

Attention:

Ms Jessica J Shaw,
Mr Sean K L'Estrange,
Mr Yaz Mubarakai,
Mr Stephen J Price &
Hon Donald T Redman.

Research Officers

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Parliamentary Inquiry into Short Term Accommodation in WA

It is important that the members of the committee have a full and holistic understanding of the industry as it stands from a commercial, tourism and consumers perspective to formulate an appropriate resolution to the issues within the industry. As a sector, we are grateful for the opportunity to explain to the members of the Parliamentary Inquiry about the impact that an unregulated short stay accommodation framework is having on our not for profit organisation and the WA tourism industry. There are a quite few NFP's in this space and it's important that they are recognised as part of the inquiry. The inquiry has been a long time coming after all.....

While yes, there has been recent rapid growth in the short-term holiday letting market since the emergence of sharing economy and online e-commerce operators such as Airbnb, stayz and others. The platform's intention to work outside the regulations and clearly not support the local industry that has added more fuel to an already well fanned fire within the industry. If these platforms would agree to abide by a rule of listing sites that have certification that indicate they are compliant and registered to trade in WA it would resolve part of the bigger problem. That is, the issue of a deregulated market and an uneven playing field. For most organisations including smaller family run businesses, this is a big issue. APIWA, as a member based not for profit, that must charge member rates at over 30% cheaper than our competitors but pay all the regulative fee and charges of a commercial business, it is deeply concerning.

A little bit about APIWA

Originally formed in 1923 APIWA was a combination of the Australian Postmaster Service and Telecom Australia social club. Over the years our not-for-profit association API has grown into an independent rewards and benefits program for individuals, clubs, employers and now is open to members of the public who want affordable holiday options and who want to save. A large portion of our membership are seniors who are either retired or pensioners, but we have lots of young families as well who need a cheaper holiday alternative. Any surplus funds are used to support our members and the general community in a charitable way.

In years past, there were API's in every state, over the years some have folded and been absorbed by others, now we have API QLD, API LTD (NSW, VIC, SA, TAS) and API WA (us). We are all very independent from each other but do try to work together when we can. For example, if WA members want to use holiday homes over east, they get the same discount that the other NSW API members get, and likewise any other national API members want to visit WA they pay the same member rate.

Today API WA have thousands of members who save on everything from shopping discounts at major national retailers (JB HiFi, Coles, Woolworths and many others.....), dining and restaurant discounts, cost price bedding, insurance/financial/loan brokerage services, experience discounts (social events), Entertainment (cheap tickets to movies, events and popular attractions) and of course our accommodation discounts at holiday homes in WA (Busselton – 5 units, Albany – 6 units, Kalbarri – 8 units, Preston Beach – 2 units & Port Denison – 2 units). Joining APIWA saves members literally \$1000's on their annual spend when they use the discounts for shopping and accommodation. Individuals join for \$99 annually.

Our numbers, cheaper than Airbnb!

As APIWA is governed by a Board, and we are a true not for profit that is run for the members, by the members. We provide discounts to the members and are restricted on what we can charge. We are only able to charge off peak from \$99 per unit per night (sleep up to 6), this means that you can book our units and if you are in a unit that sleeps 6 it works out to \$16.50 per person, or if it sleeps 4 people its \$24.75 per person off peak. On peak rates are also inexpensive, from \$129 per unit per night, and again for a unit that sleeps 6 that's only \$21.50 per person or if it sleeps 4 only \$32.25 per person per night.

That is cheaper than most Airbnb operators, we pay up all our registration obligations, insurances and as a not for profit maintain 100% compliance. The argument that there is no cheaper choice for consumers in the WA market is mute, and furthermore the argument that many Airbnb will go out of business if they must have forced compliance in my mind is also mute. If we can do it, they can do it, but if the regulation does not proceed our business will be in jeopardy due to oversaturation in the market.

Our community dependency

Not only do we provide a service to our 1000's of members who rely on us, and quite frankly could not afford to holiday without us, but we employ five regional families as caretakers, multiple local regional trades at all of these sites and have a team of 6 in our East Perth office that are all impacted by any changes in occupancy, tourism and market fluctuations. Social clubs rely on us for fundraising programs we have in place with them, as do many charities who are starting to look to us for volunteer reward programs. The investment that the membership and board have made in establishing API WA as an affordable holiday home and reward program for all Western Australians is in the millions. Whilst a large proportion of this expense is in the property ownership itself, upgrades and maintenance, the next biggest expense is the regulation we adhere to and the loss of income through a largely unregulated industry.

The market changes

The latest data shows that across the Margaret River Region alone there are over 2,000 Airbnb listings when in 2016 there were less than 400 listings. Most listings (88%) are for entire homes and are not for home shared or hosted short stay accommodation. These kinds of figures are quite concerning for a small not for profit such as ours. The real concern is how many are legitimate operators who abide by the rule of law and how many are there to make a quick buck and 'winging it'.

For example, in our Kalbarri units, Airbnb have over 90 properties listed, the rates for rooms are coming down lower and lower to meet their desperation in off-peak times and this has had a huge impact on our occupancy rates at our Kalbarri site. During peak times they place them up so high that's its almost anticompetitive, Kalbarri as a tourist destination is packed with tourists and in the off-peak time when businesses like us should be thriving, our occupancy is quite low.

Compliance

Some of the compliance burdens we need to abide by are expensive and costly, for a not for profit, as there is no discount for not for profit accommodation providers. We pay the same rate a 'for profit' rate that commercial enterprise does. There are health and safety obligations (fire blankets, fire alarms, evacuation plans, cleaning, OHS, food restrictions/policies, noise restrictions, maintenance, safe installation costs ... the list goes on and on). Associations obligations (risk registers, safety and training compliance registers, insurance, reporting obligations, etc). Employment and legal obligations (HR, employment, payroll, tax, workers compensation insurance, local government rates, regional commercial rubbish removal fees, local council holiday home registration fees, GST, commercial water, electricity and sewage fees).

It is well known that there have been cases where accidents at Airbnb locations have resulted in death, where without the proper insurances and compliance in place. Airbnb from all reports did not support the tourist/tenant or the Airbnb operator. This should be a huge concern for everyone in the industry.

It should always be in the governments best interest to have the protection of the people top of mind. That is, not only the protection of the tenants staying at any short-term accommodation residence but also the protection of the home owners using their homes as Airbnb locations without proper insurances, compliance and an understanding of their personal tax and land tax obligations when they go to sell their property.

Moving forward

The solution to fix the industry is quite simple.

1. Let the council regulate the holiday home location, zones, rubbish, parking, noise rates and other local council issues relevant to the site. (A consistent approach council to council would be appreciated). Local council approval must be attained to reach the next step, registration with Tourism WA as an authorised 'Short-Term Accommodation Enterprise'.
2. Tourism WA should manage the registration of the business and require copies of current documentation (identification, insurance documentation, local council registration/approvals and other compliance documentation). Upon the correct documents being provided the registration should be given. To maintain the registration, in most instances, the only update annually will be insurance documentation (certificate of currency).

Consistency in the identification of the property categories would be also appreciated across government departments, such as; In the Department of Mines, Industry Regulation and Safety and in Department of Planning, Lands and Heritage and in Tourism WA. Where many use different identifier codes for different site definitions.

3. All short-term accommodation providers established in the last 3 - 5 years should be visited by a trained compliance officer to ensure that they meet fire, safety and building requirements. New building, planning should continue through the current process for approval but with better class categories and an upgraded policy.

4. All online travel agencies (OTA's) platforms (such as Airbnb, Stayz etc..) need to stop listing illegal and non-compliant rentals and be required to share relevant data with authorities.

This means that either as part of the listing businesses should be required to put in their registration number (issued by Tourism WA) and have it checked to make sure it is valid in WA. If there is no valid registration number to 'match' then the listing should not be permitted.

In Conclusion

Like the UBER disruption to the taxi industry, Airbnb and other OTA's have disrupted a largely non-regulated industry and they are here to stay.

While regional family run businesses have no objection to competition in the market, and even use platforms such as Airbnb themselves, they also know the tourism industry better than most. They know that the industry will never recover if the market is over saturated with operators who have no regulative requirements, cheaper products, less overheads, don't pay insurances, do not have proper fire plans (resources or OHS), or shire approvals.

As an approved accommodation not for profit provider who pays our fees and pay staff, we believe there must be a regulation of short-stay accommodation in WA. It's the state's role is to provide a framework to ensure Airbnb, stayz and other OTA's users are provided a selection of operators where they guarantee that environment, they are staying in meets basic health and safety standards.

The 2009 *Planning Bulletin 99 Holiday Homes* point 4.5 examines that a registration body should be set up, but this never happened. If it had been, we might not be in this position now.

Mrs Linda Ross

CEO

API WA REWARD CLUB

Australian Post-Tel Institute Western Australia

Reward Club <https://www.youtube.com/watch?v=NGQEPMAw7Co>

Albany <https://www.youtube.com/watch?v=GtTj5q1bUoE>

Busselton <https://www.youtube.com/watch?v=qKkEVS0Q36M>

Kalbarri https://www.youtube.com/watch?v=gAW_yyRXIn4

Preston Beach https://www.youtube.com/watch?v=Jrb_6BhTyWU