

Admin, LACO

Subject: FW: SUBMISSION ON IMPACT OF UNREGULATED SHORT STAY
ACCOMMODATION IN WA- sub no. 129

From: Cherie Hindle

Sent: Thursday, 24 January 2019 5:16 PM

To: Committee, Economics & Industry Standing

Subject: SUBMISSION ON IMPACT OF UNREGULATED SHORT STAY ACCOMMODATION IN WA

SUBMISSION ON IMPACT OF UNREGULATED SHORT STAY ACCOMMODATION IN WA

For the past 35 years my family has owned and operated our accommodation business " Glenbrook Estate".

This has been very much a traditional family business and as such I have very much involved in contributing, by helping my parents in all aspects of running a small business. During this time I have seen a number of changes in the industry. As now being the sole operator, the changes in the last 2 years have been significant.

We operate Lodge - style accommodation, with 8 rooms in total. We provide clean, comfortable , homely accommodation in a peaceful bushland setting. We pride ourselves on our attention to detail and fantastic service, something that has remained constant over the years and various changes. It is classified as a Lodging House, and as such requires us to be registered with the local Augusta - Margaret River Shire. This requires an annual application and registration fee. We pay commercial tourism (Short Stay accommodation) rates irrespective of occupancy. We have to comply with Shire and State requirements and annual inspections. We are required to comply with FESA requirements (DFES) and have twice annual inspections of our extinguishers and fire equipment. We were required to fit hard wired smoke alarms and exit signage.

As we are registered and licenced with the local Shire we need to comply with OHS , health requirements, health inspections etc.

Our business insurance has risen significantly over the past few years, in particular with regards to public liability, as have our rates.

Our location was traditionally a rural area, as was most of Margaret River. The 240 acres was mostly left uncleared and had been unsuccessful as a farming property by a number of previous owners. My parents purchased this property in 1978. They tried a number of agricultural pursuits, from fine grade merino sheep to vegetable growing. They also trialled wine grapes with limited success. For agriculture, the property proved mostly unviable.

Due to its largely untouched bushland , it's environmental significance and conservation value, my parents decided the best course of action to protect this and still be able to make an income without clearing the remainder of the bush was tourism. My father, being a teacher, also saw potential for educational purposes as a Camp School.

As a tourism business, we had to initially apply for all the necessary planning approvals, zoning , and building requirements. Anyone who has undergone this understands this is a lengthy and expensive process. As a tourist venture, we were also required to have bitumen access, from Bussell Hwy, a distance of ~ 400m along Darch Road to our driveway at considerable expense, even though we were the only residents. We initially wanted to construct cabins / chalets, although this was not allowed at the time , and our current Lodge - style accommodation was approved.

Initially it was successfully operated as a Camp School, although given the subsidised Government run Camp Schools, not without it's challenges. The location and site proved ideal for these ventures. We were involved in all aspects - catering, transport, organising itineraries and tours and as such supported a number of local businesses and employing local contractors. With a number of on site activities, it was perfect for nature based, educational pursuits whilst incorporating conservation values.

In 1986, the AMR Shire agreed that due to an acute shortage of accommodation in Margaret River, we were allowed to accommodate other groups and individuals, making the transition from Special Use Tourism to Short Stay Accommodation zoning.

Due to a number of factors, including the rise of public liability required for school groups, the reluctance of school groups and logistical problems for them to organise trips, and general changes to the education system, it was obvious we needed to diversify.

Due to its location and layout, Glenbrook was ideally suited to adult groups. We have evolved over the years and seen many changes. From Navy groups (adventure training), Vietnam Veteran counselling workshops, bushwalking / trekking groups, meditation retreats, corporate groups, art and craft groups and personal development groups. We have seen a number of 'fads' come and go.

Our individual, family and group bookings have, however, remained constant. Being permanently based on site (a requirement for a Registered Lodging House), we are able to provide our personal touch and unbeatable service. We provide a wealth of information on site seeing and local attractions and tours. We provide maps onsite of the area, surrounding region, walk trails, bike trails, flora and fauna locations. Following our conservation based accommodation, we provide free accompanied bushwalking, birdwatching, wildflower and nature night walks. We are land for wildlife (and guests!) and a release site for native endangered fauna. While self funded, our accommodation is our only source of income. As a requirement to be based on site, as now being a sole operator, I am unable to obtain other employment unless it is from home.

I am fully aware of the importance of being based on site, should anything arise or any guests need assistance. It also enables me to oversee there are no incidents or potential problems with guests. We are a very quiet venue and as such our business does not impact on neighbouring properties.

Over the past decade there has been a steady increase in accommodation providers in the region. There has also been a relaxation on requirements for registered " Holiday Homes " leading to a surplus of accommodation. Consequently our tariffs has remained constant, despite our overheads increasing each year. Neither do we increase our rates over peak seasons, unlike many other providers.

I estimate I need to make a minimum of \$700 per week, just to cover basic overheads - rates, insurance, gas and electricity. This does not include repairs, maintenance, replacement of appliances, machinery, business purchases or unforeseen expenses. It does not include upgrades to facilities which also need to be factored in. Over the years the compliance list continues to grow.

From our length of time in operation, we have evolved and adapted to suit the market. We have weathered many downturns. In the past 2 years, we have noticed a VERY significant drop in bookings (over 35%), which can only be attributed to the equally explosive boom in unregistered accommodation, without the same overheads or compliance regulations. The latest data shows that there are over 2000 airbnb listings alone across the Margaret River Region. In 2016 there were less than 400. On a personal level, some groups have admitted that they are able to book (unregistered) apartments and houses for a cheaper rate than we can provide.

Consequently to compete, I am unable to increase our rates, despite our overheads continuing to rise. We have had a minimal increase for a sole booking (our Double room rate has remained the same price for close to a decade).

We remain one of the cheapest accommodation options on the market in the Margaret River Region, most likely in WA. We have increased our number of "specials" offering free nights during off peak seasons, and for multiple nights during peak seasons. Despite this, we still struggle to compete with illegally operating, unregistered accommodation - most of which are investment properties or tertiary, additional incomes, not the sole source of incomes like small businesses.

These unregistered accommodation providers do not have the same commercial rates (being residential) or compliance overheads, and as such are able to undercut everyone else's tariffs. They mostly do not contribute to the local economy, as we have done in the past, and still try and do. They do not pay taxes as registered providers do. It has a domino effect through the local economy and community.

As a sole operator, and with a significantly reduced income, which if it continued would be completely unviable, I am currently unable to contribute to other businesses and contractors as we have previously done by using their services. I am now unable to further upgrade our facilities to meet market demand as I simply do not have the income to do so. I now do all of the accommodation linen laundry, gardening, cleaning and maintenance as I am unable to afford to pay local contractors to do so. In the past we have employed cleaners, window cleaners, gardeners, linen services, and maintenance contractors. I pay commercial rates to the Shire to provide revenue for facilities and pay GST on my BAS statements. We are not in a residential area and are surrounded by tourism ventures. Our guests contribute to the local economy and do not negatively impact on surrounding properties, neither would we allow them to.

The oversupply of accommodation in the region reached saturation point some time ago. It has become completely unsustainable. It cannot be allowed to continue to grow unregulated or controlled at the current rate. Accommodation operators need to register and comply with the same charges and regulations or cease to operate. This needs to not only be legislated, but policed by a compliance body. I am sure there would be enough revenue to finance this, given appropriate financial penalties. The current situation has already had dire consequences on

registered accommodation providers, many of which are faced with the prospect of having to close or struggle to sell a declining business.

There needs to be fairness and equality in the accommodation sector. Zoning and consequent rates were determined for a reason. You should not be allowed to operate an accommodation business from a residential or rural premises without being licenced, regulated having to comply with relevant rates.

The unprecedented rise in unregulated accommodation in WA needs to be addressed urgently. All properties must be registered, with relevant identification and monitoring. Any short stay accommodation must meet fire, safety, building and insurance requirements, appropriate to all other accommodation providers.

All O.T.A platforms should cease listing illegal and non compliant rentals. All relevant data must be able to be accessed and shared with authorities. Taxes should also apply to O.T.As and providers. Residential zones and long term rentals also need to be protected.

The adverse effects of unregistered and unregulated accommodation is having a detrimental impact on the industry and hurting businesses, as well as the community as a whole. it has allowed the quality of service to deteriorate, further impacting the industry.

I trust that the Government will take the opportunity with this enquiry to rectify the impact of unregulated short stay accommodation in WA.

Yours Sincerely,

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