

ECONOMICS AND INDUSTRY STANDING COMMITTEE

INQUIRY INTO SHORT-STAY ACCOMMODATION



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

SESSION TWO

Members

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

Hearing commenced at 10.52 am**Mr PASQUALINO BRACONE****Manager Approval Services, City of Wanneroo, examined:****Mr PAUL HENRY GARBETT****Director of Planning and Strategic Projects, City of Fremantle, examined:****Mr MATTHEW HAMMOND****Manager, Economic Development and Marketing, City of Fremantle, 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 the Chair of the Economics and Industry Standing Committee. I would like to introduce the other members of the committee: to my right is Yaz Mubarakai, member for Jandakot; to my left is the Deputy Chair, Sean L'Estrange, member for Churchlands; Stephen 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 and 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: Would you like to make opening statements?

Mr Bracone: I can, if you wish.

The CHAIR: Yes, we appreciate it. Generally we invite witnesses to give us an overview of their particular context, concerns that they have or issues that they have with respect to the subject matter, so really it is for you to tell us what you think we need to understand through this inquiry.

Mr Bracone: Okay. If I may, I will give a little background about Wanneroo's history, I suppose, in these matters.

The CHAIR: Fantastic.

Mr Bracone: To begin, the City became aware of a number of residential premises being used for short-stay accommodation over recent years and upon investigating these, we found that none of them had any approvals, so the city asked the owners and operators to either cease operating or to seek approval. Some chose to make an application to obtain approval. But in the absence of any appropriate land-use definitions, at the time the city dealt with these as residential buildings, as defined in the residential design codes. That is defined very briefly as accommodation, or dwellings used for temporary accommodation by two or more people. It is a longer definition, but that is probably sufficient for this.

Noting the emergence of this type of accommodation and the need to regulate the activity to some extent, the City went about considering how the use should and could be dealt with, and in this regard the City has amended its District Planning Scheme 2 to introduce some definitions for holiday accommodation and holiday houses. These were gazetted just in January this year.

In addition, the City's approach to short-term accommodation is proposed to be based around the introduction of a local law and a local planning policy. The local law will generally exempt premises where there are up to six people accommodated, but will require development approval if it is more than six people. We have actually followed the model that the City of Fremantle has used. We looked at a number of models that were being used across Perth and that seemed to be quite a sensible one to us, so that is the path we have gone down. Whilst we have proceeded with the amendment to the scheme, and that has been finalised, we have put the policy and the local law on hold pending the outcome of this inquiry.

The CHAIR: I have a couple of questions arising from that, but I wonder if you see utility in making your opening statements and then we will open up?

Mr Garbett: Yes, certainly. I am happy to do that. From the City of Fremantle's point of view, as I am sure you are all aware, the character of Fremantle is probably quite different from Wanneroo. It obviously is a long-established tourist destination with demand for a range of tourism accommodation types over many years. Rather than repeat what is in our written submission, we are happy to take questions on that.

I think there are probably two key points that the city would like to emphasise and draw to your attention. One is very much that we see all types of short-stay tourist oriented accommodation through the full spectrum from hotels through varying forms of purpose-built and operated tourist accommodation through to the Airbnb-type accommodation offered within a private residence as all being valuable in helping to meet the demand for tourist accommodation in Fremantle. The City does not want to present its position as siding with one particular type of operator over another; we see all those types of accommodation as extremely important in helping to meet the demand for accommodation in the city and providing that sort of base for the tourist industry, which is a critical part of the city's economy.

The other main point I would like to emphasise is in terms of looking at any regulatory approaches. Clearly, the City adopted the approach set out in our submission of essentially relying on a local law rather than trying to administer control through the planning framework, around 10 years ago. Probably our primary reasoning for that was that, based on earlier experience, where complaints were received, generally from neighbours, about the operation of short-stay accommodation in dwelling houses, the source of the complaint was not really to do with the land-use per se; it was very much more to do with the standard of management and the behaviour of guests, which are very, very difficult things to manage through the WA planning framework. It is really not designed to try to deal with those things.

That is really the reason why we adopted the approach of the local law, which focused on taking a relatively light-touch approach to regulation. We did not see the need to be particularly heavy-handed about this, so we introduced a process that required premises to be registered with the city. That enables us to obviously have a proper record of where premises are in operation and some fairly simple requirements to be registered, which focused on having a nominated manager for the premises who was contactable on a 24/7 basis. Neighbours knew who was the responsible person for the management of the premises and they had an easy way of contacting that person if the behaviour of guests was causing a problem.

The CHAIR: So the enabling legislation for that would be the *Local Government Act*, rather than the *Planning Act*?

Mr Garbett: Yes, that is correct.

The CHAIR: Right, okay. That is interesting.

Mr Garbett: Certainly, the City's experience over the 10 years since this has been in operation has been generally very positive. We have had a very low level of complaint. Generally it has averaged single digit numbers—less than 10—complaints a year, on average, about either the operation of registered accommodation or complaints about alleged short-stay accommodation operating without being registered under the local law. In the context of other compliance matters for the city, that is a very, very low level of complaint. Our view is that whilst we see merit in an approach to registration of this type of accommodation, based on the city's experience we do not see that there is a need for a very heavy-handed approach to regulation, with all the resource implications that brings with it.

The CHAIR: The previous witness we just saw was at quite some pains to emphasise the difference in build quality and design features, and that was a very strong line of argument which obviously would come under your planning process.

Mr Garbett: Correct.

The CHAIR: But your evidence appears to suggest that it is more of an operational issue as opposed to a construction-standards issue.

Mr Garbett: In our experience, yes, very much so, and that is probably because Fremantle has a very diverse housing stock and a lot of the houses that are being offered as short-stay accommodation, whether it is a house that the owner still lives in or a house that they have vacated and offer entirely as short-stay accommodation, range from mid-1800s Fremantle stone cottages through to quite contemporary houses—some very expensive, architecturally designed dwellings—so there is a very broad diversity, and those have obviously been built in accordance with the relevant Building Code requirements for dwelling houses. Our experience has not been that we have uncovered problems with major breaches of the relevant Building Code or fire standards that apply to the type of premises that the accommodation is contained in.

The CHAIR: Do you think going down the *Local Government Act* route rather than the *Planning Act* route has made a difference in terms of enforcement or the costs of compliance or the effectiveness of the way in which you manage these accommodation types?

Mr Garbett: I believe it has enabled us to target more accurately the real source of complaints, when we were receiving complaints, which, as I say, in our experience has been very much around the standard of management and the behaviour of guests. Whereas if you went back 10 or 15 years before the local laws were introduced, the city did receive, not a high number of complaints but fairly regular complaints which were often around properties that might have been let for one night, typically on a Friday or Saturday night—the so-called party house type of booking. Often the behaviour of those guests would be very disruptive to neighbours and that is what has triggered the complaint. It was not really to do with the land-use characteristics of three or four or five people occupying a dwelling house to stay in overnight.

It was the behaviour of those people not the use of the property as such, which really is indistinguishable from a family living in that house as their own residence. It is really to do with how they behave rather than the use and that is why we felt that the planning system is not really designed to deal with those management and behavioural issues. It is to do with land use and the physical design of premises, which is why we found the local law approach under the *Local Government Act* was a more responsive way of dealing with this than trying to do it through the planning regime.

The CHAIR: I will just ask a very quick question of Mr Bracone and then I will throw over to my colleagues. I think your opening statement may have touched on some of the issues that Mr Garbett

has raised around the need. What triggered the need for Wanneroo to intervene? We have had a good explanation of why Fremantle did but we have talked about the differences in the local government areas. Why did you need to intervene?

Mr Bracone: The city started receiving a few complaints about activities going on at certain premises around the city and when we investigated, it turned out they were either Stayz or B&B-type accommodation that did not have any approval. It was really about their behaviour, as Mr Garbett pointed out—a party house—type situation. As soon as the City became involved, we found that the operator took better control or managed the property because I think they were aware that if the city was involved, we could effectively stop the property being used for that purpose. Really, the complaints ceased after that. I cannot think of any complaints that we have received specifically about these things.

Certainly, when we advertised applications and when they were received, the main issues that people raised were antisocial behaviour, noise, parking and so forth. So we felt it was appropriate to have some controls in place so that at least we had some ability to manage these things in a fairly simple way. The local law approach that Fremantle uses—we looked at a number of things—seemed to be pretty straightforward. If it is less than six, you do not have to get a planning approval. You can just register with the city and away you go, but there is an ability to withdraw that registration if suddenly something is out of control.

The CHAIR: A real quick one on this, then I will throw over to my colleagues: when you say people need approval and they need to register, approval for what?

Mr Bracone: It just register that they —

The CHAIR: Basically all they have to do is say, “I live at X Smith Street and I provide short-stay accommodation”?

Mr Bracone: Yes. We have not adopted the local law as yet. We are in the process of doing that. The first thing we did was introduce some definitions into our scheme to give us a better ability to classify the uses. The local law, we have drafted, as we have also drafted a policy, but we have not finalised those things because we became aware of this inquiry so we thought it might be prudent just to wait and see the outcome.

The CHAIR: That puts a lot of pressure on us, right? One really quick one: can you refuse registration?

Mr Bracone: We have not thought of that, really. We have only just drafted the local law but I suppose if someone did not satisfy some of the criteria that we have set out—they did not provide us with a management plan or did not provide the contact details of the manager—I guess we could decline to issue that registration.

Mr D.T. REDMAN: Thanks very much for your attendance. I am particularly interested in compliance with the rules. I think local governments traditionally are pretty responsive to the issues that emerge. You will get feedback and therefore you respond and do the things that you need to do. From the City of Fremantle’s perspective, you did an audit of what was registered and what is out there on Airbnb and others. How did you go about getting that and you have confidence that the 2017 audit that you did still aligns today? A lot of other jurisdictions have fed back that they have no way of finding out where these houses are. There is no address when they are online. There is no way of getting clarity on exactly what the disconnect is between registration and what is actually out there, yet you appear to have a high level of compliance. What would you argue are the reasons for that?

Mr Garbett: The way we approached the audit was to start with the registered premises, because clearly we had that information. We then crosschecked that against online bookings. It was

relatively easy to identify premises that were being advertised online without the address being online. Through the physical description and photographs of the premises, it is quite easy to match that to registered premises. All that basically left us with was a residual of, “Are there premises being advertised online that we have no record of?” When we did the audit, there was a very low level. There were some premises. It is worth recognising that certainly under the City’s local law, the local law is focused on a property that is being predominantly used as short-stay accommodation. If, in my house—I live there; it is my permanent residence—I have a spare bedroom that I choose to let out via Airbnb or any other platform, that would not be required to be registered under the local law because the predominant use of the property is still my private residence. I am simply, on a casual basis, choosing to allow someone to stay in the spare room and pay me for the privilege.

It is possible that there would be premises advertised on Airbnb and if we did investigate them and were able to identify the address, we might well conclude anyway that it does not require registration under the local law because it is simply someone with a single bedroom in their own house.

Mr D.T. REDMAN: Do you think your local law approach has been significant to compliance as distinct from another approach through the planning mechanism?

Mr Garbett: I believe it has, yes. Part of the reason for that is we deliberately tried to design an approach that was not a very heavy-handed regulatory approach. The information someone requires in order to register is quite simple. It is essentially filling out a very simple, one-sided application form with some basic details of the property address and the proprietor. We require a simple floor plan just to identify the number of bedrooms and they pay a fee.

Mr D.T. REDMAN: How much is the fee?

Mr Garbett: I cannot remember off the top of my head.

Mr Y. MUBARAKAI: It is \$162.60.

Mr Garbett: Thank you very much. So it is not a very burdensome process. The approval is not a merits-based assessment. Essentially, if someone complies with the basic requirements for registration, which are the number of bedrooms in the dwelling house, we require one-off street parking space, and they prove that from the plans. It is not like a planning decision where it might be a merits-based assessment of the proposal. That will enable you to be registered. Under the local law, there are some standard conditions of registration that you must comply with and they cover those management issues around a nominated manager, a minimum two-night stay and some other very basic requirements. Our experience has been, I think because it is not seen as an overly burdensome process, that it encourages people to do the right thing rather than avoid doing the right thing because they perceive it as being a very bureaucratic, difficult or expensive process to go through.

Mr D.T. REDMAN: Put simply, you do not need to have registered where it is your primary residence, as a matter of principle?

Mr Garbett: Correct.

Mr D.T. REDMAN: It is all those other ones that fit into the online platforms. I have a couple of questions. What does the profile of that group look like and how many do you have in the City of Fremantle?

Mr Garbett: That is difficult to say categorically because we do not require registration of a house where it is just one bedroom. But certainly anecdotally —

Mr D.T. REDMAN: No, sorry; I am thinking of the profile of the registered ones and the number.

Mr Garbett: Sorry; the number currently, I think when we made the submission, which was based on registrations, as of December last year it was 222. The profile—there is certainly a strong concentration of location in and around central Fremantle, as you might expect. It is people wanting to stay in close proximity to the major tourist attractions. That said, there are some spread a little further out through the suburbs. In terms of types of properties, there is quite a wide diversity but they are in the main single dwelling houses. So it would be a family style, generally detached house, particularly for the larger properties. We do have some registered properties that are within apartments.

Mr D.T. REDMAN: Within the City of Fremantle, you would be very confident that 222 is pretty close to the mark, plus or minus 10.

Mr Garbett: Yes, we are. At the time of the audit we actually had more registered premises than we picked up through crosschecking against Airbnb. There were some registered that did not appear to be advertised at that time, which you might expect. Maybe they were occupied; maybe people were just having a break from marketing them. But, yes, it was probably within that plus or minus 10.

Mr D.T. REDMAN: And you have not had to issue any fines for noncompliance?

Mr Garbett: No, we have not. I mean, the local law does give us provision to infringe or issue fines. To the best of my knowledge, I do not think we have pursued that.

Mr S.J. PRICE: You did this 10 years ago. That is quite impressive. Were the numbers around that 200 mark back then? It is not a substantial number of properties.

Mr Garbett: From memory, I would say it was probably a little lower than that. There has always been a fairly significant supply of non-hotel type short-stay accommodation in Fremantle I think because of the nature of the place and the nature of the properties. So, 10 years ago, obviously you could make internet bookings of short-stay accommodation, but it was well before, certainly, the whole Airbnb phenomenon. So even with more traditional methods of booking, there was a steady demand for that type of accommodation. I can recall, when we were looking at introducing the local law, we had some preliminary discussions with operators and managers of short-stay accommodation to get their input into how we were framing that local law to try to make sure it was a proportionate response, and it was going to be an approach that they felt, as professionals in that field, they could work with, and it was not going to be unduly difficult for them to work with. Certainly, those discussions gave us the impression that there had been a reasonable supply of that sort of stock for a while. I would say that it has grown since the much more widespread use of internet booking platforms.

Mr S.J. PRICE: You recently introduced a differential rating system on registered short-stay properties. Why have you done that, and how has that been received?

Mr Garbett: Matt, do you want to comment on that? You are perhaps better placed than I am.

Mr Hammond: That is probably more around achieving that equity between private residential operators who might not pay commercial rates versus the hotels who are required to meet that quite high level of standard and do pay commercial rates, so it is trying to close that gap between allowing the smaller guys to operate, who we do think add value, affordability and choice, and then allowing some equity for the other bigger hotel operators to operate.

Mr S.Y. MUBARAKAI: Could you give this Committee an understanding of what the difference is?

Mr Hammond: The difference between what, sorry?

Mr S.Y. MUBARAKAI: The rates—I just want to understand the gap between residential properties paying annual rates, and a residential property registered as short-stay accommodation, and what rates would apply to that property, and the difference between the two.

Mr Garbett: I can answer that. It will obviously depend on the rateable value of the property. I think the higher level of residential rate that someone with a registered property would pay is set at a level that is one per cent lower than, if that property were rated as commercial, the commercial rate would be.

Mr S.Y. MUBARAKAI: So there is a one per cent margin that you will apply between a registered house and a non-registered house on their rates. That applies to that property.

Mr Garbett: No, it is one per cent lower. If the house were rated as a commercial property rather than a residential property, it is set one per cent lower than the commercial rate would be in that situation.

Mr S.Y. MUBARAKAI: With the moneys received for that purpose, in your budgetary requirements, do you allocate those funds for compliance purposes and to monitor that aspect of the industry, or does it just go into the general pool of rates?

Mr Garbett: It goes into general revenue, so it is not hypothecated for a particular purpose, but, that said, primarily we would say that we use it towards the cost of the tourism destination marketing services that the city delivers, and probably a nominal recognition of the demand on typical local government services across the board. Having a greater number of people coming and going through a property, whilst it does not directly increase waste collection over and above the normal level of collection, we would say it adds a modest amount to the general demand on services of the local government in that way. As I say, because the demand for compliance services arising out of this type of accommodation is very low, we certainly have not seen the need to increase our general compliance resources as result of short-stay accommodation, so we do not target it in that way.

Mr D.T. REDMAN: Just as a point of clarity, the Chair mentioned a while ago the notion of having to meet certain thresholds with fire management and a whole heap of things which I am assuming the commercial providers would have to meet in the City of Fremantle. You have then got some unhosted Airbnb providers who are paying commercial rates one per cent shy of the full commercial rate, and presumably with the diversity of accommodation that you have, and the age, would it be fair to say that they are not meeting what you would see as the commercial levels of compliance?

Mr Garbett: The first point, just for clarity, is that the rate they are paying is not one per cent above the commercial rate. It is still a domestic residential rate, pitched at a level that is just below what they would pay if it were commercially rated. On your main point, clearly there are different fire regulations that apply to properties such as hotels under the building code and fire regulations than apply to a dwelling house. I guess the key point is that providing this sort of accommodation, even if the host does not still live in the house, it is still a dwelling house built to dwelling house standards, so there are obviously fire requirements that apply to a dwelling house that premises should meet, and clearly the city has enforcement powers.

If it had reason to believe that a property is not constructed or being maintained to the relevant building code and fire requirements for a dwelling house, we have compliance powers to address that issue. It goes back to that point, I think, of acknowledging that if there are four unrelated people occupying a building that was built as a dwelling house, even if they are only staying there for a short period, essentially they are occupying it in the same manner that a family would occupy if that was their permanent home in terms of the use of the different spaces. How a kitchen is used is

obviously very different to the use of a commercial kitchen in a hotel, for example, and that is why fire standards are different. I think we are not suggesting that there is a need to try and impose commercial premises or commercial operation fire standards onto a dwelling house that may be occupied by four people who are staying there for a weekend as opposed to the family that lives there all year round.

The CHAIR: Can I explore a slightly different aspect of this inquiry? One of the most contested issues that we have had is around the contribution or detriment that the short-stay accommodation market, if you like, contributes to local economies. Some argue that when short-stay comes in it decimates industry and stops employment opportunities and stops economic growth. Others argue that it is a major bridge towards further economic development, particularly in regional communities. The City of Fremantle has had 10 years of experience with this, and a thriving tourism sector; the City of Wanneroo, very new to this, and not so much of a tourist destination, if you like—so really two quite different areas. I would be very interested to hear your views, as a local government authority, on the importance of the short-stay accommodation sector to your economic development—however you want to take it.

Mr Bracone: I guess from the City's point of view, there is actually very little accommodation across the City of Wanneroo, so the city is actually —

The CHAIR: As in traditional accommodation?

Mr Bracone: Traditional accommodation, yes. There are very few. Mindarie Keys is perhaps the only one that comes to mind readily, and there would be a few B&Bs that people have had approved for many years. But there is very little accommodation, so, from that point of view, the city is actually quite supportive of this type of short-stay accommodation, because it does feel that it will contribute to the local tourism economy and generally to the local economy. I do not have any information and I do not think we have done any research on that, because we do not have anything to compare with, really.

I think the fact that we do not have accommodation has been seen by the council as a bit detrimental to the, I suppose, continuing growth of the city in an economic sense, because no-one stays in the city. These sorts of premises are seen as: if someone is having a visitor from overseas coming, there was nowhere to stay before. With the provision of some of these facilities, they can stay at least within the suburb or within the neighbourhood or close by. Presumably, from that flows on some economic benefits.

The CHAIR: But you do not have any hotel operators knocking on your door, asking for permission to install a five-storey hotel? You are not rolling out the red carpet?

Mr Bracone: No. We encourage a lot of developers—a lot of residential subdivision-type developers. Certainly, some of them are talking about future hotels in some nodes—up at Yanchep and so forth. In one discussion I had with one developer recently, he indicated they were in discussions with an operator to put in some sort of accommodation, but we are not rolling around in offers or proposals for these sorts of things. The Council certainly sees this as an interim step. I am not suggesting that they should no longer continue after we get other hotels operating there, but I think the council sees it as a good opportunity to get some tourism activity or growth in the tourism sector in Wanneroo.

The CHAIR: So a bridge rather than a barrier?

Mr Bracone: Yes.

The CHAIR: And the City of Fremantle?

Mr Hammond: Like I said before, choice and affordability are important for us. We have a limited number of hotels in our central core, and that has grown fairly slowly over the past decade or even more. We always had the one major hotel in the Esplanade. We have seen more investment over the past five years from other operators coming in and they are currently in the construction phase. But looking at supply and demand in general, we look at things like major events coming into town as well. We have probably just north of 700 hotel rooms within the city. If we are bringing in a 3,000 or 4,000-person event—say, a major sailing event or something similar—our ability to meet that demand within our local visitor economy is put to the test a bit if we do not have that surplus availability through B&B and Airbnb providers and things like that.

I guess the other thing to note would be that the discretionary spend that is being generated for the actual operators themselves is getting injected back into our local economy, so the people providing the Airbnbs are actually then taking that extra money and spending it in Fremantle. There is a place, I think, for both. Traditional hotels, for us, are really important too. They are also investing in their own service delivery, and the marketing that they do around their own brand, even internationally, is really, really important for us as a destination.

If you have your major brands out there in different markets saying, “Come and stay in Fremantle”, that is much more than we could ever do to promote the destination. You are not going to get that kind of leverage from your small Airbnb operator. Having said that, the marketing that Airbnb itself does, as its own entity, is also powerful for us. It is a bit of a balance between the two, but certainly it does help us with supply when demand fluctuates so heavily with major events and seasonal fluctuation of visitation.

The CHAIR: Do you engage at all with Airbnb or Stayz? Are there any discussions with the AHA—any of these organisations that have a real interest in this? How has that gone for you?

Mr Hammond: At this point, we have not engaged with Airbnb specifically. We probably engage more with the operator at a compliance level, but we are certainly looking to engage more with operators like Expedia and Booking.com to assist in driving some of that accommodation supply that we might have in the marketplace that would not necessarily be there. Sometimes having a range of different operators out there in the market presenting all those different options to all those different markets is really powerful for us as far as destination marketing goes. If you are a visitor and you go and look online, there might be three or four major hotels, and that is really not what you are there for because you are there for a really authentic local experience and you want to live like a local or you want to go off the beaten track, the Ritz–Carlton is probably not going to provide that for you. It is about having that balance for all those different markets.

The CHAIR: Let us explore that concept of balance and living the local lifestyle, because one of the things that has been put to us, particularly in markets where these technologies have existed for quite some time, is that the locals get pushed out, housing affordability becomes a problem, the apartments and houses are taken up by tourists and there is this “Venice effect” that happens. Does the City of Fremantle have any concerns about that happening? If you are not concerned about it at this point in time, can you see it happening, and what steps do you think you might take to address that?

Mr Hammond: We are probably not particularly concerned about that at this stage. One of the unique aspects of Fremantle is that local way of life that we pitch as a unique point of difference to visitors. Given it is such a great place to live, we have those people staying and living in the area. The Venice argument, I guess, is that it is the people who live there and own that property who are putting those properties up.

The CHAIR: But then renters cannot access accommodation in those areas.

Mr Hammond: Exactly.

The CHAIR: Freo has quite a bit of diversity in its socioeconomic indicators, so the concern would be that people who perhaps do not own a beautiful terrace house in Fremantle but are renting one or renting an apartment or whatever may be crowded out. I wondered if that was part of your local housing strategy or concerns that you might have?

Mr Garbett: If I can just answer that, certainly from a local housing strategy and monitoring point of view, we have not detected any clear evidence that suggests that short-stay accommodation is significantly distorting the local rental market. Certainly, Fremantle does have a housing affordability issue; there is no question about it in terms of median house prices and rents relative to median incomes. But the evidence we have available to us says that that is an underlying issue that is not significantly affected one way or the other by short-stay accommodation. From contact with local real estate agents, there still seems to be a plentiful supply of available long-term rental housing.

There is certainly an issue around affordability, but, as I said, from the data available to us, the underlying structural issue is to do with probably the Perth metro housing market as a whole, and undoubtedly Fremantle has other particularly desirable parts of the metro area experience. That is exacerbated by the attractiveness of the area and prices are influenced by people's ability to buy. Certainly, in terms of supply, our information is that at the present time, there is still a plentiful supply of long-term rental accommodation. My personal view is I think we are a long way off getting to the issues that certainly some major European cities have had with massive distortions of the local housing markets.

The CHAIR: When you developed your model, how did you consult with your community about that? How did you come up with the criteria and how did you engage with the short-stay providers and the neighbours who might have concerns? What did you do to develop your framework?

Mr Garbett: There were probably two major sources of information we drew on in putting the draft of the local law together in that approach. We did some very targeted engagement, as I mentioned previously, with representatives of operators of short-stay accommodation at that time and with the Chamber of Commerce. From the point of view of trying to get community input on the issues that neighbours might experience in terms of local amenity impacts, we did not do any preliminary engagement directly with the community because I guess we felt we probably got enough evidence through information we had gathered through complaints and investigations around those sorts of complaints over time, to give us a good sense of what the issues appear to be.

When we got into the formal local law process, clearly, there is a requirement to advertise a draft local law under the LG Act process, which was widely advertised and clearly was open for submissions by anyone. I would have to take on notice if you wanted to ask what level of submissions we received. I do not have that to hand. We can certainly provide that. My recollection is we had a relatively low level of formal submissions and they were generally positive. I do not recall any strongly negative submissions around that process.

The CHAIR: I am really interested to tease this out a little because one of the things that I would observe—I mean, I do not come from a politics background and I have no background in local government. The last two years have been an incredibly steep learning curve for me in terms of learning the dark arts of local government, but one of the things I would observe is that very often local governments advertise that they are going to do something in the local paper, get very few submissions, council approves, a few of these things pop up, whatever sort of a development, and all of a sudden there is outrage in the streets and people say, "You did not consult. You haven't engaged. We did not know anything about this." Has there been any reaction and do you see any

need for any other consultation? We had such varied feedback in terms of some communities are highly sensitised to this and for others it just does not seem to be an issue all at all and I am just interested in local government's views on that.

Mr Garbett: A very fair point to make about the nature of consultation. I think since the fact of the implementation of the local law, the level of complaints has been so low and probably supports a view that we have it about right in terms of striking a proportionate balance between some level of regulation and a compliance mechanism that can be triggered if it is needed to be triggered, and in a process that is not overly burdensome on operators of accommodation, but provides reasonable safeguards to their neighbours that they have an avenue of redress if they need to follow it. So, we certainly did not have great outrage when the local law was implemented from neighbours saying, "I have only just learned about this. I have seen a sign on the property next door that says it is short-stay accommodation being managed by whoever. How has that come about? It is an outrage." It seems to have been generally well accepted.

I think, in our experience, the majority of properties operating as short-stay accommodation prior to the local law were probably known about by their neighbours. So, I do not think it was a situation where something was done by the local government with limited consultation that then sort of emerged as a surprise for people in the local community. It was dealing with an issue that was fairly well-known about. Yes, it was giving rise to some localised complaints, but it was not a huge problem across the whole local government area anyway.

As I said, we did do some very targeted engagement with industry sectors because we wanted to make sure we got the level of regulation about right in terms of not being excessive relative to the issue it was trying to manage, and my view is that has been borne out. Again, from neighbours' point of view, the low level of complaints over the years bears out that people do have an awareness of this and by and large accommodation is being managed responsibly in a way that is not causing a nuisance to neighbours. Fremantle is a fairly demanding community in terms of its levels of sensitivity to things that people do not like. So, I am fairly confident —

The CHAIR: That is such a beautiful way of putting it!

Mr Garbett: We would certainly have heard about cases if people had strongly disagreed with the approach we were operating because of the impact it was having on them as neighbours. I am pretty confident we would have heard about it well before now.

The CHAIR: Excellent. One final question and then we will close. This Committee is in a position to make a series of recommendations to the State Government about what it could and should do. It is likely a lot of it would happen to you in local government. What would you like us to be aware of as we make recommendations for what the state government should and should not do? What is going to make your job harder? What would make your job easier?

Mr Bracone: From the City's point of view, I guess we would like a simple approach, one that is across the board, across the State. Because one of the complaints I hear is they do it differently in Freo, or here or there. We need some consistency. We do not need it to be difficult or complex and I suppose from a selfish point of view we would say we do not want to have too much of a burden placed on local government to have to control and manage these sorts of things. We want it to be fairly simple and straightforward.

The registration system that Fremantle has had in place seemed to us to be quite effective and that is why we have gone down that path, although we have not finalised that approach. We have not had a lot of complaints. When we do have a complaint and we investigate, whatever the complaint might be about, whether it is this or someone operating some other illegal operation, usually when

local government gets involved, it does get resolved. But there are some people who, it does not matter what you do or say, will continue to breach or be in contravention of their approval, and that is always going to be the case.

Overall, in my experience, we did advertise our draft policy and document. We got a fairly low level of response. We did target some of the operators, but I do not think we even got 12 responses overall. From my point of view, I just think it needs to be a simple approach. It is easier to understand and from a fees point of view, residents' point of view, neighbours who might be upset about something and also from an operator's point of view, they know clearly what they need to do and if they do not do it, they know what the consequences are.

The CHAIR: Excellent. Do you have anything to add?

Mr Garbett: I would probably just echo what Pas has said. I think from a local government perspective, our major concern would be if there is a major new regulatory regime rolled out that local government is responsible for administering and enforcing, our resources are very stretched, and particularly in regulatory and compliance areas they are always under pressure. So, a new regime on top of all of the regulatory processes that already operate I think would give rise to concern because of the extra pressures it would put on limited resources. Taking an approach that avoids that to a proportionate level is what we would encourage.

In our submission, we suggested a few guiding principles and that was saying, you know, an approach that is balanced and practical, so some clear rules are needed around regulation, but at the same time, not creating an overly burdensome regulation framework that is disproportionate to the issue that is being dealt with. Keeping it simple and transparent in the interests of all participants in that process, people who clearly understand what the rules are, follow them easily, whether you are a neighbour, operator of accommodation, local government, whoever, and probably a kind of blended approach where there is a light-touch regulatory approach through government.

But at the same time, I think it is fair to say that probably the short-stay accommodation industry has a role to play itself in stepping up in the area of self-regulation and responsible codes of conduct or management approaches, however that is delivered, both through the major platforms playing their part and also the individual operators of accommodation.

The CHAIR: Excellent. Thank you. 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 for coming in today.

Hearing concluded at 11.40 am
