

Submission to the Economics and Industry Standing Committee on short-term accommodation in WA

Personal submission to the committee - expressing my views and giving my story.

By Andy LeMessurier
24th January 2019

Overview

I fully support the Short-Stay Accommodation (SSA) sector both as an owner/host and as a guest. The online booking platforms have clearly become increasingly very popular with local and overseas tourists and the committee should support the on-going growth of that sector.

In particular, as an apartment owner, I believe I should be free to decide whether to use a traditional long-term rental agreement or to use an online short-term accommodation platform.

I employ a local manager, who in turn employs local cleaners. I pay taxes on any profits arriving from my investment. I also donate to a charity an amount based on the occupancy of the apartment.

I believe it would be a travesty for the AHA to be successful in their lobbying to influence government policies to restrict freedoms for tax-paying citizen voters such as myself.

My Story:

I would like to share with the committee a short history of my particular experience as an apartment owner and host of SSA.

In 2011 we moved from our existing dwelling in Nedlands to a property in Wandi some 35 kms south of the Perth CBD. As a result of that move we thought it would be a good idea to invest in an apartment in the city so that if we were visiting the city and celebrated a bit too enthusiastically we could

decide to stay overnight in the apartment. We found a suitable apartment with the Mounts Bay Road apartments (MBR) which seemed ideal - the apartment (privately owned) was already rented to the Mounts Bay hotel, and that rental agreement could be re-assigned to us as the new owners. In addition, should we want to stay in the apartment at any time that could be arranged.

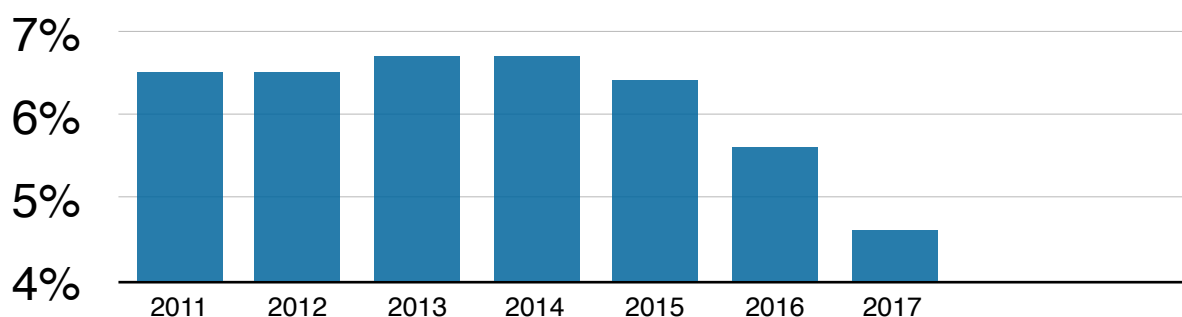
We purchased the apartment in March 2011 and received a rental income of 6.5% of the purchase price from MBR.

In March 2013 the rental income return increased to 6.7%

In March 2015 the rental income return decreased to 6.4%

In March 2016 the rental income return decreased to 5.6%

In March 2017 the rental income return decreased to 4.6% and would be fixed at that level until march 2019.



Rental return from MBR apartment - a worrying downward trend

At this level of income the incoming funds were insufficient to cover the ongoing costs of the apartment.

Therefore we decided that something had to change. We either would have to sell the apartment, most probably it would have sat on the market for a few years if we had tried to recoup the purchase price or, if we decided that we had to sell, it would inevitably be at quite a significant capital loss. Or we could try and find another way of covering the ongoing costs.

We therefore investigated online platforms such as AirBnB as a potential way of covering the costs and maybe making a return on the investment. We secured the services of an AirBnB host manager whose business it is to look after the online site and bookings, to communicate with and welcome the guests and help them with visitor information, arrange for cleaning, and deal with whatever issues may arise during the guest's stay etc. We also invested

in upgrading the safety equipment for the apartment (upgraded smoke alarms, carbon monoxide monitors etc).

To assist with promoting WA tourism, and in particular iconic WA creatures, we decorated the apartment with photos of local favourites, such as Numbats, Chuditch's courtesy of the Australian Wildlife Conservancy (AWC). We also decided that we would donate \$10 to AWC for every night that the apartment was booked, and posted this arrangement on the online booking site to ensure that guests were aware of it - as shown below.



We at Eliza's Lookout are keen supporters of AWC whose mission is to provide sanctuaries around Australia for these endangered mammals.

Without these sanctuaries the fate of these creatures will follow past mammal extinctions.

For every booking we will donate \$10 per day of each booking fee to AWC to contribute to building the sanctuaries.

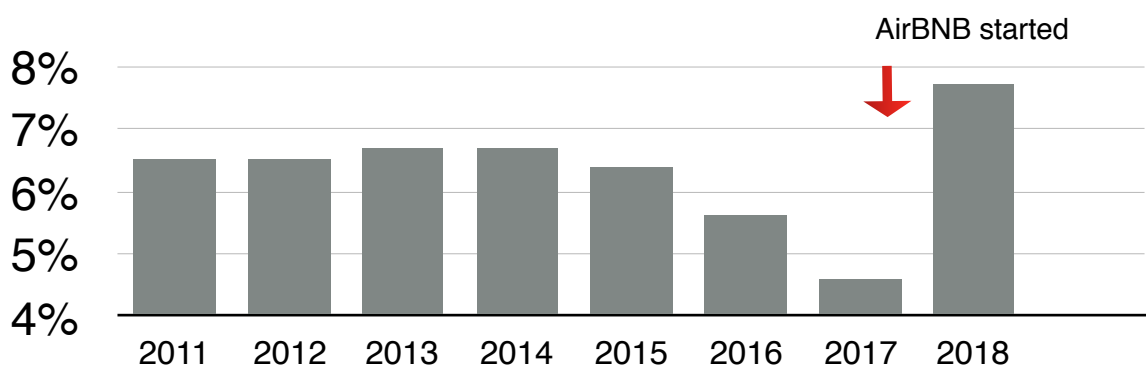


photos by W Lawler

On all counts the switch to SSA through AirBnB has been very successful:

Occupancy of the apartment has been 83% in 2018, and since going online we've welcomed 256 guests from 12 countries.

Average rental income return, after management fees and cleaning services, for 2018 was around 7.7%, significantly more than would have been the case if we had remained with the MBR rental agreement return of 4.6%.



The management of the apartment through the Property Manager has been excellent - guests have rated their experience of visiting Perth very highly and in particular often mention the excellent service provided by the Manager. The guests' ratings have been so consistently high that we have been awarded 'SuperHost' status by AirBnB in recognition of those great ratings.

Donations from us to AWC from the bookings over 2017 and 2018 have amounted to \$4,960

**Thank you for reading my submission (I'm assuming you have read it!)
I would be happy to talk to the committee in person if requested.**

Andy LeMessurier
24th January 2019