

Jenny Mannering

From: Rob Golley <rwgolley@bigpond.com>
Sent: Thursday, 9 August 2018 2:40 PM
To: SSA
Subject: FW: Select Committee Short Stay Accommodation in Tasmania SUBMISSION by Rob Golley

From: Rob Golley [mailto:rwgolley@bigpond.com]
Sent: Thursday, 9 August 2018 2:39 PM
To: 'ssa@parliamenthouse.tas.gov.au'
Subject: Select Committee Short Stay Accommodation in Tasmania SUBMISSION by Rob Golley

The Secretary
Legislative Council Select Committee – ShortStay Accommodation in Tasmania
Legislative Council
Parliament House, Hobart 7000

To be distributed to the following members:-

Hon Rosemary Armitage (Chairman)
Hon Robert Armstrong
Hon Tania Rattray
Hon Rob Valentine
Hon Josh Willie

Dear Select Committee members,

I wish to make comment on the current review of short stay accommodation in Tasmania which hopefully may assist your investigation.

I am a long time accommodation operator owning and operating a range of Accommodation in both Swansea and Hobart which covers traditional style tourist accommodation being both motel and fully self contained accommodation. My businesses are Swansea Cottages and Motel Suites in Swansea (Established 1991) and Moonah Central Apartments in Hobart (Holiday Homes-Established 2009) comprising quality 3 and 4 bedroom residential accommodation. I therefore, have been operating short term business accommodation in the traditional sense for the past 28 years as well as embracing the new technology which is essential if I my businesses are to remain competitive.

I note that both my Swansea and Hobart accommodation properties are down on turnover in the 17/18 financial year almost 10% on both accounts.

I do put this down to increased competition in the market place from Airbnb and many unregulated properties appearing without having to meet the same regulatory conditions and costs that I have to meet, and thus undercutting rates.

I also as a business am registered for GST so my rates have to also reflect this addition cost in the tariff that most Airbnb do not.

I therefore have been professionally operating my businesses well before the advent of Air BnB, however all my businesses are now listed on these newer formats as I have to try and remain competitive in the market place.

Stays, now rebranded HomeAway, have been operating for well over a decade in Australia so is not new to the accommodation sector as they have been operating throughout the world for over 2 decades.

Prior to venturing into Tourism and short stay accommodation I was the owner of residential and tenanted accommodation in and around Tasmania over many years, I finally realised that it was never going to be viable renting out my properties to tenants.

A succession of several “bad” tenants finally lead me to selling these properties to get out of this market.

To put it simply, some tenants end up unreliable and there is little if any sensible recourse for the owner of the premises to:-

- 1/. Evict the tenant in a quick and timely manner
 - 2/. Recover costs for damage to premises
 - 3/. Recover costs for loss of unpaid rent
 - 4/. Prevent tenants from moving on and putting other tenants into the premises without owner consent or approval.
- It does seem that tenants have all the rights and owners/landlords very few. The Landlord takes all the risks and takes the financial loss.

I have had tens of thousands of dollars worth of damage done to premises, trouble trying to evict bad tenants with perfect references and so called great referees and tenants who have moved on leaving other tenants in the residence without my knowledge or approval. When I have tried to chase up on outstanding rents, I have on one occasion been advised not to follow up as if you value your asset and other assets they may be torched! Yes there are some unsavoury (thugs)characters residing in our communities.

I now, understandably, have a policy of not accepting residential tenants under any circumstance into my properties as there is essentially no recourse to removing a bad tenant. It can legally take up to 6 months to evict one, then to not be able to claim rent owed (as they have nothing) all the while still paying rates, insurance, land tax and loan repayments back to the bank.

The concept of short term visitor accommodation and expecting the private sector to provide housing for those with a rental property is a troublesome one and one that the government as a whole needs to address while respecting the rights of owners to choose how and who they let their property to.

The Government should not be making it so difficult to set up short term accommodation that it drives owner back to the risky letting of their accommodation to tenants. It should be the owners choice. The responsibly for providing accommodation to those in need rests with the government to fund and provide the same and not through regulation of the private sector. The two are totally different and should not be confused.

Of course there are good tenants out there however they are few and far between and the rents paid generally will not cover the actual cost of purchasing and running the property unless it can be negatively geared against a high independent wage.

The Government should under no circumstances be forcing owners of residential properties to make their properties available as part of residential housing unless the government provides appropriate support and guarantees. The risks are just far too great to force owners into this unless the government proposes underwriting all damages and loss of income.

OPERATING AN AIRBnB – Dream versus reality!

On a different matter it really is a misconception that there is a lot of money to be made letting accommodation as short stay accommodation opposed to being tenanted. The reality is that there is an acknowledged difference of only an additional 5% to be made if using a letting agent to manage and control an AIRBnB property compared to a tenanted property due to all the associated costs. Not really much in it all at!

For those choosing to do all the work themselves there is a lot of work and commitment that most don't realise exists. It's a dream for many but the reality is far from the dream.

Setting up the property, purchasing all the furniture and fittings, appliances, bedding, linen, setting up the online booking system, engage the 3rd party booking agent, being on call 7 days a week perhaps up to 16 hours a day, being on afterhours call out, booking fees, accounting for Tax, commissions, cleaning and laundering of the premises after each guest has departed or throughout their stay, maintenance, rates, insurance, land tax etc. Many operators simply realise after 12 months that this is not for them and that they are almost in “a prison”, their life is not their own to do what they want when they want end up putting their property back on the rental market, often fully furnished.

We do need to embrace the sharing and short term accommodation market and economy whether we like it or not. It is here all around the world and we do need to accept this as part of the new changing world.

The choice of accommodation is really up to the market and individual to determine. I am more of a traditionalist and like my own space and not share a room in a home. However I acknowledge that many enjoy this experience, especially being able to interact with their local hosts. What a wonderful opportunity for those that embrace this. As a government it should also be acknowledged and embraced and assisted within minimal legislative or regulatory requirements.

The only requirement should be that the accommodation is suited and safe for the short term visitor and appropriated insurances and basic protections are in place.

With short term visitor accommodation as opposed to letting a property to a tenant, the letting of rooms/premises falls under a totally different set of rules that safeguard the premises being let and owner of the premises as well as the visitor.

For example under current legislation the “inn Keeper” has the right to ask a non complying guest to leave as well as restrain a guest if required and it is deemed safe to do so. Not sure whether AirBnB hosts are considered “Innkeeper” but can see no reason as to why this should not apply across the board to all proprietors or hosts?

Today, visitors research and book where they want to stay, a lot of the time online. In my case we take either a deposit or full payment using a credit card or prepayment to STAYS or AIRBnB. Where prepayment is made to a 3rd party booking site we still insist on credit card security before we issue a key or property access PIN. This generally safeguards us however many overseas (Asian, no I am not racist!) visitors do not have funds available on the credit card (transfer only money as required for a transaction) so the credit card as security will not cover damage. We can still be out of pocket as one of my properties recently incurred damage costs of around \$1500 with any recourse to me. They paid \$700 for the stay so left us considerably out of pocket.

The problem is with changes implemented from last July 2017, the Government failed to adequately consult with experienced operators before enacting legislation.

Hence the free for all situation we now have.

Short term visitor accommodation and letting is not a complex situation and does need to be simplified, which can easily be done.

1/. A short term visitor accommodation should be registered but not treated by Councils as a “Gold Mine” or cash cow as some Councils such as the Glenorchy Council has done over the years requiring an application cost of around \$450, which if refused was simply “kept”. The application would only be short term for say 2 or 3 years. All totally unacceptable. Unfortunately seen in recent times, many local councils are simply not to be trusted. Yes it is a bad state of affairs when this happens!

2/. Short term visitors need to know that what they are booking is safe and that their safety and security during the stay is not compromised and is suited to their needs.

3/. I propose that qualified Building Surveyors who currently approve new buildings be engaged to accept short stay visitor applications, sign off on same and submit to the local council for record purposes. recording purposes only. There would need to be a capped application fee to cover his time and cost.

4/. The Registration fee be capped at Maximum of \$250 as is currently the case with no ongoing annual fee.

5/ The building surveyor to:-

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

It may well be that the short term visitor/applicant can simply self check and submit their assessment and copies of documentation to the Building Surveyor to streamline the process.

These essential checks will safeguard both the guest and the owner as well as establishing a base level for the standard of the accommodation so that it is safe, secure and fit for purpose for the visitor and guest.

For Short Stay Visitor accommodation to be regulated is fairly straight forward and should not be made overly complex. Oversight and regulation should be kept away from local Councils as much as possible as they have a habit of muddying the waters and making a seemingly straight forward process much more complex, expensive if not at all but impossible. Probably something to do with the many problems we all face with local government with "little people in little council offices" wielding power that they believe they have to control everyone and everything!

I am available to any Members of this enquiry should you wish to contact me directly to discuss any matters pertinent to your enquiry into short term visitor accommodation.

Kind Regards,

Rob Golley JP 3990
Proprietor
Swansea Cottages & Motel Suites
Moonah Central Apartments

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