



Ian & Gillian Nicholas

Westerley

Background of the business.

We operate a short-stay accommodation business called Westerley Accommodation in Fremantle and South Fremantle. Presently, we manage about 24 properties a number of which we own. This has varied from time to time and they range from one-bedroom studios, one- and two-bedroom apartments, town houses, and single-standing two- and three-bedroom houses. A proportion of the premises could be classified as Investment properties although quite a number are held by people working interstate or overseas or by individuals who wish to retain an association with Fremantle for retirement or other lifestyle reasons.

The business has been operating since 1997 and started with a bed and breakfast facility of one room in our house and a self-contained studio in the garden.

To gain council approval for this business we had to go through quite a process. We had to submit house plans, the neighbours were notified by the council so they could object or comment, off-street parking had to be provided, and a one-off registration fee of about \$150 was incurred.

Somewhat after this we decided to let a nearby fully-furnished and self-contained property we owned for short-stay accommodation. We made inquiries of the council and there were no conditions to fulfil. From that time, we began to manage other properties for their owners and our business has grown gradually but consistently. We have built up a reputation for careful management and helpful hosting. Guests have “found” us either from the Fremantle Visitor Centre or via our own website advertising.

In 2009, the City of Fremantle introduced their Short-stay Accommodation regulations. All bookings had to be for a minimum of two nights with a car parking space for a property with more than four people. A reasonably detailed floor plan was to be provided and the Fremantle City council needed to be able to contact the manager(s) at any time if an issue arose. We were very happy to comply. The one-off cost was about \$150 and we or one of our staff had to be on call 24/7.

Current Situation.

In 2017/18, Westerley Accommodation provided accommodation over 5,339 nights at an overall property occupancy rate of 59%. For the six months to December, 2018, the corresponding figures are 2,688 nights at 57% occupancy.

Since the arrival of the Airbnb, we have seen an explosion of accommodation options and variety of properties. These are self-contained houses, apartments and units, as well as individual room letting. This has led to a plunge in costs to visitors, perhaps a marginal increase in occupancy rates, but a substantial reduction in the net returns for owners and managers of similar businesses.

It has also led to considerable unease with neighbours who, quite rightly, do not know “what is going on next door”. There have been issues, understandably, of residents in apartment

complexes having their amenity disrupted and, not infrequently, damaged by rowdy and irresponsible guests.

By far the majority of bookings made at Westerley Accommodation come via Airbnb; reservations by individuals are almost invariably by return guests or, in some cases, by long-standing corporate clients.

We understand that hotels need to offer a range of facilities to suit multiple client requirements and that these services are beyond our capabilities. We also appreciate that the establishment and running costs for these services are high. But, we also know that short-stay self-catering accommodation in a quiet homely environment appeals to a significant portion of the private and corporate traveller, such as, families, with their children, from interstate or overseas seeking to buy a house, project engineers, accountants and so on, with their families, engaged in longer projects, housing insurance claims, family reunions and holidays, travellers with pets, and so on. We encourage and respect these differences and believe that we need to work with the hotels rather than against them.

The impact of Airbnb, and other similar accommodation sites, on our business.

The online market has had positive and negative impacts. Airbnb is, by far, the dominant player in this market and we have been working with them for at least three years. Our comments are based on that experience.

1. Positive.
 - a) The general public are comfortable using such sites – particularly Airbnb. A wide range of nationalities and age groups book in this way.
 - b) The host and guest review system of Airbnb works well and we have seen very few, if any, problems in regard to damage or poor guest behaviour.
 - c) Airbnb do NOT encourage the host to go outside of the system but, for security purposes, to protect our business, and to provide a communication link for property access details, we ask our guests for their own personal email address and require guests have their government ID, (drivers licence /passport), checked through Airbnb. Other hosts do not always do this.
 - d) Accommodation payment for guests by Airbnb is both prompt and accurate.
2. Negative.
 - a) The number of accommodation places has exploded and has pushed prices so low that some well-managed businesses have had to exit the market or are struggling to survive. Indeed, Airbnb notify hosts of how many accommodation opportunities have been lost and suggest a price reduction to “meet” the competition.
 - b) Airbnb does not require any notification that businesses are obeying local regulations; they simply state that hosts are expected to abide by the relevant by-laws.

Other Requirements.

Westerley Accommodation is correctly registered with all the relevant and necessary Government Departments and Agencies, such as, ASIC, Taxation Department, Tourism Associations, City of Fremantle, Health and Safety, etc. It also conforms with Workers’ Compensation rules and regulations and Insurance requirements, both property and liability, particularly as they apply to premises used for commercial purposes. These two latter issues would appear to be largely ignored by many Airbnb operators with potentially serious consequences.

Fremantle’s Recent Changes for Short-Stay Accommodation.

1. A rate increase, (recently notified), is relevant and sensible as these properties are used for commercial reasons. The increase is, in our view, quite reasonable.
2. Fremantle intends to use the revenue raised in this manner for destination marketing. This is an excellent idea. Perth has had so much money poured into its tourist

facilities recently but Fremantle has been largely ignored. Although we advertise Fremantle ourselves as much as we can, unless potential guests look specifically for Fremantle over other destinations, we miss out.

Future Regulatory Action Required.

1. All short-term accommodation premises, including houses, apartments, units, studios, single-room lettings, and house-sharing arrangements are to be registered with a fee payable to fund compliance.
2. This application document should be accompanied with a reasonably detailed plan of the premises, a statement of provision of a car parking space where four people are staying at the property, and the name(s), address, and contact number of the owner(s) of the property and of the manager(s) who are to be responsible for the management of the property on a 24/7 basis.

Other Issues.

1. There are a number of other issues that short-term accommodation managers should be aware of. These include, where applicable, strata regulations, building, fire, and health and safety regulations, and their relationships with co-tenants and neighbours.
2. Very few insurance companies or broking agencies will insure short-term accommodation premises; similarly, domestic workers' compensation policies will generally not apply to commercial properties.
3. We are not suggesting that the registration process should include the above items; it may be appropriate, however, for them to be the subject of an "Information Sheet" made available to applicants.