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Thank you for the opportunity to make a submission into the Short Stay Accommodation Inquiry. Providing accommodation is our profession and passion. We welcome competition and support the introduction of standards to the unclassified/ AirBnB industry, requiring that all are subject to the same restrictions and costs as those recognised accommodation providers such as hotels, resorts and caravan parks. I would suggest that this should be at a state level with the implementation of a low or no-cost registration, similar to that of real estate agents. The onus would lie with the advertising platforms such as AirBnB, Expedia, Booking.com, Wotif etc – the same way it is with Realestate.com. Alternatively, deregulate and remove the planning classifications, higher rates and expenses currently incurred by accommodation providers with tourism and short stay accommodation penalties.

The increase of non-classified “AirBnB type” accommodation over recent times has been equivalent to multiple small hotels being built - without the extra rates being collected, planning fees being paid and funds being contributed to our community and industry. Being a labour intensive business we use a local workforce and local businesses. We take pride in providing exceptional visitor service, promoting and highlighting all our region has to offer as a world-class tourist destination. We’re constantly told that other short stay accommodation with absentee owners and offsite property managers lack this kind of visitor service and thus tourist experience.



Our council and WAPC classifies the provision of accommodation to guests as a business and our council rates are higher due to this classification. We are required to pay public liability and other insurances at a higher premium. This classification also affects our borrowing capacity and overall property and running costs. These are just some of the differences between a classified tourism/accommodation provider and the residential/unclassified properties that are termed “AirBnb”.

TERMS OF REFERENCE:

1. The forms and regulatory status of short-stay accommodation providers in regional and metropolitan Western Australia, including existing powers available to local government authorities.

In our region this lies with a very small council who doesn't have the staff, funds or ability to police who and who is not registered. Furthermore, what can be done to stop those that are not registered when the advertising platforms such as AirBnb don't have to ensure they have the correct planning classification and local council approval? If there is no penalty for operating without approval then what stops everyone doing it?

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

The short stay accommodation market has significantly changed with a vast increase in unclassified operators listing their residential properties on AirBnb. This has affected the availability and cost of long term rental options for a small community. It has also resulted in reduced income for approved accommodation providers. IN a small community both of these need to be maintained for community growth – long term rental accommodation and employment needs to be available to support the community.

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

Below are the issues raised from the Denmark Chamber of Commerce consultation:

1. Town Planning scheme zoning and social / environmental impacts
 - a. Commercial accommodation operators on land zoned tourism pay a differential rate to Council. Air BnB and holiday home operators may not be subject to the same rate levy if they are on a residential zoning.
 - b. The development of holiday home accommodation in residential zones can lead to suburbs dominated by visitor accommodation, providing social impacts on nearby residents and reducing the residential community capacity.
 - c. Social and environmental impacts are hard to police, particularly when Air BnB operators have not registered with the Shire and Air BnB do not advertise the business names of their operators, so following up on addresses can be difficult.
 - d. Resourcing to follow-up on who has an Air BnB facility and ensuring their compliance, falls onto the already limited resources of Shire Councils.
 - e. Homelessness and affordable housing are real issues in Denmark. If commercial accommodation operators could have an option of renting beyond three months to long-term tenants, there would be a solution to affordable housing and an outlet for the transformation of commercial accommodation.
2. Operating Costs
 - a. The compliance and operating costs of commercial accommodation operators are higher, thereby not creating equity amongst the accommodation sector these also include the different rate levels and marketing contributions. Where commercial operators are looked to contribute to destination marketing and Air BnB or home holiday operators benefit from this investment.
3. Impact on professional development of commercial sector
 - a. The ability to sell or find alternative uses for commercial tourism accommodation is difficult in regional areas. This is in part due to the increase in Air BnB and the impact of increased rooms on the annual occupancy rates of accommodation. It is much harder to sell a commercial property if occupancy is low due to increased supply of beds. The result is that accommodation operators do not upgrade infrastructure due to poor cash flow and may not have alternative options for the use of the land as a result of the zoning.
 - b. Similarly, commercial tourism operators are often aligned to industry associations and contribute to the marketing and management of the tourism industry. Residentially based accommodation providers (Air BnB etc) do not necessarily see themselves as part of a professional tourism industry sector and therefore may not join a professional industry association, thus opening the way for less than best practice standards.
4. Impact on resourcing to manage increased capacity.
 - a. As with overflow camping and camping on private property, the home holiday and Air BnB sector adds greater pressure on existing infrastructure during peak times, which in turn requires greater resourcing from the Shire and community services.



Air BnB and holiday homes also provide a positive impact to our community and as such, it is important that a solution is found to resolve the equity issue so we are not losing on the economic ripple effect. Positive impacts of Air BnB and the home holiday rental sector include:

1. Income generation (both recorded and cash) for local residents and absentee owners, who have a spare room to rent out. In the Shire of Denmark absentee ownership is high (upwards of 42% of our total rate base) with properties being rented for tourism and family visits. All these properties require maintenance and bring economic benefits to our community through the retail and building sector.
 - As one comment outlined, the Air BnB provides a small amount of extra income which is useful in a town where major employers are limited.
2. Exposure of the destination through social media and online booking channels such as Expedia.
 - According to data from Expedia and the Amazing South Coast, in the last 12 months, sales through Expedia and Wotif for The Amazing South Coast region have grown, with room nights in 2018 up 18% which results in revenue overall for the Expedia Group was up 19%.
 - Domestic travellers were up 18% and made about 80% of the room nights. The USA was the fastest growing market with an increase of 114%. US is now over 10% of the room nights in Albany/Denmark area. UK (+42%) and Singapore (-16%).
 - Wotif is still the largest brand in terms of room nights with 30% of all the bookings in the region being made through this brand. (Source ASC newsletter Jan 2019).

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

I would suggest an overarching strategy needs to be put in place at a national or state level. Trying to police this at a local level is too onerous and ineffective. I would encourage the onus of correct approvals and classifications of listings be put on the property owners and listing sites such as AirBnb, Booking.com, Expedia and Wotif. A penalty system that reflects the risk of ignoring the rules would also need to be proportionate.

Thank you for taking the time to read my submission, for further discussion please contact Kim, owner, Tree-Elle Retreat 9840 8471.

Sincerely,

Kim Gardner