

## PUBLIC

### THE LEGISLATIVE COUNCIL SELECT COMMITTEE ON SHORT STAY ACCOMMODATION IN TASMANIA MET IN COMMITTEE ROOM 1, PARLIAMENT HOUSE, HOBART ON TUESDAY, 11 SEPTEMBER 2018

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**Dr KATRENA STEPHENSON**, CEO, AND **Mr DION LESTER**, POLICY DIRECTOR, LOCAL GOVERNMENT ASSOCIATION OF TASMANIA, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

**CHAIR** (Ms Armitage) - Welcome to the public hearings of the Legislative Council Select Committee into Short Stay Accommodation in Tasmania. All evidence taken at this hearing is protected by parliamentary privilege. I remind you that any comments you make outside the hearing may not be afforded such privilege. A copy of the information for witnesses is available if you haven't read it or you are not aware of the process. I assume you have read that previously. The evidence you present is being recorded and the *Hansard* version will be published on the committee website when it becomes available. By way of introduction I advise the procedure we intend to follow today is as follows: first, you will be provided with the opportunity to speak to your submission if you like; following from that, the committee will address questions to you. We are seeking information specifically relating to the terms of reference.

If you would like to start and then we can take some questions.

**Dr STEPHENSON** - Councils and the Local Government Association of Tasmania - LGAT - have had an interest in short stay accommodation for some time. We alluded to that in our submission. In 2016, at the urging of our councils, we developed a position paper on our preferred approach to short stay accommodation. That is a very simple approach which differentiates between people's principal place of residence and their secondary properties. We think some deficits in the current approach have resulted in increased community concern around impacts on housing affordability.

The first step is to improve our understanding of what is happening through data. We welcomed the Government's announcement that it was going to progress legislation to better enable the capture of specific data. The data we have available through organisations like Inside Airbnb is incomplete from a planning perspective; it does not allow enough nuanced analysis for councils to really understand the implications.

I will read a short statement from our submission, which I think captures things broadly -

Local Government recognizes that short stay visitor accommodation is only one factor influencing housing supply and affordability in Tasmania, however it is clear that it is having an impact. LGAT has long espoused the need to differentiate between the true sharing economy - based on principal place of residence as compared to a new business model for accommodation. Councils need more ability to regulate these businesses appropriately to balance the economic and tourism needs with local liveability, amenity and service considerations. Fundamental to guiding policy and decision making is nuanced and accurate data.

## PUBLIC

I think that is enough of an introduction and it will be easier to work from a question basis. You can direct them to both of us; I will fend off more technical ones to Dion.

**CHAIR** - Dion, do you have a comment you would like to make?

**Mr LESTER** - No.

**Ms RATTRAY** - Thanks very much. It is always good to have you with us, Katrena and Dion, representing local government.

I am interested in your statement where you said -

LGAT has long espoused a need to differentiate between the true sharing economy - based on principal place of residence as compared to a new business model for accommodation.

I want to flesh that out a little. My understanding is that for many people getting into the sharing accommodation market, it is not their principal residence - it is their shack, or their other residence. They use it for themselves at times, but also take the opportunity to rent it out for a holiday home for good dollars at various other times. Is that what you are hearing? Or am I seeing something different?

**Dr STEPHENSON** - That may be the case in some of our more regional council areas, but it is certainly not the case in urban areas where we are seeing some of these pressures. The difficulty we have at the moment is there is no ability for councils to regulate where this accommodation can occur. There is no ability to analyse the density of such accommodation, which would then give an insight into what impacts it is having on key worker accommodation, on amenity and on access to schools and services.

We are not saying people should not be allowed to rent their shacks. We are saying councils should have the ability to make practical decisions and to say that in some circumstances they will not allow it. That might be where there is already a considerable density or where it is a vulnerable area, such as close to schools, or it might be perfectly fine to allow it because it is a predominantly shack-based area. At the moment, it is a fairly blanket approach. There is no differentiation between people who own their own home and are just letting out a bit of it or while they are away, and people who have bought an investment property and might have previously used that for long-term rental.

**Mr LESTER** - I would add that there are almost three categories: you put your house or a part of your house on the platform -

**Ms RATTRAY** - You are sharing your home.

**Mr LESTER** - Sharing, exactly. That is one end of the extreme. At the other end of the extreme are those who are running an accommodation business so that the dwelling is available full time. Shacks fall in the middle. They are something people use temporarily but they also put them on the platform temporarily. The problem with a policy setting is that it puts those two types in exactly the same planning consideration and councils have no ability then to nuance their response based on those local circumstances.

## PUBLIC

**Ms RATTRAY** - Is any local government area attempting some boundaries or parameters?

**Dr STEPHENSON** - They can't under the statewide planning system.

**Ms RATTRAY** - I understand Glamorgan-Spring Bay Council had been doing something.

**Dr STEPHENSON** - It may have previously but the planning directive around short stay accommodation means there are three pathways only, two of which councils have no ability to influence. It is exempt if it your principal place of residence and it is permitted if it is a smaller secondary property, less than four bedrooms. There is an application form but councils cannot reject it, if that makes sense. The only one they are able to have some discretion about is very large properties, traditionally things like boarding houses or similar.

**Mr LESTER** - Battery Point and Wapping are the only places that are different. That is as a result of the Tasmanian Planning Commission's recent assessment of the interim planning directive. Battery Point and Wapping, for reasons difficult to understand, are different; therefore, there is a prohibition on this form of accommodation in Battery Point. That is the only place in the state where that is the case, and it is the only place in the state where the council is able to do that because of the planning directive, because, as Katrena said, the planning directive limits absolutely what councils can do.

**Dr STEPHENSON** - We struggled with that because it is not an equitable decision, in our view. There are other areas facing similar pressures where that exemption does not apply. What it signalled was a need for some discretion for councils to be able to say, 'We need to put a line around this area', 'We've reached capacity' or 'It's really not appropriate right here', and that just does not exist.

**Ms RATTRAY** - Where is Wapping?

**Mr LESTER** - It is near the hospital, developed about 15 years ago, across from the Grand Chancellor.

**Mr VALENTINE** - Where the Woolstore is, in that area.

**Ms RATTRAY** - Thank you. Being a non-southern resident, I was thinking 'What?'

**Mr VALENTINE** - You mention in your submission local liveability and amenity and service considerations. How high in the minds of councils do you feel those things are regarding the atmosphere of their local areas being affected possibly in a negative or positive way? Are the councils coming to you and saying, 'This is making a big difference to the way our area is viewed and how people feel about their location and where they live', or not?

**Dr STEPHENSON** - There are three messages we have received from councils. First, you need to allow some visitor accommodation, and that is supported because we recognise the tourism industry and the growth there. However, in some areas that is placing pressure on affordable housing, particularly affordable rental housing, and not just in Hobart. Some of our regional areas are having trouble finding accommodation for workers and things like that.

**Ms RATTRAY** - Thanks for acknowledging that, Katrena. The Government has not always got that.

## PUBLIC

**Dr STEPHENSON** - The third message - and it is really coming up through the community as much as anything - is concern about the loss of local amenity. That relates to vehicle movements, noise, parties and those sorts of things. I would not say that is a uniform concern; it emerges in pockets, but it is there and where it does emerge it is because there is a conflict with traditional liveability with this new emerging accommodation model.

**Mr VALENTINE** - How much consultation have you had with the councils? Do you have special meetings associated with this to get feedback from the councils, or are they simply writing to you and placing an opinion on the record?

**Dr STEPHENSON** - We have had some formal consultation about the planning aspects and that has been done through correspondence with councils. We have also had discussion through our general meeting process. That is where we have voting delegates. For example, the position around the principal place of residence divide was agreed through a formal resolution at our general meeting in 2016, and we have kept the discussion happening through regular updates.

**Mr VALENTINE** - I think what you are saying in your submission is that it should be up to the local municipality to hold the reins on this rather than it being a one-size-fits-all approach.

**Dr STEPHENSON** - Yes.

**Mr LESTER** - The response of the Tasmanian Planning Commission to its assessment of the interim planning directive is correct but it is isolated. It has said that the circumstances in Battery Point in particular are unique and an issue has been highlighted there, therefore they will allow some specific planning controls in that location. Battery Point is no different to other parts of the state. Some areas are going to need to nuance their policy response. For some of them, the current policy regime is going to be fine. The problem is that it will be different in different spots. Problems are already occurring in King Island and Glamorgan-Spring Bay and other areas that need the local government authority to have a bit of control over what they do and do not allow.

**Mr VALENTINE** - For a place like St Helens, where you have a heap of shacks, people renting their shack out on Airbnb may not directly impact the general rental accommodation, but if people are renting out whole houses, which are not shacks and are purchased to specifically do that, that can make an impact, and they need to be able to manage that. Is that what you are saying?

**Dr STEPHENSON** - What we are hearing anecdotally is there has been a shift from people investing in long-term rental accommodation to short-stay accommodation. We do not have a lot of great data to support that, so this commentary we are making is based on anecdotal feedback, but every council would support us in saying that what we really want is some hard data and we need it spatially mapped. It is not just enough to have numbers in a municipality; we need to know where they are so you can see where the densities are happening, whether it is falling along particular lines that might have impact on the ebb and flow of suburban or city life, whether it is going to impact student accommodation and those sorts of things. We need to understand where these properties are - if they are a whole property, part of a property, previously long-term rental accommodation or have always been visitor accommodation. We can map those if we get the right datasets.

## PUBLIC

**Mr LESTER** - What we would add to that dataset is also what the housing market is doing, because we and the councils will need both pieces of information to make an assessment about its impact both on the housing market and also on amenity in general.

**Mr VALENTINE** - That is all for the moment, thank you.

**Mr WILLIE** - Do you think it was naïve to change the regulations and not put appropriate data capture in place to monitor the impact?

**Dr STEPHENSON** - Hindsight is always a wonderful thing. From a policy perspective - and we're both policy bods - we always want data, so it would have been natural for us. Even from where we sit, I don't think we could have anticipated the tourism growth we have seen over the last few years, nor the changes to the housing market. I spent a few years working in Housing Tasmania and I have never seen rental vacancy rates as tight as they were last year - we used to complain about it at 2.5 per cent, so 0.5 per cent is pretty different.

**Mr VALENTINE** - Down as low as 0.3.

**Dr STEPHENSON** - It was always going to be a juggling act and we talked about this earlier on with our members. I also did an op-ed earlier on that talked about this. You want it regulated but not over-regulated. You want it to be regulated enough to be able to understand the impacts to ensure safety. They are probably the two main reasons, but you want to be able to support the growth in the tourism industry.

It wasn't our preferred model. We have been very clear all along that our model was this divided model - principal place of residence - but it was better than some of the other models proposed. The 42-day limit was one proposition that came out through the Tasmania Planning Commission, which would have been a compliance nightmare for councils because how do you know if someone has exceeded it? The compliance issues we have now are nothing compared to what we would have had under that model. It is not perfect and it was not our preferred model, but I do not know whether you could have predicted quite where it has gone.

**Mr WILLIE** - The data capture could have been put in place, though, to monitor the impact.

**Dr STEPHENSON** - I think with every policy decision there should be an element of ability to capture the data and evaluate the impact of that policy decision.

**Mr WILLIE** - In light of UTAS's Institute of Social Change report, do you think there is a need for change? I am sure they will back it up when they appear before the committee, but they are saying the data they present in their submission data is robust, probably at a macro level. Is there an opportunity to say 'Yes, there needs to be change, we could probably anticipate some of the planning controls that local government would need', and start working towards that? Would you agree with that statement?

**Dr STEPHENSON** - We support a change that would enable councils to have more discretion in where investment properties are allowed to convert to short stay accommodation, and we always have. It would be hard for council to apply nuanced planning overlays without more robust data than we have at the moment. While the UTAS data is good, it does not take it down to a spatial level and relies on third party provision in the same way. We cannot always know whether it is someone's principal place of residence and they are letting it for a period of

## PUBLIC

time. The whole property data is a bit weak. Regardless of where things go, the requirement to capture the level of data we need has to be part of the way forward.

**Mr WILLIE** - The planning overlays could be developed now in anticipation for that data, rather than waiting for the data to be captured -

**Dr STEPHENSON** - Yes, coming up with the criteria -

**Mr WILLIE** - and waiting longer. We will potentially go through another summer where short stay accommodation becomes really prevalent and the vacancy rate will drop. The Government could potentially start looking at those planning overlays and the data.

**Mr LESTER** - As we know, changing the planning controls takes time. It takes a reasonable amount of time. What we are suggesting is that, irrespective of what the data indicates, it should still be a local council decision as to how they nuance the policy response. They can certainly run in parallel. As I said earlier, many councils may choose the current regime as being appropriate for certain locales but a number of councils are saying to us that they need a little more control.

**Mr WILLIE** - If I could move to some of those discretionary measures, the report I referenced - the UTAS Institute for the Study of Social Change report - talks about the commercialisation of the sharing economy, short stay accommodation. Do you think one of the discretions that could be looked at is limiting the number of properties a person could list at a local government level, say, in the Hobart municipality?

**Dr STEPHENSON** - That is probably outside our purview because that is leaning towards some sort of licensing system. Otherwise, how would you know? You would not necessarily know, or it sits with the host platforms. I am not quite sure how you would regulate that. From a local government perspective, I could not say how our councils would regulate that. From a local government perspective, the ability to consider particular criteria and say it is not appropriate, full stop, in this location, is more important. We always think spatially rather than in numbers.

**Mr LESTER** - The critical things here are housing affordability, availability and local amenity. The number of dwellings an individual owns is probably not material when you are assessing those sorts of things.

**Mr WILLIE** - Are we talking about pauses if it reaches a saturation point, and things like that?

**Dr STEPHENSON** - Yes.

**Mr WILLIE** - In the Tourism Industry Council Tasmania's submission, they said they did not support a pause because it would be a disincentive for further development of accommodation and rental accommodation. Would you see that as a problem?

**Mr LESTER** - We will go back to our key point. It needs to be assessed and developed at a local circumstance. The Battery Point limitation was probably a good decision and there may be other locations where there is pressure. Equally, there are plenty of locations where they are not experiencing that pressure. A blanket limitation is not an appropriate policy response.

## PUBLIC

**Mr WILLIE** - Localised solutions and planning overlays are going to take significant resourcing. What might that look like? Would the state Government collect the data, hand it over to LGAT, resource you to analyse it and hand it to each municipality?

**Dr STEPHENSON** - I think they analyse it and hand it over to the municipalities ready for their purpose. From a compliance perspective, that is the type of conversation we have been having.

**Mr LESTER** - Treasury collects and analyses a lot of this data around the housing market at the moment. We are only talking about adding the accommodation aspects to that and then presenting it as a local market picture with all those factors. Then it is over to the councils as to how they deal with it. We noted in our submission that Kingborough Council had a bit of a look at Bruny Island. It took over a week of work hours to try to capture the number of properties and whether they had a planning permit. That is just one element of it. That does not involve following up any of those. That is Bruny Island. It is a major resource impost for an individual council, particularly regional ones such as King Island or Glamorgan-Spring Bay. If they have the information, it is relatively easy for them to make decisions about how they nuance the policy, but also how they might enforce it.

**Mr WILLIE** - Will listing the permit number or forcing people to list the permit number in their listing help with compliance? Who is responsible for compliance? I have sat at this table with the Treasurer and he tried to wash his hands of it. He said local government is ultimately responsible.

**Dr STEPHENSON** - Local government has the role, but without the data they can't action it. It is up to the state Government to manage the data provision and local government can follow through on the compliance aspects. It is simply unrealistic to expect councils to trawl websites to determine whether the permits match up with their listing; a waste of resources. We need a dataset they can compare to and they are happy to go out and issue compliance notices.

**Mr ARMSTRONG** - I am interested in the feedback you have had from your member councils about whether Airbnb is having an impact in the St Helens area, for instance, and on its established businesses and motels.

**Mr LESTER** - It hasn't been a strong area of feedback from councils around the impact of it on tourism and other accommodation aspects of the economy. The main feedback we are getting is around housing availability, affordability and risk to local amenity. They are the three key things.

**CHAIR** - Such as schools? When you say 'local amenity', are you including schools?

**Dr STEPHENSON** - Well, sort of - access to schools, access to worker accommodation and those sorts of things.

**Mr LESTER** - The short answer is no.

**Dr STEPHENSON** - Having said that, I know, for example, that in Break O'Day they have had a number of new accommodation businesses go through approval processes. I don't think they are seeing competition necessarily or that it is undermining their business case. There are

## PUBLIC

new caravan parks. It doesn't seem like it is slowing down those types of development applications for significant visitor accommodation.

**Mr LESTER** - The King Island experience is quite an interesting one because they have 250 or 300 approved beds. As you would know, construction workforce accommodation is an issue on King Island. They have had a lot of rental properties moving across to temporary or short-stay accommodation -

**Mr ARMSTRONG** - This is because of the golf.

**Mr LESTER** - Exactly right. They have had 10 000 extra people coming through the airport in the last couple of years. That is quite good. You can understand exactly the dynamics on King Island. They have lost a lot of rental properties. They cannot find accommodation for their workforce even though they have developers seeking to develop hotels. It is delaying -

**Mr ARMSTRONG** - When you say 'workforce accommodation', are you talking about the company -

**Mr LESTER** - Construction workforce.

**Mr ARMSTRONG** - renting a long-term home?

**Dr STEPHENSON** - Long-term rental.

**Mr LESTER** - Exactly. To build a hotel takes more than 12 months and you are looking at a rental price of around \$350 a week on King Island, if you can get one. There are currently no rental properties available on King Island. Once that becomes Airbnb, you are putting roughly \$1000 per week on top of the cost. Multiply that by a couple of hundred workers over a year and it is not affordable to build that hotel. They are in this real bind -

**Mr VALENTINE** - Between a rock and a hard place, isn't it?

**Mr LESTER** - It is.

**Mr ARMSTRONG** - Another issue raised with me a couple of times - I do not know if you have had any feedback on this too - is the parking issues associated with short stay accommodation. Do you have any feedback regarding a home that is partly shared accommodation with a family living in it bringing in an extra couple of cars - hire cars or whatever they may have?

**Dr STEPHENSON** - We've had a bit. From a planning perspective, the impact is not much different than if it were rental or if you had family living in it. It has been quite hard to consider -

**Mr ARMSTRONG** - The Battery Point area was raised with me.

**Dr STEPHENSON** - When the state planning provisions were being developed, there were conversations in the planning taskforce around parking. This has been part of the difficulty. It is hard to say that use, as a short stay accommodation, has significantly different parking impacts than when it is a long-term rental accommodation. You might get different cars coming in and out, but the number of cars does not necessarily change where they're letting part of their house.

## PUBLIC

**CHAIR** - Josh was talking about the councils and regulation and the register. From Launceston's perspective, as you were saying, trolling through the sites trying to find who has a property and who doesn't was almost impossible. It was very difficult for them to do. How would councils, if they have to regulate, fund and then enforce the extra cost for those councils?

**Dr STEPHENSON** - If the data is provided by the state Government, my understanding, is that will have the agreement with the host.

**CHAIR** - Yes, to register but the regulation and enforcement will still be, even with the data.

**Dr STEPHENSON** - It will still sit with councils. Once you data-match, which can be done fairly easily electronically, you are going to be left with a smallish pool of properties that might not match up in terms of their permits. It then becomes a much more manageable exercise, akin to what councils are used to doing, to say, 'They do not have a permit; we need to do some follow-up on that'.

**CHAIR** - Would you propose, as some of the other councils have, a one-off fee? One of the Tasmanian councils charges a \$600 fee to register with that council that they are a short-term accommodation. That is a one-off forever.

**Dr STEPHENSON** - No, we do not support councils becoming a registration authority. That is a quasi-licensing and that is not our role. We support that there are legislative instruments to require the host platforms to provide the data to government. That data pool becomes how we manage our compliance.

The only reason you would have registration is that it would then link to other aspects of quality assurance and things like that, which is not a council role. If it were going to be done, it would need to be done at a statewide level.

**CHAIR** - Do you know how many of your councils are doing that?

**Dr STEPHENSON** - No one.

**Mr LESTER** - The current situation is that if a permit is required for a secondary dwelling for a short stay, there is a specific application form and a fee associated with that - a planning permit fee.

**Mr VALENTINE** - That is four bedrooms and above.

**Mr LESTER** - No, any investment property and that is permitted, which means the council has to approve it. The four bedrooms and above or the 300 square metres and above becomes discretionary. This is the boarding house we were talking about earlier.

**Mr WILLIE** - Two hundred and fifty dollars.

**Mr LESTER** - There is a fee associated with that but it is a planning permit fee.

**Dr STEPHENSON** - That is to lodge a planning permit. It is not a registration as such. If you are letting your principal place of residence, you are exempt and you do not go through that

## PUBLIC

process. That is special form. It is a little different from a standard development application form because it has self-declaration aspects about the building code and fire and so on. It is dealing with two purposes.

Through various sources we have heard issues around if you are in a registered accommodation business you pay commercial rates. You might have a more costly development application process, so there is that aspect of competition. That has been outside local government's remit. Our concern is more about how we spatially regulate to ensure we have the liveability outcomes.

**Mr VALENTINE** - Wouldn't it be in councils' interests to be in that space of regulation? In the sense of needing to know exactly how much of an area is being used for this activity and the impacts it might have on the general community? Would it not be in their interest to do audits every so often?

**Dr STEPHENSON** - In terms of whether they have planning permits?

**Mr VALENTINE** - Yes, whether they have planning permits or those who do not need a permit may still be affected in some way.

**Dr STEPHENSON** - The difficulty is that as soon as you become a regulator, you also become a site where you receive complaints, so there is a huge resourcing implication

**Mr VALENTINE** - I am not denying that; I am posing the question, not necessarily advocating it.

**Dr STEPHENSON** - Many years ago, government did away with accommodation licensing, so if there is to be a licensing move, you wouldn't do it at a council-by-council-basis, you would do it at a statewide basis.

**Mr VALENTINE** - A level playing field?

**Dr STEPHENSON** - Yes, on a level playing field. It also provides the opportunity to ensure appropriate quality control and those sorts of aspects. I do not think licensing or registration of visitor accommodation are roles for local government.

**Mr WILLIE** - You mentioned it would be good to reach an agreement with the state Government on short-stay platforms so you could understand exactly where, at a micro level, what would help the discretionary decisions. Government has not been able to reach an agreement with the short-stay platforms. In the event that does not occur, what is the way through?

**Dr STEPHENSON** - I am optimistic a regulatory approach might deliver the required outcomes but, of course, that has yet to be tested. Relying on a voluntary approach clearly has not worked. We have tried the carrots, and now we need the stick.

**Mr VALENTINE** - You mean self-regulation when you say 'voluntary'?

## PUBLIC

**Dr STEPHENSON** - Asking the platforms to hand over the data. I am not sure they even collect the data in the right format, so there was that issue as well. We have seen where the regulatory approach has worked in other parts of the world.

**CHAIR** - In Spain, particularly?

**Dr STEPHENSON** - Yes. I feel optimistic if we can get the legislation right, we will get the information we need.

**Mr WILLIE** - With the compliance legislation, what are the key areas you are looking for?

**Dr STEPHENSON** - In terms of the data?

**Mr WILLIE** - Yes.

**Dr STEPHENSON** - We need to have a physical location so we need to know where it is, and we need to understand whether it is a part of a house or a whole house.

**Mr WILLIE** - Would you like to see that third category as well - the holiday home category where you are sharing time, not necessarily a principal residence?

**Dr STEPHENSON** - I do not know how easy that would be -

**CHAIR** - It is probably not much different to buying a second home.

**Dr STEPHENSON** - No. From the conversations we have had, we have not differentiated shacks from other investment properties.

**Mr LESTER** - When we developed the position in 2016, we gave that particular point a lot of thought: how to distinguish someone. They are still sharing, but they are just sharing a bit more often as opposed to someone who is running a business, who is not sharing at all - it's just a business. With the data we have and in a policy sense, the ability to distinguish is extremely difficult. We think, for simplicity for the community to understand the message, but also from a general regulatory approach, you are either sharing or not. Principal place of residence is easy to monitor or locate versus everything else. Certainly the data needs to include who on the platforms is using their principal place of residence, and who is using the alternative, which would require a planning permit pathway.

**Mr WILLIE** - You talked about the stick rather than the carrots, what sort of measures are you talking about?

**Dr STEPHENSON** - I do not think we have any clear view from our members on this and we are waiting to see some draft legislation. I think there are wiser people, possibly in the Office of the Parliamentary Counsel, who might have ideas about sticks but there needs to be some ability to say, 'Okay, you can no longer promote in our state until you comply.'

**CHAIR** - Would it be a bit like Spain, do you think, where they say, if Airbnb, for example, takes a property that is not registered or regulated, they may get a huge fine.

**Dr STEPHENSON** - That is probably the easiest way.

## PUBLIC

**Mr LESTER** - Penalties have to be applied to the individual person putting their property on and that will incentivise them, but then there also has to be a penalty associated with the platform itself, and obviously those penalties need to be relative to the paying power of each group.

**Dr STEPHENSON** - The penalties have to make it seem worthwhile to do your own quality assurance.

**Mr WILLIE** - Effectively there has been no regulation because compliance has not been enforced at all, so it has been completely deregulated. If we see compliance start to occur, are you anticipating that the growth will slow?

**Dr STEPHENSON** - Not necessarily, because it is still relatively affordable. Without the ability to say no, I think the growth will still occur. It is not a costly exercise to be compliant.

**Mr LESTER** - No, it is not, and it is simple. It is almost the simplest planning permit out there for that permitted status - up to four bedrooms and up to 300 square metres. Most people who are running an accommodation business part time or full time would find that level of regulation or compliance not burdensome, and cost-wise it is not.

**Mr VALENTINE** - Disability access is something that has to be taken into account. That would be expensive.

**Mr LESTER** - I am not sure it does.

**Dr STEPHENSON** - It does not, but neither does long-term rental require disability access. Unless you are going to really differentiate it from other residential tenancy forms, I do not know if that would come in.

**Mr WILLIE** - Where I was heading with that last question was that compliance on its own is not going to slow the growth of short stay accommodation. You need the planning provisions to have that discretion to have those localised solutions around the state, wherever it may be.

**Dr STEPHENSON** - You need the power to say no occasionally, yes.

**Mr LESTER** - All we will get out of what the Government is proposing is hopefully a better understanding of what is happening. That's all. Councils will not have any additional tools.

**Dr STEPHENSON** - It doesn't mean they can say no. The pathway is the pathway, but we will at least know where the impacts are greatest.

**Mr WILLIE** - What about the compliance legislation that has been drafted? You would also like to see the planning tools being worked on so we can say, 'Here is the compliance. This will give us the data capture, and here are the planning overlays that will help us use discretion for local communities'.

**Dr STEPHENSON** - Yes. I think it is very clear from our submission that we support greater planning powers for councils in relation to short stay accommodation.

## PUBLIC

**Mr VALENTINE** - Isn't that really what is happening now in relation to local planning schedules and like? They ought to be getting in there and doing it now.

**Dr STEPHENSON** - They can't unless there are changes at the state scheme level.

**Mr VALENTINE** - That is right. I am saying it needs to be dealt with now rather than down the track.

**Dr STEPHENSON** - Yes, so they can bring it into those processes - absolutely.

**Mr VALENTINE** - Following up on that compliance, if you don't see local government being in the licensing game, it must be a state government service or activity to do the audits. Is that what you're suggesting?

**Dr STEPHENSON** - To do their compliance audits? No, I see local government doing the compliance audits based on data provided by the state Government. I just think there is a difference between a registration or licensing process and a compliance process. I just don't see local government having the registration licensing role, but they have compliance from a planning perspective role.

**Mr VALENTINE** - Surely getting out there and finding out whether people are compliant is an onerous task and takes a fair bit of effort to do?

**Dr STEPHENSON** - It is in the absence of the data, but I think if we are given localised data it then becomes a much easier task for councils.

**Mr LESTER** - The compliance we are talking about is where they are, how many there are and what that is in the context of the housing market, not whether they've got a smoke alarm or emergency access or that next level of detail.

**Dr STEPHENSON** - That still sits with the Director of Building Control who does audits on these properties.

**Mr WILLIE** - I have some questions on King Island that are a bit outside the square. Talking about the challenges there with short-stay development and getting builders on the island, it goes back to the rezoning bill we talked about, the Housing Land Supply Bill, which had a TERP provision. Would that be something that could facilitate development on the island - having a TERP permit for workers to come in temporarily?

**Mr LESTER** - You mean emergency accommodation for workers?

**Mr WILLIE** - Yes.

**Ms RATTRAY** - Like shipping containers? We got them decked out at Agfest looking fantastic. Why wouldn't you take a few of those over?

**Dr STEPHENSON** - Housing Tasmania is developing those modular units to put in people's backyards.

## PUBLIC

**Mr LESTER** - There is a cost associated with all this. The ideal situation is that there is enough existing housing on the island so that the workers can be housed during the construction phase. Once you go beyond that, there isn't something on the island because the TERP bill was more about using existing vacant buildings to temporarily house people in emergency situations. That sort of infrastructure doesn't exist on King Island. I don't think there are too many vacant buildings that can put 100 workers up in that specific context. I am not sure what other solutions the construction companies and others are thinking about in relation to this, but I know it's an issue the council is putting its mind to at the moment.

**Dr STEPHENSON** - The issues of housing affordability and worker accommodation all start to tangle in with short-term visitor accommodation, but of course it is much bigger.

**Mr WILLIE** - It's all a continuum, isn't it, it is all one system?

**Dr STEPHENSON** - If you think about the context of the state and the construction growth alone, we have major construction projects happening or planned for the next decade in all parts of the state where we haven't really yet got a plan for how we house the workers near where construction is happening.

**Ms RATTRAY** - Like St Helens Hospital.

**Dr STEPHENSON** - Yes. It's not just the state Government construction with TasWater; we have councils doing their own, so that is part of the housing story. It is not necessarily a short-stay story, but they all intertwine. Similarly, unravelling the impact of changes to the university or to market growth and the national levers around taxation are all part of the story and it is hard sometimes to separate where this is. That is why the data becomes important - not just for local government from a planning perspective, but also to help have some of these conversations about the future of affordable housing in Tasmania.

**Ms RATTRAY** - We have fairly up-to-date Census information. I don't recall a question about whether I owned an Airbnb or a rental property, but is that something that could be used? This is Australia-wide.

**Mr LESTER** - Census data is static and this is a very active market. The Census data will tell us what the situation was in 2016. We know from those approximate data-scraping platforms such as Inside Airbnb and others. As we have indicated earlier, it has shortcomings, but it is generally a good indicator of what is happening, and some of the data we have from our friends at Launceston council have shown -

**Ms RATTRAY** - Thank you for that data.

**Mr LESTER** - that in 2017, in particular, we have seen significant growth. The Census data just won't tell us that information. I suspect if we had another look today, it would be different to what it was three weeks ago.

**Dr STEPHENSON** - Too long a lag time.

**Mr LESTER** - Yes.

**Ms RATTRAY** - I just thought it's an opportunity where you capture everything.

## PUBLIC

**Mr VALENTINE** - In your submission you say in the regulations component on page 11 -

The policy options can either be regulatory or non-regulatory or a combination of both. Non-regulatory approaches could include improved self-regulation or working with stakeholders through co-regulation arrangements.

Do you want to expand on that a little bit for us?

**Dr STEPHENSON** - Education and advertising to an extent.

**Mr LESTER** - Exactly. I think one of the issues we've seen with the - let's call it noncompliance - is that we understand that particularly in the Hobart municipality a lot of properties have been secondary dwellings that are being used that have not been through a planning permit process. If you look at the raw data again, a small number of planning permits have been applied for and a large increase in Airbnb properties. Launceston is the same. They indicated to us they cannot possibly have seen all the homes that are falling into this category. I think unfortunately the Government's campaign misled a few people or people were confused by that. They had the welcome mat open -

**Mr VALENTINE** - They were opening it up and deregulating it, virtually?

**Mr LESTER** - Yes, exactly right.

**Dr STEPHENSON** - The media messaging at that time was that it is deregulated and you are allowed to do it.

**Mr LESTER** - Generally, people don't get on the Department of Justice website to look at the detail.

**Ms RATTRAY** - Don't they?

**Mr LESTER** - We do, but not many other people do. The compliance and regulatory stuff we talked about earlier and the changes we will see later on this year are important. There is a major need for greater education of both consumers and businesses because I think they don't get it, even what we have at the moment.

**Mr WILLIE** - You are saying licensing is not a role for local government. Does that mean you are not opposed to it at a state government level, if data-sharing agreements cannot be reached?

**Dr STEPHENSON** - The issue of accommodation licensing, I swear, has come up every summer since I have worked in local government because it used to relate to shacks. It has been a perennial issue. Luke is here and could probably comment on it more than I can. We are not averse to it in principle, but it comes with a great deal of resourcing and cost. There was a reason it was dropped at the time. Local government doesn't want it and I am not sure the state Government necessarily wants it either. If you can achieve the same outcomes in different ways, that will probably deliver a better long-term approach that will not load up the resource requirements.

## **PUBLIC**

**Mr WILLIE** - It is not the preferred option, is that what you are saying?

**Dr STEPHENSON** - Yes.

**Mr WILLIE** - We have discussed your preferred option in great length. What time frames are we looking at? A bill may come to parliament before the end of the year. I don't know what the Government is up to but it may be working on the planning overlays now, you would hope. We will go through another summer, which is peak tourist time, and vacancy rates will drop again and there will be a lot of pressure on the whole housing system. You would hope to have all these things in place after that time, is that correct?

**Dr STEPHENSON** - Yes. I think that is an achievable time frame.

**Mr WILLIE** - By this time next year, all the things you hope for will be in place?

**Dr STEPHENSON** - Yes, I hope so.

**CHAIR** - Thank you very much for coming in. It is appreciated.

**Dr STEPHENSON** - Thank you.

**THE WITNESSES WITHDREW.**

## PUBLIC

**Mr LUKE MARTIN**, CEO, TOURISM INDUSTRY COUNCIL TASMANIA, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

**CHAIR** - Thank you for coming in, Luke, and welcome to the public hearing of the Select Committee Inquiry into Short Stay Accommodation in Tasmania. As I am sure you are aware, all evidence taken at this hearing is protected by parliamentary privilege but I remind you any comments you make outside the hearing may not be afforded such privilege. The information for witnesses is available. Have you read it previously and are you happy to continue?

**Mr MARTIN** - Yes, that's fine.

**CHAIR** - The evidence you present is being recorded and the *Hansard* version will be published on the committee website when it becomes available. First, you will be provided with the opportunity to speak to your submission, if you like, and the committee will address questions to you. We are seeking information specifically relating to the terms of reference.

**Mr MARTIN** - Thanks for the opportunity. I feel that this is one of the great roles of the Legislative Council, to work through what is an incredibly complex and highly emotive policy issue. I have presented or sat on the other side in various capacities or support roles and I have always found these processes to be healthy in starting to sort through really complex issues. I commend you all for the initiative of bringing the committee together.

This has been an incredibly challenging policy issue from our perspective, as I am sure it has been from all stakeholders. I can't think of a more challenging issue I have been involved in, in whatever roles I have been in, in terms of getting to the root cause of the planning and regulatory responses we need to put in place. Usually you can define that if the government does this, the regulator does that or if the industry does this, we can kind of drum the issue down. With this issue, one of the challenges has been that it has evolved so rapidly. I think it has exposed - the emergence of Airbnb, the growth in tourism, the desire for more Tasmanians to be part of the visitor economy, which is really positive - some underlying market shortcomings we have had for a long time in Tasmania, from both the visitor accommodation and the housing affordability perspectives.

A kind of perfect storm has been created, which I don't think was intended, and it has just really glowed. I laugh that every time this issue was raised in the media three or four years ago and I was asked to comment and run some of the same arguments I am running in the submission and our position, I'd cringe because I know I would get the texts or phone calls into the radio about being protectionist. Basically, for some, we were just trying to protect the interests of the established industry. Now, three years later, a lot of the same critics are giving the same arguments about the position. Even in the eyes of the public, I think this issue has shifted dramatically in the last three years.

The other interesting point is that Tasmania has been quite proactive and nimble in trying to respond to this issue. It is easy to pull the weeds off what the Government has done or hasn't done or different parties have proposed as policy solutions, but I don't believe it has been that simple. It has been such a rapidly evolving issue that it's easy to criticise what's happened or what has occurred. I think what we have to do now is to take stock, which is perhaps what this process is, and work out what other structures need to be put in place.

## PUBLIC

When you look at other states and jurisdictions around the country, there isn't a model that we would say, 'That is the one we need for Tasmania, they have done it right, they have the balance right'. Indeed, most states around the country are still having the same debate about implementing reforms, whereas we have made some serious policy solutions we are trying to work through to get the levers right in Tasmania.

On one level it has been quite positive. The state has been quite nimble in trying to deal with this issue and will continue to be. The little bit I picked up from LGAT earlier - I probably haven't touched on as much in my submission because it was written literally days after the Government announced the legislation was going to be brought in - one of the most positive processes we've gone through in the last six months is sitting down with the social housing sector. We met with TasCOSS, Shelter Tas and LGAT to try to see the commonality around those real fundamental policy issues. Clearly this data sourcing was critically being raised. You can't respond to an issue when you don't actually know how to define it - or how big the problem is, how big the challenges are and where is it more of an issue than others. Clearly, there is a need for legislation to have some stick, some enforcement, around getting the platforms to list. The listings are their responsibility. Also property owners meeting their obligations under the planning scheme seems to be a fundamental thing we need to do. I do not think that is going to fix it. Probably the most interesting point will be how that will change councils' ability to deal with the fundamental issues around enforcement.

I don't have to tell any of you about the challenges for councils with regulating and enforcement, particularly in places like the east coast and Bruny, let alone Hobart and Launceston. I do not think legislation is going to fix it. I think it is a necessary step. I think the discussion needs to then go to councils' ability to enforce their planning responsibilities. I have often made the comparison that if I bought a property in the middle of North Hobart and overnight flipped it into a tattoo parlour, a mechanic's garage or a restaurant without any permits, Hobart City Council would be on my door the next morning. You can flip it into a commercial accommodation business and 12 months, two years, later you can basically turn a blind eye. I think that seems to be the fundamental problem. The planning system is there. It is just important the councils enforce it.

**CHAIR** - It is too hard.

**Mr MARTIN** - And then the resources to do it. I think that is the issue we need to work through - what's the appropriate mechanism to do it.

That is my general observation. I've tried to give some insights into the market. I think one of the current issues is to counter this perception that there is a tourism boom. It's not a boom. It has been a long, slow, prolonged growth. It's not a short-term thing and nor is it something that is going to correct rapidly. The suggestion is that we are going to have a rush of hotels open and visitation is going to slow, or if the visitation slows much more, we will slip into the negatives. Nobody wants to see that happen, but the suggestion that the market is going to adjust is going to fix this issue is not valid. The fundamental issues are that we need to inject supply into the market, from a visitor accommodation perspective, particularly in regional parts of the state and Hobart, and obviously in housing affordability. If we create more supply, the market will be more discerning about which of the two markets they use their dwellings for.

## PUBLIC

**Mr ARMSTRONG** - I was reading the about the impact on short stay accommodation on the tourism sector and the examples of the operating costs for traditional versus the new accommodation operators.

If I were a motel owner on the east coast, for example, instead of building a new complex, I could go out and buy existing homes around the area and bring them under your umbrella for booking purposes et cetera, and not be up for the cost that you would have in your own traditional building. Would that stifle development as far as the tourism sector is concerned? When you go through these costs - rates, electricity costs and everything - do you think it is going to stifle investment on the east coast as far as accommodation is concerned?

**Mr MARTIN** - Absolutely. There are operators who essentially manage a series of properties under a common banner. I can think of a couple of examples on Bruny and Freycinet. The properties are still owned individually by different property owners and someone manages it as one business essentially.

It is absolutely an issue. I think it is a hard sell. Twofold: one is the larger scale accommodation to try to convince people to invest in regional Tasmania at the moment generally. Even though the growth is still there, we are still seeing it struggle.

**CHAIR** - We still have situation in winter when we don't see as many people on the roads and visiting.

**Mr MARTIN** - Absolutely. One of our real challenges is the significant investment now flowing into accommodation in Hobart and Launceston, which is great, but I always make the point that beyond the LIVING CITY project in Devonport there is not one current DA for construction of large-scale accommodation development in half the state basically. So, we have a serious two-speed investment change at the moment.

The east coast is interesting though. You have a lack of investment from the traditional industry over a long time. That has happened at the same time as this market has clearly filled the breach. Hopefully, we have a dynamic now that when investment does start to flow on the east coast, which I am sure will happen through larger scale investments that are appropriate - on brand; not like some being flagged - you will see some adjustment back in the market. You are exactly right. When you are trying to convince someone to invest in regional Tasmania and they are looking at this unconstrained growth in their competitive markets on a totally different cost structure, it is a disincentive for them to do it. We have to get the balance right.

**Mr ARMSTRONG** - It says here that most operators would only have landlord insurance. Do you know of any examples where somebody has stayed in an Airbnb accommodation and has sued the landlord for breaking a leg or whatever it may be?

**Mr MARTIN** - I don't know if there are any actual factual examples, but there is a perception that there are apparently examples around Australia and overseas where people have taken action and they have been bought out. Whether it is true or not, the suggestion is that Airbnb plays a role in covering the cost. I have been waiting for an incident in Tasmania. I have been waiting for an incident that will be probably lesser scale. Someone has just had their gear stolen. We can expect to read about that.

## PUBLIC

**CHAIR** - Household insurance obviously does not cover it, or if someone has their house burnt down.

**Mr MARTIN** - Exactly. I am waiting for it. I am not aware of any. I am sure there are some lesser profile examples that have not made the headlines, but this is an issue. I have picked up on the element around what LGAT said. I fundamentally agree. The whole message about being open for business - it is deregulated, it is happy days - but property owners do not fully appreciate that if they don't have landlord insurance or public liability insurance, residential does not cover them if you are using the property for commercial purposes. .

**CHAIR** - Some simply are not aware.

**Mr MARTIN** - Unaware, totally unaware. This is the challenge. Even now with this kind of structure where home sharing is deregulated. Even that is a risk because many people think, 'I am home sharing my own property; I do not need insurances, it is all happy days, I have been deregulated.' That is the message that we propagated.

**CHAIR** - I haven't public liability with the home insurance, yes.

**Mr MARTIN** - Exactly, yes. If they are using it for commercial purposes, the advice we have had from a number of brokers is that they are not covered. I think that is a real risk. The education process needs to be really clear to protect property owners.

**Ms ARMITAGE** - It's interesting. Recently I stayed in a motel on the mainland. The motel owner was getting really worried. He was looking at buying another motel in the area. He said to me 'I do not think I will because Airbnb is now coming to this area'. He was dubious about expanding.

**Mr MARTIN** - Yes, you hear it now. Again we have this mythology. We have operators on the north-west coast who are only on 69 to 70 per cent occupancy rates. It is below what should be to be viable. That is below the viability test for accommodation businesses. We do not have the levers quite right to get the investment flow into regional Tassie yet. When you have wholesale areas like Binalong Bay and Coles Bay that are flipping, over the space of three years, it has an impact on the community and has a capacity impact on the local investment pipeline into that region. You cannot deny that when the numbers are strong but you are not seeing the flip.

**Mr ARMSTRONG** - In saying that, when legislation comes before us, do you believe that things such as the insurance, test and tagging, and things like that should be put into legislation?

**Mr MARTIN** - This a challenge around how much can the planning system be used as opposed to say a licensing insurance, as Mr Willie mentioned. How much councils can apply, I think will be the test. I suggest you investigate when the legislation -

**Mr ARMSTRONG** - Because if those things are coming into place, you have to have licensing that will cover the local government authorities' cost of implementing it, aren't you?

**Mr MARTIN** - Exactly. I don't believe the structure of what the Government has proposed as actually set up is totally incompatible with a good model going forward - free homesharing, Tasmanians, do what you want. Genuine homesharing, total open slather with the proviso that people understand the risks and the challenges and also that guests understand that. If we can get

## PUBLIC

our heads around genuinely deregulating homesharing in Tasmania, this issue is about investment properties and secondary properties and where the planning scheme steps in and steps out. Council planning and inspection officers on the east coast of Tasmania are the most resource-stretched councils with their ability to check - have you done your tag-and-testing? How much capacity do they have to do that?

**Mr ARMSTRONG** - You have the disability part of it that comes into it too, don't you? I do not know how disability access works with Airbnb, whether a person can advertise that they have disability access or if they have to say they do not have disability access, or they only make it available for people who do not have a disability.

**Mr MARTIN** - That is the third group of the three stages the Government has put in place - deregulated homesharing essentially deregulated and subject to having a permit for 200 metres and less, and that is nondiscretionary. Everything else is discretionary - for example, disability requirements that everyone else does - so it is really that middle group, the 200 metres and less, where I think the challenge is around how much, whether it's consumer protection or regulatory protection, that you put over that group of operators. If you're the bigger guys - if you're building a 10-room motel on the east coast - you're going to be subject to the same planning approvals as everyone else, so they are going to be taken care of, it's just this uncertain group in the middle that we don't really have any protection around. Doing a desktop review on a scan of listings if the data is made available, I'm sure that is not too much to ask for a council to do, but in terms of going to the next level of tag-and-testing and the last time you had your fire extinguishers checked, things like that, I don't see that as practical.

**Mr ARMSTRONG** - When this data collection all comes in, then taxation comes into it as well, doesn't it?

**Mr MARTIN** - Absolutely, and stamp duty and land tax. It seemed obvious to me. We've been talking for three years, and I promised I wouldn't have a crack at some of the planners, but we have heard promises and assurances for a long time from some of these companies that they would make their listings available in some way, and they haven't. It seems to me that until we have the legislation to enforce that for the platforms that are listing properties for sale, or indeed the property owners to meet their obligations, we can't move on until we deal with that. It is about whether the legislation has the capacity to deal with some of these more regulatory issues further down the chain.

**Ms RATTRAY** - Luke, we have talked a little bit about licensing registration. Local government has made it clear they do not believe it is their role and we had some registration in the past for accommodation that was taken away, yet in your submission you talked about the fact that Tasmania has the highest rate of voluntary industry accreditation in Australia. Should that give me a sense that people in the industry would be willing to play in that space and go through a registration process and be accredited and do that? Do you think that is where we are heading, given that we have this strong compliance already?

**Mr MARTIN** - I think the high rate of industry accreditation was one of the arguments the Government used to exit from licensing and basically let industry self-accredit in lieu of that. We are talking about two groups of tourism operators. There is what I call the 'engaged, connected group', which is our accredited operators and probably another 300 around the state that are professional, committed, engaged -

## PUBLIC

**Ms RATTRAY** - The ones that make their living from it?

**Mr MARTIN** - Yes, traditional, been running it for years and are established, want to play the game and be part of the community of tourism in the state. Then there is a whole bunch of others that see themselves as, frankly, disruptive and do not want to be part of that, and Airbnb has given them a platform to do that. My understanding is that industry led the charge to remove licensing. If we brought it back in, it would be those 1100 operators who would be footing the bill, and they are not the ones we have a problem with. They do the right thing and meet the standards in the industry. What we need to somehow do, ideally, whether it is through accreditation or some other way, is to get more of that other group of people to see reasons to get them to do the right thing without the heavy stick of licensing.

A couple of other states are looking at it - I notice New South Wales - and we have had the debate, but in the context of the debate playing out in the *Mercury* at the moment around the need for industry to invest, I don't know if paying a group of inspectors and Treasury to run around the state again is necessarily the best use of industry funds. At the same time I'm not sure of the planning system's ability at it, so there's a challenge to try to find a model that will work effectively and can work for both sides. Licensing seems a bit extreme. The planning system is not as nimble as it sometimes can be. Councils are stuck in the middle. I think we just have to try to work through it and see what the best solutions are.

**Ms RATTRAY** - You have been engaged with the Government since 2016, and as the member for Huon just said, we have some legislation coming around this space. Is there an opportunity to do something more now, in your view, when it comes to the legislation aspect, that might not have been picked up? We haven't seen the legislation yet so we don't know.

**Mr MARTIN** - I think the test for the legislation will be the capacity for local government to enforce it. The state Government can bring in a policy; it has have already brought in a framework and it can bring in legislation, but ultimately it will fall to local government to enforce it. To me, the detail and depth in the legislation around some of these issues we are discussing about regulation and planning provision and even playing fields and all of these arguments, as well as the ability for communities to determine where they want visitor accommodation to be, how far that legislation can go will be a real test. There doesn't seem to be any money directly tied to this legislation to support councils to do it. They have some provision under their planning parameters to charge for a licence but I don't know whether that is enough to justify it. In some parts of the state it will probably be quite a windfall, but for others it will be a challenge, and then for that long-term compliance issue, two, three, four years down the track they will have to keep monitoring who is listed and who is not.

I think the legislation's capacity and depth to be implemented by councils will be the real challenge. LGAT has already expressed some concerns about small councils that, frankly, I don't think understood. I was frustrated by the debate that went on two years ago when the Government brought in this planning directive. I don't think councils grasped it. At the time there were 1000 Airbnb listings in Hobart and around two months later there was a story in the paper with the mayor saying, 'We didn't know this was coming' and 'We can't do this'. I think that was the Government trying to be reactive.

This process has evolved rapidly and perhaps now there is an opportunity through legislation to actually really test councils. If they can't do it adequately across the state - for example, there are two councils on the east coast, one is very proactive and one is not - it is just going to create a

## PUBLIC

whole myriad of other even playing field arguments. Councils have to sign up, because if they don't, perhaps we need to explore the state Government regulating licensing structure in some way.

**Ms RATTRAY** - It has been suggested that communities are best placed to make decisions about how much accommodation, particularly short stay accommodation, they want in their communities. I instance the Derby situation. I think there are about 60 permanent residents left in Derby and there are some very nice houses, but nobody lives there anymore. There is no community as such, yet if you ask the few who are left in the community what they think, they say, 'Well, it's good for our real estate prices but we don't have a community anymore.' Do you think that asking the community what they think about how much they want means you are going to get a mismatch all over the place?

**Mr MARTIN** - You absolutely are. There is an inability at the moment for councils and communities to determine where they can go. The lack of discretion for the Homestayors and the short termers, less than 200 metres, is fundamentally an issue we are going to deal with at some point. I look at Binalong Bay as an example where traditionally people have always put sandwich boards up outside their properties over those couple of weeks in summer, but now the reports are that the whole region has flipped. I think that perhaps is a real risk. We are highly sensitive to this dynamic that is occurring across the state now about tourism that works for Tasmania, not against it. From our perspective, anything we can do to get that balance right would be positive. Whether that is through legislation or planning directives, the ability for councils to make decisions such as the planning commission made for Battery Point would be a healthy thing to do. TasCOSS has related one example to me of people who cannot get residential accommodation in St Helens because it is visitor accommodation for six months of the year, which keeps them busy for the whole year, and of families being separated and those issues. It is out of whack. The challenge is about where we get the regulatory and planning balance right to be able to pull it back before it becomes a bigger issue.

**Ms RATTRAY** - That is the issue I am grappling with: How do you pull it back now? How do you say to people who have invested heavily in some of these areas already, 'No, we have a saturation and you will have to walk away'? That will be a challenge.

**Mr VALENTINE** - The difficulty of being the test bed.

**Mr MARTIN** - Exactly. Battery Point is a classic example of commercial zoned land in which properties have been invested at a significant capital cost above the cost of residential to run commercial accommodation and literally across the street, in the residential zoned land, properties were flipping overnight. That is the fundamental issue for our industry as well as for the local neighbourhood. You play that out in places like the east coast and you do see -

**Ms RATTRAY** - Bridport is exactly the same.

**Mr MARTIN** - Yes. People have invested on the basis of a business model they feel comfortable with and confident they can get a return for their capital and their market competitors are moving in over the back fence. At the same time, the community is concerned about the ambience of their local area.

**CHAIR** - They are worried the Gold Coast might move.

## PUBLIC

**Mr MARTIN** - Exactly. We are going to potentially re-shift where this debate might go now and looking at putting greater constraints around it.

**Ms RATTRAY** - I appreciated the table you put in to highlight insurance, energy, Foxtel, tagging, testing and rates. That hits home -

**Mr MARTIN** - That is from an operator.

**Ms RATTRAY** - from compliance to noncompliance.

**CHAIR** - That would preclude your true home stay, if they had to be paying commercial energy rates and everything else. It is fair enough for the insurance but a homeowner would not be able to rent out a room or two if they had to take those costs on. It is a real issue, isn't it?

**Mr MARTIN** - The commercial zone rates are an issue. Commercial rates, which have a relatively small variation cost in most of the state but in some places there is a considerable difference for a couple of nights; water, sewerage and electricity. There's a classic example in Queenstown. Joy Chappell is probably watching. She has over 200 square metres on the same title. She accepted and had to move to meet the requirements of a commercial business. She is aware of an Airbnb of literally the exact style of property around the corner but it is less than 200 square metres of residential zoned land. Her cost structures would be dramatically different in an incredibly challenging visitor market such as Queenstown.

**Mr WILLIE** - When you were talking about investment, people are investing in that capital infrastructure knowing the community sentiment is changing. There is a risk to that investment.

**Mr MARTIN** - Absolutely, that is right. At the same time, people in places like Derby are making a return valuation of cashed out. In Maydena there is a similar example. Property prices have gone up. It is an incredibly challenging issue, which is evolving as we talk.

**Mr WILLIE** - You said it is emotive issue: it has put pressure on the housing system, it has put the tourism industry in a space they probably do not want be in and there are questions from community members. Do you think it was naïve to change the regulations and not put the data capture in place to monitor the impact?

**Mr MARTIN** - We started off with a 42-night cap. That went through the consultation process and was knocked on the head. People questioned how you were going to enforce compliance in getting the data. Perhaps there should have been an element of getting this data issue or the listings assured and provided before we embarked upon a different model. That would have been the trigger. This is in hindsight. We supported the 42-night cap because we thought it was a set of rules that made sense but everyone wondered how that was going to be enforced in Hobart and who would be checking the thing. We were all guilty. We are playing catch-up a little bit.

If I hear one more comment from Airbnb promising to provide more data and information, I will spew. For four or five years assurances and promises have been given left, right and centre. The reality is we now have to legislate, which in hindsight we could have done three or four years ago but we are where we are.

## PUBLIC

**Mr WILLIE** - Your ATAP accreditation is quite onerous. You have some dot points; ensuring the business has all required licences and permits to operate legally, insurance, customer service procedures, business operating systems, sustainability, accounting standards and industry code of ethics. Do you have onsite verification for that accreditation? How do you go with resourcing, given the conversation around local government enforcement?

**Mr MARTIN** - It has been going for 20 years and it is ingrained in a large part of the industry. The interesting thing about accreditation is the industry is constantly debating about whether consumers value it as consumer protection. From an industry development perspective and quality assurance in the industry, it is incredibly important. We have this constant debate. We charge a national rate, which is subsidised through the state. Tourism Tasmania makes an investment of \$120 000 per year to subsidise the cost for operators to go through it. It is small, \$50, which comes to us and we take it off the bill. They have been doing that for 15 or 20 years, as it says.

We have equivalent of two FTEs who spend all their time running around the state. They have to do a site visit to support their initial registration and they are required to go through a renewal every three years, which means they go back to square one. It is contemporary and relevant. Every year we require as part of their renewal process for them to do a self-verification of their permits, licenses and their insurances. We can confidently, within as much reason as we can, show that the operator has demonstrated that they have those permits, licenses and insurances.

We will check these licenses and permits. The issue is that we have 1100 of three [inaudible]; accommodation businesses are another 1500. We provide every incentive in the world to try to encourage more of those guys to become accredited. It has hovered around that number, which earn 10 per cent every year. We find that businesses who go through it for the first time and are new entrants to the tourism industry find the most value in it. You can see that through our process it is a bit of a build-your-own-business plan. They appreciate the advice, mentoring and the templates that are provided. Maintaining participation of those operators in the program over five or 10 or 20 years is a challenge. Once every year we do the renewals and there are a lot of phone calls to try to convince people of the merits of staying accredited. I think that is testament to the industry that we have that level.

For the tour operators, non-accommodation businesses, it is incredibly important because there is no other regulation apart from state government doing audits on their vehicles and passenger transports. For both accommodation, it is basically all we have now.

**Mr WILLIE** - There are many things to tick off. If you look at that from a local government perspective of compliance, if the fee structure is appropriate, there is enough revenue for councils to have the resources to enforce compliance and uphold their responsibilities. Would you agree with that? You mentioned revenue streams in your submission.

**Mr MARTIN** - If you can get a model that works, if it is not cumbersome - and the first thing I would argue is that every accredited operator would subject [inaudible] their licence so you do not need to double up. I think that would be a position you get to. It is a matter of whether you can get that economic model. When they culled licensing in 2006, they were spending five or six million dollars a year on four or five professionals. Maybe it is a reflection of a not-for-profit, very financially under-stressed organisation that we are doing it as opposed to a government agency. Whether councils could do it efficiently; in principle I would not say we

## PUBLIC

would want to go down the path of licensing as the default solution. It would be an interesting conversation to have with councils about whether they can perhaps come to a middle ground position in those areas. If they pay for your licence, is that sufficient revenue for them to be able to pay for that compliance officer? I will make the point that if you are going to do it, do it with councils, not the state.

**Mr WILLIE** - It sounds like you support LGAT in its call for local discretion with planning overlays, but in your submission you say you do not support a cap on short stay accommodation. That local discretion call involves a cap, and they verified that here.

**Mr MARTIN** - I probably made that comment more from the perspective of some of the suggestions for a flat-out cap across Hobart, for example. We need more supply in the visitor promotion market - for example, properties established and built specifically for the purpose of visitor accommodation, or people who have gone through that proper process and converted their properties. I don't think we should stop that. I think we should allow the discretion if we were going to do it in more suburbs like Battery Point or destinations rather than wholesale caps. I think I made that comment in the context of suggestions around Hobart having a flat-out cap.

**Mr WILLIE** - So you support a cap but it should be more localised - is what you are saying?

**Mr MARTIN** - Yes, the discretion should be very focused about specific neighbourhoods or regions, say Battery Point, rather than wholesale local government areas. For example, if you brought out a cap in the Break O'Day municipality, it would be a self-defeating prophecy because we are going to stop the capacity for people who want to set up commercial businesses to provide more supply. I think that's going to be a challenge. Look at areas like Binalong Bay and have the conversation with the local community and industry around that particular neighbourhood.

**Mr WILLIE** - What about discretion around how many permits a person can have at the one time? If you look at the UTAS report, they are talking about the commercialising of sharing accommodation.

**Mr MARTIN** - Yes, or the process of flipping an entire residential unit development into a business, or apartment blocks, which is the experience overseas and interstate. I think it would be worth pursuing and looking at carefully to see if there is merit in doing that. Again, if they go through the normal DA approval process and every motel and hotel operator around the state applies, they are fine. If they are homesharing their genuine home, it is totally deregulated. It is this issue in the middle where people are buying residential properties or secondary properties and flipping them into, to all intents and purposes, commercial businesses, and trying to get around the framework that everyone else has to comply with.

**Mr WILLIE** - You would have heard the same stories I have of seven or eight properties being bought up and operated in that manner and they are probably getting tax concessions at a federal level too, through negative gearing -

**Mr MARTIN** - Absolutely. I have heard of some amazing examples around our electorate and my neighbourhood, where there are units that are busy for four months of the year. What has happened with the accommodation demand is that Hobart's high pricing is pushing out commercial, I suspect, so business travellers, so it is flowing down the market. If you are a business traveller who would previously get a \$130- or \$140-a-night room in the centre of Hobart and instead could get an Airbnb for the week you come down every year in a residential property

## PUBLIC

out in Glenorchy, or suburban Launceston, you would. The downward spiral of the market is more the fact of them saying that people are choosing to holiday and travel and stay in Airbnb in suburban parts of Hobart because it is what they want to do. It is the flow-on through the market.

**Mr WILLIE** - That is probably where it is having the biggest impact on the housing market, because you are talking about traditionally affordable rental properties probably being flipped.

**Mr MARTIN** -Yes, we're all hearing those stories. In St Helens and the north-east, for example, I have heard of a few that will just close up for six months that were previously residential -

**Ms RATTRAY** - They do not need to rent them out.

Luke, one of the issues I have been dealing with through my office recently is the fact that unfortunately not everyone wants to look after a rental property. I don't say that everyone is good in short stays either. I think we have all heard some of those horror stories about how they have parties and invite their entire friendship group, but it has been suggested to me that they would much rather be in the short stay accommodation space because they are less likely to get their home or property damaged than they would through some longer term rentals. They take it off the rental market and if they get enough rent out of the short stay accommodation they are happy with that, enough to cover the rates and whatever. Are there any examples you are hearing?

**Mr MARTIN** - Yes, absolutely, in Hobart particularly. Again, it is the seasonality element as well. You can keep your property busy for four or five months of the year and have it ticking over. You can get services that will come in and flip it. You can't blame people for doing that on their investments, trying to get the maximum return. Everything is obviously straight off their income in terms of tax.

**Ms RATTRAY** - And having it looked after as well. I've recently done a reno and the \$11 000 I thought I was going to spend ended up being \$23 000 and it wasn't a big reno on a rental.

**Mr VALENTINE** - I am interested in this tension that exists, which was raised in an article in the *Mercury* not that long ago, where basically the very nature of an area is being changed by the fact that there is short-term accommodation so people are no longer connecting with their suburbs the way they used because it is fundamentally changing and is, in effect, forcing house prices up and forcing them out of their own suburb that they see as home. How do we strike that balance? Do you have any comment on that? Obviously short-term accommodation is the go. It is a way that a lot of people who might be retired get an opportunity to make an extra dollar that they would not make otherwise. Is capping the way to do that?

**Mr MARTIN** - Certainly in some areas there might be an argument for incentives to increase supply in residential housing and visitor accommodation. The east coast is probably the glaring example. You cannot look at those visitor numbers over 10 years and rationalise about the lack of investment that has gone into that area. Clearly there is a demand that has been filled. I think the bigger policy levers here are to incentivise or provide capacity for investment in residential and visitor accommodation and have those conversations with local areas around whether it is a cap or a limitation. Through its decision around Battery Point, the TPC has provided a framework now to use that as an example. I think that has to be done really carefully for the reasons I have outlined around investment.

## PUBLIC

**Mr VALENTINE** - But that would have to be done across the whole state, wouldn't it?

**Mr MARTIN** - Yes, just empower local councils to do it when the argument is there and allow local communities to have those conversations about whether it is a cap or a land release or maybe some other incentive to encourage more commercial visitor accommodation in their local areas to take some of the pressure off.

**Mr VALENTINE** - So you recognise it should be by municipality as opposed to a blanket?

**Mr MARTIN** - Yes.

**Mr WILLIE** - It could just be a cap on existing properties, couldn't it? You could potentially approve a new development and that would incentivise supply.

**Mr MARTIN** - Yes, or you could lodge a DA subject to the clause. I do not know how they have done it in Battery Point in terms of anyone wanting to build anything new.

**Mr VALENTINE** - There are not many opportunities. You might have a little bit of a problem with the heritage zones, I think.

**Mr MARTIN** - These should be the solutions local government areas should apply. I think maybe the lesson out of this process has been that trying to put a blanket, rapid response at a state level by a ministerial directive was perhaps the wrong way to go about this. Maybe it should be about empowering local councils to work it out with their local community.

One of the things about tourism we are really conscious of as well as the growth that is happening is that we have to remember that the people who live and run their tourism businesses are also incredibly passionate about the local lifestyle they lead in these communities. I don't think you will find a lot of debate within local areas about wanting to facilitate sensible growth in tourism ventures and tourism properties that protects the lifestyle of the residents who live there because generally they are one and the same. If we can provide that framework for councils to make sure they have proper enforcement for compliance about whatever the rules are, you can remove this ambiguity and uncertainty for everyone around the planning, and then also give them the power to enforce compliance with some local discretion around neighbourhoods rather than wholesale local government areas.

**Mr VALENTINE** - Do you see limiting it to true share housing, where a person lives in the residence or they might have a chalet in the backyard maybe that they let out?

**Mr MARTIN** - Or they leave for three or four weeks over summer.

**Mr VALENTINE** - Do you see that as a way forward as opposed to whole houses? I think you were saying the whole houses?

**Mr MARTIN** - Whole houses, yes. The conversions, the middle group. I don't think we should move on the existing framework the Government has brought in around homesharing, so the principal place of residence, whether it is granny flat out the back or I am going away to Europe for two months over summer and I want to get some income -

## PUBLIC

**CHAIR** - Or around our students.

**Mr MARTIN** - Around students. I think the horse has bolted on that. Business owners will do [inaudible] their own homes. I think some protections need to be advised. I think that general homesharing should be facilitated in a sensible way. It is this investment in secondary homes, property issues, where I think we need to apply the lens.

**Ms RATTRAY** - The flipping.

**Mr MARTIN** - The flipping, yes.

**Mr VALENTINE** - Are you suggesting none of that should happen, or are you suggesting it should be regulated somehow by legislation?

**Mr MARTIN** - It should be allowed to happen. I am suggesting that we should enable some greater flexibility around the discretion of where it occurs, but accept it is going to continue to happen. In some parts of Tasmania, it should be encouraged and facilitated, but allow some planning or regulatory framework for communities through their councils to properly enforce and apply the rules that are in place.

They should also have local discussions about the scale of how it is occurring. If a community determines that there is too much, there should perhaps be the ability to put a limit to the number of permits for converting it over. At the moment that is not being enforced. You have to allow the discussion to happen and then have confidence that council or some other regulatory body is going to be appropriately enforcing that decision.

**Mr VALENTINE** - What would your biggest bugbear with the uneven playing field be, if you had to pick one of them? Or is it just the group of them that really concerns you?

**Mr MARTIN** - I worry about the capital cost that properties have made. The capital that they have put in. For example, operators who have traditional B&B or visitor accommodation and built it as businesses are competing now with people who have not designed their property or their business around the same structure yet compete in the same market. If we can iron out some of the regulations and compliance so that property owners are better informed about what their responsibilities are around operating costs, that will go some way towards dealing with that issue.

The fundamental issue is for some certainty for people who have invested in commercial businesses, particularly in regional parts of Tasmania, who are now having their competitive market expand around them and are working off totally different capital price structures, different valued properties, to them. I think that disruption is going to be a challenge to manage when properties start selling. Most of the properties on the west coast have been on the commercial visitor accommodation market for a long time; the business numbers have not grown at the same rate as other parts of the state. You have potentially new entrants to the market who are working off a totally different structure through Airbnb, Stayz or whatever. You are essentially undermining the economics of an entire sector of the industry.

**Mr VALENTINE** - Do you think we will ever get to a point where we do have enough accurate data to be able to manage all of this going forward? Do you see it as something that is achievable or is it something that is always going to have its element of concern?

## **PUBLIC**

**Mr MARTIN** - I guess if they can do it in Barcelona, New York, Berlin and all these other massive cities -

**CHAIR** - They are using a fairly large stick in Spain, aren't they?

**Mr VALENTINE** - Not without cost either. Their auditing costs would have to be huge, wouldn't it?

**Mr MARTIN** - If they can do it in large cities, surely we in Tasmania can get an appropriate data source to know who is listed, for councils to be informed about regulatory -

**Mr VALENTINE** - Are you saying all even-share under the 200?

**Mr MARTIN** - Yes, I think the test would be with homesharing. They are deregulated and you don't require a permit. So I guess the test would then be the enforcement by councils which have evidence of properties being used for accommodation that aren't genuine homesharing and to be able to check that listing with a data source that is reliable and dependable and then be able to pose the question.

**Mr VALENTINE** - Even genuine homesharing has an impact?

**Mr MARTIN** - Absolutely.

**Mr VALENTINE** - So it could still be something that councils might want to be informed about.

**Mr MARTIN** - I think that is the next layer of discussion. From our perspective, just the challenge of trying to deal with the investment properties is something we need to deal with now, urgently.

The homesharing argument - trying to monitor how people are using their own homes. If a person is staying with them, an aunty or a paying guest from Germany, it is going to be difficult. I think we accept that homesharing is an accepted form of disruption that has occurred and there are people who are using it sensibly.

As I made the point in the submission, I think the market that uses genuine homesharing - stays in someone's home for a period time whether as a guest when they are in the property or using it - know what they are buying. I think where it gets a bit ambiguous is when people are finding a shack or a guest house on the east coast or a thing that is totally exclusive and don't know whether it is a legitimate legally insured, quality-assured product or not. Unfortunately the risk is that they don't find that out. We are playing with fire in terms of them finding out and something goes wrong.

**Ms RATTRAY** - Until something happens. Or there is not much you can do about it when you arrive at 11.00 at night and you are thinking this is not what I signed up for.

**CHAIR** - You find it is a shed made into a unit.

**Ms RATTRAY** - That is one of the issues.

## PUBLIC

**CHAIR** - I was just looking at Glamorgan-Spring Bay which actually does register. If it is a secondary residence offering Airbnb, the owner needs to register. Obviously, they require a planning permit and they charge \$250. You would believe that most councils, if they were to do that with the data required, what do you think the cost would be? Once we start looking at enforcement, all of a sudden the councils will need extra staff. In Launceston's case, I was told they tried find how many there were. It became a huge exercise without the data, trying to find it themselves. It was an impossibility.

**Mr MARTIN** - That is the issue I have tested, talking to a couple of councils and LGAT about whether a \$250 price, which was the minister's directive, is appropriate, I guess it is a one-off price too in terms of when you access your permits. It is not an ongoing cost.

**CHAIR** - It is not renewed each year. It is just once?

**Mr MARTIN** - It is not renewed. I guess that is the challenge. It is a valid point: when you look at the legislation about the capacity for this to be properly enforced once they have the data, is it going to improve the situation?

I am aware of a councillor on a larger council who basically said that they had not even thought about it. A young new face, in an area that has high housing affordability challenges and is also an area that is trying to grow its tourism industry.

**CHAIR** - Tourism is extremely important to the state.

**Mr MARTIN** - Absolutely, so they do not even grasp that. We have councils that are playing on totally different levels: some are enforcing it or being quite proactive about the rules and others are not even getting their heads around it.

I am not sure bringing in legislation to require Airbnb to provide its listings is going to change that. It is going to be an ongoing process for councils about what is the capacity and economics for them to be able to meet their obligations.

**CHAIR** - Have you heard anything from any of your members or others with regard to the east coast? An architect made a comment about the viability of schools in some of these areas with fewer locals living there and the fact that people can only get accommodation during the winter period. When summer comes they cannot. All of a sudden the school do not have enough pupils. Have you heard anything like that?

**Mr MARTIN** - No, I have not had that.

I made the point that the east coast of Tasmania the fifth-most tourism-dependent regional economy in Australia. Uluru and Daintree are ahead of it. The west coast is sixth, which is an excellent outcome out of about 160 regional areas. So it is a critically important part of their economic base now. They have a vibrant growing visitor economy now. It's just how to manage it. This is the challenge we have around the lack of investments, essentially at a time when we have had radical demand and growth.

If we grow the visitor economy up there, more people will become year-round residents. We can deal with the seasonality issue. We will start to see some of these communities start to become far more vibrant than now. It is not about restraining the growth in the industry. The

## PUBLIC

same debate is going on in Hobart at the moment. It is about managing it in a way that is sustainable for the residents who live there and deal with some of those issues.

**CHAIR** - We were selling a shack at St Helens. I noticed there were a lot of shacks for sale there because I think a lot of people can't afford to run two properties, particularly something that might be two hours away.

**Mr MARTIN** - Absolutely - and cashing up. Valuations on properties up there have significantly grown. The same with Derby and other parts of the state. This is a challenge in that people have now invested according to a market structure. If we dramatically change that market structure so there would be no more Airbnb or visitor accommodation, imagine what that would do to some of those property prices because they are obviously not worth as much as residential.

**Mr ARMSTRONG** - When you said the west coast, Luke, are you talking predominantly about Strahan and Queenstown as far as Airbnb is concerned?

**Mr MARTIN** - Yes, of tourism. It doesn't include Cradle, which is north-west so it is predominantly west.

**Mr ARMSTRONG** - Corinna and places like that?

**Mr MARTIN** -Yes. It is based on GDP of the local area. I think the west coast is fifth and the east coast is sixth, which is something I think we need to remind ourselves sometimes when there is also a lot of focus on other industries in some of these areas. Ultimately, they are very much vibrant visitor economies.

**Mr WILLIE** - In summary, you would like to see change occur and you have outlined some of those. What sort of time frames are we talking?

**Mr MARTIN** - I made the point in the submission that, for all the reasons we have outlined and have been talking about, I do not think we can do anything dramatic that will significantly fix this issue overnight. It is going to be a crab structure now that allows it to start to iron out. In terms of this summer, I think the most practical thing the Government can do is what it has either started or is intending to do, which is get an aggressive communications strategy to people to understand, accept and know their obligations and responsibilities under this structure we have in place.

In terms of the legislation process, if that plays out over the next six to 12 months there needs to be a really comprehensive process with local government to understand their obligations around the responsibilities under the legislation and the planning system they will be required to enforce. I guess there has to be confidence around this going far enough. If it is not, we need to probably look at it elsewhere because we have a window now of six to 12 months starting with this committee and the legislation process to try to get a long-term structure. I am not sure that there is much we can do in the short term, apart from getting people to know what their obligations are in terms of this summer.

I have made the point there will be a significant expansion of accommodation obviously in Hobart over the next 12 to 18 months with four or five hotels and 1000 rooms that will start to iron out some of the market structures. Launceston is going okay too with its supply. That will help in terms of the market structure. These are medium- to long-term solutions. I guess the

## PUBLIC

thing we can all focus on now is what is the best structure, because we would hate to see legislation rushed through and then end up sitting here 12 months later with councils lining up saying they cannot enforce it and having the same debate.

**Mr WILLIE** - For the hotels, what projections do you have for tourism growth? Potentially those hotels just meet growing demand and we are still in the same situation.

**Mr MARTIN** - The problem with Hobart is that we have had a dramatic undersupply in accommodation for 15 to 20 years compared to the growth. Hobart's visitor numbers have doubled and you certainly wouldn't look at the accommodation supply around the state as reflecting that. You can see that in the capacity restraints on the market at the moment. There are some challenges around Hobart, particularly on seasonality, which are still going to be exposed when the new hotels open. Everyone will do very well for six months of the year and then there will be a dip - around now - every year.

We have some real challenges around demand. I think the 1000 rooms currently under development will be absorbed rapidly by the market. I think we might have a flow-on effect down the market to some less premium hotels that are doing quite well on rack rates. They will reduce air fare prices, which will impact on Airbnb and homestays, so it will just flow through. In terms of the long-term projected growth, we are basing our figures on 3 per cent to 4 per cent compounding growth, which is what it has been for 15 years. There will be small incremental growth of visitor numbers to the state so we are going to need to continue to encourage investment. It is appropriate.

**Mr WILLIE** - Three per cent on 1.3 million is still significant each year, isn't it?

**Mr MARTIN** - Absolutely it is. I have that graph on the slide talking about potentially 1.7 million to 1.8 million visitors in mid-next decade. There is a very Hobart-centric debate at the moment about too much tourism. I understand what is motivating some of that, but I don't think tourism is the reason people are stuck on the Southern Outlet. It is not because there are too many tourists in Tasmania; it is because we've had underinvestment in infrastructure for decades.

**Ms RATTRAY** - And they don't get in their cars and share rides.

**Mr MARTIN** - I am thoroughly looking forward to the middle of January when you will see a tweet from me pointing out that Hobart's streets will be deserted when there are 250 000 tourists in the state because tourists do not drive around the CBD around 9.00 a.m. It is people like us who are dropping our kids off at school at 9.00 a.m. It is not why we are experiencing challenges and we still have an underdeveloped tourism industry, particularly in regional Tasmania. The west coast is not thriving.

**Mr VALENTINE** - It is a fact, though, that the higher the tourism rate, the more pressure it puts on prices and the more people it puts out of homes? That is a fact. Do you see, long-term, that we have to think about how many people we bring into the state as tourists? It's not something the tourism industry is going to be terribly loud about, but there must be a limit, mustn't there, if it is affecting the population?

**Mr MARTIN** - Only if we are not sensible about how we manage it. If we keep growing at the rate we are, I think we can manage it on the basis of the experience we have had. Yes, 3 per cent is reasonable but it's barely more than CPI. Where the challenges for us lie is about the type of visitors coming to the state and when they come. The reality is we cannot be a destination that

## PUBLIC

continues to grow in January, February and March. If we are going to continue to grow, the natural constraints on the destination around accommodation supply is going to put brakes on certain times of the year. The challenges are around seasonality and dispersal, so getting more visitors into regional areas of Tasmania that need them. Eight months of the year occupancy rates are really low in parts of regional Tasmania so it is about getting the attention on there and taking the pressure off Hobart and focusing on the dispersal.

We shouldn't be afraid of growth; it is how we manage it and how we have these discussions about the appropriate policy and planning levers to make sure these four hotels going up is not the end of it. We need to make sure there is a chain of investment so that in 2022-23 there will be other hotels come online.

**Mr VALENTINE** - No chance of overcooking it?

**Mr MARTIN** - There is a massive risk of overcooking it and that is why the debate we are having at the moment is sensible in that we can take out some of the emotion about it and some of the outlandish comments. It is a good discussion to have because it is forcing us to make policy-lensed decisions. For example, if there are too many cruise ships in Hobart, let us talk about what the appropriate numbers are if everyone feels that is the case. With the Airbnb issue, let us talk about how we get the planning parameters right so there is not open-slather conversion in regional areas, towns and communities. At the same time, if we start constraining growth and say, 'That's our comfortable number' and stop, the airlines will start drying up, the city will stop growing. Do we feel comfortable about doing that? That is a big decision for us to make.

**Mr WILLIE** - Mr Valentine touched on people being made homeless through some of that growth. I guess that is where the tourism industry is exposed a bit. Would you like to see the Government investing more in social housing? Are you talking to them about that and skills shortages and how they are going to address that, and construction and infrastructure? I am interested in your conversations with the Government about that or is that not your core business and that is for them to work out?

**Mr MARTIN** - It is not, and I have been careful not to talk about housing affordability because it is not our role and you have more than enough strong voices around that space. It seems apparent to me that the fundamental issue that has been exposed by this is an underinvestment in the two markets of visitor accommodation and residential accommodation. We need to stimulate continued growth in both those markets. From the Housing Summit and all the conversations I have been semi-involved in over the last six months about this issue, it is apparent there is a significant shortage of affordable housing across the state and that is a long-term issue, because there has been a lack of investment in key parts of the state in visitor accommodation. Unfortunately we have fuelled market growth in both and the suppliers have been there to pick it up.

**Mr WILLIE** - This summer, would you like to see more of an emphasis on emergency accommodation and some commitments of funds so people do not have to sleep -

**Mr MARTIN** - That is outside the scope of my mandate -

**Mr WILLIE** - Is it going to be similar to last summer when you are looking at vacancy rates et cetera?

**Mr MARTIN** -Yes, whether it is this summer or the immediate interim arrangements can be put in place. We need to be careful about looking, particularly in regional parts of the state, at the

## **PUBLIC**

impact on local communities in both staff and labour requirements, capacity for locals to get accommodation. Perhaps we can use this as a bit of a pillar to ask where those hotspots are that we need to start addressing, and see whether that leads to a discussion around caps, freeing up new investment and other pipelines to take some of the pressure off for visitor accommodation. I will leave it to the housing experts to judge the best way to deal with that.

**CHAIR** - Thank you very much, Luke. We really appreciate your submission and the time you have given this morning.

**Mr MARTIN** - Thank you.

**THE WITNESS WITHDREW.**

## PUBLIC

**Professor RICHARD ECCLESTON AND Dr JULIA VERDOUW, UTAS, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.**

**CHAIR** - Welcome to our public hearings. It is great to have you here. All evidence taken at this hearing is protected by parliamentary privilege. Any comments you make outside the hearing may not be afforded such privilege. A copy of the information for witnesses is available if you haven't read it or are not aware of the process. The evidence you present is being recorded and the *Hansard* version will be published on the committee website when it becomes available. The procedure we intend to follow is that you are provided with the opportunity to make a statement, speak to your submission, followed by questions from the members.

**Prof ECCLESTON** - Thank you. We will start with a few general remarks. The number one caveat we would like to make is that the submission and our associated reports represent our views as academic researchers with expertise in housing, rather than those of the University of Tasmania.

The Institute for the Study of Social Change at the University of Tasmania, which I direct, and our Housing and Community Research Unit have done quite a lot of research on the growth of the short stay accommodation sector in Tasmania and, generally, its benefits - and there are significant benefits - but also its impact. We would like to commend the committee for holding this inquiry because short stay accommodation is really one example of a whole range of peer-to-peer businesses that are changing business practices right across our community. They have experienced rapid growth around the world and particularly here in Tasmania, given the strength of the tourism economy.

As our previous research indicates, we have had almost 250 per cent growth in Airbnb listings, which is only one platform but it is the most significant in Tasmania over the last two years. We now have almost 5000 listings across the state.

I think it speaks to the significance of the issue that there are almost 170 public submissions to the inquiry. A lot of those quite rightly spoke to the benefits of the sector to the Tasmanian economy and tourism in particular. By our calculations, and they are very much in line with what Airbnb has supplied, it is now a \$100 million-a-year business in Tasmania. About 650 000 visitor nights are being accommodated by the sector.

It is quite common for governments to embrace and promote new technologies. I, for one - Julia might have a slightly different view, supported the Government's embrace of the sharing economy 18 months ago. The challenge for regulators is to understand what the negative consequences are and to regulate so we can try to capture the benefits from new technologies - in this case, short stay accommodation platforms - but manage the downside. This is a 100-year-old debate. Exactly the same thing happened a century ago when the automobile became popular. Governments embraced it because it transformed lives, productivity and the way people lived, but there were also downsides so governments responded to that - 'Maybe it is a good idea to have a licensing system and speed limits.' By the 1970s and 1980s, we had safety requirements. It is the responsibility of governments to respond.

With the rapidity of change and growth we really need to have that adaptive regulatory approach with good, impartial evidence and governments and parliaments responding accordingly. I think that is where we are at this time in Tasmania. Tasmania is not alone. Governments right across Australia and right around the world initially embrace these

## PUBLIC

technologies and now they are starting to selectively and strategically re-regulate to get the balance right. We are not for prohibiting short stay accommodation. I don't think it is desirable and it is not feasible, but at the margins in some communities we need to think about a strategic regulatory approach.

All the evidence here in Tasmania suggests that one of the most significant impacts is on the supply of long-term residential accommodation. It is one of the drivers of the housing challenges that we are facing in Tasmania, particularly in Greater Hobart. We made a fairly clear case as to what the drivers and dynamics of that are in our previous research. Within our housing policy team, my colleague, Dr Julia Verdouw, has been leading our research on the short-stay market in Tasmania. Our focus at the moment is on understanding what the best regulatory models are in terms of getting that balance right for short stay in Tasmania and more generally. If it is okay with the committee, Julia will make a few introductory remarks and then we are very happy to answer questions.

**Dr VERDOUW** - In the next few moments I would like to recap some of the things in our report, particularly around what we do know based on the short stay accommodation sector and the research we've done, some of the things that we don't know enough about yet and what this might mean for a regulatory response, in our view.

We know there has been, to June 2018, which is when our latest data snapshot happened, a steady growth in most listing types in most areas of Tasmania. In most areas and most listing types, Airbnb is currently at its peak listings since July 2016. For example, entire properties have grown by 205 per cent statewide, in Greater Hobart, 228 per cent; and in Hobart LGA, by 268 per cent. They are large numbers.

We know we have probably not yet seen peak Airbnb in Tasmania and we base this on price-for-night yield. We have not seen much of a slowdown, a \$4 slowdown, in the last few months. It is non-peak season so we think it is probably par for the course. We have not yet seen a peak in demand for Airbnb in Tasmania, particularly in the southern region.

We also know that listings are concentrated in the more dense urban regions of Tasmania, for example, Hobart LGA, and that is really standing out to us. That is something that is an international trend happening elsewhere across the globe. Commercial-type listings are continuing to grow as a proportion of all listings types. We are seeing less of the genuinely shared accommodation -

**CHAIR** - Less sharing the home?

**Dr VERDOUW** - Yes. The shared economy is less about sharing. It is more about investment, professional hosting and commercial-style activity.

We have based that on some indicators, such as multi-listings. Hosts are listing two or more properties. High-filter properties are properties that are highly available, according to the website. They are booked frequently and recently, and they are entire homes only. They are more likely to indicate commercial-style or investment-style listings.

When we look at these combined factors alongside population growth we have estimated, with the impact of the short stay accommodation with some of those other population factors, that

## PUBLIC

we are seeing a net housing shortage from 2016 to 2018 of around 450 dwellings in Hobart LGA, and that figure rises to a shortage of 600 dwellings when we look at Greater Hobart.

Our concern, if we not yet seen the peak Airbnb, is that we are going to see conversions from the longer term private rental market into short stay accommodation and that is going to impact mostly on the vulnerable Tasmanians who already are experiencing housing pressures and who are the ones most likely to be pushed into further crisis and housing stress if that continues to happen.

As Richard just noted, we have a good understanding about the benefits of short stay accommodation for the tourism sector, for hosts and for users in terms of their Tasmanian experience and the opportunities that are provided to hosts. We are certainly not here to argue against that. It is one thing we are quite clear about. As much as we have tried to put some clarity around what is going on in the short stay accommodation sector from a housing perspective, there are still some things that we do not know. Until we do, it is going to be very hard to make some good policy decisions, based on what we know. For example, one of the things we do not know is what is going on in precise numbers of conversions. We have been able to give what we think are really good estimates but we still do not have precise figures on a lot of the properties that were previously in long-term rental and what is the rate of conversion into short stay accommodation.

We still do not have mechanisms to ensure compliance and to understand the extent of compliance. We certainly don't have any mechanisms to understand the longer term trends we are seeing around these issues including, for example, if we put regulations in place, how is the market responding, and what is going on in different regions across Tasmania? In our view, this means that regulating the sector properly is going to provide us with some of that information we need and that is really a baseline to understanding the sector properly.

We commend the Government on its recent announcement that it wants to legislate to increase compliance and to start to build a database. We agree; we would be recommending emphasising that the key to better managing the impact of the sector can only happen through a really clear and comprehensive database of information that provides some transparency about what is happening across different listing types in the short stay accommodation sector. That can be done via requirements for a permit.

We think that permits need to be put in place regardless of when the change of use occurred, so not grandfathered provisions. They should be displayed, for example, on short stay accommodation platform sites, which helps with compliance.

We also think that within the planning scheme directive, acknowledging the impact of short stay accommodation on residential character and neighbourhood amenity, it should also be acknowledged that there is an impact on the local housing market. We believe, where it is found to be the case, a statewide planning directive can give authority to local councils to act with discretion in managing the impacts of the short stay accommodation sector on their local communities. There are a lot of different examples of things going on around the globe of the kind of strategies that can be used.

Some of them include, for example, putting a cap on nights per year for different kinds of listings. It might include a permit fee or indirect fees associated with permits or registration and that can be used as funding to ensure compliance, for example. In more extreme cases, where the

## PUBLIC

impact of short stay accommodation is very well known and understood, there could be a pause a moratorium on registration renewals or new registrations or permits so that local councils can take a bit of time to consider the impact, understand the landscape a bit better or to see some reversal or slowing down in those adverse impacts.

**Mr VALENTINE** - Thank you for putting in your submission because you are a respected organisation and it is good to have this information you are providing to us. How much can we trust the inside Airbnb data and what other avenues of data farming have you used to build your picture?

**Prof ECCLESTON** - That is a good question, Mr Valentine. I agreed with many of the points in the state government's submission but, when this phenomenon started in Tasmania and more generally, one of the issues as academic researchers is where we can find quality data.

Traditionally, these platform companies are not particularly transparent; partly by design and partly because of privacy regulations. We were talking to our colleagues around the world, both policy-makers and other academics as to where the best data is available. We approached a number of third party data providers. We have used the inside Airbnb data because we believe it provides a very accurate picture of the scope of Airbnb activity, noting it is only one of the platforms but it is by far the largest. If we are just focusing on Airbnb it is only one part of the broader market, although a very significant part.

Interestingly, dozens of governments around the world use inside Airbnb data for policy analysis and compliance. The city of New York, San Francisco, Boston, the City of London, Bristol, Paris, Rome, the OECD. If we wanted to spend half-a-million dollars on the most expensive and expert consultants to analyse this problem and we engaged Boston Consulting Group, they would be providing the same data we have been providing through academic -

**Ms RATTRAY** - They would get it from inside Airbnb?

**Prof. ECCLESTON** - Boston Consulting use inside Airbnb for its analysis. I am not saying it is perfect and there are lots of caveats from inside Airbnb around some of the grey areas. We have been very conservative in the way we have used it. There is a little bit of misinformation. We have very good data in terms of the scope of the short stay accommodation sector. Unfortunately, and this is a broader challenge around planning for growth both in this sector more generally, we do not have detailed data on property use in Tasmania. We do not have reliable data on the stock of private rental properties in Tasmania and that is really important in terms of managing growth.

Part of the state's challenge over the next five years is getting good independent data so we can understand how our state is growing, what the settlement plan for Tasmania is going to be, where the next 5000, 10 000, 15 000 Tasmanians are going to live in five years' time, what their needs are and what their infrastructure needs are. We need better data there.

The other issue in terms of drawing the direct connection between the growth in short stay accommodation and the residential rental market is what in the literature we call the conversion rate. To what extent were the 600 entire homes in Greater Hobart that are frequently booked and listed all year round previously long-term residential properties? We have done some analysis and we think our 75 per cent assumption is very conservative. A good thing that can come out of the state Government's legislation is that if we just have a list of the actual residential addresses of

## PUBLIC

those properties - and surely if we have a compliance and permit system that is in force we would have that - then within a week we could run an analysis to work out what the conversion rate is.

We work very closely on a range of research projects with some of the big data providers like Core Logic. If I have a list of addresses within a 96 per cent accuracy, they can tell me what their tenancy model is - whether they are rented, owner-occupied or whether there is another use. We have been thinking about this and having conversations, but the one part of the jigsaw to really understand the relationship between short stay and rentals and the extent of the problem and how we should respond to it is just having that list of addresses of properties because then you can see what their previous use was.

**Mr WILLIE** - You talked about the permit system being able to provide that data but there is an issue there with investor property and a residence that is over four bookable rooms. It does not distinguish between those two categories, does it?

**Dr VERDOUW** - Being genuinely shared?

**Mr WILLIE** - Yes, you need a permit for over four bookable rooms, so then it is not an investor property potentially. There could be somebody living there.

**Dr VERDOUW** - If you look internationally at what is going on, what we see happening is that increasingly the permit system is being used for a number of things. We are seeing the permit system being firstly a way of being able to convey the rights and responsibilities of hosts and increasingly we are not just seeing permit systems being rolled out in the investment or non-owner occupier kinds of short stay accommodation, but also right across the board, with genuinely shared accommodation, which means I am sharing one of the rooms in my house while I am present and also while I am temporarily on holiday, but also for investor type. That is because governments and jurisdictions are able then to convey the rights and responsibilities of what the limits of sharing are and also around investment properties. What are the rights and responsibilities of hosts, regardless of where you fit in that?

The other thing it does is enable jurisdictions to capture the data they need in order to understand the landscape a little better. I think internationally that is what we are seeing happen with some really clear delineation between what is shared and what is not considered shared in order to also convey those boundaries to hosts of all different kinds of listings as well.

**Prof. ECCLESTON** - Even with a permit system there are still grey areas. Both in terms of quality assurance and safety, all properties offering short stay accommodation services should be registered but if they are sharing businesses, a room or an entire house for a very small part of the year when the permanent residents are elsewhere, that is automatically granted. Then you have transparency around displaying permits. There are risks with blatantly breaching that and claiming that this is not my principal place of residence.

There are options in terms of data matching and clearly the ATO is very interested in the growth of this sector. It is administratively possible for the Tasmanian Government to exchange data with the ATO so it can cross-check whether a property is a principal place of residence for income tax purposes. It is not foolproof and it will require ongoing compliance, but I think it is important to have all the properties within the system but saying we are very supportive of genuine sharing. Where it is an investment-style property, in some communities where there is a

## PUBLIC

clear shortage of residential rental properties, we might have some extra regulations as long as that shortage of residential accommodation exists.

The other area that is ambiguous, and I think we are all looking forward to seeing the Government's draft legislation, is around what they call ancillary dwellings, traditionally granny flats or chalets, which are on the same title as the host who lives there. At the moment the thinking is that they should be exempt in a way a sharing property is. Perhaps we need to have that debate because the one thing about granny flats is that they are a relatively low-cost form of accommodation and often are centrally located. We need affordable accommodation that is close to employment and services, close to the centre of our towns. I shouldn't indulge in a biographical note but during my student days I lived in a granny flat. The idea they are somehow separate needs to be explored.

**Mr VALENTINE** - Are you saying they shouldn't enjoy the same circumstances as sharing a general house?

**Prof. ECCLESTON** - They could be, in theory, rented long-term to a tenant. Having said that, administratively there are challenges in terms of working out what is a granny flat and what is part of a dwelling.

**Mr VALENTINE** - I guess the other side of this whole debate is how it affects a community and a neighbourhood. If the resident is onsite, they are still there and are able to provide that neighbourhood feel rather than it being fully let out.

**Prof. ECCLESTON** - In some communities, the hollowing-out and transformation of some communities because of the growth of the short stay accommodation is a huge issue, in apartment buildings especially, and there has been a big debate about that in Victoria, and in key tourist destinations in Europe and elsewhere where entire towns and cities have been hollowed out. I do not think that is a major issue in Tasmania.

**CHAIR** - The same in Barcelona.

**Prof. ECCLESTON** - Yes, and Florence.

**Mr VALENTINE** - Some might say Battery Point has experienced that and they have moved on that because of that change.

You say the current rental shortage is caused by higher levels of population growth, the decline in the supply of new homes and the short stay accommodation trend. In your work on this have you drilled down as to where retirees are in this scene? Whatever we do here, we have to make sure we are not advocating for things that may have a negative consequence, and it might be that there are a lot of retirees who are getting an income - and I am talking about the baby boomer generation - from homesharing. Do you know what percentage of the homeshare cohort would be baby boomers?

**Prof. ECCLESTON** - Julie will probably add to this, having read most of the dozens of papers that seem to be coming out weekly. Most of our analysis is on the impact on the housing market, so we are sort of neutral in terms of who owns the properties. One of the broader debates is that short stay accommodation allows homeowners to derive extra income from their properties. In regional Tasmania this is fantastic because there are a lot of under-utilised shacks, so it is a

## PUBLIC

win-win, but at the margin it means that those of us who are lucky enough to own property can derive extra benefits from that. That is also capitalising to the price. We've seen that in inner Hobart where there has been strong price growth, but the price growth that has been strongest in small, inner- city cottages with no land, which is a classic short stay accommodation play. Some of those properties are doubling in price because of the demand for them. You don't need a PhD in economics. The value of an asset is its capitalised future income. If, all of a sudden, you can get 8 or 10 per cent yield from a property, smart investors will purchase them and that has particularly impacted on the demand. There is the rental supply, but there is also the housing affordability.

The other thing that Julia mentioned in passing - and Tasmania fits the pattern - is that location is the key. The real growth in Airbnb is within two kilometres of major destinations. Tasmania is a bit of an exception to that because most of our visitors self-drive, but that is why it is such an issue in inner Hobart.

You can talk about average rents or average house prices across the city, but it is really concentrated particularly in central Hobart. That is not good for our city either. It's driving people with fewer resources farther out. That is the great kind of sorting which is another dynamic.

Again, we really need to understand and respond to the long-term strategic approach to planning,

**Mr VALENTINE** - You do not really have a figure on retirees who are getting an income in that share space?

**Dr VERDOUW** - Airbnb have put out a little bit of data about their average host and 71 per cent are women, and the average age is 51. Some of them would be baby boomers. As Richard has just noted, we are certainly not advocating against the opportunities available to people who otherwise would not have the economic opportunities available to them in other ways. That certainly is happening with those platforms.

On the other side of that, one of the cohorts we know really struggles with housing in Tasmania, and Australia more widely, are single women. Again this is about balancing both sides of the equation and being able to advocate for opportunities for everyone - for men and women in those ages.

**Mr VALENTINE** - We just have to be aware of those circumstances when legislation is set.

**Ms RATTRAY** - Most of that cohort have very little in superannuation.

**Mr VALENTINE** - That is exactly why I am asking - it is about the unintended consequences.

**Ms RATTRAY** - And they like the company as well.

**Prof. ECCLESTON** - It's a good experience. It nicely fits the Tasmanian brand. We're talking about having some sensible regulations to perhaps limit the further growth in this conversion of properties for investment-style short stay accommodation in inner Hobart.

## PUBLIC

We need to be smart; maybe for a few years. We have challenges in terms of housing supply, but we understand there is a problem. I think that once vacancy rates in a rental market return to more normal levels, we can think about removing any short-term restrictions. We need to respond to market conditions.

**CHAIR** - You are not suggesting that for the genuine homeowner who rents a room or two out; you are suggesting more for the conversion to a whole house?

**Prof. ECCLESTON** - That's right. You need to be careful how you define that. There are two forms of sharing. There is sharing a room in your house. I think that is fantastic. The other option, which I think happens in the Tasmanian market more than in larger cities, is where if you are not in your permanent dwelling because you are working elsewhere or you are on an extended holiday, you can let it.

It must have been 18 months ago when we first started looking at this. It was curious because of all the listings in my neighbourhood in inner Hobart, some of them were clearly family homes, which were available from Christmas Eve through to Australia Day. That's fine if they holidaying up in the beautiful northern part of the east coast -

**Ms RATTRAY** - Riding their mountain bike in Derby.

**Prof. ECCLESTON** - Riding their mountain bike at Derby or interstate or wherever. They're are getting extra income over that peak summer period where there is a shortage of accommodation. It's great because it is not reducing the stock of residential property.

**CHAIR** - It is not impacting at all on the housing market.

**Mr VALENTINE** - But it might be raising the value of the houses in that area and pricing some of the local residents out of there?

**Prof. ECCLESTON** - We have not really talked about this, but there is a growing literature. It not only affects rental issues, which is our main concern because our most vulnerable members in our community in terms of secure and affordable housing is in the private rental market, but it also is having an impact on house prices.

**Mr ARMSTRONG** - I am interested in your recommendations where you

Limited short-term rental accommodation availability for owner/occupier listings be limited to 60 to 90 days.

Where did you get that number from? Are you talking about the people who go away for holidays?

**Prof. ECCLESTON** - That's right. It is where do you draw a line in the sand? We are talking to New South Wales senior planning staff later in the month about their strategy. They came up with 180 days. Apparently, if you add up all of the holidays and so on, that's where you could get to.

The argument is just having some line in the sand about where you could reasonably ascertain that the property was not being used as a permanent residence. You can have that

## PUBLIC

through the number of nights that the property is available; and a lot of jurisdictions do that - anywhere from 30 to 180.

I think a more systematic way of doing it, which would require a little bit more work, is linking it back to whether a property is the permanent place of residence for tax purposes. Then someone who is running a property in which they do not reside as an investment-style, short stay accommodation but pretending that they live there is really taking some significant risks in terms of noncompliance both with any legislation the Tasmanian Parliament passes, but also in terms of tax requirements.

**Mr WILLIE** - Insurance probably.

**Mr VALENTINE** - Definitely an insurance risk.

**Mr ARMSTRONG** - Could you just elaborate on a comment your submission -

short stay accommodation operators should be required to provide local councils with adequate information from which to make informed decisions about their community and housing conditions in the area.

What sort of information would you be talking about?

**Dr VERDOUW** - I think to put together a comprehensive and clear database of what is going on, there needs to be basic information about the types of listings, the types of hosting that is happening, addresses, what is going on in terms of the kinds of hosting and listings that they have. I think that it is probably something - you might disagree with me, Richard -

**Prof. ECCLESTON** - We are academics; it is not scripted.

**Dr VERDOUW** - I am sure that jurisdictions that have gone through these processes a lot more would be able to give some insight into this. It is about developing a database of information that will provide the kinds of basic understanding about what is going on in the short stay accommodation sector that is required.

**Mr ARMSTRONG** - The amount of time it is occupied?

**Dr VERDOUW** - That's right. Some jurisdictions require that hosts register their guests. Every guest has to be registered, and for how many nights. It depends on the jurisdiction. What do they need to know to better manage the impacts in the sector? I think that is something that would probably be worked out as we go. You might start with some basic parameters of what you and councils need to know, but that might change over time as the need to know expands or changes. I think there is not a real line in the sand about what that is; it can change over time and perhaps would.

**Mr WILLIE** - Do you have any thoughts around licensing schemes versus planning permits and the way through there? Do you have any comment on that and how it works in other jurisdictions?

## PUBLIC

**Prof. ECCLESTON** - Usually the planning framework is the instrument that's used to regulate the short stay accommodation sector. I guess the exceptions to that are those jurisdictions that have hotel and bed taxes. It becomes a taxation issue.

I think we are of the view that a more detailed and less ambiguous planning framework is the way to achieve the outcomes we need and get the balance we have been talking about, which is around having a permit framework.

Another thing is less clear in terms of the Government's thinking. Given the huge variation in regional impacts on and across communities, we are strongly of the view that within a statewide framework, local governments are the ones that can have the authority and discretion around whether any limitations, whether it is the number of permits or a permit tree, should be applied. Of the 5000 listings on Airbnb, for example, 4700 are probably really beneficial. It can almost be subject to safety and building regulations, the sort of provisions that are in the existing code, that a permit could be granted. It is really in the inner city, and we have also started thinking about what the impact is in regional communities. I think that is much less clear. We did some preliminary work, but I also noted some submissions to this inquiry from Break O'Day Council. The issue in regional holiday towns is they are obviously very small, with small, permanent rental markets. The conversion can cause difficulties in that small market. The main issue is really in our cities and particularly inner Hobart.

**Mr WILLIE** - Local discretion is important. Would you like to see discretion as to the number of permits someone could hold? In your report you talk about the commercialisation of short stay accommodation; people have multiple listings.

**Dr VERDOUW** - It is one of the strategies that could be used by a local council to better manage impacts on the local rental market. I guess that is what a cap or a moratorium will do as well, but that is a bit more extreme. Internationally, for example, Barcelona, they have not granted any new licences since 2014 and they have capped it at about 9600 licences across the city. That is extreme. If local councils have the discretion to do as they saw fit to manage the impacts of their local communities, it would be good for that to be available to them.

**Mr WILLIE** - Do you think there is a way of restricting the growth but incentivising development? If we were to restrict planning use on existing buildings but if someone produced a new building, they will be able to -

**Prof. ECCLESTON** - We have had that discussion. The biggest challenge is increasing the supply of dwellings, whether they are used for tourist accommodation or residential property. We discussed this when we were looking at models 12 months ago. I think we were the first to come up with this idea of a pause strategy, which became a debate a few months ago in the parliament.

A slightly different view from Julia - one thing is that we need a framework that does not penalise Tasmanian homeowners and hosts who have invested in these businesses and are providing important accommodation services. We need to be a little bit careful about retrospective provisions.

**Mr VALENTINE** - Do you mean traditional bed-and-breakfasts as opposed to Airbnb?

## PUBLIC

**Prof. ECCLESTON** - Both. We embrace the sharing economy. A number of people saw an opportunity and invested in these businesses in good faith. I think we need to be careful about having retrospective provisions that will have significant consequences for them.

There are always the options to put their property back in the residential market. This was part of our thinking behind a moratorium on a cap because Airbnb. It was growing incredibly rapidly when we first started doing analysis 12 months ago. We advocated this pause strategy. It wouldn't disadvantage any people who had already set up short stay accommodation businesses. It would benefit them because they would be subject to less competition from new entrants, but it would allow us to understand how it is impacting on the housing market. We still think that is worth doing. Unless the housing market improves in the next six, 12 or 18 months, perhaps then we might think about a Barcelona-style approach where the number of permits available is not frozen but is gradually reduced.

If you have a system whereby you do not issue new permits, the other thing about this market is that there is a lot of churn. Running a successful Airbnb or bed and breakfast is hard work and the novelty wears off. The argument might be that people take their property out of short stay and put them back in the long-term rental market for various reasons. Over time, the number of properties in the market will decline without adversely affecting any existing operators. If we had a system where you limited the number of properties an existing host or operator could run, that might have retrospective effects and they have made submissions to this inquiry. There are people who have been entrepreneurial and set up their management businesses.

There is also an interesting blurring between traditional real estate agents and Airbnb. That is something we need to understand and be vigilant about. I think it is good news that rental vacancy rates have improved slightly over winter, but I think we cannot draw any conclusions. Evidence that we have, and a lot of it is anecdotal, is that a lot of the increase in vacancies are for six-month rentals -

**CHAIR** - Then they have to move out.

**Prof. ECCLESTON** - and what we need is secure, affordable housing. We need to understand that merging between traditional real estate markets, service providers and short stay accommodation.

**CHAIR** - You find that perhaps with more regulation some of these places might find it less desirable to have short stay and they might move them back into the normal rental market?

**Prof. ECCLESTON** - I think that should be the incremental goal of policy, put your thumb on the scales a little bit. It is very early days, but this is part of the objective of the Government's landlord incentive scheme. At the margin, if there is an incentive for landlords, we need to be very careful about how financially sustainable and what the exit strategy is in terms of the ongoing government subsidy and also for tenants who secure those properties. At the margin, it might act as an incentive for somebody who has properties in the short stay market to put them back into the residential supply. That is what we need. We are between 500 and 1000 residential dwellings short in Hobart. It might only be 1 or 2 per cent of the total housing stock in Tasmania but that is two or three years' supply of new homes.

**CHAIR** - It does depend on the rental, too, whether it is an affordable rental for those people that are short a home.

## PUBLIC

**Mr WILLIE** - You talk about the robustness of the data and you have explained inside Airbnb in your submission. That is more at a macro level rather than the really localised, individual properties. Is there enough data available to act now or would you rather see a permit system, renting, further compliance and all that data becoming available and the Government acting from there?

**Prof. ECCLESTON** - This is a really fast-moving market and I think that we need a fairly clear statement of policy intent about what the broad approach was going to be. Even ahead of any legislation passing parliament, I wonder what sort of behavioural responses that will have. It is complex but other governments are responding quite quickly.

We have been focusing quite closely on New Orleans, where there are some interesting parallels with Hobart. It is not a massive city. It went to hell and back with Hurricane Katrina. It is a smallish regional city that is very tourism-dependant that, in trying to recover from the devastation a decade ago, embraced tourism in the short-stay sector. It really hollowed out the inner city and left some of the most vulnerable residents exposed. Over the last 12 months, they have gone through four series of tightening regulations to try to get the balance right. That is one of the first major cities that has introduced this cap and a significant reduction in the availability of permits in the old French Quarter, which is where a lot of the working class residents live. It is also a cultural and tourism hot spot.

**Dr VERDOUW** - In New Orleans they had the sense that the short stay accommodation platforms were not taking them seriously, so they put a nine-month moratorium on that.

One of the things New Orleans does that addresses that question - and something we would be advocating - is that in providing councils or local government areas with discretionary authority, it provides them also with the ability to be flexible in the way they approach what is going on and put in some regulations that make some positive impact which can then be changed and flexibly managed over time. We are seeing that internationally. There has been a lot of experimentation and many jurisdictions changing what they do in response to what is going on on the ground, and that flexibility is important.

**Mr WILLIE** - If there are going to be changes, you would like to see the Government start messaging around that, because if you have investors and others in the market it is only fair to do that. They have announced a bill to improve compliance and we have had other witnesses today talking about moving towards a local discretionary measure. Should the Government be talking about some of those things? We have heard from other witnesses that the messaging has given many Tasmanians the wrong impression when they have talked about deregulating and open slather, and that could be contributing to the compliance problems because people are not aware of their responsibilities.

**Prof. ECCLESTON** - That is happening and the Government has made a clear commitment to tightening up the permit regime and ensuring there is compliance, and that is an important first step. As we have discussed today, there are some issues that need to be resolved around which types of properties will require a permit, and we were talking about the ancillary properties before. The one thing we need to consider as a community and the committee should consider is being very clear that local government should have the authority and discretion around issuing permits within a framework that includes not only the impact on neighbourhood amenity, the traditional planning imperatives, but also the impact on local housing markets. Making that

## PUBLIC

commitment, as the Government works through its process with consulting and developing legislation before the end of the year, will send an important signal. It also provides an opportunity for local government and their communities to have conversations about whether the existing framework and number of properties available is appropriate. We have local government elections coming up in October. That seems to be the approach.

**Mr WILLIE** - We have the compliance legislation and the data that is going to be captured. Would you like to see the Government talking about planning overlays and start developing those frameworks for when they have the data rather than waiting for the data and then doing that work? We know the planning process takes a long time and there could be a lag effect.

**Prof. ECCLESTON** - You need to make sure these changes occur within a robust planning framework. The market is moving quickly and the Government and broader community are responding to housing challenges. The Government has made a commitment to introduce legislation by the end of the year, which is a matter of months away, and I think that is a reasonable time frame. This is exactly what the Productivity Commission recommended three years ago. We don't quite know how these technologies are going to impact on business practices and communities, but governments need to be responsive and have an evidence base. It is not about having a broad, dogmatic approach or a set-and-forget framework that this jurisdiction has the best model. All these markets are different and we need to do more work in terms of understanding the dynamics.

In terms of the broader planning conversation, it has been a recommendation in a couple of our reports that we need that independent and objective analysis of our housing markets and how that links into planning including future housing needs because there are big pieces of that jigsaw puzzle that are missing in Tasmania and other jurisdictions. Interestingly, Western Australia does it well. They have an independent housing forecasting committee with a range of stakeholders that brings together some of this information to help inform planning and policy decisions. On and off again at a national level we have also had the Housing Supply Council, but we need something like that in Tasmania so we can have sustainable growth. I think that is what we are all committed to.

**Mr WILLIE** - The Government would have some data they can start utilising too. There is the Rental Deposit Authority, the State Revenue Office with land tax and other data pools.

**Prof. ECCLESTON** - In terms of that foundational question of what is the supply of residential housing in Tasmania, the Rental Deposit Authority was one of the first places we went looking for data and the relevant agency was cooperative, but there are limits to the structure of that data. It is really about managing people's bonds, which is fair enough, rather than understanding the stock of rental properties in any given community across the state at a point in time. It would work if everyone had a 12-month lease, but they don't. The agency is aware of that and is working on it. That is one of the important pieces of the puzzle.

**Ms RATTRAY** - In your research, Julia and Richard, you just touched on Western Australia having that committee that looks at -

**CHAIR** - The independent forecasting commission - is that what you said?

**Prof. ECCLESTON** - Yes, the housing supply commission. [Housing Industry Forecasting Group?]

## PUBLIC

**Ms RATTRAY** - Does any other jurisdiction in the Commonwealth do that? Do they have somebody else doing something that we could have a look at? New Orleans sounds fantastic and Barcelona even better, but it is probably not practicable other than getting some data in your information, so is there anywhere else you could suggest that we could have a look at?

**Prof. ECCLESTON** - New Zealand is interesting because they are really catching up in terms of the regulations. Obviously there are clear parallels with Tasmania and New Zealand in terms of trying to improve that sustainability.

**Ms RATTRAY** - I think they're our cousins, aren't they?

**Prof. ECCLESTON** - I always maintain that we are closer to New Zealand than we are to the mainland but I'm a Tasmanian nationalist - that's not in *Hansard*, is it?

We can get back to you on that. In terms of asking the question about which jurisdictions have an independent committee, it is relatively small but it has academic contributions, industry contributions, the housing industry, property development as well as government agencies, so the Western Australian one is one that stands out as a model. We are certainly happy to have a look at that and get back to the committee.

**Mr VALENTINE** - New Zealand has a national approach, of course, as opposed to here.

**Prof. ECCLESTON** - Yes, but with strong local governments.

**Ms RATTRAY** - My other question is around compliance. We have already had information that Tasmania has the highest rate of voluntary industry accreditation in Australian tourism. Obviously that means we already take seriously that aspect of what we do well in Tasmania. Do you see with compliance that we would have similar success when it comes to permits, licences and registration for short stay as well?

**Prof. ECCLESTON** - I think so. I think most Tasmanians are compliant and do the right thing, but going to one of the committee's earlier comments, there has been some ambiguity around the obligations of hosts. Even in terms of looking through the policy statements and the legislation, it was quite ambiguous if you had a short stay accommodation business prior to 1 July last year whether you actually needed a permit. I think that has been clarified, and since we drafted our August report there has been a statement that you are required to get a permit. The legislation being developed is around making sure the fact that you have a permit is publicised, either on the platform or on other advertising, and that is another way to improve enforcement.

**Mr VALENTINE** - With regard to disruptive situations in the taxi industry and the like, the big players get into the market to get their share as well. Is there any evidence of that happening where you have major hotel chains getting in and buying up multiple properties to rent out? Do you have any evidence on that or is that something you can't comment on?

**Prof. ECCLESTON** - Anecdotally, at the end of the day, short-stay platforms are booking sites, but right around the world and in Tasmania there is evidence of this concentration. We have new professional management companies that seem to offer really good services in marketing and managing properties. They are cropping up. There are quite a few hosts that manage 20 and 30 properties in Tasmania.

## PUBLIC

You have the traditional holiday-letting businesses in holiday towns that would traditionally advertise shacks locally. They are obviously embracing these platforms. Also, traditionally established accommodation providers that have been around for decades are also using them. We are seeing that concentration. I am not sure about really large business.

One issue that we will have to look into - and Tanya will be interested in this - is the St Helens-Break O'Day issue. We were originally contacted by a councillor saying it did seem to be having an impact in St Helens. Our view had always been that this is great for the regional economy. It means there are more accommodation options for people travelling around the state and that underutilised shacks can be taken up.

The argument for St Helens was that this is a major regional centre with a significant permanent population and it was becoming very difficult to find anywhere to rent. One of the landlords in St Helens had moved their portfolio of properties - nothing huge but significant in that small market to short stay accommodation. That is just one anecdotal example.

It was interesting that some of the submissions are broadly positive about the impact in the regions. We would concur with them. It just shows that we need to be vigilant and do that. There is a whole range of questions. What is the impact of increasing supply of hotel accommodation going to be? I think it's probably going to have more of an impact on existing hotels. One thing that the literature suggests is that they are not substitutes. People who want an Airbnb property probably don't want a three-and-a-half star hotel but the short stay accommodation in the community affects our brand and is particularly popular with holiday-makers. We are a holiday destination, not a business tourism destination.

**Dr VERDOUW** - Something I read in one of the submissions was that 58 per cent of the local tourist accommodation industry is using Airbnb as an alternative platform. It does not give us any direct answer to your question, but it is probably likely that there are some larger scale providers in there.

**CHAIR** - Thank you very much for your submission, and for coming along. Thank you also for the booklet and information and the enclosed graphs. We really appreciate you taking the time to come and speak to us this morning.

**Prof. ECCLESTON** - If the committee has any questions, please contact us. The other thing to note is that there are challenges around regulation. There are lots of models and many governments are responding. That is a focus of our research on this issue over the next few months. We are convening a Chatham House workshop of academics and also policymakers from around the country to discuss the challenges we are facing, how they are responding and getting a frank assessment about what is working and what does not.

**Mr VALENTINE** - That is this month?

**Prof. ECCLESTON** - That is the end of this month. We will be having that conversation to guide our research. We will put out an interim update on the findings from that workshop to help inform the ongoing debate. We are happy to bring you up to date, depending on your time frames around reporting.

**CHAIR** - That would be really good, so thank you very much for coming in.

**PUBLIC**

**Prof. ECCLESTON** - Thank you.

**Dr VERDOUW** - Thank you.

**THE WITNESSES WITHDREW.**

## PUBLIC

**Mr EACHAM CURRY**, GOVERNMENT AND CORPORATE AFFAIRS, EXPEDIA GROUP, AND **Ms VANESSA FINDLAY**, HOMEAWAY, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

**CHAIR** - All evidence at this hearing is protected by parliamentary privilege but I remind you that any comments you make outside the hearing may not be afforded such privilege. A copy of the information for witnesses is available on the table if you have not read it or if you need to glance at it. The evidence you present is being recorded. The *Hansard* version will be published on the committee website when it becomes available.

By way of introduction, the way we propose to run the meeting is that you will be provided with an opportunity to speak to your submission and then we will have some questions. We ask that specifically the information relates to the terms of reference.

**Mr CURRY** - For the purposes of the information of this committee, I am the Director of Government and Corporate Affairs for HomeAway. I am employed by Expedia but HomeAway is a brand within the Expedia Group.

I will make a couple of observations pertinent to the submission. There are three particular perceived issues arising from the short-term rental industry which is focusing the minds of government on how to regulate it and they are these: housing stock affordability, housing stock availability, and amenity issues involving neighbours and/or communities, especially in built-up areas.

HomeAway, having been in existence in one form or another - previously it was called Stage in the Australian context - has been operating for nearly three decades. We were purely an accommodation provider that used to produce an annual booklet. It was largely distributed to real estate agents in small towns who would act as property managers for the various properties listed within the booklet. People would come and make their booking, enjoy their holiday and then go home.

Technology came along and we changed the way we operated. We don't do the booklet anymore. We moved online and that is an important thing to understand. The three decades of experience in working and living in communities and working out how to provide accommodation responsibly is key to what we have learnt and how we recommend governments think to regulate.

Our policy prescriptions, we believe, will only work if they are applied uniformly and if they provide data that reflects the entirety of the short-term rental sector. Using that as our basis, we propose a mandatory code of conduct, which includes a register for all short-term rental platforms and individual property owners. The register would be free and simple to use. An example of such a register has been created for the Portuguese government. I can go to some of the detail of that if you wish.

The register should include things like the self-declaration on a capacity to meet minimum standards on occupational health and safety, but most particularly around fire regulations; demonstrate that you have some minimum requisite insurances; and it could include a declaration on meeting local government permits or regulations. It would also indicate that the applicant seeking registration agrees to a three strikes policy, which means that should you get three strikes within a one-year period, you would be banned from letting. There are various models you could use to enforce that and/or penalties that might apply.

## PUBLIC

**CHAIR** - Banned for a period of time or indefinitely?

**Mr CURRY** - Those things are open to discussion. The New South Wales Government has announced a policy which would see a ban for five years. That is, in essence, our position.

**Mr WILLIE** - On the code of conduct, do you think three strikes within one year is a high threshold?

**Mr CURRY** - Some people do. New South Wales has settled on something which is rather strict. They have settled on two strikes in two years leading to a five-year ban. We think that is workable provided that the definitions of what constitutes a strike are sufficiently robust to ensure that a vexatious complainant cannot mean there is a strike against you for, for example, two instances of noise in one night.

**Mr WILLIE** - You said that the proposals you have talked about would have to be applied uniformly. Would that mean that discretion given to local councils around permits and things could not be applied as well?

**Mr CURRY** - Not at all. The reason we advocate this as the central tenet of a process for regulation is to have it as the underpinning for what can then come from local councils. We recognise the unique nature of individual councils, the amenity they have and the need to be able to make regulations that suit their individual areas. This does not seek to cut across that; it just underpins the lot.

**Mr WILLIE** - During March there was a housing summit where the Government announced it was trying to reach data-sharing agreements with platforms. I am interested in how those negotiations went and what the Government asked of you?

**Mr CURRY** - Yes, we applauded that move and I will give a proud nod to our competitor as well. Both Airbnb and ourselves were very open in saying we would encourage discussions with the Government around data-sharing. We entered into ongoing discussions. One reason I think it has not yet landed in any particular place is because for a proper picture to be painted, the data has to be collected evenly and fairly from everyone. Some of that data is a little bit commercially sensitive so we have to be careful about exactly what we share. We have suggested entering into a non-disclosure agreement to try to find a way through that and we are still working through that process, but we are happy to share it. I might add, this is a conversation we are encouraging in every state in Australia.

**Mr WILLIE** - Do you have any time frames on when some of those resolutions might be reached?

**Mr CURRY** - To be honest, I am not sure that sits on our side of things.

**Mr VALENTINE** - As a corollary to that, when you say 'share', are you talking about sharing with a limited audience like within government or are you talking more broadly?

**Mr CURRY** - Our view is that it should be held centrally. In limited circumstances you might use some of the data, and it would probably have to be unidentifiable, but it would assist local governments in making planning decisions and other things relevant to the need to regulate.

## PUBLIC

We have not landed on exactly which authority within a state government will hold that data, but probably it would end up with commerce or consumer affairs or something of that nature. That is probably also where it will land in New South Wales, which is, of course, the state most advanced in trying to progress regulation.

**Mr VALENTINE** - You are saying the data would have to make sure it was not infringing any privacy issues?

**Mr CURRY** - Yes, that is right. It is a very interesting point you raise. A strange dialogue is happening at the moment around privacy considerations where advice we received from the federal Privacy Commissioner says that even if we have the permission of owners to share data, we could still potentially be in breach of those provisions if we provided it to a third party. It almost screams Cambridge Analytica, but within that and with all good faith, we intend to try to do that. There are two federally constituted bodies which can require us to provide data in any case, and they are the Australian Taxation Office and police authorities.

**Mr VALENTINE** - If the data is non-identifiable, it should be okay to share the bulk of what you actually pledge.

**Mr CURRY** - That is right. We have suggested that there be aggregated data which will perhaps prove more useful than singular data in making and informing some of those decisions, and we are happy to share that.

**Ms RATTRAY** - I am interested in how you get people into your platform? How does your HomeAway work?

**Mr CURRY** - A lot of it now is word of mouth and people understanding that there are opportunities to make a little bit of money, offset mortgages and do some of those sorts of things, but we involve ourselves pretty heavily in advertising opportunities for people who might have a holiday home they do not use year round. We do a lot of advertising to try to encourage additional people to join our platform. It will not be a surprise to you that most people who choose to let a property do so across multiple platforms.

**Ms RATTRAY** - They don't necessarily use your platform exclusively?

**Mr CURRY** - That's right.

**Ms RATTRAY** - When they sign up or tick the box or whatever, do you talk to them or provide some sort of information that they need to comply with the fire regulations, the insurance, the appropriate level of compliance like all their electrical pieces being tagged and tested? Is that something you do as an organisation?

**Mr CURRY** - Yes, we pride ourselves on that, and it goes to my earlier point about the experience we have from nearly three decades of operating. We have been doing this for 27 years and have learned that in order to work well, to fit in with the community, to deal with potential amenity issues before they become issues, there is a process of education for your new owners, your partners, to go through so they can work well in their communities, talk to their neighbours, let them know what they are proposing to do and encourage feedback from neighbours if there has been an unruly guest. These are all things which make the thing work better before it becomes a problem.

## PUBLIC

That is not true of some of our competitors who do not have the same experience. We have no problem with them doing that, but the problem is that when problems do arise, it impacts on us as well. That is why we are proposing, particularly in terms of registration, and longer term, advocacy for an industry association for short-term rentals that would be able to take on the role of advocating, educating and doing these sorts of things to make sure that our owners are good and responsible.

**CHAIR** - Apart from just ticking a box, do they have to provide evidence that they have the interest? Do they actually have to send a copy of their current policies?

**Mr CURRY** - They have to self-declare that they have it. We don't have a policing authority in terms of -

**CHAIR** - It is purely them saying they have it?

**Mr CURRY** - Yes, they have to self-declare.

**Ms RATTRAY** - In your work with the Tasmanian Government, and you have highlighted that the New South Wales Government is further advanced than we in Tasmania in this space, have you put forward any suggestions on how government might deal with the growth being experienced and also some of the negatives that have come from that, like lack of affordable housing, particularly in some of the more urban areas? Have you been able to have any input into that?

**Mr CURRY** - Yes, we have. The simplest and easiest place to start in being able to provide insight to that is in data collection. Nothing will demonstrate it better than hard data. There is a lot of talk about the kinds of data provided by things like data-scraping, but it is not robust and does not stand up to scrutiny. It has to be hard data, the kind that you get out of a simple registration process.

**Mr VALENTINE** - Are you saying that data provided by the likes of Inside Airbnb is not complete?

**Mr CURRY** - It is not robust.

**Mr VALENTINE** - I have a question with regard to equal access. This is something that is a concern to one of the presenters who will be presenting to us today, wheelchair access and the like. Do you have any requirements from people who list with you that they have a certain level of access?

**Mr CURRY** - A somewhat vexed question, but a reasonable one. Where we have properties with facilities to cater for wheelchair access or matters like that, we make that a central point of the advertising feature of that property. We don't seek to try to advertise a property that doesn't have those facilities as being wheelchair friendly. If you are to try to meet the general expectation that a short-term rental property is something owned by someone who might go and visit a few months a year or is perhaps an investment property, expecting them do all of the investment required to bring it up to a certain degree of spec and to be able to do that as a part-time venture just to help defray the mortgage does not make it viable and won't make it viable. Encouraging people with facilities that do make it accessible for wheelchair access or other issues is a central

## PUBLIC

feature you are able to access on our website and say, 'I have a wheelchair and I need to look at properties', and we will only show you only those properties.

**Mr VALENTINE** - You don't see that those who are renting whole houses as opposed to sharing accommodation would be made to put in those sorts of facilities or access?

**Mr CURRY** - If you were looking to let a whole house as a purely commercial exercise, that is something you could consider for yourself. That is a smart business decision.

**Mr VALENTINE** - It is not a stricture you put on?

**Mr CURRY** - No.

**Mr VALENTINE** - Could you give us an idea of the percentage of operators that may be established hotel chains using your website to advantage?

**Mr CURRY** - I was listening to the previous answer on a similar question. There are huge amounts of flux in the entire accommodation sector and it is global. Hotel sectors profess a degree of irritation towards the short-term rental sector because they claim it makes it difficult for them to take sensible investment decisions about places where they might not already exist. We know discussions are already taking place with some of the larger chains about how they might also provide short-term rental accommodation options. It hasn't settled yet. It is not going to for some time, but they are aware and they are trying to play in the space.

**Mr VALENTINE** - You can't give us a percentage of operators from some of those larger chains?

**Mr CURRY** - No. It wouldn't surprise me to find that they had registered smaller entities that were doing it for them. Honestly, there are thousands in Australia.

**Mr ARMSTRONG** - Earlier on you were saying, 'Three strikes and you are out'. What would constitute a strike?

**Mr CURRY** - The obvious things would constitute an immediate strike, which would be criminal behaviour. It might also be an instance of saying an owner has consistently demonstrated they are unable to control either the guests that visit and that would constitute a strike. There might be issues around some breach of the OHS requirements they are required to attend to, and that would constitute a strike. It could be that a neighbour has on more than one occasion - it might be two occasions - had concerns around levels of noise at an unreasonable hour and that would constitute a strike.

**Mr ARMSTRONG** - It's not just the building itself, the cleanliness of the building, or that could be one of the things -

**Mr CURRY** - Yes.

**Mr ARMSTRONG** - It does take in other community issues.

**Mr CURRY** - Absolutely, and it should.

## PUBLIC

**Ms FINDLAY** - One of the advantages of an industry-led code of conduct is that industry can react a more quickly than council or government can. Council has to go through a process of issuing a notice, a compliance activity - they possibly have to convene a council meeting and they have to make a ruling - whereas industry can react instantly and they can ban a host or visitor from the platform. You are getting instant behaviour modification much more quickly than any council or government could. Working in concert with an end-to-end responsibility chain, industry can make a very good contribution to addressing amenity issues very quickly.

**CHAIR** - That would be shared between yourselves, Airbnb, all the groups, the three strikes.

**Mr CURRY** - Yes.

**Ms RATTRAY** - How often does that happen?

**Mr CURRY** - At the moment there is not a single jurisdiction in Australia with regulation to police it. There is not one. There are local governments that have varying degrees of regulations to the extent they can but there is not a single state in Australia or in New Zealand that currently has an overriding regulatory framework for short-term rental.

**CHAIR** - It is a wish list.

**Mr CURRY** - That is right.

**Ms RATTRAY** - What about in the rest of the world, given you go around the world?

**Mr CURRY** - In my job I am responsible for the markets in Australia, New Zealand and Japan. Japan, in the middle of this year, brought in significant new regulations at the national level, including a registration process and a range of other things. The job now, since that came into place in mid-June, has been handed over to prefecture-level local government to provide the detailed regulations on how these things should work. They are not the only markets; there are several. The most advanced markets tend to be in Europe where short-term rental has been occurring for about 300 years.

**Ms RATTRAY** - In the past, people would often rent out a room but probably not on an ad hoc basis, on a more permanent basis. We have had long stays for years.

**CHAIR** - There is also student accommodation. Which state or country does it best, considering you work in a range of different areas? If we were to try to emulate an area, state, country or local government that does it best, who would you say we should be looking to? Rather than us reinventing the wheel; who is doing it now?

**Mr CURRY** - New South Wales is not doing badly. I took what the previous witness said and from our perspective -

**CHAIR** - WA?

**Mr CURRY** - They have not settled yet. It will be useful if I give you a sense of what our take on the New South Wales proposals were. We are very supportive of where New South Wales has landed. They have advocated, as did we in our submission, a mandatory code of conduct of two strikes in two years with a five-year penalty. If you were banned, you would end

## PUBLIC

up on a register so it was possible to see who was not permitted to let any more. There are very heavy penalties, which we support. I think it is \$1.125 million if a platform breaches that and \$250 000 if an individual breaches it.

There are some things that were not ideal. The New South Wales Government specifically carved out different parts of the state. They identified the Greater Sydney area, which took in as far south as Wollongong and as far north as Newcastle and parts of the Blue Mountains, and they declared that letting was allowable 180 nights a year. Within that, strata bodies could additionally ban an individual empty or secondary apartment or investment property from letting by a 75 per cent vote of all owners. Letting of single room inside an apartment block would be allowed unfettered. We don't support that for a couple of reasons. First, it sets up different classes of property rights. Second, it will not properly capture the data we know is important about the entire sector.

If one of the three concerns around letting is around amenity and you do not capture the details of the person who is letting a single room, you are still going to get amenities, you will not get party houses but you will get issues where guests who are unfamiliar with a property are still coming in at 3 a.m. and causing disruption - they don't mean to do it but that is what happens. You do not capture that data.

An additional issue in built-up or even suburban areas is you will not capture, unless you specifically tailor the data to capture all this, the granny flat that will be considered to be a hosted property but is separate and not attached to the main house, so you won't know whether these people are coming and going and what it is being rented for. You won't get that complete picture.

**CHAIR** - So you believe a granny flat should be separate and not classed as part of the residential dwelling if it is not actually combined or joined on?

**Mr CURRY** - We think it should be considered as part of the short-term rental sector and captured under registration. Turning to the regulation that is required for the rest of New South Wales, while it is a bit messy, we were pleased there was a recognition from the government that short-term rental is a much more important thing, particularly in some of the remoter or rural parts of the state, so they allowed letting up to 365 nights a year. Within that, local councils could tailor regulation down to but not less than 180 nights per year. That is really an important distinction because in some communities short-term rental is the only option for holidays and visitors, because there is no hotel.

**CHAIR** - I know in Barcelona - and we have mentioned Barcelona a little bit today - that if you list with Airbnb, Stayz or HomeAway and are not registered with your local council, that organisation - such as yours - gets quite a huge fine. Have you found any difficulties with that? I am assuming you are in that area as well?

**Mr CURRY** - We are. Again, we are not opposed to severe fines or restrictions for breaches because we are pretty confident that we do it sufficiently well not to get them.

**CHAIR** - It is not a self-declaration thing? It would certainly be that they would have to provide evidence of registration as opposed to self-declaration, because self-declaration could get you in a bit of trouble.

## PUBLIC

**Mr CURRY** - Let me tell you a little bit about the registration process we advocate, because it is modelled on that Portuguese example. It is online, all done in real time and is immediate. Pretty basic information is required, obviously the names of the persons, where they live, names and addresses of the properties, how many rooms it has and whether it meets those minimum standards, which you have to declare. It is a national law operated by the central government and it in fact applies to all accommodation providers, including hotels et cetera. At the end of the process when you submit your thing, you automatically get a registration number that is trackable and traceable and you have to list it on the platform and on your individual site within the platform, so it is all trackable.

**Mr WILLIE** - The Government is going to introduce compliance legislation this year. Would you like to see a code of conduct facilitated in that legislation?

**Mr CURRY** - I'm agnostic about whether it should sit inside legislation or regulation, except to observe that in such a fast-moving environment it probably works better to have it as regulation so it can be adapted more quickly. That is what the New South Wales Government has proposed. They have introduced and passed two pieces of legislation; one is a planning instrument and the other a strata-related instrument. They have now convened an advisory committee, of which we are a part, to advise on the development of the code of conduct. We think that is probably a reasonable way to do it. Again, it gives you that flexibility to tailor more quickly to changing needs.

**Mr WILLIE** - And the register system?

**Mr CURRY** - This is a curious thing of which we are a little bit critical. We advocated the registration system, the New South Wales Government decided not to, but there is provision within the specific planning bill that allows for one to be developed. In the course of the first meeting of the advisory committee every participant except for Airbnb was in accord that in order for this to work properly and be able to get proper, reasonable and verifiable data, you have to a registration system upfront.

**Mr WILLIE** - We have found ourselves in this situation as a state because some of these things weren't thought about a couple of years ago. You would be quite within your rights if you wanted, because you are a private enterprise, to say you do not want to cooperate. Do you think the Government hasn't upheld its responsibility in this?

**Mr CURRY** - Before I was in this role I was a consultant based in Perth and one of my very first clients was Uber. Uber has a more confrontational approach to working with government than I am used to. I do not think that works. I think it works better for everyone when we try to work collaboratively, and that sometimes means it takes a little longer than you might like. It can be a bit frustrating. I get that; I worked in government as well. That is not something I would do. I think you continue to try to sit down and work through the issues and, yes, it takes time to get it right as well. It is why we are critical of some of the directions that the New South Wales Government is taking by not doing things like a register.

**Mr WILLIE** - Do you think your competitors have the same approach?

**Mr CURRY** - No. I am not scared of saying Voldemort's name. There are significant differences between our business model and that of Airbnb. Our business typically appeals more

## PUBLIC

to families who want to get away for their Christmas and Easter holidays. They want to take their kids and sometimes they take the grandparents too. They do not want to -

**Ms RATTRAY** - So you do need five bedrooms, then?

**Mr CURRY** - Sometimes. They do not want to go to the expense of individual hotel rooms that also mean restaurant dinners and the rest of it. They want to be able sit down together for a meal and then run around in the backyard or run down to the beach. That is our customer. They are less price conscious so they are happy to pay a higher price point. These are generalisations, but Airbnb by contrast is largely more itinerant; it is certainly at the moment more international, but we are seeking to cut their lunch on those things, and they are more price conscious. They are more interested in trying to find a single room or a more metropolitan-based accommodation option.

**CHAIR** - I will have to remember your lot, then, because I want to take my family away next year - from all over Australia.

**Mr CURRY** - I was going to finish on this point. I would invite each of you to come and have a look at properties we have not only here in Hobart but in your own electorates.

**CHAIR** - Thank you; that would be great.

**Mr WILLIE** - On that different approach with the different platforms, is that where the breakdown was with sharing the data with the government or other parties?

**Mr CURRY** - I cannot speak for Airbnb. I know only what I can say for us and that is that we continue to have a positive approach to wanting to share that data and finding a way to do it. It is in our interest to do it.

**Ms FINDLAY** - We are really keen on making sure that the data that is available or is asked for by government allows it to be agile in designing proper policy planning and regulation. In such a fast-moving and developing industry we need mechanisms that allow for that quick response, and the only way to be able to do that is if you have proper data. At the moment what is being captured is only one portion of the industry and it doesn't allow the testing of even some of the policies that are in place at the moment.

There is the private rental incentive scheme; you have the matching schemes and you have Housing Connect. A lot of those things are influenced by what are currently considered primary residences. You've got your primary residences that are rented out while people are away and you've got primary residences that have granny flats and chalets attached to them. They are currently not captured in the dataset but are very influential in some of the housing affordability, accessibility and definitely amenity issues that the short-term rental industry is facing at the moment.

We have participated, as Eacham was saying, for nearly three decades in this industry and we want to be able to participate in the future for a really long time. The only way to be able to do that properly and to get the balance right between tourism, community needs and accessibility is by getting the data and designing good policy, good planning and good regulation.

## PUBLIC

**Mr VALENTINE** - I am interested in how many multi-dwelling owners there are in your listings and what the rate of change is over time with this. Have you got any information you can give us on that?

**Mr CURRY** - I have a little but I am working from the top of my head. I think close to 95 per cent of our owners are single property owners. There is a very small smattering that have more than that. Please correct me if I am making an assumption here that is incorrect. One of the concerns we have had put to us on a regular basis is around this development of almost commercial corporate activity within a strata body whereby somebody owns a whole stack of apartments. We don't think that fits within the spirit or the scope of what this was designed to do. These are small investors seeking to try to defray costs a bit. Having an apartment in a strata block of 20, maybe two, but when you start to get to 10, it's starting to look pretty commercial to me.

**Mr VALENTINE** - I am interested in what the relationship you have with the tax office. Do they require you to forward a list of all participating properties in your system?

**Mr CURRY** - We have a vigorous relationship with the tax office.

**Mr VALENTINE** - To broaden my understanding of how your industry works, can you give us an understanding?

**Mr CURRY** - There have been a couple of important moves on that front in Australia this year. It started with the decision taken by the Commonwealth and announced in its budget that it was going to require not short-term rental exactly, but other online accommodation providers to pay GST. HomeAway, and its predecessor, Stayz, is registered for the GST. It is domestically domiciled and we pay it.

**Mr VALENTINE** - You pay it, not the person that is renting through you?

**Mr CURRY** - Not the owner. They have to declare it. I have to be a little bit careful here. The discussions we have with the ATO are around what's the level of data that we can share so that they can ensure the integrity of the tax system is not being abused by people who list their properties on our platform.

**Mr WILLIE** - Is there any anticipation there will be a number of property owners who might get caught up in this not understanding their tax responsibilities?

**Mr CURRY** - Possibly. They need good accountants.

**Mr WILLIE** - There has been rapid growth, so the chances are that a lot of people do not understand their responsibilities.

**Mr CURRY** - It shouldn't be a surprise to anyone that there will be occasions when something like that happens. If you are seeking to do something to supplement your income through an investment, the best advice you could provide them is that you would want a good accountant or to be an accountant yourself.

**Mr WILLIE** - We have people here who will not even comply with the basic planning regulations, so I do not know how they are going to go with their tax.

## PUBLIC

**CHAIR** - I was contacted by a real estate agent who was renting out properties. They felt their rentals had dropped off. I was wondering whether you feel this has affected you. They were saying they feel that sometimes people will go through an organisation such as yours but once they have developed a relationship with that business, the business then gives them a private phone number. All of a sudden, they no longer go through, whether it be HomeAway or Airbnb, but they then directly ring those people. Have you found that it peaks and drops? Perhaps people will, if they are going somewhere regularly, develop a relationship?

**Mr CURRY** - There are ebbs and flows on those sorts of things and that is okay. If somebody likes a property and decides to go there every Easter -

**CHAIR** - It is more for the ATO to chase up -

**Mr CURRY** - That is right. It is taken out of our hands.

**CHAIR** - It is not being listed as a share; it's almost not transparent any longer?

**Mr CURRY** - That is right. We have no influence if they decide to develop a personal relationship with an owner of a property.

**CHAIR** - Go on a cash basis basically.

**Mr CURRY** - Yes.

**Mr VALENTINE** - You say there is little evidence to suggest short-term holiday rentals contribute to housing affordability issues.

**Mr CURRY** - Yes.

**Mr VALENTINE** - I would not want to put you in the same basket, but it is like a tobacco company trying to convince us that smoking does not cause cancer. Isn't it simply because the data is not available? Wouldn't you agree that if whole houses are on your platform or any shared platform that that is going to impact on the number of houses available for rental?

**Mr CURRY** - I think it assumes a few things. There are lots of different reasons why people let their properties. A very large percentage of the properties listed on HomeAway are private holiday homes. They are not going to suddenly become available for long-term letting because the families want to continue to go there. Equally, with an investment property, simply because they might be prohibited from actually letting it on a short-term basis does not mean they are going to suddenly make it available for purchase or they are going to want to entertain long-term rentals.

**Mr VALENTINE** - If you have high-availability whole properties, wouldn't that be an indication that obviously could hurt the rental market?

**Mr CURRY** - Yes, your point is a reasonable one; you could make that assumption. We don't believe that is true. We have data that suggests it is not true. It is part of the reason we are suggesting data collection is so important. We believe data collection will prove the point.

## PUBLIC

**Mr VALENTINE** - What data do you have that proves that is not true?

**Mr CURRY** - We have had conversations with state governments about what periods properties are let. Is it seasonal? What are the numbers of rooms that might be included in a property? What are their geographical locations by, for example, postcode; average amount that it is let for; and other details as well. For our examples, because the price point of most of our properties is higher in the locations where we know they wouldn't be generally available to people who are experiencing concerns about affordable property rentals. It wouldn't make sense to coerce someone to rent a property that would normally rent for \$700, \$800, \$900 per week to make it available so that it could be rented for \$300 a week.

**Ms FINDLAY** - There is an interesting experiment going on in Melbourne and Sydney at the moment. House prices are dropping but short-term rentals are still increasing. There is a gap being created at the moment on the historical and traditional assumptions about short-term rental driving house prices. What will play out in Sydney and Melbourne will be really interesting to see. Mortgage rates are going up; house prices are dropping; short-term rentals are still on the way up. Quite clearly, there is a difference between correlation and causation, and what we see in those markets is going to help us determine that.

**Mr WILLIE** - Doesn't that just highlight how complex it is, though? Commentators are saying that it is lending, the royal commission and other factors at play, so potentially it still holding that price up even though it is retracting.

**Mr CURRY** - It returns to the point about the need for verifiable data.

**Mr WILLIE** - You talk about renting out a \$700 a week property. If you look at the housing system as a continuum, though, isn't the argument that when some of those higher end properties disappear from the market, everyone gets bumped along the continuum, so it potentially does cause a shortage at the end?

**Mr CURRY** - It will never address the issue of affordable accommodation for lower incomes. It will never address those things. All praise to the Government for some of the things it has announced it will do, which came out of the Housing Summit, especially in trying to find sensible solutions freeing-up accommodation that might not normally be considered. Places above shopfronts and those sorts of places are potentially available to be targeted towards lower incomes. I am not sure I accept the premise that simply because a higher price point for a lettable property now is going to drive a chasing-the-tail exercise.

**Mr WILLIE** - The data is important.

**Ms FINDLAY** - It comes back to the data.

**Mr WILLIE** - Anecdotally, in my electorate you are seeing properties being put onto platforms and people being driven out of the area. It is traditionally an affordable housing area and they are all moving further north.

**Ms FINDLAY** - It's the complexity of whether mum and dad investors can actually solve a housing affordability issue. There are many more factors at play, including that the Government provides specific support for increased supply for affordable housing, which is why you need to

## **PUBLIC**

be really carefully about the policy levers you pull relative to a lack of data and being able to monitor that response.

**Mr WILLIE** - It is the situation we have found ourselves in because there is no monitoring.

**Ms FINDLAY** - We have to collect the data and we have to be able to monitor the response so we can pull the right policy levers.

**CHAIR** - Thank you very much for coming in and I certainly note that you would be happy for us to have a look at some of the properties. Perhaps Jen, our committee secretary, might be able to liaise at some stage because we do have more hearings coming up in October in Hobart, Launceston, Burnie and St Helens. It might be good to take a little time to look at a couple of properties, because I am sure it is different in each region. The north-west is going to be different to Hobart and different to Launceston, so that would be great. Thank you very much. Thank you very much for your submission and we look forward to seeing you again.

**Ms RATTRAY** - It would be interesting to have a look at the quality of what is being provided compared to the rental.

**CHAIR** - I think the variety in the regions, yes.

**THE WITNESSES WITHDREW.**

## PUBLIC

**Dr CYNTHIA TOWNLEY**, POLICY OFFICER, AND **Ms PATTIE CHUGG**, EXECUTIVE OFFICER, SHELTER TASMANIA, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

**CHAIR** - Welcome to the public hearings of the Legislative Council Select Committee into Short Stay Accommodation in Tasmania. All evidence taken at this hearing is protected by parliamentary privilege. I remind you that any comments you make outside the hearing may not be afforded such privilege. A copy of the information for witnesses is available if you haven't read it or you are not aware of the process. I assume you have read that previously. The evidence you present is being recorded and the *Hansard* version will be published on the committee website when it becomes available. It is also being broadcast live today. I advise the procedure we intend to follow today is as follows: first, you will be provided with the opportunity to speak to your submission if you like; following from that, the committee will address questions to you. We are seeking information specifically relating to the terms of reference. Would you like to speak to your submission?

**Ms CHUGG** - I have an opening remark just so people are clear. Shelter Tasmania's interest is around lower-income people in particular. We are a specialist peak body that represents housing and homelessness services throughout Tasmania. Our vision is affordable, appropriate, secure housing for all and an end to homelessness, and our submission has been informed by our membership.

Our membership includes all of the funded homelessness services across Tasmania and key housing providers across the state. We meet regularly with these homelessness services, crisis accommodation, community housing, not-for-profit providers and Housing Connect services, so our submission is very much through not only evidence that you would have heard from the university but there is quite a lot of evidence and there obviously lots of research that we do with other bodies as well. Ours is also informed by these members who meet daily with people in housing need.

You would have probably heard that there is a shortfall of affordable housing across Tasmania. It has been very well documented and we document it as well. I think it is really important for the committee to look at all the factors that contribute to that. Many Tasmanians are living in housing stress or, in the worst situations, at risk or experiencing homelessness. We know that short stay accommodation, in particular like Airbnb, is having an impact.

The conversion of properties from long-term rentals to short stay tourist accommodation means there are significantly less properties available for our local long-term renters. The negative impact of this shortage is that we are seeing a more competitive and expensive private rental market. When that happens, the impact falls disproportionately on lower-income Tasmanians, who are our primary concern. When we are looking at that, that is our key target.

Would you like me to talk further around what we think is important around the inquiry or does anybody have any questions?

**CHAIR** - Whatever you like.

**Ms CHUGG** - We prepared a one-pager that we thought might be helpful for you.

**CHAIR** - Thank you.

## **PUBLIC**

**Ms CHUGG** - And there is another three-pager with some really basic information about housing in Tasmania and what proportion of people are living in different sectors of the market. I would like the committee to be really aware of how important the private rental market is in supplying housing for people.

In Tasmania most people on lower incomes are living in the private rental market. They are not living in public and community housing. When we look at the overall number of renters, 72 per cent of those are living in the private rental market, whereas only 20 per cent are living in public and community housing.

In Tasmania we rely really heavily on being able to access affordable rental properties in appropriate locations for a range of reasons for any of our citizens. What we are seeing is that even though the short stay accommodation has some very positive outcomes, it is also having an impact on availability in the private rental market. This is where we are most concerned. We know that especially for people on lower or even middle incomes, the biggest spend is on housing costs and we are seeing this increase in housing costs. We argue in all our submissions very strongly that it is not only Airbnb that is having an impact, but it is having a significant impact.

I am aware that the university has presented its data, and that is also in our submission, about the number of properties, and has filtered that down into properties that are not shared properties - so they are not sharing rooms, they are not sharing what they go on accommodations - but were nearly calling them investment-class properties. Their latest data in just the Hobart area showed there were 876 properties in the local area. That is a significant proportion of stock to be taken out of the Hobart market. We know it takes a long lead-in time. We sit on lots of bodies around the Tasmanian Affordable Housing Strategy and one of the things we keep hearing all the time is that long lead-in time it takes to build housing. We have a shortage and we need more supply, but what we found in the last year or two is how rapidly these properties have been taken off the market. With digital platforms, they can go in an hour or two hours.

We partner with National Shelter, SGS Economics, Brotherhood of St Laurence and Bendigo Bank to produce a six-monthly report on rental affordability across Tasmania. That takes into account people's incomes and rents. It is really important because then you can break it down. What we have seen tracking over the last five years is increasing rents to incomes, so that in Hobart and Greater Hobart alone, people on average incomes are paying 28 per cent of their income in rent. When you unpack underneath that we are getting significant shortfall, especially in the competitive end in the low-income area. With the trajectory of the share platforms like Airbnb, as they have risen, our housing supplies, or available for rent, has crossed that line the other way. We know there is population growth but what is causing a lack of properties? It has been clear - it may still be being disputed, and that is even more reason why Airbnb and all of the share platforms should provide clear data that is very practical for local governments to use - there has been an impact.

This committee is an important opportunity to look at what changes we need as we go into a digital world, a world where we have increasing pressures on our housing; how that can best be monitored; and how we can project forward and see how we can plan for the future around it.

Another point we have made in the paper is that when Airbnb and share platforms talk about the impact they are having on cities or areas, it is often minimised, whether it is Sydney or Melbourne. We make the point that we are a very small population in Tasmania. Eight hundred

## PUBLIC

houses in Sydney can probably be absorbed, but 800 houses in Hobart, Derby or St Helens - we are very small and it has a disproportionate impact compared to bigger cities. I know they often make the point that it gets absorbed in the general housing. We have seen there are significant pressures in Greater Hobart, King Island, Glamorgan-Spring Bay and other regional areas like Derby and we see there are hot spots around the state as well. It is not just a Hobart issue. When we consult with our members, whether it is Devonport or Launceston, they are all talking about the significance of the growth in tourism and demand, and the competing demands of tourist and long-term residential accommodation.

**Mr VALENTINE** - People feel it is the short stay accommodation upward trend that is possibly causing the shortage in rentals. Do you think, given growing housing prices, that short stay might be inconsequential? That is, if they were back on the market, a lot of people would not be able to afford the rents because of the amount of borrowings people have to make?

**Ms CHUGG** - Anything that has taken out 800 properties from rental stock is going to have a huge knock-on effect. If we put 850 or 750 back tomorrow, we would find relief in the market. When you are doing good policy you do not look at one cause; there are many causes and many solutions to an issue. Mr Valentine, it is not the whole issue and we have made that point so many times. We are not concerned about houses and bedrooms being shared. That is a fantastic idea and increases supply, in a way. We are not concerned about people renting their homes when they go on holidays because that is not affecting it. We are concerned about that larger-scale investment approach that is using properties -

**Mr VALENTINE** - Is that the whole house being available on short stay?

**Ms CHUGG** - In our submission we make it very clear, we split the three different types. We have anecdotal evidence from our members and people who have called us that their properties are no longer available because they are being converted to Airbnb. There is no doubt that is happening. When we looked at the first tranche of the Affordable Housing Strategy, that was only five to six years ago, and we were not even talking about digital platforms. We are facing a new influence, a new variable, and we need to look at how we can monitor it.

We are not saying put an end to Airbnb. We are saying we need to capture very clearly in data and make sure we know how to pinpoint the locations. We need to know the number of properties and type of properties, and we need to know how we best manage that.

**Mr VALENTINE** - Do you make a distinction between affordable housing and social housing?

**Ms CHUGG** - Yes.

**Mr VALENTINE** - Do you see the people in the market for social housing being more impacted than the people in the market for affordable housing?

**Ms CHUGG** - I think they are the same people, Mr Valentine, because social housing in Tasmania is a mere 5 per cent of our total housing stock, whereas the private rental market is close to 30 per cent of our stock.

**Mr VALENTINE** - It is the 30 per cent that is as much a concern.

## PUBLIC

**Ms CHUGG** - Yes. In our submission we make it very clear that we are concerned that the private rental market is crucially important in housing people on low incomes, especially people who are often seen as the working poor on low incomes. That is why I tried to make the point before that the rental affordability index, when it looks at rent and income, we see that people are paying 28 per cent of their income even when they are working.

**Mr VALENTINE** - That is not only in Hobart you are talking about, I presume?

**Ms CHUGG** - That is in Greater Hobart. All of our services rely on having available stock in the private rental market. The minority of people end up in social, public and community housing, and that is why we are seeing this big impact. I think it is really important to see housing as a system that has lots of different parts to it. We have about 70 per cent of people buying or taking out a mortgage. They probably are not impacted as much.

What we know is the 30 per cent that are in the private rental market. This is where we are seeing the significant change. Social, public housing is fairly static. That is growing slowly but the significant change is in the private rental market and that is where the majority of people live. More funding goes into the private rental market from low income people than into our whole social housing system. About \$123 million each year in Commonwealth rent assistance is paid into the private rental market alone. That is a huge amount of money from Commonwealth rent assistance.

**Mr VALENTINE** - Thanks for clarifying that.

**Mr WILLIE** - In your summary, you recommend five different measures. One of those is restricting the growth of short stay accommodation where the availability of long-term rental has fallen below a sustainable threshold. Do you have any views on how that can be done, whether you restrict multiple listings or restrict new permits on existing properties, but not if somebody develops a new property?

**Dr TOWNLEY** - You would have to balance it locally. You want to look at the pressures coming from Airbnb in reducing supply and the issues coming out of demand. We think the most useful way to do it would be to get the right data and do housing needs analysis to complement the data that comes in from Airbnb, and then you can look at it. In a particular situation it might be to put a moratorium on - no more Airbnb for this amount of time while some building gets done to catch up. It is probably too late on King Island, but you could look at that in that kind of situation they have, in which you have to get people in to build alternative properties to get anything to work.

In other places it might be that you say no to more than one investment property, so multiple ownership might be the right answer. You might find that is more of a solution in the more concentrated areas, Hobart or in Launceston, but maybe not in St Helens or the smaller places. It is really about targeted solutions that are locally based, designed to meet the needs of the community and balance those needs against the tourism economy and the needs of workers for other economic boosts. If we get jobs growth in regional areas like Cradle Mountain or something like that, you are going to have a real problem housing people to stay there to work. I don't think there is a simple answer but if you don't have the information about the housing needs plus the demand from short stay accommodation and all of the other parts of the system, we won't be able to manage it.

## PUBLIC

**Mr WILLIE** - We have heard from a number of witnesses today who proposed varying solutions, including local community discretion. The Government has also said it will introduce a bill to enforce compliance. Some of these things will take time, and we are about to head into a peak tourism season again and probably the vacancy rate will drop, although I am making assumptions, with more listings of short stay accommodation. Is there anything that can be done in the immediate time while some of these changes take place?

**Dr TOWNLEY** - I don't think housing is really an easy quick-fix space. I think you always have, as Pattie was saying, the lag between identifying housing needs and demand and generating the supply to meet those needs. We have the hotel builds coming through, but it is arguable whether they will make much difference to short stay accommodation. We defer to the Tourism Industry Council Tasmania which says they probably see different populations of visitors so we are not going to lose the demand for short stay accommodation.

There is a clear need to build more stock and to maintain it as being affordable. There is a need to balance the system, and at the moment it is out of balance. As Pattie was saying, the most vulnerable people, the people on the lowest incomes, are suffering the worst impacts of this. They are not benefiting from the investment properties. The economic benefits probably are not trickling down to them and they cannot get accommodation near to where they could work in order to gain those benefits. I think that is a real problem and I wish there was a quick answer, but I'm not sure there is.

I am hoping the committee will come up with some good answers. I think the time is to act now and we really appreciate the work of this committee because without that we don't have a clear way forward. I think gathering evidence out of this, there will be a range of suggestions and some great recommendations. There are certainly examples around the world but we have to get a handle on what it means here in Tasmania. That is why we have as one of our recommendations, maybe on a voluntary basis, that every local government does a housing needs analysis, which obviously needs an overarching framework from the state Government, so we have consistency around the state. It would mean we can get a bit of a handle on this and if we needed to target Flinders Island, Break O'Day or Hobart, we could do some work on that quite quickly.

One of the things we need is consistent data from Airbnb and other platforms. In other countries, such as in Japan and the United States, they have handed that data over. We have at the back of our submission some examples of what they have done in Canada, so you can do it. We are not experts in how to do the regulation of it, but we have talked to LGAT which has been very clear around the need for that to be resourced.

We also think it is really a good opportunity on a local community basis, so we are not putting this overarching moratorium but it is important to note that you do not want to hollow out your local communities. We have had lots of people from West Hobart particularly talk to us about how whole apartment blocks are going to Airbnb and houses are being sold for investment in Airbnb. We want to keep a vibrant diverse community for whole numbers of reasons and not become just tourist accommodation. We are not against tourist accommodation, but there are always ways of managing things and we know in Canada there are some really good examples and we can do it here in Tasmania as well. I think we have a prime opportunity. We are almost at the crest of the tourism wave and I do not think it is going to go away. The tourist council has been very clear we need more tourist accommodation and also more affordable housing.

## PUBLIC

**Mr WILLIE** - Your recommendation 4 is that investment in social housing is increased to address the shortfall in affordable rental focusing in areas of high demand. Is that over and above what the current commitment is of the Government? If so, what sort of targets or quantum do you want to see?

**Ms CHUGG** - I think that would be really helpful. Yes, we want more over and above the current target because if we are doing it vis-a-vis the tourists, I think that is where we go back to that needs analysis in local areas and there are obviously hotspots that are happening. The hotspots are around how to manage the tourist accommodation, but that also may be work that has not been done yet about where we really need to target affordable housing as well.

**Ms RATTRAY** - Patti, we are not unique in dealing with this and it has been cited that New South Wales is on the front foot. Have you had any investigation into what is going on there?

**Ms CHUGG** - They are looking at especially strata title properties. They have a lot of concern around amenity and noise so a lot of the work we saw was mainly around that, and in parts of Queensland as well, because there has been lots of issues with strata title and disruptive behaviour so it is more about the amenity there. Battery Point and Wapping are about loss of amenity and there is an argument as to why only those two jurisdictions are having that particular code over them and not other places.

I think, Tania, that all the world is struggling in a way - not struggling, but coming to terms with it. I know that other submissions have put significant work into that. We have put in a case example of what happens in Canada, and there has just been a ruling in New York about two weeks ago where Airbnb has been asked to hand over that significant data so that New York can monitor it. There are certainly cases in Barcelona and Berlin - especially Barcelona, where there are so many tourists in that centralised area that the locals could not afford to live there at all.

**CHAIR** - And they rioted in Barcelona.

**Ms CHUGG** - Yes. There was rioting in Barcelona because all of their amenity and their communities were being transformed into tourist spots. I think that goes back to the point we were trying to reiterate before, that we are very small. We do not have millions living in our cities. We have small populations so only relatively small numbers can have a significant impact. It is about getting that balance right and we see one of the ways to do that is to work through local governments so they know locally what is happening and support them through the state framework on ways we can tackle this problem on a really regional as well as statewide level.

**Ms RATTRAY** - It has been suggested - and I know that you touched on it there - that this is really more of a problem for Hobart and the Greater Hobart region. I have argued consistently it is not because most of us in our offices get people coming in looking for housing, whether it be affordable or otherwise they just need a home, so it is also the fact that local areas have to make that decision about whether they allow  $x$  number of short stay accommodation residences and how they do that. I am interested in how you think local councils will grapple with that because we know in those smaller areas they know everybody. It is difficult to make those decisions when you are making them about your cousin, your uncle, your brother, your sister-in-law. How do they do that when they have to try to make those decisions?

**Ms CHUGG** - Well, I suppose that is where you balance it up both ways. Obviously more work needs to be done on how to do these things and that is why we have been very keen on that

## PUBLIC

local solution response because of the various impacts in different areas. When we are talking about there being some framework from the state Government, I think there would probably be some more work on engagement strategy around this. There would obviously be a lead-up time of how it would work. Then it comes down to what impact it is having. Local people can't be employed because they cannot find employment easily -

**Mr VALENTINE** - They can't afford to live further out and can't afford to travel, is that what you are saying?

**Ms CHUGG** - That is right, Rob.

This is a Hobart story - you are definitely right: everywhere we go there is a lack of affordable housing, and it has to be measured against the Airbnb impact. We are finding that services are now housing people away from Hobart because that's where it is affordable, but that is not really where they want to live. That then starts to distort the figures. People have to travel further; they are locationally disadvantaged and it adds a lot of other implications. It is really important to plan for this change. This change has caught a lot of people off guard. It hasn't caught you off guard because you are all doing the committee now. But we weren't having this discussion four years ago. It is about planning for the future, and it is about being aware of the different locations and variations in small communities.

Derby would be a really good example in your region where the tourism boom is having an impact on the locals. It might be builders, hairdressers, farm workers who are finding it very, very difficult to live in local communities. It is not easy. The best way is to get the data, weigh it up, compare it against the other data about housing availability and then have some guidelines around how to deal with it in different regions.

**Ms RATTRAY** - Then perhaps put that overlay over each individual area.

**Mr ARMSTRONG** - That's not going to happen overnight is it?

**Ms CHUGG** - No, it's not going to happen overnight, but if we don't start now it will still be happening. It is not going to go away. Our predictions and the tourist council prediction are not going away. Cynthia mentioned that if you look at the recent Treasury paper on the private rental market, there was acknowledgement of the housing shortfall. At the end, they suggested that because of the hotel rooms coming online that would significantly decrease the demand.

We don't necessarily support that because the tourist council paper makes a really quite interesting read. People choose to stay in Airbnb-type of accommodation; the numbers aren't decreasing; they are still going up. The demand isn't going away. Also I think Tasmania has been discovered, and I think Tasmania will continue to be discovered. It is going to be discovered in quite unexpected areas, whether it is Derby, the Huon or Devonport. Lots of data now show that Launceston is becoming less affordable. I think the pattern will continue because we are not keeping pace with the change.

**Mr ARMSTRONG** - You are saying couples come in and want to stay in Airbnb for whatever reason, the housing shortage - if you just have couples coming in and staying in Airbnb -

**Dr TOWNLEY** - Families too.

## PUBLIC

**Mr ARMSTRONG** - That is where I was coming from. Does the housing shortage affect mainly families?

**Dr TOWNLEY** - The shortage of housing affects everyone. If you look at statistics, the people probably most disadvantaged in the private rental market are single people.

**Mr ARMSTRONG** - Single people would not want a three-bedroom home; that is where I was coming when you cut in there. Is the shortage of housing also the two-bedroom, one-bedroom accommodation et cetera? If it is couples coming for holidays and using Airbnb, when these other hotels come online - I am playing devil's advocate here. You can't get any accommodation in Hobart during the summer months. Many of us find that you have to book in to the local hotel weeks in advance. If those rooms are freed up, you would think that more people would move to the hotel thing and free up some of these Airbnb because they won't have the rate of occupancy they want at the present time, what they are getting, if you can understand what I am saying?

**Dr TOWNLEY** - We are not seeing it in the data. It may happen. We might start to see things changing like that but at the moment the indicators aren't there in what we are hearing.

**Mr ARMSTRONG** - The data is not there at the moment because your accommodation is 100 per cent in the hotels, isn't it? If another thousand rooms come on board -

**Dr TOWNLEY** - When those rooms come on board, it is unclear that people are going to move back from Airbnb into the hotels. Our best guess is the tourism council has its finger on that particular pulse.

**Mr ARMSTRONG** - That is what I am saying: they are probably booking Airbnb now because they cannot get into the hotels. They probably want to be in the hotels.

**Dr TOWNLEY** - The tourism council says no. Its projection is that we will retain the Airbnb demand and it will be a different cohort that goes to a hotel from Airbnb. They are different. I am not the expert on that but they think it is differentiated market and that is what they have suggested. We are not confident that the availability of hotel rooms is going to decrease the pressure on the rented properties.

**Mr ARMSTRONG** - Luke Martin seemed to think it might.

**Dr TOWNLEY** - It's possible but what we read in their submissions suggests they think they are differentiated markets. That was my reading of it. I think you're right; he would have more knowledge than we would on that.

**Mr ARMSTRONG** - I do not know if he had the knowledge or whether he was surmising. I thought it might free up -

**Dr TOWNLEY** - It is possible.

**Ms CHUGG** - One of the things with the tourism council and from our experience is people want different experiences when they come on holidays. Research shows that people like staying in Airbnb because it is not a hotel: they are all different sizes; they might want something

## PUBLIC

smaller; they might want a shared room with someone; it's cheaper; they might come as a large family with kids and want a backyard and a whole range of things.

**Mr ARMSTRONG** - I agree, there would be some people who would want that but I imagine that there would be some people who would try to get into hotel accommodation and couldn't, so took the next thing - Airbnb. They are the ones that got me. These other 1000 rooms coming on board might free up some of these places and it then will not be viable for them to continue as an Airbnb.

**Ms CHUGG** - There is such a shortfall of housing; we have over 3500 people who put their name down on the public housing waiting list. That is a monitored list. It is gone through. People have to ring up regularly. And that is probably not showing the true demand. Some people do not put their name down.

**CHAIR** - This is just the public housing list you are talking about as opposed to private rental?

**Ms CHUGG** - Yes.

**Mr ARMSTRONG** - One of the other presenters said that he did not think some of the properties that are in Airbnb would go out to those affordable housing strategies, but Josh said some in his area would be.

**Ms CHUGG** - Some will and some will not, that is right. What you hear anecdotally - a friend of mine who lives in North Hobart said that all the houses around them are now Airbnb and they used to be rented. Their community has changed. They have people coming and going all the time. Their dog used to know who the neighbours were and did not bark at them. Now they have new neighbours every minute and the dog is continually barking.

**Mr ARMSTRONG** - Which they will.

**Ms CHUGG** - Yes. Those properties have shifted. What conditions would make them shift back? It is unknown and uncertain. It is really hard to know. Until we can measure it properly it is going to be difficult to manage it. That is the issue the state and many other jurisdictions in the world are facing at the moment. We have to work out a way to do this. I don't think it is going to switch back as quickly as it switched up.

**Ms RATTRAY** - What about the commitment to having short stay accommodation? Do you think people will get tired of that and it will naturally revert back? 'I can't do this, week in, week out, changing beds.' Do you think there will be any of that?

**Ms CHUGG** - There has been some of that. What seems to be a pattern is that people do it for six months off, six months on. There is a bit of that, where people find it is work every day to change sheets and do all those things but the overall quantum is that it is still increasing. There will be a little bit of slippage back and forth but not in the quantum. The private rental market is very variable. People can only live in what they can afford but people are also living in cheaper housing when they can afford more. When there are vacancy rates like there are - around 1 per cent in Hobart, probably the tightest in Australia, considering only 3 per cent is a really tight market - what we find is people do not move out of cheaper homes. They might have higher incomes but they don't move out of the cheaper rental. When we are looking at the market, it is

## PUBLIC

really important to dissect it down. You, as councillors, could be living in a \$100 a week property, there is nothing to stop you doing that, but there are people out there that can only afford a \$200 a week property but cannot access it.

The difference with our public housing and social housing is that people only pay 30 per cent of their income so it is set at their incomes. When you live in the private rental market you pay whatever the market is. That is where people get into housing stress and we find that the competition is at that really low end. People don't move out because the rent is cheap. They stay there. They might be saving a home or holiday or whatever and we find the real competition down at that base end. When there are shifts in the market and houses are being taken out for tourism; that is where the real competition is. About 60 per cent of our low-cost stock is taken up by higher income wage earners.

**Mr WILLIE** - What you are saying is that it is a continuum.

**Ms CHUGG** - It is a continuum; it all affects and knocks on, really. What we are discovering, particularly in the last two years - Shelter has been around for 40 years - is this rapid increase in the private rental market that is having the impact. Our social housing is staying about the same. We are having people saying their rent is being put up \$50 or \$70 a week. We have had older women who have been living in a property for 17 years and that place is being converted to Airbnb. They are 60 or 65, and they do not know where they are going to go.

Housing stress has increased exponentially for people and housing stress means when you pay more than 30 per cent of your income. People are in housing stress because they are scared their lease is coming up and wondering if it can be renewed. In the private rental market, you only have a 12-month or a six-month lease. We are having this insecurity that is having a real impact on people. Then we have workers, the plasterers who come over to build the hospital or the builders - they all need accommodation. As we bring people in, we have this dynamic thing happening.

**Mr ARMSTRONG** - When you have got a buoyant economy, you will have -

**CHAIR** - You do not find they are staying in Airbnb? I know of two houses in Launceston that the firms from interstate are renting on a three-month basis for their workers to come over.

**Ms CHUGG** - What has probably happened is those properties were once long-term rentals for people that have now converted to Airbnb.

**CHAIR** - The firms are now taking them for their workers for a time.

**Ms CHUGG** - There is a lot of flexibility around Airbnb but they are investment properties, they are not share properties. They are not someone sharing their room.

**CHAIR** - No, it was purely investment for the owner.

**Mr VALENTINE** - It is a share economy by another name.

**Ms CHUGG** - It needs another name than the shared economy. I am sure you are aware how Airbnb started as very much shared, but it is no longer that.

## PUBLIC

**Ms RATTRAY** - There are not that many air mattresses on lounge room floors, which is where it started.

**CHAIR** - People like this are not going to rent a hotel because it is far costlier for a firm to rent hotel rooms than it is to rent a whole house. That is not going to be affected when the 1000 rooms come on board because they are still going to need someone reasonably priced for their workers.

**Ms CHUGG** - We have got other factors, haven't we? We know that, briefly in our submission, we have a growing population, a tourist boom, a whole lot of factors swirling that are impacting on housing and that is why we called for an integrated approach. Part of that integrated approach is managing our short stay accommodation.

**CHAIR** - We need to keep Tasmanian workers and won't have to have all these interstate people.

**Mr VALENTINE** - Do you feel it is the case that the community is in a situation in which it needs to make a decision about keeping a sense of place versus catering for tourists? That is the tension

**Ms CHUGG** - I think it is a tension and we want both, don't we? We do not want to close our doors but we need to manage it. That is the art and the balance of it. We were given some suggestions towards it and that local needs analysis is really important.

**Mr VALENTINE** - Local government is getting in there and doing an analysis?

**Ms CHUGG** - I think so, but also with state government oversight because we want a consistent approach. We want a framework to sit it in. We could get data before we found it ourselves, if Airbnb wanted to hand it over, so we could still call for that. Local government needs that fine-grain data to know where the property is so they can issue the permit, implement and look at those things with that tool. They need to know the location. If you look at Airbnb now, they only show you the general area; it is not until you hand over the money and pay that they will show the exact address. For local governments to be able to find out where those properties are and to monitor them is virtually impossible. They have done it in other countries. It is about how much pressure - they have a really restricted regime in Barcelona now. We do not necessarily want to get to that stage.

**CHAIR** - Are you the big stick?

**Ms CHUGG** - Yes, but I think it can be done. I think Tasmania is a really good case of where we can lead in this area but also look at the research, look at what has been done in other areas. There is some really good, practical advice in there. We are very happy to follow up any more information you want around a particular area and get back to you. We have made this general because we thought there are many other experts telling you about the data and local government is telling you about the premises. We just want to tell you about the impact it has.

**Mr VALENTINE** - You are saying it is government that needs to help local government in terms of the resourcing? You mention that in your recommendation 2.

## PUBLIC

**Ms CHUGG** - As Tania said, lots of small local governments; it is whether it is having impact there and they need to be assisted with best practice, I suppose, and engagement.

**Dr TOWNLEY** - Consistency and economies of scale allow you to do that better. There is not a lot of point having 29 versions of how to do this. The smaller councils will not have the resources or the capacity to do it. Tasman Council, where I live, doesn't think it is going to be able to do it on its own.

**Mr VALENTINE** - It is hard enough doing the planning applications as much as trying to reassure the owners, perhaps.

**Ms RATTRAY** - Even getting people into local government is a struggle now because the role has become so much more elevated in what you have to do and the time you have to commit. It is not simply reading your notes on a Sunday and turning up for your meeting on a Monday any more. There are workshops -

**Ms CHUGG** - I think looking at it statewide is really important, with leadership from the state. We are here to make a really integrated, shared Tasmania for all our citizens. We do not have any conflict of interest; we are not trying to sell you a project from a digital platform or a hotel; we just want to say this is what we are seeing and people on the ground are really experiencing this. There are ways of managing it and we look to you, as leaders of our community, to help us with that management.

**CHAIR** - You cannot manage what you cannot measure.

**Mr WILLIE** - Do you think it was naïve not to put data capture in place and monitor the impact of the changes of the regulations? We are talking about Airbnb handing over data. They are a private enterprise and governments cannot rely on that.

**Dr TOWNLEY** - The wisdom of hindsight is a wonderful thing. If we had seen this coming, we would have approached it differently in a whole range of ways. I think we would have looked differently in developing the Affordable Housing Strategy, which was four or five years ago. We did not see this coming. Nobody thought that Airbnb was going to have this great impact and it has taken people a little bit by surprise to work it out. It is not about whether we should have done this earlier, it is what can we do now and going forward that is the question. From here, we need to start to look carefully, critically, at the needs analysis and all of the available data, which is converging on this set of problems that we need to manage in the best possible way. If we had a crystal ball to look into the future, we would do things differently.

**Mr WILLIE** - I have another question along similar lines: do you think there has been a problem with the messaging from the Government when it talked about deregulation a model for the world and we have this lack of compliance with only about 20 odd per cent of people applying for permits when they are supposed to?

**Ms CHUGG** - The new legislation coming through should assist. I think that is to be worked on by the end of the year and that is to try to put more rigour around the permit system. Obviously as it is, the permit system is not working because we have such a low compliance level with it, so we argue that the permit system should be much more increased so that you need a permit before you can actually advertise, like in Japan. I think it is important to look at the

## PUBLIC

difference between whether it is a city or a state in your response, and I think we respond as a state. They have to - and this only changed this year -

**Mr VALENTINE** - This is Japan?

**Ms CHUGG** - Yes. You have to register and display your permit there. The platform has to display that permit before people can advertise it. It is pretty basic. They do that in Tofino, Canada as well, and, as far as the broader data is concerned, that is now happening in New York.

**Mr WILLIE** - You have talked about a number of solutions today. What is a reasonable time frame for these to be enacted? We have a bill coming to parliament by the end of the year and then we are talking about local discretion and those sorts of things, so what would be a reasonable time frame to you for the Government to act on all of these?

**Ms CHUGG** - I think it is unclear what will happen after this committee, so we would think you guys are going to get a lot of wisdom and insight from many stakeholders and I assume produce a report with some recommendations. Until you have collated all that information and have the best information you can get to make the next step, it is quite hard to say how quickly things should flow from that, but I guess given that we have a lot of people struggling in the market and that you always have a time lag if you are trying to deal with anything in housing, the sooner, the better is the simple answer. However, it is important to do well-informed evidence-based policy development and well-informed evidence-based implementation of whatever policy directions are agreed to. To do it in haste risks missing something and mucking it up, but there is no benefit to delaying unnecessarily, so I hope it can be done as quickly as possible but also as responsibly as possible.

**CHAIR** - Thank you very much for coming in; we really appreciate your submission.

**Ms CHUGG** - If you need anything further after you have been away and you are synthesising, please come back to us.

**CHAIR** - There is a possibility we may come back to you. Thank you very much.

**Mr VALENTINE** - A quick question about the Japanese situation. You say they have to display a permit but is that for any share situation or is it only for those who have to actually get a permit? Are there some that fly under the radar because they are too small?

**Ms CHUGG** - I know that when they introduced that a lot were actually made ineligible, so I will have to get back to you on that. I think in Berlin you do, too. There might be permit 1, 2, 3, 4, 5 or 6, and that has to be displayed as proof that you have it.

**CHAIR** - You have to have evidence?

**Ms CHUGG** - Yes, you have to have evidence. In the back of our submission there is a toolkit. There is an app that people use.

**CHAIR** - Thank you very much.

**Ms CHUGG** - Thank you.

**PUBLIC**

**Dr TOWNLEY - Thank you.**

**THE WITNESSES WITHDREW.**

## PUBLIC

**Mr MICHAEL SMALL** AND **Mr DAVID CAWTHORN** WERE CALLED, MADE THE STATUTORY DECLARATION, AND WERE EXAMINED.

**CHAIR** - Thank you very much for coming in. Welcome to our first day of public hearings for the Select Committee Inquiry into Short Stay Accommodation. All evidence taken at this hearing is protected by parliamentary privilege. I need to remind you that any comments made outside the hearing may not be afforded such privilege. We also are broadcasting live today. A copy of the witness statement is in front of you if you haven't read it you might want to have a glance. The evidence you present is being recorded as well and the *Hansard* version will be published on the committee website when it becomes available.

The procedure we intend to follow is that you will be provided with the opportunity to make a statement with regard to your submission if you wish to do so, and following from that the committee will then ask questions. We are seeking information specifically relating to the terms of reference. Would like to speak to your submission?

**Mr SMALL** - We would like to thank you for this opportunity to speak to the committee. I work as a consultant in the area of disability rights and particularly access to premises and public space. I am also a member of the Premier's Disability Advisory Council and my friend David also works in this space and is the chair of the Ministerial Disability Advisory Council.

What we want to talk to you about today is the effect of the growth in unregulated visitor accommodation such as Airbnb and Stayz on accommodation options for people with a disability, specifically people with a significant mobility disability. We also want to present some concerns about the potential growth for short-stay serviced apartments in class 2 buildings, which I will explain later; some technical issues I need to convey to you. I would also like to mention issues to do with information about accessibility in the tourism industry.

The key points we want to make are that accessible tourism benefits everyone and is a significantly growing market. National standards for accessibility do not apply to private dwellings. Increasingly, private dwellings and apartments are being used for short-stay visitor accommodation. Tasmanian government regulations have indirectly exempted a range of short-stay visitor accommodation from having to provide access for people with mobility disability and these visitor accommodation options are effectively unavailable for people with mobility disability who do not have the same range of visitor accommodation choices as other market participants. We will conclude with three recommendations that we would like to present to the committee, but I can come back to those later if that is okay.

**CHAIR** - Yes, fine.

**Mr SMALL** - A word about the importance of accessible tourism for the economy and for our community. Accessible tourism is of benefit to everyone, not just to people with a disability. Many people enjoy the opportunity to travel and the tourism industry gets more visitors, longer seasons and new incomes from improving accessibility. Society as a whole benefits from the new job opportunities, more tax revenue and an accessible environment for people as well as visitors.

The Australian population is ageing and there is a growing market for travellers with accessibility needs. Almost one in five people have a disability, of whom nearly 90 per cent are estimated to take a holiday each year. The Victorian Employers Chamber of Commerce and Industry has estimated people with a disability account for some 8.2 million overnight trips and

## **PUBLIC**

spend \$8 billion or 11 per cent of the Australian overall tourism expenditure. It is not a niche market. It is a significant and growing market. The briefing paper I will leave you talks further about some UK and European research on this matter.

I will briefly outline a few technical issues to do with the short stay accommodation market because it is important to convey this information to understand our concerns. Since 2011, all new buildings other than residential homes must meet standards for accessibility set out in the Disability Standards (Access to Premises - Buildings) 2010, which is referred to commonly as premises standards. These same requirements are incorporated into the National Construction Code, which the state and territories adopt through building law.

There are three main areas where short stay accommodation occurs. The first is hotels and motels. Under the National Construction Code, hotels and motels are referred to as class 3 buildings. Class 3 buildings must have accessible paths of travel from the allotment boundary to the building to areas such as the reception, dining room, gym or pool or any unique space or facility in the hotel or motel. A specific number of rooms must also have accessible ensuite facilities. If an existing hotel or motel is upgraded, there are triggers that require upgrades to certain access features. That is the mainstay of, up until recently, short stay accommodation.

Flats and apartments are class 2 buildings. New class 2 buildings must have accessible paths of travel from the entrance to the door of the units on one entry level and to the door of units on other levels if there is a lift servicing those levels. You can get away with a class 2 building that has an accessible path of travel through the entrance to the units on the ground floor.

There are no requirements for any accessibility features inside units. A multistorey block of 200, 300, 400 or 500 units could be built with no accessible bathrooms or facilities whatsoever. As a result, if anyone owns a unit in a class 2 building and rents it for short stay accommodation, there would be no requirement for accessible facilities within the individual units.

The 2016 government review of the Premises Standards (2010) noted that many submissions expressed concern about the use of class 2 buildings for short-term accommodation following post-construction change of use or by owners renting their units out through Airbnb or similar. Those submission argued that where a class 2 building, an apartment block, is being used for short term accommodation, it should be reclassified as a class 3 accommodation and upgraded to provide the accessible facilities that a class 3 building must provide.

The third area is smaller bed and breakfast, holiday rental homes and hostel-type accommodation. This type of accommodation has generally been classified as class 1B buildings in the past. Access is only required under the National Construction Code and the Premises Standards if either the bed and breakfast or hostel-type accommodation has four or more rooms for rent or there are four or more holiday-type rent buildings, such as an ecocabin, on the same allotment. Class 1B are captured by access requirements, but only if there are either four bedrooms or more rented or if there are four buildings on the same allotment rented. There are very few Class 1B buildings that can be used by people with significant mobility disability because this type of accommodation tends to be smaller in size – one, two or three bedrooms. As a result, this significant accommodation choice is not available for people with significant mobility disability.

Regulations of Airbnb and Stayz-type short term accommodation: the Tasmanian Government has introduced regulations that a building owner providing short stay

## PUBLIC

accommodation is exempt from planning and building approval if a dwelling is used by the owner or occupier as their main place of residence and it is let out to visitors while the owner or occupier is on vacation or temporarily absent, or not more than four bedrooms are let out to visitors. It also appears that an investment property less than 300 square metres is also exempt from the need for a permit or to provide access features. In this situation, for example, a place that had five bedrooms would be subject to planning approval but a place that had four would not. There is a discrepancy there between the Class 1B access provisions, which say if you have four or more, you have to have access, and in this situation total exemption from any planning requirements unless you have five or more rooms available.

**Ms RATTRAY** - Is it 200 or 300?

**Mr WILLIE** - It is 200 now.

**Mr VALENTINE** - It has been changed.

**Mr WILLIE** - It has been revised by the Planning Commission.

**Mr SMALL** - Okay, 200. Even better. What is the effect of that exemption? This is the critical issue for us. Accommodation sharing such as Airbnb and Stayz are now a significant part of the accommodation options for visitors; they are part of our landscape. The exemptions in place mean there are no obligations whatsoever in relation to accessibility. Class 1B short-term accommodation services are at least subject to some regulation in that a dwelling providing four or more bedrooms for rent must provide at least one accessible bedroom and ensuite. Airbnb and Stayz can offer five bedrooms for rent before they require a permit and even then the permit does not require any accessibility. My reading of the regulations are you may need a permit to operate but there is no requirement attached to that permit that says there needs to be an accessibility.

Airbnb and Stayz grow at the expense of hotels and Class 1B buildings that have accessibility obligations. Their growth will result in more short stay or holiday accommodation options being available to the general public but not available to people with mobility disability. Given these are often more affordable options than full service hotel or motel accommodation, the exclusion of people who require accessible facilities is a significant concern to us. We have a recommendation to put in relation to that.

My final section, before I ask David to briefly comment on the information, is to come back to this issue of Class 2 buildings. The 2016 government review of the Premises Standards (2010) noted that many submissions expressed concern about, essentially, the abuse of Class 2 buildings that were built as Class 2 with no accessibility requirements and almost the day after they have been opened, they suddenly became serviced apartments or similar. This is a particular problem on the Gold Coast and Queensland has been struggling with this issue for quite some time. This is a serious concern in some parts of Australia such as the Gold Coast and we in Tasmania need to be careful developers do not exploit this loophole in the future. Overall, we are concerned that exemptions from access requirements for accommodation, share services and the increased potential use of Class 2 units results in the reduction in the availability of accessible accommodation choices for people with mobility disability.

David will now like to say a little.

## PUBLIC

**Mr CAWTHORN** - I want to talk about accessible accommodation information. One aspect of the quality of accessible short stay accommodation that requires attention is the provision of critical information about the level of accessibility. It is common for people with a disability to arrive at accommodation sites that advertise themselves as accessible, only to find out they are not. There is no requirement for short stay accommodation service providers to be assessed or accredited to ensure adequate accessibility information is provided on websites or marketing material. This gap has been partly filled by not-for-profit organisations like ParaQuad Tasmania, which has produced the *Wheelie Good Guide* that tries to provide accredited information on accessibility. Ideally, short term stay accommodation service providers should be required to be assessed and accredited in relation to accessibility. If government does not want to regulate in relation to accessibility information, we recommend that funding be provided to issue a tender for someone to undertake work to improve the information available on Tasmanian tourism websites.

**Mr SMALL** - I will finish with the three observations and recommendations. First, accommodation share services should be regulated at least to the same degree as Class 1B buildings providing short stay accommodation so to level the playing field in relation to what is required of Class 1B buildings in the shared accommodation area. Second, the Director of Building Control should monitor the use of Class 2 buildings post-construction to ensure they do not include significant numbers of short-stay serviced apartments. Where this is found to be the case, the Director of Building Control should act to reclassify buildings to Class 3. Third, government should issue a tender process to improve the scope and quality of information on accessibility on the Tourism Tasmania or Discover Tasmania websites. I can leave copies of those with you.

**Mr WILLIE** - The *Wheelie Good Guide* - I vaguely remember you won an award for that.

**Mr CAWTHORN** - Probably not so much for that itself, Josh; it was for all the work I have done in the past, advocacy and other stuff like that. I was involved in the *Wheelie Good Guide* when it first started up, but I am not with ParaQuad anymore. It is at a flat point now.

**Mr WILLIE** - It is a valuable resource.

**Mr CAWTHORN** - Yes, it is a valuable resource, but it still needs -

**Mr WILLIE** - And it could be replicated quite easily?

**Mr CAWTHORN** - Yes, it could be, and even broadened a lot more. It was a very basic one that we did to upgrade from what we originally had. There is a lot of other similar ones out there that have a hell of a lot more information. We just have the basic information on that and some photos, but you also have to be careful that the people or organisations that get involved have the knowledge and the expertise and know what the standards are and what is required in a house et cetera.

**Mr WILLIE** - One of the key issues here that would probably concern both of you is with private rentals going into short stay with their disability access and the lack of supply in that area for people living with a disability. On the one hand you would want them to go into short stay so people have more options, but at the same time there is a critical lack of supply there so it is a hard balance.

## PUBLIC

**Mr SMALL** - The crux of our position is that we already have regulation in relation to traditional short stay accommodation such as bed and breakfasts, hostels, farm stay. All that area of traditional short stay accommodation is already regulated in terms of triggers for accessibility. The shared economy side has absolutely no regulation whatsoever and we are simply saying we should regulate to at least ensure there is an equal field there.

**Mr WILLIE** - I am just playing devil's advocate here, but if we do that and owners then incur costs to upgrade their premises, is there a concern that they may pass that on to consumers so that affordable short stay accommodation is no longer affordable short stay accommodation?

**Mr SMALL** - Well, I will be devil's advocate back to you and say that when the figure of four or more bedrooms was determined in the development of the National Construction Code, it was not determined by just plucking the figure out of the air. It was an assessment done as to the relative cost of providing accessible facilities compared to the relative size of the enterprise. The decision was made that once you start to get into four or more, you are talking about a significant commercial activity and it is warranted under antidiscrimination law, because this is what the foundation is; that is the cost of business.

**Mr CAWTHORN** - Someone could throw a couple of handrails in the bathroom and say they're accessible; there are no regulations on that. There doesn't even need to be an ensuite, just any bathroom, and they could say they are accessible.

**Mr WILLIE** - It is a big problem, so thanks for raising it with the committee.

**Ms RATTRAY** - In regard to your organisation and working as an advocate for those living with a disability, we have been given some information this morning that one of the platforms that hosts the short stay accommodation has been working closely with disability advocates and organisations to better cater for accommodation offerings. Are you aware of that happening?

**Mr CAWTHORN** - No.

**Mr SMALL** - And I think we are probably among the most connected people in the disability advocacy movement in Tasmania.

**Ms RATTRAY** - We were also given information that 203 properties in Tasmania under this one platform, HomeAway, actually have all the proper requirements in place. Do you think you could Google and find 203 places in Tasmania you would like to go and stay at, David?

**Mr CAWTHORN** - It would be interesting, 203. It comes back to whether they are all -

**Ms RATTRAY** - Do they just have a handrail?

**Mr CAWTHORN** - Yes, do they just have a handrail and say, 'Hey, I'm accessible'?

**CHAIR** - They say they are wheelchair accessible.

**Mr CAWTHORN** - Yes, but I have even seen hotels that have said they are wheelchair accessible but it is just to the front door.

**CHAIR** - Not the bathrooms or anything else?

## PUBLIC

**Ms RATTRAY** - And the wider doorways and the wider hallways?

**Mr CAWTHORN** - The lobby is accessible but other than that, that's it.

**Ms RATTRAY** - If you are going to sleep in the hallway, you really will be back to the old Airbnb.

**CHAIR** - On the lounge room floor.

**Mr SMALL** - I will be very pleasantly surprised. It was HomeAway, did you say?

**Ms RATTRAY** - HomeAway. I was encouraged by what I read but I have not had a chance to follow that up. It is good that I have had this opportunity to ask you and the fact that you are well connected.

**Mr WILLIE** - I know that you were both doing some work with other disruptive technology like Uber and getting accessible Uber in Tasmania. Has that eventuated? I do not think it has, has it?

**Mr SMALL** - I think it would be fair to say we are astonishingly disappointed with Uber. They have brought us together, not just David and I but others, on two occasions and twice promised to do something, and we last heard from them now nearly 12 months ago.

**Mr WILLIE** - So dealing with other disruptive technologies you have that experience/

**Mr CAWTHORN** - Uber has a lot of staff turnover, so once we get one contact, suddenly a couple of months down the track, they have gone elsewhere. You get to talk to one administrative person and then suddenly they have moved on.

**Mr WILLIE** - Would you see it as government's role to lead on this, not rely on the disruptive technologies working collaboratively?

**Mr SMALL** - The reason we have changes to the National Construction Code, the reason we have the premises standards, the reason the building ministers' forum has now agreed to undertake a regulatory impact statement on introducing some universal housing design features in all new future housing - the reason we have all of those is because the market has failed. I believe if there is a market failure, there is a role for government to play.

**Mr VALENTINE** - In your submission you talk about four rooms, accommodation service with four or more rooms, some talk about bedrooms, it is 'four or more rooms'.

**Mr SMALL** - Bedrooms, sorry, it should be bedrooms.

**Mr VALENTINE** - That is okay; I just wanted to double-check that. If somebody buys a one-bedroom unit and wants to put it on the market and not be present, don't you feel that that should be something that should have disability access if it is a whole unit or house that is being put onto the market specifically for short-stay accommodation?

## PUBLIC

**Mr SMALL** - Our position is that we couldn't advocate for something more than is already the law of the land. I think it would be pushing it too far. We are simply looking for equity within the existing law.

**Mr VALENTINE** - I am talking about new buildings as opposed to ones that might exist.

**Mr SMALL** - Yes, for new buildings there is a requirement for some access to be provided.

**Mr VALENTINE** - If it is built principally for going into the commercial market -

**Mr SMALL** - If it is built principally for short stay, yes.

**Mr VALENTINE** - as opposed to being built as a possible private dwelling that then goes into the market.

**Mr SMALL** - Exactly. In law it is called a specified Class 1B building. It is quite convoluted, but it essentially says: if you are building a new Class 1B building, you must provide access. If you are converting an existing building into a Class 1B building only if there are four or more bedrooms.

**Mr VALENTINE** - As I was saying, it sort of slips through the cracks doesn't it?

**Mr SMALL** - Yes, if we are looking for a level playing field. This is the problem that the Director of Building Control has in designating what class a building is. A developer will put it up and say it is Class 2. The developer has no control later what the owner of that building does. We could not possibly advocate - I would love to advocate, but I don't think it is our role here - that every single Class 2 building, every unit, should be fully fitted out as an accessible unit. We are not going to win that argument.

It comes down to this question of whether the Class 2 designation being exploited and abused. That is why we want the second recommendation: that the Director of Building Control actually looks at this issue to see whether there is something strange going on and, if there is, to make an example and re-designate a building if it is being used surreptitiously as a Class 3 building.

**Mr VALENTINE** - I guess for them to monitor it would take quite a few resources. Would you see local government playing a part in that, or no?

**Mr SMALL** - I pass on that one.

I think the Director of Building Control has the power to audit any building that has been approved. I don't think local government has the same power, so it is looking at where the authority to be able to the body corporate, for example, how many of the units have you approved for short-stay accommodation.

**Mr VALENTINE** - That's if it is a body corporate; it might still be an individual dwelling, not four bedrooms. That is what I am thinking. There's a bit of a gap there.

## PUBLIC

**Mr SMALL** - I think it is a case of the horse has bolted in a sense. If it goes up as a Class 2, retrofitting to create it accessible further on would be an unjustifiable hardship likely, so it is about how do we catch as much as we can at the initiation stage of the process?

**Mr WILLIE** - Obviously, this committee has given you a platform to discuss these things. David, you sit on the Premier's Disability Advisory Council and you have been the chair of the Ministerial Disability Advisory Council, so have you raised these issues in those forums and what sort of response have you had?

**Mr CAWTHORN** - Because of my position as chair of the Minister's Disability Advisory Council that puts me on the Premier's Council as well. We have brought that up before, when Airbnb was coming to the market.

**Mr WILLIE** - Were you given any commitments that it would be looked at or any course of action?

**Mr SMALL** - The relevant minister looked at it and declined to respond to the advice we were giving.

**Mr VALENTINE** - Do you have any war stories from people who travelled from interstate to go to a short stay accommodation and found they could not get in?

**Ms RATTRAY** - At 11 p.m.

**Mr CAWTHORN** - Even hotels - we have heard of people coming because they have heard this place is accessible. They were in bathroom and could not get out because they had shut the door behind them - or can't even get in. Or someone has put a few handrails up and said, 'Yes, we are accessible'. They have an open shower and do not have a shower chair.

**Ms RATTRAY** - Must have thought you were going to bring your own chair or use yours.

**CHAIR** - Or your chair will not get through the door.

**Mr CAWTHORN** - Yes. You are not going to shower in this thing.

**Mr SMALL** - Every person with a significant disability has a list of horror stories they can laughingly account.

**Mr CAWTHORN** - I have seen the good, the bad and the ugly with staying around, not just in Tasmania, everywhere.

**Ms RATTRAY** - We are not unique then, David?

**Mr CAWTHORN** - Not so much. I haven't seen much. Most of my stays on the mainland have been in some four- or five-star hotels. They have said it is an accessible room but they have put two big double beds. You had to move one bed completely out of the way to be able to get in there and they have thrown a couple of hand rails up. Things have gotten better, but there is still a long way to go.

## PUBLIC

**Mr SMALL** - We are not unique but we have a unique opportunity. We look at what is going on in Tasmania. There are fantastic changes taking place and \$8.3 billion is the disability tourism dollar, estimated three or four years ago. We have an opportunity we need to grasp.

**Mr CAWTHORN** - I can go back even further than that. I think it might have been about 20 years ago when Tourism Australia did a feasibility study and found that over \$14 million was being left out of the tourism industry by not fully catering for accessibility.

**Mr SMALL** - Before I came here I looked on the Discover Tasmania website on the Tourism Tasmania website. There is a button you press on one drop-down menu, which takes you to equal access page - and it is a single page. It has a link to the Tasmania Parks and Wildlife Service to tell you where there are some accessible parks. It has a link to accommodation which sends you back to the general accommodation page. That is it.

**Ms RATTRAY** - That is Discover Tasmania?

**Mr SMALL** - Yes.

**Mr ARMSTRONG** - You say it is cheaper staying in Airbnbs, but is it much cheaper? Is it cheaper mainly in the city or out in the country?

**Mr SMALL** - I will give my most recent experience. I had to go to Canberra at short notice and I looked for hotels. The cheapest I could find was \$270. I got an Airbnb for \$140 a night. That is one experience. Airbnb has changed from a couch-surfing type community. If you look at Airbnb now, I would suggest 60 per cent are accommodation services that advertise on the bed-and-breakfast thing and various other places. They are just an industry now.

**Mr ARMSTRONG** - Do you have a comparison in Tasmania? In Canberra, if parliament is sitting, I know it goes through the roof.

**Mr SMALL** - I don't. I think it would be relatively easy to say you want to stay at the RACV Hotel on Collins Street; you look there and it will say that tonight it will cost you \$200 or \$250 or whatever, and I bet you can find a fully self-contained unit or even a little cottage through Airbnb for \$120.

**Mr ARMSTRONG** - There are other cheaper motels.

**Mr VALENTINE** - Sometimes the same motel gives you different prices at a different site.

**Mr WILLIE** - Recommendation 3: is there scope to provide information to consumers and potentially have a body to advise operators on how to improve their premises, given there is \$8.3 billion nationally? You would think that the market would want to respond to some of that.

**Mr CAWTHORN** - Through what I have done with the THA; I have had a couple of their staff ring me up and say we have a member who has a question about accessibility. Where are we with it? I have told them what to do and what not to do.

**Mr VALENTINE** - I heard the statement earlier about \$8.3 billion over three years. Is that what people with a disability have spent or is that the spinoff?

## PUBLIC

**Mr SMALL** - The data I referred to was three years old. That was the data I found -

**CHAIR** - That was then, so it is probably more now.

**Mr VALENTINE** - That was an annual figure three years ago?

**Mr SMALL** - on the federal government's website and it referred to the Victorian Employers Chamber of Commerce and Industry. I think it was dated 2014.

**Mr VALENTINE** - Is that for Australia?

**Mr SMALL** - Yes.

**Mr VALENTINE** - Is that direct spend?

**Mr SMALL** - I could not get a breakdown on that.

**Mr WILLIE** - Would there be scope in trying to catch this early? If somebody wants to develop a new building for short stay or visitor accommodation - we have talked about inner city Hobart quite a bit today, about putting moratoriums on when there is high stress and things like that - is there scope to create incentives for more accessible visitor accommodation? If there is a moratorium in place, if you are going to build a new building and it is accessible, would that get a green light? Do you think there would be opportunities like that?

**Mr SMALL** - I think it has been discussed. I recently did a Churchill Fellowship study tour of North America and Europe. I came across incentives for improving accessibility to both private housing, to make your house futureproof for yourself, and more commercial activities in a number of places. They were things like reduced rates for a certain time or some very strange things - you could access a bucket of money you could put to your children's school funds or something. There were some very strange things going on.

My experience here is that those sorts of incentives are not generally thought to be a good way of doing things. For example, when the Premises Standards came into force, there was a discussion about whether money should be available to owners of properties to improve their access. The federal government at the time said, essentially, if we are going to have this law it only applies to new buildings and when you are upgrading existing buildings that is the cost of business. They did not go down the track of subsidies or deferred costs in any way, which is a shame. That single step in the front of a shop - it would be fabulous if we could find a way for local government to engage with shop owners to share the costs of dealing with those issues.

**CHAIR** - Thank you very much, Michael and David, for coming along. Thank you for your submission and the extra sheet you provided today. It has been very helpful. It is much appreciated.

**Mr SMALL** - Thank you very much.

**Mr CAWTHORN** - Thank you.

**Ms RATTRAY** - It is an issue that we appreciate, as Josh said, being highlighted.

**PUBLIC**

**THE WITNESSES WITHDREW.**

## PUBLIC

**Ms MEREDITH BARTON**, PRINCIPAL SOLICITOR, AND **Mr BEN BARTL**, SENIOR SOLICITOR, TENANTS' UNION OF TASMANIA, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

**CHAIR** - Welcome to the public hearings of the Legislative Council Select Committee into Short Stay Accommodation in Tasmania. All evidence taken at this hearing is protected by parliamentary privilege. I remind you that any comments you make outside the hearing may not be afforded such privilege. A copy of the information for witnesses is available if you haven't read it or you are not aware of the process. I assume you have read that previously. The evidence you present is being recorded and the *Hansard* version will be published on the committee website when it becomes available. By way of introduction I advise the procedure we intend to follow today is as follows: first, you will be provided with the opportunity to speak to your submission if you like; following from that, the committee will address questions to you. We are seeking information specifically relating to the terms of reference.

Would you like to speak to your submission?

**Mr BARTL** - I would like to thank the committee for agreeing to hear us today, particularly you, Rosemary, for being the driver of the inquiry. We have prepared a short abridged version that has all the bells and whistles so I am hoping I can provide that to each of you.

**CHAIR** - That would be lovely, if you would like to hand them out.

**Mr BARTL** - We are the Tenants' Union of Tasmania, a small community not-for-profit organisation that provides information, advice and representation to tenants. In relation to this inquiry in many ways we are the canary in the coalmine in the sense that we were probably the first organisation to become aware of this issue and the impact it was having on tenants. By tenants, we mean of course long-term tenants who require long-term accommodation in Tasmania.

In our written submission to the inquiry we made two strong points. The first was that short-term accommodation providers, including particularly Airbnb, were reducing the supply of long-term rentals in Tasmania. We also submitted that as a result of the decrease in long-term affordable accommodation in Tasmania, landlords were moving their properties to the short-term sector, which was resulting in increased rents. The university, Shelter Tas and ourselves have referred to a number of studies that show Hobart has become the least affordable city in Australia based on income.

In conclusion, our written submission argues that there should be a prohibition on Airbnb and other short-term accommodation providers in Greater Hobart. We also argue that in the west of Tasmania there should be a limit of 60 days and we also argue that investors should only be able to have one investment property available on Airbnb. Importantly, since we provided that response - and this is what our abbreviated notes go to - there has been one major report released by the university that dispels many of the myths put out there by supporters of short-term accommodation providers.

In the first graph, it is quite clear. That is a graph provided by the Institute for the Study of Social Change, and I am sure they would have spoken to you today about that. Quite clearly that shows that over the last two years there has been a significant increase in the number of Airbnb

## PUBLIC

properties in Tasmania and particularly in Hobart. That first graph just goes to the number of entire properties so we are not talking about properties where they are renting out rooms; we are talking about entire properties. There is a bunch of statistics we have been able to pull out of that report, including, most importantly, that 6.1 per cent of the entire Hobart rental stock has now been turned into short-term accommodation.

**CHAIR** - You are not concerned about houses where someone rents one or two rooms out?

**Mr BARTL** - No. The Tenant' Union position is that there should be a distinction made between principal place of residence -

**CHAIR** - And genuine short stay.

**Mr BARTL** - That is right. If you or I want to rent out a room in our properties, we say that should be okay, but it is investment properties that really need to be targeted.

**CHAIR** - That is not really affecting the ones renting a room or two?

**Mr BARTL** - No. As well as the university providing that data, the Tenants' Union also receives quarterly data from CBOS, which used to be Consumer Affairs and Fair Trading. Basically every single person in Tasmania who rents a property has to provide their bond to the Rental Deposit Authority. It is a much more accurate measure of how much bond and rent is being paid by tenants and that is because bond is four weeks' worth of rent. Other measures used by the REIT, SQM and other providers generally just look at the advertised price of properties. The Rental Deposit Authority is able to accurately show much is actually being paid and it is our view that because of the shortage of rental properties in Tasmania, but particularly in Greater Hobart, prospective tenants are generally offering more than the advertised price in order to get the property.

The data collected by Consumer Affairs and Fair Trading is then provided to the Tenants' Union for analysis and our analysis shows that particularly over the last two years rents have gone up by 16 per cent, 15.9 per cent in southern Tasmania. When you combine the huge increase in Airbnb and other short-term accommodation providers over the last two years with the increasing rents, it is quite clear that that is the outcome of more and more properties being put onto short-term accommodation.

Turning over the page, one of the myths put out there by short-term accommodation providers and supporters of short-term accommodation is that there are myriad reasons for the shortage of rental stock.

The university, as I am sure they have already told you, looked at the increase in international students, the increase in migration to Tasmania and also at construction and how many houses are being built. They found, taking all those factors into account - our reading of the report in any event - that there are only 15 fewer properties in the Hobart local government area and there is an extra 98 in the Greater Hobart region. That lead the university to summarise that housing supply is not the issue, it is the short stay accommodation sector that explains the decline in rental supply in Greater Hobart.

We say in summary that the following recommendations should be adopted by the inquiry. There needs to be a prohibition on Airbnb and other short-term accommodation providers in

## PUBLIC

Greater Hobart. We also believe that other areas that may be detrimentally impacted, such as the Break O'Day Council and the Glamorgan-Spring Bay Council, should also be looked at. The university research shows that 40 per cent of properties -

**CHAIR** - Glamorgan-Spring Bay does have a register of short-stay properties in their area.

**Mr BARTL** - and 17 per cent in Break O'Day. We say they are two further councils under which, potentially, short-term accommodation providers should be regulated. As we said earlier, we also feel that investors should only be able to register one property at any given time at an absolute maximum in the rest of Tasmania.

**Mr VALENTINE** - On page 3 of your original submission, you say that rents in Hobart increased by 8.4 points between June 2016 and June 2018. Is that 8.4 per cent or percentage points? There is a rather large difference between those two.

**Ms BARTON** - That was from the Australian Bureau of Statistics and they measure by virtue of a point system.

**Mr VALENTINE** - It is not a percentage point, or is that not clear?

**Ms BARTON** - I do not know that it is a percentage point because I know the ABS does it by a point system. I would have find clarification on that one.

**Mr VALENTINE** - If you cannot clarify that, it is all right.

**Mr BARTL** - If it is okay, Mr Valentine, could we take that on notice?

**Mr VALENTINE** - You can. Just for clarification.

**Mr BARTL** - We do go on to say there has been an 8 per cent increase in the south of the state but that is just for the last year. I think our second graph shows that over the last two years -

**Mr VALENTINE** - Is this the one to look at?

**Ms BARTON** - That is the newer data that came out from the University of Tasmania after -

**Mr VALENTINE** - We will take this as gospel.

**Ms BARTON** - the submissions were due. It came out a week later.

**Mr VALENTINE** - Talking about the vacancy rate, I do not know what it is today but what is it 0.7 or 1 per cent?

**Ms BARTON** - It was 0.7 per cent, and a lot of media attention was gained around that mark. It did increase a little bit over the winter. I believe REIT might have had it at 1.4 per cent at one stage, but it is on the decline again.

**Mr VALENTINE** - Do you have any understanding of the occupancy rate; the number of properties occupied as opposed to those that are not? There is a bit of a difference between a vacancy rate and an occupancy rate.

## PUBLIC

**Ms BARTON** - That is one of those ones that is hard for us to determine. We don't have the resources to go down that path. We use the statistics that are available.

**Mr VALENTINE** - That is all right. Does the Tenants' Union cover the whole state?

**Ms BARTON** - Yes.

**Mr VALENTINE** - You would pick up some of the issues being experienced in St Helens and Bridport, perhaps?

**Ms BARTON** - As much as we can with the resources we have. We have one-off funding to attend Launceston courts. We have a bit more access to what is happening in Launceston, which is another area that has been growing. Based on our phone systems and the advice, we deal with everywhere in Tasmania.

**Mr VALENTINE** - You say in your submission that the consumer building and occupational services should '... be given the power to penalise providers, host or guests that do not comply with regulations, and/or cause a nuisance to neighbours.' There is a fair bit of activity in that industry. How do you see that being funded?

**Ms BARTON** - One of the things, when it comes to funding of these resources, is looking to the process of the RDA and what is happening with the bonds. With the increase in rentals, we are seeing a huge increase in the amount of bonds being held because of the four-week nature of those. We have always asked about the figures, what is being held, the interest that has been garnered from tenants' money and the use of that. At the moment it is used to solely fund the RDA. We query whether there can be processes that can be utilised through that step to increase its use. In Queensland there are larger pools of rental than we have; with the increasing bonds we are seeing a lot more, but they use it fund tenant services.

The reason we went down the CBOS path is because of their expertise in the area. The concern some people have, as has been mentioned, is the use of local government resources. If it were resourced effectively, and having already had the expertise in the area, we believe they would be an appropriate resource to use and regulate this sector.

**Mr WILLIE** - I am interested in these recommendations and how they would work in practice. You are saying that investment properties for short stay accommodation should be prohibited within the Greater Hobart area and other areas where the impact on the local community is detrimental. Is that a complete ban or is a cap on existing properties? The compliance is not even there at the moment. There is about 20 per cent compliance. How do you propose to do that? Is it retrospective?

**Mr BARTL** - We are very concerned that in March the Tenants' Union, along with a whole bunch of other organisations, was called to the Housing Summit and one of the recommendations was that there would be a data-sharing partnership entered into between Airbnb and other short-term accommodation providers and the Government. We all signed off on it. Airbnb was present at that Housing Summit, yet our understanding is that information has not been provided to Government or, alternatively, if it has been provided to Government, it has not been made public. We urge that you raise this with Airbnb and other short-term accommodation providers as to what happened with that data-sharing arrangement.

## PUBLIC

Ideally, what we would like to see is a model such as that adopted in New York a couple of weeks ago and Barcelona, whereby Airbnb and other short-term accommodation providers must provide, by law, the addresses of their host properties. We say - given the Government has said, 'You, investment owner, need to provide details to us', and, as Mr Willie has said, there is only 20 per cent compliance - we need to look at another way. We believe the best way is to remove the red tape. Don't have hosts having to provide that data but go straight to the provider, Airbnb, and say that you must provide that data to us. That is already happening in New York and Barcelona.

**Mr WILLIE** - We have heard from organisations like LGAT today talking about planning overlays so that local communities can make decisions about short stay in their community, even taking into factors like housing affordability. Is that something you would support?

**Ms BARTON** - I think it becomes difficult with the complex nature of it, in allowing the sphere of the sector become so much bigger by having so many voices. I think that is one thing we've particularly noticed over this last year. It has become apparent that there are clearly a lot of voices; you saw that with the submissions you have received.

**Mr WILLIE** - There are 200 of them.

**Ms RATTRAY** - Have you read them all as well?

**Ms BARTON** - I wish I had the time. There has been so much talk about data-sharing and things like that.

Going back to your previous question as well, one of the things with the whole 'prohibition' - I don't know whether that is the correct term - we are coming back into our prime tourist season. We saw a very limited decrease in the use of this. There was a very limited change over our winter season because we are becoming a lot more popular with what we've got going for us. So to come into that summer period still talking about data, who is going to regulate and where is a really big concern because we are not seeing any action happening.

From our perspective, the tenants of Tasmania are our sole concern. That is who we look at. We are not opposed to tourism; we are not opposed to short stay in its original context, but the prohibition or the freeze - which is probably a good term as well - on these one-investment properties going under now and the concern of seeing another 100 or 150 come in in the next couple of months. We are going to hit the prime season, which is going to place an incredible amount of pressure on the already boiling system we have now. I think we are in line on looking the further down the track and actually getting into the process of discussing who will be responsible. We need some action to happen in the near future. That's our really big concern at this point.

**Mr WILLIE** - You would like to see immediate action because you are anticipating the peak tourism season is going to be pretty similar to last summer, with low vacancy rates again to 0.3 per cent?

**Ms BARTON** - I would say it would be difficult for it not to be. I am not a weather forecaster, but we are having milder summers. Even in the winter, we are going to see it more and more. You would hope that our tourism industry isn't this one-off wonder for a few years. I

## PUBLIC

think Tasmania itself will be popular for many years to come. It is be really important to see some action happening. There is much talk at the moment and that is really good; many roundtables, which are great. Discussions are wonderful, but we saw a photo the other day of a reasonably priced property for rent in Glenorchy with a line-up of 45 to 50 people again. We are still seeing it. It is not easing unfortunately. That was for something that was a nice little property that was actually reasonably priced; it wasn't a crazy one.

We have the people who can no longer sit in the middle trying to drop down to their lower prices.

**Mr WILLIE** - It's fair to say that you are frustrated with the lack of action?

**Ms BARTON** - Yes.

**Mr BARTL** - In June of this year the Greens and Labor put a motion to parliament for a moratorium on short-term accommodation providers. It wasn't even the suggestion that we go back in time: it was just there shouldn't be any new properties. That motion was lost at the time because the Government said, 'We have entered into this data-sharing relationship and you need to give us an opportunity to collect that data.'

We reiterate that our understanding is that information has not been provided or the Government has that information and is refusing to release it to us. The question is why? We believe it is because the impact isn't good. It is not a good look for the Government to have so many properties turned into short-term accommodation.

**Ms RATTRAY** - I note that on the bottom of your updated version of your submission you talk about rents in the north and the north-west increasing by slightly more than CPI. So you are not seeing the same issues with people making contact in regard to affordable rental properties in the north and north-west as you are in the south? Is that what I am to take away from this?

**Ms BARTON** - Yes. At this time, not as much. The north-west is a little bit of an anomaly. It has actually been coming up in statistics in data that we have seen so. It's a hard one to decipher because there is quite a large focus and a large sector of properties that are holiday homes and things on the north-west coast -

**Ms RATTRAY** - And the east coast?

**Ms BARTON** - Yes, the east coast is certainly one that we do hear of. But I think the north-west coast is one to watch. I think there are some things that I cannot remember off the top of my head, but I know in the RDA data we were given not so long ago, there was a huge jump in the rents there just for a couple of months so it was a really strange one. We have not quite worked out why that happened or whether there was a shortage of properties so the rents suddenly jumped in that period. I think it's definitely one to watch.

**Ms RATTRAY** - Can I suggest that perhaps there is not as much turnover in the north and north-west? Would that be the case? You cannot just put the rent up once you have locked into a price for a time.

**Ms BARTON** - Every 12 months the rent can be increased. I think the accommodation there is probably a little more stable. It is probably a little bit more old school. Plus in the north-west,

## PUBLIC

in particular, there is a larger scale of social housing so you see a little bit more stability in the market at this point.

**Ms RATTRAY** - It has been suggested by some previous presenters to the committee today that governments haven't invested in infrastructure as Tasmania has grown. Obviously people want to spend more time in Tasmania, so without the Airbnb facilities in some of the more regional areas, we wouldn't be able to have as much tourism activity around Tasmania because of that? Do you have a comment on that?

**Ms BARTON** - It is not something that I have really thought about. Infrastructure is really outside our thing. We have started to look at getting a bit of knowledge around the planning side of things.

**Ms RATTRAY** - Good luck with that.

**Ms BARTON** - Yes.

**Ms RATTRAY** - When you get it right, can you let me know?

**Ms BARTON** - It did get put to the side with a bit of fear. It's not really within our area of our expertise to answer that.

**Ms RATTRAY** - So it is not necessarily what you are hearing from your people. Obviously, you have to have basic infrastructure which sometimes government or local government has a role in. That feeds on to private investment for accommodation and other things so that is interesting.

**Mr BARTL** - Tania, if I may, I just want to take you back to your comment about the rise in rents. In particular, the data we have provided is not for Hobart, Launceston and Devonport.

**Ms RATTRAY** - It is across the board.

**Mr BARTL** - So, for example, the red line is for southern Tasmania. It includes Rob's electorate in the south as well as central Hobart, Glenorchy and the Tasman Peninsula. The north is the north and the north-east, and the north-west is the north-west and the west.

These are only averages. We say rents in southern Tasmania have increased by 16 per cent, but the reality is it almost certainly more in central Hobart and probably less in Huonville and other areas in the south.

**Ms BARTON** - Yes, I think they are tipping at closer towards the \$400 a week in the south too.

**Mr VALENTINE** - Does the green include west coast?

**Mr BARTL** - Yes, that is my understanding, Rob.

**Ms RATTRAY** - We also heard this morning that the average capacity for accommodation places outside of Hobart is still quite low. They are not meeting their targets. There are still places that have gone through the accreditation process and done all the right things and complied with every regulation required

## PUBLIC

**Mr ARMSTRONG** - You were saying that you want to see something happen as quick as possible but Shelter Tasmania said they realise it is a big issue and it is not going to happen overnight. They are saying, 'Do not do it in haste but do it properly and do it right.' I imagine this committee will not hand its report down until the New Year at least, and I imagine the Government will be waiting to see what comes out of this report, so I cannot see anything happening really quickly in the overall scheme of things. I believe there is also a bill coming to us before Christmas, so we have heard.

I wanted to touch on a couple of other things, and Josh also touched on these. You say the use of investment in properties for short stay accommodation should be prohibited in the Greater Hobart area, but have you spoken to anybody in the Greater Hobart area, the businesses and everything, that would be affected by this? It would have a huge effect on the businesses in the Hobart area because when tourists come here, they spend money. They cannot get accommodation in the hotels during the summer months because they are completely booked out, so you would be driving tourism out of Tasmania. Have you spoken to any of the businesses in Hobart about that?

**Mr BARTL** – No, we haven't, Rob. We are the Tenants' Union so our role is to advocate on behalf of tenants. What we would say is potentially if tourists are coming to Tasmania and cannot stay in Greater Hobart, they will go to some of the more regional areas where that investment is needed.

**Mr ARMSTRONG** - That does not always happen, though.

**Mr BARTL** - With the greatest respect, we would say some of them will and that is a good thing because we want more tourists going to our regional areas. The Tenants' Union wants to ensure there is affordable accommodation for the people who live here, not the people who are here for a weekend.

**Mr ARMSTRONG** - But we also heard those houses on Airbnb would not be tenanted to the affordable housing sector at all, so by freeing them up for that you are probably not going to bring them back into the rental market for affordable housing. I understand you represent the Tenants' Union but we have to look at the whole picture of employment and businesses that have to survive or we won't have anybody coming to Tasmania. I just want that commented on.

**Mr BARTL** - We believe that the priority should be long-term residents of Tasmania and at the moment we have many people who cannot live in Hobart because they cannot afford it.

**Mr ARMSTRONG** - But what I said before - you did not listen - was that those houses most likely will not be freed up for affordable accommodation for rental properties anyway.

**Ms BARTON** - But they will flow back into the market at the higher end, which will then place less pressure on the market, which will decrease the increases happening in the rental market, which will allow for more affordable accommodation, so it will flow back down that path.

**Mr ARMSTRONG** - Will it?

**Ms BARTON** - It should do. Business is great and tourism is wonderful, but what needs to be acknowledged is that that is not benefiting all Tasmanians. While we are having a wonderful

## PUBLIC

economic boom for business and things like that, we are having people living in tents, families who can no longer provide a house for their children who are losing services because they are having to go further out into the region that do not have services, children who are at one school for 12 months and then have to go to another school for the next 12 months because they can't stay in their property. These sorts of things are happening every day. It is not just these one-off things any more. I have been working with the Tenants' Union now for nearly 13 years. I started when the big boom happened in the early 2000s and it was nothing like this. There was a boom and increases in rent but there were still properties available for everyone.

**Mr ARMSTRONG** - How far are people moving out? Are they moving to New Norfolk?

**Ms BARTON** - Oatlands, Launceston, Latrobe.

**Mr ARMSTRONG** - There are services in Launceston, Latrobe and Oatlands.

**Ms BARTON** - That is great if it is by choice. This is not by choice anymore. This is being forced, and that is all well and good if they have been in stable accommodation and their children have been at the same school for the years and their family are here, but we are suddenly telling them, 'Sorry, you don't earn enough so you can't live where you want to live now, go and live somewhere else'. People should have the options available to them. We are not saying that Airbnb needs to go, but it needs to be regulated. Something needs to happen and it needs to happen fast.

**CHAIR** - So you are saying people have no choice as to what to do with their own properties?

**Ms BARTON** - People can have choice as to what they do with their properties, but we are restricted as it is; we cannot even put a garage where we want to. The investment sector is not a bad sector to be in for a long-term rental if you have a tenant paying off your mortgage for 10 or 15 years if you do the right thing. It is understanding that while we want to see our economy boom, we want to see everyone benefit from it, not just a small minority. We want to see everyone being able to have that success as well and to be able to live appropriately in the accommodation they choose.

**Mr VALENTINE** - Just to follow up on that, are the people moving out to Oatlands working in Hobart, or is this the sector that is unemployed?

**Ms BARTON** - A lot of them are probably in a low socioeconomic area so they are either unemployed or on casual work and things like that.

**Mr VALENTINE** - So they are not commuting by bus to Hobart for work?

**Ms BARTON** - We haven't had people commuting as such.

**Mr VALENTINE** - They might from, say, Kempton?

**Ms BARTON** - Yes, they have been moving further out that way, but in Oatlands people have moved to live there for the short term until they can come back into the market.

## PUBLIC

**Mr VALENTINE** - I am aware that in Sydney, a while ago now I suppose, people who worked in the coffee shops and provided services were not able to live close enough to Sydney to actually be able to commute to do it, and I suppose that is the issue.

**Mr ARMSTRONG** - People commute from Dover, Rob.

**Mr VALENTINE** - That is a fair way, how many kilometres is that?

**Mr ARMSTRONG** - It is further than Oatlands.

**Mr VALENTINE** - Your second recommendation was that outside Greater Hobart use of investment properties for short stay accommodation should be restricted to 60 days per annum. Why are you restricting it to 60 days? Is it going to make a difference? If people are going into rented accommodation, the last thing they need is to have to move out after 300 days. Most people want stable accommodation, so is it really going to make a difference by limiting that?

**Mr BARTL** - We believe 60 days is a good balance because we believe the incentive of renting out to long-term tenants should always be greater than renting out as short-term accommodation. If you can only rent out an investment property for 60 days -

**Mr VALENTINE** - It might make a difference in what you decide to do with your property.

**Mr BARTL** - Exactly. It still gives people the opportunity to go to the mainland for summer and rent out the property over that period, but 60 days is a good limit and a good balance for people to decide if they should get long-term tenants in or use the property for short-term accommodation.

**Mr WILLIE** - How would you police and enforce that 60-day limit? Would it be self-reporting?

**Mr BARTL** - We talked earlier about Barcelona and New York where Airbnb and other short-term accommodation providers have to provide the data. Again, if the property is only able to be rented out for up to 60 days, that is part of the information Airbnb has to provide to the government. Rather than leaving it to individual taxpayers to provide honest records, go to the source and let Airbnb have to say, 'Josh, you have rented out your property for 61 days - you're not allowed to do that so here is a fine.'

**Mr VALENTINE** - They might be on different platforms; they might be on two or three platforms.

**Mr BARTL** - It's across the board, Rob, it is not just Airbnb, and we are not trying to target Airbnb. It is all short-term accommodation providers.

**Mr VALENTINE** - So as a collective on any of those platforms there needs to be data that comes in and says it is not over 60 days.

**Mr BARTL** - Yes.

**CHAIR** - Thank you very much for coming in. Thank you for your submission and the extra sheet you provided today; it is appreciated.

**PUBLIC**

**Mr BARTL** - Thank you.

**Ms BARTON** - Thank you.

**THE WITNESSES WITHDREW.**

## PUBLIC

**Mr NEIL CRANSTON**, SECRETARY, AND **Mr PETER PEARCE**, COMMUNITY MEMBER, BATTERY POINT COMMUNITY ASSOCIATION, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

**CHAIR** - We appreciate you coming in for our first day of public hearings. All evidence taken at this hearing is protected by parliamentary privilege. Any comments you make outside the hearing may not be afforded such privilege. A copy of the information for witnesses is available. The evidence you present is being recorded and *Hansard* will be published on the committee web page when it becomes available. Would you like to make a statement to your submission?

**Mr CRANSTON** - I am the Secretary of the Battery Point Community Association and Peter is a member and an active participant with us on matters of planning, which is one of the reasons he is here.

First, we would like to acknowledge that you are holding this inquiry. It is a matter of keen interest to many of the residents of Battery Point, and thank you for the invitation to come along and speak with you. We are talking on behalf, in a sense, of the Battery Point Community Association but, as you might expect, there are varied opinions about short stay accommodation broadly and within our local community as well.

**Ms RATTRAY** - How many members, Neil?

**Mr CRANSTON** - It varies across the year, but somewhere between 80 and 100.

We have had some public discussions with our members on this. We have provided information on our association website to try to get people to engage with it. As you might expect, oftentimes discussions about this get quite heated. I am going to make a couple of comments and Peter might pick up a few things I miss. I want to stress some of the things you already have in the submission.

I guess one of the things that, as an association with a keen interest in Battery Point and preserving it in many ways as a historical artefact in Australia generally and Hobart in particular, is that we have had very little consultation - no consultation - about this particular issue along the way. In fact, we have been left to try to pick up the pieces as various decisions have been made. Our disappointment is that there is international evidence about the impact of short stay accommodation. You would be aware of some of that.

We also make the point that Battery Point is unique. At the end of our submission I have provided a copy of a number of principles that we developed at a community meeting about Battery Point and many of those are about preserving the significant historic precinct that it is. It is not to say we are against rental accommodation in the area. As you would be well aware, there have been bed-and-breakfasts and student accommodation and a very eclectic mix of people have lived in Battery Point across the decades and longer.

Our concern is that short stay accommodation is exacerbating the impact of tourists in the area, be that through the loss of residential amenity for permanent and long-term rental residents; impacts on traffic, parking and pedestrianism have been significant; and in a general sense on the sense of community. Battery Point is a community and personally, having moved there some seven years ago, the feeling of community and support for people within the area has been

## PUBLIC

significant. What we have seen in recent times has been a turning over of some of the rental accommodation, with longer-term renters being tossed out, if you like, for higher rentals in the short-term market.

We see also in a broader picture that Battery Point is important to Hobart and Tasmania in the sense of its tourist value. I know some of you live there or know people who live there or visit there.

**Ms RATTRAY** - Or walk past.

**Mr CRANSTON** - Or walk past there or park your cars there and go to work.

**Ms RATTRAY** - No, we don't park; we only admire.

**CHAIR** - There would not be room to park your cars, would there?

**Mr CRANSTON** - This is right. The impact, particularly the issues around traffic and parking, are significant. We have been working closely with the Hobart City Council to try to work our way through some of those things; to date, unsuccessfully.

**Mr PEARCE** - The main point I want to stress are not so much the impacts that Neil has covered, but the continuing situation we find ourselves in, in having to attend hearings like this, whether it has been here, the commission or somewhere else over the years. We cannot seem to get to a position where there is any policy work undertaken that might settle some of the issues for Battery Point. It is all about ad hoc planning and we forever find ourselves fighting from a position of disadvantage.

The Government's recent planning directive on visitor accommodation was put into law before it went to any form of consultation. We had to come from behind and address the matters in the planning directive. The Planning Commission overturned the planning directive in relation to a couple of aspects of the planning directive. The point I am trying to make is that it is, as Neil said, we are not opposed to visitor accommodation and we are not opposed to some commercial activity, but it is all ad hoc. There is no planning.

Listening to Mr Armstrong a moment ago, where will these people go who might want to come to Tasmania? I see it as a case of asking: will tourists and developers only be satisfied when all of Battery Point is taken up? That is probably an exaggerated statement, but what I am saying -

**Ms RATTRAY** - I do not think you two are selling quickly.

**Mr PEARCE** - That may not be correct, but it will not be because of Airbnb; there are other reasons. The Hobart City Council is coming around on establishing a position for Battery Point, and probably other heritage areas or inner-city residential areas. We make the point that it is not planning. It is adhocery, and this is also shown in terms of the Government's statewide planning scheme, where the minister is proposing commercial activity in Battery Point on an ad hoc basis. That is not supported by the Hobart City Council or the Planning Commission. I am trying to get across this message of frustration from Battery Point residents that we want to see some proper planning done. The Liberal Government always talks about consistency and certainty. There is

## PUBLIC

none in Battery Point. There is none for developers and none for residents. It is a fallacy and the minister's statewide planning scheme is going to make that worse.

That is the main position I want to stress to the committee, and recognising some proper planning needs to be done. The minister's planning directive was prepared in such a way as to allow short term stays to be exempt. They are not exempt now in Battery Point but in other parts they are exempt. How many are going to be exempt? In a year or two years' time, how will you know how many short-term stays there are? You won't have any idea. It is a ridiculous piece of regulation. There is no planning and it's just a dog's breakfast, to be honest.

The other situation I will stress is that our position is supported by the Hobart City Council. We have had numerous meetings with the council and are developing with them a plan we hope the Government will accept.

**Mr VALENTINE** - Is that a LPS?

**Mr PEARCE** - Yes, a local area plan. That will be consistent with what Hobart City Council and we want, and I think consistent with what the commission wants. Of course that could get the tick by the commissioner and not be accepted by the minister, but it will go through these planning steps. It won't go through a planning step when it gets to the minister's desk. It is this frustration, and I am not just having a go at the Liberal Government - it could be the same for Labor. I am saying it is a position that needs to be settled and there is no certainty for residents or anybody else. No planning is my message.

**Mr WILLIE** - Do you think it was irresponsible for the Government to change the regulations but not put data capture in place to monitor the impact?

**Mr CRANSTON** - It is not for me to say they were irresponsible. One of the points we tried to make in our submission is that we are looking for evidence-based policymaking and as Peter pointed out, that has not been the case. One of our suggestions, and your committee is part of this, is to try to get some systematic review and data about the impact of these decisions. I think it is very disappointing from a community point of view that a decision can be taken without evidence.

**Mr WILLIE** - That is a reasonable point to make. Do you think there were issues with the messaging from the Government talking about deregulation and world's best practice, the message that sent to people, because there is a lack of compliance with the regulations that remain? Some 20 per cent of investors are complying with the regulations but others are not. Do you think there was an issue with the messaging?

**Mr PEARCE** - Yes, I think there was. I feel embarrassed sitting here because every time I open my mouth, I am having a go at the current Government, but I feel the pendulum has swung far too far towards appeasing developers. That is evident in the planning directive on short-term stays and in relation to the Government's statewide planning scheme. It all comes back to no planning. In the statewide planning scheme there is far too much discretion. The minister's statewide planning scheme does not resolve any question of consistency or certainty because of the discretion allowed in the scheme. The development lobby seems to have sucked that up for some reason I do not understand. It is beyond me how the development lobby has been taken in the discretion that is now allowed in the proposed statewide planning scheme.

## PUBLIC

**Mr CRANSTON** - To follow up, we don't want to be political about this because we are happy to work with and sit down and consult with anybody from anywhere to achieve the best outcome for Battery Point. I think the issue Peter is trying to make is that we just haven't been part of the conversation. We have been completely excluded and despite our best efforts to try to get into the tent, we can't get there. We have correspondence to the minister and others that has been unanswered about some of these matters, which is pretty disappointing.

**Mr WILLIE** - You also had a bit of success with the Planning Commission and your representations there, so all power to you. You obviously had the expertise in the community and the resources to put together those representations. Looking at that broadly, there are other communities having similar sorts of impacts but they do not have those exemptions, so do you think there is an equity issue there?

**Mr PEARCE** - I don't. On the face of it, I think there appears to be. In relation to Battery Point I think the excuse is that we are far more vulnerable than any other area. We are at the coalface of where tourists want to go so we are easy meat. We are the area developers want.

**Mr VALENTINE** - It's walkable, is that why?

**Mr PEARCE** - Yes, we are on the edge of where the action is and that is what makes us vulnerable. I think you mentioned the issue of infrastructure, and maybe this is not directly what you meant, but the infrastructure in Battery Point, particularly the roads, are certainly not conducive to more, more and more, whether that is more visitor accommodation or commercial activity. The next step is obvious. If you allow Battery Point to be opened up to commercial activity and visitor accommodation, we are going to have laundromats, we are going to have 24/7s and all those things are going to come, as has happened all around the world. I am not saying that shouldn't be allowed to happen, I am saying let's plan for it. Let's not leave it open so that a laundromat or a 24-hour pharmacy can just put in an application and go through the council. That is not planning. Developers don't want that. Developers want some certainty. Residents want some certainty, but they are not getting any.

**Mr WILLIE** - I guess in summary it would be fair to say you want some planning but you also want to be heard as well at a local level.

**Mr PEARCE** - Yes, that is the major part, consultation.

**Mr CRANSTON** - There is high ownership of Battery Point by the residents and businesses. We live there because we love it and are the custodians of properties there. You never really own the place. The place I live in was built in 1838 so many people have cycled through there and there will be a lot of people after, hopefully. We are trying to protect that from both a historical heritage point of view but also an amenity of living there. This is a suburb that is unique. People stroll through there all the time, 365 days a year, and we do not want laundromats on the corner and unfettered development. That is just crazy.

**Mr WILLIE** - Nobody is questioning the heritage value of Battery Point, but if you put that aside for a minute, when I am talking about inequity across communities, I am talking about amenity and community being eroded that is happening in other areas too.

**Mr CRANSTON** - Sure, and we absolutely accept that.

## PUBLIC

**Mr PEARCE** - I think we are behind the eight ball a bit when you talk about amenity and so forth because people play the elitist card against residents of Battery Point with high property values and things like that, and that is always a difficult card for us to overcome. Nobody is going to look after my place as well as I will look after in terms of the heritage sense and nobody wants to live in a community any more than I do. I feel personally more part of a community in Battery Point than anywhere I have lived previously, but if you mention that too loudly the elitist card comes. We have a very active community association, not all wealthy people, but quite a few people on lower incomes - although they are diminishing, - but they are going, not just because of Airbnb, there are obviously lots of reasons for that.

**Mr ARMSTRONG** - What is the population of the greater Battery Point area, Peter?

**Mr CRANSTON** - It was about 2000 at the Census.

**Ms RATTRAY** - It is about the size of the Scottsdale community.

**Mr PEARCE** - We have a commercial strip in Battery Point, running down Hampden Road, which is called a mixed use zone. We would like to see more planning done similar to that. If there is a need for some form of commercialisation at all, let that be identified and be zoned for that use, whether it is visitor accommodation or some form of commercial activity, rather than spreading it through the residential area.

**Mr ARMSTRONG** - Can you build a pharmacy or a laundromat anywhere within the Battery Point area?

**Mr PEARCE** - No, not at the moment. You would be able to under the minister's statewide planning scheme, which is not in force yet.

**Mr ARMSTRONG** - That statewide planning scheme that started back in -

**Mr PEARCE** - Four and a half years ago.

**Mr ARMSTRONG** - Yes, when I was in local government, it was coming through then.

**Mr PEARCE** - When the Liberal Government got into power.

**Mr ARMSTRONG** - It was started before that, wasn't it?

**Mr PEARCE** - It started eight years before that. That was under the Labor government.

**Mr ARMSTRONG** - That is what I thought. I was getting confused when you were saying that you might see a pop-up shop here or there, you can't, but under the new planning scheme -

**Mr PEARCE** - Under the proposed statewide planning scheme there will be commercial activity that will be a discretionary use allowed in the residential zone at Battery Point.

**Mr ARMSTRONG** - Is that only for Battery Point?

**Mr PEARCE** - No, all around the residential zone.

## **PUBLIC**

**Mr ARMSTRONG** - Throughout Tasmania?

**Mr PEARCE** - Yes. It will be discretionary, not permitted, discretionary.

**CHAIR** - Is it only for certain commercial activities?

**Mr PEARCE** - Yes, but a wide range. It depends what you mean by commercial. It's not about industrial ...

**CHAIR** - When I was on the council certain things were allowed in a residential zone but it was not wide ranging. It was quite limited.

**Mr PEARCE** - Shops and services are allowed. They have discretionary uses.

**CHAIR** - Doctors' surgeries?

**Mr PEARCE** - That is what we are trying at the moment with the local area plan. We are working with the Hobart City Council to exclude commercial activity from Battery Point other than in the mixed use zone.

**Ms RATTRAY** - Which might be down Hampden Road.

**Mr PEARCE** - Yes, it is not a big strip. I do not want over-exaggerate.

**Mr ARMSTRONG** - We have a discretionary use in a lot of planning schemes. That would be the corner-store type thing, a milk bar, in a residential area. It was specific what those discretionary things could be.

**CHAIR** - Otherwise they had to go to the council chambers.

**Mr VALENTINE** - They are generally for local use, rather than regional use.

**Mr ARMSTRONG** - Being discretionary, they always went to council in the Huon Valley.

**Mr CRANSTON** - In that regard we are watching with some interest what happens with the slip yards at Napoleon Street. We had consultative workshops with the Hobart City Council in May last year; the outcome of which we haven't seen yet.

**CHAIR** - There are not a lot of slip yards around now, are there?

**Mr CRANSTON** - No, and there is commercial activity down there now.

**CHAIR** - I can remember we had our boat down there.

**Mr VALENTINE** - Are you suggesting it is might come back as a shipyard zone?

**Mr PEARCE** - There still are some commercial activities.

**Mr CRANSTON** - There is a guy building an aeroplane down there.

## PUBLIC

**Mr VALENTINE** - I realise that. A spitfire.

**Ms RATTRAY** - You indicated that you have not had much progress with Hobart City Council around parking. Yet they have been quite supportive for the local area plan. Did I get that right?

**Mr CRANSTON** - Yes, but I don't want to be seen to be critical because we have had many conversations about traffic and planning with the Hobart City Council. I absolutely understand the difficulties they have in trying to manage it. You have the Hobart City Council area concentrated by everywhere else. Everyone wants to come in there, be it work, tourism, or whatever. How the traffic issue gets managed, particular in Battery Point, because of its location is not simply owned by Hobart City Council. We digress, I guess, but some of the surrounding councils and the state government have to take up some of the responsibility and work collaboratively on it because Hobart City Council, which represents 50 000 people, simply does not have the capacity to do that.

We have talked about a whole raft of things with the council and we are trying to move forward a centimetre at a time. I am not being critical on that because I understand the difficulties they have in trying to manage it.

**Ms RATTRAY** - It has been suggested that a permit or a licence to operate a short stay accommodation would at least give some data for government and local government especially to be able to assess where we might go. Do you see that as a first step approach so that we can get the data to -

**Mr CRANSTON** - Yes, I do, because I am going back to the point I made before that we interested in evidence-based policy making. The problem is that we do not want the issue to go too far and then suddenly find the data saying, 'Oh, this is a complete nightmare'. How do we then backtrack? Probably one of our frustrations is that decisions around this could have been taken by looking at the research, at what has happened, internationally, which seemingly was ignored and now we are starting to see the consequences. We are trying to play catch-up to it all. Yes, I absolutely support the data but that is probably not going to unpick some of the issues that have already been laid in concrete.

**Mr WILLIE** - On that, I know someone who lives in Battery Point. There have been investors who have invested significant money into premises around business models in Battery Point, and so to now change tack, it makes it difficult, does it not?

**Mr CRANSTON** - I can understand that, yes.

**Mr PEARCE** - As a result of hearings before the planning commission, the planning directive was made by minister Gutwein. It has been amended to require visitor accommodation to get a permit now so from now on that data will be there for visitor accommodation.

What it will not be there for is for people who are renting out rooms because that is still exempt. Visitor accommodation in a house that was rented for commercial purposes was also exempt. It is not now. There will be data for that from now on, but for people renting out rooms - you can rent out up to four bedrooms without a permit - there will be no data for that.

## PUBLIC

**Mr WILLIE** - We have had one of the platform providers here today and they were talking about not only permit for planning but a register system and capturing that data too. Is that something you would support - a register system for sharing a room, a timeshare of a primary residence, but then also investor scenario as well?

**Mr PEARCE** - I would support it because there is an anomaly between visitor accommodation and people renting our rooms. If you are changing a property from a residence to visitor accommodation -

**Ms RATTRAY** - They call it 'flipping' now, Peter.

**Mr PEARCE** - What is that?

**Ms RATTRAY** - We learned that today, it is called 'flipping'.

**Mr PEARCE** - Okay, if you are just going to require a house to be 'flipped' to visitor accommodation, you require a permit and as a result of that permit, you are required to meet provisions of the planning scheme, for example, parking.

If you are going to let out some rooms in your house though, four bedrooms, it is exempt. You are not required to get a permit, so you do not have to meet the requirements of the scheme. In fact, having four bedrooms rented out could be four extra cars. It doesn't matter. It only matters if you are going to have one extra car in a house. That is nonsense.

**Ms RATTRAY** - It does not make sense.

**Mr WILLIE** - The same platform provider was talking about a code of conduct for the industry, things like behaviour standards for short stay premises. Things like safety standards and other accreditation. Is that something you would support?

**Mr PEARCE** - Yes, that is just sensible in any sort of industry. In many ways it is protection for people operating the business. One wonders, do they have the insurance, do they have the other things? We probably only need someone to fall down the step and sue them for millions before we will start to see some serious issues.

**Mr WILLIE** - When you only have 20 per cent compliance for the planning, you wonder about tax, insurance and a whole lot of things that are probably falling through the cracks.

**Mr PEARCE** - That is the question. What is going on out there? We haven't got the data on it.

**Mr CRANSTON** - Whilst we have been bagging the Government and so forth for the last 20 minutes or half-an-hour, what we are all about is simply not getting into the game, not engaging with us, and consultation not being available to us. A lot of these things could have been avoided but there has been insufficient consultation. When there has been consultation it has been after the horse has bolted.

**Mr VALENTINE** - You mentioned the issue of communicating when you have been dealing with the council about issues such as the sense of community. Is that your major concern or are amenity issues your major concern?

## PUBLIC

**Mr CRANSTON** - Both of those issues are. There is a range of concerns.

**Mr PEARCE** - We haven't really been friends with the Hobart City Council until the last five or six years, I suppose.

**Mr VALENTINE** - That is because they took your planning scheme away.

**Mr CRANSTON** - Yes, that is right.

**Ms RATTRAY** - It sounds like when you were there.

**Mr VALENTINE** - I didn't vote to get rid of the planning scheme, I will tell you that.

**Mr PEARCE** - In more recent years, the Hobart City Council and the community association have really found some common ground. In relation to visitor accommodation, they do not see Battery Point as being the visitor accommodation capital of Hobart. That is not to say we are excluding visitor accommodation. We want it planned. It is an amenity question in one sense. We also feel that residents - people that own properties in Battery Point, a lot of which are heritage - will look after that property better than a commercial owner. People who live there will look after it better. It will lead to a better long-term asset for the state government. We feel that the state Government cannot see the value of Battery Point from a long-term tourist perspective. They just cannot see that. It is about short-term gains.

**Mr VALENTINE** - They are killing the goose that laid the golden egg.

**Mr PEARCE** - Killing the golden goose, that is right. Battery Point is like it is today because of the old Battery Point planning scheme, not because of what has been dished up either by Labor, Liberal or whoever.

**Mr VALENTINE** - I was interested to know how passionate your association, the people who go to your meetings, are about the sense of community that might be being lost as opposed to the fact that they cannot park their car, seeing too many people going to restaurants or not knowing their neighbour.

**Mr PEARCE** - They are very passionate.

**Mr ARMSTRONG** - Are there any other associations in Battery Point besides yours?

**Mr PEARCE** - No, not that I am aware of.

**Mr ARMSTRONG** - You are the only representative body in the area.

**Mr VALENTINE** - There was a business association at one stage that tried to be -

**Mr PEARCE** - The Battery Point Community Association had business person on the association eight or 10 years ago, but I do not think they had a separate group.

**Mr VALENTINE** - It was associated with the planning committee.

## PUBLIC

**Mr PEARCE** - Just to clarify, up until a couple of years ago we did include Sullivans Cove, but the community agreed that that was a far too broad a remit for such a small under-resourced group, so we now quite clearly define the Battery Point area.

**Mr VALENTINE** - Does it go to Queen Street?

**Mr CRANSTON** - No, down that way is Quayle Street. Of course Sullivans Cove has its own planning scheme.

**Mr VALENTINE** - Is the work that you are doing with the Hobart City Council the local planning schedule that you are working on or a local area plan, there is a difference.

**Mr PEARCE** - Local area plan.

**Mr VALENTINE** - It is the local area plan, as you said, so that's fine. You see the statewide planning provisions are the problem, but if the local area plan under the local planning schedule, one expects, is properly executed it may not be as big an issue as you think going forward?

**Mr PEARCE** - The Hobart City Council and Community Association want to exclude commercial activity from the residential zone of Battery Point, which is allowed in a discretionary sense under the statewide planning scheme. If we get the local area plan up, this will override, if you like, the statewide planning scheme -

**Mr VALENTINE** - This is what I am trying to understand. I was led to believe that the local area plan and local planning schedule may have to comply with the statewide planning provisions. They talk about taking the current metrics and scheme and putting it into the statewide planning scheme. That is what is happening now with the LPS. Is it as big a concern as it might have first appeared to be now you have had the conversations with council?

**Mr PEARCE** - You are spot on. That is a real fear of ours. We know that the Hobart City Council prepares the local area plan to exclude commercial activity in the residential zone, which we support. The council will take that to the commission, not the minister, and that will be heard by the commission. As a result of hearings on the Hobart Interim Planning Scheme, the commission has already ruled the current planning scheme, to exclude commercial activity from Battery Point. Assuming that they do the same again, the local area plan will go to the minister with a provision not allowing commercial activity in a residential zone. Whether the minister says that does not comply with my draft planning provisions, out the door, we don't know.

**Mr VALENTINE** - That is the fear.

**Ms RATTRAY** - When will that be clarified?

**Mr PEARCE** - Probably the end of the year.

**CHAIR** - You need to make representations to the minister.

**Mr PEARCE** - That is true. The HCC is telling us that they think they will have the local area plan prepared by the end of the year. That will go to the commission. All councils will be going to the commission about that time, because there are 29 of them.

## **PUBLIC**

**Ms RATTRAY** - The file will be fairly high.

**Mr PEARCE** - We are going to have another year or more of hearings before the statewide planning scheme is finalised, because all of the councils are going to be going. A couple of councils have already gone, they haven't been heard. It won't get up next year.

**Mr VALENTINE** - The initial \$300 000 to make that all happen is not really looking too good.

**Mr PEARCE** - There are probably a couple of options open to the minister in terms of creating more than just one hearing and do a number at a time. Whether he has thought about that, I don't know.

**CHAIR** - It has been ongoing for some time.

**Ms RATTRAY** - It's been going on for a long time, Peter.

**CHAIR** - I think I was in council when it started.

**Ms RATTRAY** - Peter would have been part of it.

**Mr PEARCE** - I was.

**Ms RATTRAY** - He was driving it.

**Mr ARMSTRONG** - Michael Aird, wasn't it?

**Ms RATTRAY** - Before Michael.

**Mr PEARCE** - Labor had about eight years at it and then got most councils with planning schemes in a draft form. Then when Liberals got into power they decided to do the statewide planning scheme.

**Mr VALENTINE** - To get rid of all of the schemes.

**Mr PEARCE** - To get rid of all of the interims and that is where we are at, at the moment.

**CHAIR** - I think Launceston were going fairly well at one stage. We were ahead of the game.

**Mr PEARCE** - All interim schemes are now in force.

**CHAIR** - We just determined that Joshua was probably still at school when it started.

Thank you very much for coming in and your submission is very much appreciated.

**THE WITNESSES WITHDREW.**