registration, are there any other constraints that you would like to see put on unhosted accommodation providers, such as what is happening in other jurisdiction as limiting, for example, the number of stays they can have and/or even minimum stays, which is what was suggested yesterday in some of the presentations?

Mrs Noonan: If you are looking at—you have said a couple of times—the 180 days, you only need to see what has happened the world over where jurisdictions have put this in place. London is a perfect example, if you happened to see the BBC documentary about what happens. Because when you list, you have nothing you need to show there that you are registered, people just pull down their listings, rename themselves and put it back up at the end of the 180 days. Whereas, for us—and if I give you an example, Booking.com have changed the way they work since Airbnb has come on, but prior to that you would have to give your ABN. To be listed, you would have to give the ABN of your business name. That meant you could not pull your listing down and re-put your ABN back up as a different name. Airbnb do not allow it. They do not ask for anything like that. So people just pull their listing down, rename themselves and put it up. This goes for people who get bad reviews. Those who are doing the wrong thing just pull their listing down, rename, rebrand and put their listing back up again. That is one of the big problems we have here. I am sure the shire have the same problem, because one minute they are looking for “Walnut Brook Guesthouse” and tomorrow they are something else if they pull it down and relist again.

The CHAIR: Do you observe a different consumer experience then between the two categories of property?

Mrs Noonan: I agree, holiday homes here have always been an important part of what Margaret River is about. We have always had holiday homes, and we do not want to get rid of holiday homes; they need to be in our tourism mix. So, we always had guests who stayed at holiday homes. We always had people who stayed at traditional accommodation providers who are holiday homes. The problem is that it is dropping the prices. We have so many now and so many who are not professional, who do not know the business, so they are getting emails. We have been on Airbnb since 2014, so I get these same emails, and every day an email comes in from this company saying that the person around the corner from me is selling rooms for \$59 dollars a night last night and I need to drop my price to meet them because they are getting my customers. I cannot afford \$59. I have all these compliances—the water rates, the electricity, the toilet tax—that I have to put onto my prices. I am already below cost just to get the people in the door, and I cannot survive. So, no, they are not different, and I agree that our Asians do like to use that kind of accommodation, but they are not our biggest market. Perth is our biggest market. Our Asians always like to go to holiday homes and our chalets or anybody who can do self-catering because they bring their two-minute noodles and they eat within their place.

Mr D.T. REDMAN: You made some comments about the differences in local government jurisdictions. I asked the MRBTA a question about whether they would like to see, in our recommendations preservation of some independence at local government level to deal with regulations, for example, around some nuances that are different between Margaret River and Kalgoorlie or Jurien Bay or something like that.

Mrs Noonan: I believe they have to be flexible. I definitely think they need to be flexible because we do have tourism hotspots like ourselves, and then we have, if you go north, they are seasonal, so they operate completely differently from the south west of Western Australia. So, I do believe one rule will not suit all. But there has to be flexibility within those rules so that each council or shire can look at that and make it tougher or less depending on where they are.

Mr D.T. REDMAN: Your local government here has taken some steps in terms of compliance. Can you make comments about how effective that has been?

Mrs Noonan: Our numbers have grown. We have gone from 800 to 1 020 while the compliance officer has been here. I do not think it has had an effect. Just the threat of a compliance officer knocking on your door telling you to shut is not going to make you shut down. If there was a fine

involved and it was going to be followed through, you would only need to do one or two and the word would get around very quickly.

Mr D.T. REDMAN: You also make comments in your submission about the level of long-term rentals in town and the impact that that has had; could you expand on that, please?

Mrs Noonan: Again, because we are a tourism industry, and it gets bigger at Christmas, leading up to it, so at the moment what will happen, you will find that these holiday homes will start to drop off, because it is coming to the winter months. They will be put onto a six-month long-term rental. Most people are told they can get an extension on that six months. Come the end of the six months, we are heading into September and October, people are kicked out of their homes and then if you are on our community noticeboard of 10 000 residents, there are people looking for rentals. There is just one after another saying, "We are looking for a long-term rental. My family has been kicked out of our six-month." Then there is nothing over the summer months again. That becomes a problem for all of us trying to get staff. Our cleaner had to move to Bunbury to get a rental over that period because she lost her house to that. She had to then move in with our mother-in-law to basically work—and she was born and bred in Margaret River, so to have to leave her hometown to find housing was pretty bad.

Mr D.T. REDMAN: In your experience, which other jurisdictions either nationally or internationally seem to have it right in terms of how they are doing this and what are they doing to get it right?

Mrs Noonan: I do believe you have mentioned Japan. I do believe Japan, and I do believe there are a couple of others that are bringing in that the key is having control of that data. They actually have to share the data. If you do not share the data, then people know they can hide behind that. In all jurisdictions that have brought in that the data is made available to the government, then there has been a significant drop in numbers.

Mr S.J. PRICE: I have a question along the lines of compliance and not taking into account the cost of the built form of your accommodation that you provide; can you give us some understanding of what the actual additional costs are for you to run your business in a year versus someone who does not?

Mrs Noonan: I will hand you over to the man who holds the purse strings.

Mr Noonan: It is hard to put an actual figure on it, but I can give you some examples. We have to have people come in to check our fire extinguishers every six months, so there are hundreds of dollars just for that. Some of our members also have swimming pools, so they have hundreds of dollars in checking fees just for that; whereas, our Airbnb competitors do not. We also have oddities like we have a solar panel system on our roof and we are feeding quite a bit of power back into the grid. We do not get any payment for that because we are a business. Our Airbnb competitor down the road who has solar panels is getting so many cents per kilowatt. We also have commercial rates on our finance, so we are paying more than six per cent interest on our loans; our competitor is paying 3.8 or something like that. That in itself can be for us 20 grand a year in costs just because we are a business. Because everybody decides that if you are running a business, then you can afford to pay more. That includes government agencies. Our water rates are higher. Our council rates are higher. Our Airbnb competitors are not paying their share of council rates. The list goes on. Land tax is another example. It might only be one or two grand a year for each property, but the Airbnb people are not paying it. I hope that answers your question.

Mr S.J. PRICE: Yes, thank you.

[10.40 am]

Mrs Noonan: Can I add to that as well? One thing is that we have had a devaluation in all our land and properties here and members have gone back to LandCorp to get revalued. LandCorp has sent us back to the shire. The shire has sent us back to LandCorp. We are doing this ping-ponging just to get our land revalued so we are not paying these high rates, which went up ages ago. We cannot get them lowered; they are only just going up. It is unfair that ours stay high even though we have devalued. That in itself should be looked at so that if something like this happens, then we can get our rates lowered.

Mr S.K. L'ESTRANGE: Compliance is a key concern you have with the Airbnb providers—these houses. You mentioned earlier that the council, even if it goes around to try to say somebody is not compliant, there are too many houses popping up on the Airbnb-type platforms. So has your organisation looked at a strategy which the council might be able to apply to address your concerns?

Mrs Noonan: We have been asked if we could name where they are, and we are quite happy to do that. At the beginning we said, actually, it was not our job to do, to show where these properties are, because they are quite easy to find especially when you live within the shire. But, as it has happened that they are popping up more and more, and for myself, because I get so many emails from neighbours now that I do actually know where they are, I am quite happy to let them know where these are so that they do not have to spend all that time on Airbnb or AirDNA. The problem is that the complaints link on their website has been taken down, so they actually do not want people to complain. When you come in to complain, you have to have a logbook of everything that has happened, when, where; they want photos. While I have heard the council standing here and saying that they do not get many complaints, they do not want complaints. They have made it so hard for the residents to complain, I get the emails. I have actually handed in some emails today from people so that you can read from that as well. It is just really hard. You know, the complaints are out there.

One of the real things is actually the dogs. Most of our holiday homes are actually pet friendly. The problem we have with rangers is, when they come and the neighbours have dogs running up and down the street, barking because people go out, leave their dogs in a strange house and so it barks all day and all night, and when they call the ranger, the ranger says, “The dog is not registered in our council, so it’s not our problem.” There is a rule saying that the dogs actually do not have to be locked behind the gate, because again the dog is not registered in that council, so the dogs can run up and down the streets, bothering neighbours and attacking people, because it is not in their jurisdiction. Just that simple rule should be changed.

The CHAIR: Do you have a view on which council seems to do a better job—Augusta—Margaret River or Busselton? Do you have a differing experience of the two councils?

Mrs Noonan: From what we have seen, the Margaret River council has a very good policy in place. It is actually making it compliant, and that is actually why we stood up. We were invited to view what they were changing in their policy. We had 40-odd providers in the room. We had all read it. It was actually really quite great. We listened to them present it to us. I think one of the last questions was: how are you going to make sure this is rolled out across the region? They said, “Well, they’ve got to come to us. We’re not going to go to them.” We kind of went, “Well, they’re not coming to you already so why are they going to come to you when you’ve made it tougher?” That is why we started this association. It was from that day that we realised that as one voice we are stronger than 43 sitting in a room, and it has grown from there.

If you look at Busselton, it is more just rubber stamp as many as you can. They have opened up the whole of Busselton for short-stay accommodation, even in the residential areas, which is not good.

Most of our complaints come from the Busselton area because these people are having to put up with the party houses.

Just to follow on—you were talking about one night or two nights and 14 days and that. To give you an idea of what happens with these holiday homes—why we do not want them to actually be on one and two nights as the same as us, is because they come down on the weekend. What happens is you have the bachelor party or the hens' night and they can come down on Friday and Saturday night on a two-night minimum and have a party house. This is what interrupts the residential areas. Every weekend, they have a party. The neighbours are now in party mode; they come down and have this party and leave. Whereas, if it is a minimum night of whatever—if it is five or seven—that would stop those people just coming down on a weekend on a party atmosphere and upsetting the neighbours.

The CHAIR: There were media reports that you were considering legal action against the local government authorities. Can you give us an overview of what grounds you intended to initiate the legal action and where you are at—if you have decided to go ahead or what is going on in that space?

Mrs Noonan: Certainly. We were actually approached by the same firm that did the bushfires here locally, as a class action for loss of income. We looked at that. It is not something that we would really like to go down that road, simply because we are here to be a solution not the problem. While we listened to them, and obviously we talked about our problems and there possibly is a case to be answered, it is something we do not want to take any further at this stage. That is not to say we might not do it later on if we cannot survive.

The CHAIR: What was the course of action that the lawyers suggested you pursue? Obviously, if you are going to initiate legal action, loss of income, what specifically was the law firm suggesting you chase the local governments for?

Mrs Noonan: I think it was for not following through on their own compliance that they have, or failure to do that, which we have seen that is the case. We do have numerous houses within fire zones and we do have numerous properties within residential zones who are operating. They have rules that say they cannot be there, but they have actually rubber stamped them to be there.

The CHAIR: Did you notice a change in the local government's actions? Once the idea of legal action was out there, did you see that all of a sudden the local government started to buck their ideas up?

Mrs Noonan: I believe we already have a very good relationship with our council. From the get-go we walked in the door and said we wanted to be part of the solution and not part of the problem. I personally found that our shire really did listen to what we asked for and did try very hard to help us out. But there are things that they do not help us out with as well.

Mr D.T. REDMAN: You talked earlier on about having a level of compliance but having the responsibility levelled back to the platform as well as the owner. How big does a fine need to be to be an active deterrent in people doing the wrong thing?

Mrs Noonan: Interestingly enough, some of the people who were sitting here last night—you went and had dinner in town and sat next to people from Miami, and this conversation came up. In Miami, it is a \$20 000 fine, and Miami have no problem with Airbnb. So, I would say something big.

Mr D.T. REDMAN: That was a fine for the owner?

Mrs Noonan: Both.

Mr D.T. REDMAN: The platform as well?

Mrs Noonan: Yes. Sorry, I got a text message saying this is what we are speaking about. I think it has to be something that deters both of them. If you have something there, then they will not do it. But

that is not to say there are people—you spoke to Richard last night—who come into the industry via that system. We welcome anybody coming into the tourism industry, as you can see by this room. We all work together. Competition is great, and anybody who wants to work or be a business, we will welcome them with open arms and support them 100 per cent. But I do not think those who are operating on Airbnb get it, as Richard highlighted. They live in their own world and do not realise they are part of a bigger picture. To them it is just about putting money, whether it is \$20 at the end of the day or \$100, it is just pocket money to them, and they do not see the negativity that happens on the region, and until they come into this, do they realise it is actually a business and what is all involved?

The CHAIR: You mentioned in your opening statement that this is a platform that many cannot access. Could you elaborate on why it is that some cannot access, some can access, and the differences?

[10.50 am]

Mrs Noonan: When Airbnb first came onboard, it was just for rooms in a house. So, unless you actually had a bed and breakfast per se, you could not list your property. There was only ever a tick box that actually said you are a bed and breakfast or a room in a house. Then they realised that they needed to get bigger, so they added more categories into that. Just as those illegal operators get around, so do our professional operators, so our bigger properties will put on one room, as you heard from people here. They will put one room of their bigger property on there. They cannot list all of them. They certainly cannot list that they have 20 rooms or 29 rooms; they can only list one room. So big hotels cannot get on there—we do not have many big hotels, but the bigger properties cannot list their rooms on there; they cannot actually advertise on there. Airbnb are very good business operators and they understand that the world all over are starting to crack down on what they are doing, so they have just bought a hotel platform, because they know they are going to lose mum and dad. They know that income stream is going to go as the world cracks down and stops this, so they are ready for the next layer, which is to come to us and get the money from here, and that is what they will do. They will put the hotel platform on and they will start asking all of us to be on there and basically pay—you know, keep them in business.

The CHAIR: Is there an issue with adapting your business model to deal in that new world?

Mrs Noonan: No, that is what we do all the time. My property in particular has been going for 52 years. I have three owners in the street and I have met every owner, so I can tell you 52 years of what the tourism industry in Margaret River has been like, and none of them have seen anything like this. It is not because it is fair; it is because it is unfair. You cannot actually play with unfair. You cannot play on that platform. It just does not allow you to drop your price and be competitive. We would love to be competitive. We would love to be in that mix, but we cannot be. My property is on page 17 of 17 pages on Airbnb. I do not get a booking because I cannot compete in price. But one thing—to go back to your question about what the government can do—drip pricing. Airbnb are allowed to drip price their prices. So what you see—you will see a house with \$100 per night, but when you click and go behind to book, they then add their 13 per cent or 15 per cent commission, then they add their cleaning fee and a service fee. So that \$100 is not the price you pay. In actual fact, they probably pay as much as I am advertising, but my price shows \$170, which is an up-front price because I cannot actually pull all the taxes and all my cleaning fees out and put it on the other side of the fence. That in itself does not allow me to be competitive with Airbnb.

The CHAIR: There are one of two ways that we can potentially come at this problem, requiring everyone to meet a certain standard or relaxing standards for traditional accommodation providers so that you can cut your costs down and compete. Do you have a view on that? Is it about lifting

everyone or is it about potentially some areas where there could be some relaxation for traditional accommodation providers?

Mrs Noonan: I think we have highlighted the things that we pay, and if there is a way to drop those prices, we would all be in favour of it. If we cannot even get our land revalued without being ping-ponged between people, I do not know how that is going to happen, but it would be lovely if our pricing could come down. Another example is our water bill has just come in from this quarter and we are a third down in water usage, which is to go with our occupancy, but our water bill is higher because we are paying extra costs on top of that. If you can drop these prices, it would certainly help us as well. But I do not think you should scrimp on quality. You need to bring the level up to everybody because it is there to give the tourists a safe holiday. It is there for a purpose. They were put in place—your fire regs—because 12 backpackers were burnt in there, and we have 12 people in a house now.

Something that we always get kicked for is people saying, “We’re safe in the house.” But what people do not understand is, you have got your Asian tourist coming, for instance, and they normally come late. So they arrive at seven o’clock at night in this house that they have never stayed in before. All their family and they are all excited and they go to bed and there is a fire. They do not know the layout of that house. They have not been in there long enough to know how to get out, and in the confusion of smoke and everything else you are going to have a disaster. There is no lighting to show them how to get out of this house, where the exits are. You have security on windows. You have no smoke alarms that are linked—we have to have our smoke alarms linked. All these things play a big factor in that and that is what should be in place so that they are protected.

You did ask was there anything that we knew about that has happened. We had two fires last September holidays, both in holiday homes. There was a family of seven that had to break windows and needed medical attention. There was a family of five that also needed medical attention. This took our volunteer fire guys—they had to go out there. It was early hours of the morning and our professional accommodation providers, because we are on site, were woken up at two o’clock to rehouse those people that night. The owners were nowhere on site—nowhere to deal with this—so we had to pick up the pieces.

Mr D.T. REDMAN: That example was an unregistered site?

Mrs Noonan: Yes—two. The smoke alarms did not work. So, in both places the smoke alarms did not work, and there were no fire extinguishers as well.

The CHAIR: Thank you. I will proceed to close today’s hearing and thank you for your evidence before the committee today. A transcript of this hearing will be emailed to you for correction of minor errors. Any such corrections must be made and the transcript 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 these corrections and the sense of your evidence cannot be altered. 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 very much.

Hearing concluded at 10.57 am
