



23rd January 2019

Ms. Jessica Shaw MLA, Chair
Economics and Industry Standing Committee
Legislative Assembly
Parliament House, 4 Harvest Terrace
West Perth, WA 6005

By email: laeisc@parliament.wa.gov.au

Dear Ms. Shaw,

Re: The Regulation of Short-Stay Accommodation in WA – Parliamentary inquiry submission

As the owner of Quest Innaloo located in Innaloo, Western Australia, I write to the Committee to emphasise the negative impact that unregulated short-stay accommodation properties in Western Australia are having on the Quest Innaloo and the overall industry.

Completed in 2016, approximately \$18 million was invested to develop the 80 room Quest Innaloo. The property is operated under a licence agreement with Quest Apartment Hotels and employs dozens of employees locally. The development and operation of the property has resulted in extensive direct and indirect employment.

In addition to development cost, significant time and resources were and are continually invested to ensure compliance with local and state planning approvals, regulations, and stringent standards that govern general guest safety and fire risks.

Unregulated short-stay accommodation is not subject to the same statutory approvals, accessibility requirements or safety building codes as regulated accommodation providers. In most cases, unregulated short-stay accommodation does not make a measurable contribution to employment as the property owner typically performs many of the necessary functions and limited amenities are provided.

Critically, unregulated short-stay accommodation is not taxed or required to be insured at the same levels, if any, as regulated short-stay accommodation. As a result, unregulated accommodation is reaping the rewards at the expense of traditional short-stay accommodation providers, including the Quest Innaloo.

The ease of entrance by unregulated short-stay accommodation in WA has resulted in a significant increase in supply over the past few years and the facilitation of growth of unregulated short-stay accommodation through online distribution channels such as Airbnb has resulted in private, unregulated short-stay accommodation crossing over into professional offerings.

Immediate action is necessary to level the playing field in the lodging industry and prevent more destruction to an industry that is so important to the Western Australian economy. If appropriate action is not taken, the result will be devastating to the tourism industry in WA. Investor confidence will erode, hotels will shut close, and the already fragile international and national visitation levels will deplete.

A state-wide policy to regulate short-stay accommodation is necessary to provide guidance to local governments and ensure the enforcement of regulations consistently across local governments.

2.

The following measures should be considered to address unregulated short stay accommodation:

Development and use of a property

- **Standard definition**

Short-stay accommodation definition to include parameters on rental time. Definition to be standardised across local, state and federal governments.

All short-stay accommodation should be registered to ensure transparency and accountability. Currently, there is a lack of reliable information and data to accurately assess the landscape and implications.

- **Planning regulations and compliance**

Development and approvals - cost of entry is significant for hotels. Fees associated with development approvals, consultants, licencing are considerable. In addition, contributions to placemaking and public art are often required and contribute to the vibrancy and attraction of the destination.

Regulations for defined short-stay accommodation should be standardised at a state and local level.

Accessibility - hotels have accessibility requirements (e.g. room ratio requirements) that are not applicable for residential properties.

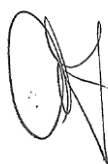
Fire safety – hotels must abide by stringent fire safety building codes and are regularly inspected to ensure compliance. Regulations should be enacted so that all short-stay accommodation have common safety standards and inspections. Significant fines should be enforced for noncompliance.

Operation and ongoing management

- *Taxes* - hotels make a substantial tax contribution including GST, payroll, company and land tax. In addition, council rates are set at business rates. Unregulated accommodation providers in many cases are not remitting the correct level of taxation to revenue authorities. Registration and heightened transparency would enable the correct level of GST and income taxes to be monitored.
- *Insurance* - hotels are typically required to be insured for public liability to the value of \$20 million while unregulated short-stay providers have no insurance or inadequate policies. Policies should be enforced to protect consumer and hosts.

As a WA short-stay accommodation owner with a vested interest in the industry and WA, I look forward to hearing the Committee's report and recommendations on how to remedy this pervasive situation.

Sincerely,



Adrian Fini

On behalf of Newmorn Pty Ltd (trading as Quest Innaloo)