

# **ECONOMICS AND INDUSTRY STANDING COMMITTEE**

**INQUIRY INTO SHORT-STAY ACCOMMODATION**



**TRANSCRIPT OF EVIDENCE  
TAKEN AT PERTH  
WEDNESDAY, 13 FEBRUARY 2019**

**SESSION TWO**

## **Members**

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

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**Hearing commenced at 10.31 am****Mr EVAN HALL****Chief Executive Officer, Tourism Council Western Australia, examined:****Mr LUKE TERENCE MARTIN****Chief Executive Officer, Tourism Industry Council Tasmania, examined:**

**The CHAIR:** On behalf on the committee, I would like to thank you for agreeing to appear today for a hearing into 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, Mr Yaz Mubarakai, member for Jandakot; and to my left, Deputy Chair, Mr Sean L'Estrange, member for Churchlands; Mr Stephen Price, member for Forrestfield; and Mr 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. Before we begin with our questions, do you have any questions about your attendance here today?

**The WITNESSES:** No.

**The CHAIR:** Firstly, thank you very much for your submission. It was very comprehensive and for commissioning a really detailed piece of research that is going to I am sure considerably assist my colleagues and myself to get our heads around this very complex and very contentious issue. Would you like to make an opening statement?

**Mr Hall:** Yes, please. Thank you very much to the committee for the opportunity to appear before you today. Last year 2.5million visitors from out of state came to Western Australia. They stayed over 30 million nights in the state. It is a large-scale operation that is occurring and how the community accommodates our guests and continues to welcome our guests is of critical, long-term importance to the industry. I would like to introduce Luke here as my counterpart from Tasmania. I thought it would be good evidence for the committee to see what is happening in another jurisdiction that has taken a regulatory approach to issues surrounding Airbnb and is also a very different tourism scenario than we are, and how that has panned out.

I would like to start by going through the Tourism Council submission, just so you understand our perspective on this matter. We are the largest industry association in WA. We have more than 1,500 members. Most of them are small businesses, the majority are regional. Importantly, they come from all parts of the tourism industry, so certainly we have a lot of accommodation operators. We have tour operators, bus operators, retailers, airports, airline, so on and so forth.

**The CHAIR:** Do you have short-stay accommodation platform operators or short-stay accommodation providers as part of your membership?

**Mr Hall:** Not as the platforms themselves, so Airbnb or bookings or any of those platforms are not members. But almost all of our accommodation members are on those platforms. Over 80% are on at least one of those platforms and about 35% are on Airbnb for example. About 30% are on both.

**The CHAIR:** But they tend to be registered businesses, not just mum and dad who have a house down in Margaret River. I am trying to get a very clear view of your constituency and what perspective they may have on this.

**Mr Hall:** Certainly they would be far more likely to be approved through the planning system through local government regulation and the built form that was designed for visitor use.

**The CHAIR:** Thank you.

**Mr Hall:** Obviously with the complexity of the membership, we do not have a universal view on just about anything, but it does force us to take a view that is in the best interests of tourism rather than any one sector or any one type of accommodation or any one operating booking platform. I would like to clarify what we are discussing today from our perspective. No doubt myself and others will mention Airbnb during the course of this inquiry. It is really just shorthand. I would like to clarify that we are not talking about the company, nor are we talking about the online booking platform or online travel agent, as we would call it. What we are talking about, really, is the practice of residential dwellings ending up for use for visitors for short-stay lettings that these online platforms have provided access for.

I would also like to make a very strong delineation between hosted and unhosted because it has incredible significance. If it is a residential dwelling and it is hosted, that dwelling is still being used by a resident for residential purposes. They can have a guest and they can share. They are still collecting money but it is a sharing experience and the origin of operations like Airbnb. That is there to assist the guest on safety issues but also help manage the guest when it comes to the experience with other nearby residents and so on and so forth. They still have to say hi to their neighbour the next morning. So there is that hosted but primarily for us the importance is that still remains a residential dwelling for residential use.

Unhosted is very different. It is a vacant property. It is a vacant residential property that a property investor is now renting out to the short-stay market because they are receiving higher gains than if they rented out to longer-term residents. They are two very different scenarios. Most of the concerns we will be talking about today go to unhosted residential dwellings being let for short stay.

As an industry, as you can imagine, we have had a long look at this. We commissioned the economic research. We surveyed the membership and, importantly, we have been looking at how it has been panning out to see what the long-term implications are. We have three key questions for ourselves. Firstly, does having residential dwellings on the short-stay market increase visitation overall to WA. Secondly, does it increase the amount of visitor expenditure in WA and, thirdly, what is the long-term impact on the sustainability on the tourism industry. I am going to try to make some definitive statements for you but with that many visitors staying that many nights in WA, there will always be exceptions to the rule.

Just going through our general findings if you like. First and foremost, I am happy to explain this in greater detail. By and large, the short-stay letting of residential dwellings does not increase the overall number of visitors that come into WA. We need to understand the decision-making that goes for consumers. People choose destinations first. They then look for flights; they then look for accommodation. Nobody goes to a website like Airbnb or booking.com to work out where they are having a holiday. They have already decided where they are having a holiday. They are going there to look at what accommodation they are going for.

There will always be exceptions to that rule, but by and large, it does not drive demand. I think I have seen statements in the media that we have a certain number of visitors booking through our platform. If that platform did not exist, they would be booking other accommodation elsewhere. It

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is not that they would suddenly not turn up to WA. It is an important point to make. It is not increasing the overall demand for WA as a destination.

I want to go to the issue of residential dwellings. Obviously, a lot of those visitors will go to a website like Airbnb or Bookings.com. They will have a whole range of things that they are looking for—location, number of rooms so on and so forth, but price will be amongst that, particularly for the leisure visitor. As you will have seen from our report, there are slightly lower prices on Airbnb in general. This is not to say that Airbnb is cheap. I encourage you to have a look online and you will see some very, very expensive rentals on Airbnb particularly in places like Cottesloe, Mosman Park and so on and so forth. It is not necessarily cheap, but it can be cheaper than purpose-built, short-term accommodation. This is largely due to both the building and operational costs of short-term accommodation versus residential.

Currently for a hotel in Perth it costs about \$4,000 a square metre to build, whereas the same size tower, same block, same floor space, a residential building costs about \$2,500 to build. The big difference in construction costs comes down to the Building Code of Australia and the requirements by State Government through the *Building Act* that you must build to certain standards if you are going to host someone for commercial gain and who is not a long-term resident. A class 2 building is typically an apartment block for residents. A class 3 building could be a school dormitory, a hotel or a serviced apartment, but it is designed not for long-term residents, but for short-stay use. Class 3 buildings have a much higher standard, particularly on disability access, which, to be frank, accounts for most of the cost differential.

Also on issues like safety, noise insulation, proper amenities for managing guests and so on and so forth. There is a huge differential between the buildings. Often this issue is looked at primarily from a planning perspective and that is actually part of it but we would say that the core issue comes down to the building design. Buildings are designed for one purpose or another as a requirement of state legislation. What we are now seeing is buildings built to a lower standard for residential purposes are now moving into the short-stay market but do not have the same building costs because they do not have the same standards. The primary reason for the class 2 building, strata title residential apartments, for example, having lower standards is the cost and it comes down to a public policy supporting housing affordability. In fact, if you have a look through federal, state and local government, there are immense differences in how a residential property is treated from how a commercial property is treated—anything from GST, negative gearing; you name it, planning, zoning.

There is a very strong differentiation between the two, but that differentiation ultimately becomes meaningless if that residential property is taken out of residential use and put on the short-term market. Effectively, what we are seeing is, if you are a property investor in a residential property, you have made quite significant gains through the policy measures by government to ensure that residential properties are available, and then you actually turn that gain, that policy incentive, if you like, into a commercial gain by putting it onto the short-stay market. Consequently, visitors end up taking the place of tenants. If it is available on the market for just one night, it is clearly not available anymore for a permanent resident. Again, I want to stress that I am talking about un-hosted accommodation. So, the visitor displaces the tenant.

The visitor is in fact paying less, so this was our second issue. By and large, it does increase the number of visitors. Are they spending more? They are actually spending less, because those who stay in residential dwellings on short-stay spend less than those who are staying in commercial short-stay. We did the economic modelling on that, but the top-line figure was that, if everyone who had been in residential was in commercial, visitor expenditure would have amounted, in 2018, to

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\$300 million in gross state product, 2,800 jobs and \$12million in tax revenue. That is the opportunity cost of having those residential apartments displaced by short-stay accommodation.

As well as the economic opportunity costs, there is also the social opportunity cost. I think that disability access is a very clear way of showing this. If you were to go online on Airbnb, and tick all the boxes for accessibility—ramps, higher beds, all those sorts of things that all short-stay properties in a class 3 buildings are required to have—you will find that 0.07% of those listings offer that disability access. That would almost certainly be a commercial property that is being listed on that platform. In essence, because you are moving residential buildings into the short-stay market, you are bypassing the standards required for disability access, amongst other things.

That then leaves us with the long-term problem, and our greatest concern. I will throw to Luke to explain how it has panned out in other destinations. If, at the end of the day, you can build class 2 and then put it on the short-stay market, there is no need to build class 3 anymore, and the property developers will not build more expensive class 3 buildings if they can build class 2 buildings and put them on the market. You then end up with less disabled accessibility, less buildings in the long term that are designed for visitors, and what we have seen in other destinations is a lowering of investment in hotel and specific built form. That means visitors become more reliant on using residential dwellings, and we start to escalate visitors pushing out and displacing residential tenants from class 2 buildings. What we have is a perverse incentive. The unintended consequence of having high standards for class 3 buildings as opposed to class 2 buildings is that it turns into a policy incentive not to build to higher standards, because you can make the same money by renting it out on the short-term market anyway.

This is our long-term concern, and it might be hard to see in Western Australia at the moment, because our tourism industry is not going as well as it could or should, but the most common policy discussion that I experience here in Australia, when I go over to the east coast, and we see around the world, is concerned with over-tourism, and a strong community backlash that is occurring against tourism when visitors start displacing residents. We call it the “Venice effect”. It can both destroy the character of the destination, but most importantly, you get the community backlash when they see tourists crowding out a residence. Ultimately, if it is a place that somebody wants to visit, it is also a place that somebody wants to live in, and we believe that needs to be properly managed and built for and managed for both those uses, otherwise we will get the inevitable community backlash, and lose the social licence to operate. On that point, I would like to hand over to Luke to go through his experience.

**The CHAIR:** Because you have covered an incredible amount of ground in your opening statement, can we perhaps have a conversation on the range of issues that you raised, and then we will move on to the Tasmanian experience? I think that, as I say, a lot of ground covered, and I would like to go into the Tasmanian aspect in quite some depth. I will start with a quick question that I have, and then I will throw to my colleagues. You have talked about visitation to WA. That is obviously really important, and we have all got an interest in growing the pie, but Western Australians deserve access to affordable holiday-making as well, and one of the things that have come through is that staying in traditional short-stay accommodation is out of reach for a lot of families, and the short-stay accommodation platforms give them the ability to go on that family holiday in a much more affordable way than they otherwise would have been able to.

Yes, visitation to WA is absolutely important, but in terms of providing an accessible form of holiday accommodation for families that otherwise would not be able to afford to do that, I wondered what your views were on that.

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**Mr Hall:** First of all, I would make the point that Western Australians also want affordable housing, and there is clearly a choice going on here. On the issues of affordable accommodation, I would simply point this out. Yes, those residential dwellings can be cheaper. They are cheaper because they are not built to the government-required standards for short-stay. That is fundamentally the differential. Yes, they can be cheaper, but so can other short-stay accommodation. I would challenge you—go on Airbnb, or Booking.com, or whatever, you will always see a wide range of price points, sizes of properties, and what properties are offering.

Compared with the east coast, for example, and I follow this closely, regional accommodation in WA has always been very reasonable. It is absolutely competitive. In Perth, we certainly had a problem for a period, but the commercial tourism industry has responded and has built a lot of accommodation, and prices have come down dramatically while value has gone up. I really do not think you cannot find affordable accommodation in WA —

**The CHAIR:** But it is more the mode of accommodation. If you are a young couple with three young kids, you may not necessarily want to put them into adjoining hotel or motel rooms. You may want to be able to go on a nice relaxing holiday in the South West in a holiday home that is a home away from home, and has all the amenity of living in a suitable—and it is affordable. Why should people not be able to exercise that choice, and go on holiday in a home away from home?

**Mr Hall:** I want to bring it back. First and foremost, I want to say that it is the government's choice, through the Building Act, about what is required, and that is what is putting in the cost implications. This is not about consumer choice; the government has made the differentiation between residential and short-stay. That said, there is no reason why it cannot be built to class 1B for small housing, and properly regulated by local government, and made available as holiday homes. This is not what we are talking about; we are talking about residential apartments in class 2 buildings being put onto the market and rented out to visitors instead. There always has been and always will be a holiday home market, but there needs to be a level playing field in that market.

**The CHAIR:** But that is a considerable narrowing of scope, if we are just focusing on apartments that are made for the short-stay accommodation sector. That is a very considerable narrowing down of scope than the ground that you covered in your opening statement, I would have thought.

**Mr Hall:** No, I want to stress that that is our area of greatest concern. When it comes to holiday homes, our primary policy position is that it should be a level playing field. It is very much state and local governments' choice as to whether or not those prices should be there, because those prices are an absolute consequence of requiring things like disabled access. That is the scenario that we are in. If you want the lower cost accommodation, you can change the Building Code and not require these things, but I have a strong sense that the Government would not do that.

So, what we are left with is the scenario where government is requiring these things to be built, and then saying somebody else should have access to them at lower costs, for whom they were not built. It just leaves us in a terrible situation. For us it is an unfair, anti-competitive playing field, but we really need to take responsibility for the policy that is really driving this. You either require standards of safety and disabled access for guests or visitors, or you do not, but to require it of one property and then say that the next property does not have to comply with that and can offer it the next day, that is of considerable concern to us.

**Mr S.K. L'ESTRANGE:** Mr Hall, during your opening statement you said words to the effect that the tourism destination is not determined by accommodation. Is that more or less what you said?

**Mr Hall:** I want to use the caveat “by and large”. Certainly, accommodation can be resorts, unique experiences. People will go to a destination because there is a tree house or something that they want to do.

**The CHAIR:** Or Cable Beach.

**Mr Hall:** Absolutely, but by and large, in terms of the consumer decision-making, you are choosing a destination first, on its appeal, on what it offers, on its value—absolutely. The next decision is you are going to start looking at airfares, and if there is a price issue, that is when it is going to come up. I think we all know that.

**The CHAIR:** We have experience of that with you last year!

**Mr Hall:** By the time you get to accommodation, it is really more about, “What am I getting? Does it suit me? Is it close enough to the beach? Are there enough rooms?” and so on and so forth.

**Mr S.K. L’ESTRANGE:** Just picking up on that, page 2 of the Lucid Economics submission, as part of your submission, you have there the core experiences that Tourism WA promotes, and you have listed them there as aquatic and coastal, food and wine, nature, and wildlife, so you more or less touched on that then in terms of why somebody would want to go to a certain place.

**Mr Hall:** Yes, destination appeal.

**Mr S.K. L’ESTRANGE:** But then the next paragraph says that accommodation does not feature in this list as accommodation represents tourism infrastructure. Clearly, you are representing the Tourism Council of WA today and you are very focused on accommodation, so is it by virtue of your membership that, in your opening paragraph on page 2 of your submission, you say, “Tourism Council WA is the peak body representing tourism businesses, industries and regions.” Is it that it is these businesses whose brick and mortar is now in play that is of most concern to you, as opposed to making the destination attractive. Would that be fair?

**Mr Hall:** Well, no. Accommodation does not make up all of our members or even a majority of our members. It is, I guess, our policy advantage, although I have to say a very difficult task, where we go out to the membership and say, “What is the right policy solution for all of tourism?” We will often get disputes between hotels, between different types of accommodation, between airlines and bus operators. They all have a different perspective and they all have different commercial needs. For us, we like to take a step back and say, “Well, in general, across the board, what is the most important solution?” And we almost step into the place of the customer: what is the best value for the customer?

Our long-term concern here is really the social licence to operate and the loss of destination character. Hopefully we will sooner or later get tourism growth and you will start to see the unintended consequences of having properties that were not designed for visitors, that were designed for residents, being used by visitors, and we are starting to get a whole range of issues that are being experienced, I have to say, in capital cities on the east coast, quite dramatically, that we are not currently experiencing because, firstly, we have not had the tourism growth and, secondly, we have managed to get significant hotel investment in largely before Airbnb took off and changed the dynamics.

**Mr S.K. L’ESTRANGE:** Okay; so given that Airbnb is in play and that other platforms are in play, do you think an owner-occupier, single, couple or family who reside in a home as their principal place of residence should be permitted to put their home up for short-term Airbnb rental use while they are not at their home, maybe using the rent proceeds to pay for their overseas holiday while they are away?

**Mr Hall:** Certainly, primary purpose—we are far more in favour of that than in a situation where they are not living there. As long as it is retaining residential use, it is —

**Mr S.K. L'ESTRANGE:** Yes, but they are not there while they are renting it out.

**Mr Hall:** No, I understand. So now you are going into hosting and whether or not they are there. We would certainly prefer that they are there to host because part of their role then becomes providing the visitor safety mechanism, providing the management, if you like, between the visitor and other residents. This all gets more acute if you are in an apartment block than if you are in a single dwelling.

**Mr S.K. L'ESTRANGE:** But you accept that unhosted, in that scenario is something that your membership would be okay with, or not?

**Mr Hall:** I would not say universally that my membership would be okay with any particular statement. I do not know. We would certainly prefer that the host was there. My gut reaction is that it would be almost impossible to regulate whether or not they were there at the time or not, and we are trying to be conscious of the simplicity in regulations, so primary place of residence, with the expectation that you are going to be there, is a green light for us. It is not as much of a green light if they are not there, but —

**Mr S.K. L'ESTRANGE:** But so long as it is still their primary place of residence, you understand —

**Mr Hall:** This is the primary concern. The secondary concern is then having that host able to play that role—first of all, providing a good experience for the guest and, secondly, being able to manage that, which really is what built form things like class 3 buildings require. If they are getting too noisy, I know my neighbours will complain; I will have a chat with my guest, and so on. If they are not there, you start losing some of that amenity for residents and so on. Let us just say that that is our preference, but the issue that would probably come up is how well you can enforce that anyway.

**Mr D.T. REDMAN:** The strong theme in your submission is the economic and tourism aspects of the impact of what is happening, and you define the little segments there quite well. Simplistically, submissions and others and our feedback, certainly electorally in my sense, are that the level playing field issue could be addressed by simply a forced registration process to make sure people are in that mix. That is one way of looking at it. You have now layered in another aspect, and that is having Western Australia or indeed locations as tourism destinations and the long-term impact of that.

I had it put to me by one of my constituents in saying that if I had have known that this was going to be in play now, I would have gone out and bought five or six houses rather than buy a set of units and run an accommodation facility, because they could have made just as much money. So you are suggesting that there is going to be some behavioural shift out there which governments should have an eye on in terms of the rules it might set in play now. Can you give us a sense of how, beyond a simple registration process, which does not change some of the things you are talking about changing, such as building compliance and others, whether that should be sitting with local government or whether there should be state rules around that or the mechanisms and/or tools to apply that in a tourism sense?

**Mr Hall:** I think the primary regulatory challenge that we have a moment is you have state legislation in the Building Act that very clearly says if you are building this for visitors to use, you must build it to standard. That is enforced through the building code; that effectively gets enforced when you get your building approval: “Yes, I’m asking for a class 3 building because I’m going to have short-stay guests here for money.” You have to say, “Yes, here is the building design.” You get your building approval, and then you get your occupancy certificate from council. Both of those are delivered by council, but the requirement is statewide. What has happened is that the assumption always was

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that that would not change—that once the building opened for a hotel, it would only be used for hotel purposes, and once the residential apartment block was opened, it would only—there is no mechanism in place to deal with the fact that one unit, two units, the majority of units, all the units could then end up, through a mechanism like Airbnb—it is just the online booking platform—in the short-stay market, converting that property to being a hotel, by and large.

I think, therefore, fundamentally there needs to be a state mechanism, because if you are having a state requirement that says, “If it’s for this purpose, you must build it like that”, you therefore need a state mechanism that says, “If you don’t use it for the purpose for which it is built, here is the regime that kicks in.” But I would imagine that, as with most things, it would need to be delivered at the local council level. Hence, the registration is really to get the data about who is doing this, and that should be compelled off the online booking platforms, and then that becomes easier to enforce and then you have an enforcement regime.

This is not about the mum-and-dad individual property owners. What you really have to keep an eye on is what property developers will do in the scenario where you say, “If you build this, it’s going to cost you twice as much; if you build that, it’s going to cost you half as much, but we turn a blind eye to what you do with it after we’ve given you the occupancy certificate.” What we have seen elsewhere is significant numbers of residential dwellings go and hotel investment declines because there is no incentive for hotel investment. We have a backdoor approach, which is, “Hey, just let it out”, and everyone is turning a blind eye to the fact that it is a residential building that does not have residents in it in some proportion.

There are, in fact, brands—I will not mention them—that specialise in this. It has been a big problem on the Gold Coast, and you look and feel as if you are in a hotel. Then you walk away at the end of the day, you have an invoice, and, “Hey, we don’t charge GST.” Because you have stayed for one night in a residential dwelling, it is a residential letting. It is simply a regulatory loophole. There is money on the table. The property developers will go for that. We will stop seeing class 3 buildings being built and we will start seeing class 2 buildings, residential buildings, being built and moved into the short-stay market. All that was designed for affordable housing, but of course the moment it is out on a platform like Airbnb, it is no longer available for a resident.

**Mr D.T. REDMAN:** Would it be fair to say that the greater bulk of unhosted accommodation houses being provided to the market would be noncompliant to building codes for commercial accommodation?

**Mr Hall:** Certainly noncompliant with the purpose. I will not pretend to be an expert on this. I just do not believe there is any particular mechanism to deal with what happens if the use changes after the building is built. It is all about you get planning approval, you get building approval, and then you get the occupancy certificate, and rightio. The whole regime did not anticipate large numbers of properties moving from residential into short-stay use. That is where the gain is; that is why they are cheaper—not that much cheaper. I think the interesting thing to do on the price stuff is to actually have a look at the prices. It is not like Airbnb is cheap.

If it is a high-value place that people would want to visit, and quite often where hotels are not allowed to be developed because it is all zoned residential, then you will see extraordinary prices—\$600, \$700, \$800—around Mosman Park, for example, where there is very little commercial accommodation because it is all zoned for residential use only to maintain the amenity for residents, and then the properties are subsequently listed on a platform and sold. It is not cheap.

I do not think we should make the assumption that this is affordable per se; it just happens to be cheaper than commercial short stay because they are not complying with the building code. Whether or not that is illegal, I do not particularly know, but I think the challenge is it is either just

not envisaged by the regulatory regime, and then there is the matter of enforcement after the event.

**Mr S.J. PRICE:** Therein lies, I suppose, the challenge of —

**The CHAIR:** You are on this?

**Mr S.J. PRICE:** Yes. Therein lies the challenge of this. The Mosman Park example, where there is accommodation that is provided that otherwise would not be.

**Mr Hall:** There is absolutely a policy, and this goes back to the level playing field. We are okay with it, but why can we not have proper short-stay accommodation built for those visitors that manages the impacts of visitors, provides disabled access and safety? Again, this is the challenge. The challenge is that ironically we are the ones being banned. We are not allowed to build there because it is short stay. Residential can be built there, and sometimes that is done for housing affordability—“We’re setting aside this land to make sure there’s enough affordable housing”—then, okay, that has created value.

But the value is that there are not enough properties where a visitor can go, so people are letting out through Airbnb for extraordinary sums of money because there is a lot of value there. People are not going there because it is cheap; they are going there because it is the only thing they can get hold of because council has said you cannot do it in a residential zone. So one of the recommendations—policy principles—is if you are allowing residential properties in the zone to be on the short-stay market, then we should be permitted to build proper short-stay accommodation in that same zone. It makes no sense to me to say, “You can’t build it, but once it is built for residential we’ll let you use it for that purpose anyway.”

**Mr S.K. L’ESTRANGE:** The local community might not want that.

**Mr Hall:** Yes.

**Mr S.K. L’ESTRANGE:** If you have a suburban community where it is a residential community, they might not want a commercial building in their suburb.

**Mr Hall:** Yes.

**Mr S.K. L’ESTRANGE:** So the whole point of this Airbnb platform is to enable people—like the example I gave earlier—notwithstanding people who are using it for a commercial purpose; I am talking about the people who are using it simply to go on holiday and lease out their place for another family to come in, for example. So long as the local council is regulating that operation successfully so that the neighbours are not being disturbed, how do you suddenly draw a line between that and there needs to be demand then for a commercial property?

**Mr Hall:** Again, it is consistency of decision-making from government. If you want to set aside an area for residential use only, then so be it. But we do not understand how that means a commercial property cannot be built that is going to have, again—I will reinforce this—safety standards, noise insulation, disabled accessibility, all those things that the government requires, and say, “We’re not going to permit that, but then after you’ve built the residential property we do permit you to use it for precisely that purpose.”

So the market that is being created is being created by a government policy, because we are not permitted to offer the short stay so that it is simply not available, which sends up the price for the residential, or alternatively we are permitted to build but it is at such a high standard that there ends up being a cost differential because we have an unlevel playing field. It is all a consequence of the difference in the build, planning—I have to say particularly building—and building regulation by the State Government.

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**Mr Y. MUBARAKAI:** I am just going to segue here for a second, Mr Martin. I am glad to have you in the room, and welcome to Western Australia. The question I would like to ask is pretty much here about what were the legislative changes that took place in Tasmania and the impact it has had on the industry both in the short stay and commercial and residential, and in particular the partnership between these changes where the state has made an impact on local government. Could you also touch a bit about time sharing and how that has worked out in your tourism industry there? Thank you.

**Mr Martin:** Thanks for the opportunity. It is great to be in WA. Any excuse to make the trip. I keep telling Evan though if he could time the next one—I am a St Kilda supporter—with the AFL roster, so I can finally go to that stadium and see a game.

**The CHAIR:** Equally for us with Dark MOFO.

**Mr Martin:** Yes, absolutely—we will do a nice trade-off!

I have been listening to the conversation and the issues you are all battling with and I feel like I have been sitting in the Tasmanian Parliament two or three years ago, and I am sure every Parliament and every tourism industry in every community around the country is having a lot of these same conversations and discussions. We are in that context perhaps a bit of a test case of a jurisdiction that has tried to deal with this issue through regulatory and planning reform at a time when our industry has—as Evan said, I think all destinations are on their own cycle and we have obviously been on a pretty significant growth cycle; I will give you some numbers in a moment. So, yes, we have dealt with that and I think there are probably some opportunities and some common themes that we have seen off the back end now that we are now trying to deal with, and perhaps there are some lessons for you.

Just some context of Tasmanian tourism for relative context. We have about 1.3 million overnight visitors a year, and I think the best comparison I can—Evan and I talk a lot about the two destinations, and they are quite similar. What I would suggest is perhaps if you consider Tasmanian tourism as regional WA and Perth to regional destinations around your state, it would be the equivalent of what Melbourne is to Tasmania. We get about 55% of our overnight visitors from suburban Melbourne. So if you can make that comparison, the numbers are relatively. Our interstate is what regional WA would experience in terms of visitor numbers.

Three things kind of happened all at once in about 2013–14. One, we started what can only on any definition be described as a visitor boom, largely driven by the opening of Mona. Also the reality is that as other sectors of the economy which were attracting a lot of flights started to drop off, leisure destinations started to attract those flights, but there was a lot of air capacity which perhaps were previously going to the Pilbara were coming to Hobart. That is the reality of how different economic cycles roll on. The first thing that happened was the start of a trigger boom.

Secondly, we had a government elected in 2014 with a very strong tourism platform, but also a platform in wanting to change perceptions about Tasmania. I am sure a room full of Western Australians would be pleased to hear that about being a destination or state that is open for business. At that time you put the two with this thing called Airbnb, this growth of the sharing economy and a government that was really keen to want to be seen as being open for business.

The third thing is that I make the point that we also were a destination that—again, economic cycle—Tasmania, when the rest of the country is on a different trend, inevitably has a real estate impact. Victorians, New South Wales, a lot of housing investment is going into the state and house prices ride accordingly. That is a historical trend. So while parts of the rest of the country are on different trends, we certainly see an upsurge.

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They all happened all at once. To put it in context, visitor numbers to Tasmania have grown about 40% in five years. That is from about 950,000 to 1.3 million annual visitors. Obviously supply in accommodation has not kept pace. I will make the point that it is starting to slow now; we are stabilising out. But it is around eight per cent annual growth, which is a significant boom in anyone's language around visitation. The government, after a lot of conversations—as I say, they have been similar to what we have had here—adopted what can only be described as a very liberal policy around digital disruption, both in terms of Uber and transport —

**The CHAIR:** Small “l” liberal?

**Mr Martin:** Small “l” liberal, I should say.

**The CHAIR:** I have to make the distinction!

**Mr Martin:** Capital “L” with government, but they were liberalised! I should say the politics on this, all sides of government down there were very supportive about embracing the sharing economy and saw it as an opportunity to be on the head of the curve.

In terms of commercial accommodation, we adopted what was a very liberalised policy in any language. Without going into the depth of it, it is pretty easy to understand. There are sort of three levels that now work as the framework. It is essentially completely deregulated for principal places of residence, so the model Mr L'Estrange was referring to. Principal place of residence, under accordance of land tax you are free to do as you will, whether it is a spare granny flat or indeed going away for two weeks.

The second group of operators, which is really where the challenge has been, is around what we small-scale investment accommodation projects of less than 200 square metres in size, which is a four-bedroom home. That is overwhelmingly the bulk of the accommodation stock in regional Tasmania and always has been—B&Bs; hosted self-contained accommodation—and indeed new investment property shacks that have shifted over into the market. So for that it was light-touch regulation—a very simple registration process with your local council. When I say “light touch” —

**Mr D.T. REDMAN:** Enforced by the government?

**Mr Martin:** This is where it gets challenging. That is model 2. So you go down, fill in a registration form for your local council, at then you are free to do as you will, and essentially no discretion from councils. So anyone with a shack, investment property or indeed a standalone dwelling in urban Hobart or regional remote Tasmania could essentially go down to their council and if it is a 200 square metres residential zone property you can essentially become a registered visitor accommodation product.

Anything larger than 200 square metres requires a change of use through the conventional planning approval process for your council. That 200 square metre-model has been the point of contention for the reason Mr Redman has immediately picked up on—enforcement.

The outcome of that has been that the positive for what Airbnb has created is the ability for us to absorb the growth that has occurred, and, unquestionably, the economic contribution of that sort of growth on Tasmanian communities when the commercial and traditional tourism accommodation market has not been quick enough to respond has been critical. When you are dealing with 40% growth in the space of five years, there has clearly been a significant capacity to meet that demand, which would otherwise not have been there.

Unfortunately, the flipside, which we are now dealing with the consequences of, is the significant impact on housing affordability, particularly in Hobart, but also in regional communities. When you have unconstrained, essentially, full control, which is essentially what the model is, the inevitability

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of a significant shift of stock from residential to visitor accommodation has occurred. Hobart is now the least affordable housing market in the country—an extraordinary outcome for a community like Hobart. It is a 250,000 population community; it is not a big city. We are dealing with issues in places like on the east coast of Tasmania, which are among the most tourism dependent communities, where essentially you cannot get in many towns a residential rental because they have all just been simply taken out of the market and converted into short-term visitor accommodation over the peak months of the year. The model suggested you can make more money over three months of summer—this time of year—than you can by simply having it in the residential market.

The unfortunate thing for us as an industry, as I say, we have had the good times in terms of the ability to absorb the growth; the challenge now is that there is inevitably a backlash from the community. Tourism for many reasons, and rightly so, it has been the golden child of Tasmanian industry sectors for a long time, universally. Surveys show it and it is by far and away the one thing most Tasmanians agree on, around how we should create economic wealth—tourism. Inevitably, when you are dealing with case studies—famously you might have seen publicity about our showgrounds. It has become a tent city over winter of locals who cannot get residential accommodation—working people; people with jobs who just cannot get or lost their residential property in the CBD, or in the city, because essentially the property has been removed from the stock.

International students—the university market is about to start. The university is critically important to our economy and we have literally hundreds of students who cannot be housed. In regional parts of the state you get anecdotes and case studies of communities that are dealing with this inability to get residential housing. What we have done, and now what we are doing, is winding it back. The critical thing is—going back to the original question—what it certainly has been is focused on data sharing. We have 29 councils—far too many; most would agree. Evan said there were hundreds.

**Mr Hall:** Do not go there.

**Mr Martin:** I will not go there, no. There are 29 councils and the vast majority of them are in regional communities, they are very small with small planning departments and one or two enforcement officers. They do not have time—in regional Tasmania we are dealing with 400 or 500 visitor accommodation businesses—to trawl through websites trying to identify what may or may not be registered, or indeed what may or may not be actually compliant with whatever use they happen to fall under.

The need for appropriate data from the platform providers has been an inherent debate for about two years now, even in Hobart. Hobart is 2,000 to 3,000; their planning department is—the ability for them to properly enforce the rules that the state government has created has just been exposed to be totally flawed. So there is a need for appropriate data. The first attempt at achieving that was to ask the providers to provide it voluntarily, through some framework. After about 12 or 18 months of consternation around whether that was possible, certainly the major providers said there were privacy issues about whether they could do it.

Now there is proposed draft legislation that will enforce either the providers to ensure that the listing property operators are compliant with the rules—they are not changing the rules; it is just that there is enforcement—or indeed that there is appropriate potential risk of being fined. So we have gone to a state-based, essentially, compliance system by default.

**The CHAIR:** It is a bizarre issue, the privacy argument, because surely you would just say if you want to list on Airbnb, you agree that we will provide your information to the State Government.

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**Mr Martin:** Yes, I do not pretend to want to understand their legal advice, but certainly the position seemed to be curious about their role. It would make this whole debate nationwide—every state is in the same situation—a lot simpler if there was just a more forthcoming data. Surely there is a tick-a-box scenario when you list your product that your situation might be listed. I guess the obligation on the data providers, on the platforms, is to actually take on some of the burden of enforcement as an issue.

What has been rudely exposed under our model, and this is probably my key message to you around potential future models, is the challenge for local government to be able to play a major role in this is just inherently flawed. I just cannot see a model—we have debated this for four or five years—where councils can generate the appropriate level of revenue to be able to justify having a major enforcement role in this issue. So that leads you to either some kind of obligation on the platform providers to do it, which is the model you are suggesting and the issues that creates or, indeed, some new introduction of statewide licensing regulations and registration from the state. I think that is inherently where these debates will go. I think that is probably the challenge.

**Mr D.T. REDMAN:** You talked about compelling to provide data. Is there anything that compels to have registration or is that simply a voluntary process in Tasmania?

**Mr Martin:** It is under the planning system. I am sure planning systems are similar. It moves slowly. They changed the planning system to create that framework. We wrote a new statewide planning scheme. That second group of operators—the ones who require the registration—under the planning system they are required to meet the obligation. They can be fined.

**Mr D.T. REDMAN:** They are required, but do they?

**Mr Martin:** Yes, that is the thing. Clearly, under the obligations of the planning system, the local government is required to enforce that model. The problem is when they simply have not. The rights—as we know, planning systems inherently move slowly—so the ability to hold councils to be obligated to do this is inherently slow as well. We have to go to an independent planning commission that we have got and demonstrate examples and the like, so it just moves too slowly to be an appropriate mechanism.

**Mr D.T. REDMAN:** Do you have much variability between local government areas in terms of their desire to have either light touch or heavy touch regulatory arrangements?

**Mr Martin:** Absolutely. That discussion—that is absolutely the case. Indeed, again nature of quirks, the east coast of Tasmania has two councils with very different approaches based on the will of their local communities and the need to protect community amenity in some of these areas.

**Mr D.T. REDMAN:** But do you think that consistent approach is more important and, therefore, a state government intervention?

**Mr Martin:** Absolutely; yes. As I say, where the discussion has gone with us locally, though, is that councils are increasingly wanting to focus on the planning considerations: Where is the appropriate amount? Where should we put, potentially, even caps? There has already been a decision that at the historic suburb of Battery Point, inner urban Hobart, has essentially got a cap on the number of registrations through the planning system. The councils are wanting to play an active role, core role, designing their communities and planning. They are reluctant, and they have been found almost wanting, in their ability to apply that enforcement around the individual properties, if that makes sense. They want to direct their communities' wishes around designing where and how commercial accommodation should develop in their communities and almost negate their responsibilities, or hand over their responsibilities to the state to then comply and do the enforcement.

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**The CHAIR:** Enforcement of what to what end? That is a really important question. Is it enforcing the fact that you have got a property and you have not registered it so I am going to give you a fine, or is it enforcement of local planning restrictions around noise or parking violations? A registration and enforcement mechanism purely for its own sake, just to understand what is going on out there and arguably to protect a particular sector is quite a different thing from enforcement actions designed to protect community amenity? I think it is a really core question. We do not want to go creating very complex or multiple regimes or levels of bureaucracy that are costly to comply with and costly to enforce purely for the sake of saying we are regulating something, so of what to what end?

**Mr Martin:** Absolutely, and I totally agree, and I think all stakeholders would agree. I might not have made the point clear enough that there is lack of discretion under our model. So the type ones—not only type ones, but the principle place of residence and the small-scale commercial accommodation is totally non-discretionary. Your level of enforcement from your council is, knock on the door and you have got to go down to your council and register. It is a small one-off cost and do the right thing so we have got a clear data resource.

Obviously if there is any lack of compliance building obligations, that is something that will be picked up. But I guess going down the path of going down to a more robust compliance system, such as a statewide registration or licensing approach, then you are going to be dealing with inspectors, and to what end? As I say, I think perhaps the more likely conversations the communities and individual councils would want to have is about how their communities grow and are designed and able to manage the desire for visitor growth and the opportunities it creates for more people to enter the market through these platforms. In an appropriate way, that protects the amenity and also protects the investments of the existing operators who have entered into the market under a more robust planning framework.

**Mr S.K. L'ESTRANGE:** Mr Martin, you mentioned that your Parliament is trying to deal with this. So it is looking at it strategically. It is trying to get the data to work out where people are going and what houses are registered. Councils will deal with it very locally. They will try to work out what is in the best interest of their ratepayers, and they will do it locally but they will not think strategically for all of Tasmania. Where is the government at with regard to the issues that you have let us know about today?

**Mr Martin:** As I say, they essentially deregulated, or created the regulation, through the planning system, not through legislation. That is where there is, I guess, a bit more flexibility in terms of being able to amend initially. They are now going to have to comply with essentially a legislative response to deal with that through data and through a bit more robust —

**Mr S.K. L'ESTRANGE:** Has it been drafted yet?

**Mr Martin:** Yes, it has been drafted and it has been out for comment. I think you will see that evolve over the next three or four months, probably, in the Tasmanian Parliament as an examination. The framework is not changing, so that model is not changing, largely. There is some tinkering in a few individual areas, but largely that three-group model is not changing. Where there will be some greater focus, and inevitably what the question will need to be about, is the provision of data to councils to then meet their obligations under enforcement.

Where I think the councils are going to continue to push back is about their ability to meet that obligation. We are not going down the path of robust licensing or registrations at a state government level—that is a step too far for them. What we will inevitably have is an ongoing, I guess, discussion or debate with councils across the state around meeting their obligations under

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that planning framework; and, if that fails, I suspect we will be back in the same place you guys are at, around a statewide response and licensing model.

**Mr D.T. REDMAN:** You have been through the boom, with a proliferation, if you want to use that term, of un-hosted accommodation in Tasmania. The point made by Mr Hall earlier was that the concern here is about a behavioural shift in the investment environment for tourism-related accommodation provision in particular. Have you seen evidence in Tasmania of a shift in the investment environment as a product of what has happened?

**Mr Martin:** Absolutely. Certainly in regional parts of Tasmania, trying to attract scale investment is a perennial challenge for Tasmania, and when the market is being absorbed so effectively like this, and when the structure is not there and there is so much ambiguity around the framework that we are dealing with, trying to build the case for traditional commercial accommodation investment is inherently challenging. We are seeing a marked behaviour shift. We are about to have that hotel boom that you experienced, on a relative scale, with 1,000 rooms in Hobart that will open up over the next two years. My expectation is that that will shift the market in the city significantly.

You will see some shift back, and that perhaps might drive some of the pipeline. A lot of those investments have resulted out of the boom. What I am concerned about going forward is that the pipeline of investment, particularly in regional Tasmania, is not there, and, as I say, the big growth that is occurring in supply is being largely driven through the sharing platforms and small self-contained and hosted accommodation businesses, and I think the inherent challenge now is going to be to shift that back to a traditional market.

**Mr D.T. REDMAN:** Do you think governments also need to have an eye for the point-in-the-cycle issues? You talked about it being able to soak up the demand that went at a point in time. We are at the bottom of our tourism cycle—hopefully coming out of it—hence the strong attention given to anyone who is in competition with you, which is probably one of the arguments that has been put forward by some as to why we are having a focus on these sorts of platforms. Is the economic cycle a fact that needs to be considered by governments and buffered somewhat to a one-size-fits-all position?

**Mr Martin:** Yes. Absolutely. My sense of where you are at is that this is the opportunity. The exciting and positive thing about having these conversations here is that you have a chance now to learn not just from what Tasmania has experienced but also New South Wales, which has followed a slightly different model, and South Australia, which has a very liberalised model. So you have the opportunity now to get a framework in place.

My sense is that the risk for WA, from what Evan has relayed to me about where your market is at, is that when you have that inevitable turn, which will happen hopefully sooner rather than later, you will want to see that investment flow into the regions, and if you do not have that structure, the reality is that potentially the issues you are dealing with will be exacerbated, and you will also be dealing with the challenge of trying to motivate investors to be able to create scale product. The reality is that with that demand-driving accommodation product—Cable Beach would be an example—you clearly want to create the dynamic that allows that to continue to happen. We are still trying to achieve that, despite the most unprecedented visitor growth in our industry, and across regional Tasmania we have not seen that investment happen.

What we have seen is a significant group of Tasmanians and absentee investors who have benefited from the industry. So the industry has still had a positive impact and is still growing; it is just the ability to be able to put some frameworks in place to enable that industry to grow on the terms of the community. To me, we bring it all back to tourism that grows on the terms of the local communities and the local industry that has built these destinations and cares most deeply about



them, rather than a short, quick fix of some people wanting to financially benefit out of a short-term boom.

**The CHAIR:** You mentioned three frameworks. Which one is working the best, and why? What is good in those frameworks that would be good for us to understand?

**Mr Martin:** We accepted the principle around the principal place of residence being deregulated. I think that is an interesting conversation for you to have. Every state would be very different. I think some of the points Evan is making about the risks of that model are totally valid, but at that time and place when that was determined to be the best outcome for Tasmania, that was universally accepted. That model is totally laissez faire. There are just no parameters. There are a lot of Tasmanians who have clearly benefited from that model. I am particularly referring to when we have had these events on and people leaving and freeing up their properties, particularly in Hobart. There is no change to the DAs.

I think that model still needs to remain the framework, because you are dealing with your scale products—bigger than 200 square metres—so you are ultimately dealing with commercial purpose-built visitor accommodation. It is just getting that framework right for your traditional shacks, holiday homes, investment properties and investment units. From my perspective, I think the model in Tasmania is a complete mess. We conceptually have a model in place, but all the issues we have discussed have shown that that has been a challenge. I think, ultimately, we can land on that appropriate balance between embracing what digital disruption has meant and what these new platforms enable people to do, but also create a framework that is workable by communities and councils and existing industry players. That is the opportunity and challenge.

**Mr D.T. REDMAN:** Has 200 square metres been an effective discriminator, as the line in the sand?

**Mr Martin:** It is interesting. The thinking around that was very much about, frankly, boarding houses or large-scale properties that could be converted in suburban areas of metropolitan areas. It is the four or five bedroom house that we were trying to nail down that standalone, self-contained property. In fact, that is not the ambiguity—that does not create any great ambiguity. It is about people who buy or own those properties understanding their obligations to have that light-touch registration. That has been the real confusion.

A lot of existing long-term property owners who have had that shack on the beach at Coles Bay for generations are now seeing an opportunity to capitalise some revenue out of it, and the model has been designed to encourage them to do that, but obviously they are not compliant. That leads to a whole series of questions around insurance. If you have not got a planning framework and something happened and you have not got that light-touch registration, you would not want to be a property owner in that situation. Again, obviously the councils' obligations to enforce the system that has been imposed upon them.

**Mr D.T. REDMAN:** What share of the Tasmanian economy is tourism?

**Mr Martin:** These are my favourite stats! We are the most tourism-dependent economy in the country in terms of economic activity. We are slightly below on jobs to the Northern Territory. We generate about \$2.5 billion of visitor spend, and the total economic contribution is about 3.5%. It is marginally about half the size of WA, about 40,000 direct and indirect jobs. It is a major economic player.

**Mr D.T. REDMAN:** As a proportion of the total economy?

**Mr Martin:** Of GDP, it is about 8%, I think, but do not quote me on that!

**The CHAIR:** We can take it on notice.

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**Mr Martin:** I will take it on notice. Give me five minutes and I will google it! I should know that one.

The east coast is what I keep referring to. We are the most tourism-dependent economy in the country. The ones that are ahead of us are literally Uluru, Kangaroo Island, and probably Rottnest. We are dealing with very tourism-dependent economies, and this is why it has been such a challenging issue for us to embrace what has enabled it to happen, embrace that growth that has been driven, but also create a framework that allows us to plan ahead confidently.

**The CHAIR:** Evan, a lot of your members are in the City of Perth. Have you had representations from or engagement with the City of Perth around their views on how short-stay accommodation is shaping the dynamic here in the city?

**Mr Hall:** I have to say no, although it has been hard to get hold of someone to talk to from the City of Perth for a little while. We have had discussions with Fremantle and others and certainly some good models have evolved—have had the courage to approach it and try to come up with a solution. Certainly Fremantle and Busselton are two councils that have really looked at this. As well as differences in the economic cycle or the tourism cycle, there are also some very big differences in destinations within WA.

I have concerns about what is going to happen next. If we had had the average Australian growth for the rest of the country in tourism occurring here in WA, there is no doubt that this would be a real problem right now in the south west—no doubt in my mind. Sooner or later, you have to hope or expect that we are going to get that sort of growth that the rest of Australia has enjoyed. I think we are at the right time in the market to do something about it, before you get to the situation where people are locking themselves in, people are making investment decisions about houses or property building and so on and so forth.

The other thing to bear in mind is that we have had a lot of accommodation come on board. It took a long time to come on board because the whole system does favour residential development. We had good property investment. We had the City of Perth encourage hotel investment. At the time the State Government had a hotel incentive policy, which encouraged investment. That got going a bit too late for us in terms of the mining boom, but has come in now. I feel we have been shielded from the impacts, the unintended consequences, that others have seen. But in some local council area, to go to your question, they are very aware of the impacts. When we start getting that growth back, as we will sooner or later, this will become acute.

I did want to point out that the other thing that is going to happen, particularly in the City of Perth, all this hotel stock coming in—Perth is different from Tassie to this extent: we have always had a much higher proportion of business travellers in our accommodation. They will stay in the hotels. As our economy grows, and I do not mean the tourism economy, but the rest of the economy—all of a sudden, we get higher prices for iron ore and so on and so forth—that hotel stock will be quickly absorbed by business. If we do not have the proper regime in place, what I fear will happen is we will not have any more properties, hotel investment; the hotels will go to the business end of the market and you will see whatever growth we are getting in leisure—and let us hope it keeps up with the Australian standard—being displaced into residential properties.

Our greatest concern here is your apartment block built under all the government policies for affordable housing being converted to other use. If that is the case, why would anyone ever build serviced apartments on the outskirts of the city that would be catering to the leisure market? It is much easier for a property developer to just build residential, shift it into residential when you make the most out of that or shift it into short-stay when you make the most out of that. I think that is what we need to get ahead of.

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We also need to get to that middle ground that Luke was talking about in regional WA, particularly—I think it is most acute in the South West. We hope and expect that we will get that growth in leisure that has been universal around the world, and it is our time sooner or later but it will become acute. I strongly urge you to move now so that we do not experience problems. In particular, I do have a concern that we might end up addressing half the problem and say, “Okay, primary place of residence, you can do it; go for it.” That would be more or less of a green light. I think that will encourage greater uptake.

But to address that without addressing, for us, what is the core issue of class 2 buildings and class 3 buildings and the state government’s requirements for significantly different building design, whether or not you have a visitor there, and the fact that there is nothing to address what happens if that use gets changed after the build is complete. This is where a regime that says for certain types—I am not talking about the individual unit; I am talking about the building. If the building is effectively coming on to the market as individual units go on to platforms like Airbnb, then you are seeing a property that is not built for tourist use coming onto the market, large properties, and it will really undermine any future investment in hotels.

What it leaves us with is a lesser quality product for visitor, visitors bunking in with residents, all the problems that gets, rental costs going up and the inevitable backlash that will occur. That is one of my concerns for Perth. For the south west, I am actually more concerned about the hollowing out, what we call the “Venice effect”, where visitors just really overtake the destination and you become a tourist trap and all those things. While that might be good for some of our members, long term we want a sustainable tourism industry where the people of Western Australia mix with and support and welcome the guests and a lot of that goes to: Have we planned enough accommodation for them? Is it the right sort of accommodation? The same mix —

**The CHAIR:** That certainly came through in your submission. I just want to pick up the point you raise on hotels. On your evidence, hotels are a significant portion of your membership base. We have actually had very little in the way of direct submissions from the large hotel chains or hotel operators in the City of Perth. Is that because your members have chosen specifically not to provide submissions or that they all want to channel their feedback through your organisation?

**Mr Hall:** First of all, when I say “hotels”, it is often shorthand for commercial accommodation. I have a far broader mix of accommodation than, for example, the Australian Hotels Association or the Australian Accommodation Association. Yes, just about every CBD hotel would be a member of ours, but we have lots of caravan parks, chalets, bed and breakfasts and so on and so forth. Is there a universal view? No, but, by and large, they are extremely concerned.

The inquiries that have been set up have reflected the concern. The two surveys that we have ever run that ever got the most impact is on regional aviation and Airbnb. It is highly concerning. You would probably get stronger concerns coming from your B&B operator—resident in, say, the south west, concerned about how this phenomenon is hollowing out their tourism industry, their livelihood, their ability to stay and live in the region, so that is a strong concern.

In terms of the hotel general managers, they never speak publicly on policy issues; it is pretty rare. They will always go through associations such as ourselves or the Australian Hotels Association. It is just the way they do business. Brands do not like to be in the public debate at all. They will keep a low profile, but that is what they use us for. Certainly, it is a topic of discussion. They are all aware that they are in a competitive market and they respond in different ways. For them, it is part of the landscape.

The real question is not the operators of the current properties; it is the property developers, the future investors in either residential or hotel. Property developers choose whether or not we end

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up with a lot of residential accommodation or a lot of hotel accommodation. It is those decisions. They are not made by the hotel brands, if that makes sense.

**The CHAIR:** It does. It is a challenge for a committee because very often on the range of topics that we inquire into, you get representations made to you by industry-based organisations. The presentations are very professional and they are very comprehensive, but it is always very helpful for the committee to hear from the people who are on the coalface, who actually have the lived experiences in the industry and are seeing the impacts. We have had an incredible amount of feedback from mums and dads, small B&B providers and small accommodation providers—an overwhelming amount actually. For us, too, this inquiry eclipses the regional airfares inquiry in terms of the number of submissions and the level of interest.

But much as we had only two or three airlines provide information to us in the regional airfares inquiry, we are not seeing the big hotels provide their perspective to us directly. It is a very interesting perspective that the committee would be interested in receiving, given the considerable amount of evidence we have had from other stakeholders and other sectors of the tourism economy.

**Mr Hall:** I can certainly go and ask.

**The CHAIR:** If there is interest from your members, it would be appreciated.

**Mr Hall:** I have to be straightforward on this sort of scenario. This is simply a question of timing. They are in business. Whatever government regulatory regime they have to deal with is what they have to deal with. For example, the issues around disability access, which I would dearly love us to spend more time addressing, because it goes to the core of one of the challenges here. They have strong views on all this sort of stuff but for them it is just the environment that they have to work in. What they do is more or less look to us to develop the policy and address issues with government. I can get them to come in, but —

**The CHAIR:** They may even be listening.

**Mr Hall:** Yes, they may be listening. More often, an individual business does not like to get up and say, “Here’s the scenario that I’m in.” It creates competitive problems for them.

**The CHAIR:** But the committee is also able to receive information in confidence, which we likely will do in this inquiry and have done in others.

**Mr Hall:** I would say in practice it would not occur to them to be bothered to do it. They have businesses to run.

**The CHAIR:** Yes, and I guess different sectors of the tourism economy would view the importance of this issue differently. That is probably worth noting.

Thank you very much for coming in. 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 for coming in.

**Hearing concluded at 11.42 am**

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