

ECONOMICS AND INDUSTRY STANDING COMMITTEE

INQUIRY INTO SHORT-STAY ACCOMMODATION



**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
WEDNESDAY, 10 APRIL 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 9.50 am

Mr NATHAN HARDING

Chairman, Tourism Western Australia, examined:

Mr CAMPBELL FLETCHER

Policy and Planning Manager, Tourism Western Australia, 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 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 Terry Redman, the member for Warren—Blackwood. The Deputy Chair, Sean L'Estrange, member for Churchlands, and Stephen Price, member for Forrestfield, will join us shortly.

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.

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

The WITNESSES: No.

The CHAIR: Would you like to make opening statements?

Mr Harding: Yes, I will, thank you very much. Firstly, thank you for asking us to speak with you today. We really welcome the important work that your committee is doing in this area. Tourism Western Australia is a statutory authority established under the Western Australian Tourism Commission Act, so we work both on the supply side through marketing and events, building supply, and also on the demand side through our destination development work. In our submission on page 2, you can see a set of objectives that we have defined. That has really guided our approach to this area. Really, the objectives are around getting the balance right between a number of different elements like ensuring that our visitors have a quality and safe experience while they are here; enabling and encouraging innovation within the tourism sector so that we can meet the ever-changing expectations of the consumer and be a very enticing destination for consumers to come to; but also ensuring we have, where we can, a level playing field between the smaller and the larger operators.

That brings us to our five recommendations. These really support the objectives within the submission. They are for a regulatory approach and, really, are as outlined in option 5.4 of the draft discussion paper from DPLH. We also recommend mandatory registration. We recommend an update to the strata title publications where they discuss the sharing economy. We also recommend a review of the application of building codes and that there is consideration given to accreditation and/or a code of conduct. We welcome the opportunity to discuss these with you this morning.

The CHAIR: I will perhaps open with some general questions around the implications of the short-stay accommodation phenomena on the tourism sector, and then throw over to my colleagues. There been a couple of contentious issues and some quite contested things, and I have been tagged in a never-ending Twitter war, it seems, between some organisations on the contribution of Airbnb

customers, or short-stay accommodation customers, to local economies when they travel. Does Tourism WA have a sense of the particular contribution that these customers and that this sector provides to regional economies from tourism?

Mr Harding: We would probably point to some of the evidence and research that we have, and probably Campbell can speak to that in some detail.

Mr Fletcher: Yes. The research, I guess, Jessica, is quite new and reflects the fact that the sharing economy, while it has been around for a little while, has grown quite exponentially in the last five or six years. Some of the figures, for example, in the [Tourism Research Australia's] International Visitor Survey [IVS] or the National Visitor Survey [NVS] were only from questions introduced in 2015, so the sample pool to evaluate some of those things, like return to the economy, is not huge. I guess that evidence base will grow over the coming years and give firmer figures around some of that sort of stuff.

Our submission points to some research that has been done under that, but I do not know whether there is anything in here from an economic perspective in the International and National Visitor Surveys, and we might have to get back to you on that if there are some figures we can pull out of that. The work that Curtin University has done—I know you are talking to those guys after us—went into some more detail. They did some data-scraping exercises from Airbnb. I do not know how to describe that from a technical research perspective, but that was the methodology, or part of the methodology, they used. I think some of the research they have come up with, which we have done a summary of in our submission, has some broad economic figures—indications of average cost, rental rates and things like that. AirDNA, which is run by Airbnb themselves, has economic data and you can interpret based on location, time of year, and information like that, and draw those sorts of figures out. Tourism WA has had some preliminary looks at some of those sorts of sources in forming its submission, but has not dwelled too deeply into that realm at this point in time.

The CHAIR: The reason I ask is that very often tourism spend is expressed as an absolute dollar value, potentially recognising that spend is perhaps lower because prices are lower, not necessarily because there are fewer tourists. And particularly where these forms of accommodation are concerned, a total spend may be much higher for someone accessing traditional forms of accommodation relative to the total spend of someone utilising a short-stay accommodation provider. But there could also be a significant cost difference between the form of accommodation, which does not necessarily mean that the Airbnb customer is spending less when they are undertaking tourism activities; just because their accommodation is cheaper their total spend is lower. There has been some evidence put to this committee that short-stay accommodation customers do not have a very significant impact, or suggests they have a much lower impact, on tourism. I am just trying to get a sense of whether that is correct? That is at the root, I guess, of my question.

Mr Fletcher: It has always been a hard thing to measure the flow-on economic impact—how much does a visitor spend in a shop, how much do they spend on a tour, how much do they spend going down to the local pub that night and that type of thing. The NVS and IVS questions do ask some of that sort of detail, but I do not think they give an absolute indication of what the economic return of a visitor might be in terms of that discretionary spend.

The CHAIR: Do you have a sense at all of whether the short-stay accommodation providers are being accessed more by interstate, intrastate or overseas customers? They are three very different tourism markets and I wonder whether you could give us an idea or a sense of how you think those three separate markets might be utilising traditional and short-stay accommodation.

Mr Fletcher: We could certainly get those figures through to you. Off the top of my head I do not know them, but we certainly have that information.

Mr Harding: The take-up across different markets is different. You will find that even within different international markets, the take-up in a particular market is greater than it would be from another. I believe some of that information might be around.

Mr Fletcher: Yes, and it probably varies from destination to destination.

Mr Harding: Absolutely. So whether you are going to Margaret River versus going to —

Mr Fletcher: An Exmouth.

Mr Harding: Absolutely. There are a lot of variables in that.

The CHAIR: It is really interesting, is it not, because if the short-stay accommodation platforms are a very typical thing to use at home in England and you travel to Australia and you are familiar with the platform, you are probably far more likely to adopt it. I was astonished last year—I use Uber here—to plonk myself down in San Francisco and find that my Uber app worked perfectly. It was seamless, and it still accessed my credit card. It is the familiarity with the technology, I suppose, in your home town, as well as your destination, so I can imagine that would have an impact. I would appreciate it if you could give us a bit of a sense of how the different markets or the different customer segments access Airbnb in WA, and if there is a difference between different parts of the state, that would also be helpful.

I will ask one final question and then turn over to my colleagues. It has also been put to us that in the absence of a mature tourism industry in a particular destination, particularly in regional communities where they do not have hotels—even a place like Albany does not have a big international hotel—that this form of accommodation can help establish a critical mass, a pipeline of people visiting a destination to then justify or create the demand for more the traditional, larger forms of accommodation to set themselves up. Do you have any views on this form—short-stay accommodation—as almost being a stepping stone to a more mature or more advanced tourism industry in particular destinations?

Mr Harding: I would actually probably say there are probably two arguments to that. One is that if there is this type of accommodation in a location where there is not a large commercial operator, it may actually disincentivise a commercial operator from going there. If they open up, there is already competition within that market and then it goes to the level playing field around the cost of entry into the market for either player. There is that argument and the argument that I think you were making around it may have the ability to open up destinations before there is the critical mass to get the commercial operator. It comes back to that, I think, getting the balance right.

The CHAIR: Just one final question—really! I always say that! Affordable holidaying for Western Australians and the form of holiday that people can have: say you have a family of three or four kids and you want to get away down south and the only option available to you was to stay in a hotel where you have to hire multiple rooms, where you have to eat in the restaurant because you do not have access to kitchens. Western Australians need to be able to afford a “blue” holiday, too, and it would seem that there is an argument that this form of accommodation is affordable, accessible and makes holidaying and tourism available to a whole segment of the community that might otherwise not be able to afford a “blue” holiday or getaway. I wondered what your views were on that?

Mr Harding: I am not sure if we have any evidence on that; I do not think we do.

Mr Fletcher: This part of the argument we put forward in our submission is around that diversity of choice and providing for different accommodation choice and markets and preferences—the family holiday away stay in that holiday home-type arrangement. Holiday homes have been a standard offering across WA for a long time. Places like Margaret River, Busselton, Albany and Denmark have very strong holiday home markets. Places like Margaret River and Busselton, there is probably a greater mix of “other” accommodation choice there as well. But I think part of that, as Nathan has said, is that balance of a diversity of choice, and people being able to make that sort of choice when they go on holidays is quite important.

Mr Harding: We certainly have a view around having a broad range of accommodation and the accommodation that suits that particular location. Margaret River has particular aspects that warrant there to be more holiday home-type arrangements. It is about having the diversity and, as I said in the opening remarks, around ensuring that we have got the ability to have an innovative approach to accommodation and match what the customers’ and consumers’ expectations are.

Mr D.T. REDMAN: I want to pursue a slightly different angle on the line that the Chair was asking a little while ago. I am assuming that Tourism WA is supporting—although it is not clearly written in your principles—investment in the sector. I know a few years ago we were chasing investment in hotels in Perth; it was very difficult against a tough market. In regional WA, you want people to invest. Therefore, I am wondering how much that is guiding your advice in and around this issue given that clearly there is a view in those that have invested in the market that there has been somewhat of a displacement of their tourism numbers based on Airbnb and other online platforms picking up in some of those regional centres. I guess I cite Margaret River as probably the sharp point of that. My question is: how much displacement do you think is occurring on the back of an Airbnb-type platform and, therefore, how much is that guiding your views about having a level of protection—that is, a level playing field—for those who have invested in the sector and want to invest in the sector?

Mr Harding: I think it is really important that Western Australia has a good reputation as a place to invest. It is important that we attract investors not only across the tourism sector but other sectors. There is a significant amount of investment that has been made across the accommodation sector, and that is evident in Perth. I think pretty much every crane that you can see across the city is a new hotel, and there is literally billions of dollars’ worth of investments that have been made across the city in accommodation. I think it comes back to striking the balance again. I will probably come back to that quite often because on one hand you want to make sure that the consumer has a choice, but on the other hand we need to make sure there is a level playing field between those people who have invested and the cost of entry. Particularly if you look at things like the difference in building codes and other aspects, if the cost of entry is significantly less for one sector in that, then it is really providing an economic displacement and probably may not be very useful for us to attract future investors if those things continue for a long time without being looked at. But I do not know if we have any —

Mr Fletcher: On the displacement question, it is quite hard to measure because in some ways the phenomenon of Airbnb in WA and Perth has coincided with changes in economic conditions more broadly. Five to 10 years ago hotel occupancy rates were full, basically—90% occupancy rates in Perth—but with an economic downturn, that has dropped, I think, to about 75%. Whether that relates to Airbnb or that is just coincidental or there is a range of factors is quite difficult to provide a detailed answer to.

Mr D.T. REDMAN: In your submission, you have taken a reasonably strong position in terms of saying we need to get the level playing field there. Indeed, Nathan, you have mentioned a couple of

times this level playing field is important. You talk about making registration mandatory, but you have used the Local Government Act as the basis for that and mentioned deeming provisions in there. I am assuming you made reference to another document that is online now. Does that mean that you are supporting a local approach to what those provisions are or are you looking for Statewide umbrella legislation to ensure there is registration via the platforms that have accommodation provision?

Mr Fletcher: I think it would be a mix. The state level guidance is quite important with an issue that is stretching everywhere from Broome to Esperance—that information for local government to make those types of decisions and strategic guidance in that sense. But then the variation between each of those local governments and short-stay accommodation and the nature of short-stay accommodation, and seasonality issues and things like that probably requires a bit of local government guidance and determination as to how they want to approach managing that issue. It is the mix of the two.

Mr D.T. REDMAN: Can you see some concerns emerging there? If I am right, we have quite a stark contrast between the City of Fremantle, who is taking a very open approach to the opportunities that come here and do not particularly want to change anything, to the shire of Margaret River and others that are trying to respond to fairly significant issues that they are seeing in those that have invested in the sector down there, and trying to get a level of compliance. If we have different scenarios across the state, is that going to be difficult to have a significant international platform, like Airbnb, taking a compliance approach or level playing field—approach across the state? Do you think that will be challenging?

Mr Fletcher: Yes, I think it would be.

Mr D.T. REDMAN: Does that then lead us to say that there perhaps needs to be a Statewide umbrella in terms of compliance—ensuring registration, for example, before it goes up onto an online platform?

Mr Fletcher: I think it would be something that would certainly have to be explored through that sort of process.

Mr D.T. REDMAN: Would that be something Tourism WA would support?

Mr Harding: When I speak about a level playing field, I think there are two aspects to that: first of all, a level playing field in terms of the regulation, and then a level playing field in terms of the enforcement. What I hear a lot from tourism operators is either patchy, inadequate or non-existent enforcement in some areas. I think mandatory registration, even at a state level if that makes the most sense, probably would assist greatly in that enforcement area. What I hear quite often, and I am sure it has come to the committee as well, is around the lack of enforcement. The local government authorities often say they do not have the resourcing, capacity, capability or motivation to actually enforce even what regulations they have at the moment, let alone looking at new regulations.

The CHAIR: In light of the comments you have just made, would you have anything further to say on the classes of short-stay accommodation—hosted as opposed to unhosted—around complaints, enforcement and registration?

Mr Fletcher: I think with the hosted stuff, we probably do not have any real concerns. With the unhosted accommodation, which I guess is that traditional holiday home—style accommodation, for want of a better description, I guess there are issues with compliance and amenity issues in neighbourhoods and locations where they are located that local governments need to enforce or are required to enforce. As Nathan has outlined, there are varying approaches to that or levels of

diligence to that across various local governments. Resourcing of that is potentially an issue for some of those, whereas for others it may be an easier process to undertake.

Mr D.T. REDMAN: Just to extend the line of questioning, I want to get your views about whether we should have something that gives a level of flexibility at a local level and therefore they can determine what happens at a local level, or a level of provisions to support mandatory registration at a state level. The reference you made in your submission refers to a draft document from the Department of Planning, Lands and Heritage, which uses or suggests we use the local government legislative platform as that mandatory registration. My read of that suggests that it comes down to local government flexibilities to deem what they seek to achieve, as distinct from a platform at a state level, which is a much more serious and higher level of enforcement, if you like, to ensure that you have anyone listed on an online platform actually registered and a registration number perhaps up on the site. Your comments seem to conflict with what your submission is referring to as a way of achieving it.

Mr Fletcher: Okay. We might have to get back to you on that one; take that on notice and provide that information back.

The CHAIR: Just as you were asking your question, Terry, I was thinking that, to me, it seems to be very dependent on the areas that we are talking about. I think, quite rightly, that you point to considerable variability between areas. It could be a huge problem in Perth to have party apartments in apartment blocks, and perhaps the local government is not enforcing it as well as it could at these problematic places. But in other local government areas, it seems like it is done really well. It would be useful for us to understand what Tourism WA's perspective is on that. In the city of Perth, there seems to be a very different dynamic. There are apartments that are being used in apartment complexes. Indeed, it has been put to us that there is a risk that entire apartment complexes are being built and basically run as hotels, and that the utilisation of these platforms is dodging the compliance requirements that traditional accommodation providers have to adhere to. What is your view on that? What have you heard about these sorts of issues emerging, specifically in the CBD?

Mr Fletcher: Probably the same feedback that has been provided to the committee: that there are concerns, from an industry perspective, that the encouragement of apartments and the proliferation of apartment development across Perth has the potential to be developed for residential use, avoiding the potential building code requirements that are applied to commercial accommodation, and then is used for that commercial accommodation, having been constructed at a cheaper scale or requirement than is required for a traditional hotel, which has gone through all the regulatory and building code requirements—fire and safety, disabled access and those sorts of things. Those concerns have similarly been raised with us in discussions. The city of Perth, I guess, has been put forward as an example where there is a lot of apartment development that has occurred over the last five to 10 years and a lot more in the pipeline, as I understand. There are concerns about the growth in that and the ongoing growth through that pipeline in achieving that development pipeline.

The CHAIR: I do not know if you are the right agency to provide information on this—if you are not, we will have to think about how we get the information and whom we ask—but I understand that for some traditional accommodation providers, there were incentives, such as access to land or discounts. There was some sort of incentive for the development of new hotels to grow the tourism pie. Are you able to give us an overview or any information?

Mr Harding: We can probably speak to that, because we are the lead agency with some of those. We were certainly involved with some of those. There was some crown land in the city that was

incentivised for hotel use and hotel development, so the state has played a role in encouraging that investment. In fact, Tourism WA, through the period where there was a severe lack of accommodation in Perth, was very actively talking with international investors around the world to seek new investment into Western Australia. It kind of goes to some of my remarks previously about, as a state, we have encouraged people from around the world to invest in our state. Some of them have invested in the form of hundreds and hundreds of millions of dollars. I think it is incumbent on us to have a balance in the regulatory framework to ensure that there is that level playing field to protect that investment.

The CHAIR: It is something I am very keen to understand, because, as you quite rightly point out, balance is important. We need a balanced assessment of exactly what hardship traditional accommodation providers face versus short-stay accommodation providers, and what is a level playing field. It sounds to me like it has not been all bad for the traditional accommodation providers; they have had access to crown land and there have been incentives. That is certainly not made available to your typical apartment complex provider, perhaps. I am just trying to get a clear view of some of the upside that has been provided to traditional accommodation providers to establish a presence here in Perth.

Mr Harding: I believe that process was limited to three hotels. That was through an open market, EOI-type process, where investors were asked to essentially make an offer for the land in return for building a hotel. I think the investors themselves would probably consider that their investment was a fair investment, because they were considering whether to invest in Singapore, Bangkok or other jurisdictions around the world. We sought to attract them here to make that investment. In terms of the accommodation sector in Perth, we have had a significant increase in the supply of hotel rooms, as I think everyone is aware. The impact of that has been that the average occupancy level has reduced to some degree. Demand has increased, but supply has increased at a slightly greater rate. I spoke before about the cranes around the city. We have an additional supply of hotels that continue to come as well.

The CHAIR: It is really interesting. I just want to play devil's advocate, and I just want to tease a concept out with you and understand, as part of that EOI process, what the level of engagement with the hotels was, particularly whether there was any demand forecasting or conversations about occupancy or whether it was completely up to them to make a decision on the business case. Although it is perhaps relatively new to Perth—I will confine my comments to Perth—to have an uptake of Airbnb, it is certainly not a new global phenomenon. These global hotel providers, surely, have a sophisticated enough approach to the development of their own business cases to say, "Look, Airbnb is a threat; we need to factor it into our modelling, and it should be a consideration when we are considering whether to build a new hotel in location X." Again, this is not a surprise, and particularly for very recent investments in traditional housing or traditional hotels, there is risk. Businesses make decisions assessing risk, and this is a known risk. Short-stay accommodation is a known risk. I guess I just want to tease that out as well. We are dealing with some pretty hairy sophisticated guys here.

Mr Harding: Absolutely, and the anecdotal feedback I have had from the hotel operators is that none of them have said that they are concerned about competition, even new forms of competition. It always goes back to the level playing field in terms of regulation and building codes and other aspects. If some operators have a lower cost to get into the market because they are—as Campbell just explained, maybe if currently they have the potential to essentially have all the apartments in a residential apartment building but then operate it as a commercial hotel and they have done it at 20 per cent less building cost, and they do not have some of the other regulations and maybe other

aspects and costs that are associated, then that is, I think, where hotel operators are not comfortable.

The CHAIR: But that is known. They would have known that that situation existed in WA and still made investment decisions. Not only does it exist in WA, but it exists in cities all around the world. This is not a new phenomenon. Again, I am just trying to cut through. We get presented, and quite justifiably so, with quite staunch positions that are very favourable to a particular sector or player's perspective, and at the other extreme as well. The truth probably lies somewhere in between. I am trying to find where in between; I am trying to cut through this, "Oh my God! We made a decision to invest. We didn't know this was coming. We didn't know these are these other buildings were going to pop up that were going to be used as apartment hotels. This is terrible." There is an element of that narrative, versus the other saying, "Well, we've always done this" or "We've been doing it for years. It's been happening and everybody knows it's happening." I am just trying to cut through some of the rhetoric.

Mr Harding: I do not know if you have a comment.

Mr Fletcher: No.

Mr Harding: I would say that balance is what it is about, and I keep coming back to that. I have had made to me as well another argument about, for example, the building safety regulations and about whether, if I as a consumer—because I do not think anyone knows what building regulations apply to different accommodation providers—were to stay in that apartment building that was a domestic building that is let out as all Airbnb apartments, versus staying at a hotel, then the safety regulations in the two buildings are different, so I would not expect there to be different safety regulations. Maybe someone who stays in a commercial hotel, do they deserve to have better regulations in terms of safety than people who do not? I think there are a number of aspects that need to be taken into consideration to find that balance.

Whilst we do need to make sure that we have a mix of accommodation—so some people, indeed, quite prefer to stay in that Airbnb, particularly the hosted-type accommodation. I think the hosted-type accommodation is a very particular style, and it allows you to stay with a family or stay with someone and really get to experience the destination. You might imagine doing that in Paris and really feeling like you are Parisian while you are there. But if you were just to stay in a regular apartment in an apartment block, or could have stayed in a commercial apartment in a commercial hotel apartment block, there is not really much difference. I think that is the space where there is some contention and where we need to make sure we strike the right balance. Our view is that the balance as it stands is probably not right.

Mr D.T. REDMAN: The Chair has made the position that there is a certain amount that is known in the market and therefore business should respond. I am assuming the flipside of that is that businesses would expect that the law of the land is upheld in respect to whatever building codes, for example, as you highlighted, apply. You mentioned in your submission about supporting a need to review the building codes. Can you just give us an assessment of what you think needs to change? Is it simply about ensuring compliance across the board with what exists, or do you think the building codes themselves need to be looked at as a potential barrier to investment?

Mr Fletcher: I think it is probably a bit of both. The compliance side is certainly a key issue, but the other side of that as well is quite important to, I think, at least consider if there are opportunities to look at refreshing them or changes that need to be made. I do not know when they were last reviewed, for example. I guess any good policy should be reviewed in due course to see what is working and what is not.

Mr D.T. REDMAN: The bunch of rules are clear, because the rules are pretty well defined in all the planning acts, and even at the local government level a bunch of rules are applied. I think everyone comes back to compliance to that. Is it the feedback that you have, and I guess a view that you have, that simply getting a tool or mechanism for ensuring compliance sorts out a lot of the level playing field issues?

Mr Fletcher: Yes—compliance and enforcement.

Mr D.T. REDMAN: And enforcement, yes.

Mr Harding: But also, I think, when the categories apply and under what circumstances. It goes back to, I think, when the regulations were put in place, I do not think there was an imagination that something like Airbnb could come along and then you have the potential for that entire apartment building to be a domestic building, but to be let out on a commercial basis, which is almost a way of getting around the regulation. I do not know that that was thought about at the time. I am certainly not an expert in building codes and that, so I can probably make limited comment. But I think our recommendation is that that should be reviewed and looked at with the potential to both the enforcement side and potentially where and how it might apply.

Mr D.T. REDMAN: One more two-part question: I am assuming, in reading between the lines in your submission, that you do not have a sense that there needs to be any intervention on the hosted accommodation on these platforms?

Mr Fletcher: That is correct.

Mr D.T. REDMAN: My second part is: there have been moves in New South Wales to restrict the number of days within the year that hosted accommodation providers can use. What are your comments on that and, indeed, how the hell do you regulate it, if you do support?

Mr Fletcher: That was probably one reason we stayed away from that in our submission. How do you define how many days? I think New South Wales came up with 180 days, which must be based, I guess, on holiday periods. I am not 100% sure. We quite deliberately in our submission stayed away from that sort of discussion. I think it is probably a discussion to have in due course once an approach is determined as to how you do that. Enforcement of that would be incredibly complicated. How would you know if it was 177 days or three days? How would you know and how would you enforce that?

Mr Y. MUBARAKAI: Tourism WA has a bird's-eye view in regard to how to promote Western Australia as a point of destination and, traditionally, Mr Harding, it was about exposure and experience from your other role on Discover Australia Holidays, so you quite understand the wholesomeness about Australia as a whole as a destination point providing traditional online packages with air services and hotel providers. In that field, obviously we have seen a major interruption; where we sit right now, it is a major interruption where these online platforms have come in and taken up a huge proportion of that market share. You are faced with this platform where you are going, traditionally, this is how we marketed Western Australia and Australia and, on the other hand, we have these online platforms that have just completely proliferated the market like a black economy. They are an equal force as well in terms of where recognition is there for Western Australia to be marketed as a point of destination.

The point I am asking is, on one hand, we have traditional hotels facing a disruptive behaviour pattern, so what are the strategies that Tourism WA has in assisting those traditional platforms that we have been dealing with over the years to sort of promote Western Australia as a tourism destination, and then, on the other hand, how does Tourism Western Australia—I believe in your submission it also says that you are not affiliated with the online platforms—market tourism for

Western Australia? Could you give us an understanding of where Tourism WA sits with their strategies in approaching these two entities that have —

Mr Harding: When we think, we start with the consumer: what does the consumer want and how do we get more consumers to holiday in Western Australia, because that is what is going to grow the economy and generate jobs? That is our starting point, and what do we need to do to encourage more of those consumers and who can we work with to help make that happen? My understanding—I have not been intimately involved with those aspects obviously at my level—is that we have not worked with Airbnb in the past in what we would call a cooperative marketing arrangement, whereas we have worked with other distribution mechanisms. From our point of view, that is not a policy that we have made; I just think it has not been a commercial imperative of Airbnb or the like to work with organisations like us. It is certainly something that we are very open to and it is also a level playing field in terms of distribution, so it comes back to that concept. We have no policy in regard to how we would do that; it is all about how do we get more consumers in. That is absolutely our focus.

Mr D.T. REDMAN: There is one concern that a lot of local tourism providers have and that is the contribution to destination marketing that a lot of them contribute to, whether it be a member of the local tourism organisation, partnering with the LTO or the RTO or whatever it might be. What has been your experience and your understanding of other jurisdictions about whether these online platforms have indeed in other cases had partnering mechanisms with the local authorities or the local tourism organisations to share in the cost of destination marketing to support the broader campaign to get tourists here?

Mr Harding: From what I understand from what I have seen, there have been limited amounts of that. There has been some of it, but there have been a limited amount of platforms like Airbnb engaging with that. My understanding is that if I talk to people like the regional tourism organisations, their membership base is almost entirely made up of businesses that are not the typical sort of Airbnb-type business. With the marketing contribution to a region, the members of a regional tourism organisation contribute to the marketing and the marketing of that region, and the typical Airbnb-type that we have spoken about generally does not engage with that at the moment. That sector probably does not contribute in the same way, I would say, at the moment.

Mr D.T. REDMAN: Do you see there is an opportunity to see if there is scope to engage at a state level with that as far as a contribution to that, because they are a beneficiary?

Mr Harding: In terms of Tourism WA working with Airbnb as a commercial platform?

Mr D.T. REDMAN: Yes, or another platform to support destination marketing.

Mr Harding: Yes, absolutely. I can see that there would be opportunities for us to do that. In terms of the operators themselves, if you are an Airbnb host and you do not engage in a more commercial way, whether you would become a member of a regional tourism organisation, I am not sure whether that would make sense for an operator and what benefits they would get. Maybe that is something the regional tourism organisations possibly would need to look at.

The CHAIR: There is one final question from me and it is a quick one. Are you aware of, in Perth at the moment in the metropolitan area, whether there actually are any buildings that “majoritively” or wholly are being used as apartment hotels that are not registered for traditional —

Mr Fletcher: No, I am not.

Mr Harding: I am not hearing it directly, but anecdotally, you are hearing of developers that are buying an apartment because they can get this return on investment through Airbnb. You hear of

that, but certainly I am not aware of people who have multiples at the moment. That is not to say that it does not happen; I am just not personally aware of those.

The CHAIR: I guess that is where the strata laws and the like become material.

I will proceed to close today's hearing. Thank you for your evidence before the committee today. 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.

Hearing concluded at 10.36 am
