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18 January 2019

The Honourable Members of the Economic and Industry Standing Committee

Ms Jessica Jane Shaw MLA
Mr Sean Kimberley L'Estrange MLA
Mr Yaz Mubarakai MLA
Mr Stephen James Price MLA
Hon. Donald Terrence (Terry) Redman MLA

Dear Committee Members

RE: INQUIRY INTO SHORT-STAY ACCOMMODATION

Question: Do State and Local Governments of WA think that Holiday Homes are able to solely support and cater for the Tourism Accommodation Industry in regional WA?

If not, then immediate action is requested and required to regulate Holiday Homes to ensure a level playing field is created in regard to operating requirements and costs and that they are designated to appropriate locations within communities and regional areas to prevent the closure of small to medium accommodation providers in regional WA whose businesses are being decimated by an oversupply of Holiday Homes into the Tourism Accommodation market. The Tourism Accommodation Industry is a key element in our Tourism Industry and we are at an important cross road where our viability is now a real question. We are used to operating in a complete market however this current situation produces an unsustainable situation for all operators.

We do not request that the Holiday Home sector be shut down; they have and will always be a part of the tourism industry. We just need it to be regulated to ensure sustainability for all operators.

Bushy Lake Chalets is a family run business and consists of six Chalets with a maximum sleeping capacity of 28 people. The business employs my wife and I plus two contracted cleaners. We hire and launder our linen locally and purchase all supplies from local suppliers. The revenue that our business generates remains in our region where as with the majority of Holiday Homes being investment properties of those living outside our region, the

money never makes it here. Guests that stay at our Chalets via Booking.com rate us on average 9.8 out of 10 and whilst our local Tourism Association states visitor numbers are steady on previous years, we have suffered continual decreases in occupancy rates and large reductions in revenue which rise slowly as more Holiday Homes are approved. Our forward bookings are down up to 30%. These facts determine that our business will not stay viable in the near future. In the last quarter of 2018, on several occasions we were not able to draw a wage for ourselves, we have had to make a small injection of funds into the business to cover business expenses and we have had to reduce workers hours and we are purchasing less from local suppliers. As a result of oversupply of accommodation, rack rates have declined and we have been struggling to fill rooms during peak summer season at low season rates which means our business has not had the injection of funds to assist us through the remainder of the year.

In 2015 the Augusta Margaret River Shire approved a 'Local Tourism Planning Strategy' which was later endorsed in 2016 by the Planning Commission. The strategy outlined that current accommodation providers were operating on low occupancy and profitability rates and that the Shire should consider this and liaise with the Industry when assessing further developments and that promoting growth of existing operations may be a better option. The Strategy further stated that an oversupply of tourism accommodation would jeopardise the viability of existing businesses, that "in the absence of planning there are evident risks that tourism development will become unregulated, formless or haphazard, inefficient and likely to lead directly to a range of negative economic, social and environmental impact," which is where we find ourselves today. The Augusta Margaret River Shire has approved over 400 new Holiday Home applications in 2 years and there are a further 200 circa un-approved Holiday Homes operating and when asked if they consider the 'Local Tourism Planning Strategy' when approving Holiday Homes the answer was no, it is not a statutory document.

As a traditional form of Tourism Accommodation provider, we are members of Tourism Associations and Councils where our fees are used to promote our region and businesses however we now see our visitors being attracted to our region but staying in accommodations that are not contributing to destination marketing.

Other key issues related to what appears to be adhoc planning in relation to Holiday Homes:

- There is no consideration of neighbours when holiday homes/businesses in residential areas are approved and it has detrimental impact on their day to day amenity. In the vicinity of 1 in 11 homes in our region is now a Holiday Home;
- Housing affordability – the workers that our region needs are finding it harder and harder to find somewhere affordable to rent;
- Holiday Homes are being approved in High Fire Risk/Prone areas. These Homes are being rented by international guests who have no or little understanding of the risk and environment they are in; and
- The main facilitator of this surge of Holiday Homes is Airbnb and other Online Travel Agents. They are an overseas company that does not pay tax or GST in Australia nor promote our region. This puts them at a clear advantage over local small business.

For the sake of our business, our region and the Tourism Industry as a whole, we hope that this Parliamentary Inquiry produces planning outcomes that promote local business sustainability and protects the amenity of our community.

Regards

A handwritten signature in black ink, appearing to read 'R & M', written in a cursive style.

Robert and Melisande McDonald
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