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THE LEGISLATIVE COUNCIL SELECT COMMITTEE MET IN THE COMMITTEE ROOM, GROUND FLOOR, HENTY HOUSE, CHARLES STREET, LAUNCESTON ON WEDNESDAY 3 OCTOBER 2018.

SHORT STAY ACCOMMODATION IN TASMANIA

Mr KEMUEL WOOD WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR (Ms Armitage) – I thank everyone for coming along. We have a full group of members and we do not have any apologies. This is our first day of public hearings in Launceston. Thank you, Kemuel, for coming along. All evidence taken at this hearing is protected by parliamentary privilege but I need to remind you that any comments you might make outside the hearing may not be afforded such privilege. A copy of the information for witnesses is available if you would like to read it or if you are not aware of the process and want to glance at through it.

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 today is that you will be given an opportunity to speak to your submission and then we will ask questions. We are specifically asking for information relating to the terms of reference.

Mr WOOD - First of all, thank you to all members for your time and the opportunity to address you today.

Since the written submission amendments were made by CBOS our situation has changed. Our Airbnb is on the market as a complete house. This was not the case earlier. Second, I also want to recognise that the affordable housing shortage within some of our major cities is an issue that has to be addressed by the Government.

I present to you today as an individual who owns a property in St Helens on the east coast of Tasmania. Our decision to invest in this property was to ensure our children have the lifestyle that we want them to have in years to come. It is not our intention to live in this house for at least 10 years. Putting it on the market as short-term accommodation to offset that investment has always been our plan since its purchase.

We are a state tourists want to visit. The Government recognises that purely in the fact that we are spending so much money on mountain bike trails, on the sinking of the HMAS *Darwin* - our economy in St Helens survives on tourism. Those are the sorts of things drawing tourists to our state.

Those who invest in the market, namely short-term accommodation, want to supply good-quality accommodation to those tourists. In St Helens there are not enough traditional accommodation options to satisfy this need during our peak seasons. Families want to be able to holiday as families. They want to be in environments similar to that of their homes. This cannot be achieved in St Helens, not in our market, and there is no doubt that the situation is the same in other coastal/holiday areas right around the state.

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I should be very clear now too that our house is not and never will be classified as affordable housing, and that is where the issue lies. I believe that the Government is trying to regulate the short-term accommodation industry with planning and with the building code. It seems that the only arrow in the Government's bow is to regulate short-term accommodation with housing over 200 square metres with CBOS regulations. We are to comply with 1b, Type A accommodation rules, which is okay because they have recently been amended.

This approach is almost like taking a hammer to fix a botch, honestly. Correct me if I am wrong, but affordable housing in Tasmania is based on 30 per cent of the minimum wage; that is what we talk about as being affordable housing. This roughly equates to \$237 a week before tax; in Launceston, as of today, there is no rental available at \$237 a week for a house greater than 200 square metres. I rang around this morning and I can tell you that agents laughed at me - very much laughed at me.

My point is that regulating short-term accommodation based on CBOS standards is missing the affordable housing market. The market is in homes under 200 square metres. Those in the market who require affordable housing are resting in under 200 square metres. That may not be the case in Hobart but it is on the east coast. Short-term accommodation housing is not affecting the search for affordable housing. I find it difficult that the Government can apply the same broad-stroke fix without taking into consideration those who live outside the major cities. I have other things that can back that up.

Ms RATTRAY - Thanks, Kemuel. I appreciate you coming into Launceston. I know the St Helens opportunity did not necessarily suit. As you said, from the time your submission was put in to this inquiry, things have changed. We had some paperwork out ready to let you know if you had to jump through some hoops, which you did. You were able to put the whole house into the short-stay market.

Mr WOOD - That is correct.

Ms RATTRAY - We had some evidence in our last hearing that there appears to be some short stay accommodation that does not have safety features put in place - for instance, hardwired smoke alarms, emergency exit plans and that type of thing. There are people who say there is not a level playing field for people in the accommodation space compared to those in the short-term market. Do you have some comment on that?

Mr WOOD - In our situation we are happy to comply with everything we need to do. I can also say I also know others do not. That being said, though, who is policing it? How is it regulated? Who polices it? It is being flouted. There has to be some regulation -

Ms RATTRAY - And a more level playing field for those who are already in the accommodation industry?

Mr WOOD - It is broad stroke because you have rules that apply for a B and B, where somebody lives in it, versus a house which is completely autonomous. Our situation with our house - we have long-term rental properties for which we are not putting up the rent because we do not need to; we have great tenants; it is not market value, but we can handle it - is that it is aimed at the tourist.

There need to be rules, and we all follow rules. I do not believe the current rules you are using are going to fix the problem. It is about affordable housing. Affordable housing is not in

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that market. It is a 434 square metre-house with three bedrooms. That is 100 per aimed at luxury accommodation for people. That is our house; I understand there are those who do not have that level.

I do not think we should allow five- to six-bedroom houses with individually rented out rooms. As far as I am concerned, that is not in the spirit of an Airbnb; that is just cashing in on people's unfortunate situations.

Ms RATTRAY - In your first response to my question, you raised the issue of who is policing it. Who do you think should be policing it? Should it be local government or the state government? How do you think something like that would best work in communities like St Helens and Break O'Day if some regulations were put in place around having the required fire safety, exit signs and those things?

Mr WOOD - If you are talking about purely keeping to standards, you would think it is the local building inspector, which is fine. The trouble is his guidelines do not start until 200 square metres. For anything under that, there is nothing. The average home in Tasmania is 185 square metres; that was built in 2016-17. Those homes need to be looked at.

Mr WILLIE - To clarify what you are saying, you are happy to comply with the rules above the 200 square metres in the building code. Are you saying houses that are not 200 square metres should have to abide by the same rules if they are an investment-style, short-term property where you are leasing a whole house?

Mr WOOD - If it is on Airbnb, why not? We are making money out of these properties; it is as simple as that. There are basic amendments we have had to make. They are not that much of an impost on what we have had to do. We have changed some smoke alarms and put in some emergency lighting, which is not invasive; it follows the act and it is fine.

It has to be regulated, but is it regulated with CBOS? Is it regulated with the Building Code? I do not think it should be regulated with the Building Code.

Mr WILLIE - What about the safety issues with buildings? That is one way to maintain a minimum standard of safety.

Mr WOOD - Aren't all buildings built to that standard?

Mr WILLIE - Not primary. Residential houses are under a different code. Your traditional bed and breakfast is classified under a different code, under the Building Code and there are certain standards that have to be met.

Mr WOOD - How do you apply a regulation across the board? It can't be done with the Building Code, and how can it be done if it can't be done with Building Code? We all make money out of this. That is part and parcel of it. People are happy to pay the dollars to bring it into line with what needs to happen. This comes back to affordable housing. Are you trying to make it too difficult, so that people with under 200 square metres don't rent out their house? That is what I am asking. Is this about short-term accommodation and for the Government to regulate it or is this about affordable housing?

CHAIR - Are you talking about this inquiry?

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Mr WOOD - Yes.

CHAIR - This inquiry is totally independent of the Government.

Mr WOOD - Yes, but that is what I am asking.

Mr WILLIE - If you are talking about the Building Code and classifications, it is about things like safety of the building and accessibility. You can take the affordable housing part out of it because that is clouding -

Mr WOOD - It has all become very blurred.

Mr VALENTINE - When we are talking about the safety of people hiring out the space, presumably whether the building is 500 or 200 square metres, the safety of the individual should be a concern.

Mr WOOD - It is paramount. It is a business. If somebody walked into our business, we have a duty of care to make sure that person is looked after in every possible way. It should be no different for Airbnb.

Mr VALENTINE - The other question was about accessibility - people with a disability and how they might access a property. Do you have any thoughts on how that ought to be applied across the board to large whole houses or shared accommodation?

Mr WOOD - The recent amendments say it isn't mandatory and that's what has allowed us to build a second storey on our house. That's what allowed us to completely open it up.

Mr VALENTINE - Your whole house is available now? Is that what you are saying?

Mr WOOD - Correct, and the amendment to preferred but not mandatory is what has allowed that to happen. We make it very clear from the start that it is over two levels and that it isn't wheelchair accessible.

Mr VALENTINE - You don't sell it as something it's not.

Mr WOOD - Correct.

Mr WILLIE - We have heard evidence from a disability group about one of Class 1b buildings. They are saying under the Disability (Access to Premises - Buildings) Standards 2010, Class 1b buildings, which is what yours would be, are required to offer at least one accessible room with associated sanitary facilities. Do you have one?

Mr WOOD - We have that, absolutely.

Mr WILLIE - That is the mandatory part - you have to have one room that is accessible.

Mr ARMSTRONG - You touched on who should be in charge of making sure everything is compliant. What do you think should be put in place towards registering your home for Airbnb?

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What sort of fee do you think would be reasonable to pay per year to register with your local council, the government or whoever is going to -

Mr WOOD - We pay that fee now. We paid a \$400 fee for an occupancy permit.

CHAIR - No, that is a different fee. This is a register.

Mr ARMSTRONG - No. If there is a register of all Airbnb properties throughout Tasmania, with people assessing it for compliance -

Mr WOOD - It becomes a government issue, in my opinion.

Mr ARMSTRONG - Is it local government?

Mr WOOD - State.

Mr ARMSTRONG - State or local government, and it is a user-pay system.

Mr WOOD - As the home owner, I wouldn't want any incurred fees.

CHAIR - But how can you say that with what you are saying now, with balance? You have to have someone know how many there are.

Mr ARMSTRONG - If you are going to put that cost onto the government, the taxpayers of Tasmania are paying for that. Is that fair or should you be paying a fee?

Mr WOOD - Just remember we are paying tax, too. We pay that tax.

CHAIR - But you are earning money.

Mr ARMSTRONG - You are earning money on it.

Mr WOOD - Correct, and we are paying tax on that money we earn.

Ms ARMITAGE - A motel or something would be paying licence fees. I was more or less talking about a licence fee. Should you be paying a licence fee for your Airbnb at St Helens?

Mr WOOD - That is a question I have not put any thought into. The equality says, yes, if we are going to compare ourselves to hotels and to motels et cetera. On the other side of the coin are the mum and dad investors who are trying to make a living and get an investment to pay off an investment for themselves and for their kids.

Mr ARMSTRONG - The motel down the road still has to be registered and licensed, pay fees and their staff. Is it an even playing field if you don't have to pay a registration fee et cetera? You go on with virtually the same business.

Mr WOOD - Sadly, we do the business but we do it a hell of a lot of better than they are.

Mr ARMSTRONG - You might do but that is not what we are looking at. It has been raised in a lot of forums that it is not an even playing field.

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Mr WOOD -The hotel association is going to kick up every stink they possibly can because it is taking business away from them. No doubt that question has been raised by -

CHAIR - It has been raised by a lot of people, not just the hotel association.

Mr ARMSTRONG - It has been raised by a lot of people. Land tax comes into it because your home now is Airbnb and it is not a principal place of residence. You would pay land tax on it.

Mr WOOD -I pay a lot of land tax a year.

Mr ARMSTRONG - If it is only a proportion of that, do you pay a proportion of land tax? If it is the whole building -

Mr WOOD - It is the whole building; we pay all the land tax. We don't use it as a private residence whatsoever.

Mr ARMSTRONG - There would be instances of private residences, with part land tax and -

Mr WOOD - That is correct. There is no easy fix. There is no easy answer to any of your questions. You are talking about almost a global phenomenon that every country has to deal with in some way, shape or form.

Mr ARMSTRONG - That is right.

CHAIR - They are all having problems at the moment.

Mr WOOD - Correct.

Mr ARMSTRONG - I read your submission. You are saying there is no accommodation like you have at the moment at St Helens.

Mr WOOD - Correct.

Mr ARMSTRONG - I go to St Helens quite often throughout the year and I stay there during the winter months. You have a variety of accommodation from Tidal Waters Resort to the Bayside Inn, Anchor Wheel Motel, self-contained accommodation, Queechy and the other one going out of St Helens.

Mr WOOD - We have more because the Waterfront is about to open. You said in the winter months - get that accommodation in the summer months.

Mr ARMSTRONG - I have been there in the summer months, too, and you have a big caravan park up there that is offering -

CHAIR - It has just expanded.

Mr WOOD - We have an extra one, correct.

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Mr ARMSTRONG - The impact of Airbnb on those people, not being an even playing field, do you reckon that is -

Mr WOOD - I think the competition is healthy.

Mr ARMSTRONG - Yes, competition is healthy if it is an even playing field. I am being the devil's advocate. Should you be on the same level as other accommodation there, comply with all the same conditions et cetera?

Mr WOOD - We have building codes. We still have insurance. We still pay insurances, which are specific to -

CHAIR - Commercial insurance?

Mr WOOD - Yes, they are specific to short-term accommodation. We still have to abide by Class 1b accommodation rules so we are doing those and, if we are talking under 200 square metres, I personally say that everyone should because it is safety and that is a cost. There are a lot of houses which will take that out of the equation.

CHAIR - Do you agree then that the councils - probably the councils more so than the Government - should know how many short-term accommodation places there are in their area?

Mr WOOD - I sit here today and say I believe our council could tell you exactly how many short-term accommodation places there are.

CHAIR - I think that is highly unlikely from having spoken to the councils and to LGAT. So if they are going to know how many there are, they have to register them, and to register them there is a fee. Would you be satisfied with a fee, whether it be a one-off fee? I think some of the councils - one of the councils, in particular - might have a one-off fee, because you have to remember if you have your building inspectors, as you pointed out earlier, in order to come and check these places, there have to be extra funds. It is going to be extra work so someone has to pay. If they are going to come and look at your places and others, would you be -

Mr WOOD - Well, I have just paid \$400 for that to happen.

CHAIR - But that is just an initial - that is not an ongoing check.

Mr WOOD - You said a one-off fee.

CHAIR - A one-off fee that they would actually have but they would have to come regularly and check. I know one council does a one-off fee. Others may want to do it annually, but would you be prepared or do you believe you should be paying a fee, apart from the building fee -

Mr WOOD - Nobody wants to pay a fee. At the end of the day nobody wants to pay a fee.

CHAIR - Well no-one does, but on the other hand it is a bit ambiguous what you are saying. You want one thing and on the other hand, as the member for Huon has said, you have the hotels there that are paying a lot more overheads. A business pays a lot more -

Mr WOOD - Let us put this into perspective.

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CHAIR - I am just trying to -

Mr WOOD - Let us put this into perspective. We charge \$350 per night, a minimum two nights. Of that \$700, I do not even look at \$350 of it. One night is for free. That covers the cleaning and that covers the staff costs because it is managed by somebody. Yes, we are paying staff as well - we are paying those people. That is our situation. I also understand there are those who would do it all themselves as well. We are still paying a fee, we are still paying somebody's wage, and we are still paying what the hotel might be doing.

Mr ARMSTRONG - Could I just come in on that point, Chair? Water and sewerage - how do you go with water and sewerage on your building? Does that just come under a household?

Mr WOOD - Once again that comes under the building.

CHAIR - Under commercial?

Mr WOOD - Currently in our house - and I will speak from our place - we have 48 000 litres of water. We have no water supply and we have no sewerage, so we run on -

Mr ARMSTRONG - You are on your own.

Mr WOOD - Yes, completely 100 per cent on our own. The unit can handle 10 people but I think the council sits at two people per bedroom so that basically brings us in at six, and that is where we sit with that.

CHAIR - Would your power be commercial or residential?

Mr WOOD - Residential.

CHAIR - Well, there you go. You are not comparing with a business, are you? A business pays commercial power. You are paying residential power on a commercial business.

Mr WOOD - Yes.

CHAIR - So what would you say about that? A level playing field.

Mr WOOD - If I could pay commercial power rates for my house, I tell you what, I am in on that, because residential rates are a hell of a lot more expensive than commercial. I reckon if they are willing to give me commercial rates for power then I am all for it.

CHAIR - Okay.

Mr ARMSTRONG - Water and sewerage would be a different situation if he was on water and sewerage because then you would have to have grease traps. You would go through the whole process - grease traps and everything. You are not on it so it does not affect you.

Mr WOOD - Correct.

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Ms RATTRAY - Unless anyone else has some other questions, I want to ask one. There is a lot of holiday accommodation in the Break O'Day community. Do you think if there were more stringent regulations or higher levels to jump in regard to short stay accommodation, that people may choose to take those opportunities off the short-stay market and say, 'Look, it is too hard' and that actually would compound the accommodation opportunities and have fewer of them in the area?

Mr WOOD - I take full responsibility for lack of due diligence when we bought the house. I thought we did our homework and we obviously did not. I find that is happening a lot. A real estate agent wants to sell a house and they will sell a house at any cost. That is made very, very clear. I could tell of people who very clearly bought a house with the intention of using it for Airbnb and the real estate agent has known that and they have done nothing to tell them, or to warn them, or to say, 'You have to do this before it happens.'

People are willing to comply. There are no ifs, buts or maybes. We want to provide a service. We are willing to comply with what is required. We talk about level playing fields, mum and dad who might earn \$20 000 a year off them - let us be honest, that is probably good off a two-bedroom place on the beach. We talk about level playing fields but \$20 000 for that mum and dad versus the multimillion-dollar business of a hotel. Once again, it is not a level playing field.

Mr ARMSTRONG - When you say it is not a level playing field, could you elaborate on that a bit? I am not with you. You are saying they earn \$20 000, but they do not have the investment of Bayside Inn, for instance - if we could use that one - for their return, what they are getting for the \$20 000?

CHAIR - There are very low occupancy rates in winter. Was it 30 per cent we heard a lot of those hotels have over winter? Just carrying themselves through the winter.

Mr WOOD - If an Airbnb on the east coast has more than 30 per cent occupancy rate over winter, I would be surprised.

CHAIR - But you do not have the overheads they have and the staff they have to carry through.

Mr WOOD - Everyone who has a business has overheads. They are a business. If mum and dad are running that house as an Airbnb, that is a business. They have their overheads. We talk about not a level playing field because of their \$20 000 and their multimillions. I think Bayside last year had a \$4.089 million turnover.

CHAIR - What was their profit?

Mr WOOD - Profit? Probably not a lot on that.

Mr ARMSTRONG - That is the whole complex. It was beer; it was accommodation; bottle shop, everything.

Mr WOOD - Correct, which is not much.

Ms RATTRAY - For seven days a week, 365 days a year.

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CHAIR - And how many staff.

Mr WOOD - Correct, but is that because it is not a level playing field or is it because they do not invest in the business?

Mr VALENTINE - It might sound like we are sort of attacking a bit here.

Mr WOOD - That is okay.

Mr VALENTINE - We are trying to get the breadth of the argument basically.

CHAIR - We have to ask the questions.

Mr VALENTINE – At one point in your submission you say it will never be used as affordable housing and you have other properties that you rent out on the standard rental market, I am presuming. Can you share with us why that would be the case? If there is a downturn in the industry - let us say we had another pilots' strike and the tourism business went through the floor - where is the tension between putting it out there for the likes of short stay as opposed to long-term rental? Can you explain to us some of the issues you have with long-term rental that you would not get with short stay and what motivates you to go short stay?

Mr WOOD - Probably the best way to answer that is we have two children, five and three, and they are not staying in that house, no way. They are going to wreck it. It is a luxury home. It is considered a luxury house; it is not the house we are going to have two kids in full-time. It was purely bought for short stay so that people can have a wonderful escape on the wonderful east coast, and that is all it is for.

Mr VALENTINE – If people were not coming in, would you be reticent to put it on the long-term rental because of the damage that might be caused? Are there issues with long-term rentals that you do not get with short stays? I am trying to explore that.

Mr WOOD - We would move out there and we would put our house, our living house now, on to long term. That is what we would do in our situation.

Mr VALENTINE - Is that because you get damage with long-terms?

Mr WOOD -It is multiple reasons. Distance to work. It is purely a private decision, a personal decision, and there will be a downturn. There is no doubt. Hobart is growing too much. I think Taroom had 25 per cent growth last year and we cannot sustain that. There will be a downturn in the market. We will be a couple of years behind Sydney and Melbourne, but it will happen.

Ms RATTRAY - There always are, and they have already started to spiral down.

Mr WOOD - Off topic, go to any bank and ask for an interest-only loan and you are not going to get it. You will not get an interest-only loan off the bank now. If that doesn't tell you something -

Mr ARMSTRONG - They want you paying some capital.

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Mr WOOD - Exactly right. If that doesn't put the writing on the wall, nothing does.

CHAIR - What is the occupancy of your -

Mr WOOD - We have only started. We have become booked out over that Christmas, New Year period. We are expecting that first year in that place to be minimal but I also know people are going to come back. They are going to say, 'That was fantastic, that was magical, let us book it again for next year.'

Mr VALENTINE - You said you have standard rentals, the short stay, you have your own home. Are you finding insurance companies cater for the short stay accommodation market differently to the way they insure for rentals?

Mr WOOD - Yes, there are specific insurance policies for short-term accommodation, specifically for Airbnb et cetera.

Mr VALENTINE - Is it more or less expensive than for rentals?

Mr WOOD - Yes, more expensive.

Ms RATTRAY - It is more expensive than long-term rental insurance?

Mr WOOD - Yes.

Ms RATTRAY - They are not cheap. I am trying to secure one at the moment.

Mr WOOD - They are expensive.

Mr WILLIE - Kemuel, in your submission you say there isn't a one size fits all solution.

Mr WOOD - Correct.

Mr WILLIE - We have also heard evidence from a range of stakeholders saying there may be a need for local communities to have the power to determine the best fit for their community as to short-stay permits and approvals. Is that something you would support? The situation in Hobart is very different from St Helens, which is probably very different to the west coast. Would you support local government having that decision-making process? They could put a pause on the number of permits in their area if it was getting saturated.

Mr WOOD - Currently, there is not a permit system in place.

Mr WILLIE - There is a permit system in place and there is no compliance. There is about 20 per cent compliance and that is a different issue. Would you support local decision-making as part of a permit system if there is compliance?

Mr WOOD - I believe that is already in place. If I am not mistaken, I have a letter from Roger Jaensch that clearly states it is up to the council and their discretion as to what they approve or didn't approve.

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Mr WILLIE - I don't think they have discretion under the planning directive at the moment. They have to approve it if you meet the requirements.

Mr WOOD - Yes. This is a letter from Roger. I questioned that as well. I was told straight, exactly what you have just told me, and that is that there is not discretion. If it is this, it is a yes, and if it is this, it is a no.

Mr WILLIE - That is right. Would you support local decision-making?

Mr WOOD - Yes. Every situation is different. Every town is different. Break O'Day has a million different things it has to deal with and contend with compared to Hobart. Hobart probably has far bigger things it has to contend with.

CHAIR - That is probably why it needs to be council looking after it rather than the government.

Mr WOOD - Correct, and the council will make money. If the council makes money, hopefully that will then come back into the communities.

Ms RATTRAY - In regard to the bread-and-butter Airbnb that first established the phenomenon, do you think there should be different treatment for people who still want to share their home and live on-site? Perhaps you were living at home and decided to rent out two rooms, provide a bit of breakfast, sat around the kitchen, and had that experience.

Mr WOOD - If I am not mistaken, it currently is. I don't know the planning but I believe bed and breakfast rules are no different than they currently are for short-term accommodation.

Ms RATTRAY - You would support that it is treated differently?

Mr WOOD - Yes, it is their home. They are inviting people into their home and they are probably not running it to same standard as a business as we are and no-one would expect that. I can only assume -

Ms RATTRAY - You haven't experienced an Airbnb?

Mr WOOD - Correct.

Ms RATTRAY - You haven't, with a three-year-old and a five-year-old?

Mr WOOD - That is right. One would think that a bed and breakfast isn't going to be occupied by a family of five coming to knock on their door.

CHAIR - You don't agree, perhaps, with someone who has an old home they have converted into six separate bedrooms that all have one common area, where they are not living, and rent them out? We have one that has just opened in Brisbane Street. They spent over \$1 million converting it into an Airbnb where no one lives but they rent out individual rooms and they share a common lounge and kitchen. You don't agree with that?

Ms RATTRAY - It is like a hostel.

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Mr WOOD - Exactly right. This is going to sound, for lack of a better word, maybe hypocritical, but that is a completely different style of accommodation than we are offering. We are offering an experience for a family that, as a majority, one would think of Airbnbs. They are offering an experience for a family that they cannot necessarily get in a hotel because the kids are off in another room. We are going to Sydney in a few weeks' time and we are Airbnb'ing a house because the kids are with us.

CHAIR - Are you opposed?

Mr WOOD - I am opposed to that, yes.

CHAIR - Why are you opposed to that? They are not a hotel. They are a proper -

Mr ARMSTRONG - That is a backpackers.

CHAIR - No, it's not backpacker accommodation. I would like you to see the place up the road. I am not sure but it is around \$200 per night. It is fairly expensive but it is a very nice house. They have spent a lot of money. Are you opposed to people doing that -

Mr WOOD - I am not opposed to that.

CHAIR - because they are renting out a variety of rooms? You are talking about experience but I am talking about the commercial reality of it. You don't believe they should be able to do that without jumping through more hoops?

Mr WOOD - Doesn't the Building Code not allow that? The amendment specifically says that it is not to be rented out; individual rooms -

CHAIR - No. It is actually a commercial premises and they are renting out individual rooms. It is a special Airbnb.

Mr WOOD - The email that came to me specifically said that it is not to be rented as individual rooms.

CHAIR - It probably comes under a different area.

Mr VALENTINE - Can that be tabled?

Mr WOOD - If I can find it, not a problem.

CHAIR - That would be good. There are many establishments where no-one lives; they are true bed and breakfasts without someone being onsite.

Ms RATTRAY - When I stay at the hotel at Triabunna, I get the whole hotel to myself once everyone goes home. I look after it myself until the next morning.

Mr WOOD - Caretaker?

Mr ARMSTRONG - I know backpackers are not a really big issue out your way with fruit picking -

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Mr WOOD - There is a backpackers in St Helens.

Mr ARMSTRONG - Yes, they are there for fruit picking. You are not a big fruit growing area?

Mr WOOD - Correct.

Mr ARMSTRONG - Is there much accommodation for backpackers apart from the hotels and motels? Is there a backpackers'?

Mr WOOD - Yes, there is a backpacker.

Ms RATTRAY - It is in the main street.

Mr WILLIE - You were talking about housing affordability -

Mr WOOD - Sorry, I apologise for that because I did firmly believe that the original discussions were occurring because of affordability.

Mr WILLIE - I can accept what you are saying, that your property would never be on the private rental market.

Mr WOOD - Affordable housing market.

Mr WILLIE - Yes, affordable housing. It could potentially be in the private rental market.

Mr WOOD - Yes, it is going to give me the rent.

Mr WILLIE - It is supply and demand though in the private rental market, isn't it? If you are taking properties out of the private rental market, wherever they may be, whether they are high-end or low-end, and you have the same number of people looking for private rentals, it does affect housing affordability, doesn't it? People who would have rented your place then end up renting one that is cheaper because that is what is available. I am saying that housing is a continuum so everyone would be shuffled down the chain if you are taking properties out of the private rental market.

Mr WOOD - The council did a survey in St Helens and a lot of shack owners in St Helens are using their shacks for Airbnb.

Mr VALENTINE - So they are renting their properties on Airbnb?

Mr WOOD - Correct. If those laws changed, those houses still would not go onto the market. They would just stay empty because that is what they are doing. They still want to use them and the rule you say applies to Hobart once again is completely different.

Mr WILLIE - I can accept the shack situation, but my argument is that if you are taking, and in some cases there would be, properties removed from private rental market, it does affect housing affordability, doesn't it? It is supply and demand. If you have the same number of people looking for a private rental and you are taking properties out of that market, then affordability -

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Mr WOOD - Affordability is a different question.

Mr WILLIE - It is the same system isn't it?

Mr WOOD - I look at affordability, and affordability is based on what you pay for that house. If you have bought a house, I will give you a specific example, in Risdon Road, New Town, it is \$505 000 for a three-bedroom weatherboard, with a slight makeover: \$505 000 for a three-bedroom weatherboard house. Somebody who wants a return on that house wants at least 7 per cent so you put a 7 per cent return on that house. If that then goes over your \$237, it becomes unaffordable. It is a case of how much is that house worth. What is the value of that current house? The person who is taking the rent for that house is going to have it at market value.

Mr WILLIE - Yes, in a market where there is demand.

Mr WOOD - Correct.

Mr WILLIE - My argument is if you are taking properties out of the private rental market, you are creating more demand and that is going to increase the price of the private rental.

Mr WOOD - Is the mean house price in Hobart a direct reflection of Airbnb in the short term? I would struggle to say because, like I said, Taroona had a 28.55 per cent increase on the median house price last year. I cannot see Taroona being an Airbnb hotspot.

Mr WILLIE - A lot of issues are creating that price rise, including population growth and a whole range of other things, but there is an argument in Hobart that taking a substantial chunk of properties out of the private rental market is having -

Mr WOOD - How many are in Hobart?

Mr WILLIE - You have the University of Tasmania saying 876 in one report, just in the Hobart municipality. That is a significant number of properties taken out of the market so if you are talking supply and demand, do you not agree it does have an impact on private rental properties?

Mr WOOD - How many in Launceston? There are 4800 or something Airbnbs across the state in the financial year for 2017, or something like that. If 800 of those are in the Hobart municipality - and we are talking about direct Hobart - whereas Hobart saw an increase of 11 per cent. Eight hundred seems excessive. Sorry I would have to really question that. Eight hundred of the 4800 in Hobart. Hobart's area is really not that large when you break it down.

Mr WILLIE - That is not a figure I have made up. The university came up with it after research.

Mr WOOD - I do not doubt you. Is it Hobart as in Hobart, or is it Hobart as in Greater Hobart -

Mr WILLIE - The university has come up with research -

PUBLIC

Mr WOOD - Is it Hobart as in Hobart, or is it Hobart as in greater Hobart?

CHAIR - Greater Hobart.

Mr WILLIE - I will go back to my question. If you are taking properties out of the private rental market, you still have the same number of people looking for private rentals. It has to increase prices, hasn't it?

Mr WOOD - It is going to be a percentage of the reason. It is not going to be the whole reason; it is going to be a percentage of the reason.

Mr WILLIE - I think we can both agree on that.

Mr WOOD - Yes, absolutely. I would love to have a place in Hobart.

Mr WILLIE - It is a factor though, isn't it?

Mr WOOD - If I had that \$505 000 house, I would not put in on Airbnb. This person is actually getting \$495 a week on the long-term rental. The silly part about it is that if you actually worked it out, if you drop the rent back to the \$13 000 incentive that they offering, if you drop the rental of that \$495 back to, I think it is \$300, or \$340, if you do that and then claim the \$13 000 back off the Government, you are actually making more than the \$495.

In Hobart, I do not believe it is about short-term rental; I would have to say it is about long-term rental.

If I were buying a house, if I were investing money, I would be putting it into a long-term rental in Hobart because that is where the money is.

CHAIR - Are there any other questions?

Mr VALENTINE - No, just an interesting observation on that score: even though the maintenance might be higher on long-term rental, depending on how you handle it and how long it has been rented for, and the capacity to earn, how much a night for a short stay in Hobart?

CHAIR - Depending where it was in Hobart.

Mr WOOD - Depending on where it was, depending on what the occupancy rates are.

CHAIR - Battery Point, name your price.

Mr WOOD - That is right. We talk about accommodation; we have been very lucky. We stayed in one of the suites at MACq 01 at a stupid amount of money for a night. I wish we could get that much.

As for the building advice for existing dwellings, where less than three dwellings are on a site or proposed et cetera, they are considered 1b Type A, where possible access for persons should be provided but is not mandatory. In order for occupancy permits to be issued, the following must be in place: provide a completed and signed application - and everyone knows that - hardwired smoke alarms, including emergency exit lighting, a fire extinguisher and blankets -

PUBLIC

CHAIR - Are you on the Airbnb site, are you?

Mr WOOD - No, this is a letter from -

CHAIR - No, I was thinking whether you were on the Airbnb site. I remember that they want CO2 monitors as well.

Mr WOOD - That is an option, I believe. No, if you want to be an Airbnb Plus.

CHAIR - So it is special?

Mr WOOD -Yes. If you wish to be an Airbnb Plus, it has to have CO2 monitors.

Ms RATTRAY - I did not even know there was an Airbnb Plus.

CHAIR - We have learned something today.

Mr ARMSTRONG - I think that was in America where they had the CO2 -

CHAIR - The garage is part of the house if people drive in.

Mr WOOD - Bedrooms must not be separately rented to unrelated persons.

Mr VALENTINE - Can we have a copy of that?

Mr WOOD -I do not want any hassle out of this; we finally have our place on the market.

CHAIR - We had to play devil's advocate, that is all.

Mr VALENTINE - If you are not comfortable sending it -

Mr WOOD - It does not bother me. Has this come from the council?

CHAIR - If you are happy for us to send it to the members without us tabling it. It would be interesting for us to have a look at; we do not have to table it.

Mr WOOD - It is done.

Ms RATTRAY - The \$400 occupancy fee that is a once-only fee to the council when you were able to put the whole of your home on the short stay -

Mr ARMSTRONG - The occupancy of the building.

Ms RATTRAY - The Building Code. That was where it changed -

CHAIR - The Building Code.

Mr WOOD - I had to be changed from the two -

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Ms RATTRAY - To the 1b?

The Chair asked you, Kemuel, what you think a fair licence fee might be and you said, 'None'. To have a full understanding of what is available -

Mr WOOD - What is the licence fee for a hotel?

Ms RATTRAY - I was thinking \$100 per year and then you are on a register.

CHAIR - Launceston started to try to find out how many Airbnb short stays there were in the city but it became difficult because you have to rent it to get the address. They admit they don't have any idea how many short stay accommodation places there are in the city. A lot of councils we spoke to were quite similar. They really didn't know how many there were.

Mr WOOD - I wouldn't say it is difficult. At the end of the day, you can-

CHAIR - Well, they had someone on it for a couple of weeks and found it very difficult.

Mr WOOD - You could jump on Airbnb and just -

Mr WILLIE - It does not provide the address.

CHAIR - It does not give you an address until you actually book.

Mr WOOD - Correct, but you could still get a number.

CHAIR - It does not give you an actual address so they couldn't identify -

Mr ARMSTRONG - Glamorgan-Spring Bay has a register.

CHAIR - They have a register.

Ms RATTRAY - They have a one-off fee.

CHAIR - Do you have anything else you would like to add?

Mr WOOD - No, I am fine.

CHAIR - We really appreciate you coming in and you have been organised. You have all your facts and figures.

Ms RATTRAY - Your homework is exceptional.

Mr WOOD - I did that as I was sitting -

Ms RATTRAY - You were doing that as I came in. You looked so studious.

CHAIR - Thank you very much.

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THE WITNESS WITHDREW.

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Mr RICHARD MUNRO, CEO, ACCOMMODATION ASSOCIATION OF AUSTRALIA, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR - Thank you very much for coming along; we appreciate it. To let you know, all evidence taken at this hearing is protected by parliamentary privilege but any comments you make outside this room may not be afforded such privilege. A copy of the information for witnesses is available on the table if you are not aware of it or need to read it. The evidence you give is being recorded and the *Hansard* version will be published on the committee website when it becomes available. We invite you to make an opening statement and members will ask their questions. We are seeking information specifically relating to the terms of reference.

Mr MUNRO - Thanks very much for letting me appear in front of the inquiry today. It is a very timely inquiry. Our industry organisation is national, but we have a lot of members in Tasmania.

We did a survey between December 2017 and January 2018 asking our members about the biggest issues affecting their business. We talked to about 6500 across Australia and the Airbnb impact or noncompliant accommodation is number one. Number one is travels agents and their impact. This is a big concern for our members and we want to make sure we get the settings right.

We congratulate the Government on getting this inquiry going and making sure they talk to all concerned because it is a bit of a balancing act, we understand that. We represent the compliant businesses; we operate with members such as big-branded members you would know - household brands - to small caravan parks and bed and breakfasts. We are a very broad church of membership but we very much listen to our businesses and make sure we articulate back to government and key stakeholders what is impacting them.

This is a big impact. The reason it is impacting is that we are seeing across the country, not just Tasmania, a proliferation of up to 140 000 sites on one platform alone, which is Airbnb, which has grown from virtually nothing back in 2008 to a real force. As an industry, we are not afraid of competition. We have lots of brands and members, and we welcome all of those. What we are essentially looking for here is a level playing field.

In our industry, there is a lot of compliance and red tape and we want to make sure that is recognised. Unlike our industry, which pays millions of dollars in taxes to the federal and state governments and local governments through commercial rates - payroll tax is a big one for the state - companies such as Airbnb domiciled in places like Ireland for tax purposes refuse to publicly state how much tax they pay in Australia. We have been through tax avoidance inquiries at the federal government level with them. It is very disappointing. They don't come clean with what they are contributing.

We can and do contribute, and we are very proud contributors. One of the biggest contributions our industry makes is employment. The tourism industry is a big industry in Australia and accommodation represents about one-third of that industry. One in 13 Australians are employed in the tourism sector. We have about 88 000 directly employed, let alone the indirect industry.

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We are concerned primarily about safety and security. It is our chief concern. We are concerned because tourism is very much built around consumer sentiments. If things are good, people go on holidays. If things are bad or tight, they do not spend their money. Discretionary spending is very important for our industry. If you have negative stories or negative impacts such as we have had - I take you back to something like the Childers Backpacker fire in Queensland; if something like that eventuates, if there are too many people in the building and young kids are tragically lost - that ends up in the front of UK *Daily Mail* and all of a sudden you see a response and people stop travelling.

We want to make sure that the settings are right and that people are safe, that you actually have the provisions to make sure that people are safe if you are going to conduct a business out of a dwelling. Safety measures for us are simple things like tagging and testing electrical equipment, making sure you've got things working and people are not electrocuted. It is a very simple thing but it is important we have those things certified. We go through a rigorous process for development applications to make sure that our buildings comply with the Building Code of Australia and we want to make sure that anyone entering the same business as us has to comply with the same regime. This very much in the planning space and we want to make sure it is a very clear picture.

When we have a clear picture, we have a lot of interest in Tasmania from investors. At the investment conferences I have attended, there is much interest in this particular state because it is going very well. It has done for five years and there is no sign of that abating. Those investors want a clear picture of what it looks like in terms of how many and how much demand and supply is there. We know airlines are critical to the tourism here but so is how much supply we've got on the ground. If we don't understand what that is and we don't have people registering and we do not understand that the inventory is outstripping supply or outstripping demand, we have an issue. Understanding the data is very important to our industry. It is very important that government is given that. In terms of the way forward, our submission to this inquiry states -

The number one priority when considering the regulation of tourism accommodation/short-term letting in Tasmania must be the safety and security of guests (consumers).

Traditional accommodation providers are stringently regulated to meet high standards of building, fire and disability access. That is one area we have to comply with and it is part of your DA process. If you have more than four rooms, you have to have one available for the disabled. If you have 100 rooms, it is something like four. There are ratios that apply. I said before that Airbnb is claiming it has 140 000 sites across Australia but none is available to disabled; if there is, it is very few, by natural osmosis and not by design. I think that needs to be put on the table and looked at -

It should be compulsory for any property which sells accommodation to be registered with the Tasmanian Government and failing to do this should attract a fine of not less than \$1 million per property.

That will pay for compliance –

The industry does not support any scenario which permits a group of residential apartments to operate as a quasi-hotel.

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That is a very important issue we have seen. We are starting to see build-to-rent, but we are also seeing properties starting to be purpose-built because there is a lot of going on. It is an attractive proposition of 12 to 13 per cent returns on short-term letting versus 5 to 6 per cent return on long-term letting. I have the advantage of being part of a national organisation so I am seeing what is happening around the grounds and all the states and territories. Places like Bondi have thousands on a platform like Airbnb and you've only got about 105 permanent rentals because they have all been converted. There is no-one living there anymore.

I've just come back from Byron Bay where 17 per cent of the housing stock is now let short-term. The mayor up there, Simon Richardson, has big issues around who is in schools any more. This is having an impact on so many more things. We have seasonality in our industry, but long-term residents are not seasonal. They are there all the time. They are eating and going to the butcher, the baker and the candlestick maker, but when you've only got one-in-five homes that has no-one in it, it affects business and the community, and they're not collecting rates that are appropriate. There are some good case studies to look at as the explosion of this has happened, but I see there is a hardening of regulation.

In doing your inquiry and making these recommendations to government, you have a duty to point out that we are at risk of overtourism in Tasmania. People are used to seeing tourists, no problem and in harmony, but they don't really like them living in the same corridor and leaving rubbish outside their rooms in these multistorey apartments. In hotels it is managed professionally and there is a big difference in terms of something professionally managed with a management agreement versus just getting the keys in an electrical box somewhere, go for your life, have a party and do whatever you like. There is a big distinction between what is an unprofessional and a professional industry.

We believe -

A point-of-consumption tax on sharing economy accommodation providers, including Airbnb, should be introduced, with the tax to be imposed according to where the transaction to purchase accommodation takes place.

This would capture residential properties in Tasmania being booked through Airbnb and other sharing economy platforms -

Lack of regulation of sharing economy platforms in Australia has resulted in Airbnb management companies gaining a foothold in Australia, further eroding income and investment from existing operators in the Australian tourism industry.

I will probably leave it there. As I said, our submission speaks to a lot of those points and I am happy to field questions on the rest of Australia as well as Tasmania. We are a national organisation and I have flown down specifically for this because our members have said this is a very big issue for them.

Mr ARMSTRONG - Where are you based?

Mr MUNRO - Sydney.

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CHAIR - Thank you for that. This is not a government inquiry. This is an independent inquiry and we will be reporting to the whole parliament.

Mr MUNRO - The whole parliament; that is even better.

Mr VALENTINE - I read your submission and I have a lot of questions. First, where is the balance? From one end to the other you have Darby and Joan, the husband was a roadworker and she might have been doing some domestic work to try to make ends meet. They retire, they have very little income and they used to have a boarder to try to help out with the groceries, bills and things. There is this opportunity for them to have people come and stay in their house, maybe let out a room or whatever. What do you believe should be the case for them as to the strictures placed around them? I am interested in that field and then I want to go to Airbnbs.

Mr MUNRO - That is a good question. Principal place of residence, where they are letting out a room; generally speaking, we believe that if they are in residence, the principal or the landlord, they know that dwelling pretty well. They know where the keys are, where the exits are and all this is built around - most of our planning is built around - the worst possible situation, maybe a fire or something like that. We are not really concerned so much about a principal place with a principal landlord being in their residence and letting out a room. That is okay as long there is some understanding there and some safety in there.

Mr VALENTINE - Electrical testing, as you were saying earlier.

Mr MUNRO - Electrical tagging and testing, for instance, would be a basic thing - something like fire blankets or extinguishers. We have them every 20 metres in commercial buildings. In a building like the one we are sitting in today we can feel safe that we have Spitfire lights if the lights go out. We have sprinklers coming on. All those things we do not even think about and take for granted. We are putting people in harm's way if -

Mr VALENTINE - Would you say they would need to put in the exit lighting?

Mr MUNRO - I would not say that. Government has to have some level of comfort around putting people in that environment and what is their risk. The risk for someone who is a landlord staying there and letting out a room is a lot less than a vacant building being let. The risk profile.

Mr VALENTINE - That is the true sharing economy where someone is onsite versus a whole property being let out where no-one is.

Mr MUNRO - That is a great point you are making. Sharing versus what is it?

Mr VALENTINE - I am just asking the question.

Mr MUNRO - What I am saying to you about the great point is that sharing is where we share something. It is like I give you my motor mower, you give me a whipper snipper, for instance. That is sharing. This is business. Let us not muddle it up. This is business we are talking about. People are taking money to let something out.

When you start doing it as a business, that has consequences. You have to do things; you have to be responsible. Even under the environment of that example you gave where it is a room in a house, it is still a business. Money is coming in so there has to be some level of responsibility

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and accountability. When you start looking at things like density in housing, is one in the room okay, are there five in the room? I do not know. That is not for me; that is up to planning, but what is the appetite for that? Let us get the planning right.

Mr VALENTINE - Should they be registered?

Mr MUNRO - Definitely.

Mr VALENTINE - With local government/government?

Mr MUNRO - Local government to start with and then, I am sure, the Tax Office and other authorities such as State Planning would want to know what is going on. Particularly planners, from our perspective, want to know what is happening in these neighbourhoods so that they can plan it out. We believe that a beautiful home on the escarpment somewhere that is overlooking - can very much fit into the sharing economy if you want to call it that, but there has to be some level of compliance and the planning department has to tick it off and say, 'Yes, that has been purpose built for that particular activity'.

Mr VALENTINE - You have B&B operators as part of your bailiwick. Is that right?

Mr MUNRO - Yes, correct.

Mr VALENTINE - Registered with you?

Mr MUNRO - Members.

Mr VALENTINE - I am interested to know whether you have any figures as to how many of those B&B operators now might be going across to the internet, the online markets with the likes of HomeAway and Airbnb, and whatever other sharing platforms?

Mr MUNRO - Most of them are using those platforms, but what they are really upset about is that they are paying commercial rates and then someone across the road - and they have gone through a development application process, the Health department is involved because they are serving food. There are all these stringent requirements and compliance and those safety measures are in place and it has been ticked off. I will give you an example, bed and breakfast - one lady, again in Byron Bay, not in Tasmania, it took four years to go through that whole process, she got it done and then Airbnb came along and now there are three homes in the same street doing bed and breakfast. They are tearing their hair out because they have invested - and these are small businesses we are talking about, mums and dads; we are not talking about multinationals here, we are talking about small businesses who have invested, paying commercial rates - and that same lady I can tell you is paying \$40 000 in council rates whereas the person down the road is paying something like \$3000. There is the rate differential.

Back to our previous point, if everyone is registered, the council can probably make the right decision around a level playing field. I am not a regulator; all we want to do is make sure there is visibility around this for the regulators to make the appropriate decisions.

Mr VALENTINE - Do you have any figures on the number of B&Bs that may have left the association simply because -

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Mr MUNRO - We have had more join because they want their business to be saved. In fact one of our members down here closed up shop, a bed and breakfast operator who had been 40 years in the business. She just can't compete anymore. That was a tragedy and she said, 'I can't sustain the cost base', which is the compliance and red tape. They charge no GST for Airbnb whereas, the member I am talking about who had to close up has to charge GST because she is registered for GST. There is a big imbalance around your cost base and then there is a big imbalance around your income base. They have to charge GST because they are registered for GST.

Mr VALENTINE - How do you ascertain the views of your members? Do you have surveys of the membership?

Mr MUNRO - Yes. That survey was the annual survey. We do a few bespoke surveys but this was the annual survey - about 6500 businesses were surveyed, and this was the second biggest issue for business. The majority of the business community we represent are small businesses. We are talking about 20- to 30-room motels; we have big organisations as well, but the small ones are the ones who are being most impacted here. They want the Government to help and they do not want them to close everything down, but they want to say, 'If it is good enough for them not to do anything, how come I am having to pay for all this and having to go through all this tape and compliance stuff and having to pay Wormald to come and certify me that I am safe?' Then across the road they are saying, 'I am open for business'.

Mr WILLIE - This committee has heard from a range of stakeholder that there have been issues with the Building Code and how short stay fits into that and how a residential property is classified under a different code and there are different safety requirements. We have heard from the fire service that a number of short stay accommodation proprietors are in bushfire zones and there may not be evacuation plans and those sorts of procedures in place.

We also heard there has been a lack of compliance with the basic permit system in Tasmania, that a lot of people are listing their properties on short stay accommodation platforms without applying for the permits. We have also heard the Government has not set up data capture to monitor the impact of short stay accommodation. It is not just the Government here; governments across Australia have been negligent in their role of governing this sector.

CHAIR - Be careful, Josh, that we stick to the committee and not attack the Government.

Mr WILLIE - I am not attacking the Government.

CHAIR - Yes, but do not put words in someone's mouth about the Government being negligent. We are here to inquire into short stay.

Mr WILLIE - I have listed the issues.

CHAIR - That is fine, but I think the question, 'Has the Government been negligent?' is a little on the edge.

Mr WILLIE - That is your ruling, Chair.

CHAIR - Yes.

PUBLIC

Mr MUNRO - Do you want me to answer that question because you are saying that is not appropriate?

CHAIR - I am simply saying we are not a political inquiry and we are not here to attack any government or saying anyone has been negligent. We are looking -

Mr WILLIE - I said 'governments across the country'.

CHAIR - I know. I will leave it to you.

Mr MUNRO - We are seeing a tightening of regulation and there is a bit of - I was a rugby player a long time ago and I would say there is a bit of catch-up rugby going on now because this has happened and governments have had to wrestle with trying to figure out what to do. Your point before was about finding the balance. We do not want to see Darby and Joan in circuit courts, getting prosecuted. That is not what we want. We want governments to put down some fair legislation that says, 'You can do this activity but under this regime.' The regime, first and foremost, has to be about safety. It has to be about protecting life.

People ask me often about Uber and they say, 'Yes, this is the same issue as Uber' and I say, 'No, it is not. It is completely different because with Uber all cars are registered and they meet the Australian safety standards and they all have seatbelts.' If we took the Uber example and said, 'Okay, this is a bit like having two Commodores beside each other, one has no seatbelts, no safety bags, no ABS, can you drive it?' If you ask someone and you say, 'It is a lot cheaper', they say, 'Yes, I will take that, it is cheap.' That is what is happening here with Airbnb. You can use grandma's shed out the back on the platform, no compliance. There is absolutely none. I think that is a recipe for disaster. It is happening already and we are seeing people lose lives. Two weeks ago in Maleny a four-year-old boy died on a set of swings and that sort of tragedies should not be happening. We should be saying, 'If you want to undertake this activity, we have to have some pretty heavy regimes', or, 'Take it all off us, we won't do it any more either; we will start doing whatever we like.' We don't, of course, but it is a pretty hard pill to swallow for our industry when we are paying all the taxes.

I looked at the ATO website this morning and there are around seven of our companies in the top 50. We are paying hundreds of millions of dollars. Then we have Airbnb, which is a \$3.3 billion company, coming into this market and saying, 'We're not paying any taxes here', and they are having their way with us. We think that's wrong and we think we need to have a bit of catch-up rugby here to make sure that regulators are given the tools to go out and do their job.

When I say that, local councils are not well-resourced but if you introduce the fines we are saying, people will think twice about bringing their property onto the platform. That is what government's job is - to introduce some sensible but stringent regulation that has people thinking twice -

Do I really need that \$4000 a year because all of a sudden, I am up for capital gains tax on my house, which will wipe that out instantly when I go to sell it. There is also land tax, commercial rates, then I have to comply with tagging and testing, I have to get someone in to make sure the people don't die because they are electrocuted.

PUBLIC

All of a sudden it is like, 'I don't know if this is a really a great activity for me, I might go and do something different.' I think there is a responsibility of government to protect life and limb -

Mr ARMSTRONG - Can I clarify something? What did you say the Airbnb business was worth?

Mr MUNRO - It is \$3 billion per annum; they are domiciled offshore and their head office is in San Francisco. For tax purposes, they are in Dublin, Ireland.

Mr VALENTINE - It is just one business?

Mr MUNRO - Yes.

Mr WILLIE - A lot of the existing regulations your members have to comply with have come about through coronial inquests, through really tragic events, haven't they?

Mr MUNRO - Yes.

Mr WILLIE - You mentioned that in your submission.

Mr MUNRO - Yes, all of those things add on. When you are faced with a development application for a new short-term accommodation property, the list we have to comply with for a Class 3 building is huge. It is not just what the building fabric is, but it is the compliance thereafter to make sure that you stay up to date, that the cladding is right, all of these sort of things have to be absolutely - every bit of material built into the building, whether it is carpet, drapes et cetera, has to be fire retardant. You know you are safe if there is a fire and you are staying in a hotel room because it is a one-hour fire-rated door. Simple things like that are expensive, though, and those fire-rated doors have to be inspected every year.

If you are looking at regulation, I have been to buildings that have been built for 30 years and every year the same door is inspected and still one-hour fire-rated. There is some red tape that maybe we need to lift off a little bit and lift up the ones we are talking about today, all of this noncompliant accommodation. We probably have too much regulation, but it has come about because of safety measures to protect life and limb based on coronial inquests. There will be more of these coronial inquests if something is not done.

Mr WILLIE - As to the point of consumption tax you mentioned in your submission and opening comments, have you put much thought into the rate and is that operating in other jurisdictions in Australia?

Mr MUNRO - Yes, it is 30 per cent, same as income tax; it is that sort of range.

Mr WILLIE - Do you have any idea of the sort of revenue that would generate for the state?

Mr MUNRO - I could furnish the inquiry with that but all I would do is take off the revenue that Airbnb claimed that it has put into the country and we can do a number off that. It is probably a good question to ask them; I am not sure if they have appeared in front of the inquiry -

CHAIR - They are coming in November.

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Mr MUNRO - I think that would be a great question for them because it would definitely be hundreds of millions of dollars, based on what they are saying is being generated. Put it this way, Sydney is the fourth biggest market in the world for them. Tasmania is up there in terms of Launceston and Hobart et cetera. Australian regulation has been a little slow, to your previous point. Other places like Barcelona, France et cetera have acted quicker on this. Tokyo acted with some more stringent registration.

Mr ARMSTRONG - New Zealand?

Mr MUNRO - New Zealand has not nailed it. Japan just put in regulation and 80 per cent of listings disappeared within a week because people did not have the appetite for that risk. Japanese are very compliant people. When the regulation comes out, they act quickly. Aussies are probably a little bit slower.

The taxes - I do not know the numbers but I am happy to look at that. I would ask that question of Airbnb when they come before you and I would also ask them what tax they are paying you. I know the answer you will get.

Mr WILLIE - Are you happy to provide some numbers further to your submission separately?

Mr MUNRO - Yes, we are happy to furnish you with those.

Mr WILLIE - If you have some sort of estimates around that, in the Tasmanian context.

Mr MUNRO - For sure.

Ms RATTRAY - On pages 4 and 5 of your submission, you gave some examples of what is happening in other jurisdictions across our country. Can you give me some indication of who you think might be doing something best thus far? Queensland is thinking about doing something; South Australia has not done anything.

Mr MUNRO - South Australia was a bad example. Queensland has not acted yet, but they are going to. They are talking about everyone being registered; everyone will have to have a code of conduct.

New South Wales has enacted legislation. I am on the committee to develop the code of conduct. The only way that will work is if it is for something like fair trading that can issue fines for breaches of that code of conduct.

We think the New South Wales legislation will be changed again because it is not good enough. There is a real movement up there. They put a 180-day limit on the Sydney CBD and no limit on regions. There is a lot of heat in the regions now that there will be a revolt in the next election for the incumbent government because the Nationals have abandoned their constituents. Places like Byron Bay are starting to get rallies going to make sure the government knows they are not happy with being abandoned and just let go where there is no limit on this thing. So don't follow New South Wales.

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Tasmania was one of the first governments to act on this and I applaud them for it. They actually started to try to look at the size of 300 square metres, four rooms and that sort of thing while trying to preserve the holiday homes on the escarpment that have a place in tourism.

We have all probably stayed or would want to stay at a place like that.

Ms RATTRAY - We would like to.

Mr MUNRO - Yes, I would like to. There is a place for that, but it has to have the right setting so that people will be safe in there. There has to be a tightening or hardening of regulations.

Ms RATTRAY - You suggested that anyone in property who sells accommodation should be registered with the Tasmanian Government and should they fail to do that, attract a fine of not less than \$1 million per property. I know they do things big on the big island but \$1 million?

Mr MUNRO - Yes. It will get people thinking about it, won't it? It will pay for a few compliance officers to go around. All you have to do is fine one person and that will hit the front page of the newspaper here and will be a wake-up call for people who are ignoring and blatantly going ahead without observing the law.

Ms RATTRAY - What country was it that had huge fines for those who were not compliant?

Mr MUNRO - Berlin. This is now getting to be big business. Don't think that this is a cottage industry. This is big business. There are people and investors -

Mr VALENTINE - It is a cottage industry for some.

Mr MUNRO - Yes, it is, correct. What you talked about - your example before - but Airbnb has these people called 'super hosts' who have up to 200 properties that operate in this environment.

Ms RATTRAY - So they would be the ones who would be liable for the \$1 million fine. Not a Darby and Joan show.

Mr MUNRO - I am not going to pick whoever is breaking the law, but I would say it would only take one of them to fix it. One big fine and you will get your answer because people who are thinking about it or doing it and blatantly ignoring what we said before will think twice or maybe three times about doing something like that.

The emergence from the cottage industry - people think it is those two guys sitting around having a cup of tea with someone from overseas - it is so far removed from what is actually happening. I walk around in the Sydney shops up in the shopping centre up there and there is a booth set up - 'Come in, do you have a house? We will make you 13 per cent - put it on Airbnb.' They are touting. It is like the other industries that used to go on down. It is really getting out of control. There are people who are super hosts, so it is the rich getting richer and unfortunately it is affecting housing.

That example of Bondi and Byron and those sorts of places - those places are no longer available and what happens is it pushes people further out. If I am an investor and I want

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13 per cent, short-term letting at the moment in Tasmania is very attractive. It is a very attractive proposition because there are lots of tourists coming in who are willing to pay, and that demand is good. We finally got there after what I said five years ago was a terrible winter down here at 48.5 per cent and we lobbied airlines, we lobbied so many people to increase tourism because our industry was really in trouble.

Now we have some good runs on the board and things are going in the right direction and now we have this sort of unfettered business with everyone just going, 'Oh, I am an accommodation operator now', and total disregard for any regulation. I think it is time to tighten that up and you will find that when you do that and issue your first \$1 million fine, the investors will come because all of a sudden there is a strong demand and you might have big brains coming down here. I know that big brains are interested in Tasmania but they want a very clear picture. They do not want opaque. They want a clear picture of what is happening in the planning area and at the moment no-one can tell us how many of these are here.

Ms RATTRAY - I am not sure, Richard, whether you had a chance to read any of the submissions that were put in. They are on the website. You may not have done as you are probably a very busy man, I expect. Tasmania appears to have a lot of the Darby and Joans - the mums and dads - using a property perhaps that they normally would spend a week at, like the shack, and also people sharing their home still. That seems to be -

Mr MUNRO - Yes, there are two things you are saying there. One is the entire place rented out - so it is empty and someone comes and takes the keys and takes it over - then there are those guys who have a room in their house. The people with the room in their house who are there, I think you should leave them. Basically there should be some sort of minimum safety, though if they are going to take some money -

Ms RATTRAY - They have a notice on the wall saying if there is an emergency, you exit this way or that way.

Mr MUNRO - Yes and everything is safe - that they comply and their pool is safe and that they are not going to have a drowning there - all those things. There needs to be almost a one-pager for them to say, 'You should be compliant to all this and to recommend that an electrician comes around and tags and tests your equipment.'

CHAIR - And commercial insurance.

Mr MUNRO - Yes and public liability; all those things. They have a responsibility and we do not want to see repeats of, as I said, that tragedy where a little four-year-old lost his life. That is the second four-year-old who has lost his life in an Airbnb home. The other one was in the Southern Tablelands of New South Wales - a father went in with his family and in the first five or 10 minutes of arriving, they started a fire and the fire overcame them so quickly because he had put petrol or something on a gas fire. A four-year-old child died and the wife was badly burnt. It was unfamiliar surroundings.

No-one is there showing them and that is the difference between having someone in situ saying, 'Do not touch that, this is safe, that is okay' versus 'Hey the house is yours, go for it.' There are two different distinctions there or a distinction about two different products. To your point earlier, that is exactly what I am talking about too.

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It is a low level of compliance for that couple who are renting that room out and a high level of compliance, like we are used to, for the whole house or whole of property. Then it should be identical when it comes to what we call a quasi-hotel, which is multiple units in a high rise that are managed. If you want to undertake that activity, you should have a management contract and you should have permission from the owners' corporation.

That is a very big point I would like to make, which we have not discussed: owners' corporations should have a big say in those multiple dwellings, and it should be an opt-in, not an opt-out. What I mean by that is that the owners, the body corporate, should vote in that you can do short-term letting, not that you have to get rid of them. You have to go and ask permission to undertake that activity because the activity is where the rub is coming for that anti-tourism I was talking about. You have bought a \$600 000 apartment overlooking the Derwent River, next door there is a massive party, they have chucked all the rubbish out the front and it destroys the amenity of what that building is about. That is very unfair for somebody who has invested into apartment living because you want more people to do that, high-density living, and get people in there but if they are protected, so to speak, it is not very attractive to live there.

Ms RATTRAY - One of the biggest issues in Tasmania is car parking in front of your own property.

Mr MUNRO - Yes, and if you want to do multistorey and multi-unit, you have to manage it. In our submission to the Victorian Government the very building we pointed out was the one that had the murder in one of the apartments. There was a massive party at an Airbnb, out of control, and that was the very building we said three months before that happened, 'This is a building that is a problem'. This is serious stuff.

CHAIR - I saw that in your submission.

Mr MUNRO - I have talked to you about three deaths in the last year. We are asking: How much of this going to go on? How much are we going to take? It is not good - when I go back to my original point about consumer sentiment, those headlines are not good for tourism because we are the good-time guys. We want people to invest and spend and all that sort of thing, but bad news is not good for our industry.

Ms RATTRAY - If there were to be a registration fee or a licence fee to operate, what would you think would be a fair and reasonable fee and perhaps who would be the best person? Is it government? Is it local government?

Mr MUNRO - Some entity like fair trading, but it might be administered through local government. I am not a regulator so I cannot properly answer that question. In terms of a reasonable fee, you would have to look at the activity. Airbnb says the average person takes about \$6000 a year, something like that; it would have to be something commensurate with that.

Ms RATTRAY - It is not huge money then, is it?

Mr MUNRO - It is not huge money. The thing with that is I cannot understand why people do it when they are going to lose the capital gains on their house. The actual financials do not work for them. It does not work out. When you are going to sell the house, it could be a loss.

Mr VALENTINE - That is if it is declared.

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Mr MUNRO - Yes, that is if it is declared. I do not know what the reasonable cost of the licence is but let the regulators work that out. It is not up to me.

Mr ARMSTRONG - I wanted a bit of clarification here. You say there are 151 tourism establishments in Tasmania. Are they your members?

Mr MUNRO - Yes, that is DA-approved tourism establishments.

Mr ARMSTRONG - That is motels?

Mr MUNRO - Generally Class 3 buildings. They have permitted use to do short-term letting. They have a DA in hand to say, 'This is my permitted use to be short term.'

Mr ARMSTRONG - A caravan park with cabins?

Mr MUNRO - That would count, yes.

Mr ARMSTRONG - It has been already touched on in other jurisdictions, and you are saying the rest of Australia is still looking at most of it. You touched on Japan and you said that Japan seems to be the place that has really put the foot down on them. Is that the jurisdiction you think we could get some paperwork from to look at how it is operating it? Would Japan be one of the better ones to look at?

Mr MUNRO - Japan would be one. I would also look at San Francisco. That would be another one and, funnily enough, it is where Airbnb is headquartered; New York and Tokyo as well. Those major cities are all trying to work out this problem and get a solution. I would recommend you look at them.

Mr ARMSTRONG - Which one has really got on top of it?

Mr MUNRO - The difference between them, I guess, and the Japanese example is that they are very compliant.

CHAIR - They are compliant people.

Mr MUNRO - Yes, they are very compliant. Something comes out and within a week 80 per cent of it disappears off the platform. Aussies are just like a bunch of seagulls around a bag of chips sometimes. You have to take a big stick to the Australians sometimes, I guess. New York, San Francisco and Barcelona - they are examples I would cite to look at what they have done, what they doing and how they are bringing this issue to heel and making sure there is some fairness and that community amenities are maintained.

That is probably the most important thing for any government - making sure that people can live peacefully and happily in their biggest investment, which is their home, without interference from short-term letting. Leave that to us; we will look after them.

Mr ARMSTRONG - I think you have already touched on it, but your number one priority is the safety and security of guests and consumers, and that is from fire safety right through to disability.

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Mr MUNRO - Disability access and those things, yes.

Mr VALENTINE - In paragraph 73 of your submission, you talk about Airbnb saying publicly that in 2015-16 its guests supported over 14 000 jobs in Australia. Not only is this figure vastly inferior to employment in the traditional accommodation industry but jobs supported are not actual jobs. People who are cleaning for those who have properties in the Airbnb space might disagree with that.

Mr MUNRO - Are they employees or contractors?

Mr VALENTINE - It may be Joan - and we are using Darby and Joan a lot here - supplementing her income and for her, in a little town somewhere in remote Tasmania, where there is no other accommodation options and not much work, it is very real for her.

Mr MUNRO - How much payroll tax has been collected?

Mr VALENTINE - Probably very little because there are not that many in that town in that circumstance possibly or the people employing them are not -

Mr MUNRO - What training has been undertaken, and OH&S and all the stuff we have to do?

Mr VALENTINE - Possibly not a lot, that is right. I was interested in that statement about the jobs. They are jobs. I am trying to get the distinction between -

Mr MUNRO - I think what that report says is that this amount of economic activity will probably generate this amount of work; that report they had commissioned, which they paid for -

Mr VALENTINE - Airbnb did?

Mr MUNRO - They paid for the report. It is not an independent report and we would urge you to disregard it; it is not an independent report. The questions would be: How much payroll tax has been paid by your host over the last year? How much income tax? There will be critics. Expect that response.

Mr VALENTINE - The permit side of it - are you suggesting Darby and Joan are licensed by, say, local government, as much as somebody who might have two, three, four or five properties or hundreds? Are you saying everybody in the market should be licensed or on a register?

Mr MUNRO - Yes, everyone should be registered. That is the data governments need to make appropriate decisions. It comes back to that point about planning.

Mr VALENTINE - So, it is no guesswork in terms of how many are in the market?

Mr MUNRO - Yes. Light touch regulation would apply to Darby and Joan, I would imagine. We talked about that before, a minimal amount of regulation but something, and they have to be registered. They have to be on the government's register so they can understand what

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activity is going on because of all that extra traffic, car parking, garbage, sewerage, and I talk about density in hotels.

We measure density because that affects a whole lot of inputs and outputs, things like water in and sewerage and all those things. We have to know our density so we can manage the building. That is what neighbourhoods want and local government wants to be able to measure the density. How many people are in here? How many new restaurants do we need? How many schools do we need? Without that data and people registering, it is guesswork. You will have suburbs by the beach that are inundated in the summer period. They are overrun and their toilets cannot keep up. We are seeing that stuff all around the country.

If you get the planning right and the data, places by the beach that are inundated by seasonal visitors can manage it because they know where that income is coming from. They can go back to those people who are generating that income and say, 'You have to contribute a bit more here because with all these people, all of a sudden we need three extra sets of blocks of toilets by the beach', or whatever it is. The infrastructure that supports tourism is the burden councils have. They have to balance their income versus their expenditure, and infrastructure for tourism is important to have because the last thing you want is a really bad experience around basic amenities. These people need to contribute and that is probably why they are earning; as I go back to my point: if it is a business, you have to charge business rates, like we pay.

Mr VALENTINE - My last question is on point 74, page 11. You say -

The recent rapid emergence of sharing economy accommodation providers is having a significant detrimental impact on the level of rental and housing affordability.

Where are you getting that impression from? What homework have you done in that regard?

Mr MUNRO - It goes back to what I talked about. Front of mind for me are Byron Bay and Bondi, where there is a huge demand. I don't have an example in Tasmania but if we burrowed into it, we would probably be able to get one.

Mr VALENTINE - I wondered if you had any other statistics.

Mr MUNRO - No. It is really like looking at Airbnb data where they have x number on the platform versus something like realestate.com, and looking at how many permanent wrinkles are there. It is a quick, ready reckoner for anybody.

Mr VALENTINE - There are.

Mr MUNRO - You can see that it is disproportionate.

Mr ARMSTRONG - You have some figures in points 75 and 76.

Mr MUNRO - Thanks, Bob. You've done a great job. My evidence is based on what I know from those other jurisdictions. It would be fair to say that if you sat down with someone from planning here in Tasmania and looked at all the jurisdictions and the number of sites, I am sure you would get that answer.

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Mr VALENTINE - That's okay, I understand that. Thank you.

Ms RATTRAY - Richard, it has been argued that a lot of those places using Airbnb would never go into the long-term rental market. They would sell them. They are not homes that would fit into that affordable rental or even rental market, full stop.

Mr MUNRO - Like a holiday home, is that what you are talking about?

Ms RATTRAY - Yes. They wouldn't use them at all, so you would lose that tourism opportunity and probably put pressure on existing accommodation places in some of our smaller more regional areas.

Mr MUNRO - You are probably talking about somewhere there is only holiday traffic, not enough to sustain permanent lodging.

Ms RATTRAY - Shacks.

Mr MUNRO - Shacks, yes.

Ms RATTRAY - Mind you, a shack is not a shack any more, from what I can see around the place. That notion is that they would take them out and they would say no.

Mr MUNRO - You are almost saying they are purpose-built for short-term lettings: is that what you are saying?

Ms RATTRAY - They are purchased possibly, I don't know about built, for exactly that. If it meant they couldn't have short stay accommodation in them, they wouldn't be interested.

Mr MUNRO - They couldn't attract a long-term tenant.

Ms RATTRAY - The owners may want to use it themselves.

Mr MUNRO - I would say that is purpose-built. That is a holiday home. If they want to put it on the market, that is fine. If you want to do short-term letting, comply with the short-term letting regulation. Those guys over there, us, with what they have to do, and get yourself up to speed. You have to put in this, that and all the things we have to do, get all the things tagged and tested, no problem.

It is a planning issue. If you have built something over here and there is no market for it because there is no long-term market, you have to make sure someone staying there overnight for the first time who wakes up and wonders, 'Where the hell am I? There is smoke everywhere, how do I get out of here? What are the safety measures there?' That is really where the Australian Building Codes Board looks at these things. The differential between a Class 1, which is a residential building for long-term residents, versus a Class 3. The key difference is all about what happens in the event of an emergency. That home you're talking about, or the shack, how safe is it? Is it fire retardant? What is going to happen in the event of an emergency? I don't like to think about it.

Mr WILLIE - Your submission talks about the commercialisation of the sharing economy, of the Airbnbs being leveraged for commercial gain. We have heard that same argument from the

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University of Tasmania. We have an investor with five, six or seven stand-alone properties listed on the platform. Are you aware of any jurisdictions that try to limit that commercialisation? Say, restricting the number of listings per person.

Mr MUNRO - Internationally?

Mr WILLIE - Yes.

Mr MUNRO - Not limiting, the tool used is regulation. It is not actually the number of, but it is compliant to this particular regulation. No, I don't know of anywhere it actually says we are only going to have this many. Having said that, it is smart because, back to planning, there is a place for short-term letting. For example, we are going to let 30 houses over here for that particular purpose, built to this specification and let that activity happen because it is going to generate income for the community et cetera. It is all planned and that is when that can happen, but we are not at that point yet. We are still trying to figure out what the regulation even looks like and how to contain and make sure - back to my main point - that people are safe. I don't know whether there is a limit yet but that will come naturally through regulations and planning.

Mr ARMSTRONG - You might not be able answer this but in point 81, you said -

From mid-2016, any resident of the German city of Berlin who lets more than 50 per cent of their apartment on a short-term basis without an appropriate permit risks a fine equivalent to about \$A150,000 and one of the major reasons for introducing this measure was to keep housing affordable for locals.

Do you know whether that has had any impact?

Mr MUNRO - We know that has been done but I don't have any empirical evidence to give you now on the consequences of that decision. It would be worthwhile having a look at it.

Mr ARMSTRONG - We could easily find that, couldn't we?

Mr MUNRO -Yes. I don't have that in front of me but that is a good example of pretty good regulation.

Ms RATTRAY - They're not so heavy-handed with their fines.

Mr MUNRO - No, it might be €150 .

CHAIR - You mentioned Bondi and Byron having fewer and fewer -

Mr MUNRO - They are hotspots.

CHAIR - They are. Do you know about these schools that are closing particularly in those areas or any other areas around Australia, as you operate throughout the whole nation? People are concerned, particularly in Bicheno and those sorts of areas, about that lack of long-term residents, which causes issues - for example, that there may not be enough students for schools and all of a sudden the viability of a school comes under threat.

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Mr MUNRO - Byron is absolutely a case study for that. The mayor's principal concern is that long-term tenants are all going and all the housing stock is being turned over to short-term tenants. There is not enough demand being created all year-round for the services they have there. In the summer seasons, peak times, they cannot cope with the inundation. They have one road into Byron and it is full of potholes they can't afford to fix. There are not enough toilets; they are all overrun. All the comments from the visitors are terrible - they can't use the toilets because there are not enough. The council doesn't have the means to fix that because it doesn't have the income coming in because only residential rates are being paid. If they were all commercial rates, it would change the whole game all of a sudden.

Mr ARMSTRONG - That would have an impact on the rest of the businesses within the area, too. A lot of these people going into those areas would take everything with them from the Woolworths or -

Mr MUNRO - That is what I was saying - the butcher, the baker, the candlestick maker. We want to see all those small businesses thrive. We are an industry that puts down bricks and mortar and we can't redeploy the asset. We're there for a long time in that market so that is why we need a long-range forecast, why we need to understand all the dynamics happening there.

This thing we are talking about today, short-term letting in residential buildings, is a very new thing. That is why all the investors are very nervous about it. They're saying -

I don't want to go and build at Byron Bay any more because it is inundated by Airbnb and they've taken the market. I don't want to be there because I can't afford to be there. I want to be there in 50 years, not just in five years or three years.

It is a long-term investment, so we have a very long outlook, and that is why we need good data for planning and compliance. That is how our members operate.

Ms ARMITAGE - Do you know of any areas in Tasmania similar to Byron that are having issues?

Mr MUNRO - The issues aren't as acute, but it is heading in that direction. Demand is fantastic in Tasmania. We have done a good job in terms of getting out to the world what a great place it is to visit, but then people are capitalising on that. To a large degree, the people who aren't Darby and Joan but are heavy investors with multiple dwellings, are, as a consequence, putting up prices and pushing long-term residents out. You have probably hit this at the right time because as time goes on you will see it become more acute. Byron Bay is living example. I urge you to go and look at that.

Ms RATTRAY - Population of 9000 and they have 1.7 million visitors a year.

Mr MUNRO - That is a measure of overtourism. This is where Barcelona and even Eastern Europe are now. You have too many visitors and not enough long-term residents. It is disproportionate and things are out of balance. Tasmania has a lot of visitation. We saw just today that figures are up again, which is great, but it is up to Government to try to get that balance right.

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Mr WILLIE - You are saying it is an ideal moment to have a look at it. Does it reach a tipping point where it gets so hard you put the genie back in the bottle?

Mr MUNRO - Yes, it does. Regulation can always catch up but it is harder to retrofit regulation, but the timing is right.

I read the comments of the Housing minister Roger Jaensch here the other day. He wants to have rules in place because the rules are being flouted. He is almost saying, from what I read, that he's lost control. This activity is happening, this, and no-one is going, 'Hang on a minute we need some visibility; some correct data'. He cannot get the data out of the biggest platform, which is causing the issue.

Ms RATTRAY - I do not think anyone else can get it either. It is not just Tasmania that cannot get it.

Mr MUNRO - They need to be held to account. They are perpetrating this. They are sitting back on a \$3.3 billion company laughing all the way to the bank and not paying any tax.

Mr ARMSTRONG - It is ideal if you could put everything in place before something happens, so you have all the rules and regulations before it comes, but that has not happened.

Mr MUNRO - No, it is a bit of an educational process; it is about getting the regulations right and giving people some time to withdraw from the activity before they get that first \$1 million fine.

Mr VALENTINE - It used to be that any property in tourism in Tasmania had to be registered, inspected and all those sorts of things. Then they dropped that, going back quite some years. You might be able to tell me when that was. Do you think it might go full circle where everything is registered again and they will think it is all too hard, too much effort and time involved in it?

Mr MUNRO - Are you talking about people undertaking short-term letting activity? Who maybe think it is too hard?

Mr VALENTINE - It was any tourism property.

Mr MUNRO - We live and breathe all that red tape. We have too much of it, frankly. We would like to see some of it come off, as I mentioned before. But anyone who wants to undertake the activity - I feel like I am repeating myself here - should have to feel there is a responsibility for life and limb. As a consequence, regulation comes with that.

Mr VALENTINE - That is the fine line? Purely safety of the individual as opposed to, not necessarily, a level playing field?

Mr MUNRO - Yes, it is the foundation.

Tourism is such a sensitive industry we need to be on some firm ground to be able to say we think people are safe. That relates to your previous point about coronial inquiries: how car design has evolved to be safe, and roads - 60 kilometres is not 1000 kilometres. It is all about proper regulation to make sure that the least number of people are in harm's way. I think our

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industry has been overlooked in some respects. When I say 'our industry', this new industry if you want to call it that, the cottage industry or the sharing economy has been overlooked in some respect. We are only playing catch-up rugby.

Mr VALENTINE - You do not think it is a case of user beware or renter beware?

Mr MUNRO - No, there is a responsibility on the person who takes the money. That should be the foundation point of any regulation. If you are going to conduct a business, you have a responsibility and duty of care to your people. We operate under duty of care for our customers, our guests, we call them. We make sure that their life and limb are the number one thing. Same as Qantas - safety is there; they have been a very successful company, based on safety first. That is how we operate as well.

Mr VALENTINE - The issue of not being able to put the genie back in the bottle as you commented earlier, is that simply because of the investment people have made in properties or not? They could sell their property on the open market and still get a reasonable return.

Mr MUNRO - Yes. I think we have to be fair. For Darby and Joan, there is some point of fairness they would want to see. Without too much pecuniary legislation that overwhelms them, there has to be something there that they can be aided by. As I said, maybe call it 'light-touch regulation'. Then people who are doing it for a living and investing and are into it - it is the rich getting richer. It is not the poor blue collar worker who has 200 properties on Airbnb - it is people who can afford to be compliant but who know that they are getting away with it, and I think they are the ones who need to be brought to heel.

Mr VALENTINE - Thank you.

CHAIR - Thank you very much for coming in. It is very much appreciated and your submission was very informative. We appreciate the time you have taken, particularly coming from Sydney today.

Mr MUNRO - I appreciate that. I congratulate your independent inquiry on making sure that we get the settings right. We will be watching with much anticipation what your recommendations will be. We are a little over-governed in Australia. We have 547 local councils, eight state governments and territories, but I am sure we will get this one right.

CHAIR - Let's hope so. As I said, Airbnb will speak with us in November. That will be interesting.

Mr MUNRO - Make sure you ask them those questions.

CHAIR - Absolutely. Thank you very much. It is much appreciated.

Ms RATTRAY - Thanks, Richard. Nice to meet you.

Mr MUNRO - Thank you very much.

THE WITNESS WITHDREW.

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Mr JAMES COWARD, POLICY AND PUBLIC AFFAIRS MANAGER, RESTAURANT AND CATERING INDUSTRY, WAS CALLED VIA TELECONFERENCE AND EXAMINED.

CHAIR - The procedure we go by is if you would like to make a short presentation of your submission and then the members will ask questions of you.

Mr COWARD - I have a statement written up which I would like to read, if that's okay.

CHAIR - That's perfectly fine. The evidence you present is being recorded and the *Hansard* version will be published on the committee website when it becomes available. If there is anything you prefer not to be published, please let us know before you start and we will have that in camera.

Mr COWARD - Thank you. I will get started then.

CHAIR - That is fine.

Mr COWARD - On behalf of Restaurant and Catering Australia, I would like to thank the committee for the opportunity to provide evidence today on the short stay accommodation industry in Tasmania. Restaurant and Catering Australia is the national industry association acting on behalf of 45 000 cafes, restaurants and catering businesses throughout Australia, including over 800 businesses in Tasmania alone. Restaurant and Catering Australia committed to ensuring that this industry is recognised as one of excellence, professionalism, profitability and sustainability. The café, restaurant and catering sector generates over \$350 million in turnover each year for the state's economy in addition to employing thousands of local Tasmanians. The sector in Tasmania has experienced significant growth both in terms of turnover and in business accounts over the last five years. These growth trends can be partially attributed to the increase in expenditure alongside domestic and international tourists in Tasmania.

Indeed, the latest statistics released today from Tourism Research Australia's National Visitors Survey has shown the expansion on restaurant takeaway meals by domestic tourists increased by 11 per cent for the 12 months ending June 2018. The total expansion on restaurant takeaway meals during this period amounted to \$11.1 billion. The number of cafes and restaurants in Tasmania has also grown, by 6.7 per cent over the 2016-17 financial year which was the highest of all Australian states and the second-highest of all jurisdictions after the Northern Territory.

Importantly, over 90 per cent of cafes, restaurants and catering businesses operating in Tasmania are small businesses employing 19 people or fewer. In what is a constantly changing and uncertain business environment highlighted by significant increases in operating costs, the sustainability and profitability of Tasmania's café, restaurant and catering sector is dependent on the patronage generated by local and international tourists in addition to residents in local communities. It is therefore vitally important in the association's view that the Tasmanian Government pursues a range of policy settings which encourage rather than inhibit growth in the state's domestic and international tourism industry.

An important aspect of this is of course the short stay accommodation industry, which in recent years has provided domestic and international tourists with a significantly expanded range of accommodation options throughout Tasmania and in areas located outside of traditional tourist

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hotspots. The increased availability of the accommodation options created by the short stay accommodation industry has played an important role in supporting Tasmania's tourism industry, particularly during peak periods of the year such as major festivals and sporting events. Given the dependence of Tasmania's cafe, restaurant and catering sector on a thriving visitor economy, it is vital in the association's opinion that the range of tourism accommodation options in Tasmania are preserved and the operation of the short stay accommodation industry be allowed to continue without heavy handedness or short-sighted interventions at a state government level.

In introspect, Restaurant and Catering Australia would advise the Tasmanian Government against any substantial regulatory intervention towards the short stay accommodation industry, arguing that any move to heavily restrict or prevent its operation will potentially jeopardise the growth in the state's tourism industry and thereby risk an important source of patronage for small family-owned local businesses such as cafes and restaurants.

As the committee has seen from the association's written submission to this inquiry, Restaurant and Catering Australia has viewed the operation of the short stay accommodation industry mainly through the lens of a positive economic flow-on effects on the state's hospitality businesses, including cafes and restaurants. It is the association's view that the short stay accommodation industry has made a significant direct contribution to both economic and employment outcomes in Tasmania and for this reason should not be encumbered with overly restrictive government policies. Evidence of this trend can be seen in a 2017 Deloitte's Access Economics report, which found that online booking provider Airbnb had attributed a total of \$55 million to Tasmania's gross domestic product in 2015-16 and supported the creation of almost 600 jobs. The same report also found that the total expenditure of Airbnb guests in the food service category, which included restaurants, was \$23.7 million in Tasmania in 2015-16, accounting for 28 per cent of total expenditure, the highest out of any single category.

As part of the argument concerning the positive economic and employment effects directly attributable to the short stay accommodation industry, the association is also arguing online accommodation platforms provide tourists with the ability to stay in and explore areas which do not otherwise attract the same type of foot traffic as other traditional hotspots. In this way, hospitality businesses located outside of more densely populated tourism areas can benefit from the flow-on effects associated with the growth in international and domestic tourism. This may not have been possible without the short stay accommodation industry. Many businesses in rural and regional areas of Tasmania do not benefit from the significant influx of tourists that other, more densely populated areas may experience, which leaves them at a distinct disadvantage to their competitors. In this way, the operation of the short stay accommodation industry allows for the widespread dispersal of the benefits of tourism for hospitality and other small business operators throughout the state.

Finally, the association has argued in its written submission to the committee and its various representations to other governments on the issue of short stay accommodation is that it generates additional income for residents who may also patronise local businesses such as cafes and restaurants more regularly as a result. The Deloitte's report found that Tasmanian Airbnb hosts earned a median income of 7120 in 2015-16. In addition to paying off household debts and bills, this extra income may also be used on other discretionary items such as café and restaurant meals. In this way, the economic profile of local small businesses such as cafes and restaurants are significantly strengthened due to the increased patronage from locals due to the short stay accommodation industry.

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Restaurant and Catering Australia would once again like to thank the committee for the opportunity to appear in today's hearing and is sworn to working with the Tasmanian Government to maximise the economic and employment benefits of the short stay accommodation industry for the state's café, restaurant and catering sector.

CHAIR - Thank you for that.

Ms RATTRAY - Thank you, James. I note in your submission and in the very good overview of your submission that your industry is very much against placing onerous requirements on short stay accommodation in terms of a licensing scheme.

Would you accept that without having a licensing scheme of some type - and it does not have to be a substantial one - we won't know as a state how many short stay accommodation venues we have in the state? Would you expect that we would need some idea of that? Or do you think that is something that the market will sort itself out with?

Mr COWARD - Thank you for that question. Yes, as you correctly identify we're opposed to the imposition of a licensing scheme on the short stay accommodation industry, mainly because of the fact that we believe it would impose unnecessary red tape on those accommodation providers. We're obviously cognisant of the need for further information and further data on the short-term accommodation industry as it currently exists. We know it's a very new sector still and there's a lot of data that we're yet to uncover, but as far as an actual licensing scheme is concerned, we'd be very concerned that it may provide a disincentive for those short-term accommodation providers, [that they would] cease providing that service and then as result, that would then have negative effects on the influx of tourists and would restrict the accommodation options. So we'd be opposed to a licensing scheme in principle, but, however, we appreciate that there is a need to identify certain trends around the short-term accommodation sector to really know what is happening and know what is going on and ensure that we're structuring it in such a way which really maximises those employment and economic benefits, which is the main goal of the association as far as its approach to the industry is concerned.

Ms RATTRAY - Can I take away from that, James, that a register system would be something that you would support, but obviously keeping the cost of that at a real minimum, if you like, so there will always be an opportunity? Further down in your submission you talk about being able to make sure that addressing antisocial behaviour, but if you didn't know it was a short stay accommodation, it might be a bit difficult to give them a 'three strikes and you're out'-type of thing.

Mr COWARD - Whether or not register is something that is pursued at a government level - I know that online booking providers themselves currently have their own mechanisms for determining that, so perhaps it's an opportunity for government to work with some of those providers to see exactly how a system like that would work. Obviously we are very concerned about any instances of antisocial behaviour. We're very committed to providing a system which works for all stakeholders, and cracking down on antisocial behaviour, whether it be compromising amenities of facilities or things like that, is something we'd really like to see a main focus of the Tasmanian Government's response. We know it's been a focus across other governments in Australia in terms of minimising or perhaps eliminating any antisocial behaviour that occurs. We know it's something that's not especially widespread in the industry as it stands, but for the incidences that do occur, we'd like to see an approach which really does come up with

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ways to sort out the bad apples, so to speak. We support having the existing data that we have at our disposal to focus on that particular element of the industry.

Ms RATTRAY - James, you touched on the platforms in your response - it hasn't been that easy to gain information from the platforms.

Mr COWARD - We've based our information on what's already available. Obviously, not every piece of information will be in the public domain, and we appreciate that. We've based our position on information we've been able to glean from other inquiries that have occurred. Other jurisdictions have had similar inquiries to this one, other jurisdictions across the world have had similar inquiries to this one, and that information has been very helpful in terms of informing our overall opinion on the short stay accommodation industry and the benefits it brings on a tourism and accommodation level in terms of expanding those options and ensuring that during those real peak periods tourists have a wide range of affordable and accessible options at their disposal.

Mr WILLIE - James, if I could keep going on the same line of questioning as Tania Rattray, you say you are opposed to further regulations, what about when it comes to customer safety? We have heard from a number of stakeholders, including the Tasmania Fire Service, that under the Building Code, a residential property does not have to meet the same basic minimum standards as a commercial property. Would you support changes in that area to ensure customer safety?

Mr COWARD - Safety from Restaurant and Catering Australia's perspective is paramount. As far as the specific proposal to do that, I'd need to look at that in a bit further detail to see whether it is something that could be pursued as a result of this inquiry. Obviously we're very much committed to having the tourists experience the best possible stay that they can and we want to be sure that that's happening in a safe and responsible manner. The Building Code isn't something I can speak on with a lot of knowledge myself, but from the association's perspective, we want to ensure that the industry is contributing in a safe and responsible way and that tourists aren't being exposed to any risks perhaps that they are not aware of, or ones that could reasonably be avoided. We'd like to see tourists being able to really maximise their stay and we want to ensure that's happening in a safe and responsible environment.

Mr WILLIE - So you are saying that you are open to further regulation if it improves customer safety?

Mr COWARD - We'd need to see further details of that, I think, to be able to decide whether that's a good idea. What we're concerned about is making sure that the regulations that are put in place as a result of this inquiry don't provide a disincentive to providers to listing their accommodation. The last thing we'd like to see is a diminution of available accommodation options for tourists, but, having said that, we want to make sure that the accommodation options that are available to tourists are ones that they can enjoy in safe and responsible way.

Mr WILLIE - My next question is about Tasmanian workers who are displaced. We have heard from a range of witnesses before the committee that some regional areas are really struggling when it comes workers being displaced from their local areas because there aren't the rental properties. Is that a problem for the catering industry?

Mr COWARD - I think the biggest problem in terms of the businesses in the hospitality sector is accessing skilled workers, certainly. The problem that we're experiencing at the moment

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is that the businesses can't fill vacancies such chefs, café and restaurant managers and cooks - those are three really crucial jobs which the businesses themselves are really struggling to fill, and we think that's the result of a number of different factors, not just necessarily a lack of affordable rental supply but there's a number of issues such as migration policy, which obviously would be dealt with at a federal government level, and there's the fact that there's an extreme demand for the products that the restaurants are providing but in a lot of cases they're unable to actually fulfil the amount of workers that they actually need and they're really suffering because of that. As I mentioned a few seconds ago, the availability of skilled migrants has really contributed to that, and there's also been a lack of locally skilled graduates coming through the pipeline. I'd attribute it more to those factors rather than a lack of affordable rental options within regional and rural areas, but certainly in term so of skills and having access to the skills that they need in order to remain both profitable and sustainable, skills is certainly a big problem at the moment for the hospitality industry in Tasmania - quite possibly the biggest problem, in our view.

Mr WILLIE - To follow on from that, have you had any members in regional areas say that they are trying to attract skilled workers to the area, but they haven't been able to find housing?

Mr COWARD - We run surveys at a national level - and I'm happy to provide our industry benchmarking report to the committee following this hearing - so the data that we have selected has been at a national level, unfortunately. Anecdotally speaking, we have received feedback from members saying that locating skilled workers - not just having people apply for the jobs themselves, but then actually staying on in the job for a significant time, so that staff attrition factor is a big issue as well. That's another thing I'd like to add: it's not just attracting the skilled workers in the first place, but then actually hanging on to them. Sometimes I think workers in regional and rural areas might be attracted to working in the cities. There's a bit of a trend to work at some of the highly sought after businesses, which might be in the Hobart CBD, such as Franklin and some of the more well-known and established places - those that are at the real pinnacle of the industry to work in. So sometimes rural and regional areas suffer from that - they are unable to retain key staff in that regard.

Mr WILLIE - You haven't had any members say that they have tried to attract skilled workers to their area, say, in Coles Bay, and they haven't been able to find housing for them?

Mr COWARD - Not specifically in relation to housing. It's more been attracting skilled workers at all - it's been the vacancies in their businesses are deteriorating, so that in terms of the difficulty they are experiencing, it's been more difficult in this current financial year than it was in the previous financial year, and in the financial year before that. The main trend that we've been seeing is attracting workers at all rather than attracting workers to the actual areas themselves in terms of the housing trend there.

Mr ARMSTRONG - I have read your submission. You are virtually saying that you do not want any more conditions put on the short stay accommodation. Who do you think should be overseeing this? Are you saying nobody should oversee it?

Mr COWARD - No, I am not saying that there shouldn't be any oversight at all. I don't think that would be a reasonable expectation. Every industry has to have some degree of oversight, whether that be from government or from the industry itself. I think we'd support of an industry-wide code of conduct to govern the short stay accommodation industry. I think that should involve input from a variety of stakeholders, including the booking providers themselves. I think there's been precedents for that in other jurisdiction. There has to be a degree of collaboration

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between those stakeholders to achieve a system which is best practice and a blueprint for the various stakeholders involved. The more collaboration there is between government, booking providers and other stakeholders such as ourselves, the more likely we are to achieve a system which works for everyone.

Mr ARMSTRONG - Should local government be involved?

Mr COWARD - There is definitely a role for local government to play in terms of contributing to the debate. I am sure that there's been a number of submissions and hearings that they've contributed to. I think, again, having state and local governments work together and work alongside the industry is a critical piece of the puzzle to determining what the best outcomes are. Obviously, it is a very new industry still. We perhaps haven't quite ascertained exactly what the best method is. There's a variety of methods out there, and having local governments involved as a key stakeholder makes sense from a public policy perspective in determining exactly the best outcomes are and what the best way to achieve a best practice system concerning the short stay accommodation industry really are.

Mr ARMSTRONG - Local government in Tasmania virtually has a user pays system, so there would have to be some sort of fee to cover their costs if local governments are involved. I can give you an example of one issue with local government. In the Battery Point area, which is very high end and has very small streets and parking areas. If you have three or four Airbnbs open in that area, next minute you've got another three or four cars - I don't know whether you know Battery Point - which would really cause issues. My view is that local governments should be - or I'm starting to form the view - involved in particular in city areas probably to look at the parking situation, because down there, if what you're saying - I take that they shouldn't be involved too heavily in it - but the parking issues are a real problem in areas like that. Local governments have to look after those areas; they're going to have to be compensated in some way because the ratepayers can't just put the bill, so to speak, for those areas. How do you think a licensing system would go with local government having to look at parking? That is just one issue I'm touching on - there are other areas too.

Mr COWARD - Obviously that is a very significant aspect of the short-term accommodation stay debate and the local government areas themselves, depending on which local government area it is, will have different sets of considerations and circumstances to deal with. What works for one LGA might not necessarily work for another, so I think there has to be a situation where those sort of nuances, as you've identified, need to be considered in terms of the ultimate package that is decided on, and the local councils themselves are best placed to identify what the major issues they're facing are. Some local government areas may obviously be more supportive of the short stay accommodation industry than others, but, as I said before, it is a matter of getting all the stakeholders - local governments, industry and the providers themselves - around the table and working out exactly what the best situation is. Inevitably, not everyone will be satisfied by that particular outcome, but that debate still needs to be had in terms of what we can achieve in Tasmania as far as the short-term accommodation industry is concerned.

Mr ARMSTRONG - Well, it was floated here at this committee either by one of the members or a witness whether local government would be the best organisation to look at how much short stay accommodation should be in their area because they know the area. What is your comment on that?

Mr COWARD - That's in terms of setting limits on short stay accommodation?

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Mr ARMSTRONG - That's right. What conditions and limits.

Mr COWARD - What would be great from Restaurant and Catering Australia's perspective is gaining a greater understanding of exactly how the industry operates in those local government areas. The more information we have at our disposal, the more informed the decisions will be in terms of how many tourists a particular area can sustain, what the impact on the local amenities actually are, to what extent it is already happening, the concerns of the local residents and the local businesses themselves so we can work out the drivers of the short-term accommodation industry and exactly what the concerns of all those stakeholders are.

Mr ARMSTRONG - To do that, you need some sort of licensing system so that you can get feedback from how many people are registered so they can give feedback to either local government or the state government as to how many people they've got going through their establishments.

Mr COWARD - We'd be concerned that a licensing system would perhaps provide disincentive to short-term accommodation operators, so we want to ensure that the red tape aspect of a licensing system is minimised. There is a lot of existing data out there already that could be utilised to provide that viewpoint. In terms of a licensing system, we'd be concerned at how onerous that licensing system is; what the costs involved are; whether it would be too prohibitive for short-term operators to sustain; whether it would ultimately negatively affect the Tasmanian tourism industry and, by extension, hospitality and other small business sectors; and whether it would eventually adversely affect the number of tourists who come to Tasmania because their options have suddenly been limited. We'd really like to avoid a scenario that leads to a significant reduction in the supply of accommodation options, which we think is particularly important in those real peak periods during the year, such as during the major festivals and sporting events.

Mr ARMSTRONG - The Hobart City Council spoke to us and it has - and I am not too sure how many - three new hotels being built in the city. So there is a lot more accommodation coming on in Hobart itself.

Mr COWARD - We don't think hotels and short stay accommodation operate in a zero sum game dynamic. We have seen evidence of a lot of new hotels being built, particularly in Tasmania. There is evidence suggesting that hotels and motels, or traditional accommodation providers, have also experienced growth in addition to the short stay accommodation industry. But what is important in Restaurant and Catering Australia's view is that there is a healthy availability of accommodation providers, which gives international and domestic tourists the option of staying in the areas where they want to stay and when they want to stay. We think that maintaining the supply of accommodation options for tourists is an essential aspect of this debate, and we disagree that the operation of the short stay accommodation industry occurs at the expense of traditional hotel operators. There is a very large ecosystem of businesses that all benefit from the influx of tourism - hotels being one, motels another, cafes and restaurants, local takeaway outlets and convention centres. The [inaudible] small business sector is a very significant beneficiary of the tourism industry and we think there is a significant role to be played by both short stay and traditional accommodation providers.

Mr ARMSTRONG - We have just heard from one of the previous presenters that the issue is that they do not believe it is an even playing field. Anyway, we will leave it at that.

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Mr VALENTINE - Thanks, James. It has been interesting listening to your comments; thank you for that. You opened with a comment about representing 45 000. Is that businesses in the sector?

Mr COWARD - That is the total number of businesses throughout Australia. The most recent data we have from the Australian Bureau of Statistics is 45 092 cafes, restaurants and catering businesses throughout Australia. In Tasmania you have 744 cafes and restaurants and 63 catering businesses, for a total of 807 businesses. That is obviously throughout Tasmania - not just Hobart and Launceston, but the entire state.

Mr VALENTINE - No, that's fine. I was trying to understand your membership; that is all.

Mr COWARD - Our membership consists mostly of small café, restaurant and catering businesses. Obviously the majority of those businesses are small businesses. However, we do represent businesses across the entire spectrum of the sector, from the small local residential restaurants to the very high-end tourist-type restaurants which people read about in magazines and tourist guide books. We represent the whole spectrum of the industry, and we are very proud of that. We are committed to ensuring the industry is one that can be sustained in a profitable and beneficial way for the benefit of tourists. We know that the restaurant and café industry is a very popular option among both national and international tourists. It is consistently rated as one of the preferred activities that tourists enjoy doing. I think part of any holiday should involve going to a high-quality restaurant and enjoying everything that Tasmania's hospitality industry has to offer.

Mr VALENTINE - How many actually signed-up members would you have out of those 45 000?

Mr COWARD - We have about a third of the industry. In terms of the actual number of members we have, there is quite a lot of attrition of members because of the high closure rate. There are a lot of members who open and close and members who take their membership and then can't pay for their membership in any given months. There is obviously a lot of pressure that those cafes and businesses have to deal with. At some point in the year during very popular periods, they will sometimes have to suspend their membership and join later on. So it is quite a fluid number. We are committed to ensuring we represent as much of the sector as we can. Obviously an industry association membership doesn't benefit everyone and not all businesses can afford to be involved. However, we are still committed to representing the sector in its entirety, which consists of those 45 000 businesses or so.

Mr VALENTINE - Thank you for that. I wanted to get some understanding. I am not sure whether this question has already been asked - and I apologise if it has - but as far as your members are concerned, do they ever express any concern or issues with their workers being able to find accommodation? This is something that was raised earlier.

Mr COWARD - The major concern of our members is sourcing those workers in the first place -

Mr VALENTINE - The skilled?

Mr COWARD - We have not had any members specifically mention lack of rental supply as an issue they are encountering. It is more that they are not receiving the actual applications in the first place. Where it is particularly apparent is among the key occupations of cook, café and

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restaurant manager and chef. They are very highly skilled occupations. That is something we have seen a lot of - not just in Tasmania, but across other states and territories in Australia. There is a very significant demand for these workers.

The Department of Jobs and Small Business projects 11.9 per cent growth, or 74 700 additional jobs, by May 2023, and trying to sustain that level of growth is something a lot of businesses are struggling with at the moment. There are a whole lot of issues involved in that - also at a federal government level in terms of migration levels and the temporary skills shortage visa, and the cost involved for a business to employ a foreign worker as well.

In terms of short stay accommodation, it doesn't feature very prominently in terms of why those businesses are having difficulty in hiring workers they need.

Mr VALENTINE - I have heard anecdotal evidence that in Sydney, for instance, with its cafes and restaurants, people find it very difficult to live close enough to be able to afford to travel to work and pay the rent, and that is a bit of an issue. I am interested in whether that has come through in any of your surveying at all of your members. You have answered, unless you have something further to add to that. It is a fundamental issue, isn't it?

Mr COWARD - Yes, it certainly is. As an association we want to promote the hospitality industry as a long-term career path. That has been hampered by the perception that hospitality work is short term or only something you do as a stop-gap measure throughout university. That is an issue that is really hampering the sector in being able to retain their workers over a long-term career path. That career path certainly does exist but unfortunately, for a variety of reasons, there are issues with staff attrition in the sector, and we are not seeing enough of young workers pursuing hospitality as a long-term career path and maximising the opportunities the sector has to offer. That is the only other thing I would like to add to that statement.

Mr VALENTINE - Have you done any surveys of your members since short stay accommodation came on the scene - over the net, hiring of properties and the like - on how they are responding to its impact? Are they are improving their game, lifting the level at which they operate or anything that would give us an understanding of how it is affecting your industry?

Mr COWARD - The surveys we have conducted have been more at an operational level, unfortunately. The surveys we have conducted of our members have shown an increase in business expenditure items across virtually all major categories, including wages and salaries, staff training costs, rent and property costs, electricity, insurance - even little items of expenditure like marketing costs and stationery have increased over the financial year. The surveys we have conducted have focused mainly how the businesses themselves have operated year on year. The increase in operational costs has been the main thing that has come through to us as part of those surveys as well as difficulty of attracting new workers to the positions that they really need.

Those are the kinds of surveys we have done thus far. We do one very significant survey each year and businesses are able to inform us of all relevant hospitality operating conditions and what they view as being the biggest issues in operating their businesses. The short stay accommodation industry has not been mentioned as one of those big issues. It is more along the line of the increase in staffing costs, the availability of skilled workers and the difficulty in sustaining the increases in operating costs across the sector.

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Mr VALENTINE - I asked that because there is this idea that because of short stay accommodation, restaurants improve their game and their prices lift and it might price locals out of patronising those places that they patronised when they were a smaller café as opposed to a fully-fledged restaurant -

Mr COWARD - The industry is certainly a dynamic one. It is very responsive to customer-led demands. If there is significant demand for a certain product, restaurants and cafes are very quick to jump to that demand. There is certainly a lot of evidence of that throughout the sector in terms of the way the businesses are adopting digital technology and various other strategies.

I think the actual increase in costs is directly attributable to the increase across those various categories I outlined earlier on in my testimony. The issue for the cafes and restaurants is that customers are very sensitive to price increases and there is a general reluctance to increase prices because of the levels of competition within the sector. There is a host of cafes and restaurants for tourists and locals to choose from and if they are dissatisfied by the pricing structure of one business, they will seek out another business. The competitive nature of the business as a whole is what determines things like prices, and that will only become more pronounced as the number of businesses increases as we have seen over the last few financial years.

Mr VALENTINE - Thanks very much for that.

CHAIR - James, you mentioned in answer to Rob that there is a high closure rate and that is one of the reasons it is difficult to give a number for your membership. What do you see the reason for the high closure rate?

Mr COWARD - There is a high closure rate for a number of reasons. The barriers to entry for the café and restaurant sector are very low, for starters. It is not something that requires a lot of previous experience or skills to operate. Anyone can operate their own café or restaurant business with a significant amount of entrepreneurship and dedication, but to try to get a foothold in the industry is very difficult.

Obviously the established cafes and restaurants have their reputations already established, and that is very difficult for a new operator to deal with. There are also significant issues with cashflow and obtaining the finances needed to start the business. Red tape for any new business operators is a significant issue.

There should also be a focus on finding out exactly what is needed to succeed in the business. A lot of hospitality operators come into the industry without a lot of prior knowledge of what is required for a business to succeed. Having a detailed business plan in place is critically important, and is overlooked a bit.

The barriers to entry being so low means you have this constant stream of new businesses opening. Unfortunately not every business will be able to compete with the established names. Trying to establish a new business is very difficult for these business owners to do, and that is why I think we have seen such a high closure rate. Obviously other factors are at play as well, including the seasonal demand among tourists and locals for café and restaurant meals. For instance, you see a lot of cafes and restaurants close during winter. If a café or restaurant has a particularly poor winter, it may lead them to decide they cannot operate any longer. Unfortunately that is what we have seen in recent times.

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CHAIR - Thank you. That was the phrase I was looking for - seasonal demand. Do you consider then that with so many short-term rentals, short-term accommodation in particularly some of these big tourism areas, that some of these businesses certainly cannot cope in the winter months when they do not have the tourists. We are hearing that it is very hard to get locals to stay there because much of the accommodation is only available during the winter months. That people have to move out, that they cannot get accommodation in the warmer months. They can only have it in the winter months. What are your thoughts on some of these businesses when, as you said, there is seasonal demand, when there are very few locals in some of these areas. What is your comment?

Mr COWARD - The businesses depend on the passage of both local residents as well as the international and domestic tourists to survive. The typical profit margin of some of these businesses is low as 2 to 3 per cent. It is really about trying to maximise the economic benefit associated with the short stay accommodation industry.

I would not assume that if a zero-sum game between local residents and the tourists themselves. We can see that the customer profile of cafes and restaurants is very mixed and very diverse one, and their customers are both tourists and local residents. I think seasonal demand is particularly pronounced in Tasmania, given the weather patterns. Cafes and restaurants across Tasmania are benefiting from the dispersal of tourists that short stay accommodation brings, which is something that is not discussed a lot among policymakers.

CHAIR - You would agree that we need to have some balance and there needs to be some adequate accommodation for locals as well? Some form of regulation?

Mr COWARD - Yes. It is important to look at housing issues in Tasmania holistically. You need to consider the various factors in play in determining things like shortages, which are being experienced. I do not think shortages of themselves can be attributed to the short stay accommodation industry entirely. There has been pressure on the Tasmanian rental market from a lot of different sources, including the growth of international students - the University of Tasmania, for instance. Residents from Sydney and Melbourne are migrating permanently to Tasmania as well. I do not think there is enough impact on rental housing in Tasmania to warrant restrictions or prohibitions on short stay accommodation.

Online booking providers themselves would only account for a relatively small proportion of the overall housing market entirely. Some of the drivers would be at the federal government level, like negative gearing and the like.

CHAIR - Thank you. The member for McIntyre, Tania Rattray, has a follow-up question.

Ms RATTRAY - James, you mentioned that you supported an industry-wide code of conduct and you also mentioned through your answering session that you provided some input into other jurisdictions. Has that been progressed with any other jurisdictions under your banner?

Mr COWARD - Yes, we have provided submissions to the New South Wales and Queensland governments on the short-term accommodation industry. I think it has been most progressed at the New South Wales government level. A large parliamentary report was released on the short-term accommodation industry, and I think the current New South Wales government is progressing the recommendations that report contained. In terms of developing an industry-wide code of conduct, I do not think a code of conduct has been finalised yet in any Australian

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jurisdiction. Once an industry code of conduct is developed in close collaboration and consultation with industry stakeholders that could provide a blueprint for other jurisdictions, or at least there would be elements within that code of conduct that would be relevant for other states that don't currently have one in place. That would be very beneficial in terms of providing a proper and dynamic framework in which the industry could exist.

Ms RATTRAY - I agree. If somebody already has the ball rolling, it would be good to be able to look at what they have in place. We will have a look into that. Thank you very much; I appreciate that.

CHAIR - It looks like we do not have any further questions, James. Do you have anything else you would like to add?

Mr COWARD -Thank you very much for the committee's time this afternoon. We've gratefully appreciate the opportunity to provide evidence on the short stay accommodation industry and we look forward to working with the Tasmanian Government on this important issue and uphold the great tourism growth that's occurred over recent years.

CHAIR - Thank you, James. To reiterate: we are an independent Legislative Council inquiry into short stay accommodation, not a government inquiry, but we appreciate you taking the time today to give evidence and also for your submission. Thank you very much.

THE WITNESS WITHDREW.