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THE LEGISLATIVE COUNCIL SELECT COMMITTEE MET IN THE COMMITTEE ROOM, BURNIE ARTS AND FUNCTION CENTRE, WILMOT STREET, BURNIE, ON THURSDAY 4 OCTOBER 2018.

SHORT STAY ACCOMMODATION IN TASMANIA

Ms FIONA HANAFIN, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR (Ms Armitage) - Today we have with us Julie Thompson, Rosemary Johnson, and Legislative Council members Josh Willie, Rob Valentine, myself Rosemary Armitage, Tania Rattray, Rob Armstrong and Committee Secretary, Jenny Mannering. If you would like to start and we will ask you some questions as we go along.

Ms HANAFIN - On the protocol, I need to ask you a question to make sure what I say is relevant. Maybe you could tell me why you are holding the committee and the various things so when I address the committee, I will keep it on track.

CHAIR - You have read our terms of reference?

Ms HANAFIN - No I have not.

CHAIR - I thought you might have read the terms of reference. I am not sure I have the terms of reference here.

Ms HANAFIN - Airbnb sent me an email and said click on a link, there was template to explain experiences you have had and so forth to which I did. I was then asked to come along and speak here.

CHAIR - We are looking into the short stay sector to provide some recommendations to the Government with regard to this sector. There have been questions from all sides. Some sides are complaining there is not a level playing field. We have had some submissions with regard to safety. It is really along the lines of your submission and how you feel, what you believe the sector is, what you believe should happen, whether you believe there should be regulations. Should councils be regulating and at least having a register of Airbnb. Basically from your words, pretty much what you have written and anything more you might want to add.

Ms HANAFIN - So you are not coming from the angle of regulating for housing shortage or anything like that?

CHAIR - We are simply information gathering so that we can put some recommendations together. There are a lot of different discussions with regard to what might be happening and what might be the cause. People within the industry, such as yourself, your opinion on what you believe should be happening and how you believe the industry is going. It would be really good to hear from you, as someone who is part of the industry.

Ms HANAFIN - Thank you for that. That gives me a starting point.

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We have B&Bs in Deloraine and Devonport. I rang up the Devonport Council and said this is what we want to do, is there anything we need to do, do we need to register it and they were absolutely fantastic. No, no, it is your property you can do with it as you like. We just up and started with it, so that was fantastic. With Deloraine, we had to let the Meander Valley Council know. We had to incur - I do not retain figures well - we had to pay something to register that we were intending to do that. Because there were some objections from neighbours, we then had to go to the council meeting.

CHAIR - Was that for a planning or building approval?

Ms HANAFIN - The objections were because they wanted to see the road upgraded and they were using my suggestion of running a B&B as a reason that this needs to be sealed. It was a different agenda to having a problem. None of them had a problem with me running the B&B per se and consequently it was unanimously voted to do so at the council.

Ms RATTRAY - To do up the road?

Ms HANAFIN - No. The council are redoing the road as a result. That is how the objections were directed from that angle. We still had to go through a waiting period, more expenses, et cetera. They are the two experiences we have had with the B&B.

I believe it needs to be regulated in respect that rental tenancy is regulated. With rental tenancy, the building has to come up to some standards so it is liveable, inhabitable and safe. I do not believe it is unreasonable to have that onus on B&Bs. Otherwise, you might have people who have rental properties that are not up to scratch. So rather than do it up, they B&B it out and can get away with it.

Australia is incredibly overregulated. The fewer regulations we can have the better - really just to cover the safety issue. I have heard different things bandied out there about restricting the number of nights, or you just cannot have house be a B&B for 12 months of the year. It would be grossly unfair to be regulating to that extent because you would be taking away the freedom of ownership that people have.

If this is not relevant, please tell me, but I am going to come from the angle of argument that we need to restrict B&Bs because there is such a housing shortage. I fully understand why there is a chronic housing shortage. If this committee is trying to investigate and deliberately make it harder to have a B&B so it discourages people so they go to a rental and therefore increase housing availability for those people who cannot get housing, then that would be a wrong angle to take.

I am not surprised that there is a chronic housing shortage. I have had a total of five rentals now. When my husband and I went into the rental market I did not have a tenant-landlord mentality. I do now. I have been physically assaulted. I have been verbally assaulted. I have had to take out a restraining order. I have lost money like you would not believe. I did reference checks and due diligence. Sometimes the tenants were great until they decided they were going to leave and all of sudden they stopped paying rent - 'That will come out of the bond or whatever'. Some of them turned vindictive and nasty. I have had two or three houses trashed and then I have had to fight the insurance to get that back.

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My husband and I were very fair. We soon learned, very quickly, that your word means nothing; you had better get it in writing. Because of silly little technicalities we lost money again in the court process. The laws were totally skewwhiff in favour of the tenant. The landlord has no rights - yes, they do have some rights, literally they do have some rights, but the law is really biased towards the tenant. It does not surprise me at all that people are swinging from rental to B&B.

We have just done repairs from a previous rental tenant; I got 100 per cent on my bond but I am still owed a few thousand dollars, which I will never get unless I take it to the court. I have stress, expense, and even then, will I get my money? And that is a clear-cut case where I have photographic evidence. I am not going to but I could go through one example after another.

We have been talking to the various tradies that have come into the property to do work on site and they say 'what are you doing with the property'. We say 'we are getting it ready for B&B' and 'oh, you too. Everyone is doing this. All the places we have gone, you should have seen what the tenants have just done to the property', et cetera, et cetera.

With two nights' accommodation, you have covered your week's rent. You don't have issues of someone not paying you, someone not respecting you, and someone trashing your property. You do not have them stuck there - if you don't like them you only have to put up with for one or two nights. It is a completely different kettle of fish.

If the aim in all of this is to look at things of what we do to get more people into the housing area, like rental and so on, then my suggestion, for what it is worth, is to really look at the whole rental tenancy legislation and giving some power back to the landlords, and security and so on.

CHAIR - It is not the aim of the committee. The committee is purely looking at short stay. It is one issue that people are concerned about but it is not the aim of the committee.

Ms HANAFIN - You will have to excuse me because this is where I am at in life at the moment - rental versus B&B - if I were to make comparisons between the two, the B&B is certainly generating more income into the local area. Our B&Bs are privately owned by my husband and me; the money stays in Tasmania. We can form partnerships with various restaurants and so forth, so we give our guests a little business card and if they dine at one of the local eating establishments they get a 10 per cent discount. The restaurants will feed customers into us, so that is a bit of a partnership going on, encouraging tourism, economic growth and so forth. We are not a multinational-owned hotel so the money stays local and feeds tourism.

I notice Airbnb encourages you to promote experiences as well, so not just promote a properties but promote experiences, There are a couple of things that I will look at in the future when things settle down a little more. That would help bring tourism in as well.

Ms RATTRAY - Thank you for sharing your story, it is very much appreciated. You said in your submission that you share your home. Obviously you cannot share more than one home, so how does that work? You have a standalone Airbnb, and then you have a B&B that you share with people who come through.

Ms HANAFIN - The house that we live in in Devonport is three to four storeys high and we have converted the bottom area into its own self-contained separate apartment. It is still part of

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the building, but the door that goes up to the internal stairway is locked and they do not have access to that.

The property at Deloraine is actually two houses co-joined via a foyer, so that is two separate properties. If a big group stays, we unlock that internal door so they have open slather to the whole property.

Ms RATTRAY - That works for a family situation or something like that?

Ms HANAFIN - At Devonport, for us as a family?

Ms RATTRAY - Yes.

Ms HANAFIN - We have set that one up so that there are no keys. It has a code on the door handles, so they set their own code so we don't have to chase up keys that are lost, or lack of security. If someone walks away they can come back and get in because they have their own code. They let themselves in and sometimes we do not even see some guests we have if they come in late and leave early. We may not even meet them. It is very unobtrusive.

Ms RATTRAY - I am interested in the suggestion around the landlord and rental situation tenancies. What do you think could be put in place? When you said landlords have some rights, but they seem to be disregarded almost when it comes to an issue -

Ms HANAFIN - I am not sure what they are.

Ms RATTRAY - they seem to be disregarded almost. Do you think you need to go back and have a look at that whole Residential Tenancy Act and make sure there is a balance? Is that what you are saying there?

Ms HANAFIN - Yes. I will give you some specific examples of the things that we experienced. Unless we really cross our t's and dot our i's, it always goes against us. Don't worry, we have learned the hard way.

One of the houses is basically brand spanking new. I'm not sure what happened to that condition report because the condition report was lost. It was like the tenant could just walk all over us. Even though it was agreed that it was in brand new condition upfront, because there were no photos or a condition report we didn't have a leg to stand on. So don't worry, I learned very quickly from that example.

There was another one where the door handle on the toilet door had banged in and there was a mark in the plaster. The girl got so over it - the ones we had at Longford - I then put it into Harcourts hands. I said to her, 'This has been damaged', and her thing was, 'Well, we don't have a photo of that and it wasn't specifically noted that that was clear before.'. I was like, seriously, you have to take a photo? It got to the stage that I was actually taking video footage of the tenants and would walk around the property and we would identify everything that we knew was wrong.

Even with this latest one with the tenant, his dogs chewed a couple of doors and he admitted to it, agreed to it and so forth. We got 100 per cent of the bond, but the report came back from the rental tenancy commissioner. These were some of the things that he disallowed us. There were a heap of light bulbs that had blown and the tenant had been living there for the last two or so years.

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The commissioner guy, he even said that it is, by law, the tenant's responsibility to replace those, but whatever has blown at the end of it all is considered to be the landlord's. I have inspection reports where I said to him, 'Before you leave, can you fix these bulbs and any others that are blown?'. He fixed those bulbs but not the others. In the report, the Residential Tenancy Commissioner guy denied us to be able to get money for those bulbs. In that property I took over 1000 photos for the initial condition report - every single thing I could think of - but I missed a windowsill and he marked it with coffee cups and so on, so I had to pay to get that fixed. I don't think that one is going to be covered because we do not have a photo of what that was like before.

Ms RATTRAY - In your view, it's too onerous on landlords and there needs to be some balance.

Ms HANAFIN - Yes, absolutely, and even to the extent that my builder charged four hours for one job and the tenancy commissioner said, 'I consider that to be excessive. I am only allowing two hours.'. Who is he to make that decision?

CHAIR - We understand why you have gone to short stay.

Mr VALENTINE - My question has been answered through that exchange. Do you only have the two properties, or do you have other properties?

Ms HANAFIN - No, we have the two properties but we are looking to get further properties. It is an area that we enjoy. It works really well because, as I said, you are dealing with a completely different clientele. It is in their best interest to look after our property because we are all reviewing each other. If they do the wrong thing, you can look it up on a public review.

Mr VALENTINE - To clarify the difference between the two councils approaches, you mentioned with Devonport you simply advised them you wanted to do this and they said they we don't have a problem and there is nothing else to do.

Ms HANAFIN - That is right.

Mr VALENTINE - Is that because it was your primary residence?

Ms HANAFIN - I don't know if it was because it was a primary residence. All I know is I rang to see if there was anything I had to do and the answer was no, I didn't.

Mr VALENTINE - You were not asked for money at any point for licensing or registration?

Ms HANAFIN - No.

Mr VALENTINE - Okay. Is it a standalone house in Deloraine?

Ms HANAFIN - Yes.

Mr VALENTINE - Do you know whether that was a planning application? Did you go to a planning meeting, can you remember?

Ms HANAFIN - No, I couldn't answer that with absolute assurance. I guess it would be planning because it was advertised.

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Mr WILLIE - Perhaps it was a change of use. It was a separate dwelling, so you could put your Devonport property as your primary residence under the planning act. There is no planning regulation. There is a separate rule for the other property you own.

Ms HANAFIN - Right, and that would be the fee.

Mr WILLIE - Yes, so it is not that discrepancy between the councils' approach. It is a different class.

Mr VALENTINE - It is because one is standalone. You are not living on the property. I was interested to know about that process and whether there were some other aspects to it.

Ms HANAFIN - I would want to have some security that if I was to purchase a property, that I would be able to run it as a B&B. I don't want to purchase a property and then go through that process and find -

Mr VALENTINE - Did you put that up after you purchased the property?

Ms HANAFIN - No, we lived in the house in Deloraine prior to moving. We already owned it and had been renting it out. We ran it as a B&B. I don't even know how I knew that I had to go through council to do it, but I rang and found out what I had to do.

Mr VALENTINE - With respect to the safety aspects of those two properties and the different scenarios, one you are living in and the other is standalone. Were you asked to put in certain facilities for fire? If there was a fire in the dwelling, the standalone -

Ms HANAFIN - In it, it talked about that we might have to, if necessary, get another, not a building inspector but some sort of sign-off certification that it was safe. But because we built the house ourselves within the last 10 to 12 years, we didn't actually need to go down that path because -

Ms RATTRAY - You had already complied with the building code.

Ms HANAFIN - Yes. We had all the compliance they needed to run a B&B, namely the smoke detectors were hardwired with a battery, and all those various things, and it is in excellent condition and so forth.

Mr VALENTINE - Did you have to put in any lighting in the event of fire? Did you have to have certain lighting in the hallways in the standalone property, as opposed to relying on electricity?

Ms HANAFIN - No, I don't know anything about that. I was saying Australia is so over-regulated. If you start going down that path, where do you draw the line? Should you be doing that for rental properties as well? What about the tenants? Why should the tenants be any different to the B&B guests? Your argument could be that in a hotel they have to have it, why not have it in a B&B, okay, why not have it in a rental? What about situations where you want your house to be a house for the majority of the year and you only B&B it out three or four months of the year? I don't want to be living in a house that is like an aircraft with all your little lights, exit

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signs and things like that. I don't know. Common sense is not common, but when I go into a house, I know where to go to get out if there is a fire.

Mr VALENTINE - Yes, but if you are a visitor who is going to a house that doesn't have the owner there, you may not. Where is the balance, in your mind, is that still being provided?

Ms HANAFIN - My question to you is, what about my tenants, if I have a property and am renting my property?

Mr WILLIE - They would be familiar with the property.

Mr VALENTINE - They would be familiar with the property, yes.

CHAIR - If someone turns up at 10 o'clock at night and going in -

Mr VALENTINE - If something happens in the meantime, there is no-one there to show them around. They are the arguments. We are just exploring. We're not saying you need to do this. We need to hear your opinion.

Ms HANAFIN - I am guessing the hotel industry put that forward.

CHAIR - It was more the fire service.

Mr VALENTINE - The fire service put it forward.

Ms HANAFIN - Okay. People argue safety. You cannot argue against safety, can you? The situations where people are just renting out a room in their house to B&B guests: are you saying that if it is in your house you do not have to do that?

Mr VALENTINE - I am not saying anything. I am posing the question. In that scenario, if you have somebody who is familiar with the premises and they are there and they have guests, then obviously they are going to be concerned that the guests are okay. So, they are probably going to round the guests up and get them out. It is just that circumstance where you have a standalone house that is being rented out for the night and people aren't familiar with the territory. So that safety issue comes in. The fire department has talked about that.

Ms HANAFIN - If it is not overly onerous to implement, but if you have to rewire your house and this and that it's -

Mr VALENTINE - The other aspect is appropriate insurance. Can you explain what sort of insurances you have on both those properties?

Ms HANAFIN - No, ring McKillops Insurance brokers. I would never insure without an insurance broker.

Mr VALENTINE - Is it a commercial insurance you have? Or is it just a normal residential insurance like the one you have at home?

Ms HANAFIN - I tell my insurance broker what I am doing and tell them what I want to be covered for to make sure I have appropriate insurance. I do know it is not landlord insurance.

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CHAIR - It is public liability.

Ms HANAFIN - It is public liability but also for short stay -

Mr VALENTINE - For commercial purpose?

Ms HANAFIN - I guess so. Basically I am covered if they damage the property, but it is not specifically -

CHAIR - If they break a leg.

Ms HANAFIN - Yes, I would definitely be covered by public liability. As far as the technicalities of insurance that is why I have a broker.

Mr WILLIE - If I could explore the issues that Rob was talking about. We were talking about the building code and the different classifications of buildings. A residential property is classified differently to a commercial property. This committee has heard a range of evidence from different witnesses that there is not a level playing field. A traditional bed-and-breakfast operator has to comply with a different building code. They have commercial rates; commercial energy costs; and they are competing against Airbnb properties that are classified differently. Do you have any comment on that?

Ms HANAFIN - Sorry, you said the traditional bed-and-breakfast owners are competing with Airbnb type? Sorry, I do not understand the differentiation.

Mr WILLIE - A traditional accommodation service provider would have had an existing building as a commercial operation. Because of that they have regulations to meet, they have different standards to meet under a different building code, and they are now competing with Airbnb properties that are classified differently and do not have the same level of strictures.

Ms HANAFIN - When you say the 'traditional' does that refer to hotels as well?

Mr WILLIE - It is hotels; bed-and-breakfasts before the rise of Airbnb; commercial properties. They were classed as commercial properties under the planning system.

Ms HANAFIN - So you want to look at the possibility of making it a more level playing field?

Mr WILLIE - They are operating in the same market. I am repeating what we've heard.

Ms HANAFIN - I think that's a fair thing. As I said, I do not have a problem with regulations to ensure safety. I understand what you are saying. Please excuse me being stuck in the face of rentals versus short stay. That is where I am at, at the moment, which I will have to come out of.

Mr WILLIE - I am talking about safety.

Ms HANAFIN - For me it is like the level playing field between B&B and rentals. Should B&B be substantially more regulated than the rentals? You are doing it from an argument of

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private B&B versus commercial B&B to make that level there. I do not have a problem with that. Again, where do you draw the line? Is that then going to cross into rental? At what point does it become overly onerous? Should rental be brought up to the same standard as commercial B&Bs?

Mr WILLIE - The fire service was raising this particular issue. It is short-term letting; you might have guests arriving at 10 p.m. They are not familiar with the hallways or the building. So there is added risk to short-term letting versus a long-term rental. That is the argument.

Ms HANAFIN - Yes, I understand and I agree with that. I suppose it depends. I would not have a problem implementing that sort of thing. Particularly, with increased technology you can go there easily, but at what expense? Is it going to cost \$3000 or \$4000 to install? Or is it going to be something that costs a few hundred dollars? Is it going to be achievable for the average Joe Blow? That sort of thing.

Mr WILLIE - If I could go back to the fire service; they are worried that there is added risk to residential properties being let out in this way. Many of those regulations under existing commercial businesses have eventuated in the wake of coronial inquests and looking at safety standards across the board. Their argument is that it should apply to Airbnb because it is a similar set up and the risk is still the same.

Ms HANAFIN - I do not have a problem with that logic.

Mr WILLIE - If I could just go to your opening points around rental versus short stay. I am sorry you had a bad experience.

A lot of the evidence we have heard about landlords converting to Airbnb has not necessarily been around bad experiences with tenants; it has been more the revenue that can be generated through short-term letting versus private rental. I am interested, has that been an added bonus to you? You are generating more income under Airbnb, and has that been one of the motivating factors?

Ms HANAFIN - No, the motivating factor was that I was just sick of being treated like scum of the earth by tenants. I was sick of being screwed over left, right and centre, and then not being protected by the law.

We built four properties in Longford as long term so that after 20 years they could pay for themselves. After eight years in that hell that my husband and I went through on multiple occasions, we said 'We are over it, sell them all'.

Our house in Devonport lent itself beautifully to running a B&B. So we sort of stumbled into that area. I do not know that we were really looking. We had our eyes open to it I guess. We had no idea how we would go. We opened it in October last year and we were absolutely blown away. We have a perfect place for it. It has a fantastic view. We were blown away by how well it went. We were still quite happy to rent out Deloraine until he started being dishonest in the background and ripping us off. I said to my husband, 'I am over this; he is out'. I was sick of the house and the yard looking like a tip. He had rubbish everywhere.

So we have now done that up and B&B'd it. In probably about two nights, maybe three, you have earned a week's rent. You have the added bonus that you have control over your property, rather than the tenant calling all the shots. You have a completely different clientele of person.

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They treat you with respect; they love your home, they look after it. When they leave you have a cleaner come and clean it. Your house is always looking spotless. It is always beautifully maintained. As I said, two or three nights and you have your week's rent.

Mr WILLIE - You said you were concerned if you are looking at it from the perspective of housing shortage in the private rental market, because that would infringe on a property owner's freedom to use their property how they would like. Airbnb is a relatively new phenomenon. We have had arguments from the Tourism Council that in a residential area if you had somebody start up a tattoo parlour or a mechanic's business, that that would not be allowed and the council would be there straight away. What I am trying to say is that you are changing the use of a property to a commercial business. Do you see any issues with that?

Ms HANAFIN - No, because if you are allowed to rent it out to people for two or three months at a time, why should you not be allowed to have it sitting vacant? Why should you not be allowed to have family stay there? Why should you not be allowed to have a different guest each night?

Mr WILLIE - So you do not have any concerns for local communities and the impact these businesses in their community would have?

Ms HANAFIN - Do I have a concern for the housing shortage?

Mr WILLIE - The local amenity as well.

Ms HANAFIN - Yes, I am concerned for the housing shortage. There is a reason for it and if you talk further afield to all the B&B people, they are disgruntled rental people. I know from the conversations with the tradies. When we were going around Gum Treeing, getting furniture for the property at Deloraine, everyone was saying, are you setting up a B&B too? All the stuff I am getting rid of is all going for B&B, everyone is B&B. In the course of conversation, it has always been that people are sick of renting and how they and their properties have been treated. If you have those two alternatives, why would you not B&B?

I can see why there is chronic housing shortage. I do not know the solution, apart from the landlord needs to be protected more. You cannot take more than four weeks bond. Yet, it can take up to six weeks to evict a tenant. I did get around this. When the tenant moved in, I would get four weeks bond from them, make them pay four weeks rent in advance and two weeks later they would pay another two weeks and two weeks. At any point in time, I had at least six weeks rent. Most landlords do not think this way, so they are stuck on the four weeks and it can take up to six weeks.

If someone is doing the wrong thing by you, why should it take six weeks to get them out?

Mr VALENTINE - Are you saying, under the act, they have to have six weeks?

Ms HANAFIN - My understanding is it can take up to six weeks and you are lucky if you get them out within six weeks. Then the landlord is the one who has everything to lose. If they want to be vindictive, they can go around with a hammer. A lot of the time the landlords are walking on eggshells, trying to get money from their tenant. Our experience was that the tenant lorded it over us.

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Mr WILLIE - Hypothetically, if you had the changes to the Residential Tenancy Act that you want, would -

Ms HANAFIN - I would not go back. I would sell my property before I would rent it.

Mr WILLIE - Do you think other landlords would go back given the lucrative nature of Airbnb? Would it be an incentive? We are hearing some properties can generate three times as much income in a year. Even if you had the changes you are suggesting -

Ms HANAFIN - We have only recently launched Deloraine so it is too early to tell. I am not expecting Deloraine to perform anything like Devonport because of the location. Our place in Devonport is in a prime, perfect position. We are one of the more popular B&Bs in Devonport.

If someone is getting three times the rental, then they have a prime place like ours. I do not think the average B&B has three times the rent. Bear in mind, we have a really good spot in Devonport and August was by far our quietest month. We had about three bookings for one or maybe two nights. We had one, two night one and two one nighters. You have your ups and downs.

If you make it fairer for the landlord, the market of supply and demand, you will have more rentals because there are a lot of people who do not want the management of a B&B. I am a person who thrives on those things but a lot of people would say, I want a tenant and they pay weekly. There is more management with a B&B and a lot of people do not like that. They would much rather put a tenant who pays the rental weekly. I know there are people who had a rental and sold their property. They are out and they are never going back again.

Mr ARMSTRONG - You were saying they encouraged the government to follow South Australia, New South Wales and other cities around the world and we have heard from other witnesses to say South Australia and New South Wales have no regulations for Airbnb. At the moment we don't know how many Airbnbs are in Tasmania or in particular areas. Do you think there should be some registration process for Airbnbs so that municipal areas do get an idea of where they are? If so, should there be a registration fee and who should benefit? Should it be local government or state government?

Ms HANAFIN - Now we are starting to go into the realms of bureaucracy and administration and this, that and the other. A B&B is a business.

Mr ARMSTRONG - You come into the safety part of it. Those same people could administrate the safety part of it. You said that safety is paramount. At the moment there is nobody ensuring that.

Ms HANAFIN - With regard to the registration with the council, we have registered the ABN with the Tax Office. We are registering our income with the ATO and we are paying our taxes through the ATO. How many bodies have to be involved?

Mr ARMSTRONG - Your taxation is completely different to the safety part of the building. I am coming from the safety aspect. Is your Airbnb at Deloraine, for instance, registered with the Meander Council as a B&B? Do they inspect your property and say yes, you comply with whatever rules are set in place for it?

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Ms HANAFIN - No, I saw it very much as an 'arse-covering' exercise, a money making thing in that I had to pay my fees and they basically put the onus back on me. I didn't have to get back to them.

Mr ARMSTRONG - That is a change in use fee?

Ms HANAFIN - Yes and no. If they were genuinely concerned with safety they haven't come back out. They just sent me - don't quote me on this even though I am being recorded - to the effect of if it is necessary we need to get a building certificate, like a certification to say it is safe or whatever. They are all within the realms of it being built in the last 12 years, so we didn't even have to do that. Who knows in the last 12 years we could have been really rough and it might not be safe, but because it is done within the last 12 years it is -

Mr ARMSTRONG - That was built as a residential property?

Ms HANAFIN - Yes.

Mr ARMSTRONG - What I am saying is do you believe that there should be some type of registration of your property as an Airbnb? Should there be somebody overseeing it to ensure that it does comply with the basic safety issues?

Ms HANAFIN - I do not have a problem with registering it with one body which does all of Tasmania.

Mr ARMSTRONG - Do you think that should be your local council or do you think it should be the state government?

Ms HANAFIN - If it is the local council, then you have different councils and different regulations. It has to be a set thing.

Mr ARMSTRONG - The legislation could be the same throughout the state, if it comes through legislation.

Ms HANAFIN - I don't have a problem registering with a body and I don't have a problem with -

CHAIR - And paying a fee?

Ms HANAFIN - As long as it is not exorbitant. It has to be a fee-for-service. I don't mind them coming out and inspecting the property initially to say 'yes, you are allowed to do this' and then annually to ensure that it is up to scratch. It should not cost more than \$50, or \$100 maximum, to come and have a look, walk around.

Let's be honest, I have had building inspectors come in, they walk around the house. I have paid them \$400 or \$500 and they have just walked around and within half an hour they are off the property even though you give a bit of a grin at me when I say that, that is the reality.

What I do not want is over regulation, being accountable to this body and this body and paying this fee and that fee. We do not want to make it hard for people to generate business and tourism.

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Mr ARMSTRONG - Disability - other establishments have to comply with the Disability Discrimination Act. What do you believe in your establishments?

Ms HANAFIN - I believe if you are absolutely up-front and say I am not set up for disability, then that should be fine.

Mr ARMSTRONG - Do you believe that should be advertised by your establishment?

Ms HANAFIN - Yes, and we do. There are sections on booking.com where you state do you have a hand rail at the toilet? Do you have a roll-in roll-out shower? I have just said no, no, no. That is something I do feel very strongly about. I do not think it is fair to force the B&B people to comply with all these things, that they have to comply with disability. Basically you make it clear that this is what I have. It is a bit like if you do not want kids, you say I do not want kids. Or you can bring your kids but we do not provide cribs. Or you are welcome to stay but we do not provide breakfast. If you are on a steep rock or whatever, and there are steps, there is nothing you can do. Some places are suitable for the disabled, some are not, and I think that would be extremely unfair to make everyone have to comply with those sorts of things.

CHAIR - I will ask you one question with regard to safety. In your property at Deloraine, do you have a sheet on the back of the door or somewhere advising people of exits and how to get out in the event of a fire? You know how you have the sheet, 'You are here' in the rooms.

Ms HANAFIN - No, but that would be quite easy to do. What I do have is when they walk into the foyer, on the cupboard that they see in front because it is a shared foyer at Deloraine - and I have the same at Devonport - it is a big laminated thing saying 'fire extinguishers, fire blanket, first aid kit.' So they know exactly where that it is. I also have a sheet in all three B&Bs, a laminated A4 sheet of paper, like the one at Deloraine has troubleshooting: what if there is a gas leak, or this or whatever. So they know what to do.

CHAIR - So you have advice for them? Are there any other questions?

Thank you very much for coming. Thank you for your submission. As I said, we are not here on a witch-hunt. We are here to look at the whole industry and make some recommendations to the Government. We are an independent inquiry so we are certainly not here with an agenda. We do appreciate you coming.

Ms HANAFIN - Thank you very much.

THE WITNESS WITHDREW.

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Ms JOY CHAPPELL WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR - Welcome, Joy. All evidence at this hearing is protected by parliamentary privilege, but I remind you that any comments you may make outside may not be afforded such privilege. There is a confirmation of the information for witnesses on the table in front of you. The evidence is being recorded and the *Hansard* version will be published on the committee website when it becomes available. You are welcome to give an introduction and we will commence questioning.

Ms CHAPPELL - Good morning, my name is Joy Chappell. I have had a legal bed and breakfast in Queenstown for 11 years. My sister, from Canberra, and I own that but I do the whole business. I also, in partnership with my partner, Anthony Coulson, run RoamWild Tasmania tours. In July last year we bought the Paragon Theatre in Queenstown, so we are busy developing that. To take a day off right at this very moment is extremely difficult for me because we are gearing up for The Unconformity, of which I am a board member, and I am also on the local tourism association. This is extremely important for my business and for all the legal accommodation businesses, especially the small rural ones like mine.

I have a little bit that I was writing at 7 o'clock this morning: thank you for the opportunity of appearing at this inquiry today. I know I represent the opinions of many small accommodation businesses not only in western Tasmania but also around the country. In my submission I mention many reasons why I believe the decision to allow unregulated accommodation businesses to operate outside the laws that govern my business was a bad one for my business, but the tragic death of a 4-year-old boy at an Airbnb in Queensland 11 days ago has prompted me to ask a new question: if a non-compliant Airbnb is allowed to continue to operate with the full knowledge of local, state and federal government, are they liable by law if the guest is injured or killed on that property?

Case in point, there is an Airbnb in Lettes Bay in Strahan. It is right on the bay with no barrier to stop a child accessing the bay and drowning. My insurance agent advised me that he would be very surprised if any insurance company would provide public liability insurance to such a high-risk property. I have photos from the internet here to show exactly the access there.

Airbnb covers their properties for \$1 million public liability, a mere pittance in the event of death or serious disability. My business must carry a minimum of \$20 million public liability insurance and would certainly not risk any less.

In other matters concerning my business, as opposed to non-compliant Airbnbs, I ask the following questions -

- (1) How is an Airbnb owner with three properties with an apparent approximate of \$60 000 in forward bookings, which I have evidence of here, able to not be registered for GST? How many other Airbnbs, that should be paying GST, are not?
- (2) Why do I have to pay commercial council rates, currently 14.15 cents to the dollar, when the non-compliant Airbnbs pay only 6.09 cents residential rates, many having done so for years? If they do finally become compliant, will they be charged retrospectively at the commercial rate?

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- (3) How long will these Airbnbs get away with paying residential mortgage rates as opposed to my commercial rates? I have just renegotiated my mortgage on my bed and breakfast and I have evidence here that I am actually paying more at a commercial rate. For the first eight years that I had that mortgage, I was paying 3 per cent more as a commercial rate, which meant that I couldn't afford to pay anything off the principal for eight years. So, paying \$1800 a month just kept me poor. I have had my property for 11 years. I will never make a wage out of it. It cost \$400 000 to buy. I have spent \$600 000 renovating. I was told by a commercial real estate agent a couple of weeks ago that I may be lucky to get \$800 000 for it if I sold it now.

As my bookings are not good enough, I do not get enough, and a couple of new Airbnbs have opened in Queenstown in direct competition with me with two of my self-contained properties, so I am just going against them. They are investors from South Australia. They bought these two properties and they opened them up. Their bookings have skyrocketed and mine have halved. I am struggling to survive.

The other important point that I would like to make is the amount of time and money over the last 11 years that I have put into improving Queenstown as a destination with the Tasmania Tourism Association: The Unconformity, the tens of thousands of dollars that I have spent on advertising my property, and closing my business down to drive around the state to go to conferences, to go to meetings, paying staff to look after my guests while I go to all of those things to simply promote the west coast with websites, with advertising, with magazines, with newspapers and all of those things that I have done over those years.

Those Airbnbs that are competition with me do not even have a DL. They do not have websites. They do not spend any money on advertising. They simply pay Airbnb a 3 per cent commission on every booking. I know this. I am actually on Airbnb because I do not feel I have a choice. A lot of people book only Airbnb and nothing else. These people do not join the local tourism associations. They do not do anything to promote the town. They just live off the work that businesses like mine have done over the years.

I could go on for hours but I am sure you have lots of questions. It is a very emotional issue for me. I have not earned any wages in 11 years. As I said, I will never earn a wage out of my property and I work seven days a week. I take a holiday every four years for a couple of weeks. To see all my business going to people who do not even live in the town is heartbreaking.

Mr ARMSTRONG - That is very interesting, and thank you for your submission. Where do you think the legislation should go as far as Airbnb is concerned? We have heard from other presenters that said safety is a real issue and everybody who presented to us agrees on that issue. Do you think that it should come under local councils or state government? We had one person say that the local council should have a say in how many people could have Airbnb in the area. Just a general overview - where do you think it should go?

Ms CHAPPELL - There should be the same legislation that we are under at all levels. Listening to the last presenter talking about having B&Bs, I found it really offensive. She does not want a B&B, which I have. She does not want any of that legislation; she does not want any of those costs. She just wants to open up and make lots of money out of it to the detriment of the people like me who pay two-and-half times the amount of rates. I was not allowed to open and take a single booking until I was fully compliant. These Airbnbs have been operating for years

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without public liability insurance and without the council knowing where they are. I must say on the west coast -

Ms RATTRAY - They did say they have been proactive.

Ms CHAPPELL - They have been, but that is because I have really pushed them. They have actually said to me, 'We want you to push it so that we can have something to work with.' They felt that they haven't had enough from government to be able to do what they need to do.

The visitors centre in Strahan, which is council run, is not allowed to sell Airbnbs unless they are fully compliant. As at a couple of weeks ago when I spoke to the council, none of those Airbnbs that I reported are yet compliant. They are still operating and taking bookings. They are not compliant so if something happens in one of them, is the state government, local government, the Australian Government liable for allowing that to continue?

They certainly would not let me operate at all until I was fully fire compliant. It cost me \$2500 11 years ago to put all of my smoke alarms and exit lights in my property. I have a four-bedroom house and three two-bedroom units.

Mr ARMSTRONG - When you say compliant, complying with what legislation?

Ms CHAPPELL - Safety, change of use, building codes, and food and safety; we have to comply with everything that a hotel would.

Mr VALENTINE - Is that a Class 1b building or Class 3. Do you remember?

Ms CHAPPELL - I can't remember. I have to have fire inspections regularly. I am fully accredited through TICT. They are fairly strict with all of that. All of that costs me a lot of money.

Mr ARMSTRONG - You have an annual fee that you have to pay to your council?

Ms CHAPPELL - No, I pay really high rates.

Mr ARMSTRONG - So it is included in your rates?

Ms CHAPPELL - Yes.

Mr ARMSTRONG - Because your assessed at a commercial rate?

Ms CHAPPELL - Yes.

Ms RATTRAY - Two-and-a-half times more.

Ms CHAPPELL - That is what it was last year. It has gone down a bit this year. I recalculated last night. I think it was 2.35 per cent.

Mr ARMSTRONG - It is 2.35 per cent above the residential rate?

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Ms CHAPPELL - I know that because I pay residential rates for the cottage I live in right next door at 6.09 cents per dollar. Next door, where my B&B is, I pay 14.15 cents. It is substantial. With water and council rates, I am paying for all my properties about \$15 000 per year now.

Mr ARMSTRONG - Is your water and sewerage rate higher than residential rate?

Ms CHAPPELL - They are not actually a higher rate, but they are substantial. I definitely pay a higher rubbish removal. I do not have a commercial kitchen in the property. I provide breakfast provisions to people. I don't cook anything. I provide the raw ingredients and they can help themselves.

Now that I have a commercial kitchen at the Paragon Theatre, I will be supplying breakfast hampers so they can take them. It is coming out of the commercial kitchen. I am not allowed to cook bacon and eggs, or provide any cooked products, to any of my guests without doing it in a commercial kitchen.

Mr ARMSTRONG - The Paragon Theatre, you have turned that into -

Ms CHAPPELL - Yes, it is a dinner, classic movies, events, and festivals - Unconformity. All of that sort of thing.

Mr ARMSTRONG - It is a beautiful building.

Ms CHAPPELL - Thank you. We think so.

Mr VALENTINE - I want to go back to cooking of breakfasts. I am assuming that Airbnb-style accommodation, because it is not just Airbnb, it is HomeAway and all of those other platforms, those people could provide breakfasts for their clients, yet you have to be registered.

Ms CHAPPELL - Yes, I do.

Mr VALENTINE - Under local government law, or under some other stricture?

Ms CHAPPELL - Definitely local government.

CHAIR - Health aspects?

Ms CHAPPELL - Yes.

Mr WILLIE - In your submission you mention a bed tax. Yesterday we had the Accommodation Association and they were talking about a point of consumption tax. Is this something you have considered?

Ms CHAPPELL - I want to plead for a fair playing field. I am seeing my business dropping away dramatically as are others, by these businesses and they are businesses, undercutting me because they do not have the expenses I have. They are making profits where I am not making profits. After 11 years of hard work I am making less now than I was two to three years ago.

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On 1 July last year when the government decided Airbnbs could open up everywhere we had 50 Airbnb listings on the west coast. Now there are 102. There are at least 40 non-compliant Airbnbs on the west coast. A lot of the local accredited businesses are listing on Airbnb purely to survive, not because any of us like it, but we do not feel we have a choice.

Mr WILLIE - With the non-compliance and the expansion in such a short period, do you think there were issues with the messaging from the government under the change, saying we are deregulating and embracing the sharing economy? Do you think people do not understand their requirements?

Ms CHAPPELL - Absolutely. I had a woman come into the Paragon last summer. She had just opened an Airbnb - she lives up the coast in Penguin or somewhere - and I was chatting to her. She had absolutely no idea her home insurance would not cover for public liability. She had no idea that her electricity rates would go up, that her council rates would go up and she would be reclassified as commercial. She had absolutely no idea what she had gotten herself into. She said, 'You are actually really scaring me with all this now.' She is still operating and still not compliant, as far as the council is concerned. Not one of them have yet been reclassified as commercial. They are still paying residential rates.

There is one Airbnb in Lettes Bay at \$475 a night and fully booked for months on end -

Mr ARMSTRONG - We looked at that on the internet.

Ms CHAPPELL - One property in Strahan has been there for 35 years. Last Saturday night, with 26 units, they did not have a single booking.

Mr WILLIE - In your opinion, where does responsibility for compliance lie? Is it with the person or the government for not enforcing it?

Ms CHAPPELL - The government. They have let the side down.

Mr VALENTINE - Let the genie out of the bottle.

Ms CHAPPELL - Yes, absolutely. They have not thought of the real consequences of all of this. It is all well and good to open Airbnbs in Hobart, where there is an accommodation shortage. But in a place like the west coast, we struggle to survive through the winter. The only thing that keeps me going is the corporate bookings of clients I have built up over the last 11 years. They keep me going through winter. There are so few tourists coming through we could not survive. With the loss of the mine, all the fly-in fly-out workers do not come anymore. They were filling up some of the cheaper hotel accommodation and then it is a flow-on effect and we could make a living. Now with an extra 40 accommodation places on the west coast, mostly undercutting and many are bad -

Ms RATTRAY - Except for the one in Letts Bay.

Ms CHAPPELL - Yes. There is somebody in Lettes Bay who has three Airbnbs and they are not registered for GST. We pay GST on everything. We pay everything. We barely make enough to keep the business going.

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Mr WILLIE - I can sense your level of frustration. The Government has announced they are going to introduce compliance legislation to the parliament, before the end of this year. That is one step. What time frame would you like to see for some of the things discussed today implemented?

Ms CHAPPELL - Last July! I want all of those costs to be retrospective because it is so unfair that these people are still operating, even though there are rules and regulations out there, they are still operating as a residential property. They are not paying GST. We just can't compete.

I am hanging on by my fingernails. I am trying to improve the outlook of Queenstown. For years, I have had guests come to my place and say, 'Wow, I never expected anything like this in Queenstown. All I was told was don't go to Queenstown, it is ugly, it is rough', it is this, it is that and we never got anyone from Hobart coming to stay in Queenstown. Now, we regularly have guests from Hobart staying in Queenstown and we get people from all over the world. They are spreading the word because of places like mine. The Unconformity, the art scene, the work of people like me and the entrepreneurs that we've got there who are struggling and working really hard to change the perception of Queenstown to get more people there.

Over summer, I had at least eight people come into the Paragon Theatre asking me about investing in property in Queenstown because the mine has apparently reopened and the place is going to boom. Six of those, I got out of them that they were going to open Airbnbs. One of them didn't say anything about Airbnbs. Her partner was the owner of Clark Rubber, so they were going around Tasmania just looking for investment properties. She was convinced that there was going to be a boom. I put her straight on that because the town is littered with investment properties of interstate buyers who buy off the internet thinking that the mine is going to reopen, it is going to boom and they are going to make a fortune. It just won't happen. I know that well.

Mr ARMSTRONG - When you said the state Government could introduce the legislation and let local government administer it, do you think that would be the best way?

Ms CHAPPELL - Yes, there needs to be the same legislation all over the state. As far as I know we are under the same state legislation as B&Bs everywhere.

Mr ARMSTRONG - Your local authority could administer it.

Ms CHAPPELL - They are missing out on rates, \$30 000, \$40 000 or \$50 000 a year.

CHAIR - That is the difference between residential and commercial.

Ms CHAPPELL - Yes.

Mr WILLIE - Yesterday, we heard from the Accommodation Association of Australia. They were talking about very similar things to you around consumer safety. Their submission referenced a couple of high profile incidents. You have mentioned it today, too. How concerning is that to you, given the landlords' non-compliance?

Ms CHAPPELL - Very concerning. That poor little boy. That has ruined two families' lives. It is obviously a family home that has been rented out. They've got a handmade swing in the backyard that wasn't compliant. That family is probably thinking, we are bringing up a young

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family, we need a bit of extra income, we're allowed to open an Airbnb, there are no real rules and regulations, Airbnb tell us we are going to be covered by public liability insurance, so everything will be fine. That family now has to live with the fact that a four-year-old child died on their property.

If I was the parent of that four-year-old child, I would be suing every person I possibly could. I would be suing the owners of the house, Airbnb, the local government, the state government, the federal government, all of those bodies that knew that place was operating and allowed it operate without safety measures in place. It is very concerning.

I would be horrified to think a child would walk out of this Airbnb in Lettes Bay, walk out of the back door unsupervised, and walk straight into the bay, which is about from here to that corner away. The only thing stopping them are a few rocks. Maybe the child doesn't get into the water, maybe it trips over on the rocks, bangs its head and has permanent damage for the rest of its life. How is \$1 million going to cover that? How would I feel as the owner of that property?

They were thinking, I am fine, everything is fine, there are no rules or regulations and yet I have a young child now that is permanently disabled, or not here anymore, because I just wanted to make a bit of money and the rules are just behind; it doesn't count for us, we are Airbnbs and it doesn't count. It is extremely important.

Ms RATTRAY - Thanks, Joy. We certainly hear your story. I represent part of the East Coast. We have been hearing there are some places in Tasmania that don't have enough accommodation for the masses in the summertime. It has been presented to the committee that without Airbnb opportunities they would not be able to cater for those people. That is a side of the One Night Stand they recently had. This is the people who come en masse in summer. It has been suggested that a council, local government area, could decide that 30 Airbnbs, registered, fully compliant, would cater. That does not over-impinge on the existing businesses that have been doing the right thing for a long time, 11 years and beyond. Does that sort of resonate at all with you?

Ms CHAPPELL - Certainly, if it is very well regulated and the local government does make sure that they are compliant, they are all safe, and that sort of thing. What never seems to be mentioned is the fact that none of these Airbnb people would ever have gone into accommodation without Airbnb. The woman who was here before, she had no inclination to go into short stay accommodation.

Ms RATTRAY - She said she fell into it, I think.

Ms CHAPPELL - Yes, no inclination. If they want to run a B&B, as she kept calling them, run a B&B and do it legally. None of this, 'Oh, there are too many regulations, I don't want to do this one, I don't want to follow that one. I just want one form to sign for fifty bucks and then I should be able to make a fortune out of it'. I would love to be able to do that, but the first important thing for me is to protect my guest, my staff and myself. These Airbnb people don't think about any of that.

How many of them are employing people and paying their workers compensation, making sure their workplace is safe, paying proper award wages, and looking after their staff? Most of them get a mate to do the cleaning - we will just give you a bit of cash - or get someone with an

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ABN, so they have no responsibility for their staff. If you want to run a B&B, run a B&B and do it legally. If you want to make money on Airbnb, do it legally.

We have the same thing with our tour business, in the accreditation stuff we have to go through for passenger vehicle. We have a vehicle that has a transmission problem. It is perfectly drivable but it didn't pass the inspection. We aren't even allowed to drive that privately at all. It has been taken off the road because it didn't pass inspection. When we do the registration, if they don't put the form in, we get a letter threatening to shut us down because we apparently haven't done the inspection.

CHAIR - You are not meeting the regulations.

Ms CHAPPELL - Yes. Because someone else -

Mr VALENTINE - I want to go to the staffing situation. Can you give us a run-down of the number of staff you might employ for your business? You did mention how many properties you had and I can't remember.

CHAIR - This list is up here, Rob.

Mr VALENTINE - How many staff do you employ?

Ms CHAPPELL - Unfortunately, we only have casual staff because we have nothing to do in winter. We have lots to do but we can't afford to pay wages. We would love to be able to have permanent staff. I have one cleaner that I employ through an agency, only because that is how I found her in the first place. It makes my paperwork a lot easier. She is really happy to work as many hours as she can in summer and less in winter because it gives her a break. She has a family -

Mr VALENTINE - Sorry, I do not need to know those personal details, but when you are fully operational during summer, how many staff would you have roughly?

Ms CHAPPELL - One, sometimes two at the B&B, depending on how busy it is. At the theatre, I have an assistant most of the time. We have three casual guides and we are looking at bringing on more over winter, so it can be anywhere between two and 10 a week.

Mr VALENTINE - And you are paying workers compensation to cover all of those, and possibly superannuation for one or two?

Ms CHAPPELL - Yes, all of them.

Mr VALENTINE - Are you aware of people who are being employed by Airbnb operators in the town at all?

Ms CHAPPELL - I know there are Airbnbs in town that people own and do not live there, so they are obviously employing other people to do the cleaning -

Mr VALENTINE - The cleaning, change the sheets, et cetera.

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Ms CHAPPELL - How they are employed? I know one girl at least has her own ABN so she does some cleaning. I am not sure about the rest. Everything is so hidden away. In fact the South Australian investor who has the two Airbnbs in direct competition with me, actually came and stayed at my property for three nights while she was setting up her first Airbnb and comes in and out of the theatre and has never, ever mentioned that they have an Airbnb. She checked out the competition first and then moved in. In fact, the second property she put on the market, which is getting lots of bookings, the photos she has on her Airbnb page are the exact same photos that were on the real estate. She has not even paid for photos; she has not furnished it because she bought it as it was fully furnished, fully dressed, photos, the whole lot, and put it straight onto Airbnb.

Mr VALENTINE - Are you expected to provide a certain amount of access for people with disability?

Ms CHAPPELL - Not in my place because it is a very old house, it is 120 years' old. The units are 1960s. I have completely renovated them but I have not done any structural work. For bookings and things I am required to talk about what accessibility I have. People will call me and ask exactly - I have had people in there in wheelchairs, I have bars, and I can tell them every shower is walk in, et cetera, it is all ground floor. I discuss what their access is and tell them straight out what you have. I send them photos. I have walk-throughs on my website where you can actually navigate right through the place so you can see every detail. I am very open with all of that. If I was doing major renovations, like putting in new rooms, or extensions, et cetera, they would have to be compliant.

Mr VALENTINE - The vehicle you were talking about before, that would be for a separate part of the business, for tours as opposed to the accommodation?

Ms RATTRAY - That is RoamWild Tasmania?

Ms CHAPPELL - RoamWild, yes.

Mr VALENTINE - That is it. Thank you.

CHAIR - With regard to the other Airbnbs, a lot of the evidence we have taken over the last couple of weeks has been that many people are not concerned with the Airbnb where it is the primary residence and someone is living there. Do you have as much concern with that as you do with an individual home that someone might not live there and be simply renting it out? Do you have the same concern with regulation that someone who lives there and rents out one or two rooms?

Ms CHAPPELL - Not so far as business is concerned, but safety definitely. I still think you should have full public liability insurance. You should be registered with the council or local government body.

One thing I have learned being with Airbnb is the extent they go to, to hide properties. I found this out by accident. I was texting a potential Airbnb guest and it was not their phone number and they were not getting my phone number. Airbnb had an intermediate phone number, like they do with email addresses, so I could not contact that person directly in any way, shape or form until they had booked and paid. If they do not, then there is no way of finding out.

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CHAIR - The address is not given until they have paid?

Ms CHAPPELL - The address is not given until they have booked and paid. On my listings I put a photo of the front of my property so you could see the contact details on my sign out the front. They deleted those photos and sent me an email telling me I was a naughty girl and I was not allowed to do that. I have now registered with them as a hotel and they put those photos back up again. They go to great lengths to hide the addresses of all the Airbnb to hide them from government, it is as simple as that.

Mr VALENTINE - Is it that, or simply to protect the parties - because you rate people and they rate you?

Ms CHAPPELL - Yes, if I can be bothered.

Mr VALENTINE - Is that why they do that?

Ms CHAPPELL - That is their excuse. All my information is all over the internet. That is how we get business - by telling people where we are, making ourselves contactable in every way, shape or form we can and it is simply what you do to get business. It is no good hiding where your butcher shop is because people will not find you.

Mr VALENTINE - They not reveal the information until after you have paid and payment does not go to the operator -

Ms CHAPPELL - Until they have left. It goes into your account the day they check out, less the 3 per cent commission they take, and they add the 14 per cent commission as a service fee.

The other issue I have is the cost. The particular place that is in competition with me advertise their property on the front page at \$64. When you make a booking for two people, it is around \$200. By the time she adds her \$99 cleaning fee and Airbnb adds their 14 per cent, it is well over \$200.

Mr ARMSTRONG - Airbnb is 17 per cent overall?

Ms CHAPPELL - It is 3 per cent to the owner and 14 per cent to the renter. Expedia and Booking.com are 15 per cent because they have a price parity clause, which a lot of us ignore. I went off Booking.com and Expedia for that reason - they were taking all my profits. They rang me and begged me to come back and said I could put whatever price I wanted on my website.

Mr ARMSTRONG - Did you say you lose 17 per cent out of your booking?

Ms CHAPPELL - For Airbnb I lose 3 per cent, but the customers pays another 14 per cent on top. Booking.com and Expedia, I lose 15 per cent of what the customer pays. That comes off my price. If you are lucky enough to make 15 per cent or 20 per cent profit off your room, it is all gone.

This is why I will never make a living out of it, because on top of all the costs we have to run a business, then we lose all the commission and what do you do, you get stuck. I am stuck, I cannot sell my property. I will walk away after 11 years with a debt and 11 years of no wages and a debt.

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Mr VALENTINE - Do you have any understanding what the general rental availability situation is like in Queenstown? I understand you are not in the market.

Ms CHAPPELL - There are rental properties. There is very little of quality. You often hear of people moving to the west coast, moving to Queenstown and they cannot find anything. I get people who ring me and say, 'Will you rent one of your cottages out?'

Mr VALENTINE - You are saying it is because of the quality of those houses offered?

Ms CHAPPELL - Yes, most of them are owned by interstate investors. They don't do anything to look after their properties. Tradesmen are very difficult to find. The plumber that I had booked to put in the kitchen in the Paragon Theatre quit on me half way through the week, last week, without starting the job and told me to find another plumber. I'd had him booked in since May.

Mr VALENTINE - Did he give a reason?

Ms CHAPPELL - He was overrun; he took on too much work. If I hadn't found another plumber to do it this week, we would have gone broke. We are absolutely relying on the Unconformity to pay for the kitchen and pay the bills that are in my drawer at the moment. That would have been absolutely disastrous for me and for us.

Mr ARMSTRONG - What date is Unconformity?

Ms CHAPPELL - A couple of weeks away - 19 to 21 October.

CHAIR - Thank you so much for coming all the way down. It was important to hear from you. Thank you for putting your submission in. We do appreciate it.

Ms CHAPPELL - Thank you.

THE WITNESS WITHDREW.

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Mr JUSTIN McERLAIN, PRESIDENT, AND **Mr DEREK BELLAMY**, SECRETARY, BURNIE TOURISM ASSOCIATION, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

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

If you would like to make the statutory declaration and then we can take some questions.

Mr McERLAIN - I am the President of the Burnie Tourism Association and Derek is my able Secretary. As well as being tied up with the Burnie Tourism Association, which represents about 25 operators in the Burnie region, we are also operators in our own right. I own the Waterfront in Wynyard, running a motel and some self-contained accommodation, and Derek runs a bed and breakfast.

Mr BELLAMY - Hideaway Cottage Retreat in Mooreville. It is about six kilometres out from Burnie, very close to the Rhododendron Gardens.

Mr McERLAIN - The Burnie Tourism Association is a not-for-profit. It has been going since the late 1980s. We receive no funding. The only income we get is from members. We are a whole member thing. Everybody is voluntary; executors of everything. As I said, 25 members, well over half of whom are involved in bed and breakfasts, so very small enterprises. We work closely with the Burnie Chamber of Commerce - I am also on the executive of that - and Burnie Council. We work as much and widely as we can in the region, having associations with Cradle Coast Tourism, et cetera.

The main issue which I am sure you have heard over and over again is the increasing number of unregulated private dwellings offering commercial bed-and-breakfast accommodation to the public. It's not necessarily bed and breakfast, but offering accommodation. These unregulated private dwellings offer accommodation without adequate enforcement by any recognised statutory authority in regard to safety requirements relating to duty of care under public insurance liabilities.

Local government appears not to have the authority to introduce and administer such a scheme at present. The planning scheme does not adequately address the accommodation standards or safety requirements for buildings. There do not appear to be any powers available to councils to intervene. They probably do not have sufficient staff to police it at the moment.

All our members have invested time and effort to establish their businesses and conform to all the various council permits, state and federal, where required. We carry all the insurance, we have all the fire standards, the occupational health and safety, everything that is required in order for us to operate a business. These obviously come with a cost to us. Just about all of us are

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audited every two to three years by the Tourism Industry Council of Tasmania through their quality assurance, green tick thing, I think it is, a nationally recognised program now and incorporates parts of the former AAA accommodation. That standard is rolled into it as well. We all have to conform to this; we all have these duties and responsibilities.

We are now finding that, with the rise in the short-stay accommodation market, predominantly Airbnb but they are not the only player in the market, a lot of properties have sprung up in competition to us without meeting the same cost and regulatory framework that we have to fall under. That creates a cost imbalance for us to compete against them.

There is probably in the vicinity of at least 200 to 400 businesses across the whole Cradle Coast region. The vast majority of them are small. One to three people may be running them; very small operations. It has proved very challenging, as you have heard from various people, to compete and operate in that space at the moment.

We are facing tremendous competition, particularly over the summer periods, which is usually when most operators look to make the cream of their profit to help them through winter and continue to maintain and do work on their businesses.

In most cases we're paying commercial rates to the council. We are paying land tax to state government and should be paying GST to the Commonwealth Government. If we are employing people we are paying super and all the workers compensation insurances that are required. Some of these short-term accommodation providers may not be paying some of these fees, so it creates an imbalance there, too. What we are looking at for as an association is the introduction of a framework to try to at least make it a level playing field and at least bring some of these other properties that are operating services to the tourists up to the same level as what we have to operate at. So, that at least from a tourist point of view, they can feel safe, they know that everything is good, that everything is fully compliant and in the unlikely event that something happens they know the insurances and everything else is there to cover them. Hopefully, the prevention is in place so that something doesn't happen.

As an operator I can tell you the Tasmanian Fire Service comes through my property every six months and checks that my fire extinguishers, all my safety blankets, all my protectors and everything is up to specifications. I pay for that service but it is part of making sure that my guests have a safe environment. It would be the same for Derek and everybody else.

That, in a nutshell, is it. We are looking for the idea of an introduction of a framework. I know that the state Government has talked about a framework at present but we want to see that framework pushed through to level the playing field. The framework could be enforced by state, maybe through the Treasury Department that does some of the licensing issues presently, or local government. Local governments are probably stretched to be able to do that task, as we know.

Mr ARMSTRONG - For clarification, you said you are audited every two to three years by -

McERLAIN - The Tourism Industry Council of Tasmania, TICT is their abbreviation, as part of quality assurance -

Ms RATTRAY - That is where you get your ticks.

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McERLAIN - Correct. I am sure the TICT have spoken to you, but that covers making sure we have public liability insurance, and OH&S requirements, and that everything is up to specifications.

Mr VALENTINE - That is not a legal issue. That is just for you to be registered.

McERLAIN - Yes, to make sure we are fully accredited and that we are able to be -

Ms RATTRAY - It is an industry -

McERLAIN - It is an industry regulation. It also has an impact through Tourism Australia. You can't be listed on some of these things unless you are an accredited organisation.

Mr BELLAMY - To add to that, as part of that accreditation, we have to be insured to \$20 million in public liability, whereas the average household is around \$10 million. It used to be \$5 million, but I believe it is \$10 million for private dwellings. There is an insistence that we have a \$20 million liability and obviously that means a higher cost in the insurance straight away in that alone.

Ms RATTRAY - We heard this morning that it is \$1 million through Airbnb.

Mr McERLAIN - Yes, no-one really knows if it has been tested. As far as I am aware, there has been no test against the liability to see if it actually works. The other thing is that the property you are owning, where is it going to stop? If the property owner doesn't have liability insurance, or they don't have the right things with their insurance company to let their insurance company know it is being used for accommodation, the coverage might not actually be there. It is a real unknown at the moment.

I will just add one more thing. I happened to be looking this morning at a subscription publication relating to hospitality. Yesterday, 2 October, the Washington DC Council voted to restrict Airbnb as summer rentals in the national capital. This is the third US city that has now put in place regulatory framework and things relating to short-stay accommodation. I will read a bit from it, if I may. It said -[TBC]

They are going to create new licensing and reporting requirements and other regulations for hosts offering short-term rentals, as well as reduce the availability of such lodgings for visitors to the national capital.

This legislation that they are introducing and bringing through now brings the same as what has been introduced in New York and San Francisco. San Francisco is actually Airbnb's headquarters, so they have introduced it in San Francisco itself.

This is supporting tighter regulation to protect affordable rental housing and prevent the disruption of residential neighbourhoods.

So it is targeting the disruption which we are seeing in the major cities. Tasmania will not be alone. DC probably has the population of Tasmania anyhow and that is the third US -

Ms RATTRAY - Probably more.

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Mr McERLAIN - Yes, and that is the third major US city. It follows after a number of European cities that are doing the same thing. What is happening now is not uncommon and it has probably been a long-term lag between the introduction of the sharing economy getting going and the impact it is having on housing affordability and people trying to create an income.

Mr BELLAMY - I was the secretary for about three or four years prior to having a little bit of a rest last year. We actually wrote to the Burnie City Council in 2014 and it is mentioned in our submission that we were concerned at that time about the growing number of dwellings offering accommodation. It followed an article that appeared in *The Advocate* about a week prior. The response that came back was three pages of things that they could not do, which was quite a surprise to us as members. As you know, when you are building a house or any commercial building, the number of procedures you have to go through - planning, zoning - and when it came to this particular thing they said there was nothing they could do under the Local Government Act.

It shows how much out-of-date that is in today's society. Justin has been over all the reasons that they put in his summary so I will not bore you with that. It did show that the existing legislation just does not have any powers for local councils to enforce any sort of inspections or controls over these premises.

Mr VALENTINE - Would you be interested in tabling that document?

Mr BELLAMY - It was tabled in the submission -

Mr VALENTINE - No, we did not get it.

Mr McERLAIN - I will give you a copy.

Mr BELLAMY - It did go down because in the covering letter I made reference to the annexes A and B. The annexure A was our letter to council and annexure B was the reply. When you read through it, there are lots of reasons -

Mr McERLAIN - I will give you the Washington DC one too; it only came out yesterday.

CHAIR - I do not think it has gone through yet, has it?

Mr McERLAIN - No, but it is more than likely it will go through because they are just following the other -

CHAIR - I was just reading about it.

Mr VALENTINE - In your submission, you talk about the lack of controls placed on unregulated accommodation providers is now greatly contributing to a number of additional issues, and you mention shortage of housing and rental affordability. Do you have any figures you can share with us for the Burnie area in terms of the impact that is having, out of interest?

Mr McERLAIN - I cannot share any figures because getting that data from the real estate companies - they are fairly cagey about telling us. We can just go on, I suppose, comments that have been made to us. The comment made is that over the summer period there is very little

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rental accommodation available, so the amount of rentals that would have been on their books has greatly diminished.

Mr VALENTINE - Is that coming from people that are trying to rent?

Mr McERLAIN - No, it is coming from people who are agents, so their portfolio is not as big as it was. Just from talk amongst people, finding a decent rental property is proving more challenging.

Mr VALENTINE - Would you like to expand on comments you made about self-regulation does not work?

Mr McERLAIN - Probably 15-odd years or more ago, the Tasmanian accommodation sector was regulated, I think, by the Licensing Commission. I can't quite remember as it was so long ago. They used to come around and do regular audits and issue you with an accommodation licence. You could not operate without an accommodation licence. That was the type of regulation in place.

Mr VALENTINE - That was across the board.

Mr McERLAIN - It was across everything.

Mr VALENTINE - B&Bs, motels and hotels -

Mr McERLAIN - Yes, everything. You could not operate without the licence. It was fair, everybody was up to the same standard, and you knew what you had to do, what you did not have to do and it kept the whole thing nice and even.

Then there were places saying, 'We can do it ourselves'. As you know from banking royal commissions and everything else been going on, self-regulation does not work. You need someone to come around and make sure it is actually happening. Knock on the door, come and check you actually have a fire extinguisher; a working smoke detector, not something stuck to the roof that does not work. All those types of things need to be in place. That you are doing all the correct things to protect. If you are employing staff, that you have workers' compensation insurance and all the other pieces in place.

Ms RATTRAY - Testing and tagging.

Mr MCERLAIN - Yes, testing and tagging and all those sorts of things. That whole lot is now reliant on self-regulation, or if you are unlucky enough to get a workplace inspector turn up or something like that.

Mr VALENTINE - Where do you think the balance lies? Talking yesterday with one of the people presenting to us, I painted a picture about an elderly couple, Darby and Joan -

Mr McERLAIN - This is someone renting out a room?

Mr VALENTINE - Yes, renting out a room in their house. Obviously, a level playing field is important in this, but where is the line drawn?

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Mr McERLAIN - There is probably somewhere you can draw the regulations. They are probably very similar to the old style of boarding. Remember 20 or 30 years ago, you would have a boarder in your house.

Mr VALENTINE - They may have had a boarder in the house, but the boarder has since moved on. Now they are saying they are both retired and want to make a few extra dollars on the side.

Mr McERLAIN - I would say the regulations need to go as far as making sure adequate health and safety regulations, all the right permits, are in place before they can do that for the protection of the tourist or guest who is staying with them.

Mr VALENTINE - In terms of licence fees and all those sorts of things?

Mr McERLAIN - You would need to make sure, and one would hope, they have the correct insurance. If Joe Blow, the guest, trips over the back step, which was not up to code, and falls down and breaks his leg, where does he go? How is he going to get compensated?

Those types of things still need to be in place. We need to make sure from a level point of view our tourists, guests and visitors are fully and safety protected both from a physical but also from a legal point of view.

Mr VALENTINE - It was suggested by somebody here earlier, why wouldn't those sorts of strictures be placed on people renting out for general rental property?

Mr McERLAIN - General rental properties are meant to have some of those things in place, like working smoke detectors and those types of things. I cannot speak about the rental market because I do not have any rental properties and I am not sure of the requirements. I am sure there are some base requirements that need to be done. Also, the insurances need to be very different in that regard too.

It is a matter of finding balance to make sure everybody is on the equal field. One of the large things, and I am sure it has been mentioned and I touched on briefly is rates. We pay commercial rates. These other people are effectively operating a house and a business and are not paying anywhere near the same rate level as we are paying.

It is a matter of bringing everything down. Competition is fine and I do not have an issue. I am a player, as an operator, across the whole on-line world. I play quite happily in there and I make good money out of it. I cannot lower my costs below this threshold, because I have all of these costs coming from below. I cannot get around those, whereas other people can bring their price lower than me because they might not be paying GST. I cannot say that, but they may not be paying GST.

Mr VALENTINE - The Tax Office would be very interested in looking at their bank account.

Mr McERLAIN - I am sure they would and that will be coming at some stage, but they are not paying all these additional costs I am paying - masses of insurance and everything like this. Many of our operators and members of our tourism association keep bearing all of these costs at

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the moment. They have other people springing up around them who do not bear the same level of cost.

Mr ARMSTRONG - You have no problem with competition? You are saying you want an even playing field.

Mr McERLAIN - Correct.

Mr ARMSTRONG - If legislation comes through the Government for this, who do you think should be the person who administers this, local government or?

Mr McERLAIN - Ideally, local government would be good but then you need to get consistencies across all your local governments.

Mr ARMSTRONG - It would be state legislation that local government would implement.

Mr McERLAIN - Yes, it could be local government. Maybe the other one is the state licensing commission that looks after liquor and gaming licences. They used to do the accommodation licence; that used to be part of their portfolio.

Ms RATTRAY - The old bed licence?

Mr McERLAIN - That is right. Maybe that is what it was called. I am sure that with a bit of redistribution of funding so they get more funding and licence fees, they could add an additional person. As a business, I hold a liquor licence so those guys come through and inspect me every 12 to 18 months or they could turn up randomly. They are out and about anyhow. Maybe they are the ideal people to have that too. That takes the onus and extra burden off local government. That is a viable option.

Mr ARMSTRONG - That was not mentioned before, the state licensing. That is interesting.

Mr WILLIE - In your submission you talk about the risks to the tourism industry if something happened - a non-compliant Airbnb or other provider where there is an incident and let us hope that does not happen. How great a risk do you think there is at the moment to the industry?

Mr McERLAIN - It is a matter of time. It has only been luck more than anything else. The risks are in some of the areas where people will get injured or something like that. They may be staying in a house that has been there for a long time. The balcony is the most common one - collapsing balconies because people are on it and maybe it is not up to code. Maybe a fire starts and they do not have smoke detectors that are properly connected or whatever. It is a matter of time before that risk happens.

Mr WILLIE - Where does that responsibility lie? Does it lie with the individual for not applying for change of use and complying, or is it with the Government not enforcing the compliance?

Mr McERLAIN - You have hit both parts there. It is the person who is going to run the business and run the property. They have an onus to apply for the appropriate permits. It also has the onus from, shall we say it is a state government legislative thing and their onus is to check that

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if there is a change in listings they need to be aware if that property is listed or not. All these properties will list. If they are going to run an Airbnb you can find them.

Mr WILLIE - It is not in your submission but yesterday we heard from the Accommodation Association of Australia. They were talking about a point of consumption tax. Is that something you would consider?

Mr McERLAIN - Like a bed tax?

Mr WILLIE - Yes, potentially.

Ms RATTRAY - Then the money stays here.

Mr McERLAIN - If you are going to add that type of tax on, what other tax are you going take away? Labouring more costs on the consumer - say that was another 10 per cent, for argument's sake, that would mean I would have to lift all my tariffs by 10 per cent or absorb it.

Mr WILLIE - I think what he was saying is, if there is not going to be same regulations applied to Airbnb compared to a traditional provider, such as the one you are operating, then they should have that tax.

Mr McERLAIN - Airbnb should pay that tax?

Mr WILLIE - Yes.

Mr McERLAIN - Possibly, but they are a multinational company. If you can work out how you can get the money to flow back to Tasmania that would be fantastic.

Ms RATTRAY - We have not worked out how to get the data yet.

Mr McERLAIN - That is what I was going to say. These people are highly protected.

Mr VALENTINE - You could legislate it possibly.

Mr McERLAIN - Yes, you would have to go federal almost to legislate something like that. I do not think it is workable, to be honest.

Mr WILLIE - It is operating under jurisdictions, we heard yesterday.

Mr McERLAIN - Around the world?

Mr WILLIE - No, within Australia.

Mr McERLAIN - All right. I do not know enough about that to comment. I do not know if that will level the playing field. Would you apply it to all of them? Would you apply it to Booking.com, Expedia, the whole lot? Do you target one or target them all?

Ms RATTRAY - One in, all in.

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Mr McERLAIN - They operate in different spaces. Booking.com and Expedia are two of the largest online travel agencies used by the vast majority of people. They generate a lot of my business. I am quite happy with them. They are multinationals as well operating out of their respective countries. You just need to work out what the impact is going to be. Is this going to switch tourists off and drive them back to booking a different path, or is it all going to underground? I'm not sure.

Mr WILLIE - As far as the mechanism, I'm not sure. I am just testing evidence we heard yesterday from a similar industry perspective.

Mr McERLAIN - Levelling the playing field is the better way to do it.

Mr VALENTINE - I want to follow up on a previous question. We were talking about who should monitor this and enforce the regulations. Can you appreciate that some councils might want the power to say there are too many share accommodation places in this particular area, it is damaging long-term rental prospects for residents, and it is taking away the community feel? What is your comment? Would you be happy to see local councils having the capacity to do that?

Mr McERLAIN - To answer you, Rob, I would think that councils would enforce their planning scheme, which would say what is allowed to occur in certain areas. For example, I can't build a motel in a residential area unless it conforms to the planning scheme. I suppose rental properties can exist anywhere in a municipality because it is an investor-owned house. I would say some things are up to what the planning scheme allows them to do but how can you stop it if it is not written in the planning scheme? That is the difficulty I see from a council point of view. At the moment, you can establish a rental property anywhere you like. What we are dealing with here is, is it a rental for tenants to stay in for six months, 12 months or years, or is it a short-stay accommodation? That is a different thing because that would be disruptive to a community.

Mr VALENTINE - It disrupts the community if you don't know your neighbour, they change every night and those sorts of things.

Mr McERLAIN - You are well aware of the concerns out of Sydney and Melbourne now where these high rise apartment buildings are suddenly turned into quasi-hotels. The tenant who has secure access into the building has no idea who the person in the lift beside them is. There is a balance there. Is it a rental that is used for six months or greater, or is it an accommodation facility? If it falls under the definition of an accommodation facility then one would think the planning scheme would determine where those accommodation facilities can exist. It may require a tightening of the planning laws.

Mr VALENTINE - Thank you.

Ms RATTRAY - Justin, we heard yesterday that there should be some penalties for shared accommodation properties that don't register, if there was a registration or licensing process. A million dollars was touted. I almost fell off my chair but anyway, I am still here. What do you think about that? How do you find those places? Unless you are book in and you go through the whole process, I believe - I haven't used it - you can't find out the address of a place let alone who owns it.

Mr McERLAIN - It is not 100 per cent true. You can find all the properties. You can find the names and the locations and it is all on mapping, so you could work out where it is on the

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map. You could see the photo of what the property looks like. It doesn't take very long to work out where it is. There are also third party sites that scrape the data off Airbnb and other sites, so they are accumulating all the data anyhow. The data varies day by day because some properties are on there and some properties aren't.

Ms RATTRAY - What do you think about the penalty?

Mr McERLAIN - Penalties, well, there is nothing like a big stick to make people do things.

Ms RATTRAY - That is a pretty big stick.

Mr McERLAIN - That is a very big stick. I would think of a sliding scale, a bit like a three-strike thing. We notice you are operating an accommodation business and you do not appear to have the permit. You have 30 days to have your paperwork in, to get your permit started. Thirty days goes and 'oh, you are still operating, here is the fine'. It needs to be like that, a step thing.

You do not want to have it open-ended, 'oh you have six months or a year'. It has to be pretty tight. These people have probably been doing it for quite a while. You cannot keep asking for forgiveness. A million dollars is a pretty hefty fine and would sort the problem out fast.

Ms RATTRAY - I thought it was a mystery with your submission but it was a million dollars.

Mr BELLAMY - Then what happens is the courts fine them a million dollars and I have seen them go into receivership or liquidation and you do not have anything from them. I have seen this from the department I previously worked for. We went to big fines and it looked good, it was great in the papers, and then the company folded.

Ms RATTRAY - At Estimates, we have to sit down and hang onto the table when they say how much is owed for outstanding fines in our state.

Mr McERLAIN - Yes, how much is collectable?

CHAIR - They were not concerned about whether it was collected. They thought it would be enough of a step to stop them from doing it.

Mr BELLAMY - It certainly has. When it comes down to it, the bigger the fine, unless it is a big corporate, like the banks, it is still only petty cash.

Mr McERLAIN - The only fine that scares people is the ATO. You tend to react very quickly when the ATO is coming after you.

CHAIR - It was interesting you saying it is easy to fine. The largest council in this state attempted to fine the Airbnb and short stay. They had a person looking for them, but found it so difficult and onerous they had to stop doing it because they could not locate where all the properties were.

Mr McERLAIN - You could do it yourselves right now. On Airbnb, bring up Burnie and then pull the map out and you will see them all dotted on the map. You can then drill down to the photos. You can quickly work them out.

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Ms RATTRAY - Like Uber?

Mr McERLAIN - Yes, it is not rocket science.

Mr VALENTINE - You need some time and effort.

Mr McERLAIN - You need someone who knows what they are doing plus there are also third party sites that gather the data for you. You can pay them a bit of money and they will give you the whole data. Or you can see the data they have free, it might be a few months old, but at least it is core data.

From my own experience, I looked this summer to see what it was like in my own little town and suddenly 60 properties are listed. I run a motel with 25 rooms. As if all of a sudden, there were four other motels built in the town and I did not see it happening. These things just spring up.

CHAIR - Do you find in your area, with the lack of locals, the winter period is very difficult for anybody? It was one of the things we have heard it is happening in some parts of Tasmania and was brought up yesterday by the Accommodation Association to do with Byron Bay. Byron Bay was one of the areas they mentioned about not enough locals effecting businesses, whether it is the take-away or other shops. All of a sudden, the viability of things like schools and other businesses come under pressure. Have you found or heard about this in any of the areas?

Mr McERLAIN - Certainly, winter is traditionally very quiet and tough for a lot of the operators in the north-west. Particularly, the further west you go towards Stanley and across into Queenstown, it is extremely difficult for those people to operate. Many of our operators find it very hard through winter. It is challenging.

CHAIR - Did we hear from THA on occupancy in the north-west in winter?

Mr McERLAIN - I am sure they will give you their data that will give you an idea of what it is like. These properties, probably out of winter, are going backwards. They rely on their cream of the revenue they are earning over the summer, stick in the bank account or under the mattress, to keep them going through to winter. They have probably got another month to go now before they pull back out. It is very challenging out there.

A lot of these Airbnb properties and short stay properties pop up all over summer and flatten off. If you look at the stats today there are probably less properties than what there will be in another one or two months' time where it will be flooded with them.

Ms RATTRAY - The old shack has now become very popular.

Mr McERLAIN - Yes. I am not sure if it has come through in the submission, but you are seeing lots of houses and properties just being snapped up by investors. That is all they are doing - they are just using them. They might be running multiple properties in the short-stay market.

Mr BELLAMY - That is starting to happen here in Burnie with the university expansion. Investors can't see the need for accommodation for students even though they are supposed to be

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building some accommodation for students on campus. They are talking about an increase of up to 4000 students. I can envision that if it comes back to what Josh was saying before, if we envisage a dangerous situation, it could be coming from something like that, where you have students trying to keep their costs down and going into rental accommodation in numbers that far exceed what the property can hold. I see that more as a future thing - it is only speculation - but what I am alluding to is if there is a fire where students are concerned, it would be more than just two or three in the building. That is one scenario to remember.

Mr ARMSTRONG - One of our previous presenters said that a lot of the costs like rates, et cetera, should be retrospective in the legislation. What do you think about that?

Mr McERLAIN - Retrospectively will I get a cheque back from the local government? I don't think that is going to happen.

CHAIR - It was retrospective in that someone may have to pay commercial rates if they were paying residential. They're not going to give your money back.

Mr McERLAIN - I would be in favour of that, certainly. If it has been shown -

Ms RATTRAY - It would be from 1 July last year.

Mr McERLAIN - Correct. If it can be proved they had been operating in that space for over a year or more, yes, they should retrospectively pay commercial rates. There is quite a differential between their cost standards, even TasWater charges are different.

Ms RATTRAY - What is it in Burnie? What is the difference? It is 2.38 in Queenstown.

Mr McERLAIN - I can't talk about Burnie because my property is in Waratah-Wynyard. There is definitely a rate differential between commercial rates. It is also TasWater charges and all of those are different as well. We get quite a layer of different charges - insurance, the whole lot, are all calculated differently. Local governments are missing out on potential revenue and, from a state government point of view, land tax, because these things should be classified as -

Ms RATTRAY - If they're not, if they are stand-alone short stay, they are already subject to land tax.

Mr McERLAIN - One would hope so.

Ms RATTRAY - Unless you have one in the husband's name and one in the wife's, or one in the partner's name and one in the other.

Mr McERLAIN - I think those type of things are becoming obvious, in the clever ways they are operating all the properties.

Ms RATTRAY - It is a bit like the tax. A very smart accountant works out how to do something one year and then the ATO changes the rules.

Mr McERLAIN - That is right, you have to stay one step ahead.

Ms RATTRAY - I don't think you can put very much cash under your mattress anymore.

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Mr McERLAIN - That has become extremely difficult now. You have to find a way to put it in the bank and that it stays there, and that you don't lose it in fees.

CHAIR - Is there anything else you would like to add?

Mr McERLAIN - No, I think we have covered everything. It sounds like you have had a lot of good submissions and I hope common themes are starting to -

CHAIR - We received 192 submissions.

Ms RATTRAY - We will wait to hear from Kirk to see if you missed anything.

Mr McERLAIN - Certainly, that Washington example is worth looking at.

CHAIR - We really appreciate you putting in your submission and coming along today.

Ms RATTRAY - We wish you all the best for a very successful summer.

CHAIR - Thank you very much.

Mr McERLAIN - Thank you.

THE WITNESSES WITHDREW.

PUBLIC

Ms MARILYN KEIZER AND Mr RENEE LABICHE WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

CHAIR - Welcome to our public hearings of the Legislative Council Select Committee Inquiry into Short Stay Accommodation in Tasmania. All evidence taken at this hearing is protected by parliamentary privilege, but I remind you that any comments you make outside the hearing may not be afforded such privilege. There is a copy of the information for witnesses on the table. The evidence you present is being recorded and the *Hansard* version will be published on the committee website when it is available. You are welcome to make an opening statement, which will be followed by members' questions. We are seeking information relating to our terms of reference.

Ms KEIZER - I was asked to comment on Airbnb as we are an accommodation provider. We are listed with Airbnb. We are also accredited with the Tasmania Tourism Association. I find Airbnb very good and very helpful. They do not charge as much commission. The commission I believe, I am not exactly sure, I think it is about 3 per cent whereas Wotif and Expedia and Agoda, all the other ones, are up to 30 per cent.

Some of them do not pay you for a week or two. You have to go on the computer and click all the right buttons. We are a small operator and sometimes if I do not have one for a month they cancel whatever the program is on my computer. Then there is a lot of bother. I have to ring up the right number which may have changed since the last time I did it to get the money that is owing to me.

Airbnb send you the money the next day. You do not have to go on your computer and apply for it, or jump through a lot of hoops on the computer. For an older person like me who is not 100 per cent computer literate it is much easier. They just send you the money, no questions asked. They also send you tips on things. To change my information and photographs on the listing that the public sees is much easier on Airbnb. You can go on the computer and change your photos, and change your description.

The other thing is you get to comment on the guest. I find with some guests from Wotif or Expedia or Agoda, they give you unfavourable comments and with a low score for things that are unreasonable. You can comment after they have made their comment. For Airbnb the guest comments on you and you comment on the guest before either one sees the other comment. That is very helpful as well.

I know from talking to other operators the businesses, if they are accredited, have gone down because as you may know we have a lot of expenses to be accredited. We have about \$200 a year for TICT membership, and we have to comply with all the council regulations. When we started our kitchen was not very satisfactory to the council. For instance we had to take out all the kickboards, they were not allowed. It was a brand new kitchen but we had to take out the kickboards. We had to have a covered light. We could not have a curtain; we had to have blinds. We had to put in another sink. One sink was not enough; we had to have two sinks. There were a lot of expenses.

I do realise that there are different groups of guests. Some people like an anonymous place, maybe the Hilton or a hotel and they want the minimum contact.

PUBLIC

We have a permaculture farm. We do a lot of permaculture things. We have chickens, we give the guests fresh eggs. The people on Airbnb - I do not know whether they have less money or they are more environmentally aware, I am not sure - but they recycle the rubbish for us and we save our scraps for the compost. Most of the people from Expedia and Wotif and Agoda - not all - just ignore the recycling requests.

CHAIR - So you cook for your guests?

Ms KEIZER - No, we do not cook. We are not licensed to cook. We live in a separate dwelling. It is on the same property but a different house. We provide continental breakfast provisions. I ask them what they would like for breakfast on my menu list, they tick it and then I bring it over in the morning. It is continental breakfast provisions.

Ms RATTRAY - Thanks Marilyn and Renee for coming along. Is it a full house you would normally let out for the short stay market?

Ms KEIZER - We have two houses on our property. Renee and I are in the smaller house.

Mr LABICHE - In the cottage.

Ms RATTRAY - The guests get the good one.

Ms KEIZER - Yes, I can give you the brochure.

Ms RATTRAY - Thank you, that would be lovely. How many people do you have at any given time on the property with you?

Ms KEIZER - Our children have grown up so now there are only two of us. We divided the house into two. We have a one bedroom apartment and it has its own kitchen, living room, one bedroom and its own bathroom.

The other part of the house we divided into three bedrooms, living room, kitchen, and it has two bathrooms. The main bedroom has an en suite and then there is what we call a share area in the middle and it is a patio with table tennis and things like that.

Ms RATTRAY - A large family could come and take over both sides of the house and have the whole area and you might have up to eight people?

Ms KEIZER - Eight people would be too much for us. When people book one side, I usually block the other because it is only Renee and me and we find it too hard.

Ms RATTRAY - Too many continental breakfasts?

Ms KEIZER - No, we find the cleaning too much because it is not like a hotel, where you have a room and a bathroom. We have the whole house to clean. Most people are very good, I must say, and they leave it very clean.

Ms RATTRAY - Have you ever thought about renting it onto the private rental market, or is the Airbnb accommodation more -

PUBLIC

Ms KEIZER - I have thought of renting it and I looked at that. I have rented properties before and I have had terrible experiences. People leave and they do not tell you and break windows and take things like the wheelie bin.

Mr LABICHE - They take the garbage bin.

Ms RATTRAY - They took the garbage bin, Renee?

Mr LABICHE - They take the wheelbarrow and we say, 'Oh, where has the wheelbarrow gone?'

Ms RATTRAY - The wheelbarrow as well?

Mr LABICHE - Everything they can take.

Ms KEIZER - We have had more luck with short stay people than six months or a year of people. We might have to do it and that is an option for us down the track.

Ms RATTRAY - You could always employ somebody to do the managing.

Ms KEIZER - We do not make that much. If you hire someone it is a minimum of four hours and it is not realistic for us to get our linen done. We have to do it ourselves because they will not pick up where we are.

Mr LABICHE - I have a bad shoulder.

Ms RATTRAY - Who is looking after all these beautiful gardens, Renee?

Mr LABICHE - She is the gardener, and I am the cook.

Ms KEIZER - We like the garden and we are trying to make it easy care.

Mr VALENTINE - Some of the restrictions that bed and breakfasts of old, as opposed to the new share economy, used to have to comply with in regard to fire safety and electrical safety and those sorts of things, do you have any comment to make as to whether an operation like yours on the Airbnb market should comply with that as well?

Ms KEIZER - I realise there are people who just have a room to rent. I have a friend at Boat Harbour beach and she is accredited, but she said there are so many at Boat Harbour beach who just have a spare room, so her business has gone down a lot. I think there is too much red tape. That is just my opinion. They take out your kickboards and they made us put in another window that opened and shut and had a flywire on. There are so many regulations. They put their thermometer in our milk to see if it was the correct temperature.

Mr VALENTINE - Is this the council you are talking about?

Ms KEIZER - Yes.

Ms RATTRAY - Is that the Waratah-Wynard Council?

PUBLIC

Ms KEIZER - No, this is Ulverstone Council.

Ms RATTRAY - Ulverstone, which is central coast.

Ms KEIZER - Yes. That is another thing. We never get anybody from Ulverstone because we are just on the border. We are actually closer to Burnie but we are with the Central Coast Council. They are very pleasant and they apologise, 'Oh sorry, I have to do all this'. It is just the regulations. I think we are over-regulated.

Ms RATTRAY - We have heard that a few times.

Ms KEIZER - I am sure.

CHAIR - No-one has any further questions. Is there anything else you would like to add?

Ms KEIZER - This is just what I think, I don't know if I should talk about it. We had one guest come with six people. He was a young man and the manager of a posh hotel in Hobart, and he gave us 1 out of 10, which really put our rating down because they do an average. I was a bit upset about that. I didn't know if he was doing it because he was trying to discredit us. He booked through Airbnb. Some of the big hotels are really against Airbnb and it seemed to me that maybe he was trying to -

Mr ARMSTRONG - Was he trying to discredit you?

Ms KEIZER - Yes, discredit us because we are with Airbnb.

Ms RATTRAY - What was he looking for?

Mr LABICHE - We live in the country with a lot of trees around, so we definitely find things like spider webs -

Ms KEIZER - He saw a spider in the house.

Mr LABICHE - 'Oh, my husband is allergic to spiders.'. The spider is outside. They said, 'You have to come and clean the spider outside because he is allergic to it.'.

Ms KEIZER - No, he wasn't allergic to it. He was -

Ms RATTRAY - He was frightened.

Mr LABICHE - Paranoid.

Ms KEIZER - Yes, arachnophobia.

Mr LABICHE - We live in the country and there are a lot of trees around.

Ms RATTRAY - I have spiders in the city. It says on your card, Marilyn, 'rural setting'.

Ms KEIZER - Yes.

PUBLIC

Ms RATTRAY - That means it is out of the town and there might be spiders.

Ms KEIZER - I recycle the wash water. I don't do it now. I used to have a hose at the back outside the door by the laundry and a lady thought it was a snake. Some people who live in the city and I am not accusing anybody - but there are snakes in the country. This actually wasn't a snake.

Ms RATTRAY - It was a hose.

Mr ARMSTRONG - Earlier you said you were accredited by the tourism association, was that right?

Ms RATTRAY - Tourism Industry Council Tasmania?

Ms KEIZER - Yes.

Mr ARMSTRONG - That is all right. I wanted to clarify that. You have gone through all the processes and got your proper accreditation?

Ms RATTRAY - That is about \$200 per year, is that right, Marilyn?

Ms KEIZER - Yes, it is, but there were a lot of other things. We put signs on the road. That takes about two years by the time you jump through the hoops and pay for the signs and things.

Mr ARMSTRONG -

Ms KEIZER - Yes.

Mr ARMSTRONG - They put the thermometer in the milk because you do breakfasts?

Ms KEIZER - I supply milk for the tea and coffee and the cereal. She suggested I get UHT milk and then she would not have to put the thermometer in.

Mr ARMSTRONG - That is terrible stuff.

Ms KEIZER - That is right, people do not like it, but I do it.

CHAIR - Thank you very much for coming in to see us and for putting in a submission. It has been very good and informative. We appreciate you taking the time to come in. Thank you.

Ms KEIZER - Are they doing something about Airbnb?

CHAIR - We have an inquiry looking into a variety of different issues to do with short stay accommodation, then we will put together a report with some findings and recommendations to the Government in due course. Thank you very much.

Ms KEIZER - I thought there would be other people giving submissions.

CHAIR - There have been.

PUBLIC

Ms RATTRAY - We do them one at a time, otherwise you would all want to talk over each other.

Ms KEIZER - Thank you.

THE WITNESS WITHDREW.