

# **ECONOMICS AND INDUSTRY STANDING COMMITTEE**

## **INQUIRY INTO SHORT-STAY ACCOMMODATION**



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

### **SESSION ONE**

#### **Members**

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

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**Hearing commenced at 9.58 am****Mr BRADLEY WOODS****Chief Executive Officer, Australian Hotels Association WA, 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.

Could you please introduce yourself for the record?

**Mr Woods:** Bradley Woods is my name. I am the CEO of the Australian Hotels Association Western Australia. I am also the national Executive Director of Tourism Accommodation Australia, which is Australia's peak industry body representing the accommodation and hotel sector. In terms of other qualifications, I hold board positions on a number of other organisations, within both the tourism and accommodation sectors.

**The CHAIR:** Before we begin with our questions, do you have any questions about your attendance here today?

**Mr Woods:** No, all good.

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

**Mr Woods:** Thank you, Chair.

Good morning ladies and gentlemen. It is a privilege to present to you this morning and I appreciate the opportunity. This is an issue that is of critical importance to Western Australia's accommodation industry. Over the past decade there has been no greater threat to the viability of the state's accommodation sector than the legitimisation and proliferation of unregulated and illegal short-stay properties. The work being undertaken by this committee is obviously extremely important because it draws a line in the sand, not only for the accommodation industry but for all legitimate law-abiding registered businesses throughout the state of Western Australia that are registered in their relevant industries and sectors.

As policymakers, Parliament has an important responsibility to put in place legal and regulatory frameworks for business and for consumer protection. Businesses have the obvious responsibility of adhering to those frameworks as the minimum standard expected. This inquiry has been provided with overwhelming evidence from the industry, accommodation providers and individuals across Australia that law-abiding businesses are being significantly disadvantaged because of online facilitators who have established platforms that are designed and intended to support and encourage noncompliant market participants who refuse to play by the rules.

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The outcome of this inquiry will send a very clear signal to all of WA's businesses, large, small and micro, that are regulated and licensed that we have not reached a position of discrimination against law-abiding businesses in favour of those who operate under the cloak of protection of online platforms and who use misdirection and non-transparent tactics in order to gain the system.

There is a wide range of regulated professions and industries that will be watching these proceedings and the outcome of this inquiry to determine whether licensing still has any meaning or whether we have truly entered an era of noncompliance being normalised and government being rendered redundant. Failure to ensure everyone in a particular industry plays by the same rules will ensure that we do not undermine the proper development of WA's tourism industry; that there is no threat to jobs; that we do not see future, past and present investment decisions undermined; that we do not see an undermining of confidence in the state; that the authority of rules and laws of decision-makers and regulators is not undermined; that we create a two-tiered health and safety system and send a clear signal that if you are big enough and utilise the right technology, then the rules, regulations and laws of a state jurisdiction can be simply ignored.

As background, I will give some information about the AHA. We are the peak industry body representing the hotel and accommodation industry, the hospitality and tourism industry in Western Australia, and have been doing so for over 125 years. Our membership is diverse. We have seen representations made to this committee and in the public that have tried to suggest that the AHA is only representing the big end of town. Nothing could be further from the truth. The WA accommodation industry is a diverse market that ranges from small family-run hotels to large corporate chains. As anyone who lives in WA will know, there are hundreds upon hundreds of people who run small to medium-sized accommodation properties throughout our state. It is the small country pubs and motels that offer accommodation, the bed and breakfasts, the serviced apartments, the motels, the boarding houses, the serviced caravans, the licensed holiday homes, the backpacker hostels and the myriad registered legal, legitimate, law-abiding business owners who are being affected and undermined because of one or two multinational global giants who wish to destabilise the short-stay accommodation industry in our state.

The regulated accommodation sector plays a vital role in WA's economy. It supports tens of thousands of jobs directly and many tens of thousands more indirectly. The industry plays a pivotal role in delivering a variety of training and apprenticeship opportunities for Western Australians. It is the accommodation hotels that support the service staff, the banquet staff, the front and back-of-house staff, the administrative staff, the management staff—all of whom represent an important career pathway and opportunities for local people.

The industry helps attract and retain investment in building and refurbishment of small, medium and large-scale properties. Importantly, WA's accommodation industry is often the first and most prominent public face of the state's tourism industry and plays a vital role in shaping visitor perceptions. Collectively, the hotel industry spends hundreds of millions of dollars each and every year on marketing the state of Western Australia collectively and encouraging tourists to visit the state. Unregistered accommodation platforms do none of the above. For example, I challenge Airbnb or Stayz to show us how many apprentices or trainee positions they have created in Western Australia. There are a multitude of benefits that the state derives from the registered accommodation industry. The same cannot be said for Airbnb or other similar platforms, which is what makes this inquiry so important.

The sharing accommodation economy is not new, but in recent years it has grown exponentially around the world. Here are some of the facts that we believe the committee might find of particular interest and focus. Airbnb may be a slick PR machine when it comes to their efforts, but the facts do

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not lie. In May 2016 there were 5,425 Airbnb listings in WA; there are now over 12,500 listings. The original intent of platforms like Airbnb was to facilitate genuine hosted homesharing, such as the letting out of a spare room or a granny flat. I want to make it clear that genuine room sharing—the listing of a spare room or a granny flat to provide short-stay accommodation where the host lives in the house and shares the experience—is something that the AHA strongly supports. We believe it adds value to the tourism economy. The shared experience, like a bed and breakfast, is something that you cannot get in your single occupancy stay. Genuine hosted accommodation offers a diverse and different accommodation product where guests have the benefit of a local home host showing them the Australian way of life. This is similar to someone who stays in a hotel and meets the locals, gets to see them at work and observe the property, compared to the unhosted accommodation, unregulated short-stay properties, where guests obtain keys from a locked box with no day-to-day supervision, monitoring or support or engagement.

As per the evidence provided to the committee by Inside Airbnb in its submission, entire home listings dominate in WA, making up 70% of all Airbnb listings and 92% of their revenue. The data clearly shows that investors are increasingly using the platform to rent out more than just their primary residence. Over the past two years there has been a 40% rise in the number of hosts with six to 10 Airbnb listings on their own. I will say that again: over the past two years there has been a 40% increase in the number of hosts who themselves are hosting six to 10 Airbnb listings. That cannot be their home. It is worth pointing out that from May 2016 to now, the percentage of listings with a private room within a house, which is the definition of homesharing, has dropped by over 30%. The data clearly shows a massive growth in unregulated short-stay accommodation, the commercialisation of unregulated short-stay accommodation and a move away from hosted sharing—the original intent of such platforms.

It is important to point out that that original intent of homesharing could easily be licensed and accommodated through bed and breakfast licences. There are many, many bed and breakfast operators throughout Western Australia who have legitimately performed and delivered licensed accommodation through shared room experiences and have complied with the laws. There needs to be a redress here for those particular people who are working in the industry who are now facing competition from those who choose not to register.

Hotels, motels, bed and breakfasts, serviced apartments and hostels must all comply with a wide range of regulations—health and safety provisions, taxation requirements and red tape—and many properties that are listed on platforms such as Airbnb do not. It is very difficult to know which properties these are when there is no address shown, no corporate ownership provided and no full name of the proprietor provided. It is all performed in a manner that is designed to misdirect and to provide very little information for regulators or potentially prosecutors. Unregulated short-stay accommodation is not only undermining jobs and investment and training opportunities, but also contributes to housing affordability problems.

Anglicare recently provided just one of the many reports that has demonstrated the link between short-stay accommodation and rental affordability. This morning I would like to table their report for the committee's consideration. The USA's Economic Policy Institute reported into the impact of Airbnb and it concluded that Airbnb was raising housing costs. This report clearly found that the benefits of Airbnb were far outweighed by its cost to the economy and local communities. To ensure that there is an even playing field in the accommodation industry and a safeguard for local jobs, community, amenity and guest safety, it is critical that short-stay properties are all subject to appropriate regulation.

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What is the solution? Western Australia has a unique advantage in how we approach this issue. We can see what is working and is not working around the world. We have the benefit of seeing the platforms that have been tested. It is with this knowledge that we formulated an effective, fair and efficient preferred approach to recommend to this committee to consider regulating short-stay accommodation. Platforms like Airbnb have grown exponentially as a result of utilising technology. It makes sense that the best way to regulate platforms is also through employing the same technology.

The AHA strongly supports the introduction of a regulatory framework to capture all providers of short-stay accommodation and our submission includes recommendations for a regulatory solution that outlines five key aspects for the committee's consideration. They are: a mandatory registration system, which would be a requirement to ensure that transparency, accountability and enforcement of all short-stay accommodation properties can occur across the state. It is a critical regulatory measure that has been agreed to by Airbnb in other jurisdictions, including the birthplace of Airbnb itself, San Francisco.

We also recommend a one host—one home policy, which limits hosts to sharing only their primary residence and facilitating genuine sharing while ensuring that multiple properties on a commercial basis are not purchased as investments with the explicit purpose of competing directly with regulated legitimate accommodation while avoiding regulatory compliance and licensing requirements.

We have also recommended that appropriate fire and safety standards be adopted to ensure that guests are afforded adequate protections to ensure that the current unregulated short-stay properties are appropriately equipped and have minimum health, fire and safety provisions. The current gap in such provisions between regulated and unregulated properties presents an unacceptable risk to guests and hosts alike. Let us remember that the origin of those regulations, the Building Code of Australia, emanated from many decisions over the years that have been made because of disasters and other problems that have occurred, whether backpacker fires, buildings that have exploded, or other problems that have occurred. The Building Code of Australia has been formed with the expert opinion of builders and architects, specialists and tradespeople who understand the industry and have decided to reform and inform the Australian building community of minimum standards. There is a definite requirement for minimum standards to exist between a residential home and apartment building versus a short-stay accommodation provider because the individuals in the short-stay building do not have any of the history or knowledge of that building, such as where the fire escapes and emergency exits are and how to get in and out—all of the factors that can impact. The requirements around smoke detection, sprinkler systems, emergency exit signage are very different. For us, the build cost of a properly registered regulated building is approximately 40% more than a full permanent residential apartment building. There is clearly a cost difference that is built in.

We are also recommending data-sharing requirements, and a requirement that short-stay accommodation platforms like Airbnb be required to share their data with government to underpin the success of any attempts to regulate the platforms and their listings. Presently, regulators, policymakers and agencies have no exact data on where short-stay accommodation properties are located, unlike registered accommodation providers such as hotels. Jurisdictions around the world are increasingly insisting on short-stay accommodation platforms to share their data in order to enforce regulation and policies relating to their activity.

Finally, protecting community amenity must be considered. It is an obvious issue of concern regarding the current status of short-stay accommodation in WA and the impact these properties

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are having on affected neighbourhood and community amenity. In many cases, neighbouring residents of short-stay properties have no say on whether these properties open and commence activity, whether they take place, whether they have access to timely and effective resources in the event of a problem, such as noise, breaches of the peace, breaches of law or anti-social behaviour. Requiring potential short-stay hosts to stay with neighbours and consult when seeking planning approval from local government empowers communities and empowers residents.

Finally, in terms of my formal presentation, we heard a lot from organisations like the CCI and Airbnb providing ill-informed advice to this committee about the impact on tourism if the industry was to be properly enforced or regulated. They have not provided evidence, and they have not tendered to this committee yet, any evidence to demonstrate that their claims are in fact factually based. There are plenty of jurisdictions around the world that have introduced proper regulation on short-stay accommodation and have continued to see growth after growth of their tourism sector. Barcelona stands out as a perfect example of where that tourism industry has gone from strength to strength, even though they require the registration of the short-stay home-based accommodation.

Thank you for the opportunity to present today. I am happy to answer any questions.

**The CHAIR:** Thank you very much for a very comprehensive opening statement, which contains quite a lot. I will ask you a very quick question first. About midway through your presentation you quoted a number of statistics around percentages of different property types. Would you take it on notice for us where you sourced those statistics from, because there are lies, lies and statistics and we will need to be able to verify that.

**Mr Woods:** I am more than happy to do that.

**The CHAIR:** That would be greatly appreciated.

**Mr Woods:** Absolutely. And if we give that undertaking, we will definitely supply it to you; we will not avoid providing that material like some others who are difficult to follow up.

**The CHAIR:** That would be wonderful. One of the statements you made in your opening address related to the property owners refusing to play by the rules, but the rules vary, and there are rules in place in some jurisdictions and others in place in others. Has the AHA participated in the consultation processes undertaken in other Australian jurisdictions around the establishment of new rules? How have you found those processes and what is your view on the subsequent regimes that have been introduced?

**Mr Woods:** Chair, what was the first part of your question?

**The CHAIR:** Around the fact that different rules are in place in different jurisdictions. Have you participated in the development of those rules and what has your experience of them been?

**Mr Woods:** In particular, can I highlight the states that have proactively regulated or put in place some of the provisions around this in Tasmania and New South Wales. My counterparts from those states have found that the regulations and rules that have been put in place, while some are not fully enacted or enforced yet, have been substantially inadequate and have not addressed the problems that the licensed regulated industry faces.

We believe that there are already existing pathways for anyone who wants to provide short-stay accommodation to take up that option through a licensing regime. There exists the opportunity for someone who wants to home share to use a bed and breakfast licence. In light of the committee's considerations it may choose to have a bed and breakfast licence version 2 if someone is not doing

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the full catered breakfast experience. But if someone is homesharing, there may be need for another type of recommendation.

I think the key point I was thinking of—it has come to me just then—is that we do have different regulatory regimes in local government across the state and we see the importance of this committee, the Parliament and the Western Australian government taking an interest in this to try to achieve some universal requirements across all local government jurisdictions about some basic elements like registration or there being a central registry. I appreciate that in different local government areas there will be different requirements; that is, holiday home registration or regulation as it exists must be done based on town planning schemes and on physical geographic locations—street to street, town to town, area to area—such as Margaret River, where there are much higher fire danger-prone activities in certain areas versus others. We have got to give power to local government to make those micro decisions, but in the broader sense there needs to be statewide planning and statewide regulation around this.

The problem we found in some of the jurisdictions has been that some of that legislation was formed in Australia at a point in time where there had not been the same level of consideration or the same level of progress that there had been in other international jurisdictions to learn from what was not working and what was working. For instance, in Tasmania the Tasmanian State Government is now undertaking an entire 360 degree review of their legislation because they have found that the first legislative package has not delivered the outcomes and it has not resolved the problems that have occurred.

**The CHAIR:** What deflections did it identify and where do you think they need to change?

**Mr Woods:** Look, I am not an expert on the Tasmanian legislative model. I think in the broad sense what has happened as a result of the model in Tasmania is that there has been almost a legitimisation or an expansion of the unhosted accommodation and more pressure on the rental community and housing affordability. That has been clearly enunciated by many social welfare groups, by a whole range of parties in the Tasmanian jurisdiction. I understand you have had representations here from the Tasmanian Tourism Council, and Luke Martin who appeared provided some evidence around the tourism experience in Tasmania, but I do not want to hold myself out to be an expert on the Tasmanian model when I am not, so I would be jumping to conclusions there.

**The CHAIR:** Sure. One of the key things, though, is that the justification that has been put to us for variation is that markets vary, and things that are going on in Broome might be quite different from Port Hedland, would be different from Perth.

**Mr Woods:** Yes.

**The CHAIR:** Would that be different from the South West?

**Mr Woods:** Yes.

**The CHAIR:** There are different markets and there are different demands within those markets?

**Mr Woods:** Yes.

**The CHAIR:** It has been put to us that the traditional accommodation sector either does not provide sufficient volume of accommodation forms, particularly in regional destinations, and secondly that if they do provide accommodation it is generally out of reach for, say, a mum and dad family of four, who cannot really afford to take out three hotel rooms to accommodate everybody. It is easier and more affordable for them to take an entire house, so it provides access to leisure for people who otherwise would not be able to holiday together. What do you say to that?

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**Mr Woods:** Sure, yes. We absolutely recognise that part of the framework of what is now commercial accommodation has expanded from what it might have been 30, 40 years ago—just single rooms in a hotel—to now being a hotel/apartment complex. Whether it is Margaret River or up north, there are plenty of examples of commercial licensed hotels that are two or three-bedroom apartment-style accommodation that provide a far more affordable choice for families. Now, if those products are somehow booked to the 100% mark, there is of course the holiday homes that also exist in those markets as well. We are not, despite the claims of Airbnb publically, in any way or form suggesting that holiday homes be struck out of the Western Australian model. They have been regulated and existed for 10 years, and it is the case that they should continue and have that ability.

**Mr D.T. REDMAN:** Just as a point of clarity, in your submission the second point was the one host, one home policy.

**Mr Woods:** Yes.

**Mr D.T. REDMAN:** Then you have got a comment on page 7 at the bottom exactly about holiday homes, saying, “Holiday homes that are registered, we do not want to delist them, we are supportive of that.” Can you just give me clarity between what seems to be conflicting points in your submission?

**Mr Woods:** Sorry, I am just confused why you —

**Mr D.T. REDMAN:** So, on the bottom of page 6 in your submission —

**Mr Woods:** Yes.

**Mr D.T. REDMAN:** The second point there is, “One host, one home policy”.

**Mr Woods:** Yes.

**Mr D.T. REDMAN:** You are, “Limiting hosts to only sharing their primary residence”?

**Mr Woods:** Yes.

**Mr D.T. REDMAN:** I am assuming some of those people have got a holiday home.

**Mr Woods:** I think this is the distinction between someone claiming that a property is a home versus a holiday home. Where we have someone who is using their primary place of residence, moving away from that residence then living somewhere else and then letting that out entirely as unhosted accommodation, that is a real concern. I think the difficulty here, Mr Redman, is that what we have seen around the world is that Airbnb are very tactical in their approach. They duck and weave very carefully and they provide guidance to their members or their industry or their businesses very well. That is, the minute that a regulator comes in and sort of shuts one area, they find another aspect to move down as well. We are not regulated, we are not legislators, and we are not in a position to think about all the scenarios. I suppose what we are saying is that someone who is living in their principal home can share their spare room or their granny flat, but where someone is owning multiple investment properties, there is an issue there.

Now, where these properties are located—the Chair mentioned this issue of regionality. If you live in Applecross, you are not likely to have a holiday home in the CBD of Perth in an apartment. You may have a holiday home in Margaret River or in Shark Bay. There is a big difference. If that is a registered holiday home then that is a legitimate recognised state guideline around that, and local government regulates for that. I think it is a question of—and the committee has had a lot of evidence and I suppose your task is probably harder than mine in putting forward recommendations—how do we capture the legitimate holiday home versus someone who has three or four investment properties and who, in the past, would have leased it out for long-term stay



accommodation for other people to reside there for 12 months or five years but have now put it into the short-stay accommodation market? I hope it is not conflicting in that information.

**Mr D.T. REDMAN:** What is the line in the sand from AHA's perspective? Presumably, if someone is living in a primary residence in Perth and they have a holiday home in Margaret River, you are accepting that they can register their holiday home in Margaret River and use it for Airbnb-style accommodation. You are accepting of that?

**Mr Woods:** Yes, as long as it is registered. Correct.

**Mr D.T. REDMAN:** Yes. Are they allowed to have two in Margaret River and be registered?

**Mr Woods:** Look, I do not think we are in a position to be able to determine the parameters of how many holiday homes people can have. We have a free market. We are capitalists, and we understand that. I think the question here is about registered versus unregistered, legal versus illegal. It is not a question of trying to stop people having investments, but it is a question of do they invest with a legitimate licence?

**Mr D.T. REDMAN:** So, to come to my next point, you have essentially got five platforms here that you presented in your presentation, and we get a lot of automated responses —

**Mr Woods:** Yes.

**Mr D.T. REDMAN:** — with the five responses that AHA have got. Your very first one talks about a mandatory registration system?

**Mr Woods:** Yes.

**Mr D.T. REDMAN:** So, because there is a registration system out there now in local government land, provided people are compliant to that, I would argue, certainly from what you have presented, that they therefore meet all the other points that you have made in your five-point plan. There would be local government rules, presumably, around what they consider to be fair in their region in terms of a one-host, one-house policy or something different to that.

**Mr Woods:** Yes.

**Mr D.T. REDMAN:** They would have appropriate fire and safety standards, because that is a part of the registration process. They would have data-sharing requirements, because the local government would then be aware of where they are. There is a certain amount of protection and community amenity because they would have their local government laws in terms of how they respond to complaints and the like. Have I got it right that if someone is registered to meet the local government requirements, as you have described in your first point, is that sufficient for AHA to say that therefore there is a level of compliance responsibility that is consistent with what you say people that invest in the accommodation space would need to adhere to? Is that sufficient?

**Mr Woods:** I think the issue is also around local government properly ensuring adherence to those licensing requirements as well. There are two aspects: one is if someone was to open up a building today in the middle of Perth and get a building permit and a licence and build it as accommodation—a residential tower or a residential apartment building—but actually operate it as a short-stay apartment hotel. The minute they put a shingle out the front that says “Bradley’s Hotel” or “Bradley’s Apartment Hotel” there will be a range of enforcement and regulatory agencies going, “Hang on, we have not registered that. We have not approved that. We have not allowed that. That is not built to the building code spec.” It becomes subject to a whole range of pressures.

Now, just because someone does not have the shingle out the front but they have the ad on an online service provider, that does not exempt them from all of the normal requirements that we believe local government should be adhering to. The City of Perth is really one of the worst examples

of where there has been a non-adherence and a non-recognition of this illegal operation. We have brought examples to their attention on many, many, many occasions, and in fact it has got to the point now where I think there should be an inquiry into the City of Perth's ignorance of this illegal operation, because they have deliberately turned a blind eye whenever we have asked them to investigate and to follow-up and we have said to them, "All you have to do is go to the website and look at these examples." What they have said to us is, "We are not going to do that; you hire the investigators and you bring us the case and the evidence and then we will consider it", and that is not our role.

**The CHAIR:** I have written to the City of Perth several times requesting a submission to this inquiry and we are yet to receive a response.

**Mr D.T. REDMAN:** Just to take that further, you are asking for—I understand why—an approach from the state government to have some sort of overriding regulatory framework. The question then becomes how much reach that has. You can set up a framework that says we are going to mandate registration and licensing arrangements. You might put it that it is illegal if you do not have it listed as some sort of number on the Airbnb platform or whatever other platform is used. That then could throw it back to local government to say, "Well, our registration requirements in Margaret River are X, Y and Z." If you are in Busselton you are D, E and F and if you are somewhere else you have a bunch of others. Are you suggesting that there should be a level of state control and throw into it what some of those rules might be?

**Mr Woods:** Yes, I think the state should have set the minimum threshold.

**The CHAIR:** Does the state do that in other jurisdictions in Australia?

**Mr Woods:** Because we are in a new space, it does in every jurisdiction except—sorry, it does it across hotels, motels, serviced apartments, bed and breakfasts —

**The CHAIR:** Granted; we understand that. But for the short-stay accommodation providers?

**Mr Woods:** In terms of short-stay accommodation providers, if we use the example of apartments in the middle of the City of Perth who choose not to register via one of those mechanisms, we are saying that it should only be a principal place of residence that is a shared room and not a commercial operation that is avoiding registration because otherwise they can register through one of those other mechanisms that exist. There is already a range and a scope of short-stay accommodation regulations. The important thing is that our point is not so much about asking for new regulations, but it is asking for existing regulations to be upheld and the laws of the state to be implemented by local government and adhered to, and where there is a gap—I think this is your point—what the standard is that should be implemented, given there is a varied range of needs across the geography of Western Australia. There needs to be flexibility for local government in their town planning schemes, but with a minimum threshold that acts as the basic protection for consumers as well.

**Mr D.T. REDMAN:** The example you have used is the City of Perth where you think there is a fairly significant breach of that.

**Mr Woods:** Yes.

**Mr D.T. REDMAN:** I would imagine that local governments, particularly regional local governments, would like to have some autonomy in terms of how they manage these issues locally. There are big differences between different jurisdictions out there as to whether this is a good thing or bad thing, or an opportunity or not. Do you think that there should be a level of uniformity imposed or simply a framework and a law that says that if you do not register then you have a problem, but leave the details to the jurisdiction? I guess my question extends to: what other jurisdictions are you aware

of, other than the City of Perth, where you think there is a significant departure from what might be the regulatory base?

**Mr Woods:** Minimum uniformity is critical. Taking that to a maximum level, you would say that in Margaret River, for instance, in a national park area or in fire-prone areas, there needs to be a higher standard to which the local government can then implement a higher range of standards. But there needs to be statewide some basic standards that are applied here. That is the answer: there cannot be the bar set so low that it effectively does nothing with those local government authorities that do not want to deal with this. I think Stirling is a perfect example of an area that has even wanted to remove the requirement to license short-stay because they do not want to deal with the problem at all.

**Mr D.T. REDMAN:** Do your five points capture what you consider to be the basic standards?

**Mr Woods:** No, we have not tried to become the Building Code of Australia. I think there is already legislation, there is already regulation, there is already building industry standards that exist within the country that are accepted by COAG, by state and territory governments, around minimum standards for built form for short-stay accommodation, and we need to be cognisant of that. That needs to form the basis of this committee's consideration and obviously the expert advice you will receive from technical experts. But we are not builders and we are not architects. We are not going to try to reinvent ourselves as the building code committee that sets these standards. That would be arrogant to do so and we are not going to do that. But we do believe that there are plenty of reference points, which you are already aware of, to provide the committee with the evidence and the basis to which to set the minimum standards.

**Mr D.T. REDMAN:** This very point I put to you is relevant to this issue, and it was a point I put to Airbnb themselves about meeting regulatory standards. They made the point that if you build a building and get a DA to have a private house, then why is that not good enough for a registered accommodation that presumably has to meet higher standards? Do you have any comments on that?

**Mr Woods:** I think it shows an absolute ignorance on Airbnb's behalf to not understand that individual personal behaviour of someone who lives in a building full time and knows it like the back of their hand and can walk through it with their eyes closed, in the event of a fire when there is smoke and you cannot see and you are under sufferance, and all of those stresses and pressures. There is a very different human response than if something is known to you versus something that is unknown. If I am in a building that I have only been in for six hours and all of a sudden it catches on fire and I cannot see anything because of the blackness of the smoke and I have all these things happening around me, I want to make sure that I can get out of that building in the safest, most effective manner. And if the building is not built to the standard that is expected for short-stay accommodation, which provides a far more expeditious exit and a safer exit, with more fire escapes, for instances, with very different smoke alarms and extraction systems and fire sprinkler systems than a permanent accommodation building because that building is used to residents who live there 24/7 year on year, it is very, very different. The fact that they cannot see the difference there is a real worry and I think sends a very strong signal that they do not understand the difference between what is needed for short-stay versus long-term permanent stay that real estate agents would have otherwise serviced.

**Mr S.K. L'ESTRANGE:** You talked in your opening statement and in some of your answers just then about people using Airbnb and operating illegally. At the top of page 13 of your submission to this inquiry you define hosted and unhosted accommodation. Can you briefly outline to me for each of

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those—shared or private rooms, unhosted stays and unhosted stays in vacant properties that are not primary residences—illegal activity that you see happening today?

**Mr Woods:** Sure. In terms of shared or private rooms—this is where there is a bedroom or a space within the home—provisions exist for bed and breakfast operations. Local government authorities recognise this and provide for a licensing regime for that to occur. This is probably the most difficult area for the committee to capture. That is, we think there is a legitimate opportunity here for the people who are genuinely sharing that spare room, or the granny flat, to continue to do that and to be able to do that and have that shared tourism added-value experience, but also comply with a level of standard that is not too different from those that are operating in the B&B space. Clearly, if they are not registering as a short-stay provider of the room, like registered B&Bs, that is an illegal or unregistered operation. The unhosted stays, where a guest rents out the primary —

**Mr S.K. L'ESTRANGE:** Sorry, you said that is an illegal or —

**Mr Woods:** Unlicensed.

**Mr S.K. L'ESTRANGE:** Unlicensed?

**Mr Woods:** Yes.

**Mr S.K. L'ESTRANGE:** If it is illegal, is it something for which somebody could be prosecuted under the Criminal Code?

**Mr Woods:** I do not know. I am not suggesting there are criminal activities here; it is probably more statutory breaches. It depends on your definition of what is legal and what is not legal. We can use and inter-place that term—unlicensed/licensed. If something is unlicensed and I engage in an activity that is not consistent with that licence, my belief is that it is an illegal activity.

**Mr S.K. L'ESTRANGE:** Thank you for clarifying.

**Mr Woods:** In terms of the unhosted stays, there is a question here about someone who has a primary residence and decides to go overseas for two to three weeks and wants to rent that property out, and wants to be able to do that. We think there is an opportunity here for them to continue to be able to do that. We do not want to interfere in that. That is the situation where you have unhosted stays in the primary residence. Technically, they are short-stay and technically it is in breach of local government requirements, so we need to find a pathway for that to legitimately occur. We do not believe that in those situations there should be an overt regulatory regime but there just needs to be a recognition of how that can be facilitated in a very easy manner. It needs to have a cap as well because otherwise we are going to have those people who suggest that they are overseas for six months of the year and, really, at the end of the day, who can afford to have holidays for six months of the year overseas? Is it really about vacant possession and short-stay listing of that property or is it about a genuine holiday?

The third one is the unhosted stays in vacant properties that are not a primary residence. This is where the property is managed by the owner or a professional management company and the property owner may have one or more properties. That is the commercial, direct competitive space, but it is also that unhosted space that we see as the primary growth that according to the research that has been provided to the committee is around 70 per cent of Airbnb listings.

**The CHAIR:** Are you aware of any jurisdiction that has actually made the decision to prevent the short-stay platform applying to that type of residence? Has that happened anywhere in the world, because that certainly is not something that we have heard of, that such a strict regime exists anywhere else.

**Mr Woods:** Can I take that on notice —

**Mr S.K. L'ESTRANGE:** Thank you for answering that question, Mr Woods. In summary—correct me if I have interpreted your answer incorrectly—are you saying that you do not think that anybody is operating illegally, but rather that they are not complying with existing regulations?

**Mr Woods:** If there are operators who are not complying with existing regulations, I would say that they are operating illegally.

**Mr S.K. L'ESTRANGE:** Thank you. Have you got any examples of where there has been a prosecution of that illegal activity occurring?

**Mr Woods:** If I can take that on notice and provide that information to the committee based on the reports that we have seen, we will certainly do that.

**Mr Y. MUBARAKAI:** Mr Woods, I really enjoyed reading your document that you presented to the committee. It is quite comprehensive and very clearly simplifies your views as to how the current technology has shaped the short-stay accommodation situation here.

The question I have touches on Mr L'Estrange's questions on point 3 of your definitions. I just want to play out a situation here. It is an unhosted stay in a vacant property—either a rental property or investment property. In that scenario, when one has an investment property and has a tenancy for six months to one year, what normally happens is that when the term ends, the intent of that individual may change from providing an intention to carry on to the next six months to one year. In that period, if there is a vacancy in the rental space of getting a long-term tenant and that investor is facing a hard time leasing the premises, would you be supportive of the view that if that investment property could be listed for short-stay accommodation as long as it is registered for a shorter duration, such as 90 days or 130 days, of allowing that investor to share that space into the short-stay accommodation and reap the benefits of them finding a long-term tenant?

**Mr Woods:** No. I think the simple answer is that if one tenant does not know whether they want to come and go and they are unsure about it, they can always extend, whether it is an extra 30 days or 90 days. We do not want to interfere with that. But if someone is simply turning what is a long-stay accommodation rental property to compete and operate in the short-stay market, it is a very different playing field and they need to operate under the regulation or licensing of that playing field. I suppose the answer is that if they are already licensed for short-stay as well as long-stay, there is no problem. But if they are only licensed for permanent long-stay, then they cannot do that, and they should not do that.

**Mr S.J. PRICE:** Following on from that question, but turning it around: for the dedicated short-stay accommodation providers regionally, sometimes there are issues with regard to long-term stay opportunities. I think a normal house might be a class 1 and a long-stay or hotel is a class 2 or class 3, so they are built to a higher standard. Do you think it is a consideration that for a dedicated short-stay provider, who maybe has a number of units in a complex, who once again is struggling because of Airbnb and online platforms, that they may have the opportunity to take on long-stay in part of their asset as an alternative means of generating income?

**Mr Woods:** If they have built the property to the higher standard and they meet all of the standard requirements of long-stay as well as short-stay, then yes. If, however, there are aspects that the licensed short-stay provider has not met the requirements of long-stay and they are defective in that sense, then they should not be misusing that licence either. I suppose the same rule of law should apply both ways. My experience or knowledge of the building standard, though, is that the short-stay is built to a much higher spec standard and should, in effect, meet all of the requirements. It would be my technical building knowledge—you would probably have more knowledge in this

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than I—that it would probably in the main meet the standard. But again, if they do not they should not be operating in that space.

**The CHAIR:** One final question from me: I will play devil's advocate because there has been a position put to us that is kind of interesting and turns the whole situation on its head. Is it that the requirements for short-stay providers are too low or that the requirements for traditional accommodation providers are too high? There is another way of skinning this cat: you could create a more equal market footing by changing some of the requirements that apply to the traditional accommodation sector.

**Mr Woods:** We have heard that argument before. We believe that it is a false argument. It is not based on logic. It is impossible to retrofit a building that has been built to standard.

**The CHAIR:** There is clearly an issue about grandfathering and recognising investments that have been made. Let us park that and assume that something can be done about that.

**Mr Woods:** If local government is prepared to wipe away the City of Perth car parking tax and the state government forgoes the billion dollars a year in revenue it gets from that parking tax and makes us not have to comply with it because they exempt residential, that is one way of reducing it. I do not know if Treasury would support that, but that is one example. Fire safety standards—I am not sure whether FESA or fire and emergency services are likely to reduce the standards and expectations on hotels. The commonwealth–state jurisdictional requirements around land tax, taxation and corporate taxation—I suppose the reality is that in theory if we could eliminate and reduce that taxation and regulatory burden on the licensed industry, the level of the playing field may well in some ways equalise.

But our experience and the reality that we deal with is that it is highly, highly unlikely to see any relief. In the areas where government can provide relief, where it technically could slightly change it, it is of such inconsequence that it does not really create an equilibrium because I think there is too much at stake in terms of short-stay—whether it is fire, safety, emergency services or taxation—that anyone realistically at a state or commonwealth level is likely to relinquish those requirements.

**The CHAIR:** So your position then is that those requirements exist for good reason?

**Mr Woods:** Correct, and they have existed and have been developed over decades, if not a hundred-plus years, for very safe and sound reasons. There is no reason why someone who is a new entrant into the market, who simply finds that providing and selling the product through an online provider, should avoid those regulatory requirements.

If I can just leave one thought on this: whether it is the electrical industry through electricians or plumbers, whether it is doctors and dentists, simply the provision of that service through an online platform—call it “Air Doctor”—does not mean that they should not be registered. It does not mean that they should not have a medical degree. It does not mean that they should not be admitted as a practitioner. It does not mean that they should have premises that are like a backyard shed. It means that they have to comply. We want electricians to install our electrical systems and meet the compliance and safety conduct standards. We do not want unregistered plumbers hooking up sewerage to fresh water. We have to ensure that the system of order in the state remains, and part of that is the need for short-stay accommodation regulation.

I think that just simply through someone setting up an online platform that provides and connects someone's desire to have a cheaper service with an illegal or unlicensed operator does not legitimise it and it should still be regulated and there needs to be overview by the relevant authorities to ensure compliance.

**The CHAIR:** I guess the challenge for policymakers is that a balance has got to be struck.

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**Mr Woods:** Correct.

**The CHAIR:** I will proceed to close today's hearing and thank you for your evidence before the committee today. A transcript of this hearing will be emailed to you for the 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. Thanks for coming in today.

**Hearing concluded at 10.47 am**

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