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Parliament of Tasmania

LEGISLATIVE COUNCIL SELECT COMMITTEE

REPORT

ON

SHORT STAY ACCOMMODATION IN TASMANIA

Members of the Select Committee

Hon Rosemary Armitage MLC (Inquiry Chair)

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Hon Rob Valentine MLC (Deputy Chair)

Hon Josh Willie MLC

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CHAIR'S FORWARD

On behalf of the Select Committee on Short Stay Accommodation in Tasmania, I am pleased to present this report.

Due to the myriad of widely-publicised concerns about the effect that short stay accommodation schemes had caused on Tasmania's housing and rental markets, the Inquiry was charged with investigating a number of issues.

The terms of reference involved reviewing the growth and character of the short stay accommodation market, the impacts that market has on residential housing and tourism and what possible regulations regarding safety, planning, amenity and licensing should be recommended. The Inquiry, therefore, has been responsible for examining wide-ranging economical, social and sustainability concerns; issues which affect all Tasmanians.

Consequently, the 192 submissions received by the Committee made representations about many facets of this issue. Hearings were held all across the state, enabling us to gain a detailed understanding of the varying effects the short stay industry has had on different geographic regions of the state.

Through this process, the following report endeavors to reflect the diverse range of views concerning the short-stay accommodation industry and the sharing economy, as it relates to the Tasmanian context. On behalf of the Committee I thank all those who took their time to make submissions to the Inquiry and for sharing their invaluable experience and knowledge at our hearings.

In closing I extend my sincere gratitude to Jenny Mannering, Stuart Wright, Julie Thompson and other Legislative Council and Parliamentary Staff for their excellent and tireless support.

A handwritten signature in black ink, appearing to read 'Rosemary Armitage', with a stylized, flowing script.

Hon Rosemary Armitage MLC

Inquiry Chair

29 October 2019

RECOMMENDATIONS

The Committee makes the following recommendations:

1. An urgent review of safety standards for short term accommodation be undertaken to mitigate risks and address inconsistencies between provider types.
2. The State Government goes further than the requirements in the *Short Stay Accommodation Act 2019* and develops comprehensive data collection and analysis programs, covering both short stay accommodation and the private housing market, to underpin policy and resourcing responses in relation to housing supply and demand.
3. For properties other than a principal place of residence, local government authorities be provided with discretionary powers to issue permits regarding short stay accommodation.
4. Local government authorities determine the frequency and rate of permit fees for short stay accommodation.
5. Short term rental of a person's principal place of residence be exempt from obtaining a short stay accommodation permit but be required to be registered with the local government authority for data collection purposes.
6. Short stay accommodation providers be required to have appropriate levels of public liability insurance.

FINDINGS

TERM OF REFERENCE 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

1. Reliable data is not currently available on the stock of private rental properties in Tasmania.
2. The Airbnb Community Compact outlines data sharing that is more comprehensive than the provisions under the *Short Stay Accommodation Act 2019*.
3. AirBnB and the State Government were unable to reach agreement on data sharing.

TERM OF REFERENCE 2 - The impact of short stay accommodation on the residential housing sector

4. Further research and data collection in relation to short stay accommodation and housing stock is required.
5. The number of AirBnB (entire properties) listed in the City of Hobart has increased substantially in the 18 months to January 2018.
6. The supply and cost of housing in Hobart has increased, leading to a reduction in the supply of affordable housing.
7. There has been an increase in the purchase of properties for the purpose of short-term rentals on the East Coast of Tasmania.
8. The University of Tasmania estimates that approximately 70 per cent of properties listed as 'entire properties' on AirBnB were formerly used for long term rental accommodation.
9. TasCoss has indicated that as a consequence of the reduction in supply of affordable rental accommodation, children have been required to move schools, due to the available properties being too far away for commuting to be practicable.
10. Shelter Tasmania has indicated that the majority of people seeking assistance from its members is due to the lack of affordable housing.
11. Shelter Tasmania attributes the growth in short stay accommodation as only one factor contributing to reduction in rental properties.

12. Shelter Tasmania has indicated other factors contributing to shortages in affordable housing include population growth, increasing student demands, economic growth and a move towards smaller households.
13. An entire home listing may be a granny flat or other self-contained accommodation on the same property of an owner occupied house, rather than the primary dwelling.
14. Short stay accommodation hosts may have multiple listings under the one property.
15. Some AirBnB properties may not have previously been listed as private long term rental accommodation.
16. According to YNOT, young people who cannot secure appropriate accommodation may live in overcrowded housing, be homeless or couch surf, which may have a detrimental impact on their health and wellbeing.
17. There is currently a lack of research to conclusively determine where the increase in short stay accommodation has impacted the rental market.
18. YNOT emphasises a greater understanding of short stay accommodation is needed and believes a multi-faceted approach to addressing the lack of affordable housing is required.
19. The current regulatory regime does not enable appropriate intervention when problems with housing supply arise.
20. Western Australia has an independent housing forecasting committee that assists with informing planning and policy decisions.

TERM OF REFERENCE 3 - The impact of short stay accommodation on the tourism sector

21. According to HomeAway, tourism supports approximately 15.8 per cent of total employment in Tasmania, which is the highest in the country.
22. HomeAway believes that short stay accommodation benefits individuals who can earn additional income whilst benefiting visitors with a greater choice of accommodation options.
23. The increase in short stay accommodation may be attributable to the reduction in administrative requirements, through the use of online booking platforms.

24. The increase in unregulated private dwellings offering short stay accommodation does not provide the same level of statutory oversight in respect of safety and related requirements.
25. Some long term traditional short stay accommodation operators have sold their properties due to recent changes to the short stay accommodation sector no longer making the business financially viable.
26. Traditional short stay accommodation providers are required to pay a number of commercial costs that are predominantly higher or exempt for providers under the sharing economy model.
27. The Tasmanian Hospitality Association has advocated that a level playing field is required for its members who provide accommodation services.
28. HomeAway has argued that short stay accommodation within the sharing economy has opened up accommodation options that were not otherwise serviced by traditional accommodation providers, which has led to new business opportunities in tourism and supported regional economies.

TERM OF REFERENCE 4 - Regulatory issues including customer safety, land use planning, neighbourhood amenity and licensing conditions compared to other jurisdictions in Australia and worldwide

29. The Australian Institute of Building Surveyors has indicated that Tasmania is the only jurisdiction where short and medium stay accommodation is not subject to more stringent building standards than for residential housing.
30. The Tasmania Fire Service has expressed concerns that short stay accommodation within the sharing economy is not subject to the same regulatory and fire safety requirements as conventional visitor accommodation.
31. The Tasmanian Fire Service undertook a spatial analysis of short stay accommodation listings within bushfire prone areas and found that 47 per cent of AirBnB listings were located in bush fire prone areas.
32. Mr Ross Murphy from Castellan Consulting has estimated that approximately 90 per cent of the existing dwellings in Tasmania were built prior to the introduction of statutory bushfire protection requirements.
33. Mr Ross Murphy from Castellan Consulting has indicated that an independent assessment of the residual risk for short stay accommodation should be provided with reference to the NCC.
34. According to Mr Murphy, a blatant disregard of safety standards may adversely impact brand Tasmania.

35. There is currently a gap in insurance standards between different classes of short stay accommodation in Tasmania.
36. According to the Insurance Council of Australia, landlord insurance policies generally don't cover short stay accommodation.
37. Short stay accommodation associated with the sharing economy does not require the same level of certification (permits) if providing less than 5 bedrooms.
38. According to the Break O'Day Council, there is a lack of effective enforcement of the legal requirements for the sharing economy short stay accommodation sector.
39. The Battery Point Community Association is concerned by the loss of residential amenity and sense of community as a result of the saturation of short term accommodation within the suburb.
40. According to the Battery Point Community Association, the Hobart City Council does not have the required flexibility or capacity to appropriately regulate parking in the area for short stay accommodation properties.
41. In the absence of onsite managers, short stay accommodation properties with noise related issues are only regulated through neighbours witnessing any breaches.
42. The Tenants' Union of Tasmania noted a number of examples in Australia and globally, where short stay accommodation under the sharing economy has been regulated.
43. According to the Tenants' Union of Tasmania, a host is only permitted to have one listing at a time in San Francisco.
44. According to the Tenants' Union of Tasmania, the Council in Santa Monica (California) has restricted home-sharing to hosts that obtain a business licence and pay a 14 per cent hotel tax.
45. The Hobart City Council believes that planning regulations should be sufficiently flexible to take into account local circumstances.
46. The Exhibition and Event Association of Australasia believes that a healthy stock of all types of visitor accommodation is important to support growth in the business event sector in Tasmania.
47. The responsible Minister has indicated the broad intention of the recently introduced short stay accommodation legislation is to provide complete information on all properties and their permits to enable the Government to have the full picture.

ABBREVIATIONS

AAA	Accommodation Association of Australian
AIBS	Australian Institute of Building Surveyors
BHMP	Bushfire Hazard Management Plan
BPCA	Battery Point Community Association
HMSA	Hotels, Motels and Serviced Apartments
IPD	Interim Planning Directive
LGA	Local Government Area
LGAT	Local Government Association of Tasmania
NCC	National Construction Code
OECD	Organisation of Economic Cooperation and Development
R&CA	Restaurant and Catering Industry Association
SSVA	Short Stay Visitor Accommodation
TVS	Tasmanian Visitor Survey
T21	Tourism 21
TICT	Tourism Industry Council of Tasmania
VFR	Visiting Friends and Relatives
YNOT	Youth Network of Tasmania

INTRODUCTION

On Tuesday 22 May 2018, the Legislative Council resolved that a Select Committee be appointed to inquire into and report upon:

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;*
2. *The impact of short stay accommodation on the residential housing sector;*
3. *The impact of short stay accommodation on the tourism sector;*
4. *Regulatory issues including customer safety, land use planning, neighbourhood amenity and licensing conditions compared to other jurisdictions in Australia and worldwide; and*
5. *Any other matter incidental thereto.*

One hundred and ninety-two (192) submissions were received by the Committee. Public hearings were held in Hobart on 11 and 12 September and 16 October, 2 November, 6 December 2018 and 14 June 2019, in Launceston on 3 October 2018, in Burnie on 4 October 2018 and in St Helens on 17 October 2018. Thirty-four (34) groups or individuals gave verbal evidence to the Committee at these hearings.

The Hansard transcripts of these hearings are available at <http://www.parliament.tas.gov.au/ctee/Council/WEBSITE.htm>. The transcripts should be read in conjunction with this report.

This Report provides a summary of the key findings contained in evidence presented during the Committee through the written submissions and verbal evidence provided to the Committee during the public hearings. Flowing from those findings are significant recommendations the Inquiry is requesting the Government adopt to address certain areas of concern regarding regulation of the short stay accommodation sector.

EVIDENCE

TERM OF REFERENCE 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

Sharing Economy vs Investment

In order to consider the growth of short stay accommodation in Tasmania, it is important to recognise the distinction between letting a room in a house or enabling the entire home to be rented while the owner is temporarily absent, and short term letting of investment properties which could otherwise be used for private long term rental.

A number of witnesses made the distinction between the short stay accommodation shared in a private residence and that provided in an investment property and therefore used for tax minimisation and capital gain.

- *Local Government recognises that short stay visitor accommodation is only one factor influencing housing supply and affordability in Tasmania, however it is clear that it is having an impact. LGAT has long espoused the need to differentiate between the true sharing economy – based on principle place of residence as compared to a new business model for accommodation. Councils need more ability to regulate these businesses appropriately to balance the economic and tourism needs with local liveability, amenity and service considerations.*¹
- *The true sharing economy is good for driving tourism and helping people with mortgage stress stay in their own homes.*²

According to the LGAT submission, there are three main ways that people temporarily share (short term) housing in exchange for money. They are:

1. *A host rents out a space in their home (primary residence) while they remain in the property;*
2. *A host rents out most or all of their home (primary residence) while they stay elsewhere temporarily; and*
3. *A dwelling is not occupied by a permanent resident but is rented for many short term stays all year long.*³

The LGAT submission continued:

Evidence suggests that there has been a shift from letting a private room in a home where the host resides. In many communities around the world where

¹ Local Government Association of Tasmania, 2018, *Submission #148*, p. 1.

² Cassandra Pybus, 2018, *Submission #1*, p. 1.

³ Local Government Association of Tasmania, 2018, *Submission #148*, p. 3.

Airbnb exists, there is little left of the platforms original concept, that is 'sharing' unused spaces (usually a private bedroom) with visitors and possibly establishing a (temporary) personal connection with them, similar to a bed and breakfast. While private rooms are still offered in residents' homes, what is also on offer now is a substantial number of entire homes and apartments. Indeed, it is now common in most places around the world to have the majority of listings being made up of entire homes/apartments that are routinely available for over 60 days per year. In Tasmania, for example, of the 4421 properties listed as being available on Airbnb, 76.3% are entire homes or apartments and 84.4% of all the listings are available for greater than 60 days per year.

Entire homes/apartments that are highly available and rented frequently year-round to temporary residents probably don't have an owner present. Where present in high numbers in a particular location, this type of accommodation is increasingly seen by many as displacing locals and contributing to a negative change in the amenity and liveability of the local communities.⁴

According to the Tasmanian Government submission, it is difficult to accurately determine the extent of Tasmanian activity on short stay accommodation platforms, due in part to the number of platforms and the fact properties are often listed on more than one site. In addition, there is a clear lack of baseline data to enable an accurate assessment of the growth of short stay accommodation in Tasmania:

Some groups have cited Inside Airbnb data in assessing the impact of short stay accommodation in Tasmania. However, using this data as a single source of data for the demand/supply of short term accommodation in Tasmania is not accurate. The data is 'scraped' from publicly available information on provider websites, which is unverified and unlicensed to filter out properties which don't meet government criteria for entire homes. The other aspect that is not clear from available data is how many entire properties that were offered as 'holiday accommodation' previously are now being offered through accommodation platforms. This type of holiday accommodation would have no net effect on the availability of long term rentals.⁵

Mr Peter Paulsen, a Manager of holiday homes on the East Coast of Tasmania, commented on the long term rental market in that location.

⁴ Local Government Association of Tasmania, 2018, *Submission #148*, pp. 3-4.

⁵ Tasmanian Government, 2018, *Submission #190*, pp. 11-12

With growth of the holiday market there has been a marginal change for the long-term rental market, with less than 5 per cent fewer rental properties available.⁶

This distinction is crucial to consider with regard to regulation and to determine which policy option is appropriate. According to the LGAT submission:

The sharing economy is increasingly being seen as contributing significantly to economic development in communities worldwide. However, one of the biggest issues that is occurring now with SSVA [Short stay visitor accommodation] is the tension between those people committed to the true sharing economy and supplementing their incomes in a small way ... those who are interested in sharing their primary residence and meeting new people and those who are interested in listing properties primarily for commercial gain. While the two interests can exist side by side, the different drivers tend to have variable impact and are likely to require different regulatory responses.

...

The above distinction provides for a logical and reasonable approach to regulation for Tasmania. Put simply, SSVA in a person's principal place of residence (a single room in a home or the entire property) has a low risk of negatively impacting housing availability and residential amenity and is typically not a commercial use and therefore should not require a planning permit to occur. This approach would also allow regulators to focus attention where it really matters, those operators who are focused primarily on running business for commercial gain and where impacts are potentially more significant.

For any secondary dwelling (strata or detached dwelling) SSVA should be a discretionary or prohibited use depending on local circumstances and as determined by the relevant council... However, it is important that these changes to the regulation of SSVA are seen as complementary to any broader Government policy on addressing housing availability and affordability, as the causes are multi-faceted and require a broad and comprehensive policy response to address, beyond a focus on SSVA.⁷

The LGAT submission noted as a point of interest that Battery Point has been identified as unique and has been treated in isolation as evidenced by the Tasmanian Planning Commission which noted:

⁶ Mr Peter Paulson, *Transcript of Evidence*, 17 October 2018, p.1

⁷ Local Government Association of Tasmania, 2018, *Submission #148*, pp. 11-12.

*Battery Point is unique in terms of its location and built form characteristics and that these characteristics attract more visitor accommodation to the area, potentially displacing residential uses and impacting on the residential amenity of those remaining.*⁸

According to the LGAT submission:

*Why this approach has been limited to only Battery Point is difficult to comprehend. Nevertheless, it is recommended the principle being applied here in isolation is sound and must be broadened to the entire State.*⁹

The Growth of Short Stay accommodation in Tasmania

According to the Tasmanian Tourism Industry Council, at the time of its submission, in order to consider the changing nature of short stay accommodation in Tasmania, it is important to understand the context of visitor growth to the State:

While much has been said and written about the 'tourism boom' in Tasmania, the numbers indicate that rather than a short-term 'boom', the State is really experiencing a relatively long and consistent period of steady visitor growth, interrupted only by the market disruption caused by the Global Financial Crisis.

Since the introduction of the twin Spirit of Tasmania ships and low-cost airlines in the early 2000s, the State has averaged 4% per annum growth in overnight visitors from around 520,000 overnight visitors in 2002, to about 1.3 million this year. Indeed, in the context of the so-called 'boom', overnight visitor growth to the State over the past two-years at around 3% has been below the average rate of growth since 2002.

This is an important point in the context of considering the demand for visitor accommodation across the State

....

We know nearly all visitor growth over the past five years has been generated by the holiday leisure market (as opposed to Visiting Friends and Relatives and Business Travel), and this market will continue to fuel visitor growth to the State in the foreseeable future. This market generates demand for traditional visitor accommodation properties (hotel, motels, self-contained and hosted accommodation), as opposed to the VFR market who are more likely to stay with family and friends.

⁸ Local Government Association of Tasmania, 2018, *Submission #148*, p. 14.

⁹ Local Government Association of Tasmania, 2018, *Submission #148*, p. 14.

The sustained growth in visitation to the State since the turn of the century has fuelled strong demand for visitor accommodation across all sectors of the market.

The Tasmanian Visitor Survey undertaken for and on behalf of Tourism Tasmania gives insights into the structure of the visitor accommodation market in Tasmania. The TVS indicates that just over half of Tasmania's visitors will stay for at least part of their trip in a traditional hotel, motel or hostel, and around 20% stay in hosted or self-contained accommodation.

The TVS data over the past three-years indicate low growth in the traditional hotel/motel market, at the same time as significant growth in the Hosted and Self-Contained Accommodation market in Tasmania. This aligns with the rise of sharing accommodation platforms in the State, including Airbnb.

While at the same time, Tasmania's hotels and motels have maintained some of the strongest business conditions in Australia. The Australian Bureau of Statistics most recent Census Results on Capital City Accommodation shows that in terms of occupancy rates and average price by room night, in 2016-17 Hobart had the third most robust hotel accommodation sector in Australia behind only the major cities of Sydney and Melbourne.

Considering the ABS and TVS data together indicate that while Tasmania is experiencing strong demand for visitor accommodation, which has maintained high occupancy and revenue for hotel and motel accommodation operators in the cities, supply in this market has been slow to respond.

This has created capacity restraints and high price positioning in the hotel accommodation market, particularly in Hobart over peak visitor periods, which has fuelled (sic) consumer demand for alternative hosted and self-contained accommodation options. This sector has been quicker to respond to the market demand with injections of capacity facilitated through digital platforms like Airbnb.

Market research commissioned by the Tasmanian Government's Office of the Coordinator General on the accommodation demand across Tasmania confirm this, with significant supply shortages across the hotel and motel sectors in cities and regional areas of the State. With over 700 hotel rooms currently under construction in Hobart, and a further 500 approved for development, it is inevitable there will be a market readjustment within the accommodation sector over the few years as these hotels enter the market.¹⁰

¹⁰ Tasmanian Tourism Industry Council, 2018, *Submission #189*, pp. 3-5.

Professor Richard Eccleston from the Institute for the Study of Social Change at the University of Tasmania provided an insight into the growth and benefits of the short stay accommodation sector in Tasmania:

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

...

With the rapidity of change and growth we really need to have that adaptive regulatory approach with good, impartial evidence and governments and parliaments responding accordingly. I think that is where we are at this time in Tasmania. Tasmania is not alone. Governments right across Australia and right around the world initially embrace these technologies and now they are starting to selectively and strategically re-regulate to get the balance right.¹¹

Dr Julia Verdouw from the Institute for the Study of Social Change at the University of Tasmania, continued:

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

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

We also know that listings are concentrated in the more dense urban regions of Tasmania, for example, Hobart LGA, and that is really standing out to us. That is something that is an international trend happening elsewhere across the globe. Commercial-type listings are continuing to grow as a proportion of all listings types. We are seeing less of the genuinely shared accommodation... The shared economy is less about sharing. It is more about investment, professional hosting and commercial-style activity.¹²

Dr Verdouw and Professor Eccleston noted that the data used to inform the research was Inside Airbnb data:

¹¹ Professor Richard Eccleston, Transcript of Evidence, 11 September 2018, p. 36.

¹² Dr Julia Verdouw, Transcript of Evidence, 11 September 2018, p. 37.

We have used the Inside Airbnb data because we believe it provides a very accurate picture of the scope of Airbnb activity, noting it is only one of the platforms but it is by far the largest. If we are just focusing on Airbnb it is only one part of the broader market, although a very significant part.

Interestingly, dozens of governments around the world use Inside Airbnb data for policy analysis and compliance. The city of New York, San Francisco, Boston, the City of London, Bristol, Paris, Rome, the OECD.

...

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

Part of the state's challenge over the next five years is getting good independent data so we can understand how our state is growing, what the settlement plan for Tasmania is going to be, where the next 5000, 10 000, 15 000 Tasmanians are going to live in five years' time, what their needs are and what their infrastructure needs are. We need better data there.¹³

The following section outlines the growth of short term accommodation in various regions across Tasmania.

Hobart and Greater Hobart

According to the Tasmanian Government submission:

- *Tourism demand has grown strongly over the past four years, with the biggest gain from the international market.*
- *Average annual occupancy levels are high with Hobart City at 82% and Greater Hobart at 78% to June 2016, with Hobart City's occupancy sitting at over 90% for six months of the year.*
- *With analysts advising that 75% occupancy is good for a vibrant sector, these results indicate that accommodation businesses in Hobart and surrounds are practically full year round.*
- *Under a number of demand growth scenarios more rooms are required in Hobart and Greater Hobart to meet growing demand.*

¹³ Professor Richard Eccleston, Transcript of Evidence, 11 September 2018, p. 37.

- *For the T21 target, Greater Hobart requires an additional 1,700 rooms by 2020 which includes 1,478 rooms in Hobart City. If visitor numbers continue to grow at the current growth rate the requirements could be as high as or higher than 1,763 rooms in Hobart and 2,069 in Greater Hobart.*
- *The number of visitors to the State who spend over \$2,000 per trip has grown by over 50% in the last three years.*
- *These higher spending visitors are evenly split among genders, are more likely to be older, are working or retired with above average income. They spend an average of 15 nights in Tasmania compared to the current State average of 8.5 nights. This high-yield group spend around double that of the average visitor and prefer 4 to 5 star accommodation options.*
- *As a result, there has been especially strong growth in demand for these 4 to 5 star hotels.*
- *Demand for rental accommodation is rising strongly and the sharing economy is estimated to be used by about 10% of domestic visitors.*
- *17% of members of high-end hotel loyalty programs are either driven (3%) or at least influenced (14%) in their decision of holiday location by the presence of branded properties.*
- *Given that between 50 and 60% of guests staying in the Australian properties of the top branded programs are loyalty members, it is expected that the introduction of premium brands such as Hyatt, Marriott, InterContinental and Accor to Tasmania will introduce new visitor demand of around 10% of all guests who stay in these hotels, even without any distribution impact of these loyalty programs.¹⁴*

Launceston

According to the Tasmanian Government submission:

- *Tourism demand has grown strongly over the past four years, with the biggest gain from the interstate market and strong international demand.*
- *In the year to June 2016 average annual occupancy was 64% in the Greater Northern Region and 69% in Launceston. However, the larger, higher rated hotels are indicating significantly higher occupancy rates than this.*

¹⁴ Tasmanian Government, 2018, Submission #190, p. 16.

- *Occupancy in the region is still showing seasonality with average occupancy as high as 86% in the summer months and over 75% in Launceston for six months of the year.*
- *With analysts advising that 75% occupancy is good for a vibrant sector, these results indicate that accommodation businesses in Launceston are already at that level from November to April each year with significant future visitor growth expected.*
- *Achieving the T21 target will see an additional 386 rooms required in Northern Tasmania and at least 271 of those in Launceston by 2020. If visitor numbers continue to grow at the rate they have been the requirements could be as high as or higher than 592 in Northern Tasmania and 387 specifically in Launceston.*
- *There are currently 108 rooms under construction in Launceston with a further 250 rooms under consideration, however this additional supply will not meet the requirements at 2020, let alone beyond, especially for the stronger demand scenarios.*
- *There is strong recent growth in demand for 4 to 5 star hotels. Demand for more standard hotels has been well up in the last three years, but is starting to steady.*
- *The number of visitors to the State who spend over \$2,000 per trip has grown by over 50% in the last three years.*
- *Half of the high spending visitors to northern Tasmania are aged over 55 years and another 33% are aged between 35 and 54 years.*
- *Around two-thirds of high spending visitors are working and their household income is above average.*
- *Demand for rental accommodation is rising strongly and the sharing economy is estimated to be used by about 7% of domestic visitors to Launceston, in line with the Australian average.¹⁵*

North West

According to the Tasmanian Government submission:

- *In 2015-16 there were 465,000 visitors to the region.*
- *Visitor nights in the region increased by 17%, with strong growth in the three hubs of Devonport, Burnie and Cradle Mountain between 2014-15 and 2015-16.*

¹⁵ Tasmanian Government, 2018, Submission #190, p. 17.

- *70% of visitors stay in paid accommodation, with hotel/motels being the most popular followed by rented house, flat, unit and serviced apartments.*
- *There are currently 77 accommodation properties in Devonport, Burnie and Cradle Mountain offering approximately 1,346 rooms.*
- *Devonport is the most popular place to stay overnight, followed by Cradle Mountain and Burnie.*
- *62% of visitors are leisure travellers with many on short breaks from Victoria and New South Wales who prefer Cradle Mountain for an overnight stay.*
- *Over two thirds of accommodation offered in the three hubs are at the 3 to 3.5 star range, with Cradle Mountain having a higher proportion of 4 to 4.5 star properties.*
- *As at December 2016 there were 35 properties listed on Airbnb across the three hubs and anecdotal evidence suggests that this figure is increasing.¹⁶*

East Coast

The Tasmanian Government submission outlined:

- *Around 632,800 visitors spend 1.3 million nights on the East Coast.*
- *Occupancy rates reach up to 95% for hotels/motels and 99% for rentals during peak periods.*
- *The region recorded a growth rate of 9% per annum on average from 2012 to 2015.*
- *Domestic visitors make up 94% of those who visited the East Coast, with the majority visiting for leisure purposes.*
- *68% of visitors to Triabunna-Bicheno stayed in commercial accommodation, compared to 50% in St Helens and surrounds.*
- *Triabunna-Bicheno has the largest visitor capacity with a total of 260 properties, 1,401 rooms and 5,273 capacity with 35% in Coles Bay.*
- *St Helens and surrounds has a total of 180 properties, 1,003 rooms and 2,934 capacity.*
- *Private rentals including Airbnb make up 79% of total properties and 52% of rooms on the East Coast.¹⁷*

¹⁶ Tasmanian Government, 2018, Submission #190, p. 18.

¹⁷ Tasmanian Government, 2018, Submission #190, p. 18.

According to the Break O'Day Council submission:

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.¹⁸

King Island

According to the Tasmanian Government submission:

- *King Island's visitor economy is growing rapidly due to the completion of two world class golf courses.*
- *The visitor economy currently generates \$20.57 million in spending both on and off the Island and generates 64.3 or 9% of direct and indirect full time equivalent jobs.*
- *189 rooms are currently available for visitor accommodation.*
- *The majority of accommodation is small properties, such as houses, cottages and bed and breakfasts located in Currie.¹⁹*

Changing Character of the Market

The Tasmanian Tourism Industry Council submission noted the growth in self-contained and hosted accommodation sectors in Tasmania:

The self-contained and hosted accommodation sector has been the backbone of Tasmania's tourism industry for decades. Hosted 'bed and breakfasts' and self-contained accommodation have been an important feature of the Tasmanian visitor experience especially in regional parts of the State for our traditional self-drive touring market. In many regional destinations across the State this style of accommodation is the only option for visitors.

Digital platforms such as Airbnb and Stayz have generated growth in this sector by providing a cost-effective and easy way for property owners to enter and compete in the market. It has also facilitated growth in home-sharing as an attractive alternative visitor accommodation choice, appealing to a growing segment of the visiting public who prefer to stay within a genuine

¹⁸ Break O'Day Council, 2018, *Submission # 94*, p. 1.

¹⁹ Tasmanian Government, 2018, *Submission #190*, p. 18.

'home' environment as part of their visitor experience rather than a less personal 'commercial' hotel option.

From the industry's perspective, we welcome the expansion of the self-contained and hosted accommodation market in Tasmania, and the opportunity digital platforms such as Airbnb provide for more Tasmanians to participate in our successful and growing visitor economy. We also recognize the consumer demand for 'home sharing' style accommodation and believe as an innovative and responsive destination, Tasmania should always strive to be at the forefront of consumer trends.²⁰

The East Coast Regional Tourism Association submission recognised the changing character of the market with regard to online letting of tourist accommodation:

Travellers from across the world have embraced the Airbnb model as an alternative accommodation option to traditional hotels and motels. We believe it is important to meet traveller expectations and to support the ability of travellers to choose their preference in the type of accommodation and means of booking....

While we believe we must provide travellers with the accommodation options they seek, we also believe there needs equity (sic) across all providers of similar types of accommodation and regulation, which must not be onerous, should be applied equitably across all suppliers of like product.²¹

Mr John Brown, General Manager Break O'Day Council noted in the context of the East Coast that:

Short Stay accommodation has played an important role in meeting the need which has not been met by the commercial operator growth to date. ²²

According to the Little City Group Submission, short stay accommodation in Tasmania is demand driven, however:

It also signifies the change in habit of modern tourists whom often prefer the comfort, space and convenience that these properties can provide. The change in habit will not subside and it is therefore crucial Hobart services this sector of the tourism market.²³

²⁰ Tasmanian Tourism Industry Council, 2018, *Submission #189*, p. 6.

²¹ East Coast Regional Tourism Association, 2018, *Submission #174*, p. 1.

²² Mr John Brown, Transcript of Evidence, 17 October 2018, p. 27.

²³ Little City Group, 2018, *Submission #161*, p. 1.

TERM OF REFERENCE 2

The impact of short stay accommodation on the residential housing sector

According to the Tasmanian Government submission, there are various factors impacting on the residential housing sector in Tasmania:

Short stay accommodation is seen as a possible contributing factor to the shortage of dwellings available for residential use, particularly dwellings available for rental and affordable housing. However, the impact of the short stay accommodation market cannot be considered without also looking at the other impacts on housing.²⁴

The Tasmanian Government submission outlined a number of complex factors on both the supply and demand sides, which have contributed to a decreasing vacancy rate and increasing rental costs, especially in Hobart, since around late 2016, including:

Employment Growth

Total employment in the Hobart area has been increasing strongly and Hobart has recorded the strongest growth of the three regions within Tasmania, particularly since November 2016. The latest CommSec State of the State Report shows Tasmania's unemployment rate is below its relative decade average. Being employed is obviously a key factor in owning a home and can create increased housing demand.

Population Growth

While Tasmania's annual population growth is around 0.9% statewide, it has been more than 1% in the Greater Hobart area, the highest since 2010. During the December quarter 2017, net migration to Tasmania comprised 78% of population growth, or 930 people. Population growth from migration tends to create a greater demand for housing than natural population growth because migration generally includes an increase in the working age population and families, who require housing. The July 2018 CommSec State of the State report shows Tasmania is the strongest of all states and territories on its relative population measure, with its 0.94% annual population growth rate almost 65% above the decade-average rate.

Increasing house prices

ABS figures indicate that Hobart's median house price for the December quarter 2017 had risen 12.6% since the December quarter 2016. This rapid house price growth impacts affordability for some home buyers when the

²⁴ Tasmanian Government, 2018, Submission #190, p. 21.

supply of new affordable housing is limited, forcing some potential buyers to remain in the rental market, adding to demand.

Increased tourist growth

In addition, according to Tourism Tasmania, Tasmania had 1.28 million international and interstate visitors in the year to March 2018. Since December 2012, average year-on-year growth in total visitors has been 7.0%.

Growth in international students

The growth in international students may have contributed to the demand for rental housing, with the number of onshore international students at UTAS increasing from just over 3,000 students in 2011 to just over 4,000 students in 2016.

Access to skilled labour in the construction industry

Increasing investment and development in the State has seen the demand for skilled labour increase and this may impact the building sector's capacity to construct new residential homes.

Changes to the way we live

There is a national trend toward a smaller number of people residing in each dwelling. While the Greater Hobart statistical area has been relatively consistent at 2.4 persons per dwelling, central Hobart is showing signs of following this national trend with rates per dwelling dropping. Tasmania's housing stock is predominately detached dwellings with 2 to 3 bedrooms. However, an ageing population and changing social norms is likely to add to demand for the number of dwellings available if we see an increasing number of single occupants.²⁵

Housing Affordability

The Tenants' Union of Tasmania submission stated that evidence within Australia and across the world shows that short stay accommodation has a negative impact on local long-term tenants and prospective owner-occupiers by way of higher prices and lower supply:

- *According to data provided by the Hobart City Council, 209 investment properties are being used exclusively for Airbnb within Hobart. The Australian Bureau of Statistics states that at least 6,976 properties in Hobart are rented – 35.1 per cent of total dwellings. Those 209 properties potentially represent 3 per cent of the total rental supply.*

²⁵ Tasmanian Government, 2018, Submission #190, pp. 24-5.

- *The Tasmanian Planning Commission has accepted that “the conversion of housing stock to short term visitor accommodation is impacting the availability and affordability” of long-term rentals.*
- *A study of Sydney showed that short stay accommodation may have reduced permanent housing stock by up to 7 per cent in one municipality.*
- *The CEO of rent.com.au, Greg Bader, is quoted by the Australian Financial Review as saying that it is only logical that the withdrawal of a few hundred properties from the rental market would cause rents to rise in a small market such as Hobart.*
- *Melos Sulicich, the CEO of MyState, Tasmania’s second largest lender, told the same newspaper that the short stay accommodation market was causing a shortage of long-term accommodation.*

Furthermore:

A report by the Auckland Council summarised findings from international jurisdictions:

- *Across the USA, a 10 per cent increase in Airbnb listings lead to a 0.42 per cent increase in rents and a 0.76 per cent increase in house prices. Adopting the same formula for Tasmania, if Airbnb listings have grown by 127.6 per cent in Tasmania, as per Eccleston et al., that corresponds to a rent increase of 5.36 per cent (\$780.42 per annum), and an increase in house prices of 9.70 per cent.*
- *Merante and Horn found that Airbnb caused the supply of long-term rentals in Boston to drop by 5.9 per cent, in turn resulting in rents rising by up to 3.1 per cent. If a similar increase has occurred in Hobart, Airbnb has caused the median rent to rise by \$583.54 a year. In Boston, 18 per cent of hosts had multiple listings at the time of the study, which made up 46 per cent of all listings. This can be compared to Tasmania where, according to Airbnb, 20 per cent of hosts have multiple listings, which make up, according to Inside Airbnb, 42.9 per cent of all listings.*
- *Rapid adoption of short stay accommodation has led to an increase in rents, and a decrease of affordable housing, across Los Angeles. As of 2015, 7000 properties had been converted from long-term rentals to short stay accommodation.*
- *According to ING bank, house prices in Amsterdam increased by between 2-4 percent, and mortgages by €10,000, as a result of short stay accommodation.*
- *Stulberg found that if all short stay accommodation listings in Williamsburg and Greenpoint, New York City were added to the long-*

term rental market the median rent would drop by US\$37 to US\$69 per month (AUD\$50 - \$93). Another study of New York City found that the supply of long term rental accommodation would increase by 10 per cent if high availability short stay accommodation listings were added to the market.

- *A Canadian study found that Airbnb has reduced the supply of long-term rentals by up to 13,700 in Montreal, Toronto and Vancouver. Another posited that, if every high availability listing was returned to the long term market, Vancouver's vacancy rate would increase by 0.85 per cent.*
- *According to the local government of San Francisco, before new regulations took effect, use of short stay accommodation removed up to a third of vacant rental premises from the long-term market.*
- *Between February and June 2016 up to 13,320 homes were removed from the long-term market in London to be converted to short stay accommodation.²⁶*

According to the LGAT submission, there is a growing body of evidence that the supply of short stay visitor accommodation has seen the extensive conversion of properties from long term rental to short term visitor accommodation properties:

In Tasmania, the growth of SSVA is occurring at the same time as the housing market is generally becoming less affordable, particularly in urban areas and increasingly in popular holiday destinations. In these areas, some SSVA is competing, or has the potential to compete, against traditional forms of residential tenancy.... However it is important to note that while the growth in SSVA is likely to be making a contribution to this issue, there are no doubt a host of other factors also at play. Further any solutions to housing affordability issues will need to be multifaceted.²⁷

In order to illustrate this point, a number of submissions received by the Committee provided examples across Tasmania, which are detailed as follows:

Hobart and Southern Tasmania

According to the LGAT submission:

There are anecdotal links between peer-to-peer accommodation and the affordability and availability issues in the Hobart rental market, but it is apparent that more data is needed to fully understand the issues. The platform websites are designed in such a way that accessing current and regionally specific data on property styles, locations and price points is extremely difficult to access and therefore it is hard to link to SSVA directly,

²⁶ Tenants' Union of Tasmania, 2018, *Submission #151*, pp. 5-8.

²⁷ Local Government Association of Tasmania, 2018, *Submission #148*, p. 4.

in any robust way, to issues in the broader housing market (ownership or rental).

Regardless it has been reported that the number of 'entire properties' listed on Airbnb in the City of Hobart Local Government Area (LGA) increased from 250 to 876 in the 18 months to January 2018. As of February 2018, Inside Airbnb reports that Hobart has 1114 listings, of which 77.1% are entire homes or apartments, 73.5% are routinely available for over 60 days per year and 44.6% of hosts have multiple listings. At the same time the publicly available data on the supply and cost of housing in Hobart and rental vacancy rates indicated affordable housing is becoming increasingly difficult to find. For example, SQM Research report that the rental vacancy rate in Hobart is now 0.7%, from a peak of just under 4% in 2013.²⁸

In addition, the LGAT submission referred to the most recent Anglicare Tasmania's Social Action and Research Centre Rental Affordability Snapshot 2018, which stated:

South – Low Income Families and individuals have been increasingly locked out of Tasmania's southern rental market, with the region entirely unaffordable for eight of the 14 low-income household types examined in the snapshot.

In total there were 563 properties advertised to rent in the South on the 2018 snapshot weekend, a 40% drop since 2014. An average of 9% of properties were affordable to those earning a minimum wage in 2018, compared to 13% in 2017, respectively.²⁹

According to Professor Richard Eccleston, UTAS:

In the Hobart LGA, there are about 23 500 residential homes. There are about 7000 properties in the private market in inner Hobart. Because of the nature of a city, there is a higher percentage of rental properties. We estimate that about 440 of those, in very conservative estimates on data consistent with what Airbnb has provided, have probably come out of the permanent residential market, either renting or to own. That is a tiny percentage of our 236 000 but it is about 6 per cent of the entire rental stock.

The stock of homes in Tasmania has taken over 100 years to build. In any one year, we only build 0.8 per cent of the total stock of houses, so a very small number can have a very big impact on the housing market. This is particularly so when we've got the population pressures and supply constraints in building new properties. It's probably better to think about the absolute numbers; if 450 homes were demolished in inner Hobart over a two-year period, there would be housing effects. That's a tangible way of thinking

²⁸ Ibid

²⁹ Local Government Association of Tasmania, 2018, *Submission #148*, p. 5.

*about it. It takes time and our collective task over the next four or five years is to increase the supply. Hopefully, we can fulfil both these functions.*³⁰

The Hobart City Council submission also noted the growing body of evidence from a number of cities, that the supply of self-contained visitor accommodation has seen the extensive conversion of properties from long term rental to visitor accommodation properties. The submission further noted it had implications for the supply and cost of housing for permanent residents.

The Hobart City Council submission referred to the Domain Rental Report (April 12, 2018) which reported:

Prices in Hobart have skyrocketed so much in the past year it now costs just \$10 less to rent a house in the Tasmanian capital than in Melbourne, and \$20 a week more than in Brisbane. The median asking rent now sits at \$420 a week, which is a whopping 15.1 per cent increase year on year – the biggest surge in rent across Australia’s capital cities.

*The rapid surge in rental prices in Hobart has put tenants in the Tasmanian capital in a precarious position. While renters are now paying \$55 a week more than they were a year ago, the median household income for Greater Hobart, at just \$1234, is the lowest of all the capital cities. In just the last quarter alone, rent surged 6.3 per cent.*³¹

The report also noted that independent economist Saul Eslake agreed Airbnb played a key part in the surge in Hobart’s rental prices:

“Tasmania has gone from having the sort of regulation that other states have to almost open slather on Airbnb,” Mr Eslake said. “A lot of people with investment properties have decided that it’s more lucrative.”

He also said a housing stock “supply blockage” had added fuel to the fire, with the construction of homes not keeping up with Hobart’s growing population.

³²

Several submissions noted that the availability of affordable rental accommodation was identified as a key issue of concern for the university sector in Hobart, with the media recently reporting that some students were being forced to live in hostels and other temporary accommodation:

*While a direct link between the increase in the number of self-contained visitor accommodation places and the residential rental vacancy rate and increased housing costs has not yet been proven by definitive data, it is obvious that the impacts need to be closely monitored.*³³

³⁰ Professor Richard Eccleston, *Transcript of Evidence*, 6 December 2018, p. 18.

³¹ Hobart City Council, 2018, *Submission #135*, pp. 1-3.

³² Hobart City Council, 2018, *Submission # 135*, pp. 1-3; Local Government Association of Tasmania, 2018, *Submission #148*, p. 5.

³³ Hobart City Council, 2018, *Submission # 135*, pp. 1-3.

Dr Angela Ballard, commenting on the availability of property in Hobart expressed concern that Planning Directive #3 overrides Council's ability to make their own planning decisions to regulate short term accommodation:

So, there it is, a Planning Minister's Directive at variance with and in opposition to not only Councils' attempts to rein in what is becoming a scourge across tourism based cities and towns worldwide, (especially small ones) but also to the Tasmanian Government's own housing policy and programs. The cascading effect has ostensibly derailed the Private Rental Access Program, and housing prices across all housing market segments in Hobart and Launceston have bolted. That a Minister of Housing and Director of Housing in 2017 appear to have either not been consulted by Planning, nor warned Planning about the potential impacts of an overarching Directive relative to housing, remains problematic.³⁴

Launceston

According to the LGAT submission, Launceston is experiencing growth in the SSVA market similar to Hobart, albeit to a lesser degree, while at the same time seeing some tightening in rental availability:

The City of Launceston has reported that while there is not strong evidence that SSVA is impacting on the rental market and housing affordability, there is little doubt that there is some impact.³⁵

The City of Launceston undertook a review of four websites on short stay accommodation, Airbnb, Inside Airbnb, Airdna and Tripping, and found that there has been SSVA growth since 2011 and the growth has been significant since 2015, as demonstrated in the following table:

³⁴ Dr Angela Ballard, 2018, *Submission #140*, pp. 2-3.

³⁵ Local Government Association of Tasmania, 2018, *Submission #148*, p. 6.

Table 1: Growth in the Airbnb market since 2011³⁶

Year	Total number of rentals	Increase in the number of rentals per year
2011	1	1
2012	15	14
2013	25	10
2014	64	39
2015	145	79
2016	313	168
2017	560	247
2018	711	251

According to the LGAT submission, the review undertaken by the City of Launceston indicated:

Similar to Hobart, a significant proportion of Airbnb rentals are multi-listed, with 47.7% of hosts having multiple listings. Of these, there are twenty hosts who have greater than 3 listings and of these, one host has 22 listings. There is a point where a host that has 22 listings is probably operating a virtual hotel and is not a host in a traditional sense.³⁷

The LGAT submission continued:

Inside Airbnb indicates that 85.6% (352 of 411) of listings in Launceston are classified as highly available – meaning they are routinely available for over 60 days per year.

While the residential market in Launceston has been broadly flat over the past decade, in the past 12 months it has begun to lift significantly. The increase in property prices has tended to be lower in suburbs which experience disadvantage... Rental property availability is not as low as Hobart, but there has been a significant decline in recent years, with SQM Research reporting that the rental vacancy rate in Launceston is now 1.6%, from a peak of over 6% in 2014, with availability in the \$200-250 bracket particularly tight.

³⁶ Local Government Association of Tasmania, 2018, *Submission #148*, p. 6.

³⁷ Local Government Association of Tasmania, 2018, *Submission #148*, p. 7.

In this context and noting the experience of Hobart, the City of Launceston has raised some concerns that SSVA may already be having an impact on the housing market.³⁸

East Coast

According to the Break O'Day Council submission, discussions have taken place between Council officers and local real estate agents regarding the impact of short stay accommodation properties on the pool of local rental properties:³⁹

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 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).⁴⁰

With reference to St Helens, the Break O'Day Council reported substantial growth in short stay accommodation:

...with approximately 225 properties available as of 30 June 2018, the majority of which have been or still are holiday homes or shacks. This accounts for approximately 18% of the total dwellings and is almost equivalent to the total number of properties for rent in St Helens. Council has indicated that the annual new tenancies turnover for St Helens has dropped by 50% over the past 3 years, potentially reflecting a tightening of available rental properties.

The SQM Research report that the rental vacancy rates on the East Coast of Tasmania (a wider geographic area than St Helens) is now 0.4%, from a peak of over 3% in 2014.⁴¹

The East Coast Regional Tourism Organisation submission noted that the new model of short stay accommodation has had implications not only on the availability of permanent rentals on the east coast, but it has also changed the dynamics and makeup of small towns on the East Coast:

Investors are buying shacks for the sole purpose to rent on the short-term market. This flows through to other sectors – for example the Bicheno Primary School would have 10% more children if long term rentals were

³⁸ Local Government Association of Tasmania, 2018, *Submission #148*, p. 8.

³⁹ Break O'Day Council, 2018, *Submission # 94*, p. 3.

⁴⁰ Break O'Day Council, 2018, *Submission # 94*, p. 3.

⁴¹ Local Government Association of Tasmania, 2018, *Submission #148*, p. 9.

available, and with those additional children, would be eligible for more funding.⁴²

King Island

According to the LGAT submission, King Island has seen a dramatic growth in the number of SSVA beds available since the development of Cape Wickham links and Ocean Dunes Golf Course in 2015/2016:

In January 2016, there were approximately 12 properties listed on Airbnb on King Island – today there are over 40. This increase can be partially attributed to a growing acceptance by established accommodation businesses that visitors increasingly book their accommodation online, but there are also a number of new entrants to the market that had until recently been used as residential accommodation.

The increasing options available to accommodation providers to advertise their properties and take bookings online has made it easier for individuals to benefit from the growth of tourism on King Island. While this is particularly important in an economy like King Island, where a majority of the workforce requires more than one source of income to meet the islands high cost of living, the island is also currently experiencing a shortage of residential accommodation.

While the availability of rental housing has always been a problem on King Island, the situation has been exacerbated by a number of residential rentals being withdrawn from the market and repurposed for SSVA in what is a very small market. The lack of rental housing has seen existing local businesses experiencing difficulty in recruiting the staff needed to meet growing demand across the island.

The increase in visitor accommodation and the low volume of rental housing available has meant that residential rental prices are increasing. The 2016 Census reported no households were paying rent over \$350 per week, however properties made available in the last 18 months have been rented for as much as \$450 per week.

While this increase in available visitor beds is a positive step in growing the Islands tourism market, the subsequent loss of residential accommodation is a significant impediment to achieving economic growth on the island.⁴³

Similar evidence from an East Coast Tasmanian perspective was received from Mr John Brown, General Manager of the Break O'Day Council:

Mr BROWN - In terms of developing our submission, we wanted to try to get to sources of truth with this. Tim has worked with local real estate agents and

⁴² East Coast Regional Tourism Organisation, 2018, *Submission #174*, p. 2.

⁴³ Local Government Association of Tasmania, 2018, *Submission #148*, pp. 8-9.

surveyed them on a few different occasions to gather information to develop a greater understanding rather than the chat on the street around this. It did surprise us slightly when it came back about the impact being as small as it was. We did further analysis from local knowledge to say, 'Well, what happened, where are these coming from?' It does seem to be coming from the shack market. We do not deny there are ones that are coming out of long-term rental or from residential where people have moved away..... We believe this is where there is a difference. We do have a rental shortage. There is no doubt; certainly information from the Real Estate Institute of Tasmania - REIT - looked at rental prices, but also looked at the number of bond turnovers on lodgements and the substantial drop in the bond lodgements. This could be that people are choosing to stay put rather than shift house, so the length of rentals might be expanding but we do not have evidence and have not done research on this.⁴⁴

Housing Affordability, Low Income and Displacement

The TasCoss submission recognised that the precise relationship between the rise of online short stay listings and the decline in rental listings is yet to be established, however the submission expressed concerns about displacement that has arisen as a result of the decline in housing affordability:

As availability declines, competition for properties intensifies, with some renters pushed into unaffordable price ranges while others are forced farther and farther away from employment, education and training opportunities, and health and other services. While the impact of this has been highlighted as a housing issue, for many people the impact of this displacement is far greater. For example, TasCoss has heard of many examples where children have been forced to move schools as the long term rental they have been living in is taken off the rental market and the only affordable property available is in a suburb too far away to travel twice a day to the original primary school. Displacement for those who have lived in long term affordable rentals that have been converted to short-stay accommodation is also about a loss of social connectedness to a community and neighbours that have been part of your life for many years.

...

The precise relationship between the rise of online short-stay listings and the decline in rental listings has yet to be established. The University of Tasmania estimates that the current net housing shortage in the Hobart LGA is approximately 451 dwellings, and in greater Hobart is almost 600. Meanwhile, the University has estimated that if 70% of the properties listed as 'entire properties' on Airbnb in January 2018 were previously in the long-

⁴⁴ Mr John Brown, *Transcript of Evidence*, 17 October 2018, p. 28

term rental market, it would mean that approximately 2500 homes statewide, and more than 600 homes in Hobart, have been removed from the private rental housing pool since 2016; the latest Housing Update raises the estimated conversion rate in inner city markets to 75%.

At the same time that short-stay listings have grown, rental affordability has declined, a situation that hits low-income families (who are the least likely to be able to afford to buy a property) the hardest. Already in 2016, 32% of low-income renters were paying more than 30% of their household income in rent (33% outside of Hobart). The University of Tasmania now reports that for an average family that is renting in Tasmania, the proportion of family income required to meet rent payments in March 2018 was 28.1%, up 5.6% from March 2017 and second only to NSW.

Indeed, the figures above related to ancillary dwellings suggest that at least in Hobart and Launceston, more affordable smaller spaces are being removed from the rental market at a high rate (assuming that these were previously rented out and that they would in fact meet the minimum standards of the Residential Tenancy Act 1997).

This situation underlines the need for additional research, as well as continued collection of up-to-date, comprehensive demographic and housing stock data, in order to fully understand the impact of short stay housing on the residential housing sector in Hobart and elsewhere in the state, and in particular the impact on low-income renters.⁴⁵

The Shelter Tasmania submission also expressed concern regarding the lack of affordable rental housing and homelessness:

The biggest cause of homelessness is the lack of affordable rental housing. Homelessness in Tasmania has increased from 1,264 persons in 2011 to 1,623 persons in 2016. Shelter Tas members report that pressures have increased since the 2016 Census. Homelessness services have reported that they are forced to turn away people seeking assistance at unprecedented rates, with a 20% increase in people turned away from homelessness services in the last year. Lack of affordable housing is the most common reason for people seeking help, cited by 64% of people requesting assistance.

The growth in short stay accommodation is only one factor that contributes to the rising costs and availability shortfall of rental properties. Other factors include population growth, including demographic patterns that increase demand for homes, increasing numbers of students, the state's economic growth and a general shift to smaller households.⁴⁶

⁴⁵ TasCoss, 2018, *Submission #186*, pp. 6-7.

⁴⁶ Shelter Tasmania, 2018, *Submission #192*, p. 7.

According to the Shelter Tasmania submission:

Tasmania needs an integrated approach to managing the current homelessness and affordable housing crisis with all government policies scrutinised and monitored for potential for negative impacts on the whole housing system. Tourism and population policies, in particular, have high impact on demand for rental homes. Shelter Tas agrees with the TICT that both the residential and the visitor accommodation property markets need a clear plan for an increase of supply. All factors that contribute to the current extreme shortage of available and affordable rental accommodation, and the accompanying rise in homelessness, need effective integrated policy, ongoing monitoring, and a strong evidence-base.⁴⁷

The Airbnb submission noted that a common misconception about the potential impact of short term rental accommodation on housing affordability, is that entire homes listings means homes are being taken off the long term rental market:

This argument is incorrect and reductionist. Knowing the number of entire home listings alone without having the full context presents only half the story. Most hosts are sharing their own home - their principal place of residence and as such there will be a higher proportion of entire home listings. What's more, a listing - including an entire home listing - is not equal to a dwelling. An entire home listing might in fact be a granny flat or other self-contained space.

Another common argument is that hosts with multiple listings must be sharing multiple homes with distinct addresses. A host may have one or more listings at just one property. For example, a host may choose to list a private room/s in their own principal place of residence more frequently, while occasionally listing their entire home whilst they are away on their own holiday. Another example is a host who shares a self-contained space in their own principal place of residence (such as a granny flat or a self-contained studio) and has two listings for the same space which is alternated at different times of the year (e.g., a listing that is advertised specially for Dark MOFO). Both these situations produce two listings for one address, with the latter showing two entire home listings for a self-contained space in a host's principal place of residence.⁴⁸

The generic responses summarised in Appendix A of this report seek to support the assertion made by Airbnb that some homes would not otherwise be listed as private long term rental accommodation.

⁴⁷ Shelter Tasmania, 2018, *Submission #192*, p. 3.

⁴⁸ Airbnb, 2018, *Submission #172*, p. 7-8.

Impact of housing affordability issues on young people

The YNOT submission expressed concern about the impact on young people of whole properties being removed from the rental market and being utilised for short stay accommodation:

While housing affordability is a concern for many Tasmanians, we know young people can face additional barriers to entering the market and are further disadvantaged by this. For example, young people may be on lower incomes, such as training wages or Youth Allowance, which makes it more difficult to save for a bond and afford rent than if they were on an adult wage or Newstart payments. Young people can also be seen as a less attractive prospect compared to other rental applicants and experience discrimination because of their age, lower incomes and lack of previous rental history, making it difficult to enter a highly competitive rental market.

Young people who cannot secure appropriate and affordable housing may face living in overcrowded housing or experience homelessness. These situations have a significant impact on a young person's health and wellbeing. If they are living in overcrowded housing or couch surfing, it can also place additional pressure on friends or family they may be staying with. Young people are also less likely to secure social housing tenancies with less than 1 in 200 tenancies held by young people in Tasmania.

Further data is required to understand where the increase of short stay accommodation has had a significant impact on the rental market and what responses may be required to address this. YNOT believes this will require better monitoring of the type, location and number of properties available for short stay accommodation, at a minimum.

This data and evidence base will assist the development of long-term planning for housing, including priority areas and the types of housing required. Increasing the amount of housing in any area will take time so it is important that policies developed are proactive and can address current and future needs.

YNOT believes this will create a better balance between the needs of people who are struggling to find affordable housing with those who benefit directly from short stay accommodation.

YNOT would also like to emphasise that while it is important to understand the impact of short stay accommodation, it is not the only issue that needs to be addressed in order to increase the amount of affordable housing. There needs to be a multifaceted approach to addressing the lack of affordable

housing and ensuring that particularly disadvantaged cohorts, such as young people, have appropriate support. ⁴⁹

Minister for Housing and Minister for Planning Hon Roger Jaensch MP provided the Committee with an overview of the Government's work in relation to improving access to the property market for buyers, which includes:

... the Government's incentives, land tax rebates, there is also a 50 per cent stamp duty rebate on certain classes on residences, and the First Home Owners Grant has been extended again for a further 12 months. They are all part of what the Treasurer and the Minister for Building and Construction announced in the last budget round to continue to stimulate the development of more housing and make it easier for people to buy and build their own home, particularly their first home.

*A lot of the people at the moment who I'm aware of in the housing sector who are in housing stress are people with good incomes, or what have traditionally been seen as good regular low to moderate incomes, who are finding themselves faced with increasing rental costs but who might be in a position to service a modest mortgage and to build and own their own home. They are some of the groups we are targeting to help them stay in the market during this period of peak demand and not have them default to the social housing sector and be competing for available stock with people who may be less able to afford their own home.*⁵⁰

The Minister also provided the Committee with information on the Government's implementation of the Tasmanian Affordable Housing Strategy and at the time of the hearing noted:

We remain on track to assist that many new households to the system and to deliver the 941 affordable lots and homes, a mixture of those, at the end of May. That was on track to be delivered and I am confident we are going to get there. The situation ... is that under our Affordable Housing Action Plan a series of contracts were let to build and deliver housing across the state through a range of different mechanisms directly through us with builders or through third parties like the community housing providers. A lot of those contracts were let saying these houses needed to be delivered by 30 June so a large number of them are going to be handed over within the next couple of weeks.

We are monitoring those closely and will be delivering the balance of our target of 372 social housing dwellings, and hopefully more, by the end of June,

⁴⁹ Youth Network of Tasmania, 2018, *Submission #109*, p. 1-2.

⁵⁰ Mr Roger Jaensch, *Transcript of Evidence*, 14 June 2019, p.13

together with a range of other components of supply which includes land in areas of high demand at an affordable cost⁵¹.

The Minister indicated the properties were being delivered in areas of high demand including:

Mr JAENSCH - They are in areas of highest demand in all parts of the state. The locations we invest in are driven in part by what people have applied for. When someone makes an application for social housing they indicate the areas or suburbs of preference for them. That may have to do with where they have other family supports and networks, where their kids go to school, where they work or are seeking work, those sorts of factors. That then helps us to determine if there is a supply available there; if we need to create more; if there are no houses whether we need to build them; if we need to build them, is there land; and if we need to buy or rezone land to build houses on. That is why we developed new legislation last year as well to identify and rezone government-owned land that wasn't needed for other purposes so we could rapidly start building in areas of high demand which were appropriate for housing. Mr Risby and his unit drafted that legislation which passed through the parliament and they are now at varying stages of rezoning or consideration by the parliament, hundreds of lots of land that are quickly coming to market to respond to that need.⁵²

Data Collection

According to the LGAT submission, in each of the examples cited above, evidence indicates either a current or emerging shortage of accommodation for residents:

The tightening of the housing market in each location has occurred concurrently with a significant rise in the use of peer-to-peer platforms for SSVA (and growth in visitation to Tasmania). While there can be no doubt that SSVA is displacing permanent accommodation in high demand locations and exacerbating housing affordability pressures, we don't have the necessary data to analyse the precise contribution and also the current regulatory regime does not allow intervention when it becomes apparent there is a problem.

Comprehensive, sector-wide, transparent data collection and reporting is required to facilitate an informed response from Government. This is needed to resource appropriate policy, service and regulation responses to minimise the impact of housing affordability and the shape of our communities and additionally to ensure vibrant tourism based economy is preserved.⁵³

⁵¹ Op.Cit. p. 14

⁵² Op.Cit. p. 15

⁵³ Local Government Association of Tasmania, 2018, *Submission #148*, p. 10.

The lack of such data illustrates a poor approach to public policy according to the LGAT submission:

*In the absence of an appropriate evidence base or means to evaluate impact, no changes to our regulatory regime should be made, particularly in the current circumstances when in certain locations the housing market is already under significant stress.*⁵⁴

LGAT indicated a willingness to work with Government to ensure that any data sharing arrangement with local councils provides useful, meaningful data to address Tasmania's housing market challenges.⁵⁵

According to Professor Eccleston from UTAS, what is required in Tasmania to respond to housing challenges is:

*... independent and objective analysis of our housing markets and how that links into planning including future housing needs because there are big pieces of that jigsaw puzzle that are missing in Tasmania and other jurisdictions. Interestingly, Western Australia does it well. They have an independent housing forecasting committee with a range of stakeholders that brings together some of this information to help inform planning and policy decisions. On and off again at a national level we have also had the Housing Supply Council, but we need something like that in Tasmania so we can have sustainable growth. I think that is what we are all committed to.*⁵⁶

⁵⁴ Local Government Association of Tasmania, 2018, *Submission #148*, p. 10.

⁵⁵ Local Government Association of Tasmania, 2018, *Submission #148*, p. 10.

⁵⁶ Professor Richard Eccleston, *Transcript of Evidence*, 11 September 2018, p. 49.

TERM OF REFERENCE 3

The impact of short stay accommodation on the tourism sector

Tourism Growth

According to the HomeAway submission, tourism in Tasmania is higher than the national average:

*The growth of the tourism industry in Tasmania is on a strong trajectory with visitor numbers reaching 1.28 million for the year ending March 2018. Over this same time, visitor expenditure grew 7 per cent on the previous year to \$2.37 billion. Tourism in Tasmania directly and indirectly contributes about \$3.03 billion or 10.4% to Gross State Product (GSP). The direct and indirect contribution of tourism in Tasmania to GSP is the highest in the country. Tourism directly and indirectly supports around 38 000 jobs in Tasmania or about 15.8% of total Tasmanian employment. This is higher than the national average; the highest in the country.*⁵⁷

The submission continued that the short term rental industry has become a significant segment of the tourism accommodation sector:

...providing a range of benefits to travellers, homeowners and local economies, particularly in regional areas where quality accommodation is limited. On the supply side, individuals can earn additional income by renting out the beds, rooms or properties they own that would otherwise be sitting idle. On the demand side, visitors benefit from a wider choice of accommodation options across a wider price range. As a result, more people can travel, and they may be able to purchase more of other goods and services in the region they are visiting. Visitors can also stay in areas that are not serviced by traditional accommodation providers, opening new tourism business opportunities and supporting economies in regional Australia (Blue Derby in Northern Tasmania is a good example).

On average in 2016, 83 per cent of HomeAway's revenues were from regions outside of capital city areas. Our company has a significant focus on helping people renting out their secondary homes (i.e. vacation properties) and these properties are generally located outside of major cities. STR supports economic growth and tourism in regional Tasmanian communities by:

- *Making Regional Areas Accessible - boosting the accessibility and appeal of regional areas where there are fewer accommodation options.*
- *Growing Revenue for Local Businesses - vacation rental users spend more and stay longer, generating more revenues for local businesses.*

⁵⁷ HomeAway, 2018, *Submission #98*, p.3.

- *Providing Quality Choices for Tourists - a deeper pool of accommodation options allows regional areas to meet fluctuations in demand for longer periods of time at competitive prices.*
- *Supporting Local Jobs - short term rentals create direct & indirect employment opportunities.*

While the STRA industry is experiencing strong growth, there is little quantitative information regarding the size and economic contribution of the industry. In 2016, HomeAway commissioned an economic contribution analysis of the STR sector by ACIL Allen Consulting, the largest independent Australian owned economics and policy consultancy in Australia. The report helped to fill this gap by estimating the size and economic contribution of the STR sector to the Australian economy, state economies and to selected regional economies in 2016.

We are currently having this report updated. The analysis provides a solid basis on which to make judgements about benefits and costs of regulation and allows that to be done by distinguishing city and regional economic contributions. Below we present some of the data from the report which we hope is informative and will provide the evidence base for good public policy outcomes to be delivered.

FIGURE 1: IMPORTANCE OF STR VERSES TRADITIONAL TOURIST ACCOMMODATION SECTOR BY STATE, 2016

Region	STRA sector		Traditional tourist accommodation		STRA as a share of Traditional	
	Room nights booked	Revenue	Room nights booked	Revenue	Room nights booked	Revenue
	Number	A\$ million	Number	A\$ million	%	%
New South Wales	2,568,619	435.2	18,767,722	3,603	13.7	12.1
Victoria	2,020,784	272.1	12,451,568	2,187	16.2	12.4
Queensland	1,262,391	162.8	15,499,970	2,558	8.1	6.4
South Australia	244,774	40.3	3,109,962	474	7.9	8.5
Western Australia	703,105	83.7	5,169,251	911	13.6	9.2
Tasmania	201,922	36.3	1,687,758	268	12.0	13.6
Northern Territory	27,946	4.7	1,972,103	332	1.4	1.4
Australian Capital Territory	61,324	6.1	1,613,062	276	3.8	2.2
Australia	7,090,865	1,041.2	60,271,397	10,609	11.8	9.8

Note: "Traditional tourist accommodation" refers to hotels, motels or serviced apartments with 15 rooms or more. Calendar 2016 are estimated by ACIL Allen based on available ABS data.
SOURCE: ACIL ALLEN CONSULTING

In 2016, Tasmania had 201,922 room nights book through STR generating \$36.3 million revenue from accommodation bookings alone. The traditional accommodation sector had approximately 1.69 million room nights generating revenue of \$268 million. As a percentage of total room nights, STR accounted for 12 per cent. As a percentage of total revenue from tourism accommodation, STR accounted for 13.6 per cent – the highest of any state.⁵⁸

⁵⁸ HomeAway, 2018, *Submission #98*, p.3.

The Airbnb submission supported this position:

In the context of Airbnb's contribution to the Tasmanian visitor economy, the broader tourism sector continues to prosper and grow. Airbnb is growing alongside - not at the expense of - traditional tourism operators. Hobart's traditional accommodation continues to perform strongly, with occupancy rates for hotels, motels, and serviced apartments (HMSA) at 83%, which places Hobart above the national average and, from a national perspective, behind only Sydney. Hobart's HMSA accommodation is also performing well in terms of RevPAR, at \$143 compared to the national average of \$140. As the whole visitor economy continues to see record expenditure and growth in key metrics, the Airbnb community plays a vital role in providing accommodation during major events, providing additional accommodation capacity at peak periods. For example, the busiest periods in terms of guest arrivals on Airbnb in Hobart so far in 2018 were during the Taste of Tasmania Festival and Dark Mofo, demonstrating the need for extra accommodation capacity to support the success of major events.⁵⁹

East Coast

According to the Break O'Day Council submission, the east coast of Tasmania has been experiencing substantial growth in the level of visitation in recent years, however there has been little investment in new traditional tourist accommodation over this time:

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.

⁵⁹ Airbnb, 2018, *Submission #172*, pp. 11-12.

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.⁶⁰

Unfair Competition

A number of witnesses raised concern regarding the uneven playing field between licensed tourism operators and short stay accommodation operators not required to meet the same regulatory conditions.

According to Mr Justin McErlain, President of the Burnie Tourism Association and operator of the Waterfront Hotel in Wynyard:

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.

...

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. ⁶¹

Mr Derek Bellamy, Secretary Burnie Tourism Association and B&B operator added:

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. ⁶²

Mrs Lynne Headlam of Waverley Cottages, in her submission, spoke of the closure of her accommodation business after 40 years of operation due to an inability to compete with Airbnb given the expenses to operate legally:

I started my business Waverley Cottage Accommodation in 1978....That's right! So, for exactly 40 years almost to the day I have been running multiple

⁶⁰ Break O'Day Council, 2018, *Submission # 94*, p. 3-4.

⁶¹ Mr Justin McErlain, Transcript of Evidence, 4 October 2018, pp. 25-6.

⁶² Mr Derek Bellamy, Transcript of Evidence, 4 October 2018, p. 27.

cottages in both Oatlands and Hobart. I am about to close my business as it is impossible to compete with Airbnb with all the additional expenses necessary to operate legally. I had the option of joining them, and in fact was listed with Airbnb when they first hit Tasmania, but because there was so much about the methods used by Airbnb of which I firmly disapproved, I have never accepted a booking through Airbnb.

*No other business is allowed to operate without restrictions. If opening a bottle shop, chemist, supermarket, newsagent, there is a process of passing scrutiny about over supply in any given area....that also is just plain common sense. But in the case of Airbnb, there is no such regulations (sic), and of course they are able to undercut licenced operator's rates as they have none of the additional costs that registered operators have dealt with over all these years.*⁶³

Ms Sandra Roberts, former owner of Barrack Street Colonial Cottage, noted in her submission the necessity to sell the cottage due to recent changes in the visitor accommodation sector that made it no longer financially viable to operate for visitor accommodation:

To be a full time provider of accommodation, I was reliant on making very good returns during the summer period to carry the business through the lean winter months when guests are scarce. What I have found since the rules for obtaining permits for short term accommodation changed and a large number of new properties have been permitted to become visitor accommodation is that I have needed to drop my prices by at least 30% below what they were 5 years ago in order to attract guests. I can no longer charge the premium summer prices that I need to sustain the business year round. Great for guests, terrible for business.

*I am terribly sad, that my lovely cottage which was ideally situated for guest accommodation couldn't compete in the current circumstances. Running it for guest accommodation proved to be the best way to maintain it, as attempts to rent it longer term resulted in multiple maintenance issues – which is always a risk with such an old house. However, when you are doing the work and incurring the expenses of an accommodation business, but earning less than rent – there comes a time when there is no choice other than to stop. In my 10 years of running the business I have never had a disruptive guest, property damage or a complaint from a neighbour. On the whole my interactions with guests have been very positive and they have loved the uniquely Hobartian experience of staying in a heritage cottage, and I have loved hosting them.*⁶⁴

⁶³ Mrs Lynne Headlam, 2018, *Submission # 3*, pp. 1-2.

⁶⁴ Ms Sandra Roberts, 2018, *Submission #93*, pp. 1-2.

The submission provided by Huon Bush Retreats outlined the cost of compliance, including commercial rates, required facilities (building fire safety, wild fire safety, disabled, health requirements, car parking, public road improvements) and ongoing expenses, GST compliance costs, insurance, fire and other safety inspections, building fire safety inspections, Form 56 inspections, wildfire protection, and health (commercial kitchen yearly licence costs), equating to around \$21,400 per year.⁶⁵

Ms Joy Chappell, B&B operator in Queenstown highlighted the following questions relating to the uneven playing field with unlicensed operators:

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?*
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.*⁶⁶

Mr Steve Old from the Tasmanian Hotels Association provided a similar perspective on the need for an even playing field.

From our accommodation members' perspective, there are two key elements our members always talk about. That is having a level playing field, so that any operator in the industry is on the same playing field. I guess we believe that is fair in any industry. If you are a hotel and you want to sell alcohol, you need to get a liquor licence. If anyone else wants to sell liquor, they should have to get a liquor licence. Our members see that if you want to play in the accommodation field and run as a business in the accommodation field, you should have all the same requirements as other businesses. Whatever process is put in place in relation to how you monitor these venues, and I am talking about the whole industry, all we say is that whatever is put in place needs to

⁶⁵ Mr Paul Dimmick Huon Bush Retreats, *Submission #144*, p. 3.

⁶⁶ Ms Joy Chappell, *Transcript of Evidence*, 4 October 2018, pp. 14-15.

*be policed. It is one thing to put a system in place but the other is to make sure it is policed and monitored by someone.*⁶⁷

Mr Dimmick, Huon Bush Retreats, stated that compliance costs should be compensated, or the compliance requirements should be the same for all operators.⁶⁸

According to the Tasmanian Tourism Industry Council submission, traditional accommodation operators have every reason to be angry and frustrated:

... by the clear discrepancies in their cost structure compared to newer entrants into the market.

The following table offers some examples of the kind of everyday cost incursions that established accommodation businesses in Tasmania are required to cover, that new entrants into the market predominantly driven by Airbnb are exempt from paying.

Table 5: Examples of Operating Costs for Traditional v 'New' Accommodation Operators		
	Traditional Commercial Accommodation Businesses	'Airbnb-style' New Accommodation Operators
Energy	Metered at Business Energy Tariffs	Metered at lower Residential Tariffs
Insurance	Required to obtain business insurance, public liability insurance, workers compensation insurance	Most operators would have land lord insurance, if anything.
Foxtel	Accommodation Subscription – around \$10,000 p.a. for a small-medium motel, or \$115 a month for a small accommodation business.	Can access residential packages starting at \$49 a month.
Tag and testing of electrical equipment	Most accommodation business undertake annual or bi-annual testing at cost of several hundred dollars	Very unlikely this is even an consideration for most operators
Local Government Rates	Pay higher Commercial Rates in local government areas where they apply.	Pay lower Residential Rates

Waste	Medium-Large accommodation businesses pay for waste collection	Not an expense – collected as part of their residential waste collection service.
Food Inspections	Subject to Local Government inspections	Not regulated
Liquor Licenses	Must obtain a liquor license if part of service	Not regulated
Accreditation / Industry Investment	Support and investment in local tourism industry activities / cooperative marketing	Generally, avoid these industry costs. Can be argued benefit from the investment generated by the traditional industry in creating demand.

⁶⁷ Mr Steve Old, *Transcript of Evidence*, 12 September 2018, p. 74

⁶⁸ Mr Paul Dimmick Huon Bush Retreats, *Submission #144*, p. 3.

There are also set-up and capital costs that traditional commercial accommodation businesses have met around planning and development costs that are very different to the minimal set-up costs for converting an existing residential property into visitor accommodation.

...

It is important also to make the point these operators are all operating within the same visitor market.

In July 2018, TICT surveyed its accredited accommodation operators, which range from large hotels through to hundreds of small hosted and self-contained accommodation operators scattered across Tasmania.

The survey found:

- *55% of accredited accommodation operators are currently listed on Airbnb*
- *28% of accredited accommodation operators are currently listed on Stayz*
- *40% of accredited accommodation operators are not currently listed on Airbnb or Stayz*

This confirms there is no distinction within Airbnb listings in Tasmania between traditional, legitimate and accredited accommodation businesses and new entrants to the sector exclusively using Airbnb to obtain bookings. Traditional accommodation operators are listing on the service alongside 'home sharing' hosts.

The online services do not differentiate when listing products, and there is no evidence the consumer differentiates when purchasing their accommodation. Yet, often these accommodation providers are working off diametrically different cost structures and overheads. While accepting the disruption that has occurred in the market, steps must now be put in place to ensure all accommodation operators in Tasmania are operating in a fair and equitable market.⁶⁹

The HomeAway submission recognised such disruption to traditional sectors:

HomeAway believe a coordinated approach is needed to create consistent policies that ensure citizens can benefit from the modern STR industry through extra income and opportunity, tourists can access affordable and unique accommodation, and the unique needs of communities are met so they can benefit from sustainable tourism.⁷⁰

⁶⁹ Tasmanian Tourism Industry Council, 2018, *Submission #189*, pp. 7-8.

⁷⁰ HomeAway, 2018, *Submission #98*, p.8.

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

An outline of the current regulatory issues, including customer safety, land use planning, neighbourhood amenity and licensing conditions, in Tasmania is provided as follows.

Customer Safety

Several witnesses noted the importance of customer safety in the short stay accommodation sector. Mr Steve Old, General Manager, Tasmanian Hospitality Association noted:

THA thinks the first thing is that the safety of the tourist or the local who stays in one of those should be paramount in all our discussions. If we achieve nothing else ... that would not be a bad outcome. What that would do for our brand, for the family concerned, would be untold.⁷¹

According to the Australian Institute of Building Surveyors (AIBS), Tasmania is the only jurisdiction in Australia where short and medium stay tourism accommodation is not subject to more stringent building standards than residential housing:

We believe this situation presents a serious risk both to public safety and to the confidence the public has in Tasmania's tourism industry. Indeed, tourism is the backbone of Tasmania's economy and we ask is it right that tourists should be treated as second class citizens when it comes to protecting their health and wellbeing while they are using our short stay accommodation facilities. It should also be noted there may be adverse outcomes for homeowners who may find they are not covered by their home insurance policies in the event of a claim.⁷²

Under the National Construction Code, buildings are classified according to their risk profile. However, following a decision by the Director of Building Control, which took effect on 1 July 2018, home owners are now able to "self-certify" additions and alterations to their buildings for use as short stay accommodation. This has the effect of sidelining the requirements of the National Construction Code and, as a result, the controls related to establishing short and medium-term tourist accommodation in Tasmania do not contain sufficient rigour to ensure even the most basic safety standards.

⁷¹ Mr Steve Old, *Transcript of Evidence*, 12 September 2018, p, 83.

⁷² Australian Institute of Building Surveyors, Opening Statement to Public Hearing, 16 October 2018, p. 1.

This is particularly the case when existing buildings are altered or extended.

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According to the AIBS, a building built just 20 years ago would be unlikely to comply with almost all of the technical requirements applicable to the same building today:

AIBS members report instances where older residential buildings are being converted for tourist accommodation purposes, in whole or in part, without those buildings being upgraded to meet minimum safety requirements for those particular buildings. Examples of these are:

- *homes with older swimming pools are being let to tourist families without safety fencing being installed – a clear and obvious risk to any children staying there – despite a contemporary requirement that pools be securely fenced;*
- *there are far more stringent requirements regarding the provision of smoke alarms in accommodation buildings than apply for private residential properties, meaning that tourist use of a private dwelling leaves occupants at increased risk from fire in comparison to a building complying with contemporary rules;*
- *handrails on stairs and balustrades around balconies for older homes are often lower than the current requirements allow, and the slipperiness of the surface of stairs is now controlled where there has been no requirement for this in the past. This places people at greater risk of falling in older homes. Falling is a leading cause of death and disability. Fall deaths in buildings occur at a rate of 0.66 persons per 100,000 people annually. This exceeds the rates for all other deaths in Australia related to buildings;*
- *older homes often don't have safety glass in or around glass doors, in windows in bathrooms or in glass shower screens so that in the event of breakage, there is a serious risk of injury which would not be present if contemporary rules were followed;*
- *older homes are often not constructed to withstand bushfires which means tourists staying in bushfire prone areas are more vulnerable in the event of a bushfire than they would be if staying in a building that meets current standards for compliance.*

From the perspective of AIBS, there is sufficient evidence of a serious problem in relation to public safety that requires urgent action to be taken by the Tasmanian Government. Specifically, we seek a review of the decision of the

⁷³ Australian Institute of Building Surveyors, Opening Statement to Public Hearing, 16 October 2018, p. 1.

Director of Building Control which allows building owners to make declarations of fitness for purpose of their building and for owners to build accommodation destined for the short stay market. Without this review, owners will be permitted to continue to build and modify without oversight by a building surveyor and consequently, buildings may not comply with the current provisions of the National Construction Code or be fit for purpose. By this we mean short stay accommodation should be verified to meet, at the very least, minimum safety standards and include a clearly documented description of specific maintenance requirements.⁷⁴

The Tasmania Fire Service (TFS) submission expressed concern regarding fire safety in the context of the short stay accommodation sector:

Short stay accommodation within the sharing economy is effectively the same use class as conventional short stay accommodation (visitor accommodation) because it has an identical fire safety risk profile. Despite this, short stay accommodation within the sharing economy is not subject to the same regulatory requirements and fire safety measures as that of conventional visitor accommodation, and therefore may fail to provide an effective and reliable public safety outcome.⁷⁵

The Accommodation Association of Australia provided references to past tragedies in highlighting the importance of safety standards for accommodation.

47. There are several examples of where non-compliant accommodation has had deadly consequences in Australia.

48. One of the highest profile incidents was a major fire at a backpacker hostel in Childers in June 2000 which killed 15 people.

49. Tasmania might also wish to take into account a coronial investigation into a fatality which occurred in a fire at a property in southern NSW which, at the time of the fire in July 2015, was thought to be operating as a non-compliant tourism accommodation property.⁷⁶

Similarly, according to the TFS Submission, patrons of short stay accommodation within bushfire prone areas are considered to be particularly vulnerable:

They are likely to be unfamiliar with the area they are visiting, and with how to access local public alert information. They may have limited awareness of bushfire, meaning they are less receptive to external cues and limited in their ability to make an accurate assessment of the situation, especially with respect to fast changing conditions. Visitors from non-English speaking backgrounds may have reduced capacity to interpret public alerts and follow

⁷⁴ Australian Institute of Building Surveyors, Opening Statement to Public Hearing, 16 October 2018, p. 1.

⁷⁵ Tasmania Fire Service, 2018, *Submission #175*, p. 5.

⁷⁶ Accommodation Association of Australia, *Submission #187*, p.7

instructions in an emergency. Furthermore - unless information is provided - visitors are unlikely to know whether a property is safe for use as a refuge or whether early evacuation is required.

These factors increase the likelihood that visitors will be inadequately prepared in the event of a bushfire emergency and may subsequently make ill-informed 'last minute' decisions that place themselves, others and firefighters at great personal risk.⁷⁷

Mr Ross Murphy from Castellan Consulting, outlined a number of safety considerations that should apply when a person is seeking to convert an existing dwelling to short term accommodation:

Bushfire Protection

It is estimated that in excess of 90% of the existing dwellings in Tasmania in bushfire prone areas were built prior to the introduction of statutory bushfire protection requirements in either the building or planning regulations. In these more remote locations alterations sometimes occur without approval and hazard management areas for the benefit of occupant safety and other mitigation measures may not be maintained.

In this submission it is noted that dwellings may have been constructed in a flame zone and could be occupied as short term accommodation by people, for example, where English is not spoken and where the occupants do not have an ability to appreciate emergency broadcasts. This is a dangerous combination of circumstances where a catastrophic outcome is reasonably foreseeable.

The Director's Determination suggests that a Bushfire Hazard Management Plan (BHMP) may be necessary (discretionary language). It is noted that building approval by a building surveyor if there is a change of use and planning approval may be necessary to give effect to the BHMP if there is vegetation management required.

The Director's Determination uses the phrase BHMP. This is a defined term in the building regulations which differs from the definition provided in the Director's Determination. The approval process under the building regulations provides for a prescriptive solution with an approval process where the approval authority is the building surveyor for the building work. The Director's Determination simply says that the BHMP needs to be approved by the Tasmania Fire Service (TFS). There is no defined mechanism for the approval by the TFS or the review of the approval or a benchmark standard for achieving consistent outcomes in the Director's Determination.

⁷⁷ Tasmania Fire Service, 2018, *Submission #175*, pp. 5-6.

This creates uncertainty and ambiguity in both the standard of bushfire protection that must be provided and the approval process that must be followed.

It is plausible, for example, that in the absence of clarity, verbal approval from the local volunteer brigade may be construed as approval from the TFS for the purpose of the Director's Determination. An owner / occupier completing the self-assessment process is unlikely to appreciate these nuances and will look for a favourable interpretation of the standards potentially to the detriment of occupant safety to potential tenants.

Building Standards Generally

There are a range of other issues that are not specifically captured in the Director's Determination that are critical safety issues. These include;

- Balustrades – Balustrades on existing buildings built prior to 1978 have balustrades that are lower than permitted now and where significant gaps in the balustrade are permitted. These balustrades continue to exist in some dwellings and they are hazardous, particularly where there are young children. Some of these balustrades have deteriorated structurally with time.*
- Stairs – Stairs in new buildings are now required to be slip resistant because the largest cause of injuries in buildings is slips and falls. The NCC has been recently amended to introduce more stringent requirements for trips and falls because of the demonstrable level of risk. Many of the existing dwellings will have stairs and finishes where the level of slip resistance and arrangement of stairs (as required by the NCC) that is not compliant.*
- Safety Glass – In older buildings there is often incorrect glass installed in locations where there is a higher probability of slips and injury associated with broken glass. There is legal authority that suggests that glass in commercial buildings like a rental property should be upgraded to the appropriate safety glass. This risk exists around showers, adjacent to doors and adjacent to baths in particular. There is no assurance that owners understand this risk and therefore have provided sufficient care for the tenant through the self-assessment process.*
- Wood Heaters – In older buildings there is a higher likelihood of wood heaters that are inappropriately guarded and where the occupants may have been sufficiently cautious about movement around the wood heater. A short term resident may not have the same level of understanding as a long term resident. International visitors in particular may not be aware of a risks associated with wood heaters.*

Smoke alarms are identified in the Director's Determination as an element of the self-assessment process though it is suggested that an owner occupier is unlikely to be able to determine whether or not the smoke alarm provided is compliant with the standard in the Director's Determination and whether or not it is installed in the right location. There are smoke alarms in the market that are not compliant with the standard identified in the Director's Determination. Again there is exposure for the tenant and for the owner / occupier who incorrectly make a self-assessment.

The Director's Determination also identifies that 'emergency evacuation lighting' is required in multi storey buildings. In a Class 1b building the NCC would require artificial lighting initiated by a smoke alarm to be provided in single storey buildings as well as a multi storey building. For short term accommodation where there is no or limited familiarity with the building the provision of automatic artificial lighting in the exit pathway can be very important, particularly where the exit pathway is obscured by smoke in a fire and the light switch is not readily apparent. There is some ambiguity about what is required by the Director's Determination making it virtually impossible for the owner / occupy to certify that the building is compliant in the self-assessment process.

These are all issues where it is reasonably foreseeable that short term occupants may not sufficiently appreciate the risk that are present and which are less risky for long term residents that are familiar with the dwelling. Hence the need for an independent and competent assessment by an individual that is able to determine whether or not an acceptable level of residual risk is provided by reference to the NCC.

If it is acknowledged that the use of a dwelling for short term accommodation including up to four bookable rooms is a change of use for the purpose of the building regulations this list of issues will be considered by the building surveyor in the assessment of the proposed change of use.

Fit for Purpose

It is also noted that a part of the self-assessment process in the Director's Determination is that the owner or occupier is to declare that the building is 'fit for purpose' where an occupancy permit is issued. In this submission the contention is that owners or occupiers have a vested interest in the use of the building and that they may not be sufficiently qualified or sufficiently removed to make an assessment of the range of issues identified above. Where the owner or occupier makes an assessment and they are not sufficiently competent this also gives rise to question the safety to the occupants and whether insurance will provide coverage to the owner/ occupier in the event of injury that is caused by the condition of the building.

Interestingly the owner/occupier does not need to make a declaration of 'fitness for purpose' where the building was constructed or altered before 1994 as there is no occupancy permit under the regulations at that time. It seems incongruous that the Director's Determination is not concerned about these issues where the building was built or altered prior to 1994 where it is suggested that the risks are likely to be greater.⁷⁸

Mr Murphy made the following recommendations in terms of safety:

- 1. The Director's Determination be modified to acknowledge that the use of a dwelling by unrelated people in a dwelling is a Class 1b building and where, as a minimum, a new occupancy permit is required where the building surveyor would assess the risk associated with the change of use in accordance with the NCC, and*
- 2. That a Director's Determination be provided that establishes definitively that the use of a Class 1a building where the building is to be used, for consideration, as short term accommodation is a change of use for the purpose of the building regulations.*

While it is appreciated that it is desirable to reduce red tape it is also important to protect brand Tasmania. The consequences of having a product where there is a blatant disregard to safety standards where uninformed owners and occupiers are self-certifying ambiguous and uncertain safety standards is difficult to comprehend.⁷⁹

The TFS submission suggested the following regulatory changes and corresponding recommendations:

- 1. A building intended to be used for short stay accommodation should provide appropriate fire safety for all guests at all times. The number of nights that a building is occupied does not reduce the vulnerability of the occupants. Therefore adequate protection should be provided for the first night of operation and thereafter.*
- 2. Class 1b building requirements for fire safety deliberately provide working smoke alarms in every bedroom, in every corridor or hallway, and on each storey. This is because visitors are highly likely to have closed bedroom doors reducing the effectiveness of smoke alarms located in hallways. The effectiveness of smoke alarms is dependent upon the alarm being heard at the bed-head. Smoke alarms should be provided for all short stay accommodation in compliance with either Class 1b or Class 3 building requirements to ensure effective fire detection and timely warning of occupants.*

⁷⁸ Ross Murphy, Castellan Consulting, 2018, *Submission #149*, pp. 2-4.

⁷⁹ Ross Murphy, Castellan Consulting, 2018, *Submission #149*, p. 4.

3. *Class 1b building requirements ensure that a pathway is illuminated from every bedroom to an external exit, and is activated when an alarm is activated. This is to increase the ability for rapid evacuation of occupants from a burning building. Visitors are unlikely to be familiar with the route to external exits, and in an emergency situation smoke may seriously reduce visibility and normal electric lighting may fail. Providing an illuminated pathway increases the likelihood of safe evacuation from a burning building.*
4. *Class 1b building requirements for fire safety under the General Fire Regulations 2010 include having an evacuation plan. This type of plan is well known to travellers using traditional short stay accommodation. A simple layout plan depicting the room location, the route(s) to safety and the assembly area is usually found on the door of rooms in hotels and motels. Similar plans are also drawn for their homes by primary school age children as part of their home fire safety education. These simple plans are credited with saving the lives of many families as well as ensuring the safety of visitors of short stay accommodation. Simple template based plans should be created and displayed for all short stay accommodation.*
5. *Buildings in bushfire-prone areas occupied by vulnerable users are already required to have an approved emergency plan for bushfire. Similar to an evacuation plan for internal building fire, the simple bushfire emergency plan significantly increases the likelihood of survival for occupants and visitors during a bushfire. Nearly half of the buildings listed on a single home sharing platform were found to be located within a bushfire-prone area. All short stay accommodation within bushfire-prone areas should have an approved emergency plan for bushfire. Plan guidelines and templates are already downloadable from the TFS website.*

Recommendations

1. *Require minimum standards for building fire safety in Class 1a buildings where visitor accommodation is a use, including smoke alarms in every building, evacuation route lighting, and emergency planning.*
2. *Research and monitor short stay accommodation to inform policy development that can improve consumer safety.*
3. *Improve the safety of guests and hosts through providing and enforcing appropriate safety guidelines in short stay accommodation that align with existing standards within the national construction code (NCC).⁸⁰*

⁸⁰ Tasmania Fire Service, 2018, *Submission #175*, pp. 9-10.

In response to these safety issues, the HomeAway submission stated:

Importantly, the safety of HomeAway guests and home owners is our highest priority. We strictly ensure that all properties on our platform provide not only safe and secure accommodation for guests but also appropriate information regarding local risks and emergency procedures. We expect all home owners to have appropriate insurance policies in place to cover guests and third-party risk.⁸¹

It is noted that a current gap is the lack of appropriate insurance for public liability, which can be difficult to acquire, and means many operators in Tasmania may not be adequately covered.

According to Ms Joy Chappell, a B&B operator in Queenstown:

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 ...

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.⁸²

Mr Karl Sullivan, General Manager Risk, Insurance Council of Australia provided some details on insurance in the context of the short stay accommodation sector:

Short stay accommodation is a relatively new thing in insurance terms, and we have been operating for about 400 years across the world. Insurance is a product that tends to develop very slowly and the industry has been playing catch-up.

When it comes to insurance for a property being rented out on a long-term basis - landlord insurance - there is ample provision of product in the market and a good variety of prices and different add-ons and exclusions to suit the market. This is typically focused on people renting out a property for a term longer than three months, usually six to 12 months or longer.

The advent of short stay accommodation has changed a couple of things for the industry. First of all, those long-term landlords' policies typically do not address short stay accommodations. Some insurers have developed more commercial products as either standalone for, let us say, Airbnb or bolt-ons to existing residential policies. For example, in most states, if you have a house you are going rent out a single room on an Airbnb or a short stay

⁸¹ HomeAway, 2018, *Submission #98*, p. 12.

⁸² Ms Joy Chappell, *Transcript of Evidence*, 4 October 2018. P. 14.

accommodation basis, you can obtain an extension to your policy - if you are insured with the right insurer - that will cover you for property risks and liability for those guests staying there. Not all insurers offer this; you do have to shop around and it will increase the cost of your premium.

I close my remarks by saying short stay accommodation is an entirely different risk proposition for an insurer than long-term rental accommodation. That is because of the predicted tenure of the client, the nature of the visit and, usually, the inclusions in the accommodation itself. There is a higher risk rating on this type of accommodation than, for example, somebody renting a house for 12 months and putting their own belongings in there.⁸³

Minister Jaensch was asked about fire safety for short stay accommodation. In response, Mr Brian Risby, Director of Planning with the Department of Justice advised the Committee that:

Mr RISBY - *My recollection on this is that Airbnb has an arrangement post a disaster to make some of their properties available for housing people who have been dislocated by the disaster. That is a different matter to the fire safety of the places themselves.*

Ms RATTRAY - *I thought that could be covered under an MOU arrangement. That is why I am asking whether there has been any attempt to put one in place.*

Mr RISBY - *As I say, I think that is predominantly around providing assisting post a fire. The issue with fire safety within the buildings themselves is partly addressed by the issuing of the Director of Building Control's determination that sits alongside the short-stay planning directive which requires some particular smoke alarm hard wiring and those sorts of arrangements.*

Ms RATTRAY - *And some signage.*

Mr RISBY - *I am not quite clear on the exact detail of the director's determination but it covers to their satisfaction some additional requirements to deal with the fact that these are in place. I think the Tas Fire issue is more around visitor accommodation in remote locations where there might be a bushfire that comes through and a concern that the guests may not know how to get information.*

Ms RATTRAY - *Or a household fire as well.*

Mr RISBY - *The household fire is probably more addressed by the smoke alarm and signage issue but it was a particular thing where they were concerned that a bushfire might come through visitor accommodation in a*

⁸³ Mr Karl Sullivan, Transcript of Evidence, 6 December 2018, pp. 1-2.

*remote location and the guests do not know what to do because they are not used to bushfire. That is their main concern.*⁸⁴

Accessibility

Mr Michael Small and Mr David Cawthorn's submission expressed concern about the lack of availability of short stay accommodation to people with mobility issues:

*There are very few Class 1b buildings that can be used by people with significant mobility disability as this type of accommodation tends to be smaller in size. As a result, this significant accommodation choice is not available to people with mobility disability.*⁸⁵

Mr Small and Mr Cawthorn suggested short stay accommodation be regulated to at least to the same degree as class 1b buildings:

Airbnb and Stayz can offer 5 bedrooms for rent before they require a permit and even then the permit does not require any accessibility.

Airbnb and Stayz grow at the expense of hotels and class 1b buildings that have accessibility options.

...

*This is of particular concerns given the higher percentage of people with disability on lower incomes.*⁸⁶

On the matter of accessibility, the HomeAway submission stated:

*We recognise that not every accommodation offering on our platform will be fully accessible for people with disabilities. HomeAway are conscious of providing options for all our customers' needs. As such we provide a dedicated area of our site for wheelchair accessible accommodation with over nine hundred accessible properties around Australia and 203 in Tasmania. We are working closely with disability advocates and organisations to better cater our platform and accommodation offerings to people with disability.*⁸⁷

The Australian Building Codes Board Accessible Housing project for people with a disability and the aged was noted as a probable solution to the issue of accessibility into the future.

<https://www.abcb.gov.au/Initiatives/All/Accessible-Housing>

⁸⁴ Mr Brian Risby, *Transcript of Evidence*, 14 June 2019, pp.16-17.

⁸⁵ Michael Small and David Cawthorn, 2018, Briefing Paper, p. 3.

⁸⁶ Michael Small and David Cawthorn, 2018, Briefing Paper, p. 4.

⁸⁷ HomeAway, 2018, *Submission #98*, p. 12.

Land Use Planning

According to the Break O'Day Council submission:

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 Licencing (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.⁸⁸

Neighbourhood Amenity

A number of neighbourhood amenity issues were raised by witnesses including noise, traffic, parking, safety and security as well as competition for accommodation close to schools, services and work. According to the LGAT submission, the impact is also likely to vary according to the nature of the dwelling types:

Apartments (or strata complexes) are generally more susceptible to the potential impacts of SSVA than free standing dwellings because of the proximity to neighbours, the reliance on shared facilities and the likely higher proportion of whole of premise listings (i.e. with no host present).⁸⁹

Impacts of neighbourhood amenity are of particular concern to the residents of Battery Point. According to the Battery Point Community Association (BPCA) submission:

There is general concern among the Battery Point community with regard to the loss of residential amenity and traditional residential characteristics in the precinct. The BPCA is of the view that simply by virtue of the close location of Battery Point to the Hobart CBD and the popular tourist district of Salamanca, Battery Point will soon be characterised by a 'saturation' of short stay visitor accommodation quite disproportionate to any other suburb. Appropriate assessment of planning provisions has not been undertaken to understand or limit negative residential impacts, such as long-term renters being displaced by more financially rewarding (for owners) short stay visitors. A recent survey of members undertaken by the BPCA indicated that there is a transition occurring in Battery Point from a traditional and

⁸⁸ Break O'Day Council, 2018, *Submission # 94*, pp. 5-6.

⁸⁹ Local Government Association of Tasmania, 2018, *Submission #148*, p. 10.

primarily residential suburb of essentially permanent residents and long-term renters, to one with multiple short stay offerings. This is impacting negatively on Battery Point's traditional heritage and residential characteristics (e.g. lack of housing affordability for some long-term residents (see following point), loss of social cohesion, community values and connectedness) with the long-term impacts likely to be significant, potentially damaging the tourist attraction of the area as a unique heritage precinct. The local amenity for residents and businesses is also likely to suffer.

According to Kathy Rundle's submission, there is a loss of sense of community in Battery Point due to the unrestricted nature of short stay accommodation.⁹⁰

Minister Jaensch was asked about regulatory reform in the sector as a result of the impacts experienced in communities such as Battery Point.

Mr WILLIE - *And communities that had the resources to be able to make those submissions.*

Mr JAENSCH - *What it demonstrates is that in local areas there can be a case made for changing the rules or applying a local lens over that, and the data that would be enabled by the legislation we have created and that has been supported by the parliament will greatly empower councils to be able to do that.*

Mr WILLIE - *I guess the frustration from a lot of people - and you would get it through your office all the time - is the speed with which this is happening. The Government changed the policy settings a couple of years ago now and we have only just had a compliance bill pass the parliament and you are saying we need the data to make the policy decisions. That is where the frustration is. People want a balance here. They want the economic benefits for the state but they don't want the social cost of people living in tents and sleeping rough on the streets of Hobart and around the state. That is the issue and the frustration. When that data becomes available, how quickly will the Government move to relieve some of these areas of high stress, particularly where there is a private rental crisis?*

Mr JAENSCH - *The data will give us a picture of what is happening on the ground and we will need to respond to that when we see it. I do not want to pre-empt what it tells us by pre-empting what or how quickly those changes will happen. It will be different for different parts of the state and the responses, if any, will need to suit the local circumstance.*

In the preamble to your question you made reference to the changes the Government has made. The new change that this Government brought in was to make the sharing of one's own home, traditional home sharing, something

⁹⁰ Kathy Rundle, 2018, *Submission #2*, p. 1.

which was excluded from needing a permit. That is the change our Government has introduced. The other components that surround the permits to make another property that you own, an investment property, available for rent, existed in various forms in many of the interim planning schemes that have been around for quite a few years before that. The planning directive brought that all together and tidied it up some but basically the changes that have been referred to about whole properties, investment properties and others existed before this Government.

We reduced some red tape particularly for people who were letting out some rooms in their house or their own house when they were away from it, but it coincided with the time when Tasmania became hot property for the tourist market in particular. At the time you will recall some outcry that we needed the economic growth and stimulus from increased tourism. There was demand but we were running out of rooms to put people in. Various hotel developments and others take a while to get out of the ground and that is what I think fuelled the rapid growth and uptake of the sharing economy.⁹¹

Traffic and car parking are matters of particular concern in Battery Point:

- 1) The BPCA notes traffic and parking in Battery Point as on-going problems – the Association is regularly in discussion with the Hobart City Council to try to address these, with mixed outcomes. Such problems are being exacerbated by recent planning decisions and can only be expected to increase as tourist pressures increase. Unfortunately, such issues appear to have been over-looked by Government as a planning principle. Battery Point is a suburb of extremely narrow and several one-way streets already experiencing considerable traffic and parking pressures. A considerable number of existing residents do not have off-street parking and it is becoming increasingly difficult for some to find parking close to their own homes as a result of increased tourist numbers, many of whom are residing in short stay accommodation. The IPD makes no allowance for what should be a basic planning issue but in fact adds to the existing problem, particularly the potential increase in vehicles that the 'exempt' visitor accommodation provision will generate. There also appears to be an anomaly between the required parking provisions of 'permitted/discretionary' and 'exempt' categories. This is puzzling in that it seems possible for 'exempt' visitor accommodation facilities not to have to comply with any parking provisions when in fact they may create more parking issues than other visitor accommodation facilities (that are required to meet planning scheme provisions).⁹²*

⁹¹ Mr Roger Jaensch, *Transcript of Evidence*, 14 June 2019, p. 18-19

⁹² Battery Point Community Association, 2018, *Submission #143*, pp. 21-22.

Philip and Gina Harvey's submission outline the impact of noise on local amenity:

*The EPA regulations regarding noise are of no use. Visitors next door can turn up every Friday and Saturday night for weeks on end and make as much noise as they like until midnight within the guidelines. Without an onsite manager, there is no one aside from the neighbours to witness the noise and suffer the consequences. While we can raise this with the owner who does respond, the reality is we shouldn't have to.*⁹³

Licensing Conditions

According to the HomeAway submission, any licensing and registration schemes must achieve the following criteria:

- *must have a low barrier of entry for homeowners (be low cost, expedient and accessible. Registration should be web based and managed in real time)*
- *provide privacy and protection of home owners personal details*
- *be used as a tool for informing policy and planning to grow tourism and ensure community expectations are upheld in a reasonable manner.*⁹⁴

Mr Rob Golley, Swansea Cottages and Motel Suites, proposed a registration fee capped at \$250 to cover the cost of a building surveyor to accept short stay application, sign off and submit to local councils for recording purposes, the following:

- Physically inspect the premises to make sure that it meets **Building Code of Australia** standards including for plumbing. (In other words the building or accommodation, room, house, caravan, boat, bus etc is structurally sound and fit for purpose.)*
- That it meets **Fire Safety** Regulations regarding smoke detectors, entry and access and lighting for stairwells etc.*
- That appropriate **Public Liability** insurances are in place and the insurance certificate is cited for at least \$20M public liability. (It is believed that many AirBnB operators are operating on their standard house insurance which they don't realise does not cover paying guests, as their policy then becomes null and void. They risk being personally sued should a guest have a fall, slip or similar accident.*
- That **adequate security** is in place to safe guard the guest and their personal belongings during their stay.*⁹⁵

⁹³ Pater and Gina Harvey, 2018, *Submission # 146*, p. 3.

⁹⁴ HomeAway, 2018, *Submission #98*, pp. 10.

⁹⁵ Rob Golley, 2018, *Submission # 145*, p. 4.

The HomeAway Submission offered three regulatory tools specific to short term rentals, recognising the low level of risk posed by these services, the large and growing positive economic benefits these modern services enable and the rights of property owners.

TOOL 1: STR Code of Conduct

We believe that one of the most effective ways to ensure community concerns are addressed and to empower local councils and governments is to refine and expand a short-term holiday rental code of conduct.

HomeAway were members of the industry group that developed the original Holiday and Short-Term Rental Code of Conduct. While the membership and functions of that original group (known as the Holiday Rental Industry Association) have now changed, we continue to support the concept of a CoC as a highly valuable tool to meet residential amenity needs and expectations of multiple stakeholders including guests, neighbours, local communities, local councils and government.

The CoC has demonstrably supported good amenity outcomes in locales where it has been adopted by industry participants. The opportunity exists to further refine and expand its effectiveness, initially applying it in state-specific situations but with a longer-term goal of putting in place a national CoC. HomeAway are committed to leading this process and pushing for greater industry adoption.

We believe it is incumbent upon and most certainly in the best interests of industry to have real mechanisms in place to ensure greater enforcement of the CoC, including through reporting and response arrangements and the delisting of properties that breach the code. HomeAway is working to build a collaboration with the wider industry and stakeholders – particularly local and state governments and community groups – to devise and enforce a refreshed CoC that conveys appropriate responsibilities on homeowners, visitors and platforms to mitigate amenity issues and support safety.

We believe the full benefits of a CoC are yet to be realised. There is no better tool available to ensure compliance by homeowners and guests than an ability to ban offenders from being able to market or book a property. This is exactly what platforms can do and they can do it more quickly and efficiently than any government implemented and managed compliance regime.

We are keen to commence pilot programs in different local areas across the nation to begin building a CoC that can deliver the outcomes expected by the community. We would be pleased to partner with the Government, local councils and accommodation stakeholders in Tasmania to deliver a CoC.

Room/size limits, night limits and hosted v unhosted distinctions.

The number of rooms a house has, or how big it is, is unrelated to how it will be used by guests. HomeAway are against any regulatory approach that discriminates according to house size. We believe that issues related to how a guest uses the property they rent are most efficiently and effectively handled through a Code of Conduct.

The number of nights that STR accommodation can be made available to tourists should as a default be unlimited. Other than to manipulate the competitiveness of various sectors of the accommodation market, it is unclear what issues are addressed or what benefits flow as a result of limiting the number of nights a property can be rented for.

Similarly, whether a host is present or not at the rented property does not form a sound basis on which to regulate. There are too many variables involved in such an approach, such as how much time a host must spend at a property defined as a hosted property and the proximity of the host to the guests' accommodation. HomeAway do not accept regulation that discriminates between secondary and primary homes – they should be treated equally under any regulatory regime applying to the STR sector.

Again, a Code of Conduct is better able to define, implement and achieve the desired outcomes.

HomeAway are open to sharing our data with governments and councils to better understand the uses of short term holiday rentals and help inform better policies.

TOOL 2: Smarter data use

HomeAway (and the industry more broadly) are able to provide valuable insights into tourism and accommodation through our extensive data. Through greater analysis of platform data, we can collaboratively build and refine regulatory schemes and policies that promote economic growth and a healthy tourism sector while ensuring community expectations are being met in effective and efficient ways. HomeAway are open to greater collaboration, innovation and the smarter use of STR data between platforms, governments, local councils and town planners.

Our data can better inform:

- *Discussion on the size and characteristics of short term holiday rentals in local areas e.g. numbers of rented homes, number of visitors, number of nights, location hot spots for STR*
- *Planning of municipal services*
 - *e.g. insights from tourism trend data, identifying seasonal peaks*

- *Tourism planning and policy based on evidence and tailored to grow a sustainable tourism industry*
- *Housing planning and policy*

Exceeding community expectations around local amenity

Local amenity issues – for example rubbish collection, parking issues, overuse of public facilities – are most prominent during peak tourism seasons and long-weekends. Here, HomeAway/Stayz believe that there is a responsibility for home owners to better educate their guests about community expectations. We facilitate this through our platform.

When it comes to helping governments and local councils better plan their services (e.g. rubbish collection, public facility maintenance) HomeAway are open to greater collaboration, innovation and the smarter use of STR data to inform cost: benefit decisions on the allocation of services.

Further, we understand that some users of short term holiday rentals – both hosts and guests – will misuse our platform and disregard the expectations of the communities in which they reside. However, in our experience party house provisions are often ineffective and misused. We believe our solutions, when implemented together, provide better monitoring, complaint and enforcement mechanisms to address the issue of party houses, particularly our “3 Strikes Rule”.

TOOL 3: Strikes Rule

We have no interest in having people using our HomeAway platform who continually cause annoyance and concern to the communities and neighbourhoods in which they rent a property as either hosts or guests. However, we understand that mistakes are made and that a recourse mechanism is essential. As such, we believe an important tool for enforcing our own standards and council and government regulations is through a 3 Strikes Rule which would ban platform users (both hosts and guests) who consistently cause disruption and disregard community expectations. The introduction of such a tool would have to be designed in close collaboration with councils and governments to ensure appropriate complaint reporting mechanisms, investigation, decision and enforcement processes.⁹⁶

Regulatory Approaches

According to the Tenants’ Union of Tasmania, it is increasingly common from a global perspective, for short stay accommodation to be subject to strict regulations, whether at local, state or federal level:

⁹⁶ HomeAway, 2018, *Submission #98*, pp. 10-11.

Australian jurisdictions have thus far lagged behind the worlds' greatest cities, but we submit that, as a whole, global opinion is tending towards sensible regulation of the short stay accommodation market.⁹⁷

The Tenants' Union of Tasmania submission provided a number of comparative examples of regulations across Australian and international jurisdictions:

New South Wales: On 5 June 2018, the NSW State Government announced new state-wide regulations of short stay accommodation, including:

- Strata corporations may introduce by-laws that prevents owners from listing short stay accommodation if they do not otherwise permanently reside at the properties;*
- Placing a 180 day-per-year limit on short stay accommodation within the greater Sydney area;*
- Allowing councils outside Sydney to set their own yearly limits, if any;*
- A mandatory code of conduct, whereby guests or hosts who commit two serious breaches within a two-year period may be banned from using short stay accommodation for five years.*

Queensland: No state-wide restrictions on short stay accommodation. The primary concern in Queensland appears to be 'party houses' and noise in strata properties, which have been restricted by the Gold Coast Council, although strata corporations are unable to prevent properties being used as short stay accommodation through by-laws.

Victoria: The Victorian Civil and Administrative Tribunal is able to fine both hosts and guests for unruly and disruptive behaviour, or for damaging common property. Short stay accommodation is otherwise regulated at a local level. Like in Queensland, strata corps are unable to prevent properties being used for short stay accommodation.

South Australia: The South Australian Government has clarified that short stay accommodation does not constitute a change of use and does not require development approval.

Western Australia: The Planning and Development (Local Planning Schemes) Regulations 2015 allows local governments to set their own rules vis a vis short stay accommodation. Perth requires hosts to seek planning approval, while Fremantle has a registry that hosts must sign up to.

New York: Owners and tenants are not permitted to list unoccupied properties (including if the owner or tenant has only temporarily vacated) for rental accommodation for less than 30 days at any one time.

⁹⁷ Tenants' Union of Tasmania, 2018, *Submission #151*, p. 8.

Berlin: Owners can apply to the city to list their permanent place of residence for short stay accommodation on an unlimited basis, while, with approval, investment properties may be listed for up to 90 days per year. Owners that do not comply risk fines of up to \$830,000.

San Francisco: Short stay accommodation includes all leases that are for less than 30 days. All hosts must register with the city (which can be done through platforms such as Airbnb). Each host is permitted to have one listing at a time.

Only permanent places of residence (lived in by the resident for at least 275 days per year) may be listed. The properties may be listed for an unlimited period while the resident is present, and can be listed for a maximum of 90 days per year while the resident is not residing at the property.

The host must include their registration number with their listing, and must submit quarterly reports to the city of all stays in that period.

Japan: Prior to 15 June 2018 hosts were required to apply for a permit under hotel law, or operate in a special economic zone, to list premises for short stay accommodation - however many flouted these rules. As of 15 June 2018 hosts must apply for a licence – which allows 180 days of listing per property per annum – through their local government (which may impose additional requirements) before listing premises. Evidence suggests that the licencing process has been difficult; as of 4 June 2018 around 80% of listings had been purged from Airbnb.

Barcelona: Hosts must receive a licence from the city government before they can list premises. The city government may reject an application on the basis that the area where the premises is located is already saturated with tourists and tourist accommodation, and hosts must pay the highest level of property tax if they choose to convert premises to visitor accommodation. Airbnb has been fined €600,000.00 for failing to purge unlicensed listings, and now provides all data (including exact addresses of listings) to the city government to assist with enforcement.

Paris: All hosts must be registered with the city, and may only list their permanent place of residence for a maximum of 120 days per year. Leases for investment properties must be at least 12 months long unless the owner receives a commercial licence. Tenants looking to list their permanent place of residence for short stay accommodation must first receive permission from their landlord.

London: Hosts are permitted to list properties for short stay accommodation for 90 days per year. If they wish to go beyond that they must apply to change the use of their properties. After admitting that many of their listings weren't

compliant, Airbnb now automatically prevents any properties from being listed for more than 90 days per year.⁹⁸

The Hobart City Council submission outlined the range of visitor accommodation compliance regimes that vary in different cities around the world from complete bans to no regulation:

Berlin - in May 2016, Berlin banned hosts from renting out their homes to short-term visitors unless the hosts occupied at least 50% of the homes themselves. The fine for listing entire homes on Airbnb and other online booking platforms is significant.

Barcelona - all holiday rentals in Barcelona require a tourist license. In the past, the council has taken to freezing the issuing of tourist licenses in an attempt to control numbers. In March 2016, a new development plan was published and included a complicated set of licensing restrictions by city zones.

San Francisco - short-term rentals are allowed subject to a number of conditions. Properties have to be: offered by permanent residents, registered with the city, pay a hotel tax and carry liability insurance. Entire home rentals are capped at 90 days per year, but owner-occupied rentals, hosts that rent out a private or a shared room are not limited.

Santa Monica - in 2015, the short-term rental of entire homes was banned. The council also restricted home-sharing to hosts that obtain a business license and pay a 14% hotel tax.

New York – prohibits owners from listing properties for terms less than 30 days if a permanent resident will not be present.

New Orleans - allows two types of permits in residential areas. The holder of an accessory permit can offer rentals for as many nights a year as they want, in rooms within homes where the owner also lives. The accessory permit is \$200.

Second homes can obtain a temporary permit, which costs \$150 and allows a person to rent out an entire home, for up to 90 days per year. There's no limit on how many temporary permits one person can obtain. Owners do not need to live on the premises.

Properties in areas zoned commercial are not subject to the 90-day cap and do not have to be owner-occupied. There is, however, an outright ban on short-term rentals in most of the French Quarter, the city's main tourist destination.

⁹⁸ Tenants' Union of Tasmania, 2018, *Submission #151*, p. 8-10.

Vancouver - is proposing to bring in regulations which allow short term rental of a principal residence short-term with a valid business licence and prohibit short term letting of a dwelling that is not a principal residence. Vancouver Council has published a detailed report on regulating short term rentals available at: <https://vancouver.ca/doingbusiness/short-term-rentals.aspx>

Tasmania - short term visitor accommodation is regulated by the provisions of Planning Directive No. 6 Exemption and Standards for Visitor Accommodation in Planning Schemes which came into effect on 1 August 2018. [It replaced Planning Directive No. 6 – Exemptions and Standards for Visitor Accommodation in Planning Schemes which came into effect on 1 July 2018].

Unlike other cities cited in the above examples, planning authorities in Tasmania do not have the ability to independently regulate short term visitor accommodation. It is considered important that any planning regulations be sufficiently flexible to take account of local circumstances and the character of particular localities with Battery Point being a case in point.⁹⁹

Future Regulatory Approach in Tasmania

The Restaurant and Catering Industry Association (R&CA) submission noted that the short stay accommodation industry has a significant role to play in meeting tourist demand for an expanded range of accommodation options, and that:

... any regulatory approach taken by the Tasmanian government in the future should not result in any additional burden being placed on the short stay accommodation industry. In this way, owners should continue to have the ability to let out their properties in a safe and responsible manner.

R&CA's support for the continued operation of Tasmania's short stay accommodation industry is predicated on the significant flow-on economic and employment effects for hospitality businesses such as cafés and restaurants. R&CA notes that various sharing platforms currently provide tourists with the ability to stay in and explore areas which do not otherwise attract the same type of foot traffic as other traditional tourist hotspots. In this way, the economic and employment benefits associated with Tasmania's tourism growth are more evenly dispersed amongst hospitality businesses which are located outside of more densely populated tourism areas.¹⁰⁰

⁹⁹ Hobart City Council, 2018, *Submission #135*, pp. 10-11.

¹⁰⁰ Restaurant and Catering Industry, 2018, *Submission #155*, p. 1.

The Exhibition and Event Association of Australasia stated that it is important that reforms to the short stay accommodation industry do not create a barrier or deter potential short stay accommodation operators from entering the market:

State and local government policies in relation to the accommodation sector must ensure that a range of operators can be part of the services that support the greater business events sector, and therefore the visitor economy of Tasmania. Regulatory measures must be considered in the light of the changing nature of consumer demands and the burgeoning of the events industry across Australia.

It is vitally important to maintain a healthy stock of all kinds of accommodation options from traditional hotels and apartment hotels to Airbnb within Tasmania to facilitate the growing business event sector which continues to attract visitors from both interstate and overseas.¹⁰¹

The Accommodation Association of Australia (AAA) submission suggested that it should be compulsory for any property which sells accommodation to be registered with the Tasmanian Government and failing to do this should attract a fine of not less than \$1 million per property.¹⁰²

According to Mr Richard Munro, CEO of the AAA:

It will get people thinking about it, won't it? It will pay for a few compliance officers to go around. All you have to do is fine one person and that will hit the front page of the newspaper here and will be a wake-up call for people who are ignoring and blatantly going ahead without observing the law.¹⁰³

Compliance

According to the LGAT submission, compliance within the current regulatory regime is challenging. It has been reported by Councils that they are not seeing the volume of development applications that they would expect for the growth in short stay visitor accommodation. However:

To determine the extent of non-compliance is very difficult. In most cases very little information is available, with further information needing to be obtained by way of an inspection, email or phone call.

...

There is significant non-compliance with the current regulatory regime and some considerable confusion remains as to what owners must do if they want to use their property for SSVA. However, it is not within the current resources of local council to undertake the necessary detective work to determine what new SSVA have been established in their local area and whether they need a

¹⁰¹ Restaurant and Catering Industry, 2018, *Submission # 159*, p. 3.

¹⁰² Accommodation Association of Australia, 2018, *Submission #187*, p. 2.

¹⁰³ Mr Richard Munro, *Transcript of Evidence*, 3 October 2018, p.29

*planning permit. The need for communication, resourcing and community understanding is critical. This is the role of the State Government and the recent announcement to introduce legislation by the end of this year to ensure compliance is welcomed, however the detail of the legislation will need to be reviewed.*¹⁰⁴

LGAT also noted that local government is not the appropriate body to undertake compliance activities due to resourcing constraints, and that State Government would be better positioned to monitor compliance. According to Dr Katrena Stephenson, LGAT:

*Local government has the role, but without the data they can't action it. It is up to the state Government to manage the data provision and local government can follow through on the compliance aspects. It is simply unrealistic to expect councils to trawl websites to determine whether the permits match up with their listing; a waste of resources. We need a dataset they can compare to and they are happy to go out and issue compliance notices.*¹⁰⁵

Since the time of receiving this evidence, legislation has passed through parliament for the purpose of managing compliance.

Mr Neil Noye, Director City Planning Hobart City Council supported this assertion:

*Coming back to your question about compliance, we are probably the best resourced council in the state and I think we are reasonably sufficiently resourced to tackle this issue to some degree, but the scale of it is quite significant so it may test us, and it has tested us. Even before the new regulations came into place we undertook a couple of exercises, particularly in Battery Point where there was an exclusion, to try to gain sufficient evidence in certain circumstances that people were occupying these places as short-term visitor accommodation. To gain that evidence is very difficult. You effectively have to try to book them yourself. In certain circumstances we knocked on doors to try to establish the facts.*¹⁰⁶

Effective compliance is likely to require a close working relationship with the short stay accommodation platforms. According to Dr Julia Verdouw:

One of the things that has been discovered as we research and we get better data on what is going on and what is working well in particular jurisdictions is that when platforms are held accountable - whether that is by some kind of penalisation system if they are not complying with the need to, for example, have permit numbers on listings and making sure that those permits are up to date and so forth - if they are penalised for that, compliance works a whole

¹⁰⁴ Local Government Association of Tasmania, 2018, *Submission #148*, pp. 14-15.

¹⁰⁵ Dr Katrena Stephenson, *Transcript of Evidence*, 11 September 2018, p. 7.

¹⁰⁶ Mr Neil Noye, *Transcript of Evidence*, 12 September 2018, p. 17.

*lot better. That is a good avenue for ensuring compliance: to work closely with platforms.*¹⁰⁷

Land Tax

Mr Jonathan Root, Commissioner of State Revenue was questioned about the application of land tax for properties used for short stay accommodation purposes and provided the Committee with the following advice:

*Principal residence land and primary production land is not taxed where that use is the total use of the land. There are some situations where we apportion the land where there are what we call 'other uses'. With respect to short-stay accommodation, a large part of it will be in the general land class where the premises is not the principal residence land or primary production land of the owner. These are similar to rental properties and so on. Where there is a situation where perhaps the residence is the principal residence of the owner and also short-stay accommodation, then it may or may not be taxed depending on the circumstances. Where it would be apportioned would be let us say you had a granny flat, for example, under the house, and that was exclusively used for the purposes of short-stay accommodation, then we might say that should be apportioned. It is a straight ratio of the land area in total and the area used for that other purpose. There is a threshold in the Land Tax Act of \$25 000, so if it is a small area it may well be that it is below the threshold. Otherwise we apportion it and will charge land tax on that ratio basis.*¹⁰⁸

Mr Root was further asked to clarify the apportionment of land tax to properties used in part, for short stay accommodation:

*The land tax is applied to the value of the land, not the capital improved value. Let's say you had a property and the land value was \$200 000 and you let out 40 square metres of that property and it was a 400 square metre block, then when you apportion and take that ratio, it is going to be 10 per cent so the value is going to be \$20 000 and that would fall under the land tax threshold so you wouldn't have a land tax obligation. If you were letting out 80 square metres then it is a \$40 000 value and you would be taxed on that basis.*¹⁰⁹

Mr Root also explained the exclusive use principal as it relates to the application of land tax:

What often happens in short-stay accommodation is where perhaps you're letting just a front room, and it may be that the entire property is still your principal residence, you are still using those rooms when they are not let and it is not an exclusive use. In those circumstances you wouldn't generally

¹⁰⁷ Dr Julia Verdouw, *Transcript of Evidence*, 6 December 2018, p. 21.

¹⁰⁸ Mr Jonathan Root, *Transcript of Evidence*, 14 June 2019, p. 1.

¹⁰⁹ Op.Cit. p.2

*incur a land tax liability because we look at the exclusive use in the apportionment space.*¹¹⁰

Mr Andrew Hutchinson, Senior Legal Adviser from the State Revenue Office provided additional clarity in relation to this question:

*.....a hotel is really the whole block of land being exclusively used for short-stay accommodation effectively, because you are coming for a night then someone else comes in for another night. What we're saying is if you use your house that way with a portion of it being exclusively used for short-stay accommodation, then we do seek to tax that, but we don't seek to tax it where it is itinerant and you don't have someone in there exclusively but are still using it as part of your principal residence. There is a little bit of comparability between hotels and Airbnb in that you are exclusively setting aside part of your principal residence.*¹¹¹

Minister Roger Jaensch acknowledged the Government's support for the sharing economy but confirmed the passage of legislation intended to better regulate the sector in Tasmania:

The new Short Stay Accommodation Act which passed the parliament recently serves two important purposes: to ensure everyone is playing by the rules and to paint a clear picture of home sharing across our state. We have now moved into the six-month implementation plan for the new legislation, the first of its kind in Australia, that will focus on the dissemination of information through various formats so that both short-stay platforms and providers are aware of their obligations under the new act, as well as planning laws that apply where they live.

*The planning settings, along with the new act, will go a long way to ensuring that those who benefit from the sharing economy are doing the right thing and that we have a reliable set of data to fully understand the sector and make informed evidence-based decisions around future planning and policy settings related to it. That is my overview, and you have the Tasmanian Government's submission as well.*¹¹²

The Minister also noted some of the broader intentions of the legislation:

... we require the platform providers, the AirBnBs, to provide us with a complete listing of all the properties and their permits and the ones that don't need permits, why they don't need permits so we get the whole picture. In effect the people who are letting out their own house when they are holiday and listing it on Airbnb who are exempt from needing a permit will need to

¹¹⁰ Ibid

¹¹¹ Mr Andrew Hutchinson, *Transcript of Evidence*, 14 June 2019, p. 3.

¹¹² Op. Cit, p.13

have effectively registered by saying I am exempt because this is my own home but we still register that one on the map and on the data base.¹¹³

¹¹³ Op.Cit. p. 19

TERM OF REFERENCE 5

Any other matters incidental thereto

Tenancy Law

Several witnesses noted a perceived bias in Tasmania's residential tenancy law toward the tenant, a factor that discouraged people from listing their property as a long term rental property.

According to Ms Fiona Hanafin, Airbnb host:

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.

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.¹¹⁴

Tasmanian Building Act

Mr Gabriel Barnes and Mr Roland Wierenga, Australian Institute of Building Surveyors, noted the Tasmanian Building Act has become more onerous:

Red tape reduction of the Building Act was not red tape reduction. We do more paperwork now than we ever did as building surveyors, and none of it is producing better quality and safer buildings. The mantra for red tape reduction it is not what they make it sound like it is.

...

I think we had 60 forms and now we have 81 so under the old Building Act we had 60 director- or minister-approved forms. We went to 81 minister-

¹¹⁴ Ms Fiona Hanafin, Transcript of Evidence, 4 October 2018, pp. 2-3.

*approved forms. When we get audited, we get audited on whether our paperwork is lined up, not on whether the building is a better building.*¹¹⁵

Community Housing within the Break O'Day Municipality

According to the Break O'Day Council submission, a related matter impacting on rental accommodation is the short supply of community housing and Housing Tasmania properties within the Break O'Day municipality:

*Over the last five (5) years there have been nine (9) Housing Tasmania three (3) bedroom houses sold in the Break O'Day area.*¹¹⁶

Mrs Gail Paulsen, Property Manager St Helens, provided some further detail on this issue:

Mrs PAULSEN - Not that we have seen. We also have a cleaning business and we do a lot of work in that area, and, no, they have not. We did a house at St Marys in November last year. It was cleaned and made ready for rental and it sat empty for six months. Then the government sold it and it has not been replaced. That possibly is another problem. We have low socio-economic members of the community, 60 per cent in this region. There is far less housing so those people then have to go into the private sector. That is where there is the reduction. It is also unaffordable because it is much higher rent-wise. A lot over the years have been diminished.

Ms RATTRAY - It says they have sold nine over the last five years.

Mrs PAULSEN - Yes, that would be right, it would seem.

Ms RATTRAY - All three-bedroom homes.

Mrs PAULSEN - There is an area in Grant Street where a whole section of Housing department houses has been sold off privately.

Mr VALENTINE - They are all going to private buyers, not to third parties that are managing them?

Mrs PAULSEN - No, they have all gone to private buyers.

Mr VALENTINE - I was wondering if they were going to HomeShare.

Mrs PAULSEN - No, they are going to private buyers. They are not housing; they are Housing department houses. They are not really suitable for long-term rental. Nobody is going to want to pay to live in a Housing department house in Grant Street at the back of St Helens. They get sold to -

Mr ARMSTRONG - Probably the tenants who are living in them.

¹¹⁵ Mr Gabriel Barnes, *Transcript of Evidence*, 16 October 2018, pp.9-10.

¹¹⁶ Break O'Day Council, 2018, *Submission # 94*, p. 6.

Mrs PAULSEN - Yes. Or not the tenants who are living in them, but other people they have as long-term investors, or they are moving into them themselves. They are probably cheaper housing.

Mr WILLIE - It's only if they can't sell them through that low income scheme that they go on the open market?

Mrs PAULSEN - I have worked in sales as well. In my experience it has mainly gone to an investor for rentals or to people who have moved into them themselves, because they are in town. The other thing is that all the Housing Department houses are located centrally in St Helens, within walking distance, so they suit an older market wanting to move to St Helens.¹¹⁷

Updated Government Information

Following the Minister's appearance before the Committee on Friday 14 June 2019, the following questions were taken on notice –

1. Provide an updated submission regarding the metrics.
2. Provide details regarding the restrictions on foreign owned properties.

The Committee did not receive a response until 11 October 2019, when the Committee was in the final stages of its deliberations in relation to the final report. The response provides some updated information and figures with explanatory comments and is attached to the report at Appendix B. Although the updated submission does not provide any substantially new information, it should be read in conjunction with this report for completeness.

¹¹⁷ Mrs Gail Paulsen, *Transcript of Evidence*, 17 October 2018, pp. 9-10.

APPENDIX A: Summary of Generic Submissions (Airbnb hosts)

Sub No.	Location (if provided)	Reason for hosting short stay accommodation
7	N/A	None given
8	N/A	None given
9	N/A	None given
10	N/A	None given
11	N/A	None given
12	N/A	None given
13	N/A	None given
14	N/A	None given
15	N/A	None given
16	N/A	None given
17	N/A	None given
18	N/A	None given
19	N/A	None given
20	N/A	None given
21	N/A	None given
22	N/A	None given
23	N/A	None given
24	N/A	None given
25	N/A	None given
26	N/A	None given
27	N/A	None given
28	N/A	None given
29	N/A	None given
30	N/A	None given
31	N/A	None given
32	Trial Harbour	<ul style="list-style-type: none"> • Trial Harbour has only limited camping spots and private shacks.

		<ul style="list-style-type: none"> • Airbnb gives tourists a unique opportunity to experience the coastline.
33	N/A	<ul style="list-style-type: none"> • Empty Nester. • Good way to meet people from all over the world. • Supplement single income through rental of single room.
34	N/A	None given
35	Hobart	<ul style="list-style-type: none"> • Love the Airbnb experience and opportunity to welcome others to much loved cottage. • Entire cottage not rented due to family furniture and memories.
36	Hobart	<ul style="list-style-type: none"> • Temporarily renting room while seeking employment.
37	N/A	<ul style="list-style-type: none"> • Enjoy interacting with families from all over the world.
38	N/A	PRIVATE SUBMISSION
39	N/A	<ul style="list-style-type: none"> • Economic lifeline to assist pay mortgage and bills.
40	N/A	<ul style="list-style-type: none"> • Approaching retirement and surviving on pension is difficult. • Extra money from boarder assists paying bills.
41	N/A	<ul style="list-style-type: none"> • Enjoys sharing home on beach without bureaucracy involvement.
42	N/A	<ul style="list-style-type: none"> • Moved away from home for work purposes. Airbnb enables flexibility to return and use the home at any time.
43	N/A	<ul style="list-style-type: none"> • Single parent. • Sharing home enables retain home and manage mortgage post-divorce.
44	N/A	<ul style="list-style-type: none"> • Enjoys sharing home.
45	N/A	<ul style="list-style-type: none"> • Use Airbnb to increase business.
46	N/A	<ul style="list-style-type: none"> • Shares small room with travellers around world.
47	N/A	<ul style="list-style-type: none"> • Bought rental property to ensure long term financial freedom.

		<ul style="list-style-type: none"> • Bad experience with long term rental.
48	N/A	<ul style="list-style-type: none"> • Supplement pension. • Provides unique experience – 9 acres run under permaculture principles.
49	Hobart	<ul style="list-style-type: none"> • Income enables working between office in Sydney and home in Hobart.
50	N/A	<ul style="list-style-type: none"> • Rental of standalone property on same property as house. • Approved as a visitor accommodation but also booked on online platforms due to reach and ease.
51	N/A	<ul style="list-style-type: none"> • Part time worker. • Intend to retire in near future. • Airbnb provides ability to supplement income and meet new people.
52	Hobart	<ul style="list-style-type: none"> • Positive experience as user of Airbnb. • Provide a pet friendly option. • House has never been on rental market. • Close to the airport.
53	N/A	<ul style="list-style-type: none"> • Supplement income of self-funded retirees.
54	East Coast	<ul style="list-style-type: none"> • Investment properties.
55	N/A	<ul style="list-style-type: none"> • Distinction between sharing economy and business.
56	N/A	None given
57	N/A	None given
58	N/A	<ul style="list-style-type: none"> • Unpleasant experience with long term rentals. • Use as short stay accommodation after renovation of the property and no issues with noise. • Would prefer to sell than return to rental market.
59	Hobart	<ul style="list-style-type: none"> • Heritage property provides unique experience.
60	N/A	None given
61	N/A	<ul style="list-style-type: none"> • Visitors want choice when on holiday, and a truly local holiday.

62	N/A	<ul style="list-style-type: none"> • Self-sufficiency.
63	Hobart	<ul style="list-style-type: none"> • Farm experience. • Property is not suitable as a long term rental. • Supplement single income.
64	Kingston	<ul style="list-style-type: none"> • When children and grandchildren are not using room, the wing is opened up for international visitors. • Does not wish to move to retirement home.
65	NW	<ul style="list-style-type: none"> • Rental of spare room to supplement pension. • Property is not suitable for long term rental.
66	N/A	<ul style="list-style-type: none"> • Earn additional income. • Ambassador for Tasmania.
67	N/A	None given
68	N/A	<ul style="list-style-type: none"> • Provides domestic and international tourists with an opportunity to explore Tasmania.
69	N/A	<ul style="list-style-type: none"> • Retiree. • Rent spare room to assist with bills. • Great way to meet people.
70	Strahan	<ul style="list-style-type: none"> • Holiday home rented when not in use. • 7 mainland guests have bought in the area over the years.
71	N/A	<ul style="list-style-type: none"> • Purchased property due to Tasmania's home sharing laws.
72	N/A	None given
73	N/A	<ul style="list-style-type: none"> • Retired. • Worked in travel industry and wishes to keep in contact with world travellers.
74	N/A	<ul style="list-style-type: none"> • Rental of self-contained space in property in flexible way. • Bad experience with long term rental market.
75	N/A	<ul style="list-style-type: none"> • Airbnb income has enabled return to University to undertake a Masters degree.

76	N/A	<ul style="list-style-type: none"> • Rental of spare bedroom. • Loves to meet new people. • Short term rental is not a large income generator.
77	N/A	None given
78	N/A	<ul style="list-style-type: none"> • Supplement single income. • Let for 1 month of year to facilitate family holiday. • Would not otherwise be available for private rental.
79	N/A	<ul style="list-style-type: none"> • Supplements income.
80	N/A	<ul style="list-style-type: none"> • Small apartment within house footprint. • Loves to meet new people and share travel experience.
81	Regional Tasmania	<ul style="list-style-type: none"> • Brings people to regional areas.
82	N/A	<ul style="list-style-type: none"> • Summer Airbnb hosts. • Loves to welcome visitors.
83	N/A	<ul style="list-style-type: none"> • Bad experience with long term rental – law favours tenant. • Airbnb client is more respectful.
84	N/A	<ul style="list-style-type: none"> • Assists with mortgage payments. • Problems with long term tenants.
85	N/A	<ul style="list-style-type: none"> • Short terms rental of room. Does not support full house rental for short stay. • Supplements income and offsets massive increases in living expenses in rural Tasmania.
86	N/A	None given
87	N/A	<ul style="list-style-type: none"> • Rental of spare bedroom and bathroom. • Property would not be suitable for long term rental.
88	N/A	<ul style="list-style-type: none"> • Enable comfortable retirement.
89	N/A	<ul style="list-style-type: none"> • Provide income for son's education.

		<ul style="list-style-type: none"> Unit is contained within house and not suitable for long term rental.
90	N/A	<ul style="list-style-type: none"> Self-funded retiree. Neighbours have no complaints.
91	N/A	<ul style="list-style-type: none"> Live and work in Queensland and plan to retire in Tasmania. Accommodate the relieving police officers in the Dunalley area every year.
92	N/A	PRIVATE SUBMISSION
95	N/A	<ul style="list-style-type: none"> Provides choice to visitors. Loves to show off Tasmania.
96	N/A	<ul style="list-style-type: none"> House is run as a business with full council approval. Fills gap in lower end of accommodation market.
97	N/A	None given
99	N/A	<ul style="list-style-type: none"> Enjoy meeting people. Supplement retirement income.
100	N/A	None given
101	N/A	None given
102	N/A	None given
103	N/A	None given
104	N/A	<ul style="list-style-type: none"> Supplements pension income.
105	N/A	<ul style="list-style-type: none"> Home uses passive house principles and house is advertised as Eco accommodation.
106	N/A	None given
107	Launceston	<ul style="list-style-type: none"> Supplements income after son moved out.
108	N/A	None given
110	N/A	None given
111	N/A	None given
112	N/A	None given
113	Stanley	<ul style="list-style-type: none"> Supplement retiree incomes.

		<ul style="list-style-type: none"> • Short term rental when not in use by family.
114	N/A	None given
115	N/A	None given
116	N/A	None given
117	N/A	None given
118	N/A	None given
119	Carlton	<ul style="list-style-type: none"> • This form of accommodation is vital for the growth of the visitor economy and regional dispersion.
120	N/A	<ul style="list-style-type: none"> • Enjoy meeting people. • Home has plenty of space to share.
121	N/A	<ul style="list-style-type: none"> • Provides a more local experience.
122	N/A	<ul style="list-style-type: none"> • Supplements pension income. • There is a distinction between home sharing and investment properties.
123	N/A	<ul style="list-style-type: none"> • There is a distinction between whole of property and part of property.
124	Penguin	<ul style="list-style-type: none"> • Rent home while absent on holiday. • Airbnb provides a holiday experience for whole families.
125	N/A	<ul style="list-style-type: none"> • Sharing of home and connecting with people.
126	N/A	<ul style="list-style-type: none"> • Enables having an investment property and ability to meet people from different counties.
127	N/A	<ul style="list-style-type: none"> • To meet new people. • Supplements income.
128	Port Arthur	<ul style="list-style-type: none"> • Property includes a cabin which is listed on Airbnb. • Provides financial independence.
129	N/A	<ul style="list-style-type: none"> • Sharing home. • Supplements income.
130	N/A	None given

131	N/A	<ul style="list-style-type: none"> • There should be a cap placed on short term accommodation licences per suburb, particularly where there are disproportionate number of whole houses.
132	N/A	<ul style="list-style-type: none"> • Supplements income and enabled more time to be spent with family.
133	N/A	<ul style="list-style-type: none"> • Supplements pension income. • Promotes local tourist sites.
136	N/A	<ul style="list-style-type: none"> • Short term rental of accessible portion of home.
137	N/A	<ul style="list-style-type: none"> • Airbnb covers costs while unable to live in property in Tasmania.
138	N/A	<ul style="list-style-type: none"> • Supplement pension income. • Federal Government told baby boomers that full pension may not be possible and to explore ways to supplement incomes.
141	N/A	<ul style="list-style-type: none"> • Passionate supporters of all things Tasmania. • Hosting Airbnb enables us to share this great State with the world.
142	N/A	<ul style="list-style-type: none"> • Passionate supporters of all things Tasmania. • Hosting Airbnb enables us to share this great State with the world.
172	Rowella	<ul style="list-style-type: none"> • Provide farm stay experience.
179	N/A	None given
180	N/A	<ul style="list-style-type: none"> • Love to share primary place of residence when not in use. • House is popular due to scenic views and proximity to the beach.
184	N/A	None given

APPENDIX B:



Parliament of Tasmania, Hobart, TAS, 7000
www.parliament.tas.gov.au

Legislative Council Select Committee SHORT STAY ACCOMMODATION IN TASMANIA

19 June 2019

Hon Roger Jaensch MP
Minister for Housing
Minister for Planning
Level 5, Salamanca Building
4 Salamanca Place
HOBART 7000

Email: clare.morrisby@dpac.tas.gov.au

Dear Minister

Thank you for your appearance before the Legislative Council Select Committee on Short Stay Accommodation in Tasmania on 14 June 2019.

I confirm that you undertook to provide the following information on notice:

1. Provide an updated submission regarding the metrics.
2. Provide details regarding the restrictions on foreign owned properties.

The Committee would be pleased to receive this information by email to the Secretary, Mr Stuart Wright.

The Committee looks forward to receiving the requested information in the near future.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Rosemary Armitage'.

HON ROSEMARY ARMITAGE MLC
CHAIR

w. 03 6212 2250 f. 03 6212 2345 e. ssa@parliament.tas.gov.au



Parliament of Tasmania, Hobart, TAS, 7000
www.parliament.tas.gov.au

Legislative Council Select Committee SHORT STAY ACCOMMODATION IN TASMANIA

19 August 2019

Hon Roger Jaensch MP
Minister for Housing
Minister for Planning
Level 5, Salamanca Building
4 Salamanca Place
HOBART 7000

Email: clare.morrisby@dpac.tas.gov.au

Dear Minister

I refer to your appearance before the Legislative Council Select Committee on Short Stay Accommodation in Tasmania on 14 June 2019.

As you will recall, several requests for updated information were taken on notice from the hearing, as outlined in my correspondence of 19 June 2019. To date, a response has not been received.

As the Committee is in the final stages of its deliberations prior to reporting to Parliament, it would be appreciated if you would please forward the outstanding information at your earliest convenience.

Yours sincerely

A handwritten signature in black ink, which appears to read "Rosemary Armitage". The signature is fluid and cursive.

HON ROSEMARY ARMITAGE MLC
CHAIR

w. 03 6212 2250 **f.** 03 6212 2345 **e.** ssa@parliament.tas.gov.au

cc: Letter of 19 June 2019

ssa.cor.190819.let.ministerqon.001



Parliament of Tasmania, Hobart, TAS, 7000
www.parliament.tas.gov.au

Legislative Council Select Committee SHORT STAY ACCOMMODATION IN TASMANIA

28 August 2019

Hon Roger Jaensch MP
Minister for Housing
Minister for Planning
Level 5, Salamanca Building
4 Salamanca Place
HOBART 7000

Email: clare.morrisby@dpac.tas.gov.au

Dear Minister

Short Stay Accommodation Inquiry

I refer to the Government submission to the Legislative Council Select Committee on Short Stay Accommodation.

The Committee has noted that the 2015-16 visitor figures have been provided for a few but not all regions in Tasmania referred to in the report. For completeness, the Committee has requested that the figures for the same period be provided for all of the other regions noted in the submission in section 3.4 – Accommodation Supply Analysis.

As the Committee is in the final stages of its deliberations prior to reporting to Parliament, it would be appreciated if you would please provide the information at your earliest convenience.

Yours sincerely

A handwritten signature in black ink, reading 'Rosemary Armitage'.

HON ROSEMARY ARMITAGE MLC
CHAIR

w. 03 6212 2250 f. 03 6212 2345 e. ssa@parliament.tas.gov.au

**Minister for Human Services
Minister for Housing
Minister for Disability Services and Community Development
Minister for Planning
Minister for Aboriginal Affairs**

Level 5 4 Salamanca Place, Parliament Square Building HOBART TAS 7000 Australia

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Ph: +61 3 6165 7686

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11 OCT 2019

Hon Rosemary Armitage MLC
Chair
Legislative Council Select Committee – Short Stay Accommodation
Email: ssa@parliament.tas.gov.au

Dear Ms Armitage

I am writing in relation to your letters of 19 June and 28 August 2019 regarding the Legislative Council Select Committee's Short Stay Accommodation Inquiry.

Thank you for the opportunity to provide updates on data contained in the Tasmanian Government's submission to the Select Committee's Inquiry. The original submission, with updated information included as comments, is attached. I am providing the updates in this format for ease of reference and comparison. I apologise for the delay in providing this information.

Visitor figures

In your letter of 28 August 2019, you asked me to provide updated visitor numbers for each of the regions referred to in section 3.4 of the original submission. In the case of the East Coast (section 3.4.4), the consultants, Deloitte Access Economics, used a methodology that synthesised data from both the National Visitor Survey (intrastate visitors) and Tasmania Visitor Survey (interstate and international visitors) to estimate total visitation to the region. As such, the reported figure of 632,800 visitors includes estimates of interstate, international and intrastate visitation in 2015.

As this methodology is not used by Tourism Tasmania with its Tasmanian Visitor Survey (TVS), the Government is unfortunately unable to provide comparative visitor data across each of the regions. To assist the Select Committee with its analysis I suggest that it refer to, and compare, data captured through the TVS, which is available via the Tourism Tasmania website at: <https://www.tourismtasmania.com.au/research/tvs>. This data will provide comparative visitor data for interstate and international visitors, but does not include intrastate visitation. Figures from the most recent Tourism Tasmania Visitor Snapshot have been included in the attached version of the submission.

Foreign-owned properties

In your letter of 19 June 2019, you asked me for details regarding the restrictions on foreign-owned properties.

Under the Australian Government's foreign investment framework, foreign persons generally need to apply for foreign investment approval before purchasing residential real estate in Australia. The

Government's policy is to encourage investment in new dwellings and increase housing stock. Applications to purchase new dwellings are usually approved without conditions, while applications to purchase vacant land are normally approved subject to construction being completed within four years, and further restrictions apply to the purchase of established dwellings. Further information is available on the Foreign Investment Review Board website at: <http://firb.gov.au/resources/guidance/gn01/>.

While the Tasmanian Government welcomes foreign investment in Tasmania, we believe that all participants in the property market must pay their fair share to allow us to invest further in the essential services and infrastructure our growing state needs.

The Foreign Investor Duty Surcharge (FIDS) has applied since 1 July 2018. It is an additional amount of duty charged when a residential or primary production property is acquired (either directly or indirectly) by a foreign person.

The Government has recently undertaken stakeholder consultation on taxation arrangements for foreign investors, including proposed changes to the definition of 'foreign person' in the *Duties Act 2001*. Legislation will be introduced to ensure the definition of 'foreign person' remains consistent with the Government's original policy intent.

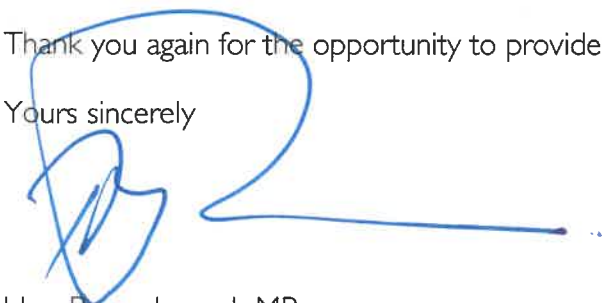
As a result of this recent consultation, the rate of FIDS on a residential property will be increased to eight per cent, bringing Tasmania into line with Victoria and New South Wales. The change will be effective as of 1 April 2020. The increase in the FIDS on the purchase of primary production land will remain at the same level (1.5 per cent) as announced in the 2019-20 State Budget.

The Government has decided not to proceed with the introduction of a foreign investor land tax surcharge as was proposed based on feedback from the Tasmanian Farmers and Graziers Association and industry representatives. The 2019-20 State Budget did not include an estimate of potential revenue from the introduction of a foreign investor land tax and there will be no revenue shortfall in Budget estimates.

At the national level, the Foreign Investment Review Board provides advice to the Australian Government in relation to proposed significant investments in Australia. Foreign investment applications are subject to Australia's Foreign Investment Policy, the *Foreign Acquisitions and Takeovers Act 1975* (Cwth) and supporting legislation.

Thank you again for the opportunity to provide further information to the Select Committee's Inquiry.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'R Jaensch', with a long horizontal line extending to the right.

Hon Roger Jaensch MP
Minister for Housing

Tasmanian Government Submission

Legislative Council Select
Committee –Short Stay
Accommodation in Tasmania

Commented [A1]: Note: This version is updated as at August 2019.

August 2018
18/80700 (19/102867)



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1 EXECUTIVE SUMMARY

The Tasmanian Government recognises the sharing economy makes a significant economic and social contribution to the State, and is a strong supporter of the short stay accommodation sector.

Tasmania's broader social and economic situation must be taken into account when considering the impact of the short stay accommodation sector. The Tasmanian economy is now one of the fastest growing in Australia; underpinned by record levels of investment, population growth and visitor numbers.

Economic growth is double the national average and population growth is the highest it has been in nearly eight years, as more people than ever choose Tasmania as the place to live, work and raise a family, and Tasmania's jobless rate remains well below the decade average.

In addition to this, Tasmania continues to be a must-see destination, with 1.28 million people visiting the State in the year ending March 2018. During this period, visitors spent a record \$2.37 billion in the State. Tourism is one of our State's greatest competitive strengths and supports 38,000 direct and indirect jobs.

The Government recognises that many Tasmanians have embraced the sharing economy, either listing their property online or using these sites when travelling within Tasmania.

It's important to acknowledge that the sharing economy has been vital in supporting recent growth in visitor numbers, providing alternative accommodation options during peak periods and in regions where traditional accommodation options are limited.

The short stay accommodation sector undoubtedly presents new challenges, however it's important to recognise the sharing economy is just one factor impacting tourism and housing in Tasmania.

Population growth, increases in international student numbers and rising house prices also contribute to housing affordability and rental availability. Skilled labour shortages, fuelled by increasing investment and development in the State, can also impact the building sector's capacity to construct new residential homes. The Government has introduced a range of measures to address these issues.

The Government has also introduced nation-leading regulations for the short stay accommodation sector, which provide permits where entire homes are offered for this purpose. Permits are not needed if the property is the owner's primary place of residence. However, it is clear that there is an issue when it comes to compliance of these regulations, which is cause of significant concern for the community sector and the tourism and hospitality industries.

In response to this, the State Government will introduce legislation by the end of 2018 to ensure compliance with existing regulations. The legislation will serve two important purposes: to ensure everyone is playing by the rules, and to paint a clear picture of home sharing across Tasmania.

Commented [A2]: Economic Growth in Tasmania remains above the national average. Tasmania recorded 3.3% compared to 2.8% nationally in 2017-18 (ABS cat no 5220).

Commented [A3]: The decade average unemployment rate (2009-10 – 2018-19) is 6.4% (ABS cat no 6202). The August 2019 unemployment rate was 6.6%.

Commented [A4]: The Tasmanian Visitor Survey (TVS, March 2019) recorded 1.32 million visitors in the year ending March 2019. During this period, visitors spent \$2.49 billion in the State.

Commented [A5]: The *Short Stay Accommodation Act 2019* received Royal Assent on 4 June 2019.

This approach will ensure there is **meaningful data** to fully understand the short stay accommodation sector in Tasmania. The intent of the legislation is to require anyone listing an investment property on an online platform to show evidence of their required permit.

People sharing their primary residence online will not be affected by the legislation. Property owners and online platform providers found to be in breach of the rules could face penalties, which may include significant fines.

Commented [A6]: Collected by the Director of Building Control. The first round of data will be collected with reference to the October-December 2019 period. The data is expected to be available in January 2020.

"It's important that those who benefit from the sharing economy make sure they are doing the right thing." Roger Jaensch, Minister for Housing

Everyone will have an opportunity to have their say through a consultation process as the legislation is drafted. The Government has also launched a public awareness campaign detailing the responsibilities of homeowners when it comes to listing a property for short stay accommodation.

These steps will ensure the checks and balances are in place when it comes to short stay accommodation so that Tasmanians and visitors alike can continue to share in its benefits.

2 INTRODUCTION

The Government has pursued a wide ranging set of policy responses to increase housing stock and housing affordability. The impact will be seen over time and positive signs are already emerging.

The latest CommSec State of the States report on 30 July 2018¹ noted that Tasmania was in 4th position nationally and recording the fastest annual pace of economic growth over the last year.

Tasmania's dwelling starts and housing finance growth led the nation, with the annual growth in dwelling starts ten times higher than the national average, showing that the housing market is responding to increased demand.²

The Government recognises the sharing economy makes a significant economic and social contribution to the State and remains supportive of the short stay accommodation sector. Planning reform and other initiatives recently introduced by the Government, including legislation to ensure compliance with appropriate planning scheme regulations, gets the balance right.

The accommodation sector is only one of many industries supported by the sharing economy. Other industries include food delivery (Uber Eats), transport (Uber and Driverless cars); finance (Prosper and Lending Club), social food (Gobble and Neighbourhood Fruit) and employment (Airtasker and Skillshare).

Deloitte Access Economics in its 2015 report, *The sharing economy and the Competition and Consumer Act*, suggests there is an almost universal view among academic, market and technology commentators that the sharing economy will continue to grow. It suggests that this will include the geographic and service-line expansion of existing players and the potential development of new services around urban living, broadband and additional task services.³

New business ventures in the sharing economy will emerge over time and existing systems and structures will have to be adaptable.

The Productivity Commission released a research paper on 15 June 2016⁴ which considered the role of governments in the face of disruptive technological change (including digital platforms enabling

Commented [A7]: The latest CommSec *State of the States* report (June 2019) ranked Tasmania in third position on the economic performance rankings.

According to ABS data, Tasmania's growth in Gross State Product was 3.3% in 2017-18 (above the national growth of 2.8%). State Final Demand (the total value of goods and services that are sold in a state) for Tasmania grew by 3.4% through the year to June 2019, the highest in the country (ABS Cat no 5220 and 5206).

Commented [A8]: Dwelling starts in Tasmania increased by 8.1% in the year to March 2019 (ABS cat no 8752). This figure was the highest in the country and compares to -21.8% nationally (ABS cat no 8752).

The number of housing finance commitments in Tasmania decreased by 5.7% in July 2019 compared to the previous year. The national figure was a decrease of 10.0% (ABS cat no 5601).

¹ CommSec, *State of the States*, July 2018 economic performance report, https://www.commsec.com.au/content/dam/EN/Campaigns_Native/stateofstates/July2018/CommSec_State_of_the_States_July2018.pdf

² Ibid.

³ Deloitte Access Economics, *The sharing economy and the Competition and Consumer Act*, 2015, <https://www2.deloitte.com/au/en/pages/economics/articles/sharing-economy-competition-consumer-act.html>

⁴ Productivity Commission 2016, *Digital Disruption: What do governments need to do?*, Commission Research Paper, Canberra, Finding 4.1, p9, <https://www.pc.gov.au/research/completed/digital-disruption/digital-disruption-research-paper.pdf>

short term accommodation rentals). Key recommendations made in the report regarding governments' response to a disruptive industry include:

In principle, governments should

- *adopt a 'wait and see' approach to new business models and products rather than reacting quickly to regulate what may be unrealised risks where relevant regulations already exist*
- *adopt fixed term regulatory exemptions for innovative entrants that maintain overarching regulatory objectives*
- *use the opportunity of disruption to reform markets where there have been undue regulatory restrictions by removing restrictions that impose a competitive disadvantage on incumbents rather than extend existing restrictions to new business models*
- *where regulation is needed to manage negative externalities, take a proportionate approach (that is, balance the benefits and costs) and regulate outcomes not technologies*
- *take an evidence based approach drawing on Australia's scientific agencies in making assessments of the risks to the community from new technologies*
- *regularly review regulations affected by digital technologies, especially where an increasing share of activity is mediated through digital platforms*
- *assign the responsibility for reporting to the parties best able to comply at least cost, and design transparent mechanisms for dealing with complaints. (Finding 4.1)*

Findings also related to government responses to: the creation of standards; promoting innovation; the regulation of digital platforms in providing information to consumers; protecting consumers' privacy; and other aspects of regulation and innovation.

The Deloitte report commissioned by the Australian Competition and Consumer Commission suggests the need for creating 'regulatory neutrality' between sharing economy providers and traditional businesses. This doesn't mean the same regulation: it does mean having the same effect.⁵

The sharing economy coordinates exchanges between individuals in much the same way as a traditional market, but does so in a flexible, self-governing way. The sharing economy has been described as a democratisation of the economy: where we are less concerned with who owns production than who has access to what is produced.⁶

These benefits of the sharing economy have been outlined as: more sustainable use of idle and underused resources; flexible employment options for contractors; bottom-up self-regulating

⁵ Deloitte Access Economics, *The sharing economy and the Competition and Consumer Act*, 2015, <https://www2.deloitte.com/au/en/pages/economics/articles/sharing-economy-competition-consumer-act.html>

⁶ https://simonwhite.com.au/2016/08/09/shared_economy-inclusive-growth/

mechanisms; lower overheads leading to lower prices for consumers; and more closely tailored and customised products for users.⁷

The Tasmanian Government recognises that the sharing economy has the potential to increase individual wealth and promote economic growth.

The Government is intent on ensuring a balanced and evidence based approach to the sharing economy.

There is no doubt the sharing economy can drive economic growth. The challenge for governments is to ensure that the growth is inclusive and benefits the broader community.⁸

There is a current perception that short stay accommodation models in the sharing economy, while supporting economic growth, are not supporting inclusive growth, with a negative perceived impact on affordable housing and rental availability. However this perception is difficult to test without considering the fact that the sharing economy is also part of a broader system. When combined with other factors, such as population growth, an increase in the number of international students and an increase in housing prices, the sharing economy may impact affordable housing and rental availability, but the literature suggests this impact is difficult to quantify. The Government is confident that supply and demand will adjust over time as new housing stock and tourism developments come on line. It is also taking a number of regulatory and supportive measures to address short term issues and provide long term solutions.

The Government's actions to manage the challenges include:

- Holding the Tasmanian Housing Summit on 15 March 2018 comprising the Tasmanian Government and 34 peak bodies and stakeholders;
- Releasing Planning Directive No. 6 that clarifies the requirements for visitor accommodation permits under Local Government Planning Schemes;
- Providing \$500,000 for immediate emergency accommodation options in the Greater Hobart area, for Tasmanians in greatest need. The funding was directed towards providing a mix of cabins, hotel and motel-style accommodation, with the emphasis on providing safety and warmth to those in greatest need over the winter period;

Commented [A9]: In June 2019, the Tasmanian Government committed a further \$5 million to deliver emergency housing solutions.

⁷ https://www.parliament.vic.gov.au/images/stories/committees/SCEI/Ride_Sourcing/Submissions/Submission_145_-_Institute_of_Public_Affairs_Attachment_1.pdf

⁸ See for instance https://www.bsr.org/reports/BSR_An_Inclusive_Sharing_Economy.pdf.

- Providing funding to Housing Connect partners to support clients in a range of emergency accommodation options, and help transition them into permanent affordable housing options;
- Releasing an audit of Government-owned land that may be suitable for affordable housing development, with fast-track legislation to accelerate zoning changes and the supply of affordable housing;
- Ensuring there is a greater dispersal of the tourism boom to the regions by:
 - Supporting the supply of tourism beds by establishing the \$20 million Tourism Accommodation Refurbishment Loan Scheme (TARLS) to improve the standard of the tourism offering in the State. To date, ten applications to the value of \$5.496 million have been assessed and approved; and
 - Extending the success of the Great Eastern Drive which resulted in a 20 per cent increase in visitors to Tasmania's East Coast equating to an additional 62,800 visitors to the region each year. The Government is extending this initiative by creating three more journeys, including the North-West Journey, Northern Journey and Southern Journey, all of which will provide unique experiences encouraging exploration of regional Tasmania;
- Providing a Land Tax rebate to incentivise property owners to list up to 500 existing properties for long term rental. This program is now open by application to www.sro.tas.gov.au;
- Commencing Housing Tasmania Stock Match – a voluntary, incentivised program to better match tenants and properties. Housing Tasmania is working with interested tenants to relocate around 40 smaller households into smaller dwellings, freeing up larger homes for families on the social housing register; and
- Other housing incentive programs committed at the State election and introduced the *Taxation Related Legislation (Housing Availability and Payroll Relief) Act 2018* include:
 - A 50% stamp duty holiday for first home buyers for homes up to \$400,000;
 - Extension of the \$20,000 First Home Owner Grant to 30 June 2019;
 - A three-year land tax holiday on all new-built housing available for long-term rental; and
 - A 50% stamp duty discount for seniors downsizing.

Housing assistance in Tasmania is provided to people who are on low to moderate incomes who need some help to access and maintain affordable housing. It ranges from homelessness services to home ownership assistance, and is aimed to match the right product to the person's needs.

In Tasmania, the Director of Housing owns around 13,000 social housing properties. Around 7,400 of these are public housing and Aboriginal housing. The remaining properties are community

Commented [A10]: This measure provides a land tax exemption for short-stay accommodation that is made available for long-term rental. There is no limit on the number of properties that are eligible. The exemption has been extended to 30 June 2023.

Commented [A11]: The 50% stamp duty concession applies to existing homes only. The concession has been extended to 30 June 2020.

Commented [A12]: Extended to 30 June 2020.

Commented [A13]: Land tax exemption extended to 30 June 2023.

Commented [A14]: The 50% stamp duty concession for eligible pensioners downsizing has been extended to 30 June 2020.

housing. This includes around 3,900 homes managed by community housing providers under the Better Housing Futures initiative.

On average, around 300 households are assisted with affordable private rentals each month through our Private Rental Assistance program delivered by Housing Connect.

Dwellings are also provided as homelessness shelters and supported accommodation. Housing Tasmania also funds organisations to provide long term accommodation and support for people in housing need.

Housing Tasmania is expanding its role to assist people in housing need to better access affordable housing within private rental market.

Tasmania's Affordable Housing Strategy 2015-2025 and Action Plan 2015-2019 (Action Plan) outlines the housing reform agenda for Tasmania over 10 years. The Action Plan also includes actions that will contribute to the realignment of social housing stock to better match housing need.

Under the Action Plan the Government is well on track to assist over 1,600 households by June 2019 including new supply of 941 affordable lots and homes. The Government has assisted a total of 878 new households as at the end of June 2018. Of these 878 households:

- 262 households have been assisted into affordable home ownership comprising:
 - 125 assisted through Streets Ahead; and
 - 137 households assisted through HomeShare;
- 194 affordable land lots have been released;
- 190 new social housing dwellings have been constructed comprising:
 - 173 new public and community housing dwellings; and
 - 17 units of disability accommodation;
- 122 households have been assisted into affordable private rentals including 119 households assisted in escaping family violence; and
- 110 new units of homeless accommodation have been provided including 39 units of crisis and transitional accommodation.

These initiatives have supplied 533 new lots of land and new affordable homes as at the end of June 2018.

In addition, the Government has commenced consultation on the Action Plan for the Government's \$125 million Affordable Housing Strategy (Stage II) which is targeting the development of a further 1,500 new supply outcomes by June 2023.

In August 2018, the Government announced it will introduce legislation and launch a public awareness campaign to address compliance concerns relating to short stay accommodation.

Commented [A15]: According to the most recent Report on Government Services Report, there were 13,288 social housing dwellings in Tasmania as at 30 June 2018. The Private Rental Assistance program currently assists around 200 households per month.

The Private Rental Assistance program is no longer the only program to assist people into affordable private rentals and the Government has been increased investment across other programs. The Private Rental Incentives pilot was introduced in May 2018 to provide incentives for landlords to rent their properties at an affordable rate. To 30 June 2019, 95 households have been assisted through this innovative program.

Commented [A16]:

- 984 new lots of land and new affordable homes as at the end of June 2019 were supplied.
- 351 houses were assisted into affordable housing including 147 through Streets Ahead and 204 through HomeShare.
- 291 affordable land lots were released.
- 557 new social housing dwellings were delivered including 104 refurbishments.
- 294 households were assisted into affordable private rentals and rapid rehousing including 183 households assisted in escaping family violence, 16 households assisted after exiting care and rehabilitation facilities, and 95 households assisted through private rental incentives.
- 112 new units of homeless and supported accommodation have been provided.

Commented [A17]: The [Affordable Housing Action Plan 2019-23](#) (Action Plan 2) was released in March 2019.

3 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

3.1 The growth of short stay accommodation in Tasmania

It is difficult to accurately assess the growth in online letting in Tasmania.

The nature of growth can be understood in two distinct categories. The first is letting a room in a house, or enabling it to be rented while the owner or occupier is on vacation or temporarily absent, which is increasing the use of available floor space and not diverting houses from the rental market. The second is investment properties or whole properties that could be used for private long-term rental.

The Government's new legislation will serve two important purposes: to ensure everyone is playing by the rules, and to paint a clear picture of home sharing across Tasmania.

This approach will ensure the Government has meaningful data to fully understand the short stay accommodation sector in Tasmania. Obtaining this data has been challenging due to the following reasons:

3.1.1. The number of accommodation/booking platforms

A number of different online platform providers have Tasmanian listings and new operators are likely to continue to emerge. 'Airbnb' is often used to describe the short stay accommodation market options. However, many other platforms offer a variety of listing types. Not all listing types create housing supply problems. The following platforms all have Tasmanian rental listings:

1 Airbnb

Airbnb provides three options for listings – shared rooms (where there is no private space and shared kitchens); private room with shared facilities (private bedroom but other rooms such as bathrooms are shared with other guests under separate bookings or with the occupier of the property; and 'entire properties'. It is important to recognise Airbnb listings for entire homes can include granny flats, backyard studios, sectioned off areas of the main

home, which have their own entrances and facilities which make them self-sufficient or homes that are available for short term rental only and not for extended periods.

2 Booking.com

Booking.com was traditionally a site for booking of flights, hotels and packages. It has now also extended into share accommodation platform where owners can list properties. Owners can easily 'open' and 'close' the availability of their accommodation on this site. This enables owners to list across a number of platforms and easily manage bookings.

Booking.com has a number of categories of listings:

- Apartments - Furnished and self-catering accommodation available for short- and long-term rental;
- Villas - Private self-standing and self-catering home with a luxury feel;
- Cabins - Free-standing home characterised by sloped roof and rented specifically for holidays;
- Holiday Homes - Free-standing home with private, external entrance and rented specifically for holidays;
- Guest Houses - Private home with separate living facilities for host and guest; Private home offering overnight stays and breakfast;
- Homestays - Private home with shared living facilities for host and guest;
- Campsites - Accommodation offering cabins or bungalows alongside areas for camping or caravans with shared facilities or recreational activities;
- Country Houses - Private home with simple accommodation in the countryside;
- Farm stays - Private farm with simple accommodation;
- Boats - Commercial travel accommodation located on a boat; and
- Luxury Tents - Tents with fixed bedding and some services, located in natural surroundings.

3 Trip Advisor Rentals

Trip Advisor markets itself as advertising 'everything from private rooms to castles, houseboats to villas.' Trip Advisor Rentals has a number of associated platforms including: Flipkey, Holiday Lettings, Niumba, Vacation Home Rentals and HouseTrip.⁹

⁹ https://www.flipkey.com/pages/about_us/

4 Homeaway¹⁰

Homeaway is operated by Stayz Pty Ltd and is part of the Homeaway Group.¹¹ The Homeaway Group contains 11 platforms: Homeaway, VRBO, VacationRentals.com, Homelidays, OwnersDirect, Abritel'Homeaway', FeWo-direkt, Toprural, bookabach, stayz and AlgueTemporada.

5 Search Engines

Search engines allow listed accommodation to be promoted across a large number of platforms. One such engine, Hometogo, suggests that it covers more than 300 providers in over 200 countries.¹²

3.1.2 Determining Tasmanian Activity

It is difficult to accurately determine the extent of Tasmanian activity on short stay accommodation platforms. This is in part due to the number of platforms and the fact properties are often listed on more than one site.

1 Categorising listing types

There are two broad classes of short stay accommodation. However, there is no agreed definition of listing types across platforms. The two broad types of categories are:

- genuine home sharing where owners offer a room in their principal residence while they are occupying it or offer the whole of their principal residence for use while they are temporarily away from home; and
- owners who list whole investment properties as short term accommodation on a seasonal or ongoing basis.

Properties that are only available for use when the owner or occupier is temporarily absent are likely to be counted along with investment properties when considering 'entire homes' that have been diverted from the market, however this is erroneous. Those homes listed during temporary absences would unlikely be available for long term rental.

2 Measuring 'entire properties' on accommodation platforms

¹⁰ Homeaway is part of the Expedia Group. "The Expedia Group brands cover virtually every aspect of researching, planning, and booking travel, from choosing the best airplane seat, to reading personal travel reviews of hotels, to planning what to do in a destination once you arrive. The Expedia Group portfolio serves both leisure and business travellers with tastes and budgets ranging from modest to luxury." <https://www.expediagroup.com/expedia-brands/>.

¹¹ <https://www.homeaway.com.au/info/about-us/legal/privacy-policy.html>

¹² <https://www.hometogo.com.au/about-us/>

Obtaining information on the number of 'entire' properties listed on accommodation platforms compared with the number of permits issued by local government could give an indication of compliance. However, the situation is complicated by the fact that an 'entire property' listing, on booking platforms, can include:

- Entire houses or apartments that are not the normal place of residence of the owner – this requires a permit under Planning Directive No. 6 (PD6).
- Entire houses or apartments which is the normal place of residence and only let out while the owner is temporarily absent (e.g. working away from home or on holidays) – this is exempt under PD6.
- Separate, self-contained part (not exceeding four bedrooms) of a house that the owner lives in – this is exempt under PD6.
- Separate building (e.g. granny flat) in the yard (not exceeding four bedrooms) of a house that owner lives in – this is exempt under PD6.

Many of these options do not equate to stand alone houses or flats that would otherwise be available for longer term rental.

3 Measuring 'investment properties' by determining the number of permits issued by local government

The Government began collecting data from 2016-17 which shows the number of applications made to local government for visitor accommodation. This data shows that 244 applications were made in 2016-17, however this was before the Minister issued Interim Planning Directive No. 2 – Exemption and Standards for Visitor Accommodation in Planning Schemes (IPD2), which commenced on 1 July 2017.¹³

The next round of data will be available from local government in December and will give a better indication of the number of permits issued for the 2017-18 year in accordance with

¹³ Further detail on Planning Directive No. 6 is provided in the response to the fourth term of reference "Regulatory issues including customer safety, land use planning, neighbourhood amenity and licensing conditions compared to other jurisdictions in Australia and worldwide".

IPD2. Draft Planning Directive No. 6 – Exemption and Standards for Visitor Accommodation in Planning Schemes (draft PD6) came into effect by way of IPD2.

PD6 commenced on 1 July 2018 and data for the 2018-19 year will be available late 2019.

4 Lack of base line data

There is no clear base line data to enable an accurate assessment of the growth of short stay accommodation in Tasmania.

Some groups have cited *Inside Airbnb* data in assessing the impact of short stay accommodation in Tasmania. However, using this data as a single source of data for the demand/supply of short term accommodation in Tasmania is not accurate. The data is 'scraped' from publicly available information on provider websites, which is unverified and unlicensed to filter out properties which don't meet government criteria for entire homes.

The other aspect that is not clear from available data is how many entire properties that were offered as 'holiday accommodation' previously are now being offered through accommodation platforms. This type of holiday accommodation would have no net effect on the availability of long term rentals.

5 Privacy laws

Privacy laws mean there is limited publicly accessible detail about properties listed on these sites such as owners' full name and/or address and accommodation platform operators are restricted from releasing this detailed information.

The provision of personal information by private sector organisations, with an annual turnover of more than \$3 million, is regulated under the *Privacy Act 1988* (Cwth). Privacy principles under the Act prevent the use or disclosure of personal information for a purpose other than the purpose for which it was collected, unless the individual consents, the individual would reasonably expect their personal information to be used for the secondary purpose, or another prescribed exception applies.¹⁴ Prescribed exceptions generally only arise where the disclosure is necessary to protect someone's health or safety or is otherwise in the public interest.

6 Duplication across sites

Commented [A18]: The first round of data resulting from the *Short Stay Accommodation Act 2019* is expected in January 2020.

¹⁴ <https://hallandwilcox.com.au/overview-of-privacy-law-in-australia/>

Other accommodation platforms existed before Airbnb¹⁵ and there are continual changes to the market with more platforms coming online and the creation of search engines to trawl across all sites. It is likely that there are duplicate listings across these sites. If identifiable information could be provided by each platform provider, without something more,¹⁶ there would likely be duplications in the information received and considerable work and resources involved in developing a single set of reliable data.

7 Businesses using the accommodation platforms as an additional advertising platform

Due to the market reach of accommodation sharing platforms, some businesses have started listing on accommodation platforms in order to retain market share. As an indication of listings on accommodation platforms, Tasmanian Tourism Industry Council data shows:

- 58% of its accredited accommodation operators are listed on Airbnb;
- 28% of its accredited accommodation operators are listed on Expedia/Stayz (now Homeaway);
- Some are listed on both; and
- 40% are on neither.

Of those:

- 15% get the majority of their bookings from those platforms.
- 47% get 10-15% of their bookings from those platforms.
- 38% are listed but rarely obtain bookings from those platforms.

8 Intermittent listings

Similarly, there is difficulty when trying to calculate the number of listings at any one time because some owners list properties for 365 days per year, whereas other properties may be listed for limited periods per year (such as during vacation periods).

These properties may be included in aggregate figures but there is no clear way of determining whether they are properties that have been diverted from the rental market.

Commented [A19]: The Tasmanian Tourism Industry Council collected this data through a once-off survey. No updated data readily available.

¹⁵ <https://www.linkedin.com/pulse/airbnb-didnt-create-brand-new-concept-so-what-made-leigh-gallagher/> Airbnb launched in Australia in 2012.

¹⁶ Such as a licence number or permit number.

3.2 Assessment of the growth of the short stay accommodation market in Tasmania and the changed character of the market

There is some existing work, such as Inside Aribnb, that has been used to inform an assessment of the growth of the short stay accommodation market in Tasmania. However, analysis from this site has been criticised for an inability to provide complete and meaningful data¹⁷. Caution must be exercised when referring to this type of data as it uses a process of webscraping to analyse data. The accuracy of the data has been criticised by Airbnb as being 'grossly misleading' and 'deeply inaccurate'.¹⁸

3.3 Recent trends in online letting of short stay accommodation

Given the continuing evolution of Tasmania's travel markets and consumer expectations, it is considered that the online booking of short term accommodation fulfils a valuable role in meeting market demand for visitor accommodation in Tasmania. (Tourism Tasmania)

¹⁹

Tourism Tasmania has provided the following information on recent trends in online letting of short stay accommodation.

3.3.1 Tasmania's market segments

Tourism Tasmania targets discrete sub-sections of the travelling leisure market through domestic and international marketing activity. These market segments are informed by research and insights about the types of customers who will best suit the experiences Tasmania has to offer and can provide the best return on investment for the State.

¹⁷ See for instance, Australian Financial Review, March 2, 2018. Murray Cox, the Australian 'data activist' taking on Airbnb, <https://www.afr.com/real-estate/residential/murray-cox-the-australian-data-activist-taking-on-airbnb-20180225-h0wn4g>.

¹⁸ Ibid.

¹⁹ Information provided to the Tasmanian Government submission.

For the past six years Tourism Tasmania has targeted a segment of the domestic (interstate) holiday market known as 'Life Long Learners'. In targeted international markets we market to High Value Travellers consistent with Tourism Australia's approach.

Research has shown that Life Long Learners have an interest in exploring and learning more about the world in which they live, have a positive outlook on life, and live mainly on Australia's eastern seaboard. Their reasons for taking a holiday are to discover and understand new people and places, or to escape and spend time together and create new memories.

A more recent segmentation study conducted by NEEDSCOPE® has identified two additional market segments that strongly align with Tasmania's brand strengths and these visitors are seeking enrichment from their holiday – either connecting outwardly to the environment and/or to others, or inwardly through self-reflection or expression.

Tourism Tasmania's marketing activity in attracting these identified market segments will contribute to achieving Government's and industry's T21 strategic targets of increased yield and increased dispersal of visitors, so that communities throughout Tasmania share in the economic and social benefits of a strong visitor economy.

3.3.2 Sharing economy opportunity

Sharing economy platforms such as Airbnb and Stayz cater to a segment of the travel market who are looking for unique and alternative accommodation styles to main-stream hotels at a range of price points, and who seek the opportunity to 'live like a local', often engaging with local hosts to benefit from their insider knowledge of the destination.

A similar attitude, immersing themselves in the local environs and engaging with local Tasmanians, is also held by the market segments targeted by Tourism Tasmania. Consequently there is strong synergy between Tourism Tasmania's marketing efforts and the audiences reached by sharing economy platforms.

3.3.3 Growth of short stay accommodation in Tasmania

As the destination marketing organisation, Tourism Tasmania is not directly involved in industry supply side matters, however due to the nature of its work and its involvement with the T21 strategy implementation, it retains a strong understanding of factors impacting supply and demand for tourism services.

It has been well-documented over a number of years that there has been a shortfall of beds in Hobart to accommodate current and projected growth in visitor arrivals to reach the T21 goal of 1.5 million annual visitors by 2020. If visitors are unable to book to stay in Hobart at a date of their choice, this impacts their overall Tasmanian holiday plans and they may choose another travel destination.

Alternative short stay accommodation options available through digital platforms have helped to meet the shortfall, thereby contributing to visitor economy growth which sees additional money being spent in Tasmanian communities – on both core tourism products and other services utilised by visitors, as well as by businesses in the supply chain that provide products and services to the tourism industry.

3.3.4 Market share of Tasmanian visitor accommodation

The long-standing Tasmanian Visitor Survey (TVS) began collecting data on use of Airbnb by visitors in July 2016. Following are insights from the TVS for the year ending March 2018:

- Of a total of 1.28 million visitors in the year ending March 2018, some 148,000 stayed in Airbnb accommodation for at least part of their trip. (Visitors may stay at a combination of accommodation types.)
- This equates to 12% of visitors utilising Airbnb accommodation during their trip to Tasmania. The number of total visitor nights spent in Tasmania for the 12 months was 10.83 million, while total visitor nights spent in Airbnb was 680,647 – i.e. 6% of total visitor nights were spent in Airbnb according to TVS results.

Commented [A20]: Insights from the TVS for the year ending March 2019:

- 1.32 million visitors to Tasmania,
- 177,850 visitors stayed in Airbnb accommodation for at least part of their trip.
- This equates to 13.4% of visitors using Airbnb accommodation during their trip to Tasmania.
- The number of total visitor nights spent in Tasmania was 10.62 million.
- The total visitor nights spent in Airbnb was 832,750 – i.e. 8% of total visitor nights.

3.3.5 Trends in online bookings

Over the past decade there has been phenomenal growth in the online booking of travel products, with new technologies revolutionising the way people research and plan their holidays, book services, and share feedback via social media channels.

The accommodation sector has not been immune to this and indeed, to meet consumer expectations, has had to utilise digital platforms that enable confirmation of bookings in real time.

Insights from the TVS for the year ending March 2018 include:

- 359,160 visitors or 28% of all visitors, booked their transport/accommodation/activities prior to arriving in Tasmania through an online-only travel provider or website.
- In addition 135,490 or 11% of visitors booked accommodation online while they were in Tasmania: 53,720 on the internet via computer/tablet and 81,770 on the internet via mobile phone.

Digital technologies have provided efficiencies and savings for both the suppliers and consumers of travel products; and digital distribution channels are now essential for most travel products and visitor economy services.

Commented [A21]: Insights from the TVS for the year ending March 2019:

- 339,040 visitors or 26% of all visitors, booked their transport/accommodation/activities prior to arriving in Tasmania through an online-only travel provider or website.
- In addition 139,180 or 11% of visitors booked accommodation online while they were in Tasmania: 52,240 on the internet via computer/tablet and 86,940 on the internet via mobile phone.

3.4 Accommodation supply analysis

Tourism Tasmania notes that the Office of the Coordinator-General has discussed the shortage of visitor accommodation in its report on Accommodation Supply. The Office engaged industry, local councils and Tourism Tasmania in undertaking a range of regional tourism demand studies. The findings of this work provides analytical support to help underpin investment activity and promotion in the Tourism sector. High level findings from the studies undertaken in 2016 and early 2017 include:

3.4.1 Hobart and Greater Hobart

- Tourism demand has grown strongly over the past four years, with the biggest gain from the international market.
- Average annual occupancy levels are high with Hobart City at 82% and Greater Hobart at 78% to June 2016, with Hobart City's occupancy sitting at over 90% for six months of the year.
- With analysts advising that 75% occupancy is good for a vibrant sector, these results indicate that accommodation businesses in Hobart and surrounds are practically full year round.
- Under a number of demand growth scenarios more rooms are required in Hobart and Greater Hobart to meet growing demand.
- For the T21 target, Greater Hobart requires an additional 1,700 rooms by 2020 which includes 1,478 rooms in Hobart City. If visitor numbers continue to grow at the current growth rate the requirements could be as high as or higher than 1,763 rooms in Hobart and 2,069 in Greater Hobart.
- The number of visitors to the State who spend over \$2,000 per trip has grown by over 50% in the last three years.
- These higher spending visitors are evenly split among genders, are more likely to be older, are working or retired with above average income. They spend an average of 15 nights in Tasmania compared to the current State average of 8.5 nights.
- This high-yield group spend around double that of the average visitor and prefer 4 to 5 star accommodation options.
- As a result, there has been especially strong growth in demand for these 4 to 5 star hotels.
- Demand for rental accommodation is rising strongly and the sharing economy is estimated to be used by about 10% of domestic visitors.

Commented [A22]: Note: This work used a combination of data from the National Visitor Survey and TVS, which includes intrastate, interstate and international visitation. Updates are drawn from the TVS, which reports interstate and international (not intrastate) visitation. The data is not comparable as intrastate visitors are excluded updates.

Commented [A23]: In the year ending March 2019, there were 1,035,052 visitors to Hobart and surrounds.

Visitors stayed a total of 3,984,672 nights in Hobart and surrounds, a 10% decrease in the number of nights compared with the year to March 2018.

Commented [A24]: For the three-year period ending March 2019, the number of visitors that spent \$2,000 or more across their entire Tasmanian trip who stayed at least one night in Hobart City during their trip increased by 17%.

Please note: the Tasmanian Visitor Survey cannot attribute visitor spending to specific regions in the State (such as Hobart or Launceston), spend is for total spending across the entire length of their Tasmanian trip.

Commented [A25]: In the year to March 2019, the average nights in Tasmania is 8 nights.

- 17% of members of high-end hotel loyalty programs are either driven (3%) or at least influenced (14%) in their decision of holiday location by the presence of branded properties.
- Given that between 50 and 60% of guests staying in the Australian properties of the top branded programs are loyalty members, it is expected that the introduction of premium brands such as Hyatt, Marriott, InterContinental and Accor to Tasmania will introduce new visitor demand of around 10% of all guests who stay in these hotels, even without any distribution impact of these loyalty programs.

3.4.2 Launceston

- Tourism demand has grown strongly over the past four years, with the biggest gain from the interstate market and strong international demand.
- In the year to June 2016 average annual occupancy was 64% in the Greater Northern Region and 69% in Launceston. However, the larger, higher rated hotels are indicating significantly higher occupancy rates than this.
- Occupancy in the region is still showing seasonality with average occupancy as high as 86% in the summer months and over 75% in Launceston for six months of the year.
- With analysts advising that 75% occupancy is good for a vibrant sector, these results indicate that accommodation businesses in Launceston are already at that level from November to April each year with significant future visitor growth expected.
- Achieving the T21 target will see an additional 386 rooms required in Northern Tasmania and at least 271 of those in Launceston by 2020. If visitor numbers continue to grow at the rate they have been the requirements could be as high as or higher than 592 in Northern Tasmania and 387 specifically in Launceston.
- There are currently 108 rooms under construction in Launceston with a further 250 rooms under consideration, however this additional supply will not meet the requirements at 2020, let alone beyond, especially for the stronger demand scenarios.
- There is strong recent growth in demand for 4 to 5 star hotels. Demand for more standard hotels has been well up in the last three years, but is starting to steady.
- The number of visitors to the State who spend over \$2,000 per trip has grown by over 50% in the last three years.
- Half of the high spending visitors to northern Tasmania are aged over 55 years and another 33% are aged between 35 and 54 years.
- Around two-thirds of high spending visitors are working and their household income is above average.

Commented [A26]: In the year ending March 2019, there were 554,630 visitors to Launceston. This represents a decrease of 1.9% compared with the previous year.

Visitors stayed a total of 1,424,409 nights in Launceston in the year ending March 2019, a decrease of 3% compared with the year to March 2018.

Commented [A27]: For the three-year period ending March 2019, the number of visitors who spent \$2,000 or more across their entire Tasmanian trip and who stayed at least one night in Launceston City during their trip increased by 16%.

Please note: the Tasmanian Visitor Survey cannot attribute visitor spending to specific regions in the State (such as Hobart or Launceston), spend is for total spending across the entire length of their Tasmanian trip.

- Demand for rental accommodation is rising strongly and the sharing economy is estimated to be used by about 7% of domestic visitors to Launceston, in line with the Australian average.

3.4.3 North West

- In 2015-16 there were 465,000 visitors to the region.
- Visitor nights in the region increased by 17%, with strong growth in the three hubs of Devonport, Burnie and Cradle Mountain between 2014-15 and 2015-16.
- 70% of visitors stay in paid accommodation, with hotel/motels being the most popular followed by rented house, flat, unit and serviced apartments.
- There are currently 77 accommodation properties in Devonport, Burnie and Cradle Mountain offering approximately 1,346 rooms.
- Devonport is the most popular place to stay overnight, followed by Cradle Mountain and Burnie.
- 62% of visitors are leisure travellers with many on short breaks from Victoria and New South Wales who prefer Cradle Mountain for an overnight stay.
- Over two thirds of accommodation offered in the three hubs are at the 3 to 3.5 star range, with Cradle Mountain having a higher proportion of 4 to 4.5 star properties.
- As at December 2016 there were 35 properties listed on Airbnb across the three hubs and anecdotal evidence suggests that this figure is increasing.

Commented [A28]: In the year ending March 2019 there were 504,700 visitors to the North West region, an increase of 3.4% compared with the previous year.

Visitor nights in the region increased by 4% between March 2017-18 and March 2018-19, with strong growth in the hubs of Devonport, and Cradle Mountain.

Domestic visitors make up 82% of those who visited the North West, with the majority visiting for leisure purposes.

(Tasmanian Visitor Survey, March 2019).

3.4.4 East Coast

- Around 632,800 visitors spend 1.3 million nights on the East Coast.
- Occupancy rates reach up to 95% for hotels/motels and 99% for rentals during peak periods.
- The region recorded a growth rate of 9% per annum on average from 2012 to 2015.
- Domestic visitors make up 94% of those who visited the East Coast, with the majority visiting for leisure purposes.
- 68% of visitors to Triabunna-Bicheno stayed in commercial accommodation, compared to 50% in St Helens and surrounds.
- Triabunna-Bicheno has the largest visitor capacity with a total of 260 properties, 1,401 rooms and 5,273 capacity with 35% in Coles Bay.
- St Helens and surrounds has a total of 180 properties, 1,003 rooms and 2,934 capacity.
- Private rentals including Airbnb make up 79% of total properties and 52% of rooms on the East Coast.

Commented [A29]: In the year ending March 2019, there were 352,500 visitors to the East Coast region, a decrease of 9.9% compared with the previous year. Visitors stayed a total of 805,100 nights while on the East Coast, a decrease of 18% compared with the previous year.

Domestic visitors make up 74% of those who visited the East Coast, with the majority visiting for leisure purposes.

(Tasmanian Visitor Survey, March 2019).

3.4.5 King Island

- King Island's visitor economy is growing rapidly due to the completion of two world class golf courses.
- The visitor economy currently generates \$20.57 million in spending both on and off the Island and generates 64.3 or 9% of direct and indirect full time equivalent jobs.
- 189 rooms are currently available for visitor accommodation.
- The majority of accommodation is small properties, such as houses, cottages and bed and breakfasts located in Currie.
- Short stay golf visitors prefer hotels, motels and units at the higher end of the rating scale. There are currently three motels on the Island.
- The average star rating is 3.5 stars (self-rated) and a median price of \$170 to \$180 per night.
- Current annual occupancy sits is between 44 and 50% with winter being very quiet and operators reporting being full or close to capacity between November and April.
- Golf driven visitor demand could require up to 179 additional rooms for five months during high season.
- There are currently over 236 visitor accommodation rooms in the pipeline several of which are targeted to the golf market and include the facilities essential for the higher-end visitor and meeting market.

Commented [A30]: No updated data available. The TVS does not capture King Island or Flinders Island.

3.5 Government action

The Government is committed to sharing the benefits of the Tourism boom across all Tasmanian regions and encouraging visitors to spend more time in regional Tasmania.

3.5.1 Statewide

The Tasmanian Government's Visitor Economy Strategy is a partnership between government and industry that aims to grow annual visitor numbers to Tasmania to 1.5 million by 2020, and so generate visitor expenditure of around \$2.5 billion a year, greater capital investment and more jobs.

The Office of the Coordinator-General has been established by the Government to promote and attract investment into Tasmania, to facilitate major projects and to reduce red tape. It is the principle agency for investment attraction and is the first point of contact within the Tasmanian Government to establish, relocate, diversify or expand a business in Tasmania.

The Government, through the Office of the Coordinator-General, is providing low interest loans through the [Tourist Accommodation Refurbishment Loans Scheme](#) to commercial tourism operators to revitalise and raise the standard of their accommodation offering.

3.5.2 North West

The Office of the Coordinator-General is also instrumental in playing a key role in the implementation of two projects that will drive significant investment and growth, the Devonport Living Cities project and the Cradle Mountain Master Plan, and is working with potential investors to develop further accommodation options on the North West Coast.

3.5.3 East Coast

The Office of the Coordinator-General is also delivering Austrade and Tourism Australia's Regional Tourism Infrastructure Investment Attraction Strategy for the East Coast. The Strategy focuses on coordinated facilitation, reform and investment promotion to attract investment to the East Coast region.

The region was selected as the visitor economy shows strong signs of growth and it offers a unique offering to investors, but has witnessed lower levels of investment – for example, tourism infrastructure is not keeping up with demand.

The Strategy's objective is to improve the availability, quality and choice of accommodation options, introducing high quality products and services, encouraging visitor dispersal and increasing regional Australia's share of the social and economic benefits of the visitor economy.

The Strategy recognises there is a shortage of affordable tourism industry staff accommodation, particularly in the Coles Bay, Bicheno and Swansea areas of the East Coast. The Office of the Coordinator-General has commissioned some work to look at staff accommodation demand and supply, and what the market (tourism workers) want. The results of the study are expected by the end of 2018.

3.5.4 King Island

The Government is working with the King Island Council and other key stakeholders on a number of suggested options, particularly the development of worker accommodation.

3.5.5 Flinders Island and Huon Valley

Accommodation supply analyses for Flinders Island and the Huon Valley – locations that do not have a considerable supply of hotel or resort accommodation – are currently underway, with results expected by the end of 2018.

Commented [A31]: This report has experienced some delays due to further work being undertaken to validate research and analysis and gathering feedback. The results of the study are expected shortly.

Commented [A32]:

Flinders Island

The study commissioned by the Office of the Coordinator-General found that:

- the total number of beds on Flinders Island for the visitor economy is reasonable for the current demand;
- there is a slight shortage in affordable rental accommodation for workers/residents, which is heightened in busier holiday times;
- the existing housing supply on Flinders Island shows a surprisingly large number of empty houses, many of which may be unavailable to the rental housing pool as they are holiday homes or in a dilapidated state;
- social housing is well managed on the Island by the Flinders Island Aboriginal Association Inc. who has recently constructed a number of houses to fill immediate shortfalls. The organisation has also reported a strong demand for

Commented [A33]: Huon Valley

The study commissioned by the Office of the Coordinator-General examined the likely future accommodation supply requirements for the Huon Valley.

The study found that a growing population and increased demand for seasonal worker accommodation and visitor accommodation are impacting accommodation supply in the area.



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

There are various factors impacting on the residential housing sector in Tasmania. Short stay accommodation is seen as a possible contributing factor to the shortage of dwellings available for residential use, particularly dwellings available for rental and affordable housing. However, the impact of the short stay accommodation market cannot be considered without also looking at the other impacts on housing.

4.1 The residential housing sector

In response to community concern about housing availability in the Greater Hobart region, the Tasmanian Government hosted a Housing Summit (the Summit) on 15 March 2018. Attendees at the Summit represented the whole housing sector, including the construction industry, planning and local government, the finance sector, the University of Tasmania (UTAS), TasCOSS, Shelter Tas, the short stay rental market, as well as social and crisis accommodation providers and peak groups.

At the Summit, nine key actions were agreed upon, one of which was undertaking further research to better understand trends in Hobart's rental market. The Government released this research paper, *Housing rental market trends in Tasmania – analysis of recent trends and assessment of data quality – Information Paper*, in June 2018 and the full report is available at

<http://www.treasury.tas.gov.au/Documents/Housing%20Rental%20Market%20Trends%20-%20Information%20Paper.pdf>.²⁰

4.2 Measures of changes to the rental market

Economic data can give an indication of the relative supply in Tasmania's housing market. This data is only indicative of increases or decreases in supply. It does not indicate how much supply is being diverted to the short stay accommodation market.

4.2.1 Median rental prices

²⁰ Tasmanian Government, Department of Treasury and Finance, *Housing rental market trends in Tasmania – analysis of recent trends and assessment of data quality*, June 2018.

Median rentals provide the middle score for recently rented properties. With 50% of properties above the median rental price and 50% below it, the median rental price is a more reliable measure than the average rental price which may shift misleadingly based on high or low cost properties. Therefore increases to the median rental price may mean an increase in rental prices overall. However, medians, as a measure of rental prices, need to be considered in light of what else is occurring in the market as well.

The Department of Treasury and Finance analysis of data shows:²¹

- Hobart has experienced strong rental price growth, compared to the rest of Tasmania. According to the Real Estate Institute of Tasmania (REIT), the median weekly rental price for a three-bedroom house in the Greater Hobart area increased by 8.1%, or \$30 per week between the March quarter 2017 and the March quarter 2018. Over the same period, the median weekly rental price in Launceston decreased by 3.4%, or \$10, while the price increased by 3.9%, or \$10, on the North West Coast.
- According to the REIT, the median weekly rental price for a three bedroom home in Hobart was \$400 for the March quarter 2018, compared with \$330 for the March quarter 2013, a 21.2% increase over that period. Much of this increase has been over the past 12 months.
- Launceston and the North West have not experienced similar rises in the median rental price over the last five years. According to the REIT, the median rent price was \$290 in Launceston and \$270 in the North West Coast for the March quarter 2018, less than 10% above the prices five years earlier (\$280 and \$250 respectively).

Commented [A34]: According to REIT, the median weekly rental price for a three-bedroom house (as at the June 2019) included:

- Hobart: \$440 (\$45 increase from June 2018)
- Launceston: \$330 (\$10 increase from June 2018)
- North West: \$280 (\$15 increase from June 2018)

Five years ago (June 2014), the median weekly rental price for a three-bedroom house were:

- Hobart: \$330
- Launceston: \$283
- North West: \$258

4.2.2 Vacancy Rates

Vacancy rates are used as a measure the gap between supply and demand in the rental property market. The methodologies and source data for calculating vacancy rates can vary significantly, so they should only be used as an indicator of market conditions compared to another geographic market at the same point in time, or another point in time for the same market.

Vacancy rate data in Tasmania is collected by REIT and SQM Research.²² The Tasmanian Department of Treasury and Finance examined the differences in vacancy rates reported by the REIT and SQM Research, published in the *Housing rental market trends in Tasmania - analysis of recent trends and assessment of data quality - Information Paper June 2018*.²³ Notwithstanding the

Commented [A35]: According to the REIT, the vacancy rate as at June quarter 2019 included:

- Hobart: 1.7%
- Launceston: 2.0%
- North West: 3.1%

²¹ Ibid p3.

²² <http://sqmresearch.com.au/>

²³ <http://www.treasury.tas.gov.au/Documents/Housing%20Rental%20Market%20Trends%20-%20Information%20Paper.pdf>.

differences, both vacancy rates tend to show the same trend over time. More information about vacancy rates is included in Treasury's Information Paper.

The vacancy rate in Hobart has been declining since 2012, hitting a low in November 2017 but is currently rising.²⁴ According to the REIT data, there are signs that the rental market is responding with latest figures showing that it has softened and therefore improving. The vacancy rate in Hobart for the June Quarter 2018 was 1.7%. This compares with a vacancy rate of 1.9% in Launceston and 3.1% on the North West Coast for the same quarter.²⁵

Vacancy rates in Hobart and the North-West Coast have increased from the March Quarter (1.4% and 2.8% respectively) and Launceston has remained stable.

4.2.3 Real Estate Institute of Tasmania Quarterly Report – June 2018

The REIT Quarterly Report outlines a number of positive signs pointing to a shifting market and increases in housing supply. In particular:

- Land sales in 2018 (1,088 lots) are 20.4% higher than at the same time last year.
- First Home Buyers (FHBs) acquired 170 lots while 560 were purchased by existing home owners looking to upgrade. The balance was acquired by investors and developers.
- Rents appear to have flattened out following the easing of demand over the quarter.
- FHB sales increased by 1.0% and were greatest in Hobart (16%) and the North West (16%) of all sales, while Launceston was lower at 12%. The median purchase price for FHBs across the State was \$340,000.
- Foreign investors acquired 21 properties in the quarter at a median price of \$392,000. These represent less than 1% of total sales.
- Local buyers dominate the Tasmanian residential property market accounting for more than three quarters (76%) of the property transactions that occurred in the June quarter. Interstate and foreign buyers accounted for 24% of sales.
- Of the suburbs, cities or towns, Devonport recorded the highest number of sales (59), followed by Newnham (41), Glenorchy (36), Riverside (34) and New Norfolk (33) while Launceston dominated the municipal sales (with 419), followed by Clarence (273), Glenorchy (246) and Hobart (240).

Commented [A36]: 232 FHB sales were recorded at a median price of \$320,000 (REIT, June Quarter 2019).

Commented [A37]: FHB sales increased from 13% of all sales 12 months ago to 12% (REIT June Quarter 2019).

Commented [A38]: Local buyers accounted for 68% and interstate and foreign buyers 18% (unreported accounted for the remaining 13%) (REIT, June Quarter 2019). Sales to foreign buyers remains below 1% (ibid).

Commented [A39]: Of the suburbs, cities or towns, Devonport (56), Howrah, Kingston, Newnham and South Launceston (all 34) recorded the highest number of sales (REIT, June Quarter 2019).

Launceston dominated municipal sales (397), followed by Clarence (291), Glenorchy (239), Hobart (205), Kingborough (146) and Devonport (137) (REIT, June Quarter 2019).

²⁴ See SQM figures for Hobart from November 2017 to July 2018.

²⁵ REIT Media Release, June Quarter Results, <http://reit.com.au/quarter-results-media/>.

4.3 Factors impacting on the residential housing sector

There are numerous and complex factors in both supply and demand sides, which have contributed to a decreasing vacancy rate and increasing rental costs, especially in Hobart, since around late 2016. These include:

- high rates of employment growth in the Hobart and the South East region;
- steady population growth in the Hobart region;
- increasing house prices;
- growth in international students;
- access to skilled labour in the construction industry; and
- changes to the way we live.

4.3.1 Employment Growth

Total employment in the Hobart area has been increasing strongly and Hobart has recorded the strongest growth of the three regions within Tasmania, particularly since November 2016. The latest CommSec State of the State Report shows Tasmania's unemployment rate is below its relative decade average.²⁶ Being employed is obviously a key factor in owning a home and can create increased housing demand.²⁷

²⁶ https://www.commsec.com.au/content/dam/EN/Campaigns_Native/stateofstates/July2018/CommSec_State_of_the_State_July2018.pdf.

²⁷ See for instance: https://www.corelogic.com.au/news/the-relationship-between-the-labour-force-and-the-housing-market#.W1v_ctlzbD4.

Commented [A40]: Hobart and South East recorded the strongest growth in employment in the year to May 2019 compared to the previous year, at 0.8%. The West and North West increased by 0.5% while the Launceston and North East decreased by 0.7%.

The decade average unemployment rate (May 2009-2019) is 6.4% (ABS cat no 6202). The May 2019 unemployment rate was 6.6% (ABS).

The April 2019 CommSec report recorded Tasmania's unemployment rate at 6.5%.

4.3.2 Population Growth

While Tasmania's annual population growth is around 0.9% statewide, it has been more than 1% in the Greater Hobart area, the highest since 2010. During the December quarter 2017, net migration to Tasmania comprised 78% of population growth, or 930 people. Population growth from migration tends to create a greater demand for housing than natural population growth because migration generally includes an increase in the working age population and families, who require housing.

The July 2018 CommSec State of the State report shows Tasmania is the strongest of all states and territories on its relative population measure, with its 0.94% annual population growth rate almost 65% above the decade-average rate.

4.3.3 Increasing house prices

ABS figures indicate that Hobart's median house price for the December quarter 2017 had risen 12.6% since the December quarter 2016. This rapid house price growth impacts affordability for some home buyers when the supply of new affordable housing is limited, forcing some potential buyers to remain in the rental market, adding to demand.

4.3.4 Increased tourist growth

In addition, according to Tourism Tasmania, Tasmania had 1.28 million international and interstate visitors in the year to March 2018. Since December 2012, average year-on-year growth in total visitors has been 7.0%.

4.3.5 Growth in international students

The growth in international students may have contributed to the demand for rental housing, with the number of onshore international students at UTAS increasing from just over 3,000 students in 2011 to just over 4,000 students in 2016.

4.3.6 Access to skilled labour in the construction industry

Increasing investment and development in the State has seen the demand for skilled labour increase and this may impact the building sector's capacity to construct new residential homes.

4.3.7 Changes to the way we live

There is a national trend toward a smaller number of people residing in each dwelling. While the Greater Hobart statistical area has been relatively consistent at 2.4 persons per dwelling, central Hobart is showing signs of following this national trend with rates per dwelling dropping.

Commented [A41]: Population growth increased by 1.21% statewide as at 31 March 2019 compared to the previous year. Population growth increased by 1.5% in Hobart and South East during 2018.

The July 2019 CommSec report shows Tasmania has the strongest relative population measure with 1.24% annual population growth (for December 2018, which was the latest data at the time of the CommSec report) 114% above the decade-average rate.

According to the ABS (cat no 3101), the 1.21% Tas population growth rate in March 2019 compared to the previous year, was the fifth highest in the country and around twice as high as the decade average growth rate. It's also closer to the national rate of 1.56%.

Commented [A42]: ABS figures show that the residential property price index in Hobart increased by 0.5% in the quarter to June 2019 (cat. no. 6416.0)

Commented [A43]: Tourism Tasmania recorded 1.315 million international and interstate visitors in the year ending June 2019.

Since June 2015, average year-on-year growth in total visitors has been 3.5%.

Commented [A44]: In 2018, UTAS had about 6,000 onshore international students (UTAS data).

Commented [A45]: Based on 2016 Census data which has not changed.

Tasmania's housing stock is predominately detached dwellings with 2 to 3 bedrooms. However, an ageing population and changing social norms is likely to add to demand for the number of dwellings available if we see an increasing number of single occupants.

4.4 Government and other responses to increase the supply side of the rental market

With continued low vacancy rates and median weekly rents and yields at high levels, it is expected that the market will respond with investors and developers investing in the new supply of rental housing. This will help the market to adjust over time.

Additionally, when house prices in Tasmania are significantly below mainland prices, this tends to attract interstate migration to Tasmania, with a relatively large share of house purchases being interstate buyers.

There are indications that some supply-side response has commenced. For example, the value of residential building approvals has increased strongly over the last 12 months in Tasmania, and, according to the ABS, in the year to May 2018 was \$837 million, up 25.8% on the year to May 2017.

The REIT June quarter 2018 summary information available from the REIT website and the SQM data shows vacancy rates easing across Tasmania in June 2018. The REIT reports vacancy rates have increased marginally to 1.7% in Hobart and 3.1% in the North West, while remaining steady in Launceston at 1.9%. The REIT summary indicates that rents appear to have flattened as demand has eased over the June 2018 quarter.

A combination of initiatives outlined in the following section may have an impact on the supply side of accommodation.

4.4.1 Increasing tourist accommodation

Approximately 2,500 new hotel rooms were completed in the last year or are under construction in Hobart. This extra supply in the short stay accommodation market is likely to result in some properties being returned to the rental housing market as yields in the short stay market decrease.

Recent developments include:

- Fragrance Group opened the Ibis Styles Hobart, bringing online an additional 296 rooms in the city; and
- Federal Group opened MACq 01 at Macquarie Point with 114 new luxury rooms.

Further beds are coming online:

Commented [A46]: Value of residential building approvals was \$1.01 billion in the year to June 2019, up 14.4% compared to the year to July 2018 (ABS Cat No 8731.0).

Commented [A47]: According to the REIT, the vacancy rate as at June quarter 2019 included:

- Hobart: 1.7%
- Launceston: 2.0%
- North West: 3.1%

- In Hobart there are currently 744 rooms under construction; another 274 rooms are likely to proceed and have development approval; and 919 rooms are under consideration by developers and/or going through the development approval process.

In Launceston:

- Errol Stewart's Silo Hotel opened in June 2018, bringing an additional 108 rooms in to the market;
- Hotel Verge on Tamar Street has received development approval for 86 rooms; and
- The JAC Group has announced the \$50 million, 4.5 star Gorge Hotel comprising 130 rooms.

The Devonport City Council has also announced that Fairbrother is the winning developer for a \$40 million waterfront hotel site in the city's CBD. This will provide 175, 4-star rooms.

There are also initiatives underway to help entice visitors into our regions, consistent with the Government's regional dispersal strategy.

These will be supported by the Government's \$20 million Tourism Accommodation Refurbishment Loan Scheme (TARLS). The Scheme will provide assistance to tourism operators, particularly in regional Tasmania, to improve the standard of the tourism offering in the State. To date, ten applications to the value of \$5.496 million have been assessed and approved.

4.4.2 Increasing student accommodation

UTAS has taken a number of steps to increase the supply of student accommodation in Hobart.

- A significant investment in student accommodation was funded through the Australian Government's National Rental Affordability Scheme (NRAS). The NRAS funding delivered University apartments at West Park (40) on the Cradle Coast, Newnham (180), Inveresk (120) and Hobart (430) which – under the terms of the funding – must be offered for a minimum of 20% below market value rates. Now complete, these 770 new apartments represent a \$120 million investment in Tasmania;²⁸
- In March 2018, UTAS also announced it had secured private investment funding to underwrite a new student complex of about 430 beds, worth more than \$70 million, at 40 Melville Street, with work expecting to be completed by 2020; and
- In May 2018, UTAS purchased the Midcity Hotel in Hobart's CBD to provide approximately 140 new student beds initially and increasing to more than 170 by Semester 1, 2019.²⁹

The combined capacity of all three new student accommodation developments in Hobart CBD is approximately 1,030 beds, and approximately an additional 140 in other areas of the State.

Commented [A48]: Update from UTAS:

- The 40 Melville Street is expected to be completed ahead of the first semester of 2021.
- The Midcity Hotel in Hobart's CBD is to provide approximately 139 new student beds initially and increasing to 170 by Semester 2, 2019.
- In December 2018, UTAS purchased the Fountainside Hotel, adding an additional 75 beds to its accommodation pool.
- During 2019, it has developed the Annex, a new student village of 183 apartments using quality, prefabricated accommodation.
- Currently negotiating to secure private backing for a 400-plus apartment complex at the K&D hardware site in Hobart and new accommodation in Launceston of over 250 beds.

²⁸ <http://www.utas.edu.au/news/2017/10/24/443-university-apartments-open-on-melville-street-hobart/>

²⁹ <http://www.utas.edu.au/latest-news/utas-homepage-news/new-student-accommodation-for-hobart>

4.4.3 Increasing the supply of skilled labour

The Government has been working with the construction and engineering industries to fill the gap in the market, including investing in workforce development and grants to support the uptake of apprentices and trainees.

The Government:

- extended the Payroll Tax Rebate Scheme for apprentices and trainees to 30 June 2021, with a targeted focus on addressing workforce needs in identified areas of Tasmania's economy. The extended scheme provides a payroll tax rebate for apprenticeships and traineeships in identified areas, including building and construction and will support around 3,000 new apprenticeships and traineeships in total;
- introduced the Small Business Grants for Apprentices and Trainees pilot program to support more apprenticeships and traineeships for small business (\$5 million over two years, from 2017-18). This pilot program has been highly successful and is now fully subscribed having supported over 1,300 individuals into new apprenticeships and traineeships with small business;
- in March 2018, recommitted to provide \$2.5 million annually in small business grants for employers of apprentices and trainees through a program targeted to specific industries. This funding provides a grant of up to \$5,000 for each new apprentice or trainee taken on by a small business in identified sectors of the economy such as building and construction, tourism and hospitality and advanced manufacturing. It is anticipated this will support 1,500 new apprenticeships and traineeships and assist local small business to access the skilled workers they need to grow; and
- committed to investing \$7 million to establish a Trades and Water Centre of Excellence as a purpose-built training workshop for the industries. The new centre will include onsite accommodation and a new purpose-built workshop fitted out with the latest technology, and will offer training courses covering plumbing, electrical, automotive, plastics, refrigeration and air-conditioning.

Efforts to address industry skills demand are supported by the Building and Construction Training Policy, which is a whole-of-government initiative aimed at increasing the skilled workforce of the building and construction industry in Tasmania. The Training Policy applies to Tasmanian Government-funded building and construction projects of \$250,000 or higher in value. It requires that a minimum of 20% of the total labour hours worked on such projects be undertaken by apprentices under a training contract in a trade directly related to the building and construction industry.

Commented [A49]: On 1 July 2018, the Government also introduced reduced rates of payroll for all taxpayers. The payroll tax rate has reduced from 6.1% to 4% for wages between \$1.25 million and \$2 million. This will help medium and large businesses to employ more workers.

The Government is also supporting targeted skilled migration to fill immediate skill shortages, including through the *You in a Year* campaign, and Tasmanian Employment Network Service (TENS) being progressed through the Population Growth Strategy.

TENS provides assistance to people seeking employment in construction, engineering, information and communication technology (ICT), health and hospitality related fields by connecting them with relevant industry and business contacts. The service is free and open to people from all geographical locations who are eligible to work in Australia and interested in finding employment in Tasmania. This service is available through the MakeltTasmania.com.au website.

4.4.4 Incentivising owners of private rental properties into the rental market

In late 2017 the Government undertook an analysis of the Tasmanian Housing Register (common wait list) to determine the demand for affordable accommodation. The analysis showed about 700 applicants citing inability to access affordable accommodation as the reason they were seeking housing assistance from Housing Connect. There were no other support needs cited.

The Private Rental Incentive scheme is aimed at assisting this cohort of people across the State. It is an initiative under the first *Affordable Housing Action Plan 2015 - 19*. The initiative arose from proposals put forward by stakeholders, including Shelter Tasmania, during the workshops conducted to develop the *Affordable Housing Strategy 2015-2025*. The Government has committed \$1.785 million for this pilot which commenced in May 2018.

The initiative provides a payment to property owners of \$10,000 in the North and North West and \$13,000 in the South to make their homes available at affordable rents for a 12 month period.³⁰ The homes will be head leased by a community housing provider and sub-let to households from the Housing Register. The initiative seeks to approve 110 properties into the scheme by 30 June 2019.

As the properties are being sought from the private rental market, preference is given to properties which are currently not subject to residential leases. Properties that meet this criterion include new homes, properties recently purchased by investors or dwellings that may have been used for short stay accommodation.

Suitable applicants will be low income households with low or no support needs who can afford a private rental property at the prescribed maximum rent for the program. They must be 18 years or older and must meet the income eligibility threshold for social housing. Applicants will also be eligible to apply for Private Rental Assistance and Commonwealth Rental Assistance.

As at the 12 July 2018, 50 properties have been approved to enter the program.

³⁰ The value of the incentive is higher in the South as rent prices and property costs are higher.

4.4.5 Releasing land for new residential development

The Tasmanian Government is facilitating the release of land for new residential development and has legislated to accelerate zoning changes. A key initiative of the Government's *Affordable Housing Strategy 2015-2025* is the prevention of housing stress and homelessness through providing new affordable supply. To assist in delivering this outcome, in the 2017-18 Budget the Treasurer announced a broad scale whole-of-government review to assess underutilised government land that may be suitable for repurposing into housing. The *Housing Supply Side Options: A review of Government owned land holdings potentially suitable for conversion to residential housing* was released on 16 March 2018, available on the Treasury website - <http://www.treasury.tas.gov.au/Documents/Housing%20Supply%20Side%20Options%20Project%20-%20Final%20Report.pdf>

This resulted in the Government endorsed action at the Housing Summit, hosted by the Premier on 15 March 2018, which was to introduce land-release fast track legislation in the autumn session of Parliament 2018 to rezone government land to enable an accelerated supply of affordable housing.

This legislation, the *Housing Land Supply Act 2018*, provides for a more direct and efficient process for rezoning Housing Tasmania land and surplus Crown land to help accelerate the supply of land that can be developed for affordable housing, in Tasmania. It also provides for the nomination of specific planning controls relating to residential use and development that will apply to certain areas of Housing Tasmania land or surplus Crown land.

The Act overrides the rezoning process in the *Land Use Planning and Approvals Act 1993* and provides the Minister with the power to:

- rezone certain areas of Housing Tasmania land and surplus Crown land after it has been identified and assessed as being suitable for affordable housing; and
- nominate specific planning controls relating to residential use and development that apply to certain areas of Housing Tasmania or Crown land.

4.4.6 Legislation taxation measures to support housing supply and affordability

The Government has legislated specific measures to support housing supply and affordability through the *Housing Availability and Payroll Tax Relief Act 2018* which received Royal Assent on 29 June 2018. Initiatives in the Act include:

- a duty concession for first home buyers of established homes, of 50% of the duty payable for a property value of up to \$400,000, for an initial period of 12 months;

Commented [A50]: Extended until 30 June 2020.

- a duty concession for pensioners downsizing to a new home, of 50% of the duty payable on the new home for a property value of up to \$400,000, for an initial period of 12 months;
- a three-year land tax exemption for newly built housing made available for long-term rental;
- a one-year land tax exemption for newly listed rental properties returning from the short stay accommodation market within the Greater Hobart area;
- extension of the \$20,000 First Home Owner Grant for eligible first home owners buying or building a new home, to 30 June 2019; and
- a Foreign Investor Duty Surcharge of an additional 3% of the dutiable value for all purchases of residential property by foreign residents

The impact of these measures is likely to be seen in the next 12 months.

4.4.7 Developing the Hobart City Deal

The agreement to develop a Hobart City Deal includes action on affordable housing. Options will be explored in partnership with the Australian and local governments.

Commented [A51]: Extended until 30 June 2020.

Commented [A52]: Extended until 30 June 2023.

Commented [A53]: Extended until 30 June 2023. Applies to all of Tasmania

Commented [A54]: Extended to 30 June 2020.

Commented [A55]: The Tasmanian Government announced in the 2019-20 Budget that the Foreign Investor Duty Surcharge will increase as follows:

- From 3.0 per cent to 7.0 per cent on all purchases of residential property by foreign residents; and
- From 0.5 per cent to 1.5 per cent on all purchases of primary production land by foreign residents.

Following subsequent consultation with key stakeholders, the Government announced in August 2019 that it will further increase FIDS to 8% bringing Tasmania into line with Victoria and New South Wales. The rate changes are expected to apply from 1 April 2020.

5 THE IMPACT OF SHORT STAY ACCOMMODATION ON THE TOURISM SECTOR

The Tasmanian Government notes that Tasmania continues to be a must-see destination with international visitor numbers experiencing strong growth, coupled with visitors spending record amounts in our economy.

While the Tourism sector is best placed to comment on this term of reference, the Tasmanian Government submission recognises that tourism is one of our State's competitive strengths, it supports 38,000 direct and indirect jobs.

The 2018-19 State Budget delivered more than \$129 million to support Tasmania's tourism, events and hospitality sectors through more marketing, better infrastructure and new experiences and events.

The latest International Visitor Survey results show that Tasmania has welcomed 300,400 international visitors in the year to March 2018, the highest number on record and an increase of 20%.

For the first time, international expenditure in Tasmania exceeded half a billion dollars at \$559 million, a 32% increase over the year.

The number of nights international visitors stayed in Tasmania is also at a record high, with over 5.2 million nights in the year to March; a 44% increase on the previous year.

The average length of stay is now 17.3 nights, which is an important element in achieving more visitors for our regions.

Commented [A56]: The latest International Visitor Survey results show that Tasmania has welcomed 298,900 international visitors in the year to March 2019.

International expenditure in Tasmania was approximately half a billion dollars at \$490 million for the year period March 2018-19 ([International Visitor Survey](#), March 2019).

Commented [A57]: Over 4.4 million nights in the year to March 2019 ([International Visitor Survey](#), March 2019).

5.1 Providing accommodation in periods of peak demand

The Tasmanian Government's response under the first term of reference outlines the findings of the Office of the Coordinator-General's accommodation supply analysis, which provide insights into regional tourism demand. These figures show that during high season, particularly in January and February, occupancy levels are very high. During these periods of peak demand, the private short stay accommodation market has filled an important role by providing accommodation, however the pipeline of supply is hard to predict. A summary of the analysis is provided below.

5.1.1 Hobart and Greater Hobart

- Average annual occupancy levels are high with Hobart City at 82% and Greater Hobart at 78% in the year to June 2016, with Hobart City's occupancy sitting at over 90% for six months of the year.
- With analysts advising that 75% occupancy is good for a vibrant sector, these results indicate that accommodation businesses in Hobart and surrounds are in high demand year round.
- At that time, the sharing economy was estimated to be used by about 10% of domestic visitors.

5.1.2 Launceston

- Data for 2017 shows a seasonal market with average occupancy in Launceston as high as 86% in the summer months and over 75% for six months of the year (November to April). It is important to note that significant future visitor growth expected for the region.
- At that time the sharing economy was estimated to be used by about 7% of domestic visitors to Launceston, in line with the Australian average.

5.1.3 East Coast

- Occupancy rates on the East Coast are highly seasonal, with occupancy rates highest for private rental accommodation providers.
- The data reveals that the stock of both private short stay and hotel/motel accommodation is at capacity, particularly for Triabunna-Bicheno, and seasonally (December to March).
- As of June 2016, private rental accommodation made up 79% of total properties and 52% of rooms on the East Coast.

5.1.4 North West

- Occupancy rates in the North West are also highly seasonal, with occupancy rates highest in February, and lowest in June/August.
- The report suggests that on average, Airbnb hosts only make units available for rent about half the time.

5.2 Market share of Tasmania visitor accommodation

Tourism Tasmania notes:

The long-standing TVS began collecting data on use of Airbnb by visitors in July 2016. Insights from the TVS for the year ending March 2018 include:

- *Of a total of 1.28 million visitors in the year ending March 2018, some 148,000 stayed in Airbnb accommodation for at least part of their trip. (Visitors may stay at a combination of accommodation types.)*
- *This equates to 12% of visitors utilising Airbnb accommodation during their trip to Tasmania.*

Commented [A58]: Insights from the TVS for the year ending March 2019:

- 1.32 million visitors to Tasmania,
- 177,850 visitors stayed in Airbnb accommodation for at least part of their trip.
- This equates to 13.4% of visitors using Airbnb accommodation during their trip to Tasmania.
- The number of total visitor nights spent in Tasmania was 10.62 million.
- The total visitor nights spent in Airbnb was 832,750 – i.e. 8% of total visitor nights were spent in Airbnb.

- The number of total visitor nights spent in Tasmania for the 12 months was 10.83 million, while total visitor nights spent in Airbnb was 680,647 – i.e. 6% of total visitor nights were spent in Airbnb according to TVS results.

5.3 Airbnb contribution to the Tasmanian economy generally

The Deloitte Access Economics Report on the *Economic Effects of Airbnb in Australia*, Tasmania, 2017, commissioned by Airbnb, suggests the following economic contribution of Airbnb to Tasmania and to Tasmanians:

- Airbnb guests contributed \$54.5 million to Tasmania's Gross State Product (GSP) in 2015-16 (\$42.1 million in direct contributions and \$12.5 million in indirect contributions), supporting 599 jobs in addition to the activities of hosts;³¹
- One of the drivers in growth has been creating lower cost accommodation options;
- One of the key differences influencing the use of Airbnb is location – three quarters of Airbnb properties in major markets around the world are located outside traditional tourist areas. Other features include bringing people together from other states or countries, home-like facilities in accommodation, and the features of the Airbnb app such as the rating system; and
- Airbnb hosts in Tasmania earned a median income of \$7,000 in 2015-16.

The provision of Airbnb accommodation in popular regional tourist areas, such as the East Coast of Tasmania, provides an important additional accommodation option.

The Tasmanian Government notes that Airbnb is only one of the short stay accommodation providers in Tasmania and therefore the actual contribution of the entire market is significantly higher.

³¹ Deloitte ranked Tasmania fifth in Airbnb contribution to state/territory economic contribution, behind New South Wales, Victoria, Western Australia and Queensland and in front of South Australia, the Northern Territory and the Australian Capital Territory, p22.

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

Tasmanians have embraced the sharing economy and we are committed to ensuring it continues to play a positive role in our visitor economy and community.

However, it is clear that there is an issue when it comes to compliance that is cause of significant concern for the community sector and the tourism and hospitality industries.

To address this, we will introduce legislation by the end of this year to ensure compliance with our existing regulations.

The legislation will serve two important purposes; to ensure everyone is playing by the rules, and, to paint a clear picture of home sharing across Tasmania.

This approach will ensure we have meaningful data to fully understand the short-stay accommodation sector in Tasmania.

The intent of the legislation is to require anyone listing an investment property on an online platform to show details of their required permit. Roger Jaensch, Minister for Housing³²

The Government has taken action to ensure compliance of the regulations around short stay accommodation. It considers that the regulatory setting strikes the correct balance with the most recent set of changes being made following the review of draft Planning Directive No. 6, which included a full public consultation undertaken by the independent Tasmanian Planning Commission (TPC).

6.1 Planning Scheme changes

The Tasmanian Government has embraced the home sharing economy, introducing nation-leading regulation in July 2017 that changed the rules surrounding short stay accommodation (such as Airbnb and Homeaway) to provide certainty, consistency, reduce red tape and support consumer choice.

This was done through an Interim Planning Directive, which was subsequently assessed by the independent TPC. The TPC's recommendation was to retain the exemption for Tasmanians renting out rooms in their own home, or their primary place of residence while on holidays,

This was an indication that the Tasmanian Government had put in place the correct regulatory settings, ensuring that only investment-type properties require a permit and at the same time making it easier for people to share their home.

The Government also implemented the TPC's other recommendations, including minor changes to secondary reforms for visitor accommodation that goes to investment properties and homes with more than four bookable rooms, such as:

- A reduction to the permitted floor area;
- Further controls on visitor accommodation in strata schemes; and

³² Tasmanian Government Media Release, Short-stay: Play by the rules, Roger Jaensch, Minister for Housing, 7 August 2018.

- Reverting the regulation of visitor accommodation for some areas within Battery Point back to the way it was under the Hobart Interim Planning Scheme 2015.

These changes came into effect on 1 July 2018.

6.1.1 The changes that came into effect on 1 July 2018

Since 1 July 2017 there has been a general 'home sharing exemption' which means that there is an exemption from permit requirements if a dwelling is used by the owner or occupier as their main place of residence and: it is let out to visitors while the owner or occupier is on vacation or temporarily absent; or not more than four bedrooms are let out to visitors.

The 1 July 2018 changes implemented by the Minister for Planning, on the recommendation of the independent TPC, did not affect this general exemption. The new requirements change the circumstances for when visitor accommodation within residential zones is a 'Permitted' use under the planning scheme.

They relate to new visitor accommodation use within existing dwellings or other existing habitable buildings in residential zones if: they are not used by the owner or occupier as their main place of residence; or they are used by the owner or occupier as their main place of residence and visitors are accommodated in more than 4 bookable bedrooms.

These types of properties do not meet the 'home sharing exemption' and also have to meet a number of standard requirements under the Planning Directive to be deemed a 'Permitted' use under the planning scheme. The use must also meet all requirements in the planning scheme that are necessary for a 'Permitted' use.

Applications for visitor accommodation that meet the 'Permitted' use requirements must complete a Visitor Accommodation Standard Application Package and submit it to their local council for approval. The Application Package includes the planning permit application form and a building self-assessment form.

The building self-assessment form is a requirement of the Director's Determination – Short or Medium Term Visitor Accommodation issued by the Director of Building Control under the *Building Act 2016*. The building self-assessment form must be completed as part of the Application Package to demonstrate that the minimum building safety standards can be met. The Director will conduct an audit to ensure compliance.

Changes were also made to the planning requirements for visitor accommodation use of dwellings that are part of a strata title arrangement (such as multiple dwellings or apartments). Planning restrictions that applied to visitor accommodation use in Battery Point prior to 1 July 2017 were reinstated for uses that do not meet the 'home-sharing' exemption.

Full details of the requirements are available at the Tasmanian Planning Reform website <https://www.planningreform.tas.gov.au/facts/visitor-accommodation-reforms>.

6.2 New legislation to ensure compliance with existing regulations

The Government will introduce legislation and launch a public awareness campaign to address compliance concerns relating to short stay accommodation. The Government knows that Tasmanians have embraced the sharing economy and the Government is committed to ensuring it continues to play a positive role in Tasmania's visitor economy and community.

However, it is clear that there is an issue when it comes to compliance that is cause of significant concern for the community sector and the tourism and hospitality industries. To address this, the Government will introduce legislation by the end of 2018 to ensure compliance with existing regulations.

The legislation will serve two important purposes; to ensure everyone is playing by the rules, and to paint a clear picture of home sharing across Tasmania. This approach will ensure that the Government has meaningful data to fully understand the short stay accommodation sector in Tasmania.

The intent of the legislation is to require anyone listing an investment property on an online platform to show details of their required permit. People sharing their primary residence online will not be affected by the legislation.

Property owners and online platform providers found to be in breach of the rules could face penalties, which may include significant fines.

All Tasmanians will have an opportunity to have their say as part of the consultation process as legislation is drafted.

To ensure that all Tasmanians know whether they are required to have a permit, the Government has launched a public awareness campaign detailing the responsibilities of homeowners when it comes to listing a property for short stay accommodation.

These steps will ensure the checks and balances are in place when it comes to short stay accommodation so that Tasmanians and visitors alike can continue to share in its benefits.

