



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

17 January 2019

Hi Jessica

The Regulation of Short-Stay Accommodation in Western Australia

Please find attached a submission to the above enquiry for the consideration of the committee.

Sincerely

A handwritten signature in black ink, appearing to read 'Peter Noonan'.

Peter Noonan

Margaret River Guest House

Parliamentary Inquiry into the Regulation of Short-Stay Accommodation in Western Australia

OTA's have evolved and governments need to evolve with them.

In the beginning...

OTA's began as sites to match up last minute vacancies with people seeking discount rates. They still do this but their main target now is **all** accommodation bookings. Airbnb started as a home sharing site but most of their turnover is regular accommodation bookings, like any other OTA.

Initially most charged 10% commission. As their popularity has grown, most now charge between 12% and 25% with the average being around 15%

Who are they?

Whilst there are dozens of OTA's there are three main entities that control around 90% of the market:

Priceline - includes booking.com, agoda, hotels combined

Expedia – includes wotif, hotels.com, trivago, trip advisor

Airbnb – **The cane toad of the tourism industry**

What is good about them?

OTA's enable people to research and book accommodation 24/7 anywhere they want to go in a familiar format. They can be an efficient way of comparing properties.

What is bad about them?

Most are bad corporate citizens. They take millions of dollars in commissions from the tourism industry and give little or nothing back. Most of this money leaves Australia, and our economy.

Most OTA's employ few Australians and run their operations overseas. They are difficult to speak to, and most staff have poor English skills.

Most OTA's pay no taxes in Australia and do not collect GST.

Most OTA's regularly contravene local laws and do so with apparent impunity as they believe they make the rules, not governments. In the case of Airbnb it is **company policy** to ignore laws that impede their business.

In their lust for industry domination most OTA's now sign up unregistered and illegal properties with no regard for the industry, neighbourhoods or their customers.

What should be done about them?

All properties

OTA's are a worldwide problem and other jurisdictions have discovered that three things are essential to control them:

Full registration – anyone offering short term accommodation of any kind on any site should be deemed to be running an accommodation business and should be registered. OTA's should be required to display a licence number on any listing. The register should be accessible to allow people to check if a property is registered (or not). Registration should be state based for consistency, efficiency and to avoid corruption (many local government officials are known to run illegal accommodation).

Compliance – registration is ineffective without compliance. Licence fees should apply to any registered accommodation, and those fees used to hire compliance officers.

Data sharing – OTA's must be required to share data with governments and relevant agencies such as the tax office and centrelink. Those unwilling to share data should not be permitted to operate here.

Unhosted properties

Most problems for neighbours, the long-term rental market, and the tourism industry are being caused by this sector. It's current growth rate is unsustainable and extra measures are required.

7 day minimum stay – This will halt the job losses in the tourism industry by returning short stays to professional operators and hosted properties while still allowing holiday homes to operate in tourism areas such as Dunsborough. Traditionally, holiday homes have been rented on a weekly basis and have worked as part of the tourism mix for decades without the problems now being experienced.

No apartments – Short stay should only be permitted if the building meets fire and safety standards required of hotels. Other residents should have a say.

Not in residential areas – People should be able to purchase a home with the confidence that the neighbouring homes will not become pop-up hotels.

Higher licence fees – Registering an unhosted property should trigger a higher licence fee. They have higher call-out rates for emergency services and council staff.

Other things that can be done

Enforce existing rules – Planning rules and safety rules are already in place and are there for a reason.

Provide information – Many people that list with OTA's are unaware of the implications of running an accommodation business from their property. Government could provide information on income tax, land tax, capital gains tax, GST, fire and pool safety and insurance.

Engage with the ACCC – The ACCC has a home sharing policy that makes concessions that don't apply to normal businesses. Since this policy was written OTA's like Airbnb have evolved but still make use of these concessions. An example is "drip pricing", whereby they can advertise a price and then add other costs like cleaning and commission later.

Engage with local government – Many shires (and visitor centres) seem unaware of existing rules or are simply not enforcing them. Some refuse to share registration data citing the privacy act.

Review Penalties – Increase penalties for non-compliance and make it easier for compliance officers to penalise offenders.

Ban OTA's that won't cooperate – Other jurisdictions that have banned Airbnb have not had any adverse effects on tourism.

Act quickly – The damage to our tourism industry and our economy is increasing at an alarming rate. Many small businesses will soon be lost to the industry, never to return.

Thankyou for reading my submission. I would be happy to assist the Committee with any further information should it be required.



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