

## PUBLIC

### THE LEGISLATIVE COUNCIL SELECT COMMITTEE ON SHORT-STAY ACCOMMODATION IN TASMANIA MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART ON FRIDAY 14 JUNE 2019.

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**Mr JOHNATHON ROOT**, COMMISSIONER OF STATE REVENUE, AND **Mr ANDREW HUTCHINSON**, SENIOR LEGAL ADVISER, STATE REVENUE OFFICE, WERE CALLED, MADE THE STATUTORY DECLARATION, AND WERE EXAMINED.

**CHAIR** (Ms Armitage) - Thank you very much from coming in today to our short-stay accommodation hearings. We welcome you to our public hearings. All evidence taken at the hearing today is protected by parliamentary privilege. I just need to remind you that anything you say outside of the hearing may not be afforded such privilege. The evidence you give is being recorded and will be available on *Hansard* on the committee website. The procedure we intend to follow is that you would speak, or perhaps you would just like members to ask you some questions. Specifically, the information we will ask about will be relating to our terms of reference. Perhaps Johnathon or Andrew would like to give an overview with regard to the State Revenue Office and how it affects short-stay accommodation and then perhaps members can ask some questions.

**Mr ROOT** - I understand from Mr Wright that the committee is interested in how land tax particularly interacts with short-stay accommodation. That is the tax I administer that is most relevant. I thought I would just give you a brief overview of that and then perhaps go for questions from you.

The Land Tax Act doesn't specifically refer to short-stay accommodation. There are some land use types such as medical facilities, retirement homes, and so on, that are dealt with specifically in the act, but short-stay accommodation is not one of those use classes. The relevance will come into the nature of the use of the land in three broad categories that the act is concerned with. One is principal residence land, where an owner with at least a 50 per cent interest in the property is living in that property as their principal residence. Primary production land is where the business of primary production is being undertaken. All other land types broadly are what we call general land. General land is the class that is taxed entirely.

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

**Mr ARMSTRONG** - When you say \$25 000, can you just explain that a little bit more to me?

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

**Mr VALENTINE** - On the full \$40 000, not on what is above \$20 000?

**Mr ROOT** - That's correct.

**Mr HUTCHINSON** - The progressive rates of land tax are similar to the income tax rates.

**CHAIR** - A bit like taxation.

**Mr HUTCHINSON** - Yes, you still get the benefit of the \$25 000, it is just that increment over the \$25 000 that gets taxed at the next rate as you go up.

**Mr ROOT** - That is the situation where there is an exclusive other use. What often happens in short-stay accommodation is where perhaps you're letting just a front room, and it may be that the entire property is still your principal residence, you are still using those rooms when they are not let and it is not an exclusive use. In those circumstances you wouldn't generally incur a land tax liability because we look at the exclusive use in the apportionment space.

**Mr VALENTINE** - That is a true share accommodation arrangement where you are sharing part of that and also using it yourself?

**Mr ROOT** - Yes, correct. The analogy in the pre-sharing world might be a boarder or something like that, whereas in the exclusive use you might have a tenant who has absolute right to a part of the property and that falls into the land tax.

**CHAIR** - Something like, as you said, a granny flat that is purely for rental. It is always rented out.

**Mr ROOT** - Yes.

**Mr ARMSTRONG** - We've heard from other operators, motel operators, et cetera, that it is not an even playing field because some people are not subject to the tax part of it. Do you believe it should be looked at to be changed so that even a person using a small part of their land or building would be subject to the taxation rules the same as anybody else? Or would it be too hard to administer? I am interested in your opinion.

**Mr ROOT** - What I would say about the current Land Tax Act is that it is very consistent.

**CHAIR** - You think you've got it right?

**Mr ROOT** - It doesn't draw a distinction between short-stay accommodation and some other purpose. I guess if you were thinking about equity you might say the flipside of the issues that people have raised with you is whether someone who is using a property in one way get a tax bill

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and not in another. I think the Land Tax Act is consistent in the way it applies taxation in terms of there being another use, regardless of what that is.

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

**Mr ARMSTRONG** - It might only be used for six weeks of the year.

**Mr HUTCHINSON** - Yes, whereas if you are only doing it around Christmas then you are probably not paying tax, and that is probably what the comment was from the hoteliers saying, 'They are not paying tax but we are'. We would say you are not exclusively using it and you probably have your family in those rooms when you haven't got people for Airbnb.

**Ms ARMITAGE** - And they're going to be under that threshold.

**Mr HUTCHINSON** - True, there is a risk that they would be under the threshold as well.

**Mr ROOT** - I guess just to give the complete picture, there is another class, which is pensioners, and it is not infrequent that pensioners might also be using the short-stay services. They are exempt from land tax so I guess if you were looking at changing the rules you would have to think about those sorts of issues.

**Mr ARMSTRONG** - It was an issue that was raised with us by motel owners.

**Mr VALENTINE** - In the circumstances quite often you will get a retired couple who spend six months of the year in Queensland, say, to escape the winter, and then they come back for the summer. What about that circumstance, where it is constantly let for that six-month or three-month period maybe, and then they come back?

**Mr ROOT** - I might get Mr Hutchinson to expand a little bit on that, but generally it is contingent on the circumstances. We look at the degree of exclusivity of the right to the person who is letting the land and if they have total use of the property for that period. Perhaps they have an agreement in place that says the other people cannot just come back and take over again. We look at the degree of the severance of the connection that person has with that property as their principal residence. It is very hard to give specific advice because circumstances will change but those are the things we look at. Where there is a severance of connection and exclusive right then it may well become taxable, noting of course that land tax applies to the circumstances on 1 July, so there are a number of things we have to look at in making that decision.

**Mr HUTCHINSON** - It is exactly what Johnathon said. I think your question was around if it is a couple's principal residence and they have a holiday up north, should they be taxed if for a large chunk of the year they are not there? What Johnathon says is completely right. We look at 1 July and the level of connection to that property. It might be that if you spent an exorbitant amount of time in another state that you have lost the connection. You can only have one principal residence

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anywhere in Australia. The first question would be whether it really is your principal residence or not. If it is not your principal residence then you would be paying tax, but if it is still your principal residence it gets down to exclusive usage that we talked about before.

**Mr WILLIE** - My question goes to perhaps there being an incentive to rent out your primary residence, a front bedroom on short stay rather than say renting it out on a more permanent basis, say for a 12-month period. Under that circumstance you would be subject to land tax if you met the threshold - is that correct?

**Mr ROOT** - It would depend on the nature of how you are letting it. It is not really different between short stay and someone who was full-time renting that room. It would depend upon whether they have exclusive use of that part of the property.

**Mr WILLIE** - Let us say they have exclusive use to a front room.

**Mr ROOT** - In those circumstances there isn't a lot of difference between short stay and a permanent arrangement with a single tenant. We would still say that area is exclusively used for another purpose, being a tenancy or a short stay, and it would be taxed in the same way.

**Mr WILLIE** - Have you seen any drop-off of that scenario where people are renting a room out on a more permanent basis?

**Mr ROOT** - It is very difficult for us to say because we are principally looking at whether there is another purpose, not the nature of the purpose. We don't keep statistics about how many pieces of apportioned property are in the short-stay world or in the tenanted world so it is not something we can really say. What I would say is that we don't have a particularly large number of apportioned residences in Tasmania. We are just talking in the hundreds, not thousands, so it is a pretty small sample really.

**Mr WILLIE** - No trends you have noticed?

**Mr ROOT** - No, certainly not in recent years. As I say, we are mostly interested in principal residence land, primary production land or general land, and then is it apportioned.

**Mr ARMSTRONG** - So it is virtually an honesty system for people to register with you, or do you have some way that you can check up to see whether people are?

**Mr ROOT** - The obligation is on the taxpayer to tell me about what they are doing with the land, however we do run quite an extensive compliance program. We do a lot of data matching with a whole variety of different datasets and we target particular areas from time to time. Usually if you have short-stay accommodation, for example, you would normally be declaring income from that to the ATO. We would usually pick that up and if you are in our system as principal residence land we might say, 'We noticed you had some rental income last year, what is going on there?'. We run a fairly extensive compliance program. I would say we would normally look at about 1500 cases in the land tax space for principal residence land every year and would probably pick up 800 or 900 cases where someone has an obligation so it is a pretty thorough process.

**Mr WILLIE** - Per year?

**Mr ROOT** - Yes.

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**Mr WILLIE** - Has that figure grown at all since the explosion of short stay, particularly the ATO data?

**Mr ROOT** - I haven't seen an explosion, no. As I say, in total numbers our apportioned land is not huge as a proportion of the total residential land stock. I guess the balance between people renting their property out in the past and short stay now, we really wouldn't see that come through. What will often happen is someone might have their property as their principal residence and then they will move out and rent it and won't think to contact me. Whether they are renting it on an annual basis or through short stay, we don't really see that.

**Mr VALENTINE** - You say you haven't seen an explosion but the fact that the vacancy rates are as they are, is it possible that you're not seeing them and there are a lot of people renting their properties out and are simply not being caught out? Do you work with councils to look at their permit system and those sorts of things?

**Mr ROOT** - I wouldn't say that the council permit system is a primary dataset. We use a whole range of datasets but because the use class in a council sense doesn't match the way that we look at land directly - for example if land is zoned rural it does not necessarily mean it is primary production land for the land tax sense - there is not really a one-to-one match but we use a whole range of datasets and we do a lot of cross-matching. I would say that at any given time there may be a number of people avoiding their land tax obligations but over time we detect most of them.

**Mr ARMSTRONG** - You said you haven't seen an explosion and you might not be able to answer this, but have you seen an influx of changes in certain areas in Tasmania, for instance, in Battery Point?

**Mr ROOT** - It is not something we particularly track. Whether it is in our datasets I am not sure but potentially we could look at the switch from residential to non-residential in particular areas, but we would have to interrogate our datasets to do that. If it is something the committee is particularly interested I could have a look at what would be involved for us to do that but it is not something we monitor regularly.

**CHAIR** - With the Government's new legislation regarding data sharing from the Airbnb platforms, will you be using some of that data? Will that make it clearer and easier for you to find out the share economy?

**Mr ROOT** - It would be a dataset that would be useful for us in the context of all of the datasets we use, but in and of itself it won't have a major impact, in my view. Often we are looking at the past so in the earlier example I gave, if we see some income coming through from the ATO data that will be for the previous financial year so we will ask the person about that and it may be from years previous to that, so depending on the nature of data available that may not be as useful to us. As I said before, we get a range of classes of exemptions, people who are pensioners and so on, so we do have to do data matching because an Airbnb dataset won't have that information in it.

**Ms RATTRAY** - In regard to making your assessment as of 1 July, is it just on that particular day that you use that date if somebody is using their place as principle residence on that day but the next month it changes?

**Mr ROOT** - No, it doesn't work like that.

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**Ms RATTRAY** - You said as of 1 July.

**Mr ROOT** - Yes, that is how the Land Tax Act works but it's not very practical just to look at that one day, so what we look at is the nature of the connection to the land on that day. If someone has that as their principal residence and they are there 364 days of the year but were away on that day they don't get a land tax bill because we say in toto they have a connection there as their principal residence land, but by the same token, if they are there on that day but the rest of the year they rent it out -

**Ms RATTRAY** - Or the best part of that year.

**Mr ROOT** - Correct - and there are a lot of factors that we look into. The definition generally is whether that is where you normally eat and sleep, where your possessions are kept, and all of those sort of things, so there is a lot of things we look at.

**Mr HUTCHINSON** - It gets back to the point I made that you can have a number of residences but you can only have one principal. If someone was there on 1 July for only one day and were somewhere else they probably have a principal residence somewhere else. You wouldn't necessarily classify it as their principal residence on 1 July even though they are living there, so you probably wouldn't have an apportionment issue. You really have to look at 1 July and look at the level of connection at 1 July, which then gets influenced by things that don't happen on 1 July.

**Ms RATTRAY** - But it is not really as at 1 July, it is the whole time.

**Mr HUTCHINSON** - It is definitely influential in the decision but it is about the ownership at 1 July. That is why they use the 1 July date. It is about who owns it on 1 July and what is happening on 1 July and then you have to expand your gaze to analyse what is happening before and after to make sure we get the right classification.

**Ms RATTRAY** - Otherwise you'd have a lot of people moving into a place on 1 July just for the day.

**Mr HUTCHINSON** - Correct - and you wouldn't want to go on holidays on 1 July.

**Mr ARMSTRONG** - If you pick up that somebody has been using their place as an Airbnb, a large portion of their home like a unit or a section out the back, are there any penalties to put on those people who have avoided paying for that? Are there retrospective penalties?

**Mr ROOT** - There are There is both the requirement to pay all of the taxes in previous years and also there are penalties that can be applied. The base penalty is 25 per cent of the tax liability and there is also interest as well. If you have been avoiding tax for a number of years and we pick you up there can be some substantial penalties. The penalties are dependent upon what your behaviour has been. You will get a higher penalty if you have actively tried to avoid the tax, whereas you will get a lower penalty if you are very cooperative and the first time we contact you you say, 'Look, I'm sorry, I didn't understand, and here's what has been going on.'

**Mr ARMSTRONG** - How do you determine how far to go back? If you picked up this man and you believe he has been leasing his property out for three years, how do you determine how long you could charge retrospective taxes on that property?

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**Mr ROOT** - It depends a bit on the circumstances. If I have all the information about a property but I simply haven't issued an assessment, there is a statutory limit on how far I can go back, and that is five years, whereas if Mr Valentine, in this case, has been withholding information from me and hasn't been upfront, then I can go back as far as the activity has been occurring. We might see how long income has been coming in on that property and ask him to tell us how long it has been happening.

**CHAIR** - Mr Valentine?

**Mr ROOT** - Do you have a confession to make?

**Members** laughing.

**Mr VALENTINE** - No confessions. I don't lease or rent out any properties at this point in time.

**Mr ARMSTRONG** - You get off lighter if you're cooperative.

**Mr VALENTINE** - Would it make it easier for you if indeed there was a registration system in place with councils, either registration of any residence on the short-stay accommodation market regardless of how much of it is being used, or licensed, which is a different story and means it has to be over a certain size that is being rented out? Would that make your life a lot easier or not in that you wouldn't have to hunt for the people renting their properties, you would have it all there and then you would just assess the level at which they are engaging in the process?

**Mr ROOT** - It would be useful ancillary information. We would still need to do a reasonable amount of work in any particular case engaging with the taxpayer to see exactly what has been going on. We are interested in what the actual use has been rather than perhaps what the intended use has been. Someone may register their property but they may not let it at all in a particular year. It is useful information in some respects but it doesn't tell the whole story. It might make it a little easier for taxpayers because when we get a case come into our compliance area we do a bit of a triage to see what we think is going on and if we could easily see that it looks like a sharing short-stay accommodation situation then we might narrow down what we ask the taxpayer. Any additional information is useful to us but it's not going to be the whole story.

**Mr VALENTINE** - The other question is in relation to a property where people have boarders as opposed to short-stay accommodation. They are renting out a room on a regular basis to a boarder, or two or three - who knows? What is the circumstance in terms of liability for taxation there?

**Mr HUTCHINSON** - It gets a little technical. With a boarder you would have to work out whether they had exclusive use or not. You could be a lodger, a bit like when you stay in a hotel, and you wouldn't have exclusive use, but some boarders would have exclusive use. That would be more of a lease-type arrangement. If there was exclusive use we would seek to tax and be mindful of the threshold again. If it wasn't exclusive use, we wouldn't seek to tax. Exclusive use is about whether you can legally go out to that room whenever you like as opposed to if you went in you could get sued by the person for entering. That is the difference between a lodging arrangement and a lease arrangement.

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**Ms RATTRAY** - Could you clarify? If you were sharing the lounge room or TV area or kitchen, you wouldn't have exclusive use of a house in those circumstances?

**Mr HUTCHINSON** - No, it would be more about what is happening. If you are sharing facilities we wouldn't be looking at that. It gets down to the room that you call your own. Is that really exclusively yours or is it still able to be used jointly?

**Ms RATTRAY** - If it is a teenager you probably don't want to access it anyway.

**Mr HUTCHINSON** - Agreed. That is why we do it the way we do. You could have issues where if you had a principal residence and you had teenagers paying board we would have to ridiculously start looking at that stuff, and we don't.

**Mr VALENTINE** - Say a retired couple owned a four-bedroom house and they have their own double bedroom and they have three other bedrooms. They have boarders and each boarder has exclusive use of that room but they might share toilet and bathroom facilities and/or lounge rooms. It is that sort of scenario I was getting at. What I am hearing is that possibly the exclusive use of the bedroom is not necessarily something you would be zeroing in on.

**Mr HUTCHINSON** - Not in that sort of real boarding arrangement; we don't centre in on that. Again, even if they had something a bit more permanent and it wasn't really boarding, you would have to be mindful of that threshold. When you start doing your fractions of the land value over the total land value it is hard to get over the \$25 000 as well.

**Mr VALENTINE** - I am thinking there could be quite a lot of retired couples that might do something like that for students or whatever.

**Mr HUTCHINSON** - We have seen cases like that through our program, especially down Sandy Bay way around the university.

**Mr WILLIE** - I am interested in the total revenue being generated. You said there are three categories. There is primary production and general class. Would general class include investment properties? Do you break that down at all within that class?

**Mr ROOT** - No, we're just interested in general properties. We don't have a breakdown of commercial properties versus rental properties and that sort of thing.

**Mr WILLIE** - And primary residence is another class?

**Mr ROOT** - That is right. Principal residence land and primary production land, if that is the exclusive use, they are not taxed at all. Most of the tax comes from the general land and about \$100 million worth of land tax a year comes in from that.

**Mr WILLIE** - Just out of interest, can we have it broken down into the three categories? You can take it on notice if you need to.

**Mr ROOT** - We could tell you that. In terms of numbers of properties, there are 122 490 pieces of land that are classified as general, 13 791 primary production and 155 139 residential properties. They are the numbers in each of those broad categories.



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**Mr WILLIE** - Can you break down the revenue for each of those categories?

**Mr ROOT** - We could provide the apportioned portion of residential and primary production because they are not taxed unless there is some other use on them, but I would have to get those numbers for you.

**CHAIR** - I have a question in regard to mainland owners. Say for example you had someone who lived in Hobart and had a house but moved to Victoria. I guess if it is still their principal residence or the only residence they have they wouldn't be paying land tax. But in the event they decided to buy a house in Victoria and started renting out the other, do you have reciprocal rights with other states? How do you find out? I understand if they are living in Victoria and are renting and their principal residence is still in Hobart that is not an issue. Once they purchase another principal residence in Victoria, do you have some reciprocal arrangement with the other states so you would know they have a principal residence that they have purchased in Victoria as opposed to just renting and still being transient and coming back to their principal residence? How would you discover that?

**Mr ROOT** - We share data between revenue offices for a whole range of purposes.

**CHAIR** - Otherwise they could quite easily have a house in Victoria and they might not even be aware that they actually need to, because it is a different state.

**Mr ROOT** - Yes, you can only have one principal place of residence so we share that information and we also use utilities information, so power and water, driver's licence, electoral roll, and all of those things. It would be an unusual circumstance where we wouldn't find out about it.

**CHAIR** - It would match up.

**Mr ROOT** - Yes. If you have a house here but you are getting your power and water bills sent to a residence in Victoria, we might ask you what is going on there and whether you are living there or not.

**CHAIR** - That is fine; I just wondered how that worked for the short stay.

**Mr ARMSTRONG** - I might be outside of the terms of reference but I am sure you will soon tell me if I am. You talk about primary production land. In rural areas where this land is, we often see buildings that are converted to accommodation for backpackers, and caravans, tents, and pods taking over these areas. Do you get any applications to change the taxation rules on land in rural areas as far as that is concerned?

**Mr ROOT** - The same principles would apply to primary production land as to principal residence land. So if there was a portion of the primary production land that was being used exclusively for another purpose - let's say you had a camping ground or some chalets that were rented out -

**Mr ARMSTRONG** - I am talking more about where there is a high proportion of backpackers and people have converted old sheds for backpackers to camp in and bought in a portable toilet or shower, or just built a shower block, and there are caravans and tents around it. They probably haven't applied to do it. I was wondering if you picked up any of those sorts of scenarios.

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**Mr ROOT** - I can't think of any specific examples but they would be captured by a compliance program if that activity is on part of primary production land that is not being used for primary production anymore but being used for another purpose -

**Mr ARMSTRONG** - It certainly happens in the rural areas.

**Mr ROOT** - Yes. We do have parts of primary production that are apportioned off. The scenario you have painted there might be a little bit ephemeral and I'm not quite sure I could guarantee you we will pick it up in every circumstance. As a general rule, where parts of primary production land are used for other things they become taxable on an apportionment basis. Let's say someone had a farm stay going on and built some chalets that were rented out, we would pick that up and apportion that part of that land off for tax purposes.

**Ms RATTRAY** - If your primary production, say potatoes, are grown and you need backpackers on the back of your harvester and you have them staying as part of their employment in a farmhouse that is no longer permanently used, that wouldn't come under this, would it? You wouldn't be looking at those because that is part of your primary production.

**Mr HUTCHINSON** - The way we interpret the apportion provisions is that even though it talks about 'other purpose' we think of it as being 'other general purpose'. If it was just residential accommodation for your workers, we wouldn't look at it, whereas if it was accommodation and you were charging rent as an income-generating business which wasn't really primary production, we would look at it.

The only comment I would make about it, though, is again getting back to the fraction of land and the \$25 000 threshold. You can imagine that primary production land is so much bigger and that portion for accommodation is so much smaller, so we do look at things like that. Chances are depending upon another land -

**Mr ARMSTRONG** - It will be a small fraction of that land share.

**Mr HUTCHINSON** - Exactly. It would probably be under the 25.

**Ms RATTRAY** - I'm a bit anxious that all of a sudden we won't be able to have any backpackers on the back of the harvester because they won't have anywhere to stay.

**Mr HUTCHINSON** - The same analogy could be made if you had primary production land but you had your own principal residence on it. Again, we interpret 'other purpose' not to be another PPL purpose, we say it has to be another general purpose.

**Ms RATTRAY** - That will please my farming community. Thank you.

**CHAIR** - How do you determine the rate? Obviously we know with rates it is AAV so what exactly is the process that you use or the percentages to determine the cost of land tax for people?

**Mr HUTCHINSON** - There are two rates within the act. Up to \$25 000 is zero, from \$25 000 to \$350 000 it is 0.55 and then 1.5 over \$350 000. Then we look at the adjusted annual valuation of the land so we get that information from the Valuer-General, as you would know.

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**CHAIR** - And it is purely on the land as opposed to the capital.

**Mr HUTCHINSON** - That is correct. Improved value is not used, it is just the land value.

**CHAIR** - Thank you very much. It does not look like we have any further questions. It has been very informative.

**THE WITNESSES WITHDREW.**

## PUBLIC

**THE HON ROGER JAENSCH MP**, MINISTER FOR HOUSING AND MINISTER FOR PLANNING, WAS CALLED AND EXAMINED, AND **Mr BRIAN RISBY**, DIRECTOR OF PLANNING, DEPARTMENT OF JUSTICE, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

**CHAIR** - You are aware that we are recording a public hearing. The *Hansard* will be on our website. I won't go into all of the details because I know that you are aware of it and I know you are short on time. If you would like to give an overview and then have members ask you some questions that is probably the quickest way to proceed.

**Mr JAENSCH** - I am prepared for that, yes. Thank you for the opportunity to attend. Thank you also for your flexibility; I have had to change this booking and I appreciate your latitude.

**CHAIR** - No problem at all.

**Mr JAENSCH** - I want to introduce formally Brian Risby, the director of the Planning Policy Unit, and I will be drawing on his memory and expertise as needed during this representation.

The Tasmanian Government recognises the sharing economy makes a significant economic and social contribution to our state and is a strong supporter of the short-stay accommodation sector. The Government recognises that many Tasmanians have embraced the sharing economy, either listing their property online or using these sites when travelling within Tasmania. It is important to acknowledge that the sharing economy has been vital in supporting recent growth in visitor numbers, providing alternative accommodation options during peak periods and in regions where traditional accommodation options have been limited.

The short-stay accommodation sector undoubtedly presents us with new challenges. However, it is important to recognise the sharing economy is just one factor that is having an impact on tourism and housing in Tasmania. A key action of the housing summit in March last year was the establishment of data-sharing partnerships between website booking platform providers who host short-stay accommodation such as Airbnb and Homeaway to determine exact numbers of entire properties being converted to short-stay accommodation, particularly in areas currently experiencing housing pressures.

Recent studies by the University of Tasmania's Institute for the Study of Social Change suggest that compliance with planning requirements for short-stay accommodation has been poor for a number of years. These studies also suggest that short-stay accommodation has an impact on housing affordability and availability in Tasmania.

Tasmanians have embraced the sharing economy and we are committed to ensuring it continues to play a positive role in our visitor economy and community, however we agree it is clear that there is an issue when it comes to compliance and is a cause for concern for our community sector and the tourism and hospitality industries as well. Local government, the community housing sector and others have called for further action and the Government has listened and responded.

It is important that those who benefit from the sharing economy are playing by the rules in relation to planning requirements. We need more detailed and accurate information about the use of homes for short stay accommodation to enable better policy informed by robust data. Consequently we have adopted a legislative response to this issue, along with a public awareness

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campaign to address compliance concerns relating to short-stay accommodation and collect meaningful data on the sector.

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

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

**Mr VALENTINE** - On page 7 of your submission there is a number of things that are highlighted. I am interested to know, for instance, about ensuring there is a greater dispersal of the tourism boom to the regions. You talk about the Tourism Accommodation Refurbishment Loans Scheme and you had 10 applications to the value of \$5.496 million. How is that going at the moment? Do you know whether that number has increased and what impact might be happening there?

**Mr JAENSCH** - I can get information for the committee. That would be in the Minister for Tourism's portfolio area but I would be happy to get a quick update on that initiative. There are subsequent initiatives as well which are aimed at driving more tourism product and attractions in our regions to better spread and disperse visitation.

**Mr VALENTINE** - I am aware that this was done in August 2018 so there would be quite a number of things in here that may well need an update. Is it better to ask for an update of the metrics in the document?

**CHAIR** - It probably would be the better way to go, wouldn't it?

**Mr JAENSCH** - Yes, it would. Is that something you would like me to take on notice?

**CHAIR** - Would it be easier for you if we write and request it officially?

**Mr JAENSCH** - Yes.

**CHAIR** - Then it is done from the committee as opposed to taking it on notice.

**Mr JAENSCH** - Then you can frame your wording around that so it is specific.

**Mr VALENTINE** - Obviously the measures you are taking are important in the whole scheme of things but it is good to know what the impact has been to date. Things like providing a land tax rebate to incentivise property owners to list up to 500 existing properties for long-term rental - clearly there is going to be an update to that and in fact, you may have already asked that during Estimates.

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

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

**CHAIR** - I was going to say they might be more in a position to buy a second-hand home than a new one, an argument I regularly have with the Treasurer.

**Ms RATTRAY** - And you will again next week.

**Mr VALENTINE** - On page 8 under Tasmania's Affordable Housing Strategy it says under the action plan, the Government is well on track to assist over 1600 households by June 2019. You probably have that in your head as to whether that has been achieved?

**Mr JAENSCH** - No. We remain on track to assist that many new households to the system and to deliver the 941 affordable lots and homes, a mixture of those, at the end of May. That was on track to be delivered and I am confident we are going to get there. The situation with that, Mr Valentine, is that under our Affordable Housing Action Plan a series of contracts were let to build and deliver housing across the state through a range of different mechanisms directly through us with builders or through third parties like the community housing providers. A lot of those contracts were let saying these houses needed to be delivered by 30 June so a large number of them are going to be handed over within the next couple of weeks.

We are monitoring those closely and will be delivering the balance of our target of 372 social housing dwellings, and hopefully more, by the end of June, together with a range of other components of supply which includes land in areas of high demand at an affordable cost.

**Mr VALENTINE** - You were talking earlier about helping people to own their homes. Here you have 262 households that have been assisted. That was last August. Has that figure changed between then and now?

**Mr JAENSCH** - Yes, it has, but I don't have those figures with me.

**Mr VALENTINE** - Can you give those figures?

**Mr JAENSCH** - I am happy to submit the end of May figures which I reported recently in Estimates and elsewhere.

**Mr VALENTINE** - Just to make it clear, I am not suggesting that they have to put in a whole new submission. I am only talking about updating the metrics.

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**CHAIR** - Obviously they have changed so it is good to have them updated so our report will be accurate.

**Mr ARMSTRONG** - The properties and houses you are talking about being delivered by the end of this month, what areas are they in?

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

Mr Risby and his unit drafted that legislation which passed through the parliament and they are now at varying stages of rezoning or consideration by the parliament, hundreds of lots of land that are quickly coming to market to respond to that need.

**Mr ARMSTRONG** - Are the types of homes being built all three-bedroom homes, or are they two-bedroom homes and units?

**Mr JAENSCH** - Again, it is driven by the demand. I am not quoting from figures in front of me but from memory. In our social housing register something like 67 per cent of the applicants are looking for a one- or two-bedroom unit. A large number of people seeking government assistance with their housing are single occupants of the dwelling they are looking for. A large amount of our supply is in areas close to shops, bus routes, public transport, schools and services on flat ground and small units, sometimes multiple units on a block, because that is what the people who have registered and made application are looking for.

**Mr ARMSTRONG** - Last year, or the year before, I asked a question about how many three-bedroom homes were being occupied by one or two people. The answer was that a lot of three-bedroom homes were being occupied by only one or two people. There were more one- and two-bedroom units being built to relocate some of these people. However, there was the issue that some of those people did not want to relocate because they had grown up in that area and all their friends were still living there so they preferred to stay in their three-bedroom home. Is any more work being done in that area to look at vacating the three-bedroom homes that one person or two people are living in to move into a unit to open up that three-bedroom home for a family?

**Mr JAENSCH** - In our Affordable Housing Action Plan we have what we call a stock-matching initiative. Through the public housing-owned and managed properties is a program we have identified four- and five-bedroom homes, which we do not have so many of and which there is some demand for. Some of those are where a family has grown up in a house, the kids have left and a couple or single parent is left in a larger home. We have contacted them and offered an incentive for them to relocate. The incentive is in the form of first identifying another property that suits their needs that is smaller but maybe newer, therefore maybe cheaper to heat and operate, better located if they are older people, with the offer of customising the house to meet their needs.

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If it needs ramps, stairs or handles, or if the kitchen needs to be refurbished, we have set aside some money in that program to do that.

I believe that over the last year, we have had about 30 - I am happy to get confirmation of that figure for you - but so far, about 30 of those have either been completed or are in the process of being moved through, which frees up some of those family-sized homes for families and gets those other occupants into something that better suits their needs right now. I understand that the community housing providers are also looking at some similar initiatives as well in the properties they manage.

**Ms RATTRAY** - Minister, we had some evidence from the Tasmania Fire Service representatives quite some time ago now; this committee has been going for a while. They expressed some concerns around the sharing economy in the event of a fire and people being able to evacuate easily from a premises they were unfamiliar with. I noticed in some information we received more recently that Airbnb has an MOU with government and emergency agencies to help with disaster preparedness. Has your Government made any contact with Airbnb or the sharing economy platforms to look at an arrangement like that? There is one in Victoria. Airbnb has a partnership with Emergency Management Victoria and also has a national partnership with the New Zealand Ministry of Civil Defence and Emergency.

**Mr JAENSCH** - I think Mr Risby has something on that.

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

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

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

**Ms RATTRAY** - And some signage.

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

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

**Mr RISBY** - The household fire is probably more addressed by the smoke alarm and signage issue but it was a particular thing where they were concerned that a bushfire might come through visitor accommodation in a remote location and the guests do not know what to do because they are not used to bushfire. That is their main concern.



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**Ms RATTRAY** - They are certainly not familiar with their surroundings as a local would be, so is there any thought of having an MOU in place with the sharing platform accommodation providers?

**Mr JAENSCH** - Regarding familiarity with local fire conditions around things?

**Ms RATTRAY** - They have a partnership with emergency management in Victoria and one with New Zealand, and we have a lot of remote areas in Tasmania.

**Mr RISBY** - I think those arrangements are around if a disaster has occurred. I am not sure if they cover awareness of the fire. They may do but I am not sure about that.

**Ms RATTRAY** - 'Our platform gives emergency service organisations the capability to communicate with hosts and guests in affected areas and, if need be, offers free temporary emergency housing'.

**Mr JAENSCH** - The legislation we have created is very focused on the issue of capturing data that we can use to understand the footprint and nature of the home-sharing economy out there. It has not been built to serve the purpose of any other communication between the Fire Service and those organisations. I am sure, though, that if there is good practice elsewhere we can recommend that they follow through and possibly through the Fire Service.

**Ms RATTRAY** - It appears to me there is some good practice just across the water.

**Mr JAENSCH** - I think that would be a finding from your committee's work that we could pick up on.

**Mr RISBY** - If I might just add something, the planning directive is targeted at the residential zones. It does pick up the rural living zone, the rural residential setting, but it does not make any changes to planning schemes in place that deal with the rural and more remote zones. That is not affected by the directive. It goes to the residential zones.

**Mr WILLIE** - I am not sure if I wrote it down correctly, but at the start you said the short-stay accommodation growth is one factor in the housing issues being experienced by Tasmania. Is that what you said?

**Mr JAENSCH** - Yes.

**Mr WILLIE** - So you do acknowledge it is having an impact on housing supply and affordability.

**Mr JAENSCH** - It would make sense that it is, but what we don't know is how much or where. That is why we are looking for this data so we can actually scrutinise that and then make informed policy responses to that.

**Mr WILLIE** - You are under a lot of pressure as the Housing minister right now so you are open, once that data becomes available, to looking at mechanisms that might relieve housing supply or rental supply issues in areas of high stress.

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**Mr JAENSCH** - The thing is that when we have information that is available to government and to local governments you can have an informed discussion about that rather than speculating or wondering. The other thing I think is going to be very interesting is seeing the data collected and the picture it shows for Hobart and Greater Hobart, for St Helens and Stanley and for different parts of the state. It is going to be different. It is going to tell a story and it will have a different context in every place that it lands. That empowers the local planning authorities to consider how they respond to that and its implications for housing supply and growth and change and the makeup of communities in each part of the state, which might be different things from place to place.

**Mr WILLIE** - It is not a discretionary use at the moment so they are bound under the planning directive to approve them, aren't they?

**Mr JAENSCH** - It is a discretionary use in certain classes, yes.

**Mr WILLIE** - In certain classes.

**Mr JAENSCH** - As you would have seen through the last episode of the planning commission's consideration of the planning directive and the submissions that were made, that resulted in there being some different rules applied in different parts of the state based on strong submissions from local councils and other groups.

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

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

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

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

In the preamble to your question you made reference to the changes the Government has made. The new change that this Government brought in was to make the sharing of one's own home, traditional home sharing, something which was excluded from needing a permit. That is the change our Government has introduced. The other components that surround the permits to make another property that you own, an investment property, available for rent, existed in various forms in many of the interim planning schemes that have been around for quite a few years before that. The planning directive brought that all together and tidied it up some but basically the changes that have

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been referred to about whole properties, investment properties and others existed before this Government.

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

**Mr WILLIE** - You have acknowledged that there was very poor compliance. Do you also acknowledge that some of the language coming from the Government may have contributed to that? You were talking about deregulation, embracing the sharing economy. A lot of the community was probably unaware of their responsibilities under the planning system.

**Mr JAENSCH** - People should always be aware of their responsibilities under the law.

**Mr WILLIE** - But if the messaging from the Government is saying we are deregulating, we are embracing the sharing economy, and you are sitting at home watching that on television there would be a lot of people who are uninformed of their responsibilities in the context of that messaging.

**Mr JAENSCH** - We also encourage them to go out and build new houses but they should know that there are planning rules and they need to get a proper builder.

**Mr VALENTINE** - You don't see the necessity to be able to know the whole spectrum of short stay accommodation activity in an area so perhaps anyone who is participating in short stay, whether they are a small one-bedroom extra being let out or whether they have four-bedrooms and therefore need a permit, you don't see the benefit in all of them at least registering and from that you get a complete picture, not the ones that have a permit which is a bit difficult?

**Mr JAENSCH** - The way that the legislation is crafted, and I will look out of the corner of my eye to the author of the legislation, we require the platform providers, the Airbnb's, to provide us with a complete listing of all the properties and their permits and the ones that don't need permits, why they don't need permits so we get the whole picture. In effect the people who are letting out their own house when they are holiday and listing it on Airbnb who are exempt from needing a permit will need to have effectively registered by saying I am exempt because this is my own home but we still register that one on the map and on the data base.

**Mr VALENTINE** - I guess what I am saying is that there might be those out there that run their own websites and don't use the short stay accommodation platform, whether it is Home Away Stays or whatever. If all were registered with the local council to say I use my property for this and at what level, were asked to have on their website or if they are letting it out, the registration number which would prove that yes they have been registered with the local council, that would give the local councils a better understanding of how much activity is happening in their area and it would give you the figures, wouldn't it, to know exactly how big that situation is, not only from a short stay accommodation perspective, to impact on tourism, all sorts of things?

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**Mr JAENSCH** - The legislation targets particularly the on-line booking platforms which are where the vast bulk of these

**Mr VALENTINE** - You think it is the vast bulk. That is exactly what I am trying to say. You don't know how many, or do you? Tell me the story there. Do you know those that are below the need for a permit, what the activity is in that area?

**Mr JAENSCH** - For those that are listed through the platforms, we will capture them. For those that aren't listed through the commercial on-line booking platforms.

**Mr RISBY** - There is clearly a small sector of that will be missed through that process. The advice that is received through the Australian Housing and Urban Research Institute's (AHUR), discussion papers around this is that if you capture the big platforms you have that. The issue then is what is the regulatory burden and the administrative burden to capture a few individual sites that are not through the big platforms compared to the gain of knowing the picture?

**Mr VALENTINE** - It might be useful to the councils. For them to respond, as you were saying, municipalities are different. They all treat this differently. There might be those that want more accommodation in certain areas in their municipalities. That would give them the information.

**Mr JAENSCH** - The examples you were using about the individuals that might slip past, if they are listing their own home for that, then in terms of the concern that we are addressing for available housing stock, the properties which are peoples own homes that are being made available for six months of the year while they away, they are of far less concern to that issue because they were not properties that were available for long term full time rental anyway. Therefore, in that case it does not displaced them from the market.

**Mr VALENTINE** - I appreciate it from a housing perspective.

**Mr JAENSCH** - That is the driver really for the legislation and that is why we are interested in and you would have heard from some other platform providers in particular around what information it is that we are capturing with the legislation we are less interested in what the occupancy figures are than just the fact of is it available for long term rental or is it not and for what periods of time has it been on the market or available to renters.

**Mr VALENTINE** - I have one more question on page 12 of this submission you point to what is allowed under privacy laws and it is part five on page 12 the second paragraph there the provision of personal information by private sector organisations with an annual turnover of more than \$3 million is regulated under the Privacy Act. Do you see any problems with the way the Privacy Act itself is structured in terms of you getting quality information? I am just wondering why does the turnover of an organisation limit what may be released, surely the individual on who the data is kept is more important.

**Mr JAENSCH** - What we have needed to take extensive advice on and built into the legislation is the ability to protect these platforms obligations to their clients and to provide a way that they can give us data that is protected and controlled that we have very tight rules around what the government can do with that.

What we are able to do is govern by clauses in the legislation that govern who holds that information and what it can be used for. We have been asked in the past if we are collecting it but

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we can't see it what are we going to do with it. We are certainly aiming to have public reporting from that but it is not going to be the data that we are releasing it will be what the data tells us.

It is the information not the numbers can identify someone's home and that is the process that we have to manage very carefully we will be able to pass data to local government authorities so they can use it for compliant and planning purposes but in terms of publicly available data it will be information drawn from the data rather than the data itself because of these privacy requirements.

**Mr ARMSTRONG** - We just had the state revenue land tax people, and I am sure the members will correct me if I am wrong, but they said if there is a portion of their land that has to be more than 25 per cent of that land area that they lease out for accommodation before land tax can kick in.

**Mr JAENSCH** - This would have to do with your principal place of residence and what is investment property.

**CHAIR** - A \$25 000 threshold - I am not sure I took down 50 per cent of the interest when they work out how much a property they apportion it and if it comes up it would cost more than \$25 000 that was the threshold over. It's a bit like tax - you start paying land tax on what is over the \$25 000 which is your threshold.

**Mr ARMSTRONG** - I was wondering if there was any time the Government will look at lowering that. You can have a block of land worth \$400 000 and it has to come down to the \$100 000 mark before it actually can charge land tax on it. Would there be any future part of the Government looking at lowering that area so that it would bring more people that could be charged land tax?

**Mr JAENSCH** - I would have to refer you to the Treasurer on that one.

**CHAIR** - That is revenue raising.

**Mr JAENSCH** - It is a different area of policy from mine.

**Mr ARMSTRONG** - It is revenue raising, but it is also bringing back that they are not going to be able to - it makes them more compliant, I suppose.

**Mr JAENSCH** - You could be right. I would direct you to the Treasurer on that one.

**Mr WILLIE** - Minister, we've had a number of stakeholders raise concerns with us around building classifications. Your primary residence is classed as a 1A. Your traditional bed and breakfast might be classed as a 1B. With that, it might require further safety measures or disability access and those sorts of things. Do you have any comment on that?

**Mr JAENSCH** - It is outside of my portfolio, strictly.

**Mr RISBY** - I could add that the director's determination that sits with the planning directive is based on there not being a change in the building classification. I think embedded in that determination is that these are still 1A buildings. That is really a question for -

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**Mr WILLIE** - It would be up to the director to change, if there were to be a change, that short stay premises if it's used exclusively for that would have to be classed as a 1B and then the homeowner would have to upgrade?

**Mr RISBY** - It is the director's determination that would trigger when that moves from one class to another in my understanding. It is not a planning matter.

**Mr WILLIE** - It has been a recurring theme, minister, and people are concerned about the safety issues that may occur in certain situations. Some of these recommendations for building classifications have come out of coronial inquests and things like that. There is a level of risk being carried by the community, is what we're being told.

**Mr RISBY** - Again, it goes to the director's determination around the additional safety requirements that the director has required to sit alongside the planning directive. There is a string of those things that are required, which is a self-assessment process that needs to be signed off when someone applies for the planning permit to sit with it. It is dealt with as an integrated package through the director process.

**Mr JAENSCH** - One other response to that issue is that we've run a public awareness campaign, particularly directed to people who might be participants in the sharing economy and having their properties in that market to ensure that they inquire into what their obligations are with regard to permits, planning and building standards and other responsibilities; that their insurance is adequate and those sorts of issues. There will be further public awareness and communication done through this next six months as we implement the new legislation.

Also, we will find that, because of the compliance requirements and the penalties that we've built in, that the platforms themselves will be ensuring that their listing properties are aware of and compliant as well. So that they don't pick up that liability from them.

The rules that have already always been there, we are encouraging people to ensure that they are complaint, that they are aware of their obligations, and that they are operating under the law. We have always required and expected everyone to do that.

**Mr WILLIE** - My question was more to do with the building codes, and whether you think that is fair that you have people operating short-stay accommodation businesses effectively under a 1A. Then you have someone down the road with a traditional bed and breakfast that has to comply with 1B building code and all of the other things.

**Mr JAENSCH** - I will defer to Mr Risby's response on that.

**CHAIR** - To follow on from that, we heard from the building surveyors in regard to heritage properties. I was looking here this Short Stay: Play by the Rules dated 7 August 2018. Do you look at heritage properties as well? That was one of the issues raised by the building surveyors, that some of them have float glass, and balconies that are lower than provided now.

Does that come into it when someone has a home that is heritage, but do you actually specifically go to that area to point out to them that they may not fit the requirements? If they are only renting out part of the house, a couple of bedrooms, they may not realise that the glass in their sitting room is very thin and someone could quite easily go through it and it should have a film on

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it, as the building surveyors were saying, to make it meet the regulations, or that the balustrade on the balcony might be quite low and someone could fall over it.

While they are not coming into that area that is being picked up because it is their home they are only renting out a couple of rooms and on the tick box they may actually think they meet all the requirements but there is a whole other group that we found out with the building surveyors that particularly heritage houses might not meet. Is that dealt with?

**Mr RISBY** - Again, that is a building question. The planning reforms do not deal with any change to the fabric of the building at all. It is a change of use, planning change. If there is any requirement to change the building structure, it either needs a planning approval as a development application and/or a building approval under the Building Act.

**CHAIR** - My point is they are not going to want to change anything, but they may not be aware. Is this something you should be raising? When you are raising Play by the Rules, I understand that it is building. But if you are not aware that your heritage home does not meet the requirements because you do not need to get a licence because you are fitting in - you are only renting out a couple of rooms - so you are not getting a building surveyor in to look at it. Is that something that you believe should be raised when you are saying play by the rules? It is still a safety issue even though it comes under the Building Code, but it does not if they do not know.

**Mr JAENSCH** - Definitely. I think that would probably capture a range of issues across the planning and building. The messaging has been 'speak to your local council' and within that there are people who can provide advice on both.

**Mr VALENTINE** - A question on page 13, number 6, duplication across sites. Would you agree that the legislation you have just brought in might actually reduce that duplication in terms of counting? If people are using a registration number or a licence number, they are going to be able to be identified with that licence number presumably and, correct me if I am wrong, but that licence number does not change with the platform does it?

**Mr JAENSCH** - No. That would be issued by the council in each case, so that number would exist in the system.

**Mr VALENTINE** - It is going to reduce the duplication in that sense is it not in terms of the counting?

**Mr RISBY** - In terms of collecting the data we will be able to cross off ones that are duplicate listed. I do not think it will change the duplicate listing because people are choosing to list on a number of platforms.

**Mr VALENTINE** - No, they are still going to list but you are going to be able to -

**Mr RISBY** - Filter out the ones that are done twice.

**Mr VALENTINE** - Filter them. Yes, that is okay. You are gearing up to do that?

**Mr JAENSCH** - We will have the ability to do that with the way the data is collected.

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**Mr VALENTINE** - On page 14, you talk about a recent segmentation study Needscope. It is about Tasmania's market segments. Are you able to release that to the committee? It is the last paragraph.

**Mr JAENSCH** - I think it is Tourism Tasmania data. I do not have it to release but that would be something you could request of the tourism minister.

**Mr VALENTINE** - We could ask for, okay.

Looking at page 16, last dot point. It is Hobart and greater Hobart area 3.4.1, it is the last dot point: these higher spinning visitors are evenly split among genders; they are more likely to be working or retired with above average income; they spend an average of 15 nights in Tasmania. I am presuming that is not in greater Hobart area - I was wondering whether there was a bit of an anomaly there but anyway - compared to the current state average of 8.5 nights. Over the page it goes through a number of other things. I am interested to know what percentage of visitors in this top bracket are using whole house rentals from short-stay accommodation? Do you have any understanding at all? For the most part it is being suggested that those top bracket visitors who are spending all the money are staying in hotels and the like, or four and a half stars. Do you have any data that indicates whether they are coming back to short stay accommodation as a preference because they like staying in whole houses on their own and can basically dial up their own experience in that sense?

**Mr JAENSCH** - From the planning perspective, and in terms of our legislation, we would not be collecting as part of the data who or price points or frequency or duration of stay. It is more of a tourism visitor survey-type field, although the platforms may have and keep that information themselves. They would know their markets better. Who they share that with, that is about their market share and their targets. It is certainly not information that we have sought to have or to capture more of in our legislation.

**Mr VALENTINE** - The other question, on page 20 item 3.5.5, you talk about Flinders Island and Huon Valley: accommodation and supply analysis for Flinders Island and the Huon Valley, locations that do not have a considerable supply of hotel or resort accommodation are currently underway with results expected by the end of 2018. Do you know whether that has been delivered?

**Mr JAENSCH** - That is visitor accommodation analysis, I believe.

**Mr VALENTINE** - It is in your submission, but it is not your area.

**Mr JAENSCH** - That is correct.

**Mr RISBY** - Having said that, the data we do collect will cover those areas under the new short stay bill.

**Mr VALENTINE** - That is alright. I was not sure whether you came with that information.

**Mr JAENSCH** - This has to do with work done on that sort of inventory of supply, but that is tourism accommodation.



## **PUBLIC**

**Mr VALENTINE** - Page 22, at the bottom of the page, second last paragraph, you talk about Real Estate Institute data. The vacancy rate in Hobart for the June quarter 2018 was 1.7, last quarter it was 1.4. Do you know what the latest is today? Do you have any understanding of that?

**Mr JAENSCH** - I do not have that to quote to you. As I understand it, it is well below the longer term average.

**Mr VALENTINE** - I heard it was 0.7, but I might be wrong. You cannot verify that?

**Mr JAENSCH** - No.

**Mr VALENTINE** - You would not be able to provide us with any information over the page on foreign investors acquiring properties?

**Mr JAENSCH** - As I understand it -

**Mr VALENTINE** - Twenty one properties in the quarter at a median price of \$392 000. You have got no -

**Mr JAENSCH** - Number of foreign investors?

**Mr VALENTINE** - Yes. Foreign investors acquired 21 properties in the quarter at a median price of \$392 000. That is the fifth dot point down on page 23. You will come back to us with that in that updated metrics, perhaps?

**Mr JAENSCH** - I think that that is not something we touch on in our numbers on development of social housing. From a housing perspective, I understand that foreign-owned residential properties are not able to be used for rental. There are restrictions on how they can be used in the market. I will undertake to get you some detail on that. There are some restrictions on use of foreign-owned residential properties.

**Mr VALENTINE** - If you could come back with that it would be great. It might be in response to the metrics that you come back with. I was wondering whether most of those are for student accommodation?

**Mr JAENSCH** - Possible, yes.

**Mr VALENTINE** - There are heaps of others. I think others need an opportunity.

**CHAIR** - Members are quite happy for you to continue while we have five minutes left.

**Mr VALENTINE** - If we can ask that question.

**CHAIR** - Yes, we will. If we write officially it would probably be for the minister rather than take that on notice.

**Mr JAENSCH** - Unless I can get something really quickly.

**CHAIR** - That is fine, we can write to you and get it to you. I am sure you have plenty of things on your mind today.

## **PUBLIC**

**Mr VALENTINE** - That is pretty well it. Maybe the growth in international students may have contributed to the demand for rental housing - page 24, item 4.3.5.

**Mr JAENSCH** - That is one of those patches of many that are contributing to our housing supply/demand story, particularly in Hobart and Launceston.

**Mr VALENTINE** - Do you have any updated figure, you might not, but you can provide it later:

It may be the growth of international students may have contributed to the demand of rental housing with a number of onshore international students at UTAS increasing from just over 3000 students in 2011 to just over 4000 students in 2016.

Do we have any understanding as to what it is today?

**Mr JAENSCH** - I don't have an up-to-date figure on that.

**Mr VALENTINE** - You can come back with that?

**Mr JAENSCH** - I do note in the context of that, the university is fairly aggressively entering into the accommodation market in its own right.

**Mr VALENTINE** - It certainly is. Certainly in Hobart.

**Mr JAENSCH** - It will be interesting to see how, as their new stock comes on line how that may free up what has been previously available for rent.

**Mr ARMSTRONG** - Do you have any idea when their new stock is going to be available? Those hotels they have purchased, are they being used by the university now?

**Mr JAENSCH** - They are using some of those now. They have newly developed properties of their own and they have a couple of other projects that have a one-, two- or three-year time frame on them.

**Mr ARMSTRONG** - K and D.

**Mr VALENTINE** - I think there is one on the corner of Elizabeth and Bathurst streets in the city.

**Ms RATTRAY** - They seem to have plenty of disposable cash.

**CHAIR** - It is a difficult situation. You need to international students for full fee paying and obviously it affects the housing market.

**Mr JAENSCH** - And in a range of different ways.

**CHAIR** - It is difficult. We really appreciate you coming along today. We appreciate how busy you are, particularly at this time with housing and housing summits. Thank you very much.

## **PUBLIC**

We will write to you and request that additional information. It will make it a little bit easier if you can provide that and that will be great. Thank you.

**Mr JAENSCH** - Thanks for the opportunity.

**THE WITNESSES WITHDREW**