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### **THE LEGISLATIVE COUNCIL SELECT COMMITTEE ON SHORT STAY ACCOMMODATION IN TASMANIA MET AT TIDAL WATERS RESORT, 1 QUAIL STREET, ST HELENS, TASMANIA ON 17 OCTOBER 2018**

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**Mr PETER PAULSEN AND Mrs GAIL PAULSEN** WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

**CHAIR** (Ms Armitage) - Welcome. Would you like to make a statement?

**Mr PAULSEN** - Thank you for the opportunity to have a chat with you on this subject. Gail and I are part of a business directly involved in holiday homes on the east coast. We manage 18 holiday homes in the area. Gail has been in the real estate business and rental market as a property manager for long-term rentals and holiday rentals for over 15 years. That is the position from which we arrive here.

Looking at the growth and change of character of what you mentioned here - on that first point, traditionally over 25 years the owners of holiday homes here on the east coast have rented their properties as a means to offset some of the costs such as rates, insurance and maintenance, which still allows owners the use of their properties throughout the year.

At that time, the properties were managed through local real estate companies, but with the evolution of the internet, this is now a greater opportunity for owners to self-manage accommodation.

The impact on long-term rentals has not shifted over time. The east coast has always had a large volume of holiday homes. In the 1990s it was quoted that around 40 per cent of the housing in the area was vacant. The shortage of long-term rentals has been consistent over the past 15 years. We have a transient seasonal population and workforce. In more recent times jobs growth has had a greater impact on the rental shortage. The positive effect for those who cannot rent is that they often buy or build a property to move to the area and retain employment.

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.

Impact on the sector - since the recognition of Bay of Fires as one of the top 10 destinations in the world in the *Lonely Planet Blue List* some years ago, there has been a constant increase in tourists to our region. With the lack of more traditional accommodation, the short-term rentals have been vital in meeting the needs of our visitors. It gives us a stable economic base with a clear increase in jobs and business opportunities. We have found the shoulder seasons have increased, which provides a greater economic continuity.

Regulatory issues - the Break O'Day Council has been proactive in maintaining pace with this sector over the past six years by adding regulations to ensure the properties are compliant and safe for visitors and fit for purpose. We believe the authority should remain with the local council as the best means of management.

Our concerns are that additional statewide legislation does little more than introduce layers of unnecessary bureaucratic complication on the east coast that will do nothing to solve the long-

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term housing crisis in Hobart and could well stifle our future growth. We believe we need to find a balance between compliance and over-regulation.

**Mr ARMSTRONG** - Did you say you had as many 18 properties?

**Mrs PAULSEN** - Yes.

**Mr ARMSTRONG** - Could you elaborate a little on what the Break O'Day Council oversees and what it does?

**Mrs PAULSEN** - This has been my portfolio. I have worked for View Real Estate for 10 years; probably six years ago, council decided to make sure that holiday properties were up to standard and compliant. It introduced a change of use permit from residential to visitor accommodation.

That started a discussion within council, real estate companies and property managers as to how we best look at that. We did it collectively as a group. The introduction of the permits came in so that owners had to pay a permit cost, but they also had to comply with smoke alarms - we looked at smoke alarms, bushfire management plans, exit lighting, emergency exits, parking, signage and anything that wasn't probably Building Code, like the decking, balconies around decking and things like that. That is also the job of a property manager anyway. With any long- or short-term rental you have to look at compliance through building regulations. There is an actual compliance just in having a property managed by a professional.

That started six years ago. The rules changed just recently, as of 1 July this year. There is more compliance happening with extra smoke alarms now in bedrooms, emergency lighting - spitfires attached to the emergency lighting. We are trying to keep pace with the changing evolution of short term. Council has been very proactive in doing that and in working with the sector on that.

**Mr ARMSTRONG** - Is there a cost associated with that?

**Mrs PAULSEN** - There is a cost. At the moment it depends on whether your house is under 200 square metres or over 200 square metres. The permit cost is \$150 for a change of use permit. If your property is over 200 square metres, you then have to put in a development application. The change of use permit jumps up to \$500, but then there is also the building and DA side of it, which is another \$500, so council is now charging \$1000.

**Mr ARMSTRONG** - So the permit change of use is \$150?

**Mrs PAULSEN** - If your property is less than 200 square metres.

**Mr ARMSTRONG** - Then it goes up to \$500?

**Mrs PAULSEN** - Yes. For a property over 200 square metres, extra building requirements need to be done with the smoke alarms and emergency lighting attached to that.

**Mr ARMSTRONG** - Is that a one-off cost?

**Mrs PAULSEN** - It is a one off.

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**Mr ARMSTRONG** - After the initial inspection, and approval, is there further follow up?

**Mrs PAULSEN** - No, it is a one-off change of use permit. They also look into your waste management system, so that is the other area of management. We have to provide floor plans and building plans but they look at your waste management system, whether it is suitable for that particular property for the number of people the permit is allocated for. The Australian standard for any septic tank or biocycle/envirocycle is five persons, but it can increase depending on the capacity of the waste management system. The council will then take its instruction from a waste management designer, who will do a report about the individual waste management systems.

**Mr ARMSTRONG** - So if there is a change in the standards later on, they don't follow it up? It just stays?

**Mrs PAULSEN** - It is not retrospective. I understand that once you get your permit, you follow the criteria of the code at that particular time and it is not retrospective.

**CHAIR** - Regarding the council, do its regulations simply apply to people who go through a real estate or a rental firm?

**Mrs PAULSEN** - No, council are contacted.

**CHAIR** - Do they have a register of people who rent?

**Mrs PAULSEN** - They have. Well, it is not a register of people who rent -

**CHAIR** - People with short-term accommodation?

**Mrs PAULSEN** - There is not a register but it is on the internet.

**CHAIR** - Is there a fine if you don't register and change to short stay? If I had a property and decided to rent it, if I didn't go to the council with these regulations they have -

**Mrs PAULSEN** - If it cannot be used for visitor accommodation, they do not do a permit. That is the compliance.

**CHAIR** - Is there a fine if I don't get that from council?

**Mrs PAULSEN** - I am not sure at this stage.

**CHAIR** - I understand it is basically a business that people have to come through so your people have to have it. Without a register, I just wonder what percentage of people in St Helens and the Break O'Day areas would comply with the council regulations, would understand them or know they are there. If they do not have a register how can they check who has is and who is not. Do they go around knocking on doors?

**Mrs PAULSEN** - They actually write and use Google maps. Advertised holiday rentals are easily recognised. I believe that is how they have looked at things from the start.

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**CHAIR** - Obviously they do not write to everyone. They have never written to us and we have a shack.

**Mrs PAULSEN** - Over those six years this is what they have been doing. Council has been working proactively to try to get permits for every holiday accommodation.

**Mr VALENTINE** - Even if it is less than 200 square metres?

**Mrs PAULSEN** - Yes, definitely. If you change from residential to visitor accommodation, you have to have a permit; it is as simple as that. Letters containing information about land tax are now being sent to owners. There is a section saying that if the house is used for another purpose, they need to follow council regulations. Council has been proactive in trying to get everybody compliant. There would be quite a big percentage of people renting privately and self-managing who are noncompliant and who may not even be aware.

**CHAIR** - Council is coming later this morning; your comments are interesting, thank you.

**Mrs PAULSEN** - For people who are purchasing properties, the real estate agent's obligation is to advise them of that if they want to use it for any other purpose apart from residential.

**CHAIR** - I understand from a business perspective; I was thinking of the people who may not go through you.

**Mr ARMSTRONG** - A follow-up on this with council. Once the council has the change of use, does it charge them a different rate percentage? Does it charge them for a commercial property then or still charge the same?

**Mrs PAULSEN** - I believe the rates are the same; the rates have not changed as far as I am aware.

**Mr ARMSTRONG** - Do they still charge them as residential?

**Mrs PAULSEN** - Yes.

**Mr ARMSTRONG** - It is probably a good question for council. Thank you.

**Mr WILLIE** - It sounds as if Break O'Day Council has put an extra layer on the planning directive. We have heard evidence from a range of stakeholders that under the Building Code a residential property is classed as a 1a. The safety requirements when it comes to exit lights, hard-wired smoke alarms and those types of features do not necessarily apply under that class of building. It sounds as though the Break O'Day Council has added an extra layer to try to get them more like a 1b, which requires all those safety issues and which is different to the planning directive issue by the commission and the minister.

**Mrs PAULSEN** - The change of the legislation effective July is only for over 200 square metres to have emergency lighting attached to the smoke alarms. That is a directive from state government through legislation. Under 200 square metres you do not have to have smoke alarms attached to the emergency lighting, but you still have to comply with smoke alarms like every rental property has to be compliant with smoke alarms.

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**Mr VALENTINE** - Whether it is short stay or otherwise?

**Mrs PAULSEN** - Whether it is a short- or long-stay.

**Mr WILLIE** - Under 200 square metres it is classed as a 1a, so there are different requirements there. What you are saying is correct - over the 200, it is a 1b, it triggers the 1b in the Building Code; and under the 1a, those things are not required.

**Mrs PAULSEN** - No they aren't, but because you still have to comply with smoke alarm requirements for rental properties, there are still checks and balances.

**Mr WILLIE** - There is a level, but it is not 1b.

**Mrs PAULSEN** - Why the sizing? I am not sure why it has now become a size issue.

**Mr VALENTINE** - Safety is safety, isn't it?

**Mrs PAULSEN** - That is right, safety is safety whether your house is 100 square metres or 200 square metres. It seems the 200 square metres has appeared and this extra precedent has now come in to do that. From my owners' perspectives and from our perspective as a business, we want to be compliant because safety is a huge issue. From an insurance point of view, if the houses are not compliant, owners open themselves up to huge liability. This is where the permits come in - if they have permits, they are following the compliance and are hand-in-hand with insurance requirements.

**Mr WILLIE** - We have heard from building surveyors, the fire service and disability groups that under the Building Code, all short-term should be class 1b and be required to meet those minimum safety standards under a 1b. Is this something you would be open to?

**Mrs PAULSEN** - I do not think that would be a huge problem because, once again, it is mainly around smoke alarms and emergency exits, which is safety. I do not think my owners would not be happy complying with that at all, but it has only just come in.

**Mr WILLIE** - So it is something you are open to?

**Mrs PAULSEN** - Definitely, and definitely the owners would be open to it. Insurance issues change and you never know if insurance is going to pay out until you actually put a claim in. You need to make sure all your checks and balances are in place, to assure the insurance.

**Mr VALENTINE** - One aspect the developers are asking about is disability access. We have been told some properties on the market say they comply with disability access requirements but actually might not have handrails in the bathroom and so on. Do you make sure your properties have full disability access or a percentage of them? How does this work for you?

**Mrs PAULSEN** - No, my properties do not. I could say none. If you are talking full disability access with toilets and shower and things like that, I do not have any targeted to disability. That is another level.

**Mr VALENTINE** - Council does not require you to have certain access requirements?

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**Mrs PAULSEN** - No, it does not.

**Mr WILLIE** - If you go to a 1b building class, though, you have to.

**Mrs PAULSEN** - I think it is discretionary in the class 1b. The legislation was ambiguous and wasn't clear about disability access.

**Mr WILLIE** - If you have four bookable rooms or more, one of them has to be accessible and have amenities.

**Mrs PAULSEN** - Yes, very few are above four; four is generally the minimum. I have properties that have access to the properties and some bathrooms may be compliant, but they are not designed for it. No, definitely.

**Mr VALENTINE** - With all these regulations you are dealing with on a daily basis in the properties under your management, what are the ones you are feeling are over the top? Are there any or do you see all the regulations you have to comply with are reasonable? Do you have any comment?

**Mrs PAULSEN** - The ones we have now are reasonable. The new ones that have come in, even the over 200 square metres where smoke alarms in bedrooms must be attached to emergency lighting and smoke alarms in the hallway, are safety issues, regardless. It is not beyond what owners would be prepared to do and would be fine. Again, it depends on how it changes in the future, if it goes to the stage of having to have disability access and things like that. It would be constrictive with properties to be able to do that.

**Mr PAULSEN** - Retrofitting a house that sits on a hillside with a disability bathroom, and the cost factors, would make it really difficult. You then move into more of a commercial motel approach to the whole property. People rent these properties because they offer them a different experience, a family environment with mum and dad and the kids all in the same place, self-contained, where they can do their own cooking. That is the attraction of these places

**Mr VALENTINE** - Are all your properties this type, or you also managing for other people who live in and simply rent out one or two bedrooms?

**Mrs PAULSEN** - No, they are all individual homes.

**Mr VALENTINE** - And standalone?

**Mrs PAULSEN** - Standalone, which is where the marketplace is. It has been our experience that people want standalone, entire houses. That is what they are after.

**Mr VALENTINE** - I am aware of your statements that places like Hobart differ from regional places, and they do - no question about that. With respect to management of the short stay accommodation area, do you see any benefit in local governments being the bodies that stipulate the numbers of properties that can be put up in any one area because of the impact it might be having on long-term rentals? Do you see that as a way forward - that local government - by municipality, because of the differences you were saying exist - might be reasonably well placed to manage people coming into the market by saying, 'Our long-term rentals are being impacted so much we cannot actually find places for workers to stay, even for the new

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developments that might be underway, and we do not have enough long-term accommodation properties'? Can you see local government might be well placed to do that?

**Mrs PAULSEN** - I don't think so. We have been involved in holiday rentals for 25 years on the coast, and traditionally these homes, which have been there for quite a long time, were rented out by the people who owned them through real estate agents. There were three real estate agents in a town that took on the management; owners then used them. The reason they were holiday rentals was that the owners wanted to use them, but they also didn't want them sitting empty. That is another issue: sitting empty is an insurance issue because with insurance companies, you have to come down and be at the property every fortnight if your property is unoccupied; otherwise you cannot get insurance. It can be a huge issue from an insurance point of view.

Holiday renting enabled owners to comply with their insurance companies in terms of occupancy, but to use their properties when they wanted to. The impact of long-term rentals - and I have done both - is minimal. The impact of short-term accommodation on long-term accommodation is minimal in this region. It would be less than 5 per cent.

Our experience is that people buy investment properties for the long-term rental market that are in that \$200 000 to \$250 000 price bracket. In the holiday rental market most homes are over \$500 000 to \$600 000, which will never end up in the long-term rental market because they are unaffordable. You would be looking at \$500 per week for a property of that suitability or that standard, as opposed to what the actual rental market is here, which is between \$250 and \$300 per week. That is all that people in this area can afford.

There has been little change over many years. We have always had a shortage of long-term rentals, but that is due to the seasonal population of workers coming in and out of the area. There are different times of the year; at the moment we have a huge shortage, but it is always around October and November that the season starts with workers coming into the area for hospitality work. But in the middle of the year, you might have in excess of 30 properties available as opposed to at the moment, where there are four in the Break-O-Day region.

**Mr ARMSTRONG** - Four long-term rentals?

**Mrs PAULSEN** - Four long-term rentals, but then in winter there could be 30.

**Mr VALENTINE** - That are vacant at the moment?

**Mrs PAULSEN** - That are vacant at the moment, being advertised for rent.

**Ms RATTRAY** - In the \$200 to \$250 or \$250 to \$300 a week ranges? Is that the price?

**Mrs PAULSEN** - Yes, that is the price. That is the median price range of rental properties in Break O'Day. It is lower than in Hobart or Launceston; we understand that. Investors buy properties that are cheaper and on which they get a decent return. The holiday rental market is a different standard altogether. The majority of them are at Binalong Bay, and you'd be hard-pressed to find anything at Binalong Bay under \$500 000 to purchase.

**Mr VALENTINE** - We have been told, and later on we'll be able to quiz Break O'Day Council on this - and have quizzed a couple of agents on this - that people are not actually buying properties to turn into short-stay accommodation; it is more that the shacks have

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been for short-stay accommodation while the owners are not holidaying themselves. There are a couple of agents. Many people are buying homes as holiday homes with a view to putting them on Airbnb. The main reason for a lack of rentals is that properties are being bought by owner-occupiers upgrading or moving here. Airbnb has had very little impact; it is more a lack of investors buying property to rent.

**Mrs PAULSEN** - Yes, for long-term rentals that is right. I know because I have recently spoken to some of the agents as well. A lot of owners who own long-term accommodation have decided to move here. They probably bought the property 10 years ago with the view to retiring here and it is now time they have come to live here.

But I have to say there is a percentage of people who are buying holiday accommodation properties for their own use, with the view to renting them out on Airbnb when they are not using them. I am doing change of use permits right now with the council on several properties for that reason.

There is also a view that these people are buying homes to retire here. More of them are saying, 'We want to come and live here permanently in five years. We want to holiday in the meantime and then we will do Airbnb while we wait.'

Long-term rentals are an issue everywhere in this state, but less so here. The other positive thing about that is that if people - and I know because I have worked in long-term rental - cannot rent something and they are moving here for a job or whatever, they will buy a property. That is what happens - if there are no rentals, they will purchase a property.

**CHAIR** - If they can afford to.

**Mrs PAULSEN** - If they are coming here for work, they are moving for a reason and they can afford to move. That has happened quite often; if there has not been anything -

**CHAIR** - It depends on what the job is.

**Mrs PAULSON** - Or business owners will buy properties to put their staff into, such as Banjo's.

**Mr VALENTINE** - What is your take on, for instance, Tassal deciding to build a new facility somewhere on the coast and needing accommodation for the workers building the facility - it is not short-term as in day-by-day, but they might want it for nine months or so. What happens in that case? How are they being catered for?

**Mrs PAULSEN** - That is what I do a lot in the winter periods. Some properties are better than others and some don't rent all year round. We offset that and do short-term - three or six months at a normal weekly rental rate. I have one at the moment. I cater for doctors because we have a locum doctor issue here, so we have doctors coming and going. We have always provided housing for doctors in our holiday rental market. An owner will say, 'Yes, I am happy to rent it for three months to a doctor while they are here'.

I have the nurse unit manager from Medea Park, who is up from Hobart, staying for five months in one of my holiday homes at the moment.



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If there is a place available and there is a need, we can try to fit that need. If owners are open to that, we certainly do that. Every year I would have at least two or three properties that cover that part of the market.

**Mr ARMSTRONG** - You are saying there are four long-term rentals on the books?

**Mr PAULSEN** - Not our books.

**Mr ARMSTRONG** - Would those rentals be within the town area or are they out in the country?

**Mrs PAULSEN** - No, I think there are only two in St Helens, one is at Fingal and one is at Akaroa.

**Mr ARMSTRONG** - I am just curious.

**Mr PAULSEN** - A point I would make is that the houses that are long-term rentals rarely migrate to a short-term situation, especially in the township here. People are not attracted to renting them short term anyway. Places like Binalong Bay and the Bay of Fires, for instance, are where people want to rent short term for holidays. For that reason, if you look around Binalong Bay, there are precious houses there that will never go into a long-term rental market. If the owner of one of these place were told they couldn't rent it short term because of some bureaucratic overlay, they would just take it off the market.

**Mr VALENTINE** - They won't rent?

**Mrs PAULSEN** - No, they won't rent. They will go back into the 40 per cent of properties sitting empty for nine months of the year. Owners won't go to long-term rental because then they can't use the property.

**CHAIR** - They cannot get access?

**Mrs PAULSEN** - That is right.

**Ms RATTRAY** - That was the sort of thing I was interested in, but I think all the questions have been asked. I noticed in the submission from the council that a number of Housing Tasmania properties have been sold in the St Helens area.

**Mr PAULSEN** - St Marys.

**Ms RATTRAY** - And St Marys in the last few years. Have any of those been replaced?

**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.

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**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.

**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.

**Ms RATTRAY** - Thanks very much for participating in this important area for the committee. In your submission, Gail and Peter, you said you wanted to encourage owners and investors to invest in visitor accommodation in the market, yet you said Binalong Bay is pretty much no-go. Is there any land left there?

**Mrs PAULSEN** - There is no land left out there but there would still be properties. There would still be homes that would be available. Again, you would have the traditional homes that have been owned as shacks where people have gotten older and no longer come down. They or the kids do not use them, so they resell them back into the marketplace.

I am dealing now with change of use purpose permits for two properties where two investors have bought them. The people have moved out of the area once they get to an age where they have to move to Launceston or Hobart for health. It is our huge transient area - people move out for health reasons. People have bought property with the view to retire here and use them, but they also use them as visitor accommodation in the meantime.

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**Ms RATTRAY** - In your view, are there significant opportunities for people to get into the accommodation market?

**Mr PAULSEN** - On that, if you are looking for more traditional accommodation, the chances of that happening at Binalong Bay are absolutely zero. It is never going to happen there. The only way we can satisfy our visitors' needs is for this style of accommodation and they love it. The feedback we get is that it is an unmet need now. There is a real growth in this part of it in the Binalong Bay area, in particular. People more recently have started to switch onto the fact. We know one chap who is building a brand-new place for that purpose out there, tailor-made for that market. You will never get anything in that style of place in the Binalong Bay region. That is not going to happen.

**Ms RATTRAY** - As I drove up the highway yesterday via the east coast, as you would, I noticed that the Surfside had the roof off it.

**Mr PAULSEN** - It is a disgrace.

**Ms RATTRAY** - Do you know what is happening with that?

**Mr PAULSEN** - [From my recollection, a new owner bought it; the following week, there was a storm and the roof blew off, and it has been sitting there ever since.

**Ms RATTRAY** - I thought they might have been renovating.

**Mrs PAULSEN** - There was that hope. We hoped they were renovating. It has opened the restaurant and the bar. That is open. I would say the rooms are probably -

**CHAIR** - A bit tired?

**Mrs PAULSEN** - Well, not usable anyway.

**Mr WILLIE** - To clarify, if the community made recommendations - and I am not pre-empting that. We have just heard evidence from local government and other stakeholders that it is important to have local decision-making to tailor short-stay to their own municipality needs. If there were changes in that space, would you support it? Say the Hobart municipality could manage their challenges and Break O'Day could have a different set up for managing holiday homes, is that something you would support?

**Mrs PAULSEN** - I think it is logical we have to look at it area by area. I think it would be difficult to legislate for the entire needs of the state. Each area is different. I would say we are no different in St Helens than they probably are in Swansea. Bicheno again - Bicheno is huge for holiday accommodation. It is probably what keeps that town going.

**Mr WILLIE** - Coles Bay has changed, too.

**Mrs PAULSEN** - Coles Bay, exactly. I think that has to be the logical thing. It has to be area by area.

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**Mr PAULSEN** - I believe there needs to be some clear discretion from council to manage this. We have different needs. We have a different backdrop and a different backyard completely. That will vary from place to place. I think an astute council with good councillors can provide that level of oversight so we have a good compliancy outcome but one that is relevant to our needs.

The worst thing that could happen is to go down the pathway where this goes to a DA and is open to public scrutiny. If it gets to a level where you are going to have every objection -

**Ms RATTRAY** - There would be objection?

**Mr PAULSEN** - There would be objections and demands coming out of the woodwork. That would just scare people off the planet.

**Mr WILLIE** - I am not a planning expert, but I think only a discretionary scheme becomes subject to a DA. There are some former mayors here who will probably correct me.

**Mr VALENTINE** - Well, if it is discretionary.

**Mrs PAULSEN** - They are out there now. There are two signs on properties at Binalong right now. They will get objections; then they will go to the appeals process. It is costly and it is time-consuming and unnecessary.

**Mr WILLIE** - How do you move to your decision-making without having the appeal process?

**Mrs PAULSEN** - I think the change of use permit is the way to go without having to do a DA. A DA is costly. It is unnecessary because you can still have the same compliance in your change of use permit that they are saying in the DA.

**Mr VALENTINE** - It impacts on neighbours so you will find that is the discretionary aspect.

**CHAIR** - Should neighbours have a say?

**Mr PAULSEN** - Neighbours, I think probably yes. What bothers me is that it is not the neighbour complaining - it is the bloke five miles away who is a serial objector who spends his entire life objecting to things and just bringing you to your knees. The purpose of this is not so much to stop it; it is just to cause pain.

**CHAIR** - The neighbour will not know if they advertise.

**Mrs PAULSEN** - Most of the neighbours are all holiday places anyway. We are focusing a lot on Binalong Bay but that the primary area we are dealing with. There are very few permanent long-term residences at Binalong Bay. Most of them are holiday accommodation properties. I cannot see we would get a lot of objections from neighbours because they are all in the same boat. They are all holiday people coming to the area.

**Mr WILLIE** - I think under the planning directory, it is not discretionary at the moment. So if it did move to local decision-making change of use and made that discretionary, it is subject to appeal.

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**CHAIR** - You mentioned Bicheno. One of the issues raised about Bicheno was the school: the lack of locals and that all of a sudden the viability of the school could be a problem. How is St Helens? Have you heard about the numbers in the schools there?

**Mrs PAULSEN** - Numbers are always growing in St Helens; there are 500-plus in St Helens, and that has been stable for many years. The thing we have is the transient population: people move in and they move out. They are sometimes just here for a year and then they move out again. At the school, 60 per cent are on some sort of benefit and you can well imagine a lot of them would be renters.

**CHAIR** - They are not the property owners?

**Mrs PAULSEN** - They are not the property owners so the numbers are fine.

**CHAIR** - You mentioned insurance, which was raised with us yesterday. Do you have a problem getting insurance for properties that have to have commercial insurance?

**Mrs PAULSEN** - There used to be a problem but not so much now, because quite often now insurance companies specialise in just short-term holiday accommodation. There is Terri Scheer; but it was difficult five years ago when a lot of them would not touch it.

**CHAIR** - That is public liability and homes?

**Mrs PAULSEN** - Yes, public liability, building insurance and contents - all of that.

**CHAIR** - So there are no special requirements to have an occupancy certificate or something?

**Mrs PAULSEN** - You have to have a compliance certificate to say your property is compliant with those things; you have to comply with the codes.

**Ms RATTRAY** - In regard to your support of change of use permit - and I absolutely understand why - would you have any objections to having a statewide register so that the government of the day can have some handle on the number of properties in the accommodation market? Do you think that should be done at council level or by the government, or should the councils do it and hand over their data?

**Mrs PAULSEN** - I think it is vital that there be a register. I understand where the committee and the Government are coming from. There are a lot of properties out there that no-one knows about; they are under the radar, people renting out a room that could be substandard or whatever.

**Ms RATTRAY** - No fence around the pool.

**Mrs PAULSEN** - All those things. I think there needs to be a register and people need to be made aware of their obligations, whether it's when they purchase the property or whether it comes in their land tax or their rates every year. It would be quite sensible for people who are renting or have a property in a residential area and then, all of a sudden, they decide to do something different with it that they need to go to the council and find out if they can do it. That is just

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common sense. I think it is vital because we need to regulate it to a degree, so that we have good standards. We want good standards and we want to be compliant.

**CHAIR** - Thank you. Are there any further questions? Is there anything you'd like to add?

**Mrs PAULSEN** - I wanted to ask about something my owners have shared with me that they are getting from Consumer, Building and Occupational Services. It is about undertaking an audit of short- and medium-term -

**CHAIR** - Was it CBOS?

**Mrs PAULSEN** - Yes, CBOS - short- and medium-term visitor accommodation throughout Tasmania under the Building Act. The audit aims to ensure that short- and medium-term visitors are complying. I am just wondering where this is coming from.

**CHAIR** - Can I take a photo of it?

**Mrs PAULSEN** - You can. It is actually saying that throughout the audit period the owner may be contacted by CBOS employees involved in conducting an inspection of their visitor accommodation properties and that they will work to ensure this inspection is undertaken at suitable times. It is just a new thing; it has only come out in the last two weeks and my owners don't really know what it is about.

**Mr WILLIE** - There is some compliance legislation, a compliance bill that will come to the parliament. This is the Government reacting.

**Mrs PAULSEN** - I think that it is a bit premature considering this is all happening at the moment.

**Mr WILLIE** - The inquiry was established and then the Government announced it would crack down on compliance. If you look statewide, I think the compliance levels are only about 20 per cent in this area. There are a whole lot of people who do not understand their responsibilities.

**Mrs PAULSEN** - Yes, it is quite scary for an owner to think, 'Right, we are going to have inspections. Who is regulating it? Who is in charge of this?' There is confusion in the marketplace.

**Mr WILLIE** - A lot of risk is being carried by the community. I think the Government is trying to -

**Ms RATTRAY** - All of a sudden they have realised they probably need to be doing something.

**CHAIR** - We really appreciate your coming in today.

**Mrs PAULSEN** - We hope it has been helpful.

**CHAIR** - All the information we get is helpful.

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**Mrs PAULSEN** - Thank you.

**Mr PAULSEN** - Thank you.

**THE WITNESSES WITHDREW.**

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**Mr MATT GIBSON**, OWNER, DESTINATION BAY OF FIRES, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

**CHAIR** - Welcome; would you like to talk to your submission?

**Mr GIBSON** - Thank you. As you have already read, you have my download regarding the property management business we run here on the coast. We have been running it since 2010. We have built it up very slowly because it is a logistical nightmare unless you know what you are doing. You take on a lot of responsibility on behalf of the property owners. If anything goes amiss, it will be me who crawls into the foetal position in the corner - they make the money and I deal with the problem. Nonetheless, it gives us the opportunity to live in this area because it is a niche market and it is seasonal so, unfortunately, I do not have the beauty of spreading out the demand of our services; it hits us all at once.

Our experience is with what has happened from a short-stay point of view. When I started to look into the market, I was working at the ANZ Bank In St Helens and did not want to continue looking for opportunities. I had friends and family staying in the area visiting me from the mainland. When they were staying at holiday accommodations, I would not say their experiences were the best. They enjoyed the area, but nonetheless, the procedures and their experience with going into a holiday house being rented out by a real estate became my inspiration. I had an opportunity to take care of the maintenance of a holiday accommodation and jumped at this and started my business. The property owner took the bookings and I did all the work such as cleaning, yard maintenance, upkeep and call-outs for guests. Things progressed from there.

Because of my involvement with the banking sector, when I reached that position I looked at what was required of me as a property manager. I understand risk analysis and risk management when it came to doing things on behalf of the property owner or taking responsibility for a guest in a private premise in comparison to a hotel, which needs all sorts of regulations so the insurance and everything ties in beautifully. In making those inquiries to the Real Estate Institute of Tasmania specifically, I was told I was not required to have a real estate property management qualification for short stay accommodation. I think it was 30 days at the time. As long as people were only staying for 30 days, you were not required to have that qualification.

We continued forward. As we grew our businesses, we took on the booking side of it. We found as we moved through the first of so many seasons what requirements were needed to be put in place between the property owner and ourselves to provide the service, because of our responsibilities, plus also clarifying the cost of providing the service and making it viable. When I started the business we saw a lot of people would do a little bit of cleaning and other things, cash in hand and all that. It was not a very strong service provider, because it was not viable the way other people were doing it. They would get worn out and over it; it was seven days a week during a time everyone wants to go to the beach.

As we took on new properties, we set up a checklist of our own guidelines of compliance. We need owners to recognise we take responsibility for them. They have to have in place insurance, smoke detectors, fire extinguishers and first aid kits. That in turn helps us to provide a smoother experience for our guests, because, unfortunately, when our guests are on holidays they do not always bring their brains with them. They have a great time, and we live by that. The fact is, the more we put in place for people as savvy or user logic, when they are having a good time they do not expect to have to think about having to be responsible or find something. If you are staying in a hotel in this scenario, you go to reception or you will have some sort of means of



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having that. Guests will contact me if they have a problem, and I do not want to be contacted. We go to a lot of effort to make sure everything is in place for each guest; that helps everybody. Put a review culture in there and the better the experience for everyone involved, and the more likely the business continues and possibly grows.

The amount of accommodation available to people in this particular area is obviously my experience. I stay in short stay accommodation in Hobart and around the state. I experience what goes on in other markets, but, nonetheless, the need for places for people to stay because they want to stay in this environment and this geographical part of Tasmania needs to be met. An option for those people is a house, which is a lot better for some visitors than a caravan, motel or hotel. We tried homing in on that market and we want people who normally do it elsewhere. It is an international industry for people to be able to feel personally at home in somebody else's house, whether it be a room - but we do not tend to have rooms let out, it is not standard.

A few properties we have taken on over the years have already had permits, so owners experienced obtaining a permit with the local council years ago. We have gone from what would have been seen as perhaps a soft industry to a full-fledged means of accommodation for people visiting. Council has changed gradually to meet what is required for these properties to be up to speed in their eyes regarding the Building Code and planning scheme. It is understandable and fair enough. I would like to see more compliance by regulation of short stay accommodation. The fact is that if I was a food vendor, had a hotel or any commercial enterprise I earn revenue from, I have to go to lengths, and I understand that. Why would it be any different for anybody else who earns an income or revenue from their house, whether it is in Hobart or up here?

Some efforts to obtain permits in our area through council have become more difficult than previously while at the same time this has coincided with the branding of Airbnb as a dirty word that covers a lot of negative aspects to do with many issues in Tasmania.

**Mr ARMSTRONG** - You said you have a normal checklist of things you look at in your properties?

**Mr GIBSON** - When people are setting up, they ask a lot of questions. They turn to us to help them through setting up a house for accommodation purposes. This is our cup of tea and it is in our best interests to have a black-and-white checklist that goes through anything, from what type of linen to use to having a first aid kit, blackout kit, insurance and a permit for the work. A lot of properties are outside St Helens itself and on tank water, so they need to have a permit for that from council.

It is a lengthy list and some parts of it are relevant to compliance, which is their responsibility, while there are other parts generally on upkeep. As we go along we are using that checklist every year. We are now requiring each property in our portfolio to provide a certificate of currency so their insurance is up to date and we are happy to provide ours to them.

Parts of the checklist are relevant to this conversation and the rest of it is more to ensure we get things done properly.

**Mr ARMSTRONG** - You said in your submission it is now harder to obtain a permit from the Break O'Day Council because the requirements are variable at times and requirement changes recently have significant negative impacts on the ability to simply operate holiday accommodation.

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**Mr GIBSON** - An example of where things have changed more recently: in early 2017 a very large property was purchased. I had been working with the owner before they bought the property, and we had discussed anything and everything. They were fully aware of what we needed to do to be compliant and so forth. People at council had indicated to me changes were going to happen at the end of the financial year 2017. When that was going to happen, I forewarned them and said, 'We need to do this application and need to have this in place.' They did not, so unfortunately once they lapsed over the end of the financial year into the next, these new regulations came into place. The main thing that affected them was the size of the property. It went to 300 - and is another part of what I will make a point of. Things then got trickier; it is an expensive massive property with location second to none.

That was difficult because of the effort I had gone to, whereas they could have helped themselves and they would have gotten somewhere. We went back to council which in turn tried to help us make it happen. Disability requirements are one of the biggest difficult factors, but then again, I believe it can be moved through discretionary application. There is nothing wrong with putting hardwired emergency lighting in and smoke detectors and all the rest of it. That is fine. They had a jacuzzi out the back that may have been overlooked before, but personally I think it would [inaudible] need to be fenced as if it were anywhere else.

That change meant this needed to have some sort of infrastructure put around it - more work. In the end, I think they found it too hard. After they went to a lot of effort they approached somebody else who was happy to just get on with it, regardless of meeting all those requirements. They asked me, 'Won't you just do this anyway?', and I said, 'No, I can't go into premises and expect my insurance company, or the people who work with me who subcontract with their insurance, to feel comfortable that everything will be fine if anything goes amiss if we all just ignore these simple things'.

**Mr VALENTINE** - A child falls in or something like that?

**Mr GIBSON** - Yes.

**Mr ARMSTRONG** - Those changes will probably lead to noncompliance.

**Mr GIBSON** - There are a couple of more recent changes which I believe may be able to become compliant. I have no communication with those people anymore, so I can't say anything about what they are doing. Another gentleman whom you spoke to in Launceston, who managed to get a bit of media coverage and so forth - I work with that gentleman in managing his property. Here was another great example of exactly the same: he had purchased a very large property, had very normal, positive intentions and then he hit the 300 squares and, because he had already purchased it before he spoke to me, I did not advise him of these issues. Again, it is the responsibility of somebody buying a property to go to their local council if they have intentions for its use and find out what they have to comply with. If they don't do that, we can't all be held responsible. Nonetheless, he is very proactive, which is good. When he spoke to the current Housing minister care of somebody else, the reply came back and that was how our local council were made aware. The reply stated something along the lines of, 'Your local council has discretion over these sorts of matters. You will need to discuss further and, by the way, it is not 300 squares anymore, it is 200 squares.' That matter was then shown to somebody at the local council's planning department and they went, 'Oh, look, there has been a change' - which I have already got -

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**Mr VALENTINE** - So the local council didn't know about it?

**Mr GIBSON** - No, and I am not pointing a finger at anyone. I am just saying it is a very slow upgrading of what we are abiding by. I have paperwork in the system and that paperwork is actually null and void and a waste of time already. Then you have a disappointed applicant; you have a disappointed me and you have a council department spending more time unnecessarily, and so on. That might cover a couple of examples of changes in the more recent time. I have not experienced some of the plumbing issues that have come about, but we will talk in regard to what we are dealing with.

**Mr VALENTINE** - Sewerage.

**Mr GIBSON** - If you have a self-maintaining sewerage system like bioCycle or Ozzi Kleen, normally they are put in place to accommodate so many people and have to be signed off. It is quite natural that nobody wants anything infrastructure-wise like that to work too hard because if it doesn't work, it affects everybody - and it does that way; even the old systems are not as crash hot when it gets busy.

There seems to be this perception that if the system has to do more work because it is a holiday rental, we reduce how many people we will permit to stay in that building so that it is safer. In fact, if it is signed off that this is to do a residential job; there is no real difference when it is signed off to do a short stay accommodation job. There are many examples I have heard of or have come across like that. Environmentally sensitive zones are not allowed to have residential use, but if they were to set up numerous small dwellings for short stay accommodation, somehow that is deemed to be acceptable and not as impacting on the environment. But when everything is crunched, there would probably be more impact on the environment than if there had been more thoughtful restricted dwellings put in there for residential use.

**CHAIR** - That's councils for you, isn't it? If you have a liquor licence, you have to have more toilets than if you don't.

**Mr GIBSON** - That is right. Or a cafe - how many bums on seats depends on how many parking spots are available. I understand all those things. I have worked in hospitality, so I know that when it comes to how many liquor licences you might issue for a particular area, that is very relevant. I am sure you can only put so many hotels in an area of a particular zone within municipality. I can't see the difference with short stay accommodation once you get to a particular limit.

**CHAIR** - It should be a level playing field.

**Mr WILLIE** - We have heard from a range of stakeholders concerned about safety requirements. Under the current Building Code, a residential property is classed as 1a.

**Mr GIBSON** - Yes.

**Mr WILLIE** - A lot of traditional bed and breakfasts are being classed as 1b, and they have the hardwired smoke alarms and exit lights you have talked about. Would you support a change so that all short stay accommodation properties are required to meet 1b minimum standards? We have heard that the reason that should apply from building surveyors, the fire service and

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disability groups is that short-stay properties are a bit different to residential properties where somebody is there on a long-term basis and they are familiar with the property. Someone living in short stay accommodation might arrive at 10 o'clock at night and they are not aware of the exit points in the building, so it is a real safety issue to ensure there is lighting for exit points and such things. Is that something you would support?

**Mr GIBSON** - Yes, it is on the checklist. We need to have automatic lighting to come on for entrance points. We cover all of that. I find that having a look, not that I am going to spend too much time becoming qualified, but in those becoming a 1b, there are so many other implications tied into that from a standard Building Code scenario that it gets a bit tricky. Don't get me wrong, there needs to be change and it is a no-brainer to have more safety measures in place for a short-stay property. I am not sure why you wouldn't have as many safety measures in place for a residential property. I know they spend more time there so the occupants should be more familiar with it, but nonetheless it is a commercial enterprise and maybe they don't need to have as many safety measures as short stay accommodation.

**Mr VALENTINE** - Are you talking about a share accommodation as opposed to a full house?

**Mr GIBSON** - Long-term against short-stay - that is probably the better way to differentiate between the two. Yes, definitely long-term accommodation needs to have things in place; short stay accommodation should definitely put a few extra things in place. Tenants should provide their own fire extinguisher; in short-stay properties there needs to be one compliant fire blanket and fire extinguishers in appropriate places.

**Mr WILLIE** - Bushfire evacuation plan?

**Mr GIBSON** - Yes, and that depends on the zone as well. We have our bushfire plan depending on the location of the property. That needs to be in a document in a place that is available to the people. It is no good putting all of this in a folder and putting it on the bookshelf. I think it definitely still needs to come under the Building Code, like anything else; a purpose of use for a building needs to be compliant and it is going to need to come under the Building Code, whether it comes under 1b or not. Maybe there need to be specific parts of 1b relevant to short stay accommodation to make sure it does not get lost in the midst of a lot of irrelevant things and it does not get too harshly screened against 1b to make it too difficult to achieve.

**Mr WILLIE** - In your submission you said that in some areas of Tasmania short stay accommodation may be having a direct impact on the residential housing sector. We have had UTAS and other organisations do some research on what is happening in Hobart. We have also heard from LGAT and others that local decision-making might be a way through to see if we can tailor short-stay requirements for each region. In the Break O'Day municipality, if you handed over the discretion to the council, they would be able to manage [inaudible]. Whereas, in the Hobart municipality they would be able to manage their challenges. Obviously there is a big impact on the private rental sector. The west coast probably has other challenges in the north-west. Is that something you would support?

**Mr GIBSON** - Yes. I think overall, from a visitor point of view, unlike other states, the majority of Tasmanians will have people visiting. There are going to be people who are investors or property owners who would like to see their property do some work. That is relevant to the regulation and to meet the compliance, you have to have a permit and away you go. When it

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comes to a municipality controlling who is doing what in their backyard, I think that comes back to more of what you are saying, and that is what needs to be done. Hobart probably has to have a shorter leash on who is doing what where so that it can control the balance between who needs to be doing what in that municipality. There is no need for everybody to have a short-stay property, but people might like to. Let us be honest, it is the decision of a property owner as to what they do with it. They cannot be told what to do with their property.

**Mr WILLIE** - They can because if you said you were going to set up a tattoo parlour or a mechanics business in a residential property, the council would be on your doorstep straightaway.

**Mr GIBSON** - I am not that saying that there should be a higher tax to have a short stay but when people ask me about the viability of setting up their short stay here, I say, 'At the end of the day, if you set it up as a short stay, you can use it but you also need to make sure everything is A1 all the time.' If you have a long-term resident, and you have a real estate manage it, the owner is at arm's length. It earns revenue but it deteriorates because maintenance is left up to the tenant. It is a weigh-up. What is going to suit?

With short stay, perhaps using Hobart as an example - it is no different - the property owner is going to have the benefit of having it maintained regularly and having more access to it. Then again, that might not suit them. At the same time, when it comes to having more properties available for long-term renting that comes down to whom you will issue a permit. If you have too many out there already permitted and they are compliant, that's it. Yes, you can't -

**Mr WILLIE** - Extemporaneous clauses and things like that?

**Mr GIBSON** - Ratepayers within the municipality have to understand that it is no different to having six tattoo parlours or bottle shops all in a row. Someone has to pull the pin and someone has to control it. We are all compliant. We are all safely doing a good job and enjoying our experience for the guests' point of view. I think once you put regulation and the compliance part of it in, it will weed out a lot of people who are just having a dabble. It is going to clean up the market towards them making a strong decision, long term or short term. Or short term, anyway.

**Mr WILLIE** - I completely respect what you are doing in regards to safety and maintaining the highest standards, but if you look statewide the compliance with just the basic change of use is only about 20 per cent or 30 per cent. A lot of people out there are not complying. So you do have better compliance - that will only benefit you because it lifts the whole industry.

**Mr GIBSON** - Competition makes for a healthy market. At the end of the day, when it comes to what we provide - |

As I said, I started this business because I was inspired by what somebody didn't do correctly. When I took it on I was like, 'We can do better'.

So we would like to see the state come under some more standard regulations so that everybody is on the same playing field. If you are not meeting it, you are either winging it and it will catch up with you; or you are getting out and letting the people who have the time, paying the dollars and doing it properly, which is overall positive, I suppose.

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**Mr WILLIE** - If a customer went to one of those places and has a bad experience, they might not come back.

**Mr GIBSON** - The review culture does help, massively. On the topic of Airbnb brand being utilised to describe short stay, Airbnb has been around for a long time. There is also what used to be Stayz, which is now HomeAway. We have our own booking website. It is not really about the ability for people to Airbnb more conveniently, on a casual basis without any compliance in place. It is quite simple, but it is no different from anybody putting it in the newspaper classifieds or on Gumtree. People have been doing that for eons.

Yes, I like the way the word is used because I understand the Airbnb platform but nonetheless, people are going to make it happen whether there is an Airbnb or not.

**Mr VALENTINE** - So if local government were given the power to put a pause in because it is having too big an impact on long-term rentals, do you see that would be a reasonable way to go? How they would exercise that?

**Mr GIBSON** - That is why I have this business and I don't run local government. Nonetheless, it is no different to a liquor licence or a tattoo parlour; it is just the same. I mean that precedent -

**Mr VALENTINE** - It is all designed to reduce the impact of one sort or another.

**Mr GIBSON** - It is there to balance and have a reasonable control. In a way we would be telling people what they can or can't do. If you are in long-term rental to somebody, no-one is going to hold you back. There is going to be no buffer on that, is there? But when it comes to the other side of it, short stay, a lot more things are involved. The impacts are greater. That is perhaps a way to have a little bit of control.

**Mr VALENTINE** - In your business, at what point do you pull in a building surveyor to look through your properties, or don't you?

**Mr GIBSON** - Let's think coast. Let's think people have been building houses on the coast a lot differently from the way that they have been building things in metro areas for a long time. They are what they are; there are some interesting characteristics.

**Ms Rattray** - They have different standards.

**Mr GIBSON** - The point is that we mention them once and then we just get used to them in a property. That is no different to a shack if it was just outside of Hobart, down the west coast, or whatever.

There are people protecting them because they are heritage. When we were growing up, people had second dwellings down the coast and their family used them. It was with the grandparents, great-grandparents, and they lent it to their neighbours. That is how my family used to enjoy time on the coast at the shack. That has all changed.

Moving forward, those same people would like to hire a shack or a holiday house. Or, more to point, the neighbour now has to pay their neighbour to stay in the same holiday house because

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it has a job to do. They do not assume that they will be able to use it because they are mates. They know that it has a job to do and so on.

Coming back to when we get in a building surveyor involved to tick a lot of boxes about things that maybe you do not really want to have talked about, or ticked, or even listed -

With our properties, we go to a lot of trouble. I am pretty picky.

**Mr VALENTINE** - You've had a couple of building surveyed yourself, by the sound of it.

**Mr GIBSON** - I have a lot of conversations with people who would like to engage us to do what we do. That does not mean we are going to do it for the sheer sake of it. We have grown very slowly. I have had chats with people on the phone. Then I get around there and have a look at what is going on and realise I cannot put somebody in and hope for the best or feel I am putting forward something that -

**Mr VALENTINE** - Your own integrity is at stake.

**Mr GIBSON** - Exactly. It comes down to my reputation. I am a host. I am online. I get reviews and so on. It will also be on our website and our own booking business. The property owner is way down the line there. If it really comes down to it, their name has to come up on some paperwork with insurance or something legal, which is not very nice, but it is still my reputation within my small industry.

**Ms RATTRAY** - I really appreciate your contribution. It is an important area.

I am interested in your view on what you might consider is the original Airbnb, where people actually share their home. Do you think they should be treated differently? Do you think there is room in this sharing economy?

**Mr GIBSON** - I think so. Perhaps not so much in Tasmania because we are not busting at the seams when it comes to population against size of city and infrastructure. Nonetheless if somebody invests in a property and they would like to use it for Airbnb, as long as it is their first investment property, I believe from a tax perspective and on the books, it is just a personal investment. It is not so much deemed to be a business with an ABN. There is no need for it. It comes under a set of guidelines that they can measure tax and capital gain. It is no different to letting out a room. If you are letting out a room, it is only at arm's length from personal and not business. I am not saying it should not be compliant and that they should not register their enterprise.

**Ms RATTRAY** - Just register would suffice.

**Mr GIBSON** - Just registering the enterprise. A better example is probably this self-checklist that they sign as a part of the permit, which I keep hearing quite a bit about.

**CHAIR** - And commercial insurance.

**Mr GIBSON** - They would have to have commercial insurance but then again so does a long-term rental.

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**Ms RATTRAY** - A landlord's insurance is significantly more than just your normal one.

**Mr GIBSON** - You have to make it worth your while. If you are doing all the right things and you get burned often enough, it is an overhead that you wear. You hope for the best because if you do not have it, something will happen. If you do have it, odds are pretty good we do not go there.

As I said, it is not relevant here but I think it is something that can have a softer registering and self-regulation.

**Mr VALENTINE** - Payment of GST?

**Mr ARMSTRONG** - We have heard from the more traditional accommodation houses where they say they are supportive of Airbnb to an extent but they want an even playing field for the rate component of it. Airbnb is paying a residential rate on their council rates, whereas the traditional accommodation is paying commercial rates, land tax and so on. What is your comment on that?

**Mr GIBSON** - If you were to try to counterbalance that by the compliant part -

**Mr ARMSTRONG** - These other people have compliance issues too.

**Mr GIBSON** - They do.

**Mr ARMSTRONG** - You are saying they need an even playing field?

**Mr GIBSON** - Yes, they do and it is absolutely fair. It is no different to if you have a bottle shop and someone is bootlegging, except it is a little more accepted. To be honest, I do not have a set answer for you. I have considered many things, but I do not think it is ever going to be a straight playing field. At the end of the day, competition does make for a healthy market. If people are not doing the right thing in short-stay, it is going to benefit the hotel side of things and people that provide a set service with structure.

If they are not providing the best they can be for the dollar they charge a guest, it is doing the short-stay a benefit. It is a catch-22. I appreciate where they are coming from. We are going into new territory, so following a level playing field is not going to be that simple. It is going to mean more that the cost of having a permit, to be compliant or accredited as a legitimate short-stay, is going to help somebody to even out when they end up paying more when it comes to land tax rates.

**CHAIR** - Do you consider the premises you have that are totally short-stay, because residents do not stay there, should be paying commission because it is not a residence but a commercial property? Should they be paying commercial rates? What is your opinion?

**Mr GIBSON** - It is too difficult to police. For example, if it said they do not stay there, they will so it does fit.

**CHAIR** - As a second residence?



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**Mr GIBSON** - They will say they stayed a period every year. All of our accommodations owners have use during the year and that is the beauty of our location. It would be a lot different in Hobart.

**CHAIR** - A change in the playing field?

**Mr GIBSON** - It is going to be very difficult to deem it full commercial, perhaps there could be some sort of subsidiary.

**CHAIR** - Councils might change; they might find another rating system, commercial, residential and short-stay.

**Mr GIBSON** - There is a lot in between commercial and residential, so it is no different to when you are talking about the 1b in the planning.

**Ms RATTRAY** - The 1a and 1b?

**Mr GIBSON** - Yes, that will encompass comfortably and reasonably short-stay.

**Mr VALENTINE** - Are there any regulations you feel are totally over the top?

**Mr GIBSON** - I do not know about over the top, because we are not sure of what the objective is of some of the regulations coming under the Building Code. I have some assistance from a mate who is a builder/designer and have to go through 100s of pieces of paper to try to find what the objective is of reducing under 300 squares or 200 squares. As long as objectives are clear, everyone is happy to abide. It is when you have a recognition of something people have to abide by that is different for a residential long-term against a short-stay, but there is no obvious logic. This is where the issue lays. People need something to abide by and it should be clear and precise.

**CHAIR** - You will meet requirements.

**Mr GIBSON** - You move forward, be happy and get on with it or it does not suit you, costs too much, so you go long-term. Maybe you have not invested in the first place, because you have heard it is a very big issue with people coming into the area, not informed and not seeking to be informed.

**Mr VALENTINE** - Buying property and getting caught out.

**Mr GIBSON** - Yes and they are in the midst of the same conversation with a lot of money at stake and have to spend a lot of money to get somewhere they thought they already were.

**Mr ARMSTRONG** - I would say, Matt, you would say the safety of the client is paramount.

**Mr GIBSON** - Absolutely, my background in banking for nearly 10 years at branch level was risk analysis where there were two pieces of paper to say, 'Do not drink the ink toner out of the photocopier'. You go anywhere else in any other industry and it is crazy, it is also creating a whole new part of the economy keeping us all going, but it is no different when you have a third-party guest come into a privately owned property I am responsible for. There are three parties involved - and do not get me started about the amount of effort we had to go into our contract to

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set up our own website - so you go to Airbnb. You can print out the terms and conditions, and it covers everyone to a point and somewhere at the end of most clauses, Airbnb disclaim -

**Ms RATTRAY** - They are not responsible.

**Mr GIBSON** - No different to any other booking site. For us to do this personally is very involved and we came to a point where we are happy it is strong. I will not say it is bulletproof, we will find that thing to change. We are doing the same thing with our service charter, which has been normally a reply by email from the property owner to state they are happy and I have spoken legally with somebody and it is binding.

If anything goes on down the track we refer to this and we all know where we sit. That is not good enough anymore and we will revise and have a proper contract that covers a lot of ground.

**CHAIR** - Thank you very much for coming in. We really appreciate your submission; there is a lot of information there.

**Mr GIBSON** - I have the easy job and I will leave the rest with you.

**Ms RATTRAY** - We had professional building surveyors as witnesses and they were also lost.

**Mr GIBSON** - I have been seeking advice from them. It has been a soft industry for a very long time, so it has only really come to the table now. Maybe if we are a bit behind, we should do something about it.

**CHAIR** - Thank you.

**THE WITNESS WITHDREW.**

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**Mr JOHN BROWN** GENERAL MANAGER, **Mr MICK TUCKER**, MAYOR, **Mr JAKE IHNEN**, BUILDING SERVICES COORDINATOR, AND **Mr TIM GOWANS**, ECONOMIC DEVELOPMENT OFFICER, BREAK O'DAY COUNCIL, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

**CHAIR** - Welcome to our public hearings. All evidence taken at this hearing is protected by parliamentary privilege. I remind you that anything you say outside this hearing may not be afforded such privilege. A copy of the information for witnesses is on the table if you are not familiar with the process. The evidence you give is being recorded by Hansard and will be available on the committee website. I will ask you to make a short statement on your submission and then we will ask some questions.

**Mr BROWN** - Thank you, Chair. We appreciate the opportunity to present at this hearing. It is a very important issue for Break O'Day and for the state.

In summary, we note within our submission that we have a substantial number of short-stay properties in the state for the size of our area, but there are some slight differences between the situation in our area and that in the locations such as Hobart in relation to the source of the accommodation.

We have also experienced substantial growth in the level of visitation in recent years from the tourist sector. This short stay accommodation has played an important role in meeting the need which has not been met by the commercial operator growth to date.

I think it is fair to say that there is a desire for different types of accommodation. This was one sector of the market that was not available until the sharing platforms were established.

We have a number of concerns relating to regulatory issues and will appreciate the opportunity to discuss those. That is why today we have here Jake Ihnen, our building services coordinator, who is involved very much involved on the front line of development services; Tim Gowans, our economic development officer; and, naturally, our mayor as well.

That is a brief introduction.

**CHAIR** - Thank you. Does anyone want to make a comment before we ask some questions?

**Mr TUCKER** - Without Airbnb included in the accommodation sector over the last few years we would not have seen the financial and economic growth we have experienced and that highlights the need for jobs, et cetera, in our community. We actually see this in a positive manner. We do see commercial operators now, with our new big caravan park coming on board because they are seizing the opportunity to be part of a multimillion-dollar business

**CHAIR** - Twenty-nine units, isn't it?

**Mr BROWN** - Plus some other camping accommodation.

**Mr TUCKER** - It is an amazing piece of infrastructure that has come on the back of the benefits of our rise in tourism numbers.

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The East Coast Regional Tourism Organisation will verify our increase has been substantial. We wouldn't have been able to meet that demand without some of the different types of accommodation. When we know that a lot of people have holiday shacks and they were never rented out before, they were purely a shack for private use. We now see some of these people renting them out and not renting it for the times they need, so they are actually not taking anything off; they are adding. It was never in the market for long-term rental. That is the background the way I see it, the way the benefits are contributing to the economic goodwill of Break O'Day.

**Ms RATTRAY** - Thank you for coming along today; this is a very important issue right across the state. We have heard the sharing economy is impacting on long-term rentals. We would be interested in hearing your view on this. In the area I live in, there are rarely any long-term rental properties available because people are talking the opportunity to put them into the short-stay. This is perhaps for a number of reasons, maybe a bad experience or possible higher generation of funds. Can I have some indication where council sits on this issue or if it is even an issue?

**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 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. Tim may comment on that in a minute. 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.

**Mr GOWANS** - Some research we did showed the majority of investors investing in other parts of Tasmania in the bigger areas, most of the people are buying properties to rent, and the rent covers the costs and capital gains. In the last 15 years, capital gains in Break O'Day have been lousy so we have not had the investors buying property to rent out. What we are seeing now are people who have family shacks who have seen an opportunity to add to their family income. It is an opportunity for them, so they are the ones cashing in and why we have seen huge numbers in shacks on Airbnb.

**Ms RATTRAY** - Which would never have gone into the long-term rental market anyway.

**Mr GOWAN** - No.

**Mr BROWN** - The key difference is the fact they are holiday shacks and they would not have gone for rental, because then they would not have been available as their primary purpose, which was the holiday shack.

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**Mr GOWAN** - A lot of these shacks have to be renovated to cater for Airbnb, so they have been upgraded. The spin-off for our economy is you cannot find a tradie in Break O'Day because they are creating a bedroom or fixing a latch to comply with regulations the council is asking for them to do. There is the economic spin-off too.

**Mr TUCKER** - The other thing at the moment which is important to realise is that when you talk to real estate agents, you can put a house on the market and it is sold in 24 hours or less if it is in our area. Some of the high-valued ones are like the house on Gumtree - it was a private sale well in excess of a \$1 million, and in four days it was gone. They had to knock back people who wanted to get on board. With the people who are moving here, the reality is a lot of places that may have been a rental are now becoming a permanent tenancy, so this also has an effect.

**Ms RATTRAY** - Nine Housing Tasmania properties have been sold in the last five years, but nothing has been replaced.

**Mr IHNEN** - Yes, there has only been one unit development in St Helens, which is only four units.

**Ms RATTRAY** - Has there been any inquiries from Housing, from the minister's office, in regard to land available?

**Mr IHNEN** - Not that I am aware of.

**Ms RATTRAY** - Do you know whether they have gone into the HomeShare status or whether they have been purchased by locals? We can follow up with the minister's office, but thought you might know.

**Mr BROWN** - This is spread across the Break O'Day area.

**Ms RATTRAY** - St Marys?

**Mr BROWN** - There are some in St Marys and they will have gone not to short-stay but into the rental market; one has sold recently. There are \$140 000-odd type house.

**Ms RATTRAY** - They are reasonably priced.

**Mr BROWN** - A reasonably priced three-bedroom brick place for \$148 000, so it can be attractive for a rental market. One of the issues from the local agent was there is a rental ceiling in St Helens and the REIT figures show it. It goes to about the \$240 mark and people do not want to pay any more than \$240 to \$250. Part of this is the social economy disadvantage of the Break O'Day area.

Mainland investors come in and think they can keep jacking the price up and they will keep paying, but they are hitting the ceiling. It is actually impacting there as well.

**Ms RATTRAY** - I found nine houses interesting.

**Mr BROWN** - It is a big proportion.

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**Ms RATTRAY** - It is a big proportion and if they are not replacing them with more suitable housing, a couple of two bedroom units, the turnover is not working.

**Mr BROWN** - I will add that those units were 10 years ago.

**Ms RATTRAY** - Ten years.

**Mr BROWN** - Quite a while ago.

**Ms RATTRAY** - They were two-bedroom units

**Mr IHNEN** - They were two conjoined units.

**Mr WILLIE** - It sounds there is a need for social housing in the Break O'Day municipality. Is the council working with Housing Tasmania to identify opportunities to build more social housing or are you working with social housing developers? There is a number of not-for-profit around the state.

**Ms RATTRAY** - CatholicCare.

**Mr WILLIE** - I know some councils are providing land.

**Mr BROWN** - In relation to this, we are not working directly with those providers at the moment. We have actually been working on another project, which Tim can mention. It was an idea from within the community about affordable housing and he is doing some research at the moment. No, but we have identified some surplus land which we do have, which some may be suitable for suitable for housing.

It is something that obviously needs some attention. The person in the community has suggested this structured on the affordable first home ownership-type of approach, which involves a cooperative effort to get people into housing. Tim has been undertaking research looking at financing options, available land and how a model might work. We are due to go back to a council workshop for a discussion and further fleshing out next month, and it would be close to that now.

**Mr GOWANS** - The initial workshop item report and the concept is to some degree like the state Government one. The Government advised on borrowing.

**Ms RATTRAY** - HomeShare.

**Mr GOWANS** - Yes, it relies on 70 per cent from the banks. In socio-economic areas down here, they may not have the capacity to get money from the banks. The proposal put to us is whether there is assistance from council arrangements from banks like Bendigo and that sort of thing and available land. It also explores the prospect of getting local hardware stores and planners involved. It is a fairly complicated concept, but we need to start to look at all the pros and the cons. The cons start to get a bit scary. We are now separating it so we can go to the council and say, 'Here is all the good bits and these are the bad bits'.

**Ms RATTRAY** - Risk analysis.

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**Mr GOWANS** - There is a risk involved.

**Mr BROWN** - It has got the owner building and a mentor focusing, so it is a little different to the other models.

**Mr VALENTINE** - Are you aware of any people who have been forced out of long-term rental because the owner has wanted to convert to a short stay accommodation?

**Mr GOWANS** - Anecdotally, yes, there are a few. John mentioned a minute ago that there seems to be this \$250 mark. It seems to be hard and fast too. You can see it in the figures. You will hear stories that they could not afford to stay on because the owners had put the rent up. I am not sure. I do not have any hard figures on it.

**Mr VALENTINE** - When there is an application for a permit for a greater-than-200 square metre property, is there ever a need to advertise that in order to satisfy the performance against acceptable solutions? I am interested to know whether that ever happens - where you find you have to advertise it to find out what the impact is likely to be in the general area.

**Mr IHNEN** - I can probably comment on that. I am not a planner but my understanding is that if it is over 200 square metres, generally it will be required to be advertised, but the discretion is really around the use.

**Mr VALENTINE** - If it is a change of use?

**Mr IHNEN** - That is correct. If this is a change of use where they are going from an existing dwelling to short-term accommodation. There is some discretionary exercise by the planners but it is generally just around use and car parking. They are the two main things.

**Mr VALENTINE** - Does that then get treated like a DA, or not?

**Mr IHNEN** - Correct.

**Mr VALENTINE** - It does. Okay.

**Mr BROWN** - In terms of numbers, during 2017-18, we had 43 properties which went through a DA process. About 10 per cent of our DAs in the 2017-18 year were related to change of use and some of them have been discretionary.

**Mr VALENTINE** - How does that comply with PD6? Planning directive No. 6, Exemption and Standards for Visitor Accommodation in Planning Scheme. How far do those exemptions go in terms of whether you should be advertising? If you are complying with the planning directive, maybe the planning directive says they have done it.

**Mr BROWN** - I am not sure.

**Mr WILLIE** - If it is under the 200 square metres, if they comply, you do not have any discretion, do you? Over the 200 square metres, it is discretionary.

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**Mr VALENTINE** - I just wanted to double-check that is your understanding.

**Mr BROWN** - It really comes down to those planning directives and the requirements of the scheme. Unfortunately, in the context of that we can only deal with it on planning merits. We cannot make them up.

**Mr VALENTINE** - You have to test those performance criteria.

**Mr BROWN** - That is right.

**Mr VALENTINE** - There is no other way to do it really, is there? Unless your office stops it; if they want to put themselves out there. We can do it as a council.

**Mr BROWN** - We cannot do it on the basis we think we have too many.

**Mr VALENTINE** - No.

**Mr BROWN** - We cannot make a planning decision on economic grounds.

**Mr VALENTINE** - Do you think that local government ought to be able to do that? To be able to say, 'We need to limit this and put a clause in place because we think it is having too heavy an impact on long-term rentals?

**Mr WILLIE** - Or community amenities or a range of things?

**Mr VALENTINE** - There is a whole heap of things. Whether it is impacting on the sense of community is one other. Just like you do with bottle shops.

**Mr BROWN** - I will take the easy one to start with, which is that sense of community.

Certainly, if you have a large number, it has that potential. Whereas if we look at the numbers we have, that shift from holiday home to short-term accommodation is the same side of the same coin. It is basically no different. There are people here for a weekend and then they move on.

Holiday home owners are a little bit in the community but they are predominantly there to just to stay for the short term. If it is long-term rental, potentially it does have an impact on the fabric of the community as well.

On the economic question and I will put the general manager's hat on -

**Ms RATTRAY** - That's the mayor's hat.

**Mr BROWN** - Yes, the mayor's hat. I have been really concerned how council can raise -

It would be very difficult to make those judgments without an economic analysis to back up those decisions. You would very quickly be in RMPAT with an appeal - or in the Supreme Court as a worst-case scenario - to justify the basis of that. The planning scheme gives us reasonably black-and-white rules to work with. But as soon as we add economics, if you start applying it



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there, at the end of the day, when you start getting four caravan park applications when you already have three, do you say, 'We've got enough caravan parks'?

It would be very difficult, as much as we might like to do it -

**Mr VALENTINE** - Are you referring to interfering with the market?

**Mr BROWN** - I think it would be interfering with the market. We've got, say, growth at 8.8 per cent and we've visitor accommodation coming online at 25 per cent, at some stage that gap is going to drive down prices or it will drive down availability. It is going to be the law of supply and demand and price impact in there as well.

In summary, we could not add economics into council deliberations for this. I would be a bit concerned about how officers could provide professional advice to council to make a decision in that planning context.

**Mr TUCKER** - Being in business myself, it is called competition. If we are to be judge and jury on an economic benefit for a particular section in our community - and I use that quite broadly - if we have five caravan parks or we have 10, the best ones will survive. It is not our role to say to somebody that they can't build one. It is up to them and their economic business case.

I think we need to be very careful where we draw a line in the sand. What is council's core business and role in this versus commercial reality? While we all may feel we would like to do something to help a section of the community, we are also going to become judge and jury. I think the most important thing is to have a level playing field and make sure regulations that are imposed reflect the use of the actual application.

**Mr VALENTINE** - Except where the council might be stepping in is to protect the desired future character of your area. That is why I am asking the question. How do you intervene to protect your desired future character otherwise?

**Mr BROWN** - We can pull certain levers. I will reflect on another concern that we've had.

With the growth we've had, we have had concerns about the human infrastructure. Where are those jobs, what skillsets are required to make sure we have the workforce for the future? We've been active in that space for the last couple of years with a project to make sure we have the people with the right skillsets to take the positions.

The housing infrastructure is something that has become more evident. We are aware of issues at Bicheno where short-term or rental accommodation for the peak season -

**Ms RATTRAY** - Derby.

**Mr BROWN** - Yes.

We have that issue building. Staff are coming in for holiday work, but where are they going to stay? There are a couple of little extra things - whether there is an opportunity through market intervention by pulling levers to provide incentives for more long-term rentals so there are some

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financial benefits to be there, and some disincentives to be in the short stay accommodation-type market, making it more difficult to be in that space so it becomes less attractive. These are market interventions that we can bring into play to swing it back. If we wait, in time the pendulum will start swinging back, but it is going to be a few years. I don't think it will happen short term.

**Mr WILLIE** - Isn't the council already making some of those economic decisions when it comes to business and use of property, say, like a mechanic's business? You couldn't set up a mechanic's business in a residential area.

**Mr BROWN** - That is where it is planning grounds. If it is a discretionary use, you go through a process; if it is a prohibited use, it's not going to happen. That is where we have some clear guidelines. It is not on economics; it is not whether it is too many mechanics - that is the difference. If we have too many mechanics, that is market forces, but it is a conflicting use issue. There is no conflict when you have short stay accommodation with normal residential accommodation.

**Mr VALENTINE** - Except for the sense of community.

**Mr WILLIE** - It's a commercial operation in a residential area.

**Mr BROWN** - Yes. No, but it's sleeping in beds and the same sorts of things. At the end of the day, if you strip away the length of tenancy, it is the same enjoyment of that property, but once commercial, sleeping and eating and that are the same thing. Whereas, if you take the mechanic scenario, that is one where you could end up with some nuisance - it could be noise, it could be odours, -

**Mr WILLIE** - Which is the same thing that could happen with short-stay accommodation - you could have a party house.

**Mr BROWN** - You could have it there, yes. Certainly, that would be the only way that you could do it there: to pick on the potential conflict in use that was happening.

**Mr WILLIE** - We have heard some evidence from LGAT and other stakeholders. They suggest that discretion should be handed over to local government, so that the Hobart municipality could manage their own challenges. Obviously, you have a very different set of circumstances where a lot of holiday homes are being used. That is a good thing because they are just sitting idle a lot of the time, whereas in Hobart, UTAS was saying that over 800 properties in the Hobart municipality have been converted to short stay accommodation from long-term rental properties. They are saying it should be discretionary for local government. You don't support that concept?

**Mr BROWN** - Not without a clear framework. We need to have a clear framework, something we can use to make a decision consistently that takes away that arbitrary thing of 'There are too many just because we think there are too many'. We need to have a basis on which to make that decision.

**Mr WILLIE** - If you could have the framework in place -

**Mr BROWN** - I would love to see what that framework looks like.

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**Mr GOWANS** - I think it is very dangerous that any government body plays in that space. The economy is a complex animal, if you like. The Break O'Day economy is not controlled by Break O'Day. It is not controlled by boundaries or geography or whatever; it is part of the Australian economy. If you get local governments focused on their own cabbage patch playing in the economy, to me that is extremely dangerous. Mick mentioned a minute ago about having too many mechanics or too many whatever and that the council should have some jurisdiction on that. No. I will use an analogy: Lygon Street in Victoria, full of restaurants. Take all the restaurants out of Lygon Street bar two, and I'll guarantee they will all go broke in 12 months because the attraction of Lygon Street - and I have worked over there - is that you can walk down the street, and say 'I'll eat Italian tonight', 'I'll do this tonight' or whatever, you have a choice. If we have 10 caravan parks here, they have a choice.

**Mr VALENTINE** - I think the social impacts are different as well. It is not because of the economics. It is impacting on the economics.

**Mr GOWANS** - They are very closely linked, though.

**Mr VALENTINE** - Yes, they are closely linked, but the problem is the social impact on the general community. It is not saying that it ought to be that council gets to fiddle with the economics directly; it is just about the impact on their communities.

**Mr GOWANS** - I am talking about two things where the councils are very proactive, in my opinion, in the socioeconomic side of it. One is the skills analysis, the work we are doing, and also affordable housing. They are two important things for our social wellbeing in the council.

**Mr BROWN** - I will go back to it and say: the investigation and evidence of social impact - Where is it? What has been done to do that? We can all make assumptions this is an impact or we think this is an impact, but what has been done to analyse that in the sense of different communities? As I mentioned, the impact here is probably different to the impact in Hobart.

**Mr WILLIE** - Yes, we are in agreement. As a committee we are trying to work out a way how decisions can benefit local communities rather than having a standard one-size-fits-all model for the whole state.

**Mr BROWN** - We put in the submission that short stay accommodation has actually saved us in some ways because of accommodation shortage. Until Parkside, this building was the last major development done in this municipality in 15 years.

**Mr VALENTINE** - New hospital coming up.

**Mr BROWN** - That is good, but the last major accommodation development - that's only short-stay, I hope.

**Mr WILLIE** - Do you think the expansion of short-stay accommodation has been disincentive for developments like this?

**Mr BROWN** - The new one at Parkside has happened.

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**Mr TUCKER** - If we do not have short stay accommodation to meet the need - the figures we are seeing show an increase in bed nights in our community - take that out and you are going to gut our economic benefit and we are going to lose jobs. If we are going to start introducing rules and regulations to hurt the demographics of a single municipality by saying, 'Let's rip a few jobs out of there because we don't think that's right', I would say you are totally wrong. You also need to accept that if we can't have economic growth and jobs - and with that will come other benefits that will hopefully support more accommodation - how does anything grow if you want to put the handbrake on?

**Mr VALENTINE** - The short stay accommodation market assists people who might be retired who have very a small income - a pension or whatever - and it helps them because they can rent out a couple of rooms if they need to. If it is true share accommodation, that can be very beneficial, can't it?

**Mr WILLIE** - To clarify the mayor's point, all the committee is doing is testing the evidence.

**Mr TUCKER** - I understand that.

**Mr ARMSTRONG** - Your council has been very proactive in this area. We have heard from other councils throughout the state, and from what I have seen, that you have been right on top of this issue, if we can call it an issue. You have already put in processes with which they have to comply. We have heard from other, what you would call traditional, accommodation businesses throughout the state who do not believe it is an even playing field. The rates, for instance - the Airbnb charge for short stay accommodation is being charged at the residential rate compared to a commercial rate. Have you looked at anything in that area to address those issues or are you happy for it to - ?

**CHAIR** - Some of it is entirely short-stay; the regulations are about [inaudible] short-stay.

**Mr BROWN** - In that context, it depends on whether you are applying a differential rate, depending on the purpose of the property. I am trying to think whether we have finally equalised commercial and residential rates this year.

**Mr GOWANS** - We have.

**Mr TUCKER** - Commercial and residential have been equalised this year; we used to have a differential rate. We brought that together because we believed we needed to have a level playing field.

**Mr BROWN** - The reason we had different rates was to do with the impact in valuation a number years ago; then there has been a process of equalisation - except for one area, which is forestry, when they decided they weren't going to rate plantations. The commercial-residential one has been equalised. There is a gradual process to align them because the commercial rate is below the residential.

**Mr VALENTINE** - I thought it would have been higher.

**Mr TUCKER** - The council years ago, in its wisdom, tried to create incentive for commercial operators to come on board. That was to their credit, an incentive. Once again, to get

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economic growth, to create jobs, to enable our schools to be viable, our sporting teams et cetera, we needed to have a community that had different age groups. To have a commercial differential has helped new businesses come online. We have taken the approach as a council that we believe that had to be phased out. Over the last four years we have altered the differential rate to become a level playing field. We think this is really positive. I had no problem. I was not on council when they did it, but I reckon they needed a pat on the back because they created economic benefits and community jobs by investment and by having a helping hand.

**Mr ARMSTRONG** - Yes, we heard from another council from the other side of the state where the commercial was probably three times more as what the residential was.

**Mr TUCKER** - That is a good incentive.

**Mr BROWN** - As a general manager, I'd say they should be creating benefits.

**Mr IHNEN** - As a side note, over 200 metres square we issue a new occupancy permit. There is a potential trigger to have them submitted for valuation through the occupancy permit process so the Valuer-General would assess those on a case-by-case basis, which could be an option.

**Mr ARMSTRONG** - We have had some other witnesses today who manage properties in the area. They are trying to do the right thing with their business by making sure people comply. Do people who come to you and say, 'It is too hard; we do not want to comply' then go off and do Airbnb? Do you have any control over that that you know of?

**Mr BROWN** - I will make an initial comment and then pass to Jake.

For a number of years, this council has taken a very active approach to compliance. Even predating short-stay, council was active in signage compliance, legal building and development because at some stage it is going to come back and bite the person on the backside. Right from the start, we have monitored short-stay sites so if something crops up, our compliance person will see it and they will get a tap on the door.

**CHAIR** - How do you know it crops up?

**Mr BROWN** - We monitor the site; we monitor Airbnb.

**CHAIR** - They do not tell you where it is.

**Ms RATTRAY** - Until you book and pay.

**Mr BROWN** - We can find it. It is also local knowledge. Because it is a small community -

**CHAIR** - |So, Jake, you identify and recognise the property?

**Mr IHNEN** - It is more so the booking platforms. We are made aware of it through that process.

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**Mr VALENTINE** - If you have to pay first, you do not get to know where it is. You must recognise it simply from photos, do you?

**Mr IHNEN** - Yes, that is right.

**CHAIR** - Go on a list and look.

**Mr IHNEN** - At the end of the day, the compliance resource is quite resource intensive but the application process at the moment is relatively straightforward. We have not had anybody who has made the comment, 'It is too hard'.

**Mr VALENTINE** - Is that under 200 square metres as well?

**Mr IHNEN** - It is probably both. There has been a little bit of grey area around the over 200 square metres and how we apply the legislation specifically in relation to the Building Act. The planning scheme has been fairly clear but the building side of things has been a little ambiguous on whether access for people with disabilities is required, whether we are required to control bushfire-prone areas, emergency evacuation - there are a couple of bits and pieces in there, hardwired smoke alarms, emergency lighting and a few things like that.

As soon we class a permit as a 1b, which is generally bed and breakfasts, hostels and the like, it triggers the requirements for disability access. At the moment there are exemptions for existing dwellings, but if you are doing new building work, potentially there are some pretty massive costs in trying to get buildings to comply. I suggest that with a two-storey existing dwelling, it would be unfeasible to do that.

**Mr ARMSTRONG** - When you tick off on a building permit and you charge a fee, do you have a 12-monthly follow-up inspection and a fee follow-up?

**Mr IHNEN** - We issue a new occupancy permit and attach what is called a 'Schedule of Health and Safety Features' because it is a class 1b building. The Schedule of Health and Safety Features lists safety things like balconies, glazing and wood heaters, which puts the onus back on the owner to check those things on a regular basis. They have that schedule to work with the owner. There isn't any follow-up from council, and there is no requirement. They have just removed from the Building Act people having to provide an annual maintenance statement and submit it. Council do not keep copies of any of those records.

**Mr ARMSTRONG** - I have to say that what we heard from the other people here today as well as you is that councils are very proactive in short stay accommodation.

**Mr WILLIE** - On the building code, a couple of weeks ago we had a fire servicer saying, 'Our residential properties are 1a' and that somebody staying in a residential property on a long-term lease is familiar with the property, but if there is a fire risk, they will be evacuate it properly because they know it.

With short stay accommodation, though, somebody might arrive at 10 p.m. at a property that might be in a bushfire zone. It does not have the same building standard as a 1b when it comes to fire safety. They are concerned about that and suggested that all freehold properties should be made to comply with 1b because a huge risk is being carried by the community.

## PUBLIC

They did an audit of all the listings in Tasmania. Nearly 50 per cent of them are in bushfire zones. Is that something that you would support?

**Mr IHNEN** - Yes. It is the way at the moment. We have a handout containing building advice for existing dwellings that we give out to owners. That pretty much brings them up to a class 1b standard, all but the bushfire-prone stuff.

In order for that to be triggered under the legislation, there needs to be a building permit. If you are only applying for a change from a class 1a dwelling to a class 1b guesthouse or short term accommodation, no building work is involved. Therefore the bushfire requirements are not triggered. That would need to be introduced some other way because that is the way it is set up at the moment.

The other argument being had in the building surveying industry concerns existing dwellings used by a family who are all related and know each other. If they rent an entire house, it could still be considered a class 1a dwelling. There are few tests we apply to try to make a decision as to whether it is a class 1a or 1b. Generally, if we are applying that example, it is still a class 1a dwelling. It is only when the owner is restricting parts of the building, or are living in part of the building where there seems to be more risk around separate rooms being rented to unrelated people, so they don't know their habits. They may have a vision-impairment or something like that, so they can't escape. Whereas if it is a family who are all related, they know who needs assistance and can evacuate them.

**Mr WILLIE** - Which is a bit like an Airbnb where the primary residence is the property and they are renting out a room, isn't it?

**Mr IHNEN** - Yes. The approach the council has taken at the moment is to get more to upgrade to 1b; only those over 200 square metres where they currently fill in the building self-assessment sheet. Where they are over 200 square metres, we get them to put in emergency lighting and the extra hardwired smoke alarms. That involves an inspection from us as building surveyors to check that balustrades and everything like that are safe.

**Mr WILLIE** - Does that apply to all properties?

**Mr IHNEN** - I think it should.

**Mr WILLIE** - It is the same risk profile, isn't it, whether it is 200 square metres or under?

**Mr IHNEN** - Yes, correct. The building self-assessment form has been amended along the way. It has been quite frustrating as a local government because this building self-assessment form has been released without any consultation with local government that I am aware of - certainly not with the Break O'Day Council.

These building self-assessment forms are submitted and put the onus back on the owner, and they are not doing their checks. They are not thinking about whether the balustrade complies. They tick and say their hardwired smoke alarms are all right but they wouldn't know whether they were connected. There is some technical stuff there. They are signing to say that they comply but in reality it is an inherent risk.

## PUBLIC

**Mr WILLIE** - If you look cross the state, compliance with the basic change of use, your 30 per cent, and then there are also the Building Code issues. Do you think there has been an issue with the language used by the Government? They say, 'We are deregulating, we are embracing a sharing economy'. Do you think members of the public don't actually understand their responsibilities, the planning directives and the Building Code?

**Mr IHNEN** - Yes, definitely. The thing is that we are relying on the owner to obtain advice. What has ended up happening with the ones under 200 square metres is that councils, apart from myself as a building surveyor within the council, are having to give out lots of free advice to tell them how they need to comply for them to be able to submit the building self-assessment form. Whereas, really, we would like to be able to say, 'How about you just apply for a new occupancy permit?', and then here is a fee for service so we can assess it properly. But at the moment building surveyors around the state have been inundated with people making these inquiries so that they can fill the form in and submit it.

**Mr WILLIE** - So a lot of education needs to happen. Compliance was the reason this inquiry was established and then after that establishment, the Government announced its compliance bill, which the Legislative Council will consider before the end of the year. They are certainly acknowledging that there is a real issue when it comes to some of these measures. I know CBOS has written to a lot of property owners as well, which suggests they are worried about the risk being carried by the community at the moment, too.

**Mr BROWN** - I think one of the key issues here - which Jake just touched on - is that what the state Government is doing has been reactive, and the consultation has been lacking with the practitioners on the ground. To fix this, there actually needs to be a bit of a 'Catch our breath and let's see if we can retrofit a system which works and then move it forward'. Otherwise we are going to continue to see this reactive pattern - it is a bit of a 'One gopher pops up so you hit it on the head with a mallet'-type of situation trying to resolve it, rather than thinking, 'How do we fix the problem?'

**CHAIR** - Be proactive rather than reactive?

**Mr BROWN** - Exactly, take a proactive approach. Say, 'Yes, we might not have this right so far, so let's stop'. Honestly, I think this could solve it [inaudible], but that goes back to a broader issue we have with the Building Act and changes to it. Even with the original Building Act, there was a lack of consultation with local government and the practitioners on the ground. We have raised massive concerns around the Building Act through LGAT. They will come back eventually through the Legislative Council, but we are advocating for a full review of the whole act because we do not believe it is performing the way it needs to.

**Mr WILLIE** - We heard from building surveyors yesterday about how it has not reduced red tape for them and that they are having to fill out a whole lot more forms, and that it is not actually improving the quality of building.

**Mr BROWN** - I am dealing with Jake coming along with his frustrations, so we take Jake's frustrations and put them back because he is the person on the ground. He is the one who is dealing with this stuff and that is where the input needs to come from because that is on the ground providing solutions. It is not necessarily speaking to us -



## **PUBLIC**

**Ms RATTRAY** - See pages 78 to 93.

**CHAIR** - I've been asking Government Administrative Committee A to look at the Building Act but it hasn't yet.

**Mr GOWANS** - Is that right?

**CHAIR** - Yes.

**Mr GOWANS** - I think there is a point we are missing in this whole thing - the insurance companies. They are also hearing noises from colleagues. They are looking at how a change in use to an Airbnb changes their risk. You will find that might assist in changing them to go to the next class; they will have to, otherwise they will not be insured by the cover. I think the insurance industry is trying to catch up with them.

**CHAIR** - I think we probably should talk to the insurance industry.

**Mr GOWANS** - Yes.

**Mr WILLIE** - Obviously you would like to see some of these changes take place sooner rather than later given the risk being carried by the community. We have heard of horrible incidents in other jurisdictions. There is potential for that now because of all these things that haven't been done.

**Mr BROWN** - Yes, certainly. It is a tough one. It is a balance between trying to get it right and speed. It might be that we have to take a bit longer to get it correct rather than another reactive change. I am interested - I keep hearing this about change in Victoria, about moving towards some new rules and some limitations there as well. I haven't seen it yet, but I've just picked up bits out of the media in Victoria in that area.

**Mr VALENTINE** - On the data side, do you think you have enough data as a council to look at this effectively? You say you pick up those going into the market and you think you have them all, but there may well be situations where people are renting on these share platforms and they are not coming to you. Do you think everyone ought to be registered in some way, shape or form, either with local government or with through the government so that you actually get the full data?

**Mr BROWN** - I think everyone should be registered. I am not sure if the local government is the registration body for this. We can always do with more data; it is always good to have occupancy data and occupancy trend-type data. It is all interesting information from a statistical point of view, which can help us make informed decisions as a local government authority.

**Mr ARMSTRONG** - It would come at a cost, though, wouldn't it?

**Mr BROWN** - It comes with a cost, but people should be required to provide certain information. Not having the data or the complete understanding on this is pretty much where this conversation started: the long-term rental impact and what other factors might be driving some of these shortage issues in our local area.

## **PUBLIC**

**Mr VALENTINE** - So you could take action to help alleviate some of that -

**Mr BROWN** - That's right. If we could understand the dynamics of what is going on - we know our population has pretty much flatlined from the census when they do the adjustments, so the ID Economics data which has been provided for us there. We also know from things like TasCOSS reports on social capital framework that in our school age population, our enrolments in St Marys and St Helens schools have dropped by 20 per cent over the last five years.

**Mr VALENTINE** - Is that right?

**Ms RATTRAY** - And yet we heard this morning that the numbers have stabilised.

**Mr BROWN** - Yes, they might have stabilised, but when you look at the long-term trend as published by TasCOSS for the Break O'Day area, the combined enrolments for the two schools - I think we have a little gap for years 8, 9 and 10 with very low enrolments.

**CHAIR** - Is it still viable, though?

**Mr BROWN** - If it keeps up that sort of trend, it may have stabilised or may be coming back up, but if we go back, the trend is not pretty.

**CHAIR** - That comes back to the long-term residents leaving and the short-term ones coming in.

**Mr TUCKER** - This is what is happening. Let's face it, we are very heavily reliant on tourism in Break O'Day [inaudible]. We are seeing people from the mainland who are selling their homes and coming to find an idealic little seaside town where they want to live, and they are not of the breeding variety. They are past breeding.

**Ms RATTRAY** - They are of the bowling variety.

**Mr TUCKER** - Exactly. We had that which is a very big part. We are seeing people moving from here with their families because they are going to job opportunities - fly in, fly out has had an effect. We are seeing people now saying, 'Dad is working in the mines, we are going, we just can't be away and separated the amount of time that we are.' So they sell their house and we are finding we are getting a lot of retired and semiretired people moving here. Hence we see the enrolment in the schools changing; we are seeing the age demographics of the population changing and we are part of that big picture. The growth we envisage is going to come from jobs. Jobs will only come if we can get bums in beds - that is what creates a healthy economy. Then we are going to see the people who have those jobs; hopefully, there will be some young family people who will start the breeding season all over again and away we go.

**Mr VALENTINE** - Isn't this where short stay accommodation might be part of the issue here because of the houses the retirees might want? When retirees come, they don't actually take the jobs but they create jobs in the services they require. They might buy a house that has everything but they might not want to mow the lawns - they might want to employ someone to mow it.

**Mr TUCKER** - And they go out to restaurants and other things.

## **PUBLIC**

**Mr VALENTINE** - That is right, so they help move the economy along. It is a bit of a double-edged sword, isn't it? Do you want to comment on that?

**Mr TUCKER** - I'll handball this. You know when you said you want the mayor's hat? Well, this is the GM's hat.

**Mr BROWN** - Well, it is, and certainly the attractiveness of this location as a retirement destination is something we have seen for decades. People will move here; they will utilise services, which is great and it is what we want, and then they will get to certain point where the health services don't meet their needs for specialists and they head back. When they get here, they expect they are going to have all the services of a big city and they argue with council - 'Why aren't you providing all those services?' - and we explain to them that this is not the big city.

It is an important component of our economy. When we look at the population trends, we are ageing very fast and significantly higher than the majority of Tasmania, although Glamorgan is above us. KPMG projections out to 20 years show our retirement band of people is getting thicker and the working age piece is thinning, and youth is so new, but a little less. It is interesting, and I have some REIT figures I am happy to share.

**CHAIR** - Are you also able to table them?

**Mr BROWN** - In relation to property sales, it quickly gives some brief information. It is interesting when you look at the figures of first home buyer, investor, retiree or second-plus home buyer. Very brief and all the figures are there - REIT has some incredibly good information and is very helpful in providing analysis. We have Break O'Day, St Helens, Hobart and Launceston figures around rental and property sales, so they have been really valuable.

**Ms RATTRAY** - I might add, still reasonable prices.

**CHAIR** - Could I ask you about registration? I note Glamorgan Spring Bay does register and they are the only council in the state to do so. If it is a secondary residence and it is offered as an Airbnb, the owner needs to register it and they need a planning permit with the council which costs \$250.

I came across someone who has two properties at Swansea rented out and they were telling me they had to pay a fee to register both their properties with Glamorgan Spring Bay. When you find someone actually renting out their property and you access them and get the occupancy permit, it would be quite simple for you to have a register because you have all the information already.

**Mr IHNEN** - Yes, it would be a fairly simple electronic search to be able to get the data.

**CHAIR** - Do you think it would be worthwhile if you actually had a register? At least you would know most of the properties, apart from under-200 and over-200 square metres. It would still be good to know the people who have a home and are renting out one or two rooms, so you know what is actually happening in your community.

## **PUBLIC**

**Mr GOWANS** - I did the research into Airbnb, Stayz and single rooms. There is actually an organisation in the States called Inside Airbnb and they actually picked up 220-odd. This was the number I gave you; if you look at the local figures, go off the net and try to find somewhere to stay, you probably only find 80 or 90. As soon as someone registers a place for Airbnb or whatever, that goes into their international database, only a few years old. You can find Mexico, Hobart -

**CHAIR** - Some of the places like Barcelona \$60 000 fine.

**Ms RATTRAY** - One of our witnesses suggested there should be a fine of a million dollars if somebody does not register.

**Mr BROWN** - That is okay if you have the money.

**CHAIR** - Is it likely your council will do a register so you actually have a handle on how many you have? You are almost there with occupancy, and it would almost be a simple thing to go up and look for the rest.

**Mr BROWN** - Registers are one thing. I would be interested to see what power Glamorgan has to charge that fee. Unless they have a bylaw, where does it sit under the Local Government Act?

**CHAIR** - Having seen it through our community and having spoken to the chap doing it, he did not seem to have a problem saying it is registered. I guess you meet certain requirements; it is a bit like your occupancy.

**Mr IHNEN** - Yes, you could use that. I do not know if it is appropriate to comment on the new bill and what is proposed. It only deals with the planning; it does not deal with the occupancy part of it. As part of the new build, they are proposing that the booking platforms ensure these permits are in place. I do not know how much of the table -

**CHAIR** - On the platforms at the moment when you tick a box to say you have it, there is no onus of proof.

**Mr IHNEN** - Yes, there is no follow up. They propose to put the Director of Building Control in as the administrator to do the compliance checks. I do not know if that is the right approach, but it could be a way of keeping those records.

**Mr BROWN** - If you reflect on the registration of other accommodation places, how do these centralised registration processes apply for different classes of accommodation places? Is it something that should sit with a director of licencing-type of approach? It has to be a consistent statewide approach. Whereas if we set up -

**CHAIR** - A central register.

**Mr BROWN** - Yes, and -

**Mr ARMSTRONG** - You can access it if you want.

## **PUBLIC**

**Mr BROWN** - We access it when it is needed. We can provide information to it. You have 29 councils, which in 29 different ways - in some form or other; it might be 95 per cent similar

**Mr VALENTINE** - It will end up like the planning scheme.

**CHAIR** - I know that Launceston tried a register for a couple of weeks and it just became impossible. As has been said by the members, you have to pay first before you know where the properties are. Are you a building surveyor?

**Mr IHNEN** - Yes, building surveyor.

**CHAIR** - You have your own building surveyors to support the council.

**Mr WILLIE** - It is a smaller market too.

**Mr BROWN** - One of the reasons we have our own building surveyor is because it is hard to get building surveyors to come here.

**Mr VALENTINE** - You pay travel and all the rest of it.

**CHAIR** - You never get them when you want them.

**Mr WILLIE** - On that, talking about the difficulties of housing supply and getting skilled workers, does the council have a skills and training policy? Do you put on apprentices? Are you actively trying to grow skills and training in the area?

**Mr BROWN** - That is a good question. It is a hobbyhorse of mine. Yes, we do take on trainees through a couple of pathways. The external workforce is the easiest one for us because staff turnover internally is not that high.

**Mr WILLIE** - Do you have a policy for contractors to have certain quotas?

**Mr BROWN** - No, but we like to see local content. We have just announced a mountain bike trail tender. One of the things we looked at was local employment within that.

**Mr ARMSTRONG** - In your tenders, do you give a discount for a local contractor?

**Mr BROWN** - We do have that there. It is a difficult one to work with. When you say local contractors and local content - it could be an away contractor, but they are going to be buying concrete and other materials locally.

**CHAIR** - As long as it is Tasmanian.

**Mr BROWN** - It gets really subjective. We have been active with the Skills Tasmania project we are backing up now. We have identified the jobs that cannot be filled at the moment. We have the crystal ball out, looking at where those jobs are in the future. Part of the process is matching the skillsets so that we are making sure the skills are being delivered to meet that need.

## **PUBLIC**

If we know where the jobs are, we can promote those opportunities to people so we are quite active in that space. We argued with Skills Tasmania on this because they stopped us the first time on this project. They said, 'Why is local government taking the lead on this?' We said, 'Well, there's no other organisation that can do it.' Also we were arguing across geography and sectors. Whereas they tended, until now, to do it sideways - tourism, agriculture, aquaculture. We said, 'Map it across the lot, based on the geographic areas. They supported us in that. We are active in that space because we want to create a future for our kids.

**Mr WILLIE** - Aged care would have been a big one, would it not?

**Mr BROWN** - Tourism, aged care is in there. Construction is an interesting one.

**Mr IHNEN** - A lot of smaller business operators, sole traders, are getting a bit older and retiring. Where are the new ones coming from?

**CHAIR** - Or are they coming?

**Mr BROWN** - We can promote that, attract people from the mainland to live with their families. There is cheap housing, if you can get it.

**Mr WILLIE** - Or build your own.

**Mr BROWN** - It is a good lifestyle, reasonably good affordability for living and a great community.

**Mr VALENTINE** - And sunshine.

**Mr BROWN** - And sunshine.

**Mr ARMSTRONG** - Those school figures you gave us - that was over the last 10 years, wasn't it?

**Mr BROWN** - I think so. I will have to double-check.

**CHAIR** - They are dropping, a bit like Bicheno.

**Mr BROWN** - I will have to dig out the TasCOSS report.

**Mr ARMSTRONG** - Your main economic driver for this region would be tourism, and then aquaculture?

**Mr BROWN** - It is the service industry. We have a breakdown of -

**Mr ARMSTRONG** - The main driver would be tourism.

**Mr BROWN** - Yes, it is.

**CHAIR** - Has that increased?

## **PUBLIC**

**Mr BROWN** - Apart from the visitor numbers, we have; also with the crystal ball stuff, we have identified a lot has been happening.

**CHAIR** - That is on the rise?

**Mr BROWN** - Yes, it is.

**Ms RATTRAY** - Just wait until we get some more work on the Great Eastern Drive.

**Mr BROWN** - If we get the state Government to put more funding in or to reinstate the funding they stopped -

**Ms RATTRAY** - Or staff.

**CHAIR** - Thank you very much. We really appreciate the submission you have put in and coming to see us today. It is a very important. You are a very proactive council and that is great. All the best for the upcoming elections.

**Messrs BROWN, TUCKER and IHNEN** - Thank you.

**THE WITNESSES WITHDREW.**