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Our Ref:

Enquiries: Angela Matthews

31 July 2018

The Secretary
Ms Jenny Mannering
Legislative Council Select Committee – Short Stay Accommodation in Tasmania
Legislative Council
Parliament House
HOBART TAS 7000

ssa@parliament.tas.gov.au

Dear Ms Mannering,

The Select Committee was appointed to inquire into and report upon the short stay accommodation industry in Tasmania, with particular reference to:

- 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;**

There has been substantial growth in the number of short stay accommodation premises and at 30/6/2018 the Break O'Day area had an estimated 225 properties available. The previous use of these properties appears to be predominately as holiday homes for the vast majority of the time with owners now wanting to make these properties provide some form of return on the investment. This situation appears to be substantiated by the marginal change in the rental market which local Real Estate Agents have indicated.

This seems to indicate there may be a fundamental difference in the source of properties in a major city when compared to a traditional holiday destination such as the East Coast with a large pool of holiday homes.

from the mountains to the sea



2. The impact of short stay accommodation on the residential housing sector;

Council officers have discussed the impact of Short Stay Accommodation properties on the pool of available local rental properties with local real estate agents. They are advising that the impact has been marginal to 5% in size. REIT figures indicate that the annual turnover for St Helens in relation to the number of new tenancies has dropped by nearly 50% over the last three (3) years. This could reflect the tightening in availability of rental properties as people stay where they are rather than move to another property. Weekly rental cost of new tenancies has been reasonably consistent since they commenced tracking through the Tenancy Bond Lodgements. The Median Rent for houses has shown a small increase in the period 2013 – 2018 of 11.6% (\$215 to \$240). This data is significantly different to the situation in Hobart which during the same period 2013 – 2018 shows an increase of 30.7% (\$375 to \$490).

Comments from local agents include:

Agent 1

- *Airbnb having little if any impact on short or long term rentals.*
- *Owners use Airbnb so they can still use their holiday home sometimes, whereas if rented they can't. It is a different market.*
- *Very few people are buying homes as holiday homes with a view to Airbnb them.*

Agent 2

- *Rental properties are usually owned by investors and there has been a drop off in investors buying properties in recent years. Mainland investors expect too high rents making them unaffordable for the average renter.*
- *Undersupply is starting to push rents up.*
- *Mainlanders are moving here and buying houses to live in.*
- *Mainland owners going to Airbnb – but could only identify one case.*
- *The main reason for lack of rentals is properties are being bought by owner/occupiers people upgrading or moving here.*

Agent 3

- *Airbnb has had very little impact it is more the lack of investors buying property to rent.*

3. The impact of short stay accommodation on the tourism sector;

The East Coast of Tasmania (and St Helens) has been experiencing substantial growth in the level of visitation in recent years. A review of the Tasmanian Visitor Survey reveals the following situation over the last three (3) years:

St Helens	Apr 15 – Mar 16	Apr 16 – Mar 17	Apr 17 – Mar 18
Visitors	73,214	74,692	81,270
Annual increase	4.74%	2.02%	8.81%
Ave Length of Stay (nights)	2.37	2.37	2.70
Total nights	173,528	176,688	219,123
Annual Increase	22.99%	1.82%	24.02%

East Coast	Apr 15 – Mar 16	Apr 16 – Mar 17	Apr 17 – Mar 18
Visitors	272,508	296,438	313,593
Annual increase	5.90%	8.78%	5.79%
Ave Length of Stay (nights)	3.36	3.11	3.12
Total nights	915,024	922,707	978,429
Annual Increase	27.29%	0.84%	6.04%

In the Break O'Day area and St Helens specifically there has been little investment in new traditional tourist accommodation product over the period quoted above. This leads to the conclusion that the increase in bed nights is being partially if not predominately being met by short stay accommodation premises.

The rise of the sharing economy has had a significant impact on a range of industries. In tourism, online booking platforms such as AirBnB and Stayz has allowed market access to a broader range of accommodation alternatives. While these services increase the supply of accommodation, in the sense that there are now additional rooms, the magnitude and the significance of the impact on current providers of accommodation is specific to each tourism market.

The sharing economy provides a differentiated service offering (attracting people who prefer a unique experience or location offered outside of the formally regulated market), or simply increased availability during peak times. Given East Coast Tasmania fits both of these criteria, online booking platforms like AirBnB and Stayz could be providing an efficient matching and rating platform between buyers and sellers.

Traditionally, caravan parks, cabins, bed & breakfasts have all offered alternatives to hotel and motel accommodation on the East Coast Tasmania. However, it is only in the last decade that the 'sharing economy' has provided a new and rapidly growing platform for alternative accommodation providers, including private owners, to compete in the market.

The OECD [Organisation for Economic Co-operation and Development (2016) Policies for the tourism sharing economy] identified several drivers of the recent growth in the sharing economy within the tourism sector:

- The prevalence of smart phones, and availability of secure online payment systems and mobile broadband has facilitated the development of technology and platforms for peer-to-peer or shared usage like AirBnB and Stayz. These platforms have improved over time by developing the ability to store and analyse data to enable efficient "matchmaking" between guests and hosts.*
- Consultation participants also cited these technological factors as being an important driver behind the increasing use of digital platforms such as AirBnB and Stayz to advertise and taking bookings for accommodation. Previously, the administrative requirements for short-term rentals were too onerous for real estate agencies. Indeed, with lengthy rental forms, bank transfers and the collection of keys during businesses hours, the time to arrange a booking was rarely worth the booking fee. However, sharing economy platforms have assisted in streamlining this process, with many offering instant online booking capabilities.*
- Social media also enables individuals to quickly share information and refer other customers.*
- There has been a cultural shift towards sharing resources rather than interacting with large firms, and the development of flexible employment opportunities which permit individuals to seek additional income from sharing economy services. The Hellenic Chamber of Commerce reports that the Global Financial Crisis has created a 'growing disillusionment with consumer culture' and a desire to utilise existing resources more efficiently, alongside a greater interest in developing new sources of income.*
- Consumers are demonstrating a growing desire for different types of services beyond those provided by traditional accommodation. As disposable incomes have risen, so has demand for options like "glamping" (campsites with amenities and resort-style services) and authentic experiences rather than "tourist" travel. Indeed, AirBnB recently ran with a campaign promising the chance for travellers to "live like a local" (Benner, 2016). Sharing economy platforms make a wider number of areas accessible to tourists, and include properties located outside of ordinary tourism districts. This also echoes sentiments held by respondents of the consumer preference survey, who find that visitors most highly value a unique experience when choosing accommodation.*
- Slow growth in hotel room supply could require consumers to look beyond traditional accommodation options.*

4. Regulatory issues including customer safety, land use planning, neighbourhood amenity and licensing conditions compared to other jurisdictions in Australia and worldwide;

The Development Services Department of the Break O'Day Council advises that 95% of applications involving short term accommodation are for the entire dwelling which requires a Planning Permit. This assessment process is simplified and only gives consideration to matters like car parking, waste water and 'use'.

As a result of advice from Consumer Building and Occupational Licensing (State Government Regulator of the Building Act 2016) to date is that a 'Change of Use' or new 'Occupancy Permit' is not required under the Building Act under the new legislation introduced by parliament. Instead Council is provided with a 'Self-Assessment Form' and Inherently we now have pre-existing dwellings constructed prior to 1994 which were not subject to stringent safety requirements that are in place today such as construction requirements in bushfire prone areas including evacuation plans, unsafe handrails/balustrades to decks and staircases, hardwired smoke alarms etc etc....

Investment Properties over 300m² of floor area or more than 4 bookable rooms for short term accommodation do require a change in classification under the Building Act 2016 and this requires very onerous requirements such as access for persons with a disability to and within the entire dwelling (usually impossible), bushfire requirements, smoke alarms, design by a licensed building designer etc.

Hotels, motels and other traditional accommodation providers are subject to a wide range of regulations and compliance requirements. These include:

- Building fire safety;*
- Planning laws;*
- Disability access;*
- Insurance; and*
- Payment of both GST and income taxes.*

By contrast, many properties listed on sharing economy platforms are not subject to further legal approvals than that of an ordinary residential property. In some cases, the law may technically require compliance for these properties. However, the absence of effective enforcement of these requirements may allow properties to continue to operate, even if they do not meet those requirements. For instance, an individual may not declare income received from renting a room through AirBnB on their tax return.

Each of these types of regulation makes different distinctions about whether properties are or are not subject to these regulations. For example:


- In relation to building fire safety, only properties capable of accommodating 200 or more persons, or hostels, boarding houses, guesthouses, lodging houses or backpacker accommodation capable of accommodating 6 or more guests are subject to Tasmanian general fire regulations.*
- In relation to taxation, goods and services tax (GST) does not apply to residential rents. However, if a business rents a room in a manner akin to a hotel room, serviced apartment, or bed and breakfast, then it is considered to be operating commercial residential premises, and any charges to customers will be subject to GST.*

The main regulations on visitor accommodation in Tasmania are planning and use policies developed by local government. Presently, each of the 29 Councils in Tasmania sets their own planning provisions. Accordingly, participants in the sharing economy are treated differently in each.

5. Any other matter incidental thereto.

A potentially related matter impacting on rental accommodation is the short supply of community housing ie Housing Tasmania properties. Over the last five (5) years there have been nine (9) Housing Tasmania three (3) bedroom houses sold in the Break O'Day area.

Yours faithfully,



John Brown
GENERAL MANAGER

Julie Thompson

From: Angela Matthews <angela.matthews@bodc.tas.gov.au>
Sent: Tuesday, 31 July 2018 1:42 PM
To: SSA
Subject: BODC Submission - Select Committee - Short Stay Accommodation in Tasmania
Attachments: BODC Submission - Select Committee - Short Stay Accommodation in Tasmani....pdf

Please find attached Break O'Day Council's submission to the above Inquiry.

Regards

Angela



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