

ECONOMICS AND INDUSTRY STANDING COMMITTEE

INQUIRY INTO SHORT-STAY ACCOMMODATION



**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
WEDNESDAY, 20 FEBRUARY 2019**

SESSION ONE

Members

**Ms J.J. Shaw (Chair)
Mr S.K. L'Estrange (Deputy Chairman)
Mr Y. Mubarakai
Mr S.J. Price
Mr D.T. Redman**

Hearing commenced at 9.43 am**Mr SAM McDONAGH****Director, Country Manager, Airbnb Australia and New Zealand, examined:****Mr BRENT THOMAS****Head of Public Policy, Airbnb Australia and New Zealand, examined:**

The CHAIR: On behalf of the committee I would like to thank you for agreeing to appear today for a hearing for the committee's Inquiry into Short-Stay Accommodation. My name is Jessica Shaw and I am Chair of the Economics and Industry Standing Committee. I would like to introduce the other members of the committee. To my right, Yaz Mubarakai, the member for Jandakot. To my left, deputy chair, Sean L'Estrange, member for Churchlands; Steven Price, member for Forrestfield; and Terry Redman, member for Warren-Blackwood.

I advise that the proceedings of the committee's hearing will be broadcast live within Parliament House via the internet. This broadcast may include documentation provided by you to assist the committee in its investigations. It is important that you understand that any deliberate misleading of this committee may be regarded as a contempt of Parliament. Your evidence is protected by parliamentary privilege. However, this privilege does not apply to anything you might say outside of today's proceedings.

Thank you for providing your submission. Under the rules of Parliament, we now have to ask the television cameras to leave before we start taking your evidence. However, as I alluded to in my opening statements, this is being televised over the internet and the media outlets do have access to a stream.

Before we begin with our questions today, do you have any questions about your attendance?

Mr McDonagh: No, we do not.

The CHAIR: Would you like to make an opening statement?

Mr McDonagh: Thank you, Madam Chair and Committee. Thank you for the opportunity to give evidence today. It is always good to be back in my home town. We welcome the inquiry and the opportunity for Airbnb to contribute. You have our written submission so I will not go over that in detail. Instead, I will make some opening comments and move on to any questions you may have for my colleague Brent Thomas and myself.

There is no doubt that the current rules are not working. Inconsistency of rules across the state make it more difficult and more expensive than it should be for locals to homeshare, putting WA at a disadvantage to the rest of Australia. Our WA community's message to you is that we want to work with you. We want fair and balanced new rules for homesharing. We have put forward a commonsense plan that should protect people's choice to grow tourism and to manage the concerns around hotels and housing. We do not believe in a one-size-fits-all approach to regulation.

Airbnb helps families make ends meet, makes travel more affordable and creates local jobs for Western Australians. Founded in 2008, our platform aims to create a new form of travel that is local, authentic, diverse, inclusive and sustainable. The way people travel and use their home has changed. Globally, we are seeing changes in how people travel and experience a destination and WA is no different. Airbnb unlocks the opportunity for people to utilise and monetise their home and connect millions of travellers globally. Airbnb's people-to-people platform benefits all the stakeholders, including hosts, guests, employees and, most importantly, the communities in which

it operates. Airbnb's accommodation marketplace provides access to more than five million unique listings all around the world in more than 81,000 cities and 191 countries. Airbnb offers unprecedented access to local communities and interests through its 20,000 unique handcrafted activities, which are now being run by local hosts across 1,000 markets around the world, including Western Australia.

Looking specifically at Airbnb in WA, it has grown significantly in the last 12 months. Our hosts have opened their doors and welcomed more than 594,000 guests from both domestic and international markets, and that is up almost 50% year over year. From an outbound perspective, we know that Western Australians love Airbnb; in fact, in the last 12 months, 738,000 Western Australians have checked into Airbnbs in Western Australia, around Australia and around the world. The latest research shows that in one year alone, Airbnb guests who stayed in Western Australia spent more than \$155 million and supported more than 780 jobs and contributed more than \$100 million to Gross State Product.

In terms of geography, Airbnb allows people to travel outside of the metropolitan area to stay in towns and areas that have no traditional accommodation establishments. Airbnb can offer unprecedented access to local communities. At a time when the cost of living is high, local families are turning to homesharing to earn extra income. The sharing economy helps to build resilient communities where locals create that supplemental income. We have a large range of community people across WA for whom homesharing is now part of their lifestyle. In the last 12 months, typical Airbnb hosts in Western Australia have earned about \$7,600 a year and shared their home for 49 nights, which we know helps people pay the mortgage and the household bills. Sixty-seven per cent of our hosts in Western Australia are women. The average host age is 49, with more than 23% of our host community being over the age of 60.

In contrast to trickle-down tourism, Airbnb drives bottom-up growth and benefits are shared with people and places that have traditionally missed out. As our community grows, it creates more jobs in local cafes, restaurants, shops and pubs. Restaurants and retail are by far and away the biggest employers in local tourism, employing three times as many people as accommodation. In WA, approximately two-thirds of all our listings are outside the Perth metropolitan area and 72% of all inbound guest arrivals are outside the state capital. Importantly, for small business and restaurants outside of metropolitan areas that rely on tourism, we have found that 53¢ of every dollar from an Airbnb guest spending is in local cafes, restaurants and shops.

The current rules are acting as a handbrake on growth. There is near-universal agreement from all sides of the debate that the current rules are not working and are outdated. These outdated rules make it harder and more expensive than it should be for Western Australians to earn extra income and/or afford a family holiday of their own. Many of the rules were written last century before the internet existed and often vary widely from council to council. WA is being left behind by the tourism boom happening across the country. It is at the bottom of the states in terms of tourism growth and this has a knock-on effect in terms of jobs—currently WA has the highest unemployment rate in the country.

Put simply, this mean travellers have greater and more affordable choice for accommodation in those states than they do in WA. It is no coincidence that New South Wales, South Australia and Tasmania are the fastest growing states from a tourism perspective as they have acted first on homesharing. Our community wants fair and balanced rules for homesharing. Our community's message to you is simple—we want to work with you, we want to help grow tourism in Western Australia, and we want to work to bring the rules into the twenty-first century. In our submission to the inquiry, we have outlined fair and balanced regulations. Our commonsense plan will protect

people's choice to share their home or holiday how they want to while apparently managing issues like neighbourhood amenity and competition. Based on best practice around Australia, we believe the inquiry should consider simple statewide rules, a sliding scale of regulation, fair powers for strata and a mandatory code of conduct.

I want to pass over now to my colleague Brent Thomas who heads our public policy team here in Australia and New Zealand and who has some comments to make.

Mr Thomas: Thanks, Sam. Thanks, Madam Chair and members. I will be very brief because I know you want to get to some questions, but I just wanted to briefly make the point that there is obviously a lot of interest and concern from our host and guest community across Western Australia, and part of that is in evidence here today with a number of our hosts joining us for the hearing. I just want to point out a couple of their stories really briefly. I will not go through all of them.

We have got Francis in the gallery today. I met his wife, Glynnis, last night and I have their permission to tell their story briefly. Francis lost his job a number of years ago. He suffered from a period of mental illness and had to be hospitalised and, at the same time, their children left home and they were not able to make ends meet. Glynnis found Airbnb and they list the two bedrooms their children used to occupy. Now that comes on our platform as an entire home listing, but it is actually half of Glynnis's and Francis's home. It is a half house but it comes up as an entire home. It is near a hospital. Most people who stay at their home are not here for holidays, they are here for hospital stays. They also call them FIFO grandparents who come and stay near their children so they can visit them by day but do not have to stay with them at night time. So I just thought that was a really interesting example.

We have got Joe and Sandy. They live, I think, in your electorate, Mr Price, near the airport and, again, share part of their home, a couple of bedrooms, but it comes up as an entire home because an entire home on our platform can be anything with a separate entrance and exit and bathroom. We have got Lyn. Lyn is a single woman who shares a self-contained in her primary place of residence, an entrepreneur, a photographer, who uses Airbnb to pay bills after she was affected in her photography business by the downturn in the economy. Again, that comes up as an entire home listing but it is part of her primary home.

The second last one is Keith. Keith shares a self-contained space in his primary place of residence along with his partner, Patricia. They are not able to receive the pension because he still does some work in the building industry, but Airbnb represents a fifth of their income. And finally, I think this is important—I only just met him this morning—is David; he is from Cottesloe. He looks after eight properties. He is a property manager in Cottesloe beach. They are entire homes but six of those homes are owned by six different families who live there and he manages those homes as holiday places when those families go away.

So once again they come up as eight entire home properties. It may look to the uninitiated when they are looking at the data that they are eight homes that have been taken off the long-term housing market but they are not; in fact, six of them are places owned by the families who live there and he looks after them when they go away on holidays.

Thank you for letting us do those opening statements. We would love to take some questions.

The CHAIR: Thank you. And thank you for a very comprehensive submission and for offering to work so collaboratively with this committee as we try to work our way through what is an incredibly contested and controversial topic with a whole range of views, and quite firmly held ones.

Your submission uses some quite specific language around the concept of "home" and talks about rooms within a home that can be shared and homes that are typically the primary principal place of

residence for a family and then can be shared when the family goes away. You urge this committee to consider taking a bifurcated approach, which is potentially one way this topic could be tackled.

There is, however, a category that has been entirely overlooked in your submission and I would be very interested in your opening views on that—and that is properties or indeed entire apartment complexes that are considered to be residential but are bought purely for the purposes of utilisation on Airbnb. They are not homes at all; they are properties that are rented out as a proxy, if you like, for traditional hotel-based accommodation. I would be interested in your views because under the bifurcated approach, it does not seem to address that category of property at all. Certainly there has been some evidence to this committee to suggest that those types of properties are causing neighbours quite a significant amount of grief.

The other category of property is not necessarily apartments but entire homes that, again, are not being bought for residential or holiday home purposes but are being rented out as venues through Airbnb's platform. There is a constituent of mine who lives next door to a house that has never been lived in by the owner. It is rented through Airbnb for corporate functions. There are marquees up, there are bands playing. They live in a rural residential subdivision on a five-acre block and there is no way that either of those categories of property that I just mentioned fall into the focus of your submission or the bifurcated approach that you have encouraged this committee to take so I really welcome your views on those.

Mr Thomas: One of our challenges, Madam Chair, is working out which one of us goes first with each of these questions. Do you want to take this, Sam?

Mr McDonagh: Yes, sure. Madam Chair, thank you for the question. I think it is certainly a valid one. In February of 2018, Airbnb laid out a road map to effectively host more than one billion people on the platform by 2028 and so for that to be true, we know that we need to apply and be applicable to a whole range of different kinds of accommodation. We know that there are more than 500,000 hotels rooms that are currently listed on Airbnb and many of the properties that you have just described certainly are on Airbnb. The one thing that we do know is that the overwhelming majority of people that list on Airbnb are sharing the home that they live in.

Now, of course, there will certainly be differences but when you start to get to that scale of, as the example that Brent gave earlier in terms of people managing other properties, properties that are specific and unique in some ways, the same way that that may represent a challenge for you in your electorate or as it relates specifically to the example that you gave, there are more than five million listings on Airbnb globally and so sometimes it is challenging to look at each one on a case-by-case basis. But that is certainly our commitment. We want to be good neighbours, we want to contribute to the overall amenity of the community.

One of the things that we do have—looking specifically at the issue that you addressed—Airbnb has a tool called the 'neighbour tool' at [Airbnb.com.au/neighbour](https://www.airbnb.com.au/neighbour), which enables a neighbour to contact Airbnb with details of a property that may be causing concern from many a perspective to that individual. To the extent that they are able to go through the process of contacting Airbnb and alerting us to that, we will then be able to reach out to the host and ensure that they are complying with the regulations and so on that they should be.

Addressing another part of your question, which was specifically around the very use of different properties on Airbnb whether that be a private room in someone's home, an entire home—a holiday home is probably a good example where people are not living in it 365 days of the year but are using it occasionally. We want people to have the opportunity to share those homes and have the opportunity to go and stay in those homes and I think particularly in a state such as Western

Australia, the holiday home and access to holiday home—not one that you may own—has been a rite of passage for many, many decades.

Mr Thomas: Do you mind if I add a couple of things? You are right, Madam Chair, about our submission; we did focus on those groups. There are other groups but we focus on those groups because they are overwhelmingly representative of our community.

The CHAIR: But they may not necessarily be the source of the primary complaints and your platform is being used to enable a source of a considerable complaint so you can understand why that is a principal concern for this committee.

Mr Thomas: Yes, I understand. Most people are sharing the home they live in, whether it is rooms or the whole home, when they are away—that is what I do. I think the next biggest category would be people doing what they have done for decades—sharing a holiday house up or down the coast when they might use for it December and they share it for the other periods when they are not there. The allegation that is often made by our opponents is that there are quasi-hotels out there; that people are buying up entire apartment blocks and placing them exclusively on Airbnb. We have honestly never seen evidence of that.

I refer the committee to a question that was placed on the notice paper for this Parliament on 27 June 2017. One of the ministers of the McGowan Government referenced quasi-hotels in the newspapers and was then asked on the notice paper if he was aware of any. The answer came back, no. Our opponents will make that allegation for, I think, candidly competitive reasons, but when asked to point to particular buildings, people are not able to do it. Having said that, there are, as you say, some other categories that people are listing properties on the Airbnb platform—one of them is hotels, motels, traditional B&Bs. But I think it is useful to separate what people are allowed to do with the homes that they own from the behaviour that is allowed to take place in those homes.

The CHAIR: But can we tease out the concept of “home” —

Mr Thomas: — sure.

The CHAIR: — because I can see a very clear line of sight to an argument around a home that is being shared. I can accept your point on entire apartment buildings being used as quasi-hotels as perhaps not a common occurrence in Western Australia.

Mr Thomas: Or, indeed, anywhere.

The CHAIR: Or, indeed, anywhere—I can accept that. But there is certainly a category of property that is facilitated by your platform where they are not homes; they are proxies for hotel rooms or regulated short-stay accommodation, like short-stay apartments. You have not addressed that. I would very much welcome your views.

Mr Thomas: Okay. Let me do that directly and, thanks, I do appreciate the question. The first point is, I would say those properties do exist. They are a very small percentage of our platform.

The CHAIR: Are you able to give us that percentage? I would appreciate if you could take it on notice.

Mr Thomas: Yes, absolutely. I will absolutely take that on notice—sure.

The CHAIR: Thank you.

Mr Thomas: The other thing I would say is that I think there are some useful precedents from around the country that address this. For example, in New South Wales they had a four-year process of parliamentary inquiry, a change of Premier then an options paper for the consultation and, ultimately, changes to laws in a new state environmental planning process. The way they sought to address that, for example, within greater Sydney—if this is a Perth-based question—with respect to

entire homes in the greater Sydney area, they sought to create an economic lever for somebody who fits that category. What they have said is if you live in a house in Sydney, whether it is a freestanding home, an apartment or a townhouse, you can share a room in that place for 365 nights a year.

If you live in that place and you want—this is what my family does when we are away on holidays, we share our whole home. We can do that, but you can only do that up to 180 nights a year within greater Sydney. What that seeks to do is to create an economic lever that sort of says, you know, because 180 days is about every weekend, public holiday and school holiday in the year, and that then seeks to dissuade somebody from placing a place, for example, in a Perth or greater Sydney area exclusively on the short-term rental market as an entire home. I think what we are saying here candidly today is we would welcome the opportunity to have some input into what we call a sliding scale model so that it does protect those homesharers and also does create some economic incentives around the types that you have described.

The CHAIR: The 180 threshold—is that actual days let or days of availability?

Mr Thomas: It has not come into effect yet since there is an election in three or four weeks. I do not want to mislead but I think the proposal is that it is nights booked. It is not a cap; it is a threshold. Somebody could still buy a place and put it exclusively on the short-term rental market for more than that but they would need to go through a consent authority, probably the local council, and ask for permission.

The CHAIR: So if you buy a property in this 180-day area and nobody rents it, you can be pinged, but if it is rented you are okay? That seems like a funny outcome. Do you see what I am saying? I can accept if you make a property available for 180 days, its availability versus actual bookings, you may only be booked for 40 of those 180 days. I am just wondering about the mechanism behind triggering whether you are in breach of or conforming with this threshold.

Mr Thomas: That is not in place. But I would say in answer to that, if someone is only getting 40 nights' booking a year, they are not really running an economically sustainable business.

The CHAIR: But that is their call to make because they will obviously make a call on their tax position, their income position, how much they want to make out of their Airbnb. Some people may be really willing to rent it out for 500 bucks a night knowing that it may only be picked up a few nights a year. Others may be willing to rent their place out for—every individual will make their own decision around the economic case for operating a short-stay accommodation facility.

Mr McDonagh: Look, that is exactly right, and I think you have just raised a really good point in that that is the opportunity for an individual to decide and have the right to share either the home they live in or a property they have invested in.

Mr S.K. L'ESTRANGE: Just sticking to the bifurcated approach line of questioning, you mentioned little or no regulation for a primary residence. Do you differentiate between a primary residence which is hosted or un-hosted with regards to that?

Mr Thomas: We do not, no. We think somebody's home is their property and it should be their choice to share that whether it is a room or rooms or the whole place. The only differentiation would be if the committee was minded to make recommendations like those ones in New South Wales. There is a difference there between sharing a room—there are no limits on sharing the entire place within Sydney.

Mr S.K. L'ESTRANGE: And then you mentioned a light-touch regulatory approach to non-primary places of residence. Can you outline to the committee what that light-touch regulatory regime would look like?

Mr Thomas: Yes, sure. That could, for example, be a holiday home in Margaret River that somebody from Perth owns and they stay there for the month of December or January and share it for the rest of the time. If, as we say, they were doing that for more than 180 nights a year, we would be supportive potentially if the committee was minded and the council was minded that they go through a light-touch regulatory model. I will give you an example.

In Tasmania, which is a statewide model, the Hodgman Government came up with, and we were able to support, if you are sharing your primary place of residence in Tasmania, you do not need to seek the consent of anybody. If, however, you are sharing a place that you never live in and it is a non-primary place of residence, you need to go to your local council and do a self-assessment form. I think it is two pages. You have to pay a small fee—I think it is \$200—you need to make some declarations around your property and then you are able to share that on the short-term rental market.

Mr S.K. L'ESTRANGE: And so the types of declarations, can you outline what they are?

Mr Thomas: I would have to take on notice the specifics, but it largely gives the council an opportunity to know where all these places are so that they can check out if they are fine for holiday renting.

Mr D.T. REDMAN: Can I just extend the commentary that Sean is making about the notion of registration or having some sort of sign-off with your local council as to what you are doing and thereby following presumably a set of rules. Again, a strong part of the presentations to us has been not about hosted accommodation, someone renting out a back room—that does not seem to be a target of people making submissions to us. But those that have, in the example you used, holiday accommodation in Margaret River and live in Perth, a strong issue that is coming through is the notion of them being unregistered, unlicensed if you like, and therefore do not have a level of compliance that those that are registered or sign up have.

You used the examples in the other states where in Tasmania, for example, they go to the council and do it. From what we understand, there are a lot of people that do not do that. They have no level of registration and there is an inability by councils and local government to be able to enforce it or manage compliance simply because of staffing and, for example, there are no addresses up on your sites, there is no way of being able to track it down to see what is happening. Do you have any comments about the unregistered approach to people using your platform in the un-hosted examples of housing?

Mr Thomas: Yes. If I can zoom out for a second and come back to the specifics. The first thing I would say—I say this with respect to some of the people and organisations that have made submissions to you—I would really encourage those submissions to be viewed with a grain of salt because a lot of those submissions have been done for competitive reasons. For example, the tourism industry council has made submissions that, frankly, come from a place of competition. I understand the deputy chair of that organisation is from Accor, a big hospitality company. They have actually bought a homesharing company, Accor has. I think when you look at some of the recommendations made by these organisations—and we see it around the country—they are not about growing tourism.

We have actually, for example, sought to join the AHA as a member to help collaborate and grow tourism together. They have not allowed us to join. There are some strong vested interests from big multinational hotel groups that do this around the world and that is where they come from.

Coming back to the idea of registration and what does council know and not know, I guess philosophically we come from a place, just to step you through our thinking, that if a holiday home in Margaret River has been DA approved by the local council—I think that is your area, Mr Redman—

then that building has been considered to be a safe and fit building for a family to live in, so I could live there with my family. And then if I want to travel and let my sister move in there with her family, it is DA approved for that. If I want to meet someone at the pub and bring them home, it is DA approved for that. If I want to do a home swap, it is DA approved for that.

We actually do not think that there is an additional regulatory burden just because somebody happens to book that same home that I lived in through a platform like ours. We philosophically come at it from a place that there should not be an extra burden from a building code perspective. Coming to your specific question about registration, there is not registration right across the states in Australia. The only state that comes close at the moment is Tasmania, and it is only for short smaller groups, those that are not primary places of residence.

What I think our competitors, some of those that have made submissions to this committee, would seek to use is a registration process that—I met somebody last night, we had a host meet-up last night, and a host said that their local council wanted them to go and pay a bucket of money and leave the application with them for three months while they thought about whether they could homeshare. I share my home in Sydney for two weeks a year. The idea that I have to go to my council, pay a bucket of money, get a lawyer and wait three or four months just because I want to share my home for two weeks and register, that is what we would call a barrier to sharing. From a working family perspective, that hits the lower end of people more than it would any professionals and so I think when we talk about that we need to be really careful that if the idea is that the government wants to get data to see who is sharing and where—that is what Tasmania is doing and that is the process we are supporting, that is a bill going before their Parliament for compulsory data sharing. But if it is a process where it is going to be expensive, cumbersome and time-consuming and acts as a barrier to working families listing a room or a home, I think that is something that our community would be quite upset about.

Mr D.T. REDMAN: You made reference in your opening statements about some of the rules being outdated and citing some in Western Australia. You have just talked about the example where as long as you have a DA for building your own home then that should meet sufficient levels of responsibility in housing compliance that can have hosted and un-hosted, as you suggested, visitors to it. Inferred in that is the fact that those that have registered and certified accommodation, such as guesthouses and so on, are probably overregulated. Is your sense that you should back that down to simply a DA approval? There seems to be one rule for one and one rule for another here and I guess that is the strength of the argument certainly coming at me.

Mr Thomas: I think that is a superb question and I think when you think about some of the discussion that comes around on this you say there is a regulatory burden of X for traditional players and of Y for the Airbnb community and people always talk about bringing this one up. I think there is a great area for discussion about, you know, what are some of the burdens placed on traditional accommodation providers that may have been fit for purpose in 1978 but are no longer fit for purpose. I do not think organisationally, Sam, we have got a specific view on that but I think it is a great thing to consider.

I will give you an anecdotal example. We met with a mayor in this state and one of the staffers encouraged us that there should be a \$50 fee being paid for each Airbnb in that council area so that the council inspectors could go around and see if anyone is getting a fungal disease from bathrooms anywhere. She said, “That is because that is what traditional accommodation providers are doing”. I said, “Well, you don’t need to do that on Airbnb because there is a double-blind review system. Anyone who had a bad experience is going to give a terrible rating and that place is not going to last for long.” By the way, I have never heard of that happening. But equally, if that was happening on a

hotel in 2019, the way social media works these days and the way online reviews work, that hotel room is not going to last for very long either. I think that is a great question. Are there some red tapes and burdens that are being applied to traditional players that could be looked at being brought down?

Mr D.T. REDMAN: I want to pursue this registration bit. What you are complying to by registering is one question and you can debate that and you can perhaps shift some ground and find a position that might be at local government level and/or the state level—I understand that. It is my understanding that in some other jurisdictions overseas, your platform is mandated through whatever regulatory mechanism that you have to have registration on the sites when they are listed.

One of the issues is whatever level of regulation is required, you need to be compliant to it and managing that compliance is very difficult. Having that happen up-front with some sort of rule that says you need to have it registered and the registration number sitting on any site that sits on your platform is one way to get around that compliance issue. Do you have a view on that?

Mr Thomas: Yes, you are right, there are some places overseas that do that sort of thing. We are in 81,000 cities around the world. There is none that do that here in Australia yet despite four states having put in a statewide planning regime. I think, sort of coming back to that other point, with any registration model you need to be very careful that it does not act as a barrier to participation. And the other thing is some of the cities that have done that, they have very different—Western Australia, I am sorry, is suffering from, you know, a tourism problem and an economic problem that I think the sharing economy can continue to contribute to to grow jobs, to grow tourism and to help this state.

What some cities have done in other places may not be relevant to this state. A city like Amsterdam, for example, is arguably in the midst of what is called “over tourism” and so the solution for a place like Amsterdam are going to be very different from the solutions for a place like Western Australia.

Mr S.J. PRICE: Can I just go back to data and sharing data. You have obviously got a significant amount of it. In your opening statement you mentioned there were 738,000 Western Australians who used Airbnb and that there are twelve and a half thousand active listings within WA, which is actually a little bit surprising; I thought it would have been more than that. One of the big issues that keeps getting raised is obviously not knowing who is doing this and where and that the councils have no oversight on it.

Are you able to provide the committee, and you can take this on notice, information about where those twelve and a half thousand listings are located—most of your earlier comments about some of the submissions we have received were that they are probably commercially motivated—so that we can have an understanding about where this is, I suppose, really an active activity for people. But also with that, whether there is a correlation between people listing their properties and then actually taking a holiday within another Airbnb somewhere else, if that makes sense, so if there is a connection between the two.

Mr McDonagh: I will take that, but there certainly is. One of the things that Airbnb guests tell us is that 30% of them would not have taken the trip in the first place unless they were going to stay in an Airbnb. Brent referred earlier to the phenomenon of people sharing their home when they go on holidays and it is creating that flywheel of perpetual tourism, if you like. One of the things we do know also is that the majority of Airbnb listings in Western Australia are outside the Perth metropolitan area and so it is taking the opportunity to disperse tourism and we think that is a good thing, and I am sure that that is also something that your tourism leaders would agree with.

I think we will definitely take on notice in terms of being able to provide you with a breakdown of where are the Airbnb listings from a location perspective. We know that there are twelve and a half listings in Western Australia, or at least to the end of 2018, and we know that 4,200 of those are in the greater Perth metropolitan area. I think there were a little over 600 in Margaret River, a little under 500 in the Busselton region and about 400 in Fremantle as an example in terms of how you see that breaking down.

An example I would give in terms of how this is really playing out is that I saw on Tourism Western Australia's Instagram feed just yesterday that they were promoting a bay near Denmark. If I look, there is no accommodation almost virtually within hours of that location. However, there are Airbnbs and, so again, we are providing the opportunity for people to travel to places that they otherwise would not have gone and to disperse tourism and, of course, injecting funds into those economies wherever they are travelling to.

The CHAIR: Can I just make a couple of observations on your submission. One of the things that comes through loud and clear is that Airbnb does provide an opportunity for people to visit areas they have not been before and areas that are not perhaps served by traditional accommodation providers. One of the key selling points for your business model is the local experience—to stay with a host family, talk to people, talk to locals. I want Brent to come back to a comment that you made around experiences in other cities. It has been put to us that in certain cities Airbnbs, particularly again these investment-only models that are not homesharing or homestay, are sterilising particularly small communities that have a certain tourism value. The locals are not able to afford to rent in those towns because they are competing with the Airbnb customers and they are driven out of their home towns, if you like.

I would be interested in your views on overcrowding and how the model actually undermines the very local experience that you want to encourage and the implications for access to affordable housing for people who live in these communities at the moment.

Mr Thomas: Yes, sure. And again I will very briefly make the point that some of the people making those claims, like the big international hotel lobby, have never shown an interest in housing affordability issues before —

The CHAIR: But we have an interest in it.

Mr Thomas: Absolutely—and it is a fair question. I would encourage the committee, and we can send these through, to look at two independent reports that we did not pay for. One is by the Grattan Institute based in Melbourne and one is by the Tenants' Union of New South Wales. They both looked at Airbnb and any contributing to the housing affordability issue both for purchasing and for renters and they both found that Airbnb is not a significant factor in that discussion, particularly when compared with other macro indicators, like supply, population growth and planning reform. We can send those through.

The other thing is Airbnb represents less than 1% of housing stock in Western Australia. There are 10 times that amount of homes according to the ABS that are vacant homes. So there are 10 times as many ghost homes as there are Airbnb homes. I think with respect to housing affordability, we will send those through, but, respectfully, we do not think we are having a significant impact there.

The CHAIR: But I am asking about experiences in other cities where there has been a significant impact. We have had evidence put to us that Venice, for example, is a community where there are no locals living there. There are no locally hosted homes; the locals have been driven out and it is just a tourism town.

Mr Thomas: I appreciate that. I do not know the European market well enough but I do know, once again, I would put Venice in the bucket with Amsterdam as arguably an over-touristed market and the comparison of Venice with Perth or Venice with Margaret River or something would be like way off—very, very different.

Mr McDonagh: Yes. I think that one of the things that Airbnb has done is that we have made a commitment to treat each city on its merits and we have worked with local governments in those instances to help manage our community around how they deal with those specific issues of over-tourism, whether that is being able to contribute to a tourism tax and help facilitate the collection of the same. So for us it is really about treating each city on its merit. In November 2015, we released a community compact which says exactly that—that we want to work with cities no matter how big or small to help make a positive contribution to the community and the neighbourhoods that we are in.

As it relates to Western Australia and really coming back to that, I agree with Brent's comment; it may be difficult to compare somewhere like Venice to maybe what we have got here on offer in Western Australia. I think we are actually calling on how do we bring more tourists to Western Australia. So far we have not seen anything that would relate to housing affordability challenges knowing that there are a little over 4,000 listings say in the Perth metropolitan area. If anything, there might be opportunities for people to stay in some towns in regional areas and act as Airbnb hosts and earn a small amount of income to help them stay in regional centres and whatnot.

Mr Thomas: Chair—I agree, Sam—your question went to housing affordability but it also went to neighbourhood amenity and disruption to neighbourhoods and the neighbourhoods changing. I would make two broad comments about that. Seventy-five per cent of Airbnb guests stay outside of traditional tourism areas, so they do, they stay in communities. I stayed last night in the granny flat of a family about 10 minutes north of here and it was terrific. The family recommended a local café for breakfast this morning called Milkd.

The CHAIR: Were you in Maylands?

Mr Thomas: No, close by.

The CHAIR: Okay, I know where you are.

Mr Thomas: One of the interesting things is like you have got businesses that traditionally have not benefited from the tourism dollar that now are benefiting so you do get some positive changes to community as well. Another positive example—and then I will get to the rest of the answer—is that my wife's got a European background so two years ago my family went over to see her family over Christmas and we shared our home. We had a family from southern France come and stay in our family home in south western Sydney. We shut the street off at Christmas time every year and the kids ride skateboards and bikes up and down the street, the parents all have a drink and we put some music on. The family from France, the father was an entertainer and the children were singers. He brought his guitar out and the young women came out and sung for the street. That was definitely a change for our neighbourhood amenity, but a very, very positive one. I think he brought out some of his local wine as well so it can be very good.

But the second part of your question, we are coming up to half a billion guest check-ins on Airbnb and overwhelmingly they are positive and you have only got to look at, I think, the 4.7 average stars out of five here in WA. But you are saying, "Well, sometimes they're not positive" and that is true. There is a small element of any accommodation type—hotels, motels, B&Bs, Airbnbs—that are going to be negative. What should parliamentarians do, what should regulators and legislators do to address that very small amount of bad behaviour? I would encourage the committee to look at

the Victorian Labor government's approach and the New South Wales coalition government's approach—strict codes of conduct. In Victoria, it is three strikes and you are out forever. There can be a caveat placed on the property title that says that place can never be used for short-term rental again. In New South Wales, two strikes within two years and you are out for five years. If people are staying in local communities and behaving well, I think that is good. If they are staying in local communities and behaving badly—it is very rare—but we should collaborate together and support a very harsh crackdown on any of those rare instances.

Mr S.K. L'ESTRANGE: Just following up on that one, on page 8 of your submission you make the point that you support the three-strikes-and-you-are-out legislative approach in how you can manage or suspend what you call bad actors. How would Airbnb play a role in policing or participating in that type of legislation to follow through the actual policy or legislation if it was put in place?

Mr Thomas: Yes, that is a great question, Mr L'Estrange, and we are working through that right now. In the Victorian model, it is managed through, I think, VCAT, so it is basically a government-run process that is tested through a government process but then if someone gets a strike, for example on HomeAway—I think you are hearing later today from HomeAway—and then they get a strike on Airbnb, there obviously has to be a collaborative approach between the government and industry to make sure that one strike here and one strike there ends up with two strikes and not with just one on each platform. We have a responsibility at our end to make some product changes so if Mr McDonagh is struck off, he is not then able to list his property on our platform again.

Mr S.K. L'ESTRANGE: And is being struck off due to the property or due to the behaviour of the homestayer?

Mr Thomas: The latter; it is behaviour based. It is not about was the property fit for purpose or anything, it is about was there a party there, was there loud noise late at night when neighbours were trying to sleep and that sort of stuff.

Mr McDonagh: And it does come back to the behaviour of both the hosts and the guests. For example, if the host receives a number of negative feedback and is not able to show Airbnb the improvements that they are going to make and continues to get bad reviews, we will remove that listing from the platform. It is really about the host and the behaviour of the host and are they willing to be a good host and similarly for the guests. We will take them off the platform if they are —

Mr S.K. L'ESTRANGE: Of course un-hosted primary residences put up on the market, then it is a bit random then.

Mr Thomas: Yes, and there is an equity and a fairness argument, right. If I am sharing my place and people come and do the wrong thing, is that their fault or my fault? Clearly, it is their fault. But the approach that New South Wales has taken—we have got some empathy for this—is that if we are going to give you a statewide right to continue homesharing then in return you have a responsibility to ensure the very best behaviour. That is going to drive people, I think, really appropriately to put in place some house rules about no parties and if they need to screen guests to make sure they are going to get the very best behaviour, that is a good thing for the community. Particularly in a strata building where people are sharing ceilings and floors and walls and common property, we have got a lot of sympathy for making sure only the very best behaviour happens and if that is not happening, we want to work with you to track down.

Mr D.T. REDMAN: Can you please go through your insurance arrangements? There is some reference to it. I had a conversation with you prior to this hearing starting about insurance for the host. Can you work through that and give us examples of where that has been enacted perhaps?

Mr Thomas: Yes, sure. I think Sam is better at that than me.

Mr McDonagh: Thanks, Brent. Thank you for the question. One of the things that certainly traditionally has set Airbnb apart really comes from the overwhelming sense from our perspective that nothing is more important than the safety of our community. There are really two types of cover that Airbnb provides. The first is host protection insurance. Host protection insurance means that if something was to take place where a guest was injured in a host's home, we will ensure that the host is covered and that is a \$1 million policy.

Actually, I think I misspoke there. We have our host protection insurance, which is in relation to the property, and we have our host guarantee, which is in relation to if there is damage that has taken place in a host's property, we ensure that that is also covered up to \$1 million. In terms of the process, it is very similar to, whilst it is not necessarily specifically insurance, if damage occurs there is a process that we go through with a host to ensure that we bring in assessors, they cover that, and then Airbnb will reimburse the host for those damages.

The CHAIR: Is that paid for as a standalone thing or is that encoded in the 14% clip of the ticket you take?

Mr Thomas: It is automatic for everyone.

Mr McDonagh: That is automatic for everyone. And also, touching on that, Madam Chair, we charge a host 3%. It is free to list on Airbnb and a 3% host fee.

The CHAIR: Oh right; okay.

Mr Thomas: Sam, did you mention one of those is through Lloyds of London?

Mr McDonagh: Our host guarantee is obviously backed through the very well-known Lloyds of London.

Mr D.T. REDMAN: Do you recommend that your hosts have any public liability insurance, which, typically, is a much bigger number than a million dollars for people having accommodation facilities?

Mr McDonagh: We do not necessarily recommend that a host needs to take out additional protection. Now, they may choose to do that to have additional peace of mind, whether that is from a property protection perspective or from a liability point of view. A lot of it will depend on what type of hosts they are on the platform. We have many professional hosts on the platform and to the extent that they want to take out additional insurance because they are running a business, like a B&B or a small motel, then they will have those protections in place.

Mr D.T. REDMAN: You're insuring agents that you work through, do they have any requirement to assess the nature of the facilities? In questions earlier on and around registration, you talked about the fact that if something goes through a development approval it should meet particular standards. I would have thought that insurance agents, for example, would have wanted to know that there is fire protection, proper fire alarms and those sort of things that we probably all see as standard for fully registered accommodation facilities. Are they the sorts of things that insurance agents want to know about and are in place?

Mr McDonagh: I think the simple way, obviously coming back to the overwhelming majority of listings on Airbnb, are people sharing a home that they live in, whether they are there or not, and they are required to have the insurance that they have in relation to their home—they certainly have that. We know that those hosts continue to work with their insurers to understand are they covered, are they not covered, do they need to take out additional insurance. Importantly, it is on a case-by-case basis and it is not necessarily for us to dictate to our hosts what they need to have relative to their own circumstances.

Mr D.T. REDMAN: Just before my colleagues start questioning, do you get many insurance claims; and, if you do, what is the nature of those claims?

Mr McDonagh: It really comes back to almost 500 million people have stayed on the Airbnb platform and the incidence of things going wrong is incredibly rare. But having said that, we wish there were none. The instances are extremely rare; in fact, you could probably host your home on Airbnb every night for the next 30 years and never have an issue.

Mr Thomas: To bring it to life—I have not looked at these figures for a few months but the last time I looked, claims for property damage of \$1,000 or more were 0.004 of one per cent, so very rare.

Going back to a couple of other things, housing affordability—one of the external data points that is interesting is that WALGA said they had seen no evidence of our platform having an impact on housing affordability. I think just in terms of how does this committee differentiate from those who have a self-interest in this debate and those who perhaps are a bit more middle ground, I think the Chamber of Commerce and Industry yesterday made a great contribution in one of the newspapers around this.

The CHAIR: There is only one in this town.

Mr Thomas: Okay, in this town's newspaper yesterday! Certainly, I do not want to get personal here but, you know, the CEO of the local hotels' association last year went to a conference—I think it was in New York—that was exclusively designed to hurt Airbnb's community around the world. There is some strong international self-interest from some organisations that really does need to be taken with a grain of salt.

The CHAIR: Does Airbnb pay corporate tax in Australia on the revenue it collects here?

Mr McDonagh: Yes. The one thing that the Committee should be 100% clear on is that Airbnb is tax compliant in every market that we operate in around the world. We do pay income tax, corporate income tax, here in Australia. We have done every year since we have had a corporate presence and we will continue to do so.

Mr Thomas: Again, one of the members of the big hotel lobby, Hilton, paid zero dollars in tax in the last financial year so, again, claims about taxes from some of those big international hotel bodies, I would encourage you to take them with a grain of salt.

The CHAIR: That is a lot of salt we are going to be consuming by the sounds of things! It is not good for our health!

Mr Thomas: There is a broader narrative about tax, right, because there is corporate tax—Sam has just covered off on that—but there are other taxes. Now remember, 97¢ in the dollar of the listed price stays with the local host. They are local WA families. There is no black economy, there is no cash economy. There are no under-the-table transactions with Airbnb—they are all traceable. The ATO, if they audit someone, can see them all. We then help people to pay their tax. We have engaged H&R Block. We send everybody every year a notice, you know, "Dear Mr McDonagh, this year you made \$5,312.64; make sure you pay your tax. We can help you to work out what you need to pay".

The other thing we do—this may or may not be of interest to the WA Government but it is worth considering—there are some other places around the world where they charge an accommodation or bed tax, a broad-based one—hotels, motels, bed and breakfasts, sharing economy platforms—and we help to collect those where they are in place across the whole economy. We collect it on behalf of hosts and guests and we pay that to the government. There are a whole range of tax issues

that are interesting, as well as the contribution the guests make with the local economies where they stay.

The CHAIR: I will just close out with one final question on that specific issue about the contribution of short-stay accommodation tourists to local markets. Evidence was presented to us last week to suggest that Airbnb customers do not really spend all that much; they spend far less than the people that stay in traditional forms of accommodation and they contribute far less to local economies than those who stay in traditional forms of short-stay accommodation. Evidence in your submission would appear to dispute that. I wondered if you would like to elaborate on that point a little further.

Mr McDonagh: I would certainly dispute that allegation entirely; in fact, we know, and Tourism Research Australia has released data on this, that the average interstate guest that visits Western Australia spends \$143 a day, that the average Western Australian that travels intrastate spends \$120 a day. The average Airbnb guest that stays in Western Australia spends \$213 a day. The reason for that is that Airbnb guests tend to stay longer and spend more than the average hotel guest. That is what Tourism Research Australia says.

Mr Thomas: If you do not want to believe us, believe TRA and also believe Deloitte who, based on 2015–2016 data that we shared with them, talked about the contribution that our guest community makes in local economies. Some of you may have stayed with families at Airbnbs or similar and you often get your own kitchen, you often go to Woolies, you often have lunch at the café, the restaurant, the pub. The majority of the spend is actually not going to the Airbnb host; the majority of the spend is going to local economies. We have grown since then, but even back then there were 780 full-time equivalent jobs in this state. I think the committee, maybe David, asked us for updated data on that. We have not got that yet but obviously that contribution would have grown significantly since then.

The CHAIR: Excellent. I will proceed to close today's hearing.

Thank you for your evidence before the committee today. A transcript of this hearing will be emailed to you for correction of minor errors. Any such corrections must be made and the transcript returned within seven days of the date of the letter attached to the transcript. If the transcript is not returned within this period, it will be deemed to be correct. New material cannot be added via these corrections and the sense of your evidence cannot be altered. Should you wish to provide additional information or elaborate on particular points, please include a supplementary submission for the committee's consideration when you return your corrected transcript of evidence. Thank you very much.

Hearing concluded at 10.39 am
