

ECONOMICS AND INDUSTRY STANDING COMMITTEE

INQUIRY INTO SHORT-STAY ACCOMMODATION



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

Hearing commenced at 10.43 am

Mr EACHAM CURRY

Director, Government and Corporate Affairs, Expedia Group (Stayz/HomeAway), examined:

Dr VANESSA FINDLAY

Policy and Strategy Adviser, Expedia Group, examined:

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

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

Thank you very much for your very comprehensive submission. Before we begin with our questions, do you have any questions about your attendance here today?

Mr Curry: No.

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

Mr Curry: Yes, thank you. Thank you, Madam Chairman. There are three perceived issues arising in the short-term rental sector and they are the perceived effect on housing stock affordability, the effect on housing stock availability and the impact of short-term rental on amenity for neighbours and communities, especially in built-up or high-density areas. The policy prescriptions that will address those things will work best if they are applied uniformly and if they include provisions for the collection of data for the entire sector. This includes the capture of data around hosted and un-hosted properties so that the precise size and scope of the sector is made clear.

Interestingly, the Tasmanian government has recently recognised the need for complete data and has made it a requirement for all property types to be registered to reflect that understanding. In the process of developing a code of conduct for New South Wales, there was broad agreement and acceptance of the need and value of regulation that covers the main categories of short-term rental property type, and they are—primary and hosted properties and secondary and un-hosted properties. I have got some information here, which I would be pleased to submit, which clarifies in more precise detail those different property types.

The CHAIR: Thank you.

Mr Curry: But it should be noted that primary properties can be un-hosted and that secondary properties need not be un-hosted. For the collection of meaningful data, it was also acknowledged that some form of register is necessary. To turn to Stayz particularly, in 2017-18 the global short-term rental sector added about \$412 million in Gross State Product and 2,430 direct and indirect jobs to Western Australia. Stayz and HomeAway list more than 4,000 properties across the State.

Now specifically what we propose to help try and deal with the sector and the concerns that have been expressed are a mandatory code of conduct, similarly to Airbnb, which includes a free and simple registration process for all platforms and individual letters. It is a similar model that is used extensively in Portugal—in fact, countrywide in Portugal—and in certain parts of the Netherlands and which is provided for in the enabling legislation in New South Wales but not yet in place. A register should include self-declarations on minimum standards on OHS, particularly fire regulation and insurance. It could also include declarations like those proposed by Tasmania now that you meet local by-laws or requirements for local government.

We advocate a three-strikes policy that deals with antisocial behaviour. We recognise that there is not enough information yet for governments to properly be able to determine what are the best policy responses to those three primary concerns, and that is why the register underpins the lot. Only through data-driven information can we actually work out how best to approach and deal with those problems. Thank you.

The CHAIR: Thank you, very much. I think you have given a great overview of what the core concerns are confronting this committee. I understand your business model grows very much from the genuinely sharing holiday homes or rooms hosted within existing homes. There is a category that certainly the Airbnb submission did not address and again yours does not address in any detail of property out there that is purely bought for investment purposes and short-stay accommodation. They are not homes, they are not holiday homes; they are purely investment properties that are geared for short-stay accommodation and other properties that may be used short-stay accommodation but are also used as venues and can be booked as venues and far exceed what you would ordinarily think a short-stay accommodation property would provide. Do you have any views on how this committee should view those categories and what proportion of your business do those types of properties constitute?

Mr Curry: I could not tell you the precise number but we will certainly have properties like that on our platform. It will not be many; it is not the focus of what we do. Predominantly, the properties that list on Stayz and HomeAway are whole home. We do not give the same focus and attention to part properties or individual rooms within properties—it is just not where we started. We are 27 years old and we started out not online but in a book that was available through real estate agents and people rock into town and find a property and it was a whole property.

To your particular point about the development of quasi hotels, last week I met with Bradley Woods specifically to talk about this and he mentioned to me that it is a particular concern of theirs. We have got a pretty strong view on this, and that is that this is a large sector entertaining small businesses, mum-and-dad investors, that kind of thing. The spirit of our sector does not entertain the idea that you go and buy 10 apartments in a block of 100. That is a commercial activity and it is not what we are about. We will have owners who might own two or three properties but they will be separated and will not usually be in a strata. There may be some but, again, that is not the spirit of the intention around what is a small investor opportunity through short-term rental. We do not support that.

We think that there ought to be some provision, and we understand that there are in Western Australia, particularly through strata laws, which will allow for that to be dealt with. But the point I made to Bradley is in appreciating that that is an issue that should be addressed, and it is not one that is largely reflected on the properties listed on our sites, again, it will be captured and it will help inform governments in their regulatory response through something like a register.

The CHAIR: Do you have a sense of the degree to which your custom is Western Australian families holidaying in Western Australia and a view on the affordability or their ability to do that compared to staying in traditional forms of short-stay accommodation?

Mr Curry: I think I will turn first to the question about traditional forms of B&Bs, if you like.

The CHAIR: Or even hotels and motels.

Mr Curry: Or even hotels, yes. Similarly to Airbnb, we have a very strong view that there is a perhaps a degree of overregulation that exists for the traditional accommodation sector and we are happy to work with and partner with them. I mentioned this to Bradley and I have mentioned it to his equivalent in other states to see what we can do to actually lower that rather than raising the bar and making it more difficult. But there are some unique and precise differences between the regulation that would necessarily be required for the original concept of a B&B that should not apply to this new concept of short-term rental and that is because a B&B does something a little bit different. It has the capacity to serve food, it has the capacity to be licensed. These are not things which typically—they are not at all involved as far as we are concerned—in the letting of a property. If somebody wants to bring their own wine and serve it, well that is okay, but that does not fall under the same licensing provisions nor does the provision of food. So there are necessarily different regulations which will apply to a typical B&B that should not apply to an STR [short-term rental].

Mr S.K. L'ESTRANGE: You mentioned in your submission that you have been doing this for 30 years so clearly this goes back well before online booking platforms existed. I also note in your submission that the majority of the properties that you put up are in country areas, not in the city, in Western Australia. My question is: with respect to properties that are put up for short-term rental accommodation, can you explain your role pre the online booking era—how the property was managed, how it was checked afterwards or maintained—and how your role exists today with the online system?

Mr Curry: Sure. When we did start, we produced an annual book which listed properties that people wanted to be able to let out. It was usually property managed by a local real estate agent. Somebody would arrive in town or they may have previously looked through a copy of the book that they purchased to see what properties were available. The internet, of course, changed everything. It brought it all online. One observation about that is that because we have actually been doing this for a long time, and because prior to the advent of the mass introduction of STR, which caused an attention and a focus on some of the issues around it, this was not an issue and the reason it was not an issue was because we knew how to do it well; we had been doing it a long time and we knew how to make it work.

Mr S.K. L'ESTRANGE: Did you have a physical role in doing inspections and things like that after tenants?

Mr Curry: Yes. Local representatives in each state and location and, of course, the role of what has now become known as property managers, which, again, used to be undertaken by real estate agents and in some cases still is, do go and look at properties. They do it to actually help the owner to market the thing, take photos that are not of a dingy laundry but of an attractive view out the back or whatever it might be. So, yes, there is not only a declaration on the part of the owner to say, "Well, yes, we've these facilities", we want to check that. It is not in our interests to list a property which does not come up to scratch. So, yes, we go and have a look.

Mr S.K. L'ESTRANGE: But it was still down to the owner to go through after somebody had rented it to make the beds, do the laundry —

Mr Curry: That is right.

Mr S.K. L'ESTRANGE: You had no role to play in that.

Mr Curry: Whatever the arrangement might be. So if we had a local representative, they may have taken on the role of property manager. They may have outsourced on this. The data which I was mentioning about the number of jobs that we generate actually includes the non-direct jobs and they are jobs created by the purchases made by people who have come and let at local restaurants or supermarkets, but includes also those who come and do the service roles and the cleaning up afterwards or being on ground to make sure that everything is all right when somebody arrives and showing people how things operate et cetera.

Mr S.K. L'ESTRANGE: Today you use an online booking system which kind of removes the need for the agent in the local town to do the job for you. How do you monitor or maintain the house being put up for rent on your online system?

Mr Curry: We still do have local representatives. I mean, more and more it is being outsourced to the local property managers who might own one themselves and then manage it for a range of other people who perhaps do not live locally. That would be a typical example of a secondary property, which may be a holiday house that somebody wants to let but they are living in Perth and this is down in Margaret River and they go there once a month but they need somebody to look it after in the periods when they are not there. That is how we do it now.

Mr D.T. REDMAN: You talked earlier on, Mr Curry, about having a light-touch registration with some thresholds of what that might include and you used some examples in other states and countries about what we might have a look at in order to make a recommendation. Having a registry process is one thing; getting compliance to that is another. A strong level of representation to me is that there are local government rules pretty much in every jurisdiction that says, "If you're going to do this, you need to have some sort of registration or licence" but the issue is they do not know who the hell they are and they are not doing it. Do you have any comment about that and do you have any comment about recommendations from our committee that might enhance the capacity, whether it be local government or another level, to get compliance to what everyone agrees to be a reasonable set of standards?

Mr Curry: The best register in the world will always be gamed by somebody who wants to be able to game it, until they are caught. For my various sins, I am responsible also for New Zealand and Japan. In the middle of last year, Japan actually introduced a nationwide new process which included a very detailed register and that has, of course, led to a further compliance element that is required of local and national governments to make sure people are stumping up to it. They are pretty fierce about it. There is no reason why the same sort of thing cannot work here. There is a cost implication in those things, which is why we advocate for the development of not only the code, but the process to deal with complaints or issues around amenity and construction of the register itself ought to be industry funded.

Mr D.T. REDMAN: The principle of having a legislative framework for insisting on registration, I have heard the Japanese example used before and they do not put anything up on an online platform without having a little name and number attached to it.

Mr Curry: Correct.

Mr D.T. REDMAN: That is a nice up-front process from where I sit.

Mr Curry: Exactly. Similarly to the registration process which I mentioned for Portugal, it does the following things: it captures obviously name of the owner, address of the property, whether or not there is a property manager or point of contact other than the owner, how many rooms it has got, whether it has got parking, a pool, various facilities. It generates an automatic and real time

registration number and all platforms have the capacity to do this now. We can do it and we do it, which is why we can do it here, too. It is not disallowable so it is not something by which you are applying to be allowed to do it, you are just allowed to do it. But then, by registering you are saying that you are signing up to the Code of Conduct. The registration number is automatically generated and it has to be demonstrated across every property and every platform.

Mr Y. MUBARAKAI: Mr Curry, you talk about compliance and we quite understand that. But on page 14 of your submission you talk about the most effective way to ensure the compliance side and concerns to be addressed is a Code of Conduct. Could you give this committee an opportunity to really understand what is it that you envision as a Code of Conduct to be used as a tool of compliance from a local perspective, from a state perspective, from the host's perspective and then from the consumer's perspective to know fully well that there is a Code of Conduct that applies to all parties involved? Could you please elaborate on that?

Mr Curry: Yes, to the extent that I can. Codes of Conduct are necessarily detailed. We have been a key player in the development of the New South Wales's Code, having been a member of the advisory committee that was formed by the New South Wales' Government to develop one. In fact, the Code which was used as the model was one which we were a key in drafting through a representative body in New South Wales called the HRIA, the Holiday Rental Industry Association. Jointly, we and some other industry players in New South Wales, developed a model code.

As I say, that was the one that was used by the New South Wales' Government to develop a new code, which runs to 30-odd pages. It does do specific and detailed analysis around what is required to ensure reasonable compliance by property letters, by platforms themselves and by people who are visiting properties. We could spend all day going through those things. There are plenty of examples of codes. I am sure there are some in Western Australia that exist already of which you are familiar. It would not be very dissimilar.

The CHAIR: You mentioned New South Wales and that you participated in the development of that framework and that there are other frameworks in other states. Have you participated in the development of the frameworks in all those states? What do you think we could usefully learn from the experiences that you have had given that it is all fairly new? What did you observe that seems to be working well in terms of a consultation process or what seems to be the best practice that we could usefully learn?

Mr Curry: Sure. The first thing to note is that while there has been a lot of development around proposed regulation, none of it actually is in effect yet, not even in New South Wales. Just as recently as last week, there were new proposed regulations which some might argue were dealt with in the context of an election campaign to try to deal issues there. A consultation process which was developed by the Queensland government struck me as a particularly good one. They sat down with a clean slate, drew in 20 or 25 various parties from right across the spectrum and said, "What do we do? How do we deal with this? What is the starting point?" Over the course of about eight months last year, we crafted together some key principles which they announced back in September last year, I think it was.

They have not yet further announced what they are prepared to do but they have announced those key things and they have concluded that there was a need for a code, probably some form of register, certainly a strikes process to deal with antisocial or problematic behaviour. They were not going to countenance something like a bed tax, but that is a question for another day. We actually do think there is a conversation that needs to be had around the monetisation of things and to recognise that we are actually the beneficiaries of our own conduct and there is perhaps a contribution that we should be making in kind. It is also why we advocate for the industry to be the

ones funding the development of the code and the other necessary tools. Queensland was a good example of a collaborative process.

Other states have gone about it in different ways. Airbnb mentioned a four-year process undergone in New South Wales. Yes, long and laborious, but not a bad thing because it actually ended up with a better set of proposed policies generally—not everything we agree with—than there was otherwise going to be. Tasmania is still working its way through some of these sorts of things with a register and others. Other states and territories have not yet moved, with the exception of New Zealand, which has gone a long way down the path.

New Zealand is a bit different and, of course, you know it does not have states. It has 79 different councils with considerably greater powers than Australian councils do—they are close to the equivalent of states—and they are the ones having to do this. That is not ideal either in the same way that we advocate here a state having that control because it is easier then to have an underpinning principle. We advocate a national approach there. But some of those councils—Auckland, Queenstown and to an extent Christchurch, in particular—are already dealing with these issues developing the same sorts of tools that we think are useful to actually make sure there is a baseline.

Mr S.J. PRICE: Mr Curry, if I wanted to put my property on your platform, what do I actually have to do?

Mr Curry: Well, you would call us, first. There are a couple of things that happen. You suddenly want to list a property because you want to earn a couple of quid? You call us and we go through a basic questionnaire about what is the type of property you have got, where is it, what facilities does it have.

Mr S.J. PRICE: Is that an online process or a direct conversation?

Mr Curry: It can be, but usually it involves going, “We want to talk to the people who are letting with us; we want there to be a good relationship.” You can do it online, and that in itself will generate a phone call. We will have people come and look at the property. We do need you to actually do a couple of things to declare that you meet those minimum standards. So, we all apply all the things that we advocate at the national or in a state level already within our own platform. It is in no way in our business interests to do something which is actually going to jeopardise it by false advertising or incorrect information. That process of making sure we have got positive interaction with our people is key.

Mr S.J. PRICE: You do that with all listings?

Mr Curry: Yes.

Mr S.J. PRICE: Do you have your own code of conduct that people sign up to?

Mr Curry: Yes, yes.

Mr S.J. PRICE: Then in return what do you give back to that person? Just the authority or the ability to list on your platform or —

Mr Curry: That is right.

Mr S.J. PRICE: — do you give them a piece of paper that has got a tick on it and says, “You are good to go”?

Mr Curry: Yes, well, that is right. In the end it is that simple. There is an agreement between us. I am reminded of my previous life when I was doing advocacy for a group like Uber and trying to find how it was that we were going to try and measure the interaction between what was essentially an

unregistered operation that sat outside the law. What were the things that we were going to try and do to make sure that people understood that we were behaving responsibly and reasonably? The 30 years ago that we started with Stayz started with all of those things. Yes, we have got those processes; we have got it clearly codified. We actually provide considerable advice to our owners about what makes a good host, what makes their property attractive, what are the things that they can do to help inform the people who want to come and stay so that it is a pleasant experience for them—and that includes not upsetting the neighbours so that you do not have argy-bargy over a back fence or a wall or across a property. This is why Stayz is not the party that actually gets many of the complaints. There is a reason for that.

Mr S.J. PRICE: You do all that through the fees that you get off a sale, so to speak? That is something that you do yourself?

Mr Curry: Yes, yes.

Mr S.J. PRICE: So, theoretically, as part of a process going forward, your authorisation to use your platform could then also be used as, I suppose, a future requirement to give to a council or something like that as registration saying, “We have ticked all these boxes, here is the authorisation that we have got”?

Mr Curry: It could be but, again, we advocate that being done at a state level rather than a local level so that you do not have a mismatch of—New Zealand again is a case in point. There are 78 different councils and the central government has not yet acted. They are starting to consider these things but, as a result, you have got fairly nuanced approaches being taken across multiple places and it leads to confusion.

Mr S.J. PRICE: Yes. Thank you.

Mr D.T. REDMAN: Can you go through how you manage insurance—sort of host insurance—and/or what your requirements are of parties that sign up to your platform?

Mr Curry: Yes. It is a flat \$1 million liability insurance that we extend to people who let on the platform and, again, if somebody wants to up their private insurance they can do that.

Mr D.T. REDMAN: Was that in place prior to using an online platform?

Mr Curry: Yes.

Mr D.T. REDMAN: So, that has been a standard. Has that been considered to be a reasonable amount?

Mr Curry: Yes. Returning again to Uber, I remember the debate that happened with Uber around what was the level of insurance applied for them, and it was about a million dollars. I probably should not be talking about Uber. I remember other people particularly saying, “A million bucks is not enough; you can create a hell of a lot more damage than \$1 million worth in a car accident.” That is probably true but it is not necessarily true of a single individual home; \$1 million is about right.

Mr D.T. REDMAN: What about public liability?

Mr Curry: Well, that covers public liability.

Mr D.T. REDMAN: As well?

Mr Curry: Yes.

Mr D.T. REDMAN: A \$1 million payout cap on public liability?

Mr Curry: Yes.

Mr S.K. L'ESTRANGE: Just bringing it back to your primary business which evolved over 30 years, that was with holiday homes which you looked after?

Mr Curry: Yes.

Mr S.K. L'ESTRANGE: With the advent of online bookings, for the person looking for a holiday it happens automatically: they view the pictures online, they make their booking online and then they go and stay in the property?

Mr Curry: Yes.

Mr S.K. L'ESTRANGE: Have you noticed any changes to how you do business when dealing with primary places of residence? Your traditional business model was around holiday homes.

Mr Curry: Yes.

Mr S.K. L'ESTRANGE: You now have primary residences being put up for short-stay accommodation while the owner/occupiers/families go away somewhere else. Has your business model had to adapt differently to that market?

Mr Curry: Not much. To your point about my earlier point: yes, we have been doing it for a long time. The dominant number of our properties listed are whole homes. Roughly 80 to 85%, depending on the state, are not in metropolitan areas. There is a fit type that we have. This will be no surprise to you: we see Airbnb seeking to try and move in to territory that we have traditionally operated in and, likewise, we are trying to move in to theirs as well. So, yes, there are necessary changes that we are doing to try and deal with recognition about those amenity issues, particularly being built up in metropolitan areas.

That is why we have got a view about things like the quasi-hotels; we do not support that. That is why we say that there ought to be sufficient flexibility to not only allow local governments to make by-laws necessary to make sure that it fits within the community in which it is operating, but for strata bodies themselves to actually be able to make decisions around what works for them. New South Wales created a provision within their current regulation that says that strata companies by a 75% vote can ban short-term rental altogether. That is not unreasonable. Local community says, "We don't want this". All right. So, yes, there have been changes in not only where we operate, but the way in which we operate reflective of different kinds of environments.

Mr Y. MUBARAKAI: Mr Curry, I have a question around data sharing. From your platform, if the ATO, for security purposes, needed to acquire information regarding an individual, do your policies support such investigations, and do you currently share any information? For example, what I am trying to relate to is if you go to a hotel, they ask you for your details, they photocopy it and it is on record.

Mr Curry: Yes.

Mr Y. MUBARAKAI: So, if there are any questions to be asked about maybe liability or for any other purposes, there is a clear transaction on whether data is available.

Mr Curry: Yes.

Mr Y. MUBARAKAI: With this online platform, I just want to understand from your perspective, Mr Curry, whether it is the ATO or for security purposes, how accessible and supportive is your platform to data information being given out?

Mr Curry: The start and end point for all of this is to comply with the law. If something has happened which is illegal and we get a call from the police, then we give them the data that they need. You have got to allow them to do it in real time. One of the troubles that exists at the moment—I had a

lengthy conversation with the Victorian Police in the shadow of those events that occurred largely in the Docklands last year where there were two unfortunate deaths, and they both occurred in properties that were being short-term let. They were not ours, they were not listed on ours, and they were not listed or rented through ours at the time of those events.

I have got to say, I have got every sympathy for the police who need to be able to deal with these things in real time. One thing they do not need to be doing is calling us and then calling Airbnb and calling others to try and find out who the hell has got the information that they need. A register, tightly held, which provides the opportunity for an authority like the police—or whatever body is necessary—to be able to call and say, “This is the detail that we need, and we need it right now.”

Mr Y. MUBARAKAI: Are you talking about more of a centralised database —

Mr Curry: Yes.

Mr Y. MUBARAKAI: — that basically should be regulated in a way?

Mr Curry: Yes.

Mr Y. MUBARAKAI: That all online platforms have to provide regular updates, monthly, weekly, with regards to the transactions that have taken place nationally? Is that what you are saying?

Mr Curry: The frequency with which data is collected is entirely a matter for bodies like the Western Australian Parliament. Should it be updated? Yes, that makes sense. How often is a question for you but, yes, that is exactly what we advocate. It is only through the collection and the holding of that data and knowing that it is current and relevant that you will be able to start to make decisions about what is going to work to actually regulate us so that everybody has got confidence that we are doing the right thing. You, us, the people that are renting our properties and, perhaps most importantly—the place where most of the criticisms arise from—the communities and their neighbours want to know that we are doing it the right way.

Mr Y. MUBARAKAI: Thank you for that.

Mr D.T. REDMAN: Just an extension of the data question: do you have data that you collect where you know which of the homes used for accommodation are registered or unregistered?

Mr Curry: Yes. For ourselves, we do.

Mr D.T. REDMAN: Yes.

Mr Curry: And this is precisely what would be captured under a state register, so the benefit of this data is—I talked about the things that it might include and that is the number of rooms, parking et cetera. We have entertained conversations at the state level around the other kinds of things that we could share and if we have got some reticence, it is only because we stand ready to do that. We just want to know that it is going to happen universally. There is some commercially sensitive information in there, which we would not be prepared to share unless it was covered under the auspices of a non-disclosure agreement and unless it was applied equally across the entire sector.

But with those two provisions accounted for, then, yes, we would be happy to share it, and that can then show things like: Where are the properties? How often are they let? Is there an aggregated sense of the value of those? Is it seasonal? So, all the kinds of stuff that would actually help drive sensible local government planning around what they need to do to provide for other amenity or deal with other issues.

Mr D.T. REDMAN: What proportion of holiday homes or unhosted homes on your platform are unregistered with local government?

Mr Curry: I could not tell you off the top of my head, but —

Mr D.T. REDMAN: Is that information that you could provide to us?

Mr Curry: I would need to check. It would probably vary depending on which local government it applied to. We make clear—one of the things we do for new people who list their properties with us is that, through the education process about what makes a good host, we also say you need to be familiar with what the local by-laws are applicable to the area where you have your property.

Mr D.T. REDMAN: You can appreciate why the committee would have some interest in that because registration is one issue but compliance is another. Understanding how much noncompliance sits out there—in a formal sense from the likes of yourself—is a really important bit of information.

Mr Curry: Absolutely, and that is why we have been supportive of the new moves by the Tasmanian government to include in what might be a registration process a self-declaration that you actually comply with local and relevant by-laws.

The CHAIR: Can I ask a question about local amenity and housing affordability? One of the things that has been put to this committee is that increasingly in some jurisdictions—to a certain degree, some have mentioned the east coast, but particularly internationally—in local communities where short-stay accommodation on these sorts of platforms has been facilitated, locals have been crowded out, and the vibe and character of a township have been lost because locals are not living there. Have you experienced that? Also, would you have any views on that comment, and what are your views on the ability to which locals can access affordable housing in their hometowns or are being crowded out by short-stay accommodation?

Mr Curry: Yes, absolutely. We identified that right at the start as one of the three key issues that are driving governments' need to actually look to what to do. We do not believe that there is a significant impact by the short-term rental sector on what it is doing to housing affordability or availability.

We know from our own data that if you wanted to make a properly commercial decision around how to let a property to make money on it, you would not be doing short-term rental. You cannot live hand-to-mouth never knowing when your next booking is; you would go for a long-term, genuine, traditional-style rental arrangement. We believe, and we have evidence to show, that it is not having an impact on affordability or availability in just about any community, but there are genuine concerns around those things and there are genuine problems. Hobart is a particular example that has had some attention recently, and Byron Bay in New South Wales is another, and I am sure there are parts of Western Australia also.

I could share that with you, and I am not suggesting that we would because I would be cognisant again of the things that we would want to have assurances around, but a register of the kind that I have suggested will actually start to feedback information, and you will be able to tell what the impact is because you will see how many nights it has been booked. What is the aggregated data around the income that is generated? Does that work compared with the idea of what might be earned through a long-term rental? Then you can start to make plans around zoning, some of the things which are being done particularly in Queenstown, which has a regular population of around 35,000 people but an annual intake of visitors close to four million. What a nightmare! Only the data will be able to do it. We know it, but you do not know it based on us telling you that we know it. You need that data, and we are advocating for it.

Dr Findlay: Since 2011, when the uptick in short-term rentals started, there has been a live experiment going on because during that time on the east coast in major cities we have seen housing prices go up and we have seen housing prices go down, and the trend of short-term rentals has continued to go up. So, quite clearly, you have a really good example of data showing causational

correlation and being able to demonstrate the impact or drivers of what is causing that. So, we have a very good evidence base from which to help design policy and regulation to address affordability and accessibility.

Mr Y. MUBARAKAI: Mr Curry, would you be able to give us a broader understanding of your corporate structure, here in Australia and internationally?

Mr Curry: Sure.

Mr Y. MUBARAKAI: And with regards to the workforce in Australia, could you also then touch a bit upon the fees and charges you charge, your platform host and, basically, whether Stayz pays tax in Australia?

Mr Curry: Stayz is an Australian company. It is Australian domiciled; it always has been, before it was owned by anything else. It does not have a parent in Expedia. As a result, it pays every tax that an Australian company is required to pay. We are registered here for GST and for corporate taxes. We pay the lot. There is no secret in that. Stayz is owned by HomeAway, which is an equivalent American company, and HomeAway in turn is owned by Expedia.

Mr Y. MUBARAKAI: And the workforce, currently, in Australia?

Mr Curry: The Australian workforce is a couple of hundred people based out of headquarters in Sydney and then with some representatives, local representatives, of various kinds, like the property managers I mentioned who work in various states and locations.

Mr Y. MUBARAKAI: In Western Australia, would you be able to give us the numbers for —

Mr Curry: Not off the top of my head, but I am happy to take it on notice.

The CHAIR: I have a somewhat tangential question. Think about telephones. Over time, remote communities might not have had access to telephones—landlines and now mobiles. In regional communities in particular, I am interested to explore the critical mass that triggers investment in traditional forms of short-stay accommodation and these sorts of short-stay accommodation—these newer short-stay accommodation models—as being either a bridge or leap-frogging. Because it seems that—even in a town like Albany—it is very difficult to attract the sort of big investment to develop a big, traditional hotel. But in the meantime, there is an incredible amount of demand and very limited accommodation options. I would be really interested in your views about this form of accommodation as either being a cause of leap-frogging traditional accommodation or as a mechanism for building the critical mass to underwrite the business case for a more traditional form of short-stay accommodation.

Mr Curry: I am loath to put my Expedia hat on, but I will for the purposes of this question. I know that there are parts of the traditional accommodation sector, particularly the hotels industry, that argue that short-term rental is actually undercutting their capacity or their ability to make investment decisions around hotels. I am sorry; it is just not true. How can a sector that represents such a small proportion of the overall, and does not have a guaranteed regular income stream, be one that would so severely affect a hotel's decision or a hotel group's decision to make an investment about whether or not to go and put a further hotel in Albany or Augusta or Busselton or wherever it might be? It just does not stack up.

The CHAIR: Do you think that is the case in the metropolitan area and the regional area or do you think there are differences between the basis for decision-making here in the CDB versus in Albany or Busselton?

Mr Curry: Well, no, I equally do not accept that the size of the short-term rental market within the metropolitan area has made an impact on investment decisions. For the nine years that I lived here,

prior to the last year, we saw the number of hotels and the number of new hotel rooms that were coming online because investment decisions were made that that was actually a good thing to do. Yes, the market fell away, and that placed pressure on hotels, but it does not then follow that the reason for that was because of the rise of short-term rentals. It just does not work. It does not fit.

The CHAIR: Is that because of the nature of the custom? One of the reasons, I understand, for the change in the demand for the traditional hotel industry is primarily related to corporate travel. Is it because these new forms of short-stay accommodation are not catering to that corporate market and the traditional market just fell in a hole anyway because of corporate travel dropping off associated with the turndown in mining sector activity?

Mr Curry: I cannot speak to what happened on the corporate side of things, but what I can talk about is the sense of cliental that Stayz attracts. Because the majority of our properties are whole home, we are sought out by family groups—traditionally mum and dad and a couple of kids, maybe some grandparents—who are looking for specific things. They do not want the expense of one or more—or two or more, even—hotel rooms and the things that go with that; that generally means that you cannot have a family meal around a table. It means expensive restaurants, the kinds of things which you cannot do in a whole home. It makes it a more expensive family holiday.

We are deliberately targeting that sector because we know that that is what they are looking for. They want that time around the table which is unhindered by work and the rest of it. The whole family is there. You can cook the meal or even go out to the restaurant and it also then has the flow-on impact to communities when you go and do your local shopping. You can run around in the backyard, you do not have to have separate rooms outside of the whole home. That is our model. Whether or not there is some further impact that has been had on the traditional accommodation sector because of drying up of corporate travel, I could not speak to. It makes sense that that might be the case, but I do not know.

The CHAIR: That is a really interesting point that you raised because one of the things that was put to us last week was about the fact that traditional tourists staying in traditional forms of accommodation spend more than tourists accessing your type of accommodation. But they are almost forced to because the sorts of facilities, the home-base facilities that your form of accommodation provides simply are not available to people staying in traditional forms of hotels. You are almost forced to spend more as opposed to electing to spend more.

Mr Curry: As a total spend per head of visitor, we know that people who are visiting short-term rental actually spend more. It is just they are not spending more on the accommodation. We have recently commissioned some work which actually highlights those things because we know that there is a more complete picture that needs to be painted around the economic size, which you do not have and which no state has and which we are encouraging people to accept at the federal level as well. There is a really incomplete picture about the entire scope of not just the short-term rental sector but the entire online accommodation sector. Nobody has got it. We think there should be.

The CHAIR: So the piece of work that you have commissioned, it is underway at the moment?

Mr Curry: We have got the first findings back now. Do you want to speak to it?

Dr Findlay: We have actually got a second data point now. We have done two reports—one in 2016 and we have just completed the second one—so we are starting to create a time series around STR and what that looks like —

The CHAIR: STR—sorry?

Dr Findlay: Short-term rental. And what that looks like in comparison to the traditional accommodation offering. We are thoroughly convinced that this is not about a competition; this is

complementary and growing the tourism pie. We are not competing for most of the visitors that would stay in a traditional accommodation setting. There are a number of really good examples, probably the best one is in Tasmania, Blue Derby. It never would have happened without short-term rental. There is no traditional accommodation there. That town is now prospering so as a case study it is excellent.

We thoroughly agree with your observation around short-term rentals being the transitional bridge to being able to develop a tourism industry which then creates further investment or traditional investment with a traditional accommodation sector and traditional tourism offerings. Quite clearly, Western Australia has so much to offer in the regional space that is not being realised at the moment.

The CHAIR: And access as well to holidays for people that otherwise would not be able —

Dr Findlay: Would not come—absolutely! This is about growing the pie because we are attracting a different type of person and more people. We are not competing for the same group of people.

Mr Curry: And offering a quite different experience.

Mr Y. MUBARAKAI: Ms Findlay, would you be able to give us a copy of the report?

Dr Findlay: Once it is completed, yes. We have got the first draft now and we have included as much as we could in our original submission, but we have every intention to do a supplementary submission as soon as it is completed.

The CHAIR: Fantastic. Thank you, that is very interesting. 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. Thanks for coming in.

Hearing concluded at 11.30 am
