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**Subject:** FW: Submission to the Short Stay Accommodation inquiry- sub no. 124

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**From:** Danielle Beckwith  
**Sent:** Thursday, 24 January 2019 3:15 PM  
**To:** Committee, Economics & Industry Standing  
**Subject:** Submission to the Short Stay Accommodation inquiry

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

**The Regulation of Short-Stay Accommodation in Western Australia Summary**

A Federal, State and Local coordinated approach is required to address concerns related to the rampant expansion of short-stay accommodation providers in Western Australia.

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.

The ease at which unsophisticated market participants can enter the market further exacerbates a range of problems associated with unregulated short-stay accommodation. This accommodation and its providers are untaxed, unauthorised and unsafe. The reputation of the State as a tourism destination is in effect at risk. Fewer jobs and training opportunities are created and the overall economic impact of tourism reduced. Reportedly, unregulated short-stay accommodation providers pay little taxation and employ few people – the antithesis of the economic benefits that tourism is supposed to bring.

Competition in the accommodation space is healthy and welcomed, resulting in innovation and better services and value for customers. However, the playing field must be level – defined and well regulated.

Statistics from AHAWA illustrate the boundary that has been crossed by Airbnb from facilitating a 'sharing economy' into the provision of highly unregulated and professionalised short-stay accommodation. While true 'sharing' may be embraced, controls should be put in place to deal with the issues caused by unregulated short-stay accommodation providers that are operating commercial businesses. These businesses mimic registered accommodation without the proper regulations or contributions to the economy or community.

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. There are many implications from unregulated short-stay accommodation on registered accommodation and tourism industry in WA. While all sources of unregulated short-stay accommodation are at fault, Airbnb, due to its scale and accessibility, is at the helm of the unprecedented growth in the arena.

The following is a summary of implications and areas where reform is suggested.

### **Impact on tourism and accommodation industry:**

- **Employment and training opportunities**

The accommodation industry contributes significantly to the creation of jobs in WA and invests substantially in its workforce through training opportunities. In comparison to other industries, the accommodation industry is very labour intensive. Direct and indirect employment contribution to the economy is extensive.

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 (e.g. reservations and booking) and limited amenities are provided (e.g. no restaurants, front desk services, limited housekeeping/cleaning services, etc.).

- **Reputation of WA as a tourism destination**

The accommodation industry is well regulated from a safety and quality perspective. WA as a tourism destination is regarded as one of the safest places in the world to travel. Quality rating systems that govern accommodation are in place to ensure consumer expectations are met. Millions of dollars in government and private funds are spent annually to market Western Australia as a quality and safe destination for tourists. Yet unregistered accommodation piggy backs off this investment without contributing back to the industry they profit off.

Self-regulation with mechanisms such as user reviews in platforms such as Airbnb does not suffice to protect the consumer's interests. The proliferation of unregulated short-stay accommodation and the potential for issues related to quality of properties and safety of the accommodation undermines the destination's reputation as a high quality and safe destination. The perception of safety is essential to attracting high-yield important segments of the tourism market.

- **Investment into tourism and hospitality industry**

The growth of unregulated short-stay accommodation may lead to a decrease in confidence in the accommodation market and distort the supply and demand fundamentals used by potential investors to make investment decisions.

As an alternative to hotels, growth in the segment could put downward pressure on occupancy and room rates as accommodation compete directly with unregulated short-stay accommodation. Unregulated short-stay accommodation may be able to offer highly competitive rates as they do not have the same expense structure (taxes, labour, insurance etc.) that hotels do, directly impacting accommodation demand and therefore valuations and feasibilities for accommodation developments.

Without a mechanism to register the existence of unregulated short-stay accommodation, presumably a significant component of market, it is difficult to access accurate levels and mix of supply and make well informed investment decisions.

A lack of investor confidence in the tourism and hospitality market has far-reaching implications for WA.

- **Consumer protection and safety**

Registered accommodation have stringent standards that govern general guest safety and fire risks, we are regulated and inspected by the authorities to ensure compliance. Registered accommodation owners also have comprehensive insurance policies.

Lack of safety standards and insurance requirements for unregulated, short-stay accommodation leave guests and hosts exposed.

- **Neighbourhood amenity and quality of life**

Hotels and food and beverage venues (e.g. restaurants, bars, event spaces) are required to be licenced. Acquiring proper licences costs hospitality owners and operators time and money. As part of many licence applications, a community consultation process is undertaken which often requires the retention of legal and other consultants. These licences are habitually monitored by the authorities and mechanisms are in place for community complaints to be filed and remediation enforced.

Unregulated short-stay accommodation negatively impacts communities and neighbourhoods through reduced security, antisocial behaviour, lack of parking, noise complaints, waste and litter and decreased amenity. Airbnb users are not required to be licenced. As such, the community lacks the official channels through which to file complaints and resolve issues stemming from unregulated short-stay accommodation users.

- **Affordability of housing**

Residential properties used as short-stay accommodation drives availability of permanent residences down and prices up.

## **Reform should be considered in the following areas:**

### **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 accommodation businesses. 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* – Accommodation businesses have accessibility requirements (e.g. room ratio requirements) that are not applicable for residential properties.

*Fire safety* – Accommodation businesses 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 businesses have common safety standards and inspections. Significant fines should be enforced for noncompliance.

### **Operation and ongoing management**

- *Taxes* – Accommodation businesses 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* – Accommodation businesses are typically required to be insured 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.

I urge those undertaking the enquiry to consider the role of Federal, State and Local Governments in helping to develop a framework where all categories of accommodation are viewed equally and where all travel industry stakeholders (investors, travelers, and agents) can co-exist harmoniously with local communities.

Kind Regards

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