

Admin, LACO

Subject: FW: short stay accommodation enquiry- Sub. No. 12

From: Glenn & Sara Willmott
Sent: Monday, 10 December 2018 7:00 PM
To: Committee, Economics & Industry Standing
Subject: short stay accommodation enquiry

Dear Committee,

We would like to provide the following information for the enquiry into Short term accommodation and the impact on registered tourism businesses and communities.

As developers and owners of short-term tourism accommodation in the South West we are finding the competition of unregulated short stay accommodation very noticeable on our bookings and ultimately our income. When we made the decision to invest in developing our apartments to cater for the higher quality tourism accommodation, we knew our competition and the potential future competition through the zoning regulations. There were no other high quality short stay apartments completed, and it was with this information that our serious investment was made. The onset of Airbnb advertising residential houses for short stay accommodation was a factor that we did not consider or think we really had to consider as we thought the laws and regulations would protect us. Not only has the competition of such dwellings in the market had a negative impact on our income but also heavily impacted the value of our apartments. Our investment value has been seriously eroded by the advent and allowance of Airbnb in our community. People do not want to invest in short stay apartments now that they know they can buy a house in a residential zone (some with superior location) and do the same thing without all the licences and fees etc, that short stay apartments attract.

Augusta has the potential of becoming a 'ghost town' if the majority of homes are used as short stay accommodation, meaning that during the low season, the community is dead. Homes are empty and not available for long term rental either as owners have realised they can make more money through the AirBnb platform. This has a flow on detrimental impact to every business and service provider in the town. Long term rental availability has been decreasing for some time in the shire resulting in steady increases in the cost of long term rents.

If we were to be allowed dual use of the development, we have the potential of recovering some of our investment due to increasing value of the buildings. It is well known that lenders are very strict when providing finance for short term accommodation investments. Potential buyers of our properties have been affected by this issue.

Having the option of long term rental would give us an equal standing with Airbnb and other unregulated accommodation booking providers. Approvals for short stay accommodation are granted by the shire with a range of restrictions / time frames and if these are broken there are various fines, etc. the shire can put in place. We would like a similar opportunity to also have legal approval from the shire to rent our apartments long term. If proposed restrictions are broken, the shire would have the opportunity to reverse their approval, in the same way that short term approvals are currently reviewed and monitored.

Running registered short term accommodation businesses, we have to comply with many state and local regulations. We have accepted this as to run a business one has to accept the rules and pay the many extra fees that come with this. Registered accommodation businesses pay extra fees to the shire through their rates. We have to provide evidence that we have Public Liability Insurance costing around \$6000 per year. Illegally operated short term AirBnb providers do not have to prove any extra fees to the shire. Most probably do not have the required level of Public Liability Insurance. So far, we have not had a scenario in the shire where Public Liability Insurance of an unregistered provider has been contested. This could potentially destroy the business and reputation of legally registered short term accommodation providers.

We have a limit to the number of guests allowed in each apartment of the development at any given time. The numbers of guests allowed in unregistered Airbnb accommodation is largely uncontrolled and unknown by the shire.

Also, these unregistered properties have found their way onto other professional platforms such as Booking.com and Expedia.com meaning no one needs to be registered anymore or obey the exacting standards imposed by state and local government for all registered businesses (accommodation providers). Is there a point in being registered other than pay more fees and have far more stringent rules applied to our businesses? There are other implications to this growing issue because booking platforms such as AirBnB, Booking.com and Expedia.com take their profits overseas and do not pay tax within Australia.

We are pragmatic people and realise that Airbnb and other online booking services are here to stay, probably with a little more regulation in the future, but nevertheless here to stay. Our request is that previous tourism zoned locations (such as ours) have the same ability to have 'dual use' occupancy as the regulated and unregulated Airbnb market that will enable some improvement in the capital valuation of the buildings, PLUS benefiting the towns businesses and services.

Regards

Glenn and Sara Willmott