

**Submission to the Parliamentary Inquiry into Short-Stay Accommodation in  
Western Australia  
Economics and Industry Standing Committee**

**Centre for Innovative Practice  
Edith Cowan University  
270 Joondalup Drive  
Joondalup, WA**

Contact: Professor Kerry Brown, Director, Centre for Innovative Practice, ECU

Associate Professor Hadrian Djajadikerta, PhD, Associate Dean Research, School of Business and Law, ECU, and founding member of Centre for Innovative Practice, ECU

Associate Professor Ferry Jie, PhD, Deputy Director, Centre for Innovative Practice, ECU

Dr Edmund Goh, PhD, Deputy Director, Markets and Services Research Centre, ECU

Professor Dora Marinova, Curtin University Sustainability Policy Institute

Dr Uma Jogulu, Senior Lecturer, School of Business and Law, ECU

Mr. Emeka Ndaguba, Centre for Innovative Practice, ECU

Please note: Professor Kerry Brown or representatives of the CIP, Edith Cowan University wish to appear before the committee to present our case.

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**Summary and recommendations**

Based on secondary research gathered across Western Australia and other jurisdictions, there is a pertinent need to support a variety of short stay accommodation options in Western Australia, especially in the regions.

It is evident that different regions have differing accommodation needs for tourism in respective regions. This is based on the optimal mix of residential and commercial accommodation options and preferences for tourism as a contributor to regional development that are specific to particular regions.

These differing regional characteristics require flexibility in planning, policy and regulatory treatments at the local government level and within each shire/council to be considered.

The evidence from other jurisdictions suggests there are regional and metropolitan differences that preclude a general state-wide approach to regulating short-term accommodation. However, the state government has a pivotal role to consider broad regulatory support for a strategic approach to short-term accommodation provision.

The emergence of new types of accommodation options as part of novel and disruptive technological innovation requires careful regulatory consideration by councils. It is imperative that local councils develop a strategic path to regional prosperity, economic resilience, and, amenity and safety for the community, while considering local conditions.

The push for regulatory attention is needed to establish fair and reasonable access to a variety of short term accommodation options for visitors/customers but also to ensure no single accommodation category receives an unfair regulatory burden or preferential treatment.

It is important to note that short term accommodation options have differing business models and differential access to technologies. These differences result in competitive advantage that needs to be balanced by local councils against both long and short term planning and business

development horizons. More importantly, short-term accommodation options must provide overall benefit to the region without unduly compromising the ability of new entrants to the market to deliver innovation and new business models.

The objective of this submission is to examine three of the four elements of the Parliamentary Enquiry:

- *Approaches within Australian and international jurisdictions to ensure the appropriate regulation of short-stay accommodation;*
- The forms and regulatory status of short-stay accommodation providers in regional and metropolitan Western Australia, including existing powers available to local government authorities;
- *The changing market and social dynamics in the short-stay accommodation sector; and*
- *Issues in the short-stay accommodation sector, particularly associated with emerging business models utilising online booking platforms.*

## **Introduction**

Tourism and the visitor economy is a significant economic driver for national development. Between 2016 and 2017 in Australia, over \$16.4 billion was spent by tourists on accommodation. According to Tourism Research Australia, there was 306 million paid nights across the five main accommodation platforms (see figure 1 and 2) between 2016-2017.<sup>1</sup> In Western Australia, tourism injected over \$11.8 billion and created 104,000 jobs with over 800,000 stays between 2015-16.<sup>2345</sup> While this is a significant tourism investment by tourism authorities, research has shown that international visitors are spending less time in Western Australia as compared to the eastern states. Furthermore, tourism in Western Australia faces intense competition from more affordable international destinations such as Bali. Therefore, it is important that Western Australia needs to be seen as a more attractive destination through having a range of flexible accommodation options.

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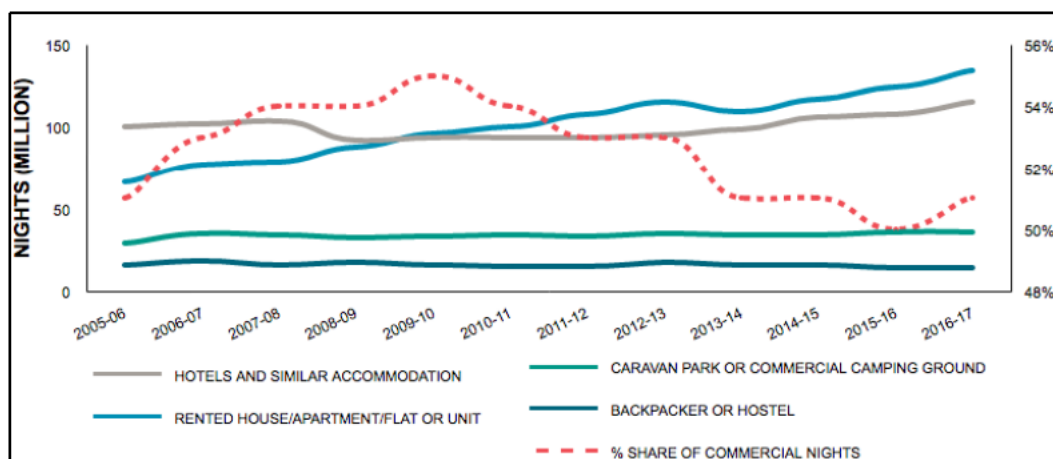
<sup>1</sup> Tourism Research Australia. The State of the Industry 2016 - 2017. Canberra: Tourism Research Australia, 2018.

<sup>2</sup> Tourism Research Australia. The State of the Industry 2016 - 2017. Canberra: Tourism Research Australia, 2018.

<sup>3</sup> Bankwest Curtin Economics Centre. *The Impact of Airbnb on WA's Tourism Industry*. Western Australia: Curtin University, 2017.

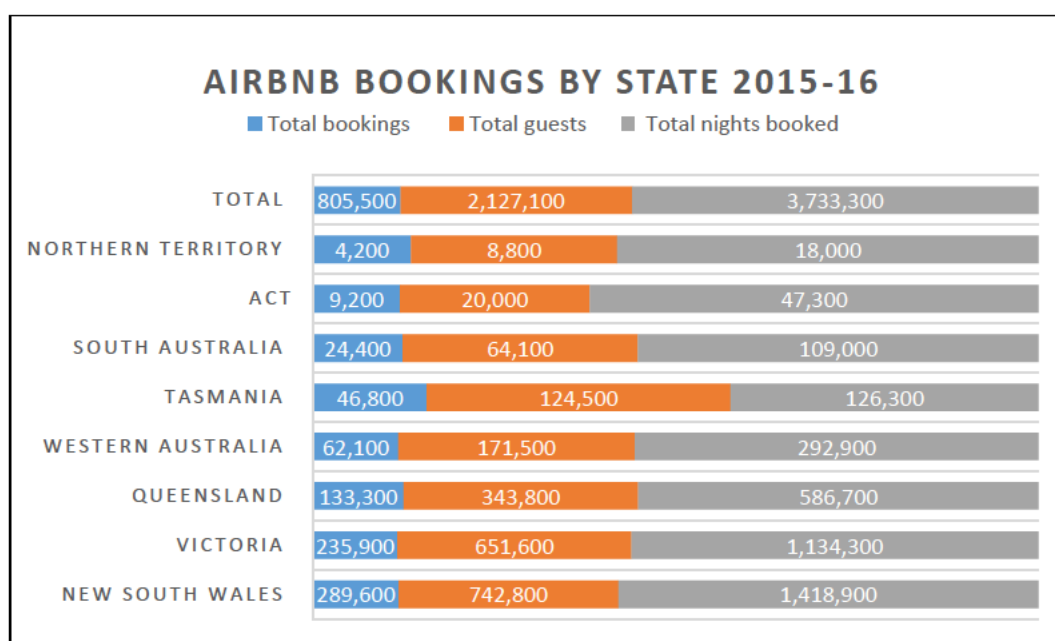
<sup>4</sup> Deloitte. "Economic Effects of Airbnb in Australia", edited by Deloitte Access Economics. Victoria, 2017.

<sup>5</sup> Tourism Western Australia. *Economic Contribution of Tourism to Western Australia 2016-17*. Perth: Tourism Western Australia, 2018.



**Figure 1: Nights in commercial accommodation**

Source: Tourism Research Australia<sup>6</sup>



**Figure 2: Airbnb bookings by state**

Source: Deloitte<sup>7</sup>

The tourism industry is growing rapidly especially through the use of online platforms for reservations (for example airbnb; trivago; wotif etc) and facilitating the travel experience. Tourism has evolved from a static to dynamic industry with growing concerns about preventing over-tourism and becoming sustainable. Therefore, regulatory frameworks are needed to support local regions in congruence with the realities of rentals, visitors, neighbours and the

<sup>6</sup> Tourism Research Australia. The State of the Industry 2016 - 2017. Canberra: Tourism Research Australia, 2018.

<sup>7</sup> Deloitte. "Economic Effects of Airbnb in Australia", edited by Deloitte Access Economics. Victoria, 2017.

community to ensure citizen participation, adequate oversight and compliance. This is important as tourist numbers in Western Australia has increased from 3.8% to 5.3% in 2015.<sup>8</sup>

The emergent short-stay accommodation business model is based on peer-to-peer and consumer-to-consumer initiatives.<sup>9</sup> The typical short stay accommodation model deals with a process in which a host/ home owner avails their home or a particular room for guests/ visitors for a short term period. The practice of hosting visitors in short term accommodation through peer-to-peer networks has been in existence for a long time.<sup>10</sup> However, the practice has grown in popularity and greater use through the establishment of online reservation. Airbnb suggests that this model offers a viable alternative income for paying living expenses and repayment of a mortgage in the 21<sup>st</sup> century.<sup>11</sup>

There are several factors that have steered the introduction of peer-to-peer short stay accommodation globally. Four of these reasons that necessitated or precipitated the need for the disruption in the tourism and hospitality industry include:

1. the credit crunch of 2007/08/09 and an increase in the debt-to-income globally of the middle class,<sup>121314</sup>
2. the non-availability and high pricing of traditional holiday accommodation including hotels, bed and breakfast, and hostels especially during peak tourism periods,<sup>15</sup>
3. the perception of collective or shared prosperity or shared economy, which is an upshot of collaborative consumption and governance,<sup>16</sup> and

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<sup>8</sup> Bankwest Curtin Economics Centre. *The Impact of Airbnb on WA's Tourism Industry*. . Western Australia: Curtin University, 2017, p2.

<sup>9</sup> Oskam, J. and A. Boswijk, *Airbnb: the future of networked hospitality businesses*. Journal of Tourism Futures, 2016. 2(1): p. 22-42.

<sup>10</sup> Adamiak, C., *Mapping Airbnb supply in European cities*. Annals of Tourism Research, 2018. 71: p. 67-71.

<sup>11</sup> LearnAirbnb.com, *The State of Airbnb Hosting An in-depth analysis of Airbnb and the home sharing industry Q1*. 2016, Airbnb.

<sup>12</sup> Kapiki, S., *The impact of economic crisis on tourism and hospitality: Results from a study in Greece*. 2011.

<sup>13</sup> Sperling, G., *How Airbnb combats middle class income stagnation*. 2015, Sperling Economic Strategies: Alexandria, VA.

<sup>14</sup> Boukas, N. and V. Ziakas, *Impacts of the global economic crisis on Cyprus tourism and policy responses*. International Journal of Tourism Research, 2013. 15(4): p. 329-345.

<sup>15</sup> Brännäs, K. and J. Nordström, *Tourist Accommodation Effects of Festivals*. 2006. 12(2): p. 291-302.

<sup>16</sup> Huckle, S., et al., *Internet of Things, Blockchain and Shared Economy Applications*. Procedia Computer Science, 2016. 98: p. 461-466.

4. a shortage of cash flow among the middle class for repayment of their mortgage, the need for a democratization of capitalism and to bridge the inequality gap.<sup>171819</sup>

Traditionally, businesses relating to the provision of services in the tourism industry have been largely, hotels, taxis and tour operators<sup>20</sup>. However, this situation has significantly changed due to revolutionary models that introduced two critical social transformational concepts in trade and investment globally through disruptive innovations, and the shared economy.

Disruptive innovations are associated with newer technological advancement that creates a paradigm shift in the routinisation of business functions, models, products, marketing, pricing and branding.<sup>21</sup> The purpose of disruptive innovations or technologies is to unsettle or dislocate traditional businesses from trade and investment by offering more benefits on investment for a shorter period. This situation has resulted in a new approach and a much more flexible means of conducting conventional businesses.

While the notion of shared short stay accommodation is not new in itself, however, it is in a transformational stage. The idea of disruptive innovation and the shared economy brought about the introduction of certain applications for ease and convenience of tourists/ guests use, as some online business platforms as, Airbnb, Uber, Lyft, Shebah, SheSafe, GoCatch and Stayz among others. This situation has arisen predominantly because an increasing number of individuals and households are granting the access of their homes to tourists/ visitors for a short stay period for a fee.<sup>22</sup>

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<sup>17</sup> Airbnb. *Airbnb Submission Select Committee on the Future of Work and Workers Future of Work and Workers* nd [cited 03 December 2018]; Available from: <https://www.apf.gov.au/DocumentStore.ashx?id=551676f8-3a2e-4faa-b001-55cbf3334d80&subId=563077>.

<sup>18</sup> Oskam, J. and A. Boswijk, *Airbnb: the future of networked hospitality businesses*. Journal of Tourism Futures, 2016. 2(1): p. 22-42.

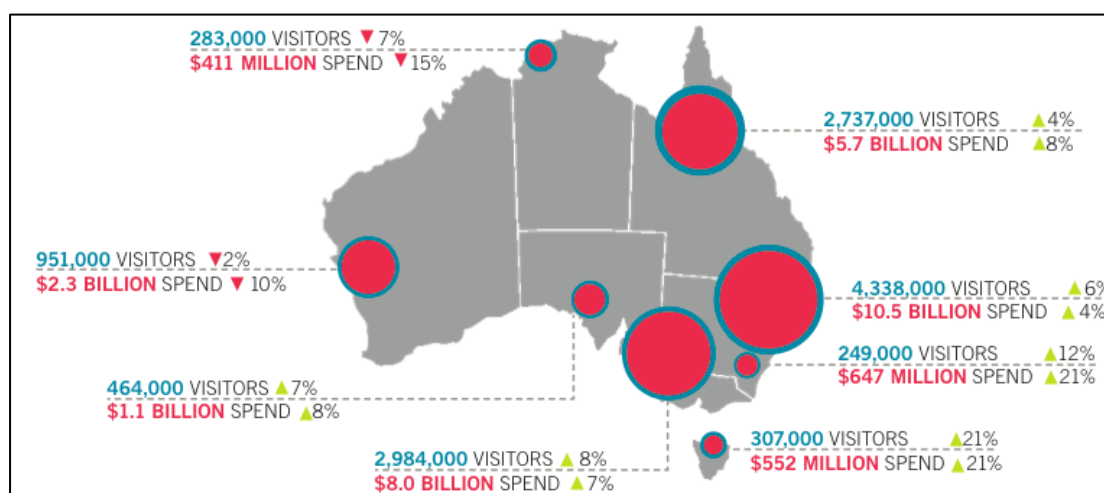
<sup>19</sup> Sperling, G., *How Airbnb combats middle class income stagnation*. 2015, Sperling Economic Strategies: Alexandria, VA.

<sup>20</sup> Arya, V., et al., *Ties that bind tourists: embedding destination motivators to destination attachment: a study in the context of Kumbh Fair, India*. Asia Pacific Journal of Tourism Research, 2018. 23(12): p. 1160-1172:1161.

<sup>21</sup> Christensen, C., *The innovator's dilemma: when new technologies cause great firms to fail*. 2013, Boston: Harvard Business Review Press.

<sup>22</sup> Frenken, K. and J. Schor, *Putting the sharing economy into perspective*. J Environmental Innovation Societal Transitions, 2017. 23: p. 3-10.

The nature of the method of sharing is what is philosophically referred to as “shared economy”. The idea of overturning traditional businesses in the tourism sector, for example is what is regarded as disruptive. The notion of the shared economy and disruptive innovation is not limited to the tourism industry, but it had tremendous impact on the tourism sector in particular. Appendix 2 and figure 3 below demonstrates the numbers of visitors and the amount spent per region.



**Figure 3: International visitors and spending by State (June 2018)**

Source: Tourism Research Australia<sup>23</sup>

### **Approaches within Australian and international jurisdictions to ensure appropriate regulation of short-stay accommodation**

Extending the scope of secondary research to the international, Australian, regional and local forms of regulation of short stay accommodation, researchers found evidence for the lack of regulations for short stay accommodations.<sup>2425</sup> This result is not surprising as regulating a dynamic sector (industry) such as short stay accommodation is problematic and complex, due to its multifaceted and multidimensional nature, requiring regional and local legislation rather than national guidelines or regulations.<sup>26</sup>

<sup>23</sup> Tourism Research Australia, *International visitors in Australia: Year ending June 2018*, Tourism, Editor. 2018, Tourism Research Australia: Canberra.

<sup>24</sup> Durkin, E., *New York gig economy under threat as city cracks down on app-based services*, in *The Guardian*. 2018, The Guardian: New York.

<sup>25</sup> Nieuwland, S. and R. van Melik, *Regulating Airbnb: how cities deal with perceived negative externalities of short-term rentals*. Current Issues in Tourism, 2018: p. 1-15.

<sup>26</sup> <https://www.airbnb.com.au/help/article/376/what-legal-and-regulatory-issues-should-i-consider-before-hosting-on-airbnb>

Despite the difficulties in regulating short term accommodation, researchers have pointed out that major players such as Airbnb, a critical player in the short stay industry, cannot go unregulated, as it may result in severe harm to both the environment and society.<sup>27</sup> Empirical evidence has shown that Airbnb total listings has grown from 43,610 in 2016 to 89,863 in December 2017<sup>28</sup>, which makes the short stay accommodation sector a key player in the accommodation industry.

### **Lessons from International jurisdictions for the regulation of short-stay accommodation**

In **New York**, there have been series of crackdowns on the users of the online platforms for transportation and housing, specifically referring to Uber, Lyft, Airbnb, and Stayz.<sup>29</sup> Under the New York law, it is illegal to lease an entire house or apartment for more than one month.<sup>30</sup> Airbnb is required by law to submit to a special enforcement office the names, addresses and other information of the host.<sup>31</sup> This regulation helps to identify / prevent illegal host and listings; and restrict others from the platform. It must be noted, that when similar laws were instituted by the city council in **San Francisco**, the number of Airbnb hosts was reduced by half.<sup>32</sup>

In Europe, to curb the rise of Airbnb hosts in **Barcelona**, councils increased the licensing fee from €250 to €80,000, simply to deter the accommodation providers from using Airbnb.<sup>33</sup> Between May 2016 and May 2018, **Germany** banned virtually all landlords from renting their premises for short stay tourists or visitors at a price in Berlin.<sup>34</sup> In March, 2018, **Madrid** introduced a new policy to deter hosts from letting out rooms to tourists over a 90 day period. This law was commissioned in response to the effect of overconcentration of tourist in the central district as compared to the rest of the city.<sup>35</sup> The Government of **Palma de Mallorca**

<sup>27</sup> Poole, S., *Airbnb can't go unregulated – it does too much damage to cities*, in *The Guardian*. 2018: Australia.

<sup>28</sup> Farnsworth, S., *Airbnb in Australia: Entire homes, commercial listings 'surge' amid growing concerns.*, in *ABC*. 2018, ABC NEWS: Australia.

<sup>29</sup> Durkin, E., *New York gig economy under threat as city cracks down on app-based services*, in *The Guardian*. 2018, The Guardian: New York.

<sup>30</sup> Griswold, A., *New York City is using sheriffs and obscure building code violations to crack down on Airbnb*, in *Quartz*. 2017.

<sup>31</sup> De Vynck, G. and O. Zaleski, *New York City Will Force Airbnb to Disclose Information on Hosts*, in *Bloomberg*. 2018, Bloomberg.

<sup>32</sup> Zaleski, O., *Airbnb's NYC bookings could be cut in half by new rule*, in *Bloomberg*. 2018, Bloomberg.

<sup>33</sup> Poole, S., *Airbnb can't go unregulated – it does too much damage to cities*, in *The Guardian*. 2018: Australia.

<sup>34</sup> AFP, *Berlin to drop Airbnb 'ban' on renting out main homes.*, in *The Local de*. 2018.

<sup>35</sup> O'Sullivan, F. *Berlin Just Canceled Its Airbnb Ban*. 2018 [cited 02 December 2018; Available from: <https://www.citylab.com/life/2018/03/berlin-airbnb-vacation-rental-regulation-law/556397/>].

<sup>36</sup> Carrara, A., *Madrid tightens restrictions on Airbnb to combat 'over-tourism'*. 2018, Hotelowner Spain.

<sup>37</sup> LaGrave, K., *12 Places Cracking Down on Airbnb - Condé Nast Traveler*. 2018, Daily Traveler.



placed a ban on almost all Airbnb operators from the Island,<sup>38</sup> this is against the backdrop that Balearic Islands had earlier in February placed a sanction on Airbnb and other flat sharing activities on the Island and that defaulters will be sanctioned \$365,310 USD.<sup>39</sup>

It may be argued that these bans and sanctions globally are a direct outcome of the attempts by governments across the board to regulate the sector. New configurations have resulted in a pricing-out of long-term rentals to over 40% since 2013. In citing a reason for the ban, the Mayor of Palma de Mallorca Mr. Antoni Noguera stated, “Palma should be a habitable city and the worst thing that can happen is for the inhabitants to have to leave”.<sup>40</sup> In June 2018, the Government of **Japan** shut down tens of thousands of reservation and listings from various sites, especially those hosted on the Airbnb platform.<sup>41</sup>

### **Approaches within Australia for regulating short-stay accommodation**

In Australia, there have been significant attempts at regulating this industry. In Tasmania, for example, only properties listed in Stayz and Airbnb require permits by the hosts to operate. The rising cost and shortage of rentals for long-stay accommodation have made the Government of Tasmania offer between \$10,000 and \$13,000 to encourage landlords to make properties affordable to low-income tenants on longer-term lease (i.e., 12-month leases), with a guarantee of compliance of payment for the lease.<sup>424344</sup>

In **Victoria**, the hosts of short-stay accommodation may face a ban or sanction for the unruly behaviour of their visitors/tourists (especially concerning actions that disturb the peace).<sup>45</sup>

However, the most concerted attempt towards the regulation of online platforms has been made by the **New South Wales** Government. In NSW, similar to that in Toronto, Canada, short-stay accommodation is restricted to the residence of the host for 365 days a year, only if the host

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<sup>38</sup> Reuters, *Palma in Spain's Balearic Islands bans almost all Airbnb-style rentals*, in Reuters. 2018.

<sup>39</sup> Reuters, *Palma in Spain's Balearic Islands bans almost all Airbnb-style rentals*, in Reuters. 2018.

<sup>40</sup> Reuters, *Palma in Spain's Balearic Islands bans almost all Airbnb-style rentals*, in Reuters. 2018.

<sup>41</sup> Dickinson, G., *How the world is going to war with Airbnb*. 2018, The Telegraph.

<sup>42</sup> Bleby, M., *Get out of Airbnb: Tasmania offers landlords \$13,000 for long-term rentals* in Financial Times. 2018.

<sup>43</sup> Jaensch, R., *New information for Private Rental Incentives now online*. 2018, Minister for Housing. Tasmanian Government.

<sup>44</sup> Coulter, E., *Tasmanian Government tries to matchmake landlords and low-income renters with cash*, in ABC NEWS. 2018.

<sup>45</sup> Henriques-Gomes, L., *Victoria to ban short-stay hosts and fine guest under 'unruly party' laws.*, in The Guardian. 2018.

resides there.<sup>4647484950</sup> In an Options Paper,<sup>5152</sup> NSW leans towards regulating this sector of the economy. Some of the recommendations include the following:

- if the host occupies the house while letting a room/s, the host could let throughout the year;
- in a case where the host is absent from the location, in the Greater Sydney area, the host is permitted to rent for a total of 180 days in a year, including during holidays and weekends;
- beside the Greater Sydney area, NSW allows the host to rent for a total of 365 days, but the councils outside the Greater Sydney area have the mandate to decrease the number of days to a number of days not below the 180 days per year as stipulated for the Greater Sydney area.
- the introduction of a Code of Conduct for the online platforms that has an impact on short-stay accommodation – e.g., penalties of the Codes may include a clause that a breach of two strikes will face a penalty of a five year ban for either the host or the guest.

However, there is lack of clarity in terms of the penalties. The code was silent if the breach had been served concurrently or otherwise. In regard to the dwelling, if concurrently or within a month, it might be considerable, but if it involves two intermittent strikes within a quarter or a year, it may be problematic and may lead to a downgrading in Airbnb listings.

Lawsuits and discrimination may possibly have a deleterious effect on the industry at large and the economy of the NSW in particular. Therefore, there is a need for an establishment of a dispute resolution process for complaints, but the policy falls short in articulating or disclosing the extent of the powers and authority of the dispute resolution committee or council (i.e., whether the committee exists for the resolution of cases between the visitor and the host, the host and the neighbours, the neighbours and the visitor, or the visitor and the community). Hence, this is important to be clarified for resolving issues that may arise.

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<sup>46</sup> NSW Government, *Short-term holiday letting in NSW: Options paper*, N.P.a. Environment, Editor. 2017, Housing Policy | Planning Policy, Strategy and Governance, Department of Planning and Environment: NSW.

<sup>47</sup> NSW, *Short-term holiday letting in NSW* N.P.A. Environment, Editor. 2017, NSW Government': NSW p. 32.

<sup>48</sup> NSW Government, *New rules for short-term holiday letting*, N. Government, Editor. 2017, Lifestyle: NSW.

<sup>49</sup> NSW Government, *New short-term holiday letting regulation*, N.G.F. Trading, Editor. 2018, NSW Government: NSW.

<sup>50</sup> Powell, B., *City wrestles with Airbnb rules*, in *The Star*. 2017, The Star: City Hall Bureau.

<sup>51</sup> NSW Government, *Short-term holiday letting in NSW: Options paper*, N.P.a. Environment, Editor. 2017, Housing Policy | Planning Policy, Strategy and Governance, Department of Planning and Environment: NSW.

<sup>52</sup> NSW Government, *New rules for short-term holiday letting*, N. Government, Editor. 2017, Lifestyle: NSW.

Research has demonstrated that there are six main encumbrances to short stay accommodation globally (see Figure 4).<sup>5354555657</sup>



**Figure 4: Complaints against Airbnb**

Tussyadiah and Pesonen (2018) have argued that the rise in tourism globally may be attributed to the low cost of housing and accommodation as a result of the online platform that provides some sharing arrangement.<sup>58</sup>

<sup>53</sup> Guttentag, D., *Airbnb: disruptive innovation and the rise of an informal tourism accommodation sector*. *Current Issues in Tourism*, 2015. 18(12): p. 1192-1217.

<sup>54</sup> Levy, A. and H. Goldman, *Airbnb: To tax or not tax a rented bed*, in *Bloomberg Businessweek*. 2012, Bloomberg.

<sup>55</sup> Thomas, O., *Airbnb home rentals aren't even legal in its hometown of San Francisco*, in *Business Insider*. 2012 Business Insider.

<sup>56</sup> Lieber, R., *A warning for hosts of Airbnb travelers*, in *The New York Times*. 2012.

<sup>57</sup> McCartney, S., *The best and worst U.S. cities for travel taxes*, in *The Wall Street Journal*. 2012, The Wall Street Journal.

<sup>58</sup> Tussyadiah, I.P. and J. Pesonen, *Drivers and barriers of peer-to-peer accommodation stay – an exploratory study with American and Finnish travellers*. *Current Issues in Tourism*, 2018. 21(6): p. 703-720; 703.

**Table 1: Summary of online short-stay regulations across the globe**

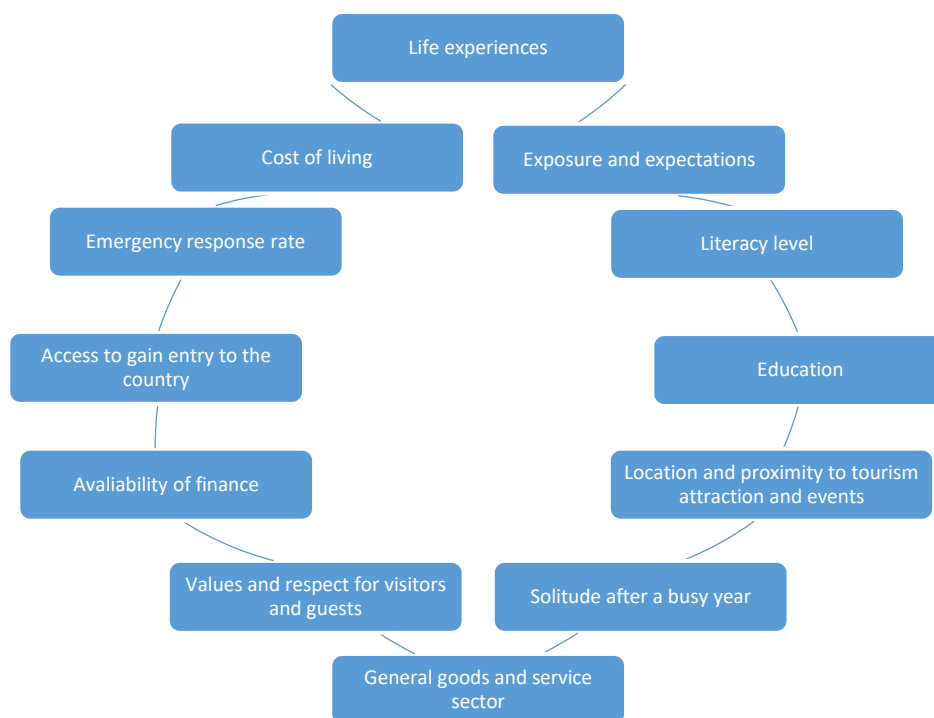
Indicators	San Francisco (US)	New York City (US)	Berlin (Europe)	New South Wales (Australia)
<b>Restriction of short stay accommodation</b>	In 2014, the Council restricted hosts of online short-stay accommodation to 90, if the host resides at the location.	According to Sections 4-7 and 4-8 of Article 1 of the Multiple Dwelling Law restricts the letting of Class A for a period fewer than 30 days when the host is absent.	Permit is granted for short-stay accommodation for a maximum duration of 90 days per year.	Short stay accommodation is restricted to the residence of the host for 365 days a year, if the host resides there.
	<p><i>The limit to be charged is stipulated in the Administrative Code Chapter 37 and 41A.</i></p> <p>The hosts must have to reside in the house for about 275 days to be eligible to rent for 90 days.</p>	<i>Section 26:501 and 26:520 stipulates that rent stabilized and rent control (Section 26-401-26-415) properties</i>		In a case where the host is absent from the property, the host is permitted to rent for a total of 180 days in a year, including holidays and weekends
	<i>To maintain \$500,000 USD liability insurance.</i>			NSW allows the host to rent for a total of 365 days outside Greater Sydney, however, the onus is on the councils to regulate the properties outside Greater Sydney but they cannot decrease the number of days below the 180 days stipulated in Greater Sydney per year.
Registration fee, compliance and requirements	<p>Every host must pay a registration fee of \$250 USD</p> <p>Host must maintain a valid certificate of Authority from</p>	<p>Hosts are required to obtain and maintain a special permit or license in New York.</p> <p>The hosts are mandated to provide addresses and names to the city's Office of</p>	<p>A fee of €150.00 is charged per unit for permission to rent a secondary residence on temporary basis in Berlin.</p> <p>A fee of €100.00 is charged per unit for</p>	The establishment of the Code of Conduct for the online platforms to the Strata Schemes Management Act.

	the Council to operate.	Special Enforcement each month.	temporary holiday apartment in Berlin	
	To maintain \$500,000 USD liability insurance.		In Berlin, you do not require a permit if you are only letting out one or more rooms in a place where the host resides. Especially, if the host is renting out less than 50% of the entire property.	
Sanctions	The city fines property owners about \$2.25 million USD.  Plus a ban from renting until 2025	There is a ban on advertising Class A dwelling in New York	If you have a second home you will be required to also get a permit.	A breach of two strikes amounts to a penalty of a five year ban.
Building requirements	Building construction specification for safety, health and habitability.			
Tax	Hosts must remit 14% for Transient Occupancy Tax for stays less than 30 days.	The City imposes multiple taxes as: transient occupancy or tourist use, City hotel room occupancy tax, state sales and use tax, and State and City nightly room fees.	The city imposes the City Tax, which amounts to 5% less VAT, fees for amenities and services.	The NSW Option Paper is silent on tax issues.

Table 1 above presents the regulations and policy relating to short-stay accommodation in the four of the top regions / cities that are well known for the availability of short stay accommodation for business and leisure.

## **The changing market and social dynamics in the short-stay accommodation sector**

There are many reasons for tourists to go for holidays (see Figure 5). Factors such as the social dynamics, issues and changing market of short-stay accommodations globally, visitors'/tourists' preference for a place to visit (be it a city, province or region), influence the reasons for holidaying in a particular location.



**Figure 1: Reasons for the choice of holiday location**

Source: Seaton (1996)<sup>59</sup>; Seaton and Bennett (1996)<sup>60</sup>

Nelson has indicated that there are five factors when people are going to choose holiday locations, they are budget, safety, who are travelling with, transportation and activities while travelling. The above diagram places some emphasis on the argument of Seaton that tourism encapsulates a large spectrum of activities pertaining to the needs of the tourist.<sup>61</sup>

<sup>59</sup> Seaton, A.V., *The analysis of tourism demand: Tourism behaviour*, in *The marketing of tourism products: Concepts, issues and cases*, A.V. Seaton and M.M. Bennett, Editors. 1996, Cengage Learning EMEA: London. p. 55-87.

<sup>60</sup> Seaton, A.V. and M.M. Bennett, *The marketing of tourism products: Concepts, issues and cases*. 1996: Cengage Learning EMEA.

<sup>61</sup> Seaton, A.V., *The analysis of tourism demand: Tourism behaviour*, in *The marketing of tourism products: Concepts, issues and cases*, A.V. Seaton and M.M. Bennett, Editors. 1996, Cengage Learning EMEA: London. p. 55-87; 66.

Along the same line, there are various possible reasons for tourists to choose a short stay accommodation rather than merely for lodging. Hence, accommodations that could also provide extended services may be preferred in a competitive market. To have a full understanding of the scope of the issue is to note that Western Australia has 138 local governments, and these local government regions could differ significantly. For instance, the concerns of the metropolitan councils may differ significantly from the Shires in the regional and/or remote areas of Western Australia. As an example, the principle that guides the Shire of Augusta-Margaret River is *clean and green*. How to incorporate sustainability, tourism-based economic stimulation and total experience for the tourist, is overall, therefore, a challenge. People living in the Shire of Augusta-Margaret River have a strong social affinity for the region. Social affinity identifies the ideas of social cohesion premised on certain obligations. Social cohesion is a situation whereby a society/ community works collectively towards the overall wellbeing of members of that society to survive and prosper.<sup>62</sup> The need for collectivism in this sense is dependent on one or all of the following:

- to foster a sense of belonging;
- opportunity for upward mobility;
- to promote trust;
- increase social capital;
- promote togetherness for survival;
- reserving nature in a community;
- where there are fewer industries and factories to stimulate growth and development;
- where there is lack of commercial viability; and
- where the rate of employment is not steady.<sup>6364</sup>

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<sup>62</sup> Stanley, D., What do we know about social cohesion: The research perspective of the federal government's social cohesion research network. *Canadian Journal of Sociology/Cahiers Canadiens de Sociologie*, 2003. 28(1): p. 5-17.

<sup>63</sup> Organisation for Economic Co-operation Development, *Perspectives on global development 2012: Social cohesion in a shifting world*. 2011: OECD Publishing.

<sup>64</sup> Australian Human Rights Commission, *Building social cohesion in our communities: A summary of the online resource for local government*, A.H.R. Commission, Editor. 2015, Australian Human Rights Commission: Sydney.

In essence, several or all of these factors create the conditions through which communities seek alternative ways to generate income, or supplement other income streams while fostering and protecting their environment, creating economic vivacity and social vitality.

While other regions and shires may be concerned about increasing the number of visitors to their area because of low visitor numbers, the Shire of Augusta-Margaret River is concerned about sustainable or responsible tourism. According to Read (2018), sustainable tourism revolves around the impact of the society, the environment, and the economy.<sup>65</sup> To Peeters et al. (2014), there is contestation about an agreeable path through which the sustainable tourism can be achieved.<sup>66</sup> The visitors' accommodation choices or, tourism aspirations and inclinations, may be different. The following are some examples:

- the clients or customers of Airbnb may differ from the customers of hotels based on the visitor's preference for aligning their particular holiday/business facilities, family constellation and holiday/group logistics with overarching principles such as sustainability, amenity or cultural interaction with grass roots local communities;
- the community strives to ensure and instill the idea of localism for economic development and sustainability in the Shire that a hotel may not be able to grant or support this approach; and
- the investors/owners of the Airbnb premises within the Shire may be multi-job holding local residents, who use the additional income from the Airbnb's operation to remain in the region, or they may be micro-businesses and entrepreneurs, rather than the traditional (hotel) business investors/owners.

### **Issues in the short-stay accommodation sector, particularly associated with emerging business models utilising online booking platforms.**

The rise of online booking platforms for short-stay rental accommodation has several implications:

- the threat to hotels and traditional service providers in the tourism sector;<sup>67</sup>
- the burden on the local community regarding the increase in the prices of long-stay rentals;

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<sup>65</sup> Read, J., *What Is the Meaning of Sustainable Tourism?*, in *USA Today*. 2018, USA Today.

<sup>66</sup> Peeters, P., et al., *The eco-efficiency of tourism*, in *Advances in tourism climatology*, A. Matzarakis, C.R. de Freitas, and D. Scott, Editors. 2004, Meteorologisches Institut der Universitat Freiburg: Freiburg. p. 105-115.

<sup>67</sup> Ting, D. *Airbnb is becoming an even bigger threat to hotels says a new report*. Skift 2017.



- the general shift from community residents to a visitor economy, i.e., unruly behaviour of a transient population and greater visitor influx resulting in overcrowding in tourism and residential locations;<sup>6869</sup> and,
- while the traditional options for short stay, i.e, serviced apartments, Inns, motels and hotels usually have a specific commercial location, a host in the Airbnb might be a next-door neighbour in a residential community.

The following people in regions may benefit from adopting online short term accommodation platforms such as Airbnb:

- fly-in, fly-out (FIFO) workers who are regularly absent from their home and want to afford to live in regions with greater natural amenity;
- People with aspirations to eventually live in regions, and they use short-term accommodation to transition to the region over the long term; and
- People who do not have access to permanent jobs and use a portfolio of employment types and income generation including Airbnb to remain housed in the region.

Changes in the makeup of communities including the appropriate mix between local residents and tourists, the mixed use of residential neighbourhoods with attendant noise, safety and dislocation of a resident population and, changes to the type and offering of tourism accommodation due to new types of accommodation options for visitors are challenges for regions to manage. The challenges may also bring new opportunities for regions that are in peripheral areas, have suffered economic downturn or require novel ways to support industry development in the tourism sector.

## **Conclusions**

There are valid and abiding concerns about the required policies and practices involved in bringing together a local resident community and a visitor economy through the provision of short-stay accommodation. Issues such as the use or over-use of communal property (parks,

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<sup>68</sup> Henriques-Gomes, L., *Victoria to ban short-stay hosts and fine guest under 'unruly party' laws.*, in *The Guardian*. 2018.

<sup>69</sup> Kettle, M., *Mass tourism is at a tipping point – but we're all part of the problem.*, in *The Guardian*. 2018, Australia.

beaches and lakes, among others), the availability and cost of long term housing stock, community safety and amenity and, the attendant increase in prices of consumer goods within a tourist hub (housing, food, and consumer goods) for the local population are some of the concerns raised (for more details see Figure 4).

With appropriate regulation of the short-stay accommodation sector and a mechanism to harmonise and provide dispute resolution for the various sections of the short-stay accommodation, the different models may co-exist to support regional development.

Possible outcomes:

- creation of tourism that generates more significant economic benefits for the communities;
- minimization of the social, environmental and economic impacts on the society; and
- improvement of the socioeconomic wellbeing of the local residents who reside within the region.

Overzealous regulations may be counter-productive, like the case in Barcelona, where the licensing fee increased from €250 to €80,000, or the case in San Francisco, in which the Council imposes USD\$500,000 liability insurance package, in a bid to deter the homeowners from sharing in the benefits of an economy in which they reside (Poole, 2018).

The imposition of high entry barriers to establish and maintain online platform accommodation options has resulted in the following effects and unintended consequences for both cities (i.e., Barcelona and San Francisco):

- grave loss of tourism assets;
- depriving locals of international culture, exchange and experience;
- shrinkage of the finances of the host, and consequently, middle class investors and homeowners; and
- less chances for cultural sharing and understanding at a time when the principle of global citizenship is championed by the United Nations.

Airbnb may be a viable option, or at least provide a set of alternative options, for those tourists and visitors whose preferences may differ from the hotel or other traditional accommodation choices. Accordingly, a broader outcome may be regenerated for the local economy.

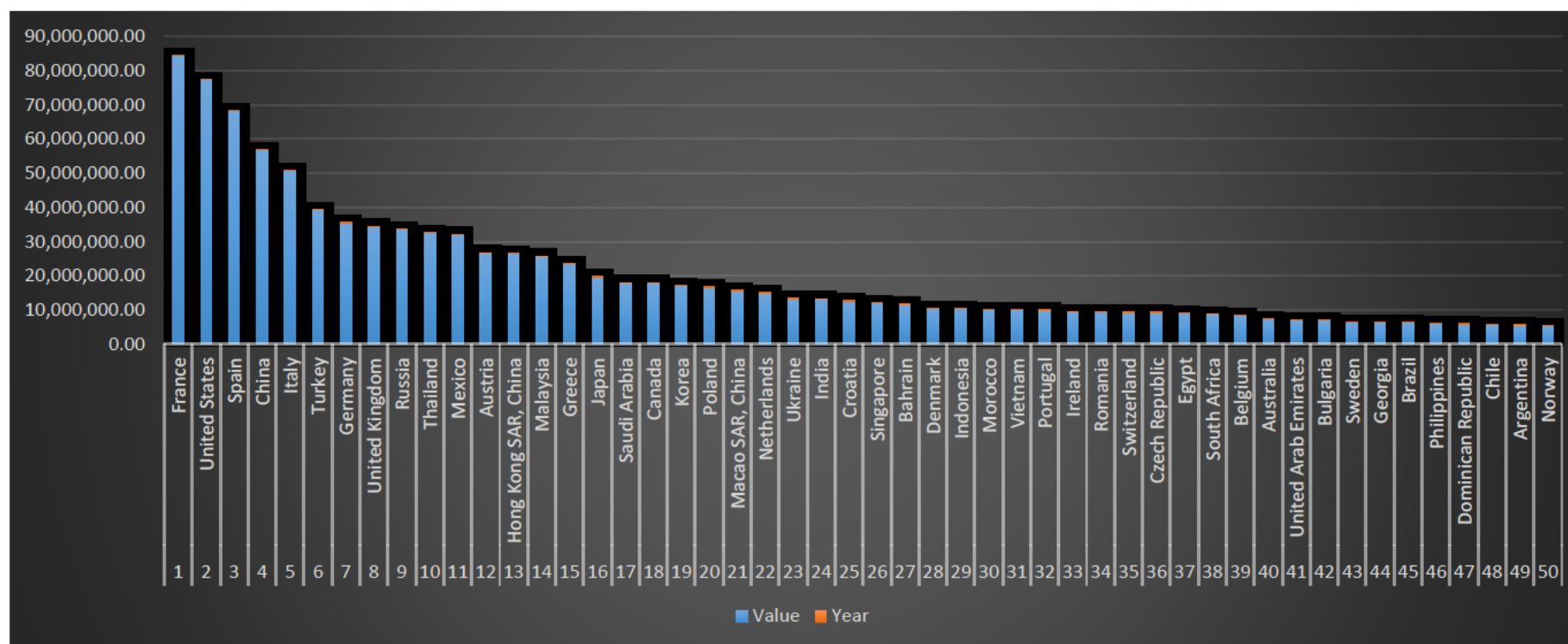
High entry barriers and high ongoing costs for online platform providers of short-stay accommodation can have a deleterious effect in regions. However, the market for visitor accommodations needs to be balanced and fair for all short term accommodation providers.

This submission is based on the proposition that it is critical to allow flexibility for regions to chart a course about the provision of short-stay accommodation options that meets their specific and local requirements for regional development.

**Appendix 1: Short stay accommodation options at the Shire of Augusta-Margaret River**

<b>Holiday Houses</b>		<b>Bed &amp; Breakfast</b>		<b>Residential Use</b>		<b>Guesthouses</b>	
MRiver	106	MRiver	38	MRiver	1	MRiver	5
Burnside	14	Burnside	4			Gnarabup	1
Gnarabup	40	Gnarabup	12			Prevelly	1
Prevelly	23	Prevelly	3			Cowaramup	1
Gracetown	21	Gracetown	1				
Cowaramup	2	Cowaramup	4				
Forest Grove	1	Witchcliffe	3				
Rosa Brook	3	Augusta	2				
Redgate	6						
Augusta	20						
Hamelin	3						
Molloy	5						
Witchcliffe	2						
<b>Total</b>	<b>246</b>		<b>67</b>		<b>1</b>		<b>8</b>

## Appendix 2: World top 50 tourist destinations by country



Source: World Tourism Organization, Yearbook of Tourism Statistics, Compendium of Tourism Statistics and data files.<sup>70</sup>

<sup>70</sup> <https://www.indexmundi.com/facts/indicators/ST.INT.ARVL/rankings/asia>

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#### Appendix 4 Contacts and signatures

Name: Professor Kerry Brown

Signature: 


Name: Associate Professor Hadrian Djajadikerta

Signature: 


Name: Associate Professor Ferry Jie

Signature: 

Name: Dr Edmund Goh

Signature: 

Name: Professor Dora Marinova

Signature: 

Name: Dr Uma Jogulu

Signature: 

Name: Mr Mex Ndaguba

Signature: 