

Admin, LACO

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Subject: FW: Submission to the Short Stay Accommodation inquiry- sub no. 113

From: Lauren & Kim Aspland
Sent: Thursday, 24 January 2019 9:23 AM
To: Committee, Economics & Industry Standing <laeisc@parliament.wa.gov.au>
Subject: Submission to the Short Stay Accommodation inquiry

Submission into Short Stay Accommodation

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 Acacia Chalets
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 24.01.2019

We purpose built 4 chalets on our 10 acre property in 2009 to operate a short-term accommodation business in the Margaret River region. This involved considerable cost and time obtaining property rezoning and planning approval through the Shire of Augusta-Margaret River. We also obtained a business loan to fund the project.

The property has 2 x 2bedroom chalets and 2 x 3 bedroom chalets and can accommodate a total of 20 guests. We opened for business in April 2009.

Acacia Chalets

We are AAA accredited and have maintained a 4 ½ star rating for the 10 years of operation
 We are listed in the Australian Lonely Planet as “Must Stay – Highly Recommended”
 We have maintained a ranking of between #1 to #3 on Tripadvisor for the last 10 years.
 We are financial members of the Busselton Margaret River Visitor Centre
 We are a registered Australian business and pay GST installments quarterly
 We incur from the Shire a higher rate levy to operate an accommodation business on our property
 We pay business and public liability insurance
 We pay business name registration
 We engage a local contract cleaning company to service and clean the chalets.
 Linen is supplied by a local company in Margaret River
 Chalet supplies are sourced from a local hospitality wholesaler in Margaret River
 We engage a local gardener/handyman for some maintenance work

Impact of Unregulated Short Stay Accommodation

Over the last 3 years we have noticed the impact on our occupancy levels with the proliferation of un-registered home operators using platforms such as Airbnb to attract guests.

We have lowered our nightly rate by 15% - 20% to try and stay competitive but have still seen a 20% decrease in our occupancy levels.

Latest data shows that across the Margaret River Region there are over 2,000 Airbnb listing and are growing by 6% month.

Data also shows that over 88% of listing are for entire homes or studios and not for “home sharing or hosted” accommodation that Airbnb spruce they represent.

Our local Council has only approved 6 properties in the last month yet there has been an additional 150 properties in the Margaret River region listed on the Airbnb platform in this same period of time.

Our local Council staff acknowledge that they can't provide enough staff to ensure compliance with the proliferation of un-registered operators.

Other OTA Platforms

- There have been booking platforms such as Stayz, HomeAway and Flipkey operating for many years but they have not had the impact that Airbnb has made.
- All other booking platforms require an ABN, copy of local Council approvals and Insurance Certificate of Currency to ensure that only regulated businesses can advertise on their platform.
- All other booking platforms either require an ABN or if operators aren't registered to collect GST then they pass on 10% of the booking fee to the Australian Government.
- All other booking platforms have a "paper trail" issuing operators with either a tax invoice or statement showing monthly booking fee earnings, commission charged or deducted, GST collected and nett payment.
- Airbnb have no "paper trail" operators just receive an email saying an amount has been deposited into their bank account.
- I assume many, many operators would not be claiming this as income on their tax returns.

Negative Impact of Airbnb

- Airbnb encourage unregulated operators to list their properties on their website, claiming to provide public liability insurance, etc for operators, saving operators "red tape" etc.
- They do not require a copy of Council approval to list a property on their website.
- They do not require an ABN or pass on 10% of booking fees to the Australian Government
- Airbnb are a successful multi-billion dollar company that appear to thumb their nose at the rules that others are expected to abide by.
- Airbnb will argue that they are providing a form of accommodation that people want but all they are providing is cheaper, un-registered accommodation.
- It is cheaper because there is no GST payable on the booking fee and home operators don't have the significant upfront costs or the same overheads as a registered operator.

Soon there will be less hotels, motels, chalets or Bed and Breakfasts operating and tourists will have no alternative than to book accommodation in someone's home. Not everyone wants this type of accommodation and there will be less tourists visiting the area.

Compliance Costs & GST

- Besides the upfront costs of a bank loan to either buy or build a registered accommodation business we feel the most obvious uneven operating cost is GST.
- If the State Government does nothing to restrict the operation of Airbnb and the impact of unregistered operators then GST should be removed from short stay accommodation. There is no GST payable on long term rents.
- The cost of GST on retailers was a huge impost when they had to compete against the proliferation of online shopping sites that did not have GST included in the price of their goods.
- The 10 years or more it took the Government to enforce GST onto online retailers has come too late with many retailers no longer operating and empty shops a negative sign of this and less people employed in the retail sector.
- The same thing is already happening and will continue to happen with registered accommodation businesses, it is a simple fact that we cannot compete with operators who are not paying GST and don't have the significant upfront costs & ongoing business cost as they are just operating from their own home.
- There will be less people employed in the hospitality industry and less GST paid to the Government.

Government Requirements

The Government should introduce legislation to ensure the following:

1. All property owners must be registered with their local Council/City, with identification and fee payable to fund compliance monitoring.
2. All short stay accommodation to have GST included in the booking fee.
3. All short stay accommodation must meet fire, safety, building and insurance requirements appropriate to all other accommodation providers.
4. All OTA's platforms to stop listing un-registered and non-compliant rentals and share relevant data with authorities.
5. Residential zones and long-term rentals must be protected. Neighbours must be empowered and allowed to have a say in what happens in their neighbourhood.

Conclusion

We listed our business for sale over 18 months ago basically as we “could see the writing on the wall”.

We do not think there is a future in the business for our children to take over running the business.

The business is listed below replacement cost.

The proliferation of un-registered accommodation that is available in the area has had a very negative impact on this type of business and has reduced the likelihood of attracting someone wanting to invest in the hospitality industry.

We sincerely hope that the State Government “sees through” the hype that Airbnb has raised, claiming that they are providing a service, etc because they appear to be a “law unto themselves”.

Yours sincerely

Kim and Lauren Aspland