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To: Economics and Industry Standing Committee
Legislative Assembly of Western Australia
Parliament House
4 Harvest Terrace
WEST PERTH WA 6005

From: Mrs Amanda Walker
Director
WA HomeStay Pty Ltd

Date: 11 January 2019

Dear Committee members,

WA HomeStay's Submission into Short Term Accommodation Government Inquiry

Thank you for providing the opportunity to provide a submission into the Committee's inquiry into Short Term Accommodation in Western Australia. We believe it would be beneficial for the following to occur in relation to holiday homes in Western Australia:

1. State Wide requirement that holiday homes register with their local councils,
2. Local Councils determine what registration requirements are needed;
3. State government assistance to ensure compliance of this; and
4. Booking platforms should ensure only registered homes list on their site.

We have provided the rationale for this and addressed the Committee's focus points below:

Background

WA HomeStay launched last year. We are an online booking platform for registered WA Holiday Homes. We also operate our own holiday home in Quindalup, in the South West. After contacting a number of local government councils, it is evident there are a myriad of approaches to the registration of holiday homes.

With the announcement of the Economics and Industry Standing Committee inquiry into short term accommodation, we asked property managers and holiday home owners for their feedback. We provided these people with the AHA's press release and 5-point plan¹ and also the NSW's recent rulings on Short Term Accommodation². The property managers and owners provided fantastic information highlighting the importance of holiday homes for tourism in Western Australia. Many points directly challenge the negative assertions made about holiday homes.

Forms and Regulatory Status of Short Stay Accommodation providers in regional and metropolitan Western Australia.

We have been working closely with a number of local councils to ensure that only registered holiday homes are published on our website. Holiday homes that wish to list on our site, <https://wahomestay.com.au> need to provide proof of council registration (if registration is required). In the case of property managers, wanting to list multiple properties, some councils have independently verified the registrations for us.

Since our launch we have been working closely with City of Busselton and Shire of Margaret River/Augusta in particular. We have also had conversations with the following councils:

- Shire of Mundaring
- Town of Cottesloe
- Town of East Fremantle
- Shire of Denmark
- City of Rockingham
- Shire of Capel
- Shire of Murray
- City of Fremantle
- Shire of Carnarvon
- Shire of Exmouth
- City of Mandurah
- Shire of Waroona
- Shire of GinGin
- Shire of Dandaragan
- City of Subiaco

The approaches of each local government vary and include:

- Not requiring any registration of holiday homes (Most are looking towards implementing future registration, taking into account this inquiry's findings)
- Requiring a one-off approval and registration.
- Requiring a one-off approval for the holiday homes but ongoing yearly registration.
- Requiring re-approval after certain time periods
- Actively monitoring compliance of registration and have consequences for breaches.

Local councils should be in charge of the registration requirements of holiday homes in their areas. Each local government has its unique challenges and should have the capacity to regulate holiday homes accordingly. By requiring holiday homes to register with local councils, it allows the council to; control the number and location of holiday homes and ensure they meet the necessary standards for that area. If the Committee decides registration

¹ https://www.ahawa.asn.au/news_information/mediaitem.phtml?MediaID=451

² <https://www.fairtrading.nsw.gov.au/news-and-updates/news/new-short-term-holiday-letting-regulations>

with local councils should be mandatory, there should also be consideration given to what should be offered by local councils for any ongoing registration fees they charge.

The challenges for local councils, in some areas, is that there has been a lack of communication or miscommunication. Some property managers/holiday homeowners genuinely believed their local council did not require registration. When informed their council does, many are shocked and some angry at perceived miscommunications. **An advertised State-wide approach requiring that holiday homes register** with their local council may solve this issue.

Another challenge is the compliance of such requirements. The City of Busselton and Shire of Margaret River/Augusta have been happy to work with us to ensure properties listed on our site are registered. Some of the bigger councils have a compliance officer to investigate unregistered holiday homes. However, other smaller local councils do not have the resources to do this. There needs to be a **multi-tiered approach to ensure only registered holiday homes are available for rent**. Local Councils need to do their bit to ensure that the houses approved for registration, tick the appropriate council requirements of that area. State Government needs to ensure that the public is aware holiday homes need to register with local Governments. We believe the State Government should also assist in the compliance side. Finally, booking platforms need to take responsibility and only let registered accommodation list on their sites. Ensuring only registered homes are rented out, means guest safety is a priority and overall effects on local communities can be considered.

The changing market and social dynamics in the short-stay accommodation sector

One of the **largest changes** to the short-term accommodation sector is the **emergence of online booking platforms** like our own. These platforms enable guests to peruse a large number of properties and choose one that best suits their needs. From a homeowner perspective, booking platforms provide great advertising reach. However, the size of the multinational booking platforms, although beneficial from an advertising point of view, prohibits them from understanding their impact in local communities. Consequently, any home/room/place is able to list on their site with no meaningful verifications required. By ensuring only registered accommodation lists on WA HomeStay, guests can be assured that the house has passed local council requirements and is a verified residence.

Holiday homes offer a unique experience for guests. **Over-regulating holiday homes**, with costly registration fees and regulation requirements, **will result in most holiday homes leaving the market**. Many holiday homes make less rental revenue than on the long-term rental market. Owners make the choice to earn less money to enjoy their holiday home when it is not rented. Most owners genuinely love the area their holiday home is in.

The **benefits of holiday homes** are as follows:

- They offer a completely different experience to what hotels, motels and bed & breakfasts (“B&Bs”) can provide. Being able to rent a whole house with family and friends is an amazing way to enjoy a holiday together. In a holiday home **guests are able to cook and interact with each other incidentally**. With hotels, motels and B&Bs,

guests don't have these opportunities. Hotels, Motels and B&Bs offer their own unique holiday experience that suit a wide range of tourists.

- Holiday homes play an **important role in ensuring there is sufficient accommodation especially in peak periods**. Many towns do not wish to have large hotels and have created zones for short term/ holiday home accommodation. Outside of these "tourist zones" holiday homes need to apply for registration. ACIL Allen Consulting created an *Economic Contribution Analysis on Short Term Rental Accommodation* on 26 May 2017 ("ACIL report"). In the ACIL report it stated Short Term Rental Accommodation made up 13.6% of rooms booked, as a share of traditional tourist accommodation³ (Traditional Tourist accommodation being "hotels, motels or serviced apartments with 15 rooms or more").
- Many holiday homes **allow guests to travel with their pets**. Having the option of bringing the family dog/cat on holiday is a great way to encourage families/people to travel.
- Provide an **affordable holiday option for families**. For many families, budgets are tight. If these families had to book several hotel rooms to accommodate their family, it would be too expensive. Holiday homes offer an opportunity to share the cost across two families or extended family members. By families sharing these experiences with their children, it fosters the love of these holiday destinations with the next generation.
- Holiday homes **make family holidays more enjoyable**. Holidaying as a family in a hotel, motel or B&Bs can be challenging. Children often need to eat at random times of the day, which doesn't match when restaurants are open. Young children do not understand what it means to be quiet and considerate of other hotel guests. Holiday homes relieve this tension, giving everyone space to move around and relax.
- Holiday homes are an amazing **holiday option for families, extended families and friends to visit Western Australia**. Many Singaporeans and Malaysian families, love to visit with extended families. Based on Tourism Western Australia's data on average between 2015-2017, 21% of international travellers chose to stay in a rented house/flat/apartment/unit when visiting the City of Busselton area⁴. Feedback from holiday homeowners is that Singaporean and Malaysian families love the space afforded by a holiday home. 15% of Interstate visitors also stayed in a rented house/flat/apartment/unit⁵. These figures were similar for the Shire of Augusta/Margaret River area as well⁶.

³ ACIL Allen Consulting, *SHORT TERM RENTAL ACCOMMODATION ECONOMIC CONTRIBUTION ANALYSIS*, 26 May 2017, pg 7

⁴https://www.tourism.wa.gov.au/Publications%20Library/Research%20and%20reports/2017/Tourism%20Regions%202017/ASW_2017%20Factsheet.pdf, pg 7

⁵ *Etal.*

⁶https://www.tourism.wa.gov.au/Publications%20Library/Research%20and%20reports/2017/LGAs%20and%20Sub-regions/Augusta-Margaret%20River_2017%20Factsheet.pdf, pg 6

- **Catering to the wedding industry.** Location weddings are big business bringing a lot of guests into an area for several days of celebration. Local businesses such as hair dressers, make-up artists, restaurants and catering businesses, florists, photographers and more all profit from these events. Holiday homes are instrumental in ensuring guests are accommodated for. It is expensive to travel to these location weddings. Holiday homes help reduce the cost and make it affordable for guests to attend.

To restrict holiday homes to only being rented for more than 14 days at a time or asking for large registration fees/regulation requirements, **will devastate the holiday home sector.** The average length of stay for City of Busselton area is 3.9 days⁷. Restricting holiday homes to only renting for more than 14 days will mean holiday homes will stop operating as it will be uneconomical to continue. Likewise, **restricting holiday homes to operating for 180 days will have a negative impact on the families and groups** who love this type of holiday accommodation throughout the year.

There should be **no additional regulation required of holiday homes then what is needed for long term rental accommodation.** Holiday home margins are not high enough to absorb expensive compliance requirements. To price holiday homes out of the market, would mean losing an amazing holiday accommodation option that is used by millions of families, groups and people every year.

Issues in the short-stay accommodation sector, particularly associated with emerging business models utilising online booking platforms

There have been negative comments made about holiday homes and the rise of online booking platforms. We have addressed a number of the issues below:

- *The increase in holiday homes has caused a decrease in long term rental options for the local community.*

After canvassing different real estate agents across a number of different regional areas, the **majority disagree** with this assertion but there were exceptions. We contacted real estate agents that have a number of offices and data across the South West (Margaret River, Dunsborough, Busselton and Bunbury), and real estate agents specific to Dunsborough, Busselton, Denmark, Pemberton/Manjimup and Jurien Bay. The overwhelming majority of Real Estate licensees/property managers did not believe the increase in holiday homes had a detrimental impact on availability of long-term rental accommodation. Most believed they were quite discreet markets. Long-term rental owners wanting steady income. While holiday home owners want the ability to enjoy the area and therefore take the uncertain revenue stream.

In the South West the majority of agents agreed the number of long-term rentals had decreased but there was no shortage. Half pointed to other reasons, such as market conditions and people selling for this decrease. In Busselton, it was noted that even in

⁷https://www.tourism.wa.gov.au/Publications%20Library/Research%20and%20reports/2017/Tourism%20Regions%202017/ASW_2017%20Factsheet.pdf, pg 3

summer months, supply might dip a little but it was not overly significant. Others stated they had noticed owners moving to Short Term Rentals over the last 12 months contributing to a decrease in Long-Term Rentals. They did not believe, however, that there was a shortage in Long-Term rentals yet. Another noted that due to insufficient revenue owners had started to move back to the long-term rental market.

The real estate agents in Denmark had not noticed any real change in the rental market. Denmark usually always has a shortage of long-term rentals compared to demand but recently the agent noted there were some vacancies. In Pemberton and Jurien Bay the real estate agents did not believe there had been a decrease in long-term rentals available.

- *Increased noise pollution and neighbourhood issues due to loud, antisocial behaviour and lack of council action when these events occur*

There have been incidents of neighbours being unhappy with the behaviour of holiday home guests. However, this is not isolated to holiday homes, with long term tenants and even homeowners causing issues for neighbours. City of Busselton stated that the **complaints for holiday homes would not be much higher than for ordinary homes.**

City of Busselton's Planning Department recorded 70 complaints about holiday homes over three years. If registered, the local council records the complaints and the owners are advised. The Council further noted that the majority of these complaints stemmed from just two holiday homes and that one complainant not being terribly reasonable (complaining about street sweeping noise as well). At the last count, City of Busselton had over 750 holiday homes registered with them. The tourism benefits and the approximately, \$250,000 in annual council registration fees, far outweigh the reported problems.

Most holiday homeowners don't want their guests to cause trouble. Their holiday home is important to them and they want guests to treat their home with respect. Many have a good working relationship with their neighbours. Local property managers work in the community and are on hand to deal with issues as they arise.

- *Decrease in profits/business for other short-term accommodation providers like hotels, farm stays and B&Bs*

B&Bs and Farm Stays are local community members that put their heart and soul into their businesses. In the South West, they are concerned that an increase in holiday homes has caused a decrease in profits and an "unfair playing field". This is due to them registering with the Council, going through food hygiene checks, having insurance and fire & safety plans which all result in higher costs. We believe these are simply the costs of running such a business, providing food to guests etc. Registered holiday homes usually pay an annual registration fee. In the City of Busselton holiday homes also contribute an extra 5% on their rates to help fund tourism initiatives. In certain areas holiday homes need to be compliant with fire safety precautions. A standard house, rented as a holiday home, does not need the same fire safety

precautions as a multi-storey hotel. The **same requirements as other residential homes, smoke alarms and RCDs are all that is needed.**

B&Bs and Farm Stays offer a different accommodation experience to a holiday home. B&Bs and Farm Stays are charming. However, if you are after more communal space with extended family, holiday homes are more appropriate. We argue that **people renting out single rooms on AirBnB are in more direct competition with these B&Bs, Farm Stays, Motels and Hotels** than what holiday homes are. A whole house, holiday home is a completely different holiday experience.

The big problem appears to be the rise of unregistered holiday homes. As stated previously a State-wide initiative to ensure **only registered homes can list on booking platforms will help.**

- *Local amenity issues – such as bins being left out on curbs, parking problem*

It is important that holiday homes have appropriate parking for their guests. As mentioned above, when registering the **council can determine if a house has adequate parking for their guests.**

Local property managers and cleaners can ensure that the bins are emptied appropriately. A good working relationship with neighbours is also helpful. If neighbours to a holiday homes believe guests are respectful, they are often happy to assist with the bins and keep an overall eye on the house.

- *Unsafe properties being rented out – i.e. Fire risks, overcrowding, unhygienic living conditions etc.*

No-one wants tourists believe the standards of a tourism area are sub-par or for guests' safety to be compromised. If the holiday home is in a fire-risk area it must be compliant with fire regulations. The local councils are in the best position to determine this. **Overcrowding will not be an issue if councils register homes** and take into account the number of bedrooms/parking spaces when approving the number of guests.

In relation to unhygienic conditions, online booking platforms' reviews are helpful. If the house is kept in a state of disrepair, this will be reflected in the reviews and consequent lack of business. Having a property manager and cleaner also assists with ensuring homes are maintained to a high standard.

- *Overuse of local infrastructure and loss of community spirit*

Local Councils don't want a situation where there are just holiday homes in their area. Requiring holiday homes to register gives the council the ability to ensure there is balance. Some local community members may not appreciate the influx of tourists. However, **many local community members rely heavily on the tourism industry.** Holiday homes need local services to run efficiently: Property Managers, Cleaners,

Plumbers, Electricians, Air-con maintenance, Linen providers, Handymen, Retic Suppliers, Pest Control, Window cleaners, Lawnmower people and more. The engagement of these services, **pours money into the local community**. Most people recognise tourism as an integral source of income for many in the community. The ACIL Report stated holiday home owners spent the following⁸:

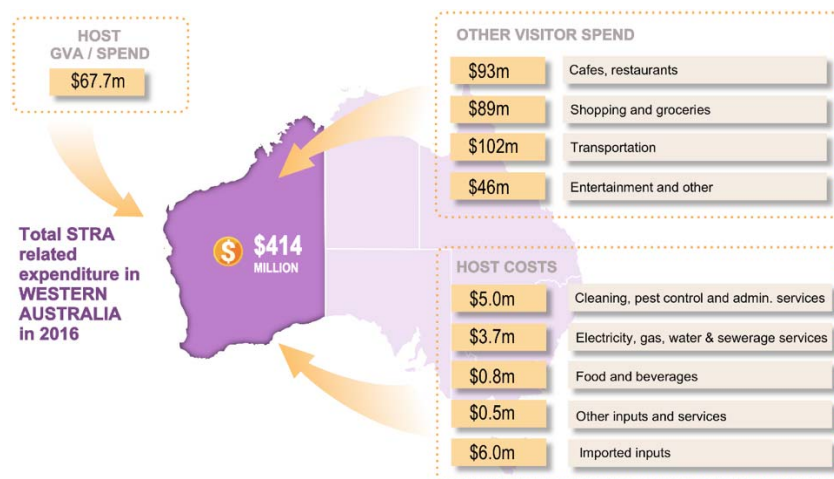
Western Australia is an attractive destination for STRA. It is estimated that Western Australian STRA owners spent \$16 million on goods and services in preparing and renting their properties for short term accommodation in 2016. Of this it is estimated that \$10 million was on locally produced goods and services, comprising:

- \$5.0 million on cleaning, pest control and other administrative services
- \$3.7 million on electricity, gas and water services
- \$0.7 million on food and beverages
- \$0.5 million on other

A local spend of \$10 million by Western Australian hosts, contributes between \$9.5 million and \$15 million to the Western Australian economy, which is between 0.004 per cent and 0.006 per cent of State GSP in 2016. This is in addition to the direct contribution of 0.03 percent reported in Section 4.2.

*A more detailed breakdown of the Western Australian production costs is presented in **Figure 5.6**.*

FIGURE 5.6 MAP OF STRA RELATED EXPENDITURE – WESTERN AUSTRALIA, 2016



Rental revenue received by holiday homeowners is often returned to the Western Australian economy. The majority of holiday homeowners love to visit the area they have their holiday home in, spending money in the local community.

⁸ ACIL Allen Consulting, SHORT TERM RENTAL ACCOMMODATION ECONOMIC CONTRIBUTION ANALYSIS, 26 May 2017, pg 22-23

- *The AHA was heard on radio stating because holiday home guests, bring their own food and wine etc. that they don't add anything to the local community.*

This is simply untrue and is an example of creating false propaganda to forward their own agenda. Holiday home guests do not go on holidays to lock themselves in with provisions they have brought from home. Often guests have young children who delight in local attractions like: animal farms, water sports, bike hire and playcentres. Groups who stay at holiday homes hire tour buses to explore, go on wine tours, eco tours and other tourist opportunities a region affords. By bringing some supplies or buying food from the local supermarket, **they have more money to spend on these other tourist activities.**

Approaches within Australian and international jurisdictions to ensure the appropriate regulation of short-stay accommodation

It appears most States that have undergone a review of short-term accommodation and the majority of local governments in Western Australia, agree there needs to be some sort of registration process for holiday homes. This enables the council to ensure the environmental impact of a proposed holiday home is acceptable. It also helps ensure overcrowding and parking do not become an issue by only registering homes for an appropriate number of guests. The big issue is compliance. How will the Government and local government ensure that unregistered holiday homes are not able to operate? How will they ensure that booking platforms only allow registered holiday homes to list on their site? In the environment of many local governments not having the manpower to effectively do this, how will the State Government assist?

In Summary

Many of the allegations levelled against holiday homes are not based in fact. These allegations are levelled by parties with their own agendas. Certainly, unregistered holiday homes can cause issues. They have not been checked by local government to ensure compliance with necessary fire regulations, if they have adequate room and appropriate parking for guests.

Over regulating or restricting holiday homes that are already doing the right thing and are registered with local councils (when required) is not the answer. Owners will end up selling, house prices will fall and there will be a large reduction in tourism. Make it State policy that holiday homes have to register with their local council. Let the local council decide what regulations are required to best suit their area. Help local councils monitor compliance and set out penalties for holiday homes that do not register with their council. Ensure booking platforms advertising properties for rent, only allow registered holiday homes to list.

WA HomeStay is happy to work with the Committee in the future and answer any further questions it may have. We would welcome the opportunity to provide further input at any stage of the Committee's deliberation into this matter.

Regards
Amanda Walker

Director, WA HomeStay Pty Ltd