



Dr David Worth
Principal Research Officer
Economics and Industry Standing Committee
Legislative Assembly of Western Australia
Parliament House, 4 Harvest Tce, West Perth WA 6005

By Email: laeisc@parliament.wa.gov.au

Ref: **Committee Inquiry into Short-Stay Accommodation in WA**

Dear David

Thank you for the invitation to provide a written submission into the above enquiry.

Seashells Hospitality Group is arguably one of WA's leading boutique short stay accommodation providers and has been established in the Western Australian market for some 25 years.

We operate 5 properties in regional locations, all strata titled, in Broome, Mandurah, Scarborough, Yallingup and East Fremantle. Of these properties Seashells Hospitality group developed from the ground up all properties except for East Fremantle, so we believe we are uniquely placed to provide input on the above inquiry from both a developer and an operator's perspective.

Specifically, we will address the Terms of reference as detailed by Ms JJ Shaw in the invitation letter of 12 November 2018

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;

As stated above Seashells Hospitality Group, through a subsidiary company, led the development on all bar 1 of our current properties and without exception was subjected to a rigorous, complicated and expensive regulatory process at both State and local levels in order to satisfy multiple government departments of the merits and compliance of its development applications. In all instances this process extended beyond 2 years and covered a multitude of approval processes from government departments such as health, environment, lands, building, heritage, indigenous etc. In addition, we were subjected to a vigorous process of licensing required by ASIC in order to establish a licensed Management Rights Scheme, a process of regulation that continues to this day.

Our properties were also required to comply with the Tourism WA guideline on Short Stay Management Rights issued in 2008 so it is of significant concern to our group that the proliferation of short stay accommodation through businesses such as Air B n B seems to proceed unchecked and un-balanced and with limited to no requirement for compliance or for that matter insurance. Air BnB originally commenced as share facility in an existing property however unchecked, it has now grown to becoming full houses and full apartments some of which are in the very buildings we went through two plus years of development approvals to build. The apartment has done nothing to contribute to that development cost, do nothing to contribute to the onsite costs, the marketing or the regulatory costs, yet they enjoy the same amenity. They are then able to undercut prices as they do not carry these on-site costs and affect the entire amenity of the building because their customers are not subject to the same checks and balances that customers arriving through a manned reception desk are. This then has a further affect in that it can affect tourists, residents, commercial businesses in the immediate area.

BROOME - FREMANTLE - MANDURAH - SCARBOROUGH - YALLINGUP

SEASHELLS HOSPITALITY GROUP PTY LTD ABN 31 060 199 984
74 JERSEY STREET JOLIMONT WESTERN AUSTRALIA 6014 PO BOX 477 WEMBLEY WA 6913
T +61 8 9245 3135 F +61 8 9245 5942 E admin@seashells.com.au seashells.com.au

When you multiply the number of apartment owners opting to use Air B n B in such a manner it creates an enormous financial disadvantage to the developers and owners of the apartments within management schemes established under the bureaucratic framework designed to ensure proper due diligence.

With Air BnB all due diligence is thrown out the window as none exists. You would be right to then question why does the due diligence, the approval process and the myriad of costs exist in the first place for the original developer.

Presently the policing or control of Air Bn B seems to fall to local council who overall have not planned or prepared for such an eventuality. Discussions with various councils have shown them to be ill equipped to police the proliferation of Air B n B and generally lacking in policy. Were councils to adopt policy on ensuring Short Stay providers of accommodation restricted services to a minimum number of days, provided proof of insurances and paid council registration fees to cover marketing and costs etc, it would greatly reduce the propensity for industry cowboys to just sell rooms or full facilities ad hoc. The funds obtained for such registration would go a long way to funding an employee to police this policy and ensure a more level playing field for all concerned.

IN addition, within a multi-use complex, who controls the Air BnB guest. Who polices that guest or ensures compliance with the buildings by laws or ensures no disruption to other guests – the answer is no one? This is because that apartment owner likely lives elsewhere, and they control the key issue by way of a lock box. All they care about is payment and the “guest” is on their own. I can personally site numerous instances of rooms being used as drug dens, prostitution rooms, party rooms or rooms being trashed or parties happening where there is no control from the owner. Yet this room exists in a residential building.

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

The days of picking up a phone to make a booking are long gone. As we progress with the changes to internet security and social media the common practice is no longer to even book via email but to research on line and book through an online travel agent such as booking.com, expedia.com etc. These OTA’s are connect to properties via a “Channel Manager”. A CM is a company that effectively provided the distribution network for a property or group of properties to get their market out into the market place and onto all the OTA’s and “channels” that they can to access international and domestic travellers wishing to book via the internet. For example, “CTrip” is a large Chinese OTA. A Chinese end user can go into CTrip, search for hotels in Perth, get a Perth property and book it direct, thanks to that properties use of a travel manager that connects them to CTrip.

Air BnB is also entering the world of the OTA and so they are attempting to become just another channel – but a channel that allows apartments, houses, rooms etc to be booked and given their millennial appeal, they stand to rapidly increase their market share when they achieve this.

At present a hotel booking that arrives through these channels costs the operator 15% to 20% commission. As a manager of accommodation, we also charge a management fee so for any owner of accommodation – they are burdened with upwards of 30% costs, before the guest has even walked in the door. Air Bn B as they further enter this market will be no different

3. What needs to happen

The Strata Titles Act needs to prevent anyone from using short stay services such as Air B n B in a residential building or where an onsite manager exists. Or the Act needs to give local councils the power to impose this condition ensuring only short stay accommodation can be facilitated through an onsite manager

Short Stay apartment owners must hold a licence, issued and regulated by the local councils

Councils must charge a licensing fee that contributes to the marketing and regulation of the industry

Unlicensed operators must be fined, and continued infringements must be dealt with by a ban from using the property for anything but residential or long-term rental.

There must be a watchdog who members of the public can go to. There must be a "policeman".

We fully support and endorse the "five-point plan" put forward by the WAHA

1. Home sharing properties must be registered with a fee payable to fund compliance monitoring
2. Only a host's primary residence may be listed for sharing
3. Short stay accommodation must meet fire, safety, building and insurance requirements appropriate to short term rentals
4. Require Peer to Peer platforms to stop listing illegal and non-compliant rentals and share relevant data with authorities
5. Neighbours, Co tenants and Landlords must be empowered and allowed to have a say

Yours Sincerely



Gareth Thomas
Chief Operating Officer
Seashells Hospitality Group