

Submission to the Legislative Council Select Committee
Short stay accommodation in Tasmania

8th August 2018

From Janice Gasking

Presently:

Ross and Janice Gasking are a retired couple who own their residence and an adjacent cottage on separate title. This cottage is let out on a nightly basis to visitors and Tasmanians. On the Beach Cottage. The cottage accommodates a maximum of 6 guests. Gaskings live in their house and run this small business as a retirement supplementary income. The nett revenue p.a. is approximately \$20,000. It is occupied about 75% of the year.

History:

From 1975 through 1993 Gaskings built houses in the Dandenong Ranges of Victoria.

From C1980 - 2004 Gaskings owned houses or apartments in the residential rental marketplace in Victoria.

From 1990 - 2001 Gaskings owned and operated The Loft In The Mill boutique bed and breakfast of 6 rooms/suites; and progressively had two suites in their adjacent home; a further 6 apartments; and a separate cottage all in the tourist region of the Dandenong Ranges in Victoria. These catered for a wide range of visitors by price and facility. Each room or apartment or cottage was unique. Occupancy rates for all properties were 80% plus over the whole period with a gross revenue when fully operating more than \$600K p.a. Their property gained National Tourism awards in 1997 and 1998.

From 1991 Gaskings operated a reservation service which placed \$300K of business p.a. into approximately 150 other venues, both B&B and motel for a 10% commission. In all we sold \$1M approximately of accommodation in this tourist region per annum out of our office. Every property on our books was first inspected by Janice. This created a considerable knowledge of the industry in the era when "bed and breakfast" in all its forms was new and growing.

From 1992 - 2002 Janice provided a consultancy service to more than 100 (local) small visitor accommodation operators, providing start up information, inspection, training and ongoing support with a consequential consistently high standard of operation in this region.

1993 Gasking built a block of 4 underground apartments, retaining 3. These were let out to tenants. In 1996 after repeated damage and destruction, loss of rents from defaulting tenants etc these 3 apartments were converted to self catering "B'B's", marketed as Foxes Hollow, earth sheltered apartments.

C1997 Janice was nominated by the Minister for Tourism, to represent the Victorian State Government as Tourism representative on Puffing Billy Railway where she became Deputy Chair, and Acting Chairperson.

C1994 - 1999 Janice was actively engaged with the local Tourist association.

C2003 Gaskings purchased a shack/cottage on the NW Coast of Tasmania at Heybridge and offered it through local agents for tenancy. One of the tenants totally removed the garden including the dozen or so old roses. The agent failed to notice this. In C2012 Gasking totally renovated the cottage and this is now being operated as B&B. A permit is current with Central Coast Council.

C2004 Gaskings purchased a house and cottage on the West Tamar at Kayena. This was an architecturally designed all-timber home. As with all our tenancies we did not accept pets. However without our knowledge a tenant's dogs scratched deeply into the external cedar doors, (amongst other damage of course) worth thousands of dollars to replace and we were unable to recover anything from the tenants. A full set of new drapes were destroyed after one single 12 month tenant, described as fair wear and tear. The list is very long of damage unrecoverable, of tenants not paying, of inefficient agents, of grounds not kept tidy, etc.

With this background and experience I submit the following comments, based on a wide knowledge of what bed and breakfast means in all its forms and how the industry interacts with tourism and the wider picture of the accommodation industry, and with a long and varied experience of the residential rental marketplace.

1. THE GROWTH OF SHORT STAY ACCOMMODATION IN TASMANIA AND THE CHANGING CHARACTER OF THE MARKET INCLUDING RECENT TRENDS IN ONLINE LETTING OF SHORT STAY ACCOMMODATION.

THE GROWTH OF SHORT STAY

There are several factors that grow short stay accommodation.

One significant component of growth of a short stay small venue marketplace is the experience of the location. Finding an interesting venue by location, style, facility, etc is the issue, equally as much as needing a bed. If one can stay (at our On the Beach Cottage) 10m from the high-water line, for the same price as a motel in town, why would you not? So the unique experience is a factor.

In the Dandenong Ranges in 1989, there were 10,000 residents no motels and 6 B&B rooms. We opened one suite, classy, unique, in the main village, marketed well, grew the business and worked closely with our rapidly increasing competitors. By around 1995 there were 120 operators 1 - 5 suites each, and the Dandenongs were the "go-to" place for short stays out of Melbourne. We made a new market out of thin air, by offering something that was needed. A wide range of styles and prices of accommodation supported by an excellent

range of restaurants and other attractions. Visitation for the region significantly increased, and in the mid 1990's the Dandenongs was providing nearly 40% of all weddings functions in Victoria.

Tasmania is an experience. The accommodation available needs also to offer an experience. The traveller who comes here is in the market for unique and varied opportunity. Where you stay is equally the opportunity for something special. The small operator (especially home based) is able to offer things that the commercial enterprise simple cannot.

A second factor is the broad range of locations of small short stay venues. They are scattered throughout residential, farming, commercial locations, and not on the "motel strip" of cities. Their availability immediately directs the traveller to them, as more convenient to their plans (visiting family and friends for example) or as more interesting than the outskirts of a larger town. So their sheer existence has an impact in increasing the overnight stays in such accommodation.

A third is the hospitality factor. For a percentage of travellers the interaction with the locals is part of their preferred experience. The small short stay venue is far more likely to provide that than larger venues. There is a significant international component to the visitation and the interaction with hosts is an attraction and selling point and could well be pushed in the State' marketing.

A fourth is the food and wine tourism market which finds both the diverse locations and host interaction of the small short stay marketplace to be helpful in finding the local treasures.

And so on.

AIRBNB (and others)

(a) The advent of Airbnb provided a powerful on line platform beautifully tailored to both traveller and accommodation provider. It is a superb and unique model. It has done more to professionalise the marketplace than any other thing ever. (Having designed and operated an accommodation booking service, Hostnet, I am in awe of how superbly this is put together. It is not perfect but it is great.)

For the traveller: It provides excellent information well presented, easy to understand and navigate. It clearly identifies rules, limits, facilities, cost, style of accommodation, location, etc.

The assessment of how well the individual venue achieves what they offer is entirely measured by the comments of previous guests. And that works better than any other system.

The money paid is held by Airbnb until the guest has stayed one night in the accommodation and is then released to the venue. This safeguards the traveller.

There is an increasingly efficient dispute resolution system within Airbnb that manages issues arguably better than many of the relatively inexperienced operators would. They also get in between the two parties and this is effective.

For the accommodation provider: You can operate using just Airbnb (as I do now) avoiding the complexity of multiple calendars, irritatingly varied methods of charging commission, and channel managers.

Airbnb clearly sets out what you need to have sorted out before you start advertising your business. You need to have photos, and have resolved how and what you will charge and what you offer and don't. You need to clearly define limits and facilities. Airbnb walks you through the entire process by you simply filling out the listing. This is one of the traps for new operators of not having considered the many issues that confront them when guests arrive. Airbnb is the first and probably only platform that covers all the bases for the prospective host and forces them to state all these things.

If using Airbnb alone you don't need a web site, credit card facility, any other advertising, a brochure, a special telephone number, signage, check-in documentation, diary, and so on. Their site does all of this and far more for you.

You don't have to pay commission, or collect any money from your guest, its all done by Airbnb and you get a nett amount in your bank account. Very smooth.

One of the hazards of the small accommodation industry is that "anyone can do it". And "anyone" is exactly what you get. The entire range from grossly amateur to highly professional. Totally inexperienced to retiring from a life time in the larger hospitality industry. Airbnb alone assists with this issue, laying a level of professionalism across the entire industry that simply does not happen with any of the other booking platforms. It gets bad press, but it shouldn't for this alone.

Stayz, Bookings.com, etc are big players but do far far less for the small operator than Airbnb. They are both cumbersome and awkward in various ways. They assume a level of industry experience by the operator. However they and others are all a part of the reservation and marketing system which realistically is accessed by people in every part of the world. As hosts we can't chose where our potential guests hunt for accommodation and so we are obliged to use as many of the systems as we need to fulfill our requirements for occupancy. The more platforms you use the busier you will be.

The advent of online selling of accommodation has evolved steadily since the mid 1990's at which point my business had a \$20K budget for advertising in around 40 different places, a brochure run of 10K p.a. and so on. All selling of everything is online, now, and this is a logical and appropriate evolution for this industry. And it works, and for those using Airbnb there are substantial important other benefits.

CHANGING TRENDS IN THE MARKET

I think all that is changing really is that travellers are increasingly informed, very experienced and have increasing expectations (partly fuelled by the marketing, and by the comment forums of Airbnb) as to selecting and buying an experience that will please them.

From a tourism perspective that is a fabulous opportunity to have Tasmania with this wonderful small accommodation smorgasbord to enjoy. "Stay longer and stay in more places, look what we have for you." Is definitely a marketable concept.

Just because things are changing in Hobart for example, don't think that that is change across a bigger tourism landscape. The demographic of the guest who comes to the state is at least in part dictated by the accommodation options available. If we offer some new bizarre, unique hosting experience we can imagine that would could bring a new demographic into the state for that alone.

Likewise the cause and effect of lots of properties coming out of the residential rental marketplace and into B&B makes the B&B tourist come where they might not have before. Not sure what comes first.

THE IMPACT OF SHORT STAY ACCOMMODATION ON THE RESIDENTIAL HOUSING SECTOR.

Where do I start!

Over 40 years I have watched the protection of the tenant from the "ravages" of the unfair landlord extend to ludicrous levels. I have known many many landlords, and every single one has a litany of complaints about the unfairness of the relationship between the two parties. "I could write a book" is fairly said of most of them. I know a cleaner presently who is engaged in Tasmania to clean houses when tenants leave. She sometimes brings me photos of the conditions she sees because she is constantly freshly shocked at how filthy and destructive people can be. e.g. A stunning stainless steel very wide upright stove that was black inside and out and caked with debris. It took her 7 hours to clean it. However there is a limit of around \$1000 (unsure of the figure) that can be claimed for cleaning, irrespective of the conditions.

I am sure there are bad landlords, but there are many many more bad tenants. You can have a tenant deliberately destroying your house but you are not even allowed to enter it to stop them.

When a platform like Airbnb comes along that makes running a small business of a B&B very simple, why ever would any sane person keep on offering their property to people who will harm it, dirty it, wreck the garden, and potentially leave owing money?

The *reason* people change the way they make their income from their investment property or home is because this is safer, easier, nicer, and only 1:1000 perhaps will do damage. In addition you can maintain your garden, keep up maintenance etc.

Most people won't make more money but life is much less stressful.

If you want the public to own residential accommodation and offer it out to rent, then you must as a government offer them reasonable protection against the things that happen. And you could with consultation with the industry. But the recent suggestions that you cannot refuse to have a dog in the tenancy for example will guarantee a resulting withdrawal of further property. (We had a ban on pets but a dog did probably \$10?K damage in our rented house, without any recourse).

THE RESULT OF SHORT STAY ACCOMMODATION ON THE TOURISM SECTOR

It is a superb opportunity as I suggest above. In the world of sophisticated travellers who have already visited a dozen or two countries this is one of the attractions we can offer, so why ever not.

It takes nothing away and adds a great deal. Because of the varied geographical locations of such accommodation, the spend of the visitor is wonderfully spread over the state, not concentrated in hot spots. The asset of Tasmania is well spread and whilst an economically viable motel is not possible in some very attractive and desirable visitor locations, small venues are economically possible. Win Win.

If the bigger accommodation providers have a problem with "their?" business being sidelined to small venues, they are missing the point of their commercial competitive advantage. You can reduce the number and variety of small venues but those guests may well not come at all.

REGULATORY ISSUES INCLUDING CUSTOMER SAFETY, LAND USE PLANNING, NEIGHBOURHOOD AMENITY, AND LICENSING CONDITIONS COMPARED TO OTHER JURISDICTIONS IN AUSTRALIA AND WORLDWIDE

If a small venue commences operation, they can do so under the radar so to speak. However to get reliable occupancy they must advertise either by using an on-line platform or through a local tourism enterprise. Local Government are probably able to reasonably monitor new arrivals.

It is my considered opinion that registration of all operations whether in-house or in a separate dwelling or building is desirable. Sadly registration can mean the submission of an application, payment of a hefty fee and nothing more. I am unsure how to place a better control without getting buried in irrelevance.

I think that local government should know who is operating. I think that the standard of one venue in the international marketplace reflects on all venues. (And the marketplace is international like it or not). I think that a certain level of "respectability" for want of a better term is reasonable and can be cause to not issue a permit. I think that the person running such a venue "the responsible person" should be of good character. The property should be kept neat and tidy. Possibly it should have a sign that states the name and phone number for manager contact.

I am talking here about the veneer of professionalism across the industry. You have the industry, like it or not, so if it is going to be an asset to the state, then what can you do to ensure that it operates professionally, internationally, without disruption to the neighbourhood?

Any person can let their house to tenants without neighbourly comment or approval. A B&B operation is only a fraction of the impact on a neighbourhood that a tenanted house has. For a start, drive down any suburban street and the tenanted houses have unmown lawns, and rubbish around. The B&B is likely to be the smartest house on the block. Guests are almost never noisy. They don't have dogs that bark all night. They don't have parties (its in the rules.) They have a limited number of people staying. etc. Inviting neighbours to object is simply not fair.

Land use for a B&B up to 6 or 8 guests is absolutely no different than any other residential use. I would recommend permitting them in almost any zoning.

In Victoria, and I am unsure if this was a state thing, but you could have up to 6 people in your own home where you were living without permit. I disagree with that, but at the very least you need to have a registration process even if a permit is not applicable/required. And again, I would have signage, and some level of compliance if possible.

I am unaware of the rules in Tasmania for selling alcohol in small short stay venues, but in Victoria there is a low-priced licence available maybe around \$100? for selling or gifting (complimentary bottle of wine) alcohol in such venues. This worked very well. Affordable, but still licenced.

Airbnb require self-stating of things like smoke alarms, fire extinguishers etc and guests are quick to point out something wrong/missing. So there is a level of checking on those sort of things, likewise guests on this forum are actively engaged in "keeping the host honest". I had a guest recently who called me over to explain that I had incorrectly stored the cooking oil on the same shelf as the dishwashing detergent, which was quite wrong. So the interactive nature of Airbnb is a powerful monitoring presence in the marketplace in myriad ways. There is a perception by guests that they are permitted, invited even, to comment.

The gap is in having appropriate insurance for public liability which is difficult to obtain and I buy my cover from a broker in Victoria. I suspect most or many operators in Tasmania are not adequately or appropriately covered. This means that in the event of an event the publicity from the lack of insurance will be negative for the market and for tourism widely. I don't know how that can be changed, unless Airbnb themselves engage with this issue. They don't presently. They DO say they provide some cover but I am unsure that this actually works so well in the event of a claim.

I am happy to provide further detail on any of this submission.