

ECONOMICS AND INDUSTRY STANDING COMMITTEE

INQUIRY INTO SHORT-STAY ACCOMMODATION



**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
WEDNESDAY, 12 JUNE 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**

Hearing commenced at 9.36 am

Mr ROBERT WILLIAM TAYLOR

Chief Executive Officer, Western Australian Indigenous Tourism Operators Council, examined:

The CHAIR: On behalf of the committee, I would like to thank you for agreeing to appear today for a hearing for our 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, and to my left is Stephen Price, member for Forrestfield, and Terry Redman, member for Warren–Blackwood. Deputy Chair Sean L'Estrange, member for Churchlands, is an apology.

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

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

Mr Taylor: No.

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

Mr Taylor: Aboriginal tourism across WA does not have a huge amount of accommodation venues. There are some big ones up in the Kimberley and some smaller ones around the place—more campgrounds. Indirectly, with those sorts of things, Airbnb probably does not affect them too much, but I have been in hotels and hospitality, running management rights, properties and things, for 30 years, so I have a bit more knowledge around that area as well.

The CHAIR: The WAITOC membership base that you have at the moment, are they accommodation providers as well?

Mr Taylor: Yes, there are some who are accommodation providers, but they are not like hotels and resorts. They are glamping, camping, and those sorts of things—campgrounds.

The CHAIR: Do any of your members use these short-stay platforms as a way of having their accommodation booked?

Mr Taylor: I would probably only suggest the bigger ones, so the glamping tents and things like that are online to book. Most of the smaller B&Bs would probably use them as well.

The CHAIR: It sounds like you have a fairly broad church?

Mr Taylor: Yes.

The CHAIR: What is the feedback from your membership on their views on short-stay accommodation?

Mr Taylor: I guess it can affect communities where you have people who are not residential to the area, not expected—loud noise at night, things like parties et cetera. I guess they are unruly; they cannot be policed properly. That can be a bit of an issue.

The CHAIR: We have had a little bit of evidence from the Kimberley in some hearings some weeks ago. The vast majority of our evidence has come from Perth and the South West or Great Southern. Is your membership base drawn from across the State?

Mr Taylor: Yes, that is correct.

The CHAIR: Do you notice any regional variation in your members' views on how short-stay accommodation is impacting them?

Mr Taylor: Probably not, no. It is pretty similar right across the board. Again, the same issues pop up with things like insurances. People who own a property that is commercial pay more insurance than someone who has an Airbnb house, so to speak—those sorts of things. I guess it is not an even playing field. Sometimes those things come up. That is across the board.

Mr D.T. REDMAN: Thank you for coming in today, Robert. The Chair just asked about the profile of your membership. I imagine that a good proportion of your membership, if they are delivering cultural experiences, are going to be fairly remote?

Mr Taylor: Yes.

Mr D.T. REDMAN: That would be quite a unique experience; hence the competitive pressures of the online platforms are probably unlikely to be there. Is that a fair comment?

Mr Taylor: Yes.

Mr D.T. REDMAN: Is one of the reasons you are not getting the feedback because of the remoteness of the accommodation?

Mr Taylor: Yes, a lot of them we are only just bringing onto the online booking systems, with the product development that we have been doing over the last four years. Yes, a lot of them probably have not experienced it yet. There are some, as I have said, like Fitzroy River Lodge, which has obviously been around for a long time. It has two resort-style accommodation that can be booked online—Kooljaman—those sorts of things. But you are right, most of them have not experienced it yet.

Mr D.T. REDMAN: They are not going to have too much competition around Kooljaman; there are not too many houses around there. I guess Fitzroy would be the same?

Mr Taylor: No, and, again, the housing around there is all community-wide. As I said, it is more the B&Bs that are in the smaller areas—South West and in Kalbarri, for example; there are a couple there.

Mr D.T. REDMAN: Yes. You are obviously aware of what the committee is looking at. I assume you have had a look at some of the presentations that have been made to the committee. Do you have any recommendations to us about what you would like to see us consider in our recommendations as a committee about the impact of this, or, indeed, maybe opportunities that your sector is seeing?

Mr Taylor: No. To me, a fair playing field needs to be one of the main things, so that Airbnb people or businesspeople who are running those sorts of things have the same restraints put on them, or the same things that a normal accommodation operator has to do; the same licences and the same policing. I have been operating in the South West myself, running these sorts of properties. A balcony collapsed with some people on it who did not have the correct insurance—how do they claim; that sort of stuff?

Mr D.T. REDMAN: Does any of your membership have accommodation that is not registered, or would you say that your membership, by virtue of the nature of how they operate, probably register?

Mr Taylor: No, they have all—yes, we try to put them all through those sorts of things. I mean, there probably are some, but I would not be aware of them myself. Again, licensing is something that we

just make sure that they all get registered properly. In our membership, we look at those sorts of things as well.

Mr D.T. REDMAN: Is part of WAITOC's role in tourism development the governance arrangements that sit behind that, such as insurances?

Mr Taylor: Yes, because we send them all through the Tourism Council's workshops, which pretty much cover that, and try to get them accredited again, which is forcing them to look at those sorts of things as well. As you said, I am sure there are some out there that probably are not, but I am not aware of them.

Mr D.T. REDMAN: Do you have any members that provide unhosted accommodation, as distinct from hosted accommodation?

Mr Taylor: Not that I can think of, no. No.

Mr D.T. REDMAN: So pretty much all of it, there is someone on site?

Mr Taylor: Yes, someone is on site, and usually offering not just accommodation, but tours, food, and all sorts of things.

Mr S.J. PRICE: Just going back, you said that you encourage all your members to be licensed and registered. What does that actually mean?

Mr Taylor: I mean going through the Tourism Council's accreditation program basically gives them a list, making sure they have their first aid certificates and making sure, if they are working in a national park, that they have those licences. If they are running accommodation, they have a licence with the shire—occupancy certificates, all those sorts of things. Again, the Tourism Council's accreditation checks are pretty strong to make sure that all those things are in place.

Mr S.J. PRICE: Ensuring that they meet the requirements of the local government area that they are in?

Mr Taylor: Of the local government, yes.

The CHAIR: Have any of your members expressed a view on what these platforms are like to deal with; how constructive the business relationship is with Airbnb, Stayz, or whoever they are working with?

Mr Taylor: No, not from my members. I can only speak personally; I have dealt with them myself. At the end of the day, when I was running my properties, it was: why fight against it? You get bookings from it, so we used to use it. But as I say, again, when we are in a resort situation, we can control the people coming in, but if they are in a house down the road, it is different. When the other neighbours around them have someone coming in that might not be doing the right thing, how do they control it? In my situation, when I was running resorts, we did use them. Yes, we got bookings out of them, but we could control the people and we were paying the insurance.

Mr D.T. REDMAN: I am thinking about the economy now. In terms of your membership, what are your general comments about how they are going as a business now, and how has that been compared with the last five and maybe 10 years?

Mr Taylor: Obviously, again, with the funding, we have been helping them improve their business development, and that has made a big difference because they are getting more inquiries because they are now getting connected through the internet when they were not before. Connection in some of those remote areas has improved in the way of telecommunications and all those sorts of things. So, again, you have got the same problems up in the North with the weather, but the South West—some of them down south used to close down in the winter period, but now they are working

right through. They have their wet days, but it has definitely improved across the board. Even the North is trying to expand their shoulder period a bit as well.

Mr D.T. REDMAN: You give me the impression that your accommodation and your membership are somewhat disconnected from the impacts of the online booking platform. If you talk about the south west, we have had lots of representations from Margaret River that are pretty much saying that in the last two years their businesses have been smashed on the back of what they see is the impact of these platforms. You are giving us the impression that that is not the case with the profile of accommodation that your membership has. Is that a fair comment?

Mr Taylor: No, because it is just not in the same market. The campground does not even have an online booking system. If you are driving past, you pull in and you book. They are not up to that level yet. The South West is different to the Kimberley as well. Bed and breakfast and things—I think if they are not willing to take those bookings, then they are going to get impacted. Again, I think they probably see that it is not a fair playing ground either, because if they are a registered bed and breakfast, they have paid all their up-to-date insurance and licence things like that as well.

Mr D.T. REDMAN: How big is the threshold of being registered? Is that a significant barrier to the market for a provider that wants to get registered and do business? Is that hard to achieve, or is it pretty straightforward?

Mr Taylor: It is not hard to achieve, but I think it is just the capacity of some of them at the moment, which is what we are trying to help them work on, to build that capacity so they understand. Tourism, or hospitality, is a massive industry and a lot of people think they can just walk into it and do it, but it is really the capacity of the people to understand what they need to do. Part of our program is that we have been building the capacity and giving them the tools to understand what they need to do, and licensing, because a lot of them did not have the licences in the accommodation area, except for the normal licence they would have had to get from a shire. They did not have their proper insurance paid up. They had lower rates on their insurance, so they were not covering their visitors properly. All those sorts of things have been improved over the past four years.

Mr D.T. REDMAN: So, the financial components of registration are not a barrier; it is just doing it and working through the steps that seems to be the bigger issue.

Mr Taylor: In areas like the Kimberley, you can call it a barrier, I guess, but only because it is seasonal and they do not have enough visitors to the income. It is also that the businesses need to understand how to distribute their money. Sometimes they distribute too much to their communities. The communities obviously need money, but there are also those sorts of things where, with the capacity of some of them, they need to re-look at the way they do business as well, which has got a long way to go, especially up in that Kimberley area where the cruise ships and day trips are going to start happening. With the road getting sealed, there is going to be a lot of change, not just for Aboriginal business, but for all business.

Mr D.T. REDMAN: To Cape Leveque?

Mr Taylor: Yes, that Cape Leveque road. I am on the Australian Tourism Export Council as well, and they have been up there trying to get people to understand the extra inbound market that they are going to get. That does not seem to impact on their minds. They are just thinking, “No, look, we’re busy enough. We’re not going to get busier.” That is the mentality. So, there is a lot of training, I think, to be done for people to understand more about this.

Mr S.J. PRICE: Carrying on from that line of questioning, specifically around increased tourism up around Cape Leveque and up to One Arm Point and that way, are there a couple of accommodation places up there?

Mr D.T. REDMAN: Lombadina.

Mr S.J. PRICE: Lombadina, yes.

Mr Taylor: Lombadina and Kooljaman. There are smaller ones as well like—I have forgotten the name of them now, but there are a couple of smaller camp sort of sites more than accommodation like Lombadina and Kooljaman.

Mr S.J. PRICE: So, the increase will come from the cruise ships coming into Broome essentially, and then —

Mr Taylor: And then driving up there. One of the actual issues that I have heard from some of those businesses, or those two main ones of Lombadina and Kooljaman, is that they might get less overnight stays because of the daytrip —

Mr S.J. PRICE: You can get up and back and you do not have to stay. The road is a bit more usable?

Mr Taylor: Yes, and they do not have to stay. But I think that people that are going there are going there to stay; they are not going just to have a look around for a day. It is like going to Karijini. You do not want to go there just for a day and run around in there; you want to go and stay there, because it is too big to just go there for five seconds.

Mr D.T. REDMAN: In terms of the existing accommodation up in places like that, what are the established booking—where do they come from? Does it come from the Visitors' Centre? Is it from people driving past? Is it other platforms?

Mr Taylor: Yes, they use the Visitors' Centre booking system quite a bit—Bookeasy, or some call it "Bookhard". But, yes, they use that quite a bit. And they have been around for quite a while as well, so they obviously have got their own website in that case with that sort of stuff.

Mr D.T. REDMAN: And they have got returns.

Mr Taylor: Yes, return visitors. In fact, one of the strange things I think about Kooljaman, for example, is they use a lot of backpackers and that as staff, rather than training—well, I do not know whether they train their own people up —

Mr D.T. REDMAN: It beggars belief, Robert, in my view.

Mr Taylor: Yes. So, we are trying to talk to them to try and train up their own people, especially the managers. Even the managers are always a couple that they get in. Obviously, if you have got the expertise, that is great, but why not use the expertise of the management couple to train the next people up? I think a lot of them in that area are used to getting the royalties from the business and they do not probably see the need to go and work in it. I guess they have to weigh up that lifestyle, because a lot of tourism businesses are lifestyle businesses. You are not going to make a million dollars out of them, unless you can sell them, and a lot of the Aboriginal businesses are not sellable.

If I think about our whole membership, I could properly think of one—that is, Doc Reynolds—who has a business that he could sell to the next person. It is not cultural in the way of a storytelling or a community connection.

Mr D.T. REDMAN: That is an interesting observation, is it not, because ultimately you want people to be building up an asset that has value?

Mr Taylor: The sad thing is—this has happened already—if you cannot sell your business, you close it. When you retire, it is finished. There are some great tours. If you look at Dillon Andrews, up in

the Fitzroy area, he is 80-odd years old. He has been trying to train young people up, but, again, once he moves on, retires, there is no-one following on and that business, which is amazing, is going to disappear. So that is a big capacity-building thing as well.

The CHAIR: Can I ask you, on a completely different topic—unless there are any further questions on short-stay accommodation—WAITOC appeared before this committee on our previous inquiry into regional airfares. It was quite some time ago. We made a series of recommendations on steps that the State Government could do to try to put downward pressure on airfares. Have you or your organisation kept tabs on what has been happening in that space, and do you have any views as to how regional airfares are now and how that affects your membership base?

Mr Taylor: Yes. Because we travel regionally through our board, I have noticed a change. It is a bit cheaper to book airfares to, for example —

The CHAIR: So our job is done then. We can retire!

Mr Taylor: I said “a bit cheaper”. There are other things that the government has done as well with car rentals. You can fly to Exmouth and drive a car back, and the fees are a lot smaller than having to pay for the return of the car. So those sorts of things have helped as well. It is still difficult cost-wise, I think, to get to areas like Karratha. I worry about the state tourism conference coming up, because people from the Kimberley, if they want to go there, are either going to drive or they are going to fly all the way to Perth and then fly all the way back, when it is only—well, it is not down the road, but it seems to be closer than what we are to get there.

That affects us as a board with our costs. Our board costs are in the \$60,000 range for a year of board meetings, and I look at the regional tourism organisations, and some of them pay only 20 grand, just because of the flights. And we do not have many meetings out on country; it is more in Perth, but it is still a cost to get everyone there. If we have to fly—we had a meeting in Esperance in March—then getting everyone there is not that easy. So, the cost does hike up and airfares is one of the biggest ones. But there have been improvements, I think.

The CHAIR: Well, that is good to hear.

Mr D.T. REDMAN: So, just flipping back to the online platforms, I am trying to think of what the scope online platforms have for the advertising of the very unique experiences and cultural experiences, often camping out; it is not your traditional house or accommodation that you go to: “Let’s have a look into the house and I’ll go and book that.” It is a bit more than that. What is your view, or WAITOC’s view, about the value of those online platforms for onselling those very unique accommodation experiences?

Mr Taylor: I think it is huge, because it has not been realised yet, because a lot of them have not gone there. Perth businesses are doing it and the south west ones as well, because the infrastructure is there for them to do that, whereas up in the Kimberley it is still a bit like, “Oh, what is all that about?” They do not really know yet. It has not reached them in that capacity yet. Again, capacity over the season up there is pretty full. It is a matter of how do we extend the shoulder periods to increase the business, not increase it during the time they have already got.

Mr D.T. REDMAN: Maria and I stayed out one time with Clinton Walker, and, again, if you are going on an online booking platform, it is a bunch of swags on a river flat in the middle of nowhere, which is very different. Do those online platforms still—can that pitch into that space and be effective in getting people to take up those options?

Mr Taylor: Definitely, I believe so, yes. It is just a matter of selling it the right way. Some people want that. When we have a board meeting, some people go, “I’m not camping. I want a hotel room. I camp like that every night.” So, it depends on the people.

Mr Y. MUBARAKAI: Robert, I just have a segue from that. Have you or WAITOC approached any of these online platforms to discuss? Because, like Terry said before, the online platforms have the ability to provide some unique experiences for a lot of the tourists, mainly international tourists that are looking for unique experiences. Have you ever thought about engaging with them about what it is that your members offer in terms of the uniqueness and identified those platforms to these agencies that have a broader scope of bringing what you provide as a service in regard to tourism being unique?

Mr Taylor: Definitely. I will flip it around: they have actually approached us because they are not online. We promote over 100 experiences, and they are like, “Well, why aren’t they online?” It is pretty much capacity again. If suddenly a tour in the middle of Fitzroy was getting online bookings and not getting back to them, there is an issue. So there is still a capacity gap that needs to be met before that can really happen. But, as I say, we have been approached by many different ones to do that, but we again need capacity funding to help support that sort of thing.

One of the things that we have been suggesting, and a few have done it, is that they have hubs. So if you look at the Fitzroy area, for example, some of the businesses there that are run by Bunuba do that hub section. For the one you mentioned before, Terry, with Clinton Walker, his backend business is done by Nalama Injabardi Foundation. They do his bookings. They do his administration. He pretty much comes in, does his tour, and off he goes and does his camps and sets all that stuff up. All the other end is done by someone else.

There is a lot of work when you think about you have to set up your camping, you have to set up your food and then you have to come back and you have to do all your bookwork. Even a business like Doc Reynolds, who I helped set up when he first started—he was working until 10 o’clock at night and he still does, making muffins and dampers and things and then getting up at six o’clock to go and serve people out of the van. So, the capacity of doing the bookwork and all that sort of stuff is still —

Mr Y. MUBARAKAI: Robert, it is wonderful that you are raising these points with regard to small businesses facing difficulties in really managing the two parts of the business. One is the hands-on and the other one is behind the scenes and how do you work on the business rather than in the business. Just listening to your concerns, the Small Business Development Corporation do some wonderful work in that space of really providing a lot of assistance to small businesses and helping them with online marketing and online engagement and online strategies. I am just suggesting that maybe you could look into that space about what help is available.

Mr Taylor: Yes, look, they were a big part of us quite a while ago before I took over, even to the point where they were a member of WAITOC and we had a great relationship with the staff that were there. When they left, and I have contacted them back when I took over as CEO, they were not interested, which was really strange. I have had businesses that have gone through Small Business Development and have complained about some of the things they get as well. Aboriginal people in Aboriginal businesses want one-on-one mentoring and face to face. The Small Business Development Corporation is in an office, and they are regional as well, but the people have to come into the office as opposed to we are actually going out. I could send you our video if you would like of some of the comments from the Aboriginal people about the mentoring we did and how it worked, because they see talking to an Aboriginal person, even though our mentors were not Indigenous, they see the organisation as being Indigenous, so that is the comment that they come back with, that they would rather talk to an Aboriginal person and how it has improved their business.

Mr Y. MUBARAKAI: There are two recommendations based on that, Robert. I thank you for sharing that. One is I think you should write to the Small Business Commissioner and the Minister for Small Business and explain your point of view. I am sure they will find avenues to meet your expectations. That is just my recommendation.

Mr D.T. REDMAN: I do not think you have been backward; I think you guys have been on the front foot.

Mr Taylor: No, I think the capacity of that organisation even is limited. I will give you example. One of our private development managers that we have had over the last four years only worked with 10 businesses. If you think about that, that is not a lot. We have created 39 new businesses in that program across WA at all various capacity levels at the moment, so there is a lot more work to be done, not just in Aboriginal tourism. I think product in WA leaves a lot to be desired when you go to other countries and see what they offer and you come here and do a tour. A lot of people do not do a tour in their own backyard, so they do not really know what they are like.

Mr S.J. PRICE: Robert, you have brought a really different aspect to the inquiry. From what we have experienced so far is looking at the platforms in an area that people want to go to experience the area and the impact that that is having on accommodation that is provided, whereas what you have been talking about is the experience that people can have by going into one of your member's camps or resorts or whatever it might be. The fact that because it is more targeted at the experience of going to that particular place, as opposed to going to a particular area—if that makes sense—it does not seem to be having that level of impact.

I think it is important in the context of what we are considering about possible changes that we make to the platforms, because there is certainly opportunity by the sound—not to the platforms, but just to the recommendations that we can make. Because you are exactly right—I think Home Valley is probably someone that is tied up with you guys as well; in peak season, she is just chockers for that period of time. But, like you say, the shoulder is probably a good opportunity to put that out onto some sort of platform to get people along at a time they may not necessarily be there. I just think it is important for us to keep that in the back of our mind as well, so we do not actually do stuff that is going to make it more difficult for those areas that are not actually being negatively impacted on by some of those things at the moment.

Mr Taylor: I think one of the things that I noticed when I was running resorts, which was very, very difficult, was rate parity, and I am sure that has been mentioned by other people. To me it was almost like they were price-fixing, because if we did not have rate parity on their site with our site, then they would be ringing us up saying, “Well you're not going to be on our site.” It came to the point where that online booking system, the Airbnbs or whatever it might be, were 70% of our bookings. You almost actually could cut your marketing budget out and just put everything into that, which is not a good thing, really, because then it is like they could switch that off and then you have got no-one coming.

So, I think that is something that needs to be looked at, the rate parity thing that they force you in the contracts to have. Again, that has not affected Aboriginal tourism, but I know from my business that I ran, which was 50% Aboriginal-owned, that that was a big thing to me. I was complaining to them all the time.

The CHAIR: I am very conscious that our next witness was supposed to start five minutes ago, so they will be brought in.

Mr D.T. REDMAN: There is an app which basically advertises free campsites. I cannot remember what it is called. Is that a threat to your sector? Just tell us a little bit about that.

Mr Taylor: Yes, definitely. In fact, you look at some of the campgrounds that have just been built and I will give you an example of Imintji on the Gibb River Road. Their staff spend more time helping people that are not their guests—they come across the road—for free, with flat tyres, engine problems or whatever it might be, because that road is pretty rough. They are helping them and their not their own visitors. But they help them because they are in the middle of nowhere and no-one is going to leave them out on the street. So, definitely, the free camping does affect them to the point where when I was up there and I saw it with my own eyes, and I said, “Well, don’t help them unless they pay.” Charge them for a night. If they do not stay, then it does not matter, but do not just try and do it for nothing if you can get away with charging them.

The CHAIR: I am going to have to call time.

Mr Taylor, thank you so much for coming in today. I will proceed to close today’s hearing. Thank you for your evidence. 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 so much.

Hearing concluded at 10.07 am
