



**Accommodation  
Association  
of Australia**

**Legislative Council Select Committee inquiry  
into short-stay accommodation in Tasmania  
– Submission of Accommodation Association  
of Australia**

*Accommodation Association of Australia – Principal Contact  
Mr Richard Munro  
Chief Executive Officer  
Phone: +61 2 8666 9015*

## EXECUTIVE SUMMARY

- The number one priority when considering the regulation of tourism accommodation/short-term letting in Tasmania must be the safety and security of guests (consumers).
- Any building in which short-term letting is conducted must meet requirements under Class 3 of the Building Code of Australia.
- It should be compulsory for any property which sells accommodation to be registered with the Tasmanian Government and failing to do this should attract a fine of not less than \$1 million per property.
- The industry does not support any scenario which permits a group of residential apartments to operate as a quasi-hotel.
- The emergence of quasi-hotels is one of the most significant negative consequences of the lack of regulation of sharing economy accommodation in Australia.
- The recent rapid emergence of sharing economy providers of tourism accommodation has resulted in job losses in the accommodation industry in Tasmania.
- Airbnb claims to “support” jobs in Australia – but “jobs supported” are not actual jobs.
- The recent rapid emergence of sharing economy accommodation providers is having a significant detrimental impact on the level of rental and housing affordability.
- Despite the likes of Airbnb being a multi-billion-dollar global online giant, companies which operate online platforms for Australian residential properties to be used for tourism accommodation are avoiding payment of taxes in Australia.
- A point-of-consumption tax on sharing economy accommodation providers, including Airbnb, should be introduced, with the tax to be imposed according to where the transaction to purchase accommodation takes place.
- Lack of regulation of sharing economy platforms in Australia has resulted in Airbnb management companies gaining a foothold in Australia, further eroding income and investment from existing operators in the Australian tourism industry.

## **INTRODUCTION**

1. The Accommodation Association of Australia is pleased to provide the following submission to be considered as part of the Parliament of Tasmania Legislative Council Select Committee inquiry into short-stay accommodation in Tasmania.
2. The following submission reflects the collective views of our membership and draws on the Accommodation Association of Australia's extensive experience engaging with key government stakeholders from across Australia on the issue of the regulation of short-term letting, as well as trends in global regulation.

## **ABOUT THE ACCOMMODATION ASSOCIATION**

3. The Accommodation Association of Australia (the Accommodation Association) is the national industry body for Australia's accommodation industry.
4. Members of the Accommodation Association include major hotels, resorts, motels, motor inns, serviced and holiday apartments, bed and breakfasts, guesthouses, backpackers and timeshare establishments in metropolitan, regional and rural Australia, across all states and territories.
5. The Association's members include major hotel and motel chains, and serviced apartment groups.
6. The Association's membership base includes almost 2000 properties and more than 110,000 guest rooms.

## **TOURISM AND ACCOMMODATION – OVERVIEW**

7. Tourism directly contributes \$55.283 billion to Australia's gross domestic product (GDP), 3.2 per cent of Australia's total GDP.<sup>1</sup>
8. There are 598,200 people directly employed in the Australian tourism industry – 4.9 per cent of total employment.<sup>2</sup>
9. Accommodation businesses add \$8.008 billion of gross value to the Australian economy.<sup>3</sup>
10. There are 88,800 people employed in the accommodation sector of the Australian tourism industry.<sup>4</sup>
11. There are 4445 tourism accommodation establishments in Australia.<sup>5</sup>

---

<sup>1</sup> Tourism Satellite Account 2016-17, Australian Bureau of Statistics

<sup>2</sup> Ibid

<sup>3</sup> Ibid

<sup>4</sup> Ibid

<sup>5</sup> Tourist Accommodation, Australia, 2015-16, Australian Bureau of Statistics

12. There are 151 tourism accommodation establishments in Tasmania.<sup>6</sup>
13. There are 249,131 tourism accommodation rooms in Australia and 676,638 bed spaces.<sup>7</sup>
14. There are 6840 tourism accommodation rooms in Tasmania and 18,795 bed spaces.<sup>8</sup>
15. These figures do not include properties listed on Airbnb and other sharing economy accommodation providers, despite Airbnb claiming to be a part of Tasmania's tourism accommodation industry.

## **POLICY CONTEXT – INTERSTATE**

16. There have been a number of recent changes in the public policy environment relating to the regulation of tourism accommodation in Australia.
17. In June 2018, the NSW Government announced a drastic weakening of regulation of short-term letting after a long policy development process, which included a comprehensive inquiry into the adequacy of the regulation of short-term holiday letting in NSW by the NSW Parliament Legislative Assembly Committee on Environment and Planning.
18. As far as the Accommodation Association is aware, under the changes in NSW, there is no requirement for properties listed on Airbnb (and other sharing economy platforms) to meet standards relating to building fire safety, insurance and disability access.
19. A proposed 180-day cap for short-term letting in greater Sydney is nowhere near enough to minimise the incidence of residential apartment blocks becoming quasi-hotels (residential buildings with apartments which are being used for short-stay accommodation).
20. The policy changes in NSW will cost jobs in regional areas because the NSW Government has announced there will virtually be no cap on the amount of time short-term letting can take place outside greater Sydney.
21. In Queensland, the State Government is currently considering its policy settings for the regulation of short-term letting and the Accommodation Association has been an active participant in the Government's Industry Reference Group.
22. Although it is still to finalise its position, the Queensland Government has – sensibly and in the interests of promoting consumer safety – hinted that it will opt for a much tighter regulatory regime on sharing economy providers than the NSW Government has proposed.
23. Queensland's Minister for Innovation and Tourism Industry Development, Hon Kate Jones MP, has said the Government is looking to introduce a system of data-sharing in the short-term accommodation sector:  
  
"We don't want to target mums and dads who want to make a bit of extra coin to pay off their mortgage. But it's important for councils to be able to tell the difference between someone who is renting out their own home and someone who's running a business."<sup>9</sup>

---

<sup>6</sup> Ibid

<sup>7</sup> Ibid

<sup>8</sup> Ibid

<sup>9</sup> Media Release, Hon Kate Jones MP – Minister for Innovation and Tourism Industry Development, 9 July 2018

24. In Victoria, in February 2018, the State Government released its response to the Victorian Parliament’s Environment and Planning Committee Inquiry into the Owners Corporations Amendment (Short-stay Accommodation) Bill 2016. The bill was introduced to Parliament in May 2016 and passed the Legislative Assembly in August 2016. In November 2016, the Legislative Council referred the legislation to an inquiry.
25. The committee’s final report was released in June 2017 and it contained nine recommendations. Of these nine recommendations, four recommendations were supported in full by the Government, one was supported in principle, three were placed under review and the remaining recommendation was supported in part.
26. Last week – on 7 August 2018 – the bill passed the Legislative Council.
27. Despite a heightened risk to consumers staying in residential premises being used for short-stay accommodation in Victoria, the new laws will do very little to address this issue.
28. In South Australia, in June 2016, then Deputy Premier, Hon John Rau MP, announced – with little or no consultation – that the South Australian Government had “provided clarification to South Australians who use their residential property as a short-term rental, also known as home sharing” and that the South Australian Government has made it clear “that a person’s period of stay in a residential property should not constitute a ‘change in use’ under the Development Act”. Therefore, this, effectively, gave sharing economy accommodation platforms, such as Airbnb, free rein to operate in South Australia with virtually no regulation.<sup>10</sup>
29. However, following a change of government in March 2018, the new government in South Australia has been considering calls for tighter regulation of sharing economy accommodation providers.
30. The City of Holdfast Bay council in suburban Adelaide has written to the relevant South Australian Minister proposing that any property which offers stays of less than 28 days should be defined as a hotel rental.
31. In June 2018, the Acting Mayor of Holdfast Bay, Ms Amanda Wilson, said:

“We cannot have a large share of residential housing taken up only on weekends or the summer.”<sup>11</sup>
32. Also, the Adelaide City Council is currently examining options for greater regulation of short-term letting.
33. The Western Australian State Government has signalled it intends to pursue a tougher regulatory regime on Airbnb (and other sharing economy accommodation providers).
34. Western Australia’s Minister for Tourism, Hon Paul Papalia CSC MLA, said:

“I share some concerns of the hoteliers that Airbnb needs to be regulated properly. It has a place to play. Mums and dads renting out their spare room is a good thing and provides another dimension to accommodation options in Western Australia. But it must be regulated. It should not be seen as a loophole through which you can avoid proper regulation if you’re going to operate a hotel, for instance.”<sup>12</sup>

---

<sup>10</sup> Media Release, Hon John Rau MP – Deputy Premier, 7 June 2016

<sup>11</sup> “Adelaide council calls for Airbnb accommodation to be regulated like hotels”, [www.abc.net.au](http://www.abc.net.au), 13 June 2018

<sup>12</sup> “State Government flags crackdown on Airbnb”, PerthNow, 5 June 2018

## **POLICY CONTEXT – TASMANIA**

35. In Tasmania the statewide planning scheme was changed from 1 July 2017 such that for properties which are rented for a fee:
- Owners of investment properties which are over 300 square metres must obtain approval from their local council to accommodate guests; and
  - Owners of investment properties or shacks which are less than 300 square metres must complete a form declaring their property meets minimum safety standards and lodge this form with their local council before accommodating guests.
36. For Tasmanian residents who own their home and wish to rent out up to four rooms, no approvals are required.
37. The primary impact of the changes to the regime in Tasmania was that they created a far more level-playing field between quasi-hotels – residential buildings with apartments which are being used for short-stay accommodation – and compliant hotels, motels and serviced apartments.
38. However, as the committee might be aware, the State Government has indicated there might be further upcoming change in this policy area.
39. The Minister for Planning/Minister for Housing, Hon Roger Jaensch MP, said the Government will introduce legislation by the end of 2018 which is designed to “address compliance concerns relating to short-stay accommodation”:
- “The legislation will serve two important purposes – to ensure everyone is playing by the rules, and, to paint a clear picture of home sharing across Tasmania. This approach will ensure we have meaningful data to fully understand the short-stay accommodation sector in Tasmania. The intent of the legislation is to require anyone listing an investment property on an online platform to show details of their required permit. People sharing their primary residence online will not be affected by the legislation. Property owners and online platform providers found to be in breach of the rules could face penalties, which may include significant fines. It’s important that those who benefit from the sharing economy make sure they are doing the right thing.”

## **KEY POLICY POSITIONS OF THE ACCOMMODATION INDUSTRY**

40. The number one priority when considering the regulation of tourism accommodation/short-term letting in Tasmania must be the safety and security of guests.
41. To help ensure the safety and security of guests, any property which sells accommodation must be registered with the Tasmanian Government.

## **TOP PRIORITY – CONSUMER SAFETY**

42. As stated above, it is the submission of the Accommodation Association that the number one priority for Tasmania when it is considering changes to the regulatory regime for short-term (or tourism) accommodation must be consumer safety.

43. Hotels, motels, serviced apartments and other forms of traditional tourism accommodation must meet strict requirements to help ensure the safety of their customers.
44. These requirements include, but are not limited to:
  - Compliance with building fire safety standards (fire alarms, fire egresses, fire-fighting equipment, fire signage, emergency procedures and other safety and security requirements);
  - Having insurance in place which covers guests staying in a public place; and
  - Compliance with planning laws.
45. Any building in which short-term letting is conducted must meet requirements under Class 3 of the Building Code of Australia.
46. Hotels, motels, serviced apartments and other forms of traditional tourism accommodation must meet higher standards for disability access and accessible rooms than residential properties.
47. There are several examples of where non-compliant accommodation has had deadly consequences in Australia.
48. One of the highest profile incidents was a major fire at a backpacker hostel in Childers in June 2000 which killed 15 people.
49. Tasmania might also wish to take into account a coronial investigation into a fatality which occurred in a fire at a property in southern NSW which, at the time of the fire in July 2015, was thought to be operating as a non-compliant tourism accommodation property.
50. The Accommodation Association respectfully submits that it is not aware of any serious attempts by sharing economy platforms in Australia to encourage providers of tourism accommodation through these platforms to comply with the same safety regime which covers traditional hotels, motels and serviced apartments.

## **RECENT FATAL INCIDENT AT A SHORT-STAY RESIDENTIAL PROPERTY IN MELBOURNE**

51. On 21 July 2018, a 19-year-old woman died in an apartment complex in the central business district of Melbourne. The woman was reportedly stabbed.
52. The fatal incident occurred in the EQ Tower building, which contains many residential apartments that are marketed for short-stay accommodation through Airbnb.
53. Given the staffing levels and supervision in place at traditional (and regulated) providers of short-stay accommodation (e.g. hotels), the chances of such a tragic incident occurring at a traditional (and regulated) property are extremely low.
54. In a submission to the NSW Government dated 31 October 2017 as part of its consultation into the future regulation of short-term letting in NSW, the Accommodation Association specifically highlighted this property in Melbourne as a reason why government should pursue tighter regulation of Airbnb.
55. Here is an extract from this submission:

The EQ Tower, which is located at 127-141 A'Beckett Street, Melbourne, is another example of what appears to be a residential apartment block which is being used for short-term (or tourism) accommodation.

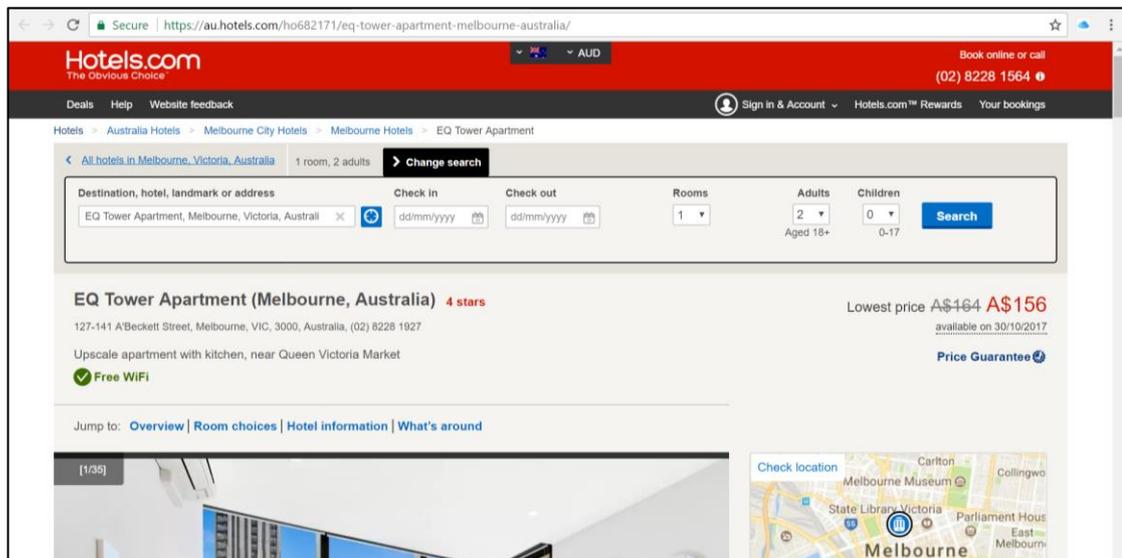
The property has 63 floors and it's almost certain its building fire safety standards, the insurance it has in place and disability access are not at the same level as major hotels in the Melbourne central business district that this apartment building is directly competing with for tourism accommodation.



The entrance to EQ Tower indicates it is a residential apartment building, as opposed to a building which is zoned for short-stay (tourism) accommodation.



Apartments in EQ Tower have been marketed on major accommodation booking websites:



(accessed 25 October 2017)<sup>13</sup>

56. In recent months, several other violent incidents have taken place at residential properties which are being used for short-stay accommodation across suburban Melbourne.

## COMPULSORY PLANNING REGISTRATION

57. Companies which operate an online platform for residential properties to be used for tourism accommodation, as well as the owners and occupiers of the properties, should be the subject of a much stronger compliance regime.

<sup>13</sup> Short-term holiday letting in NSW, Submission of Accommodation Association of Australia, 31 October 2017

58. The accommodation industry's position is any property which sells accommodation in Tasmania must be registered with the State Government.
59. This is vital if local government authorities are to be able to adequately investigate and act on complaints, should this be necessary.
60. Compulsory registration would promote consistency across Tasmania, unlike if each local government authority had its own registration regime.
61. If a provider of tourism accommodation is found guilty of failing to register, the provider's non-compliance should attract a fine of not less than \$1 million per property.
62. Having fines of this quantum in place would assist with ensuring that:
  - The compliance regime would be self-sufficient from a financial perspective; and
  - They would act as a deterrent to such illegal activity.

## **MAJOR ISSUE – QUASI-HOTELS**

63. The emergence of quasi-hotels is one of the most significant negative consequences of the lack of regulation of sharing economy accommodation in Australia.
64. Quasi-hotels have come about through the practice of a common owner of several apartments – many of which could be in the same building – listing vacant apartments on online platforms which promote residential properties for use as tourism accommodation.
65. It should be clearly stated the Accommodation Association is not advocating for a protectionist regime for operators of “bricks and mortar” tourism accommodation businesses which are compliant with existing regulation and legislation. The accommodation industry is simply advocating for a level-playing field.
66. The starkest example of tourism accommodation businesses in direct competition with each other, but operating under different regimes is a quasi-hotel.
67. For consumers, quasi-hotels could appear to be very similar to apartment hotels, but the quasi-hotels meet very few, if any, of the standards which traditional tourism accommodation establishments are required to. Such standards include planning laws, building fire safety requirements, having adequate insurance in place and ensuring access for people with a disability.
68. Quasi-hotels are having a direct negative impact on hotel room-rates and on the level of investment in the accommodation industry in Tasmania.

## **SHARING ECONOMY COSTS JOBS**

69. The recent rapid emergence of sharing economy providers of tourism accommodation has resulted in job losses in the accommodation industry in Tasmania.
70. This is because sharing economy providers have eaten into the market share of traditional accommodation businesses, including hotels, motels and serviced apartments, and

traditional accommodation businesses are far more labour-intensive than the likes of Airbnb-type (residential) properties.

71. Specifically, while the accommodation industry in Australia employs more than 80,000 people, sharing economy providers employ very few, if any, people directly at properties where they advertise rooms.
72. Despite now having a strong foothold in Australia, Airbnb has been unable to state how many people in Australia it employs – or how much payroll tax it pays in Australia.
73. Airbnb has said publicly that in 2015/16, its guests supported over 14,000 jobs in Australia. Not only is this figure vastly inferior to employment in the traditional accommodation industry, but “jobs supported” are not actual jobs.

### DIRECT LINK WITH RENTAL/HOUSING AFFORDABILITY

74. The recent rapid emergence of sharing economy accommodation providers is having a significant detrimental impact on the level of rental and housing affordability.
75. For example, in Sydney, in the City of Sydney council area, the number of entire homes available on Airbnb for 90 or more days per year is greater than the number of vacant rental homes, 1268 to 876.<sup>14</sup>
76. In the Waverley Council area, which includes Bondi, the corresponding figures are 821 entire homes available on Airbnb to 232 vacant rental homes.<sup>15</sup>
77. Clearly, in a growing number of Sydney suburbs, the returns for landlords from short-term letting are greater than offering their properties for rent for terms of six or 12 months.
78. Real estate agents in, among other places, suburban Sydney are taking advantage of this, freely advertising the fact they are listing properties on Airbnb.
79. The negative impact of the likes of Airbnb on rental and housing affordability has been compounded by the growth of such platforms. For example, in the period from January 2017 to September 2017, Newcastle doubled its capacity for Airbnb guests.<sup>16</sup>
80. Further evidence of the negative impact on rental and housing affordability that sharing economy accommodation providers are having is action taken by other countries to better regulate these providers, such as Airbnb.
81. From mid-2016, any resident of the German city of Berlin who lets more than 50 per cent of their apartment on a short-term basis without an appropriate permit risks a fine equivalent to about \$A150,000 and one of the major reasons for introducing this measure was to keep housing affordable for locals.
82. In New York in the USA, renting out residential apartments for less than 30 days is against the law.

---

<sup>14</sup> “Airbnb popularity with landlords puts squeeze on rental market”, Australian Financial Review, 28 November 2016

<sup>15</sup> Ibid

<sup>16</sup> “Newcastle Airbnb listings double in eight months, figures show”, Newcastle Herald, 30 September 2017

## AIRBNB AVOIDS PAYING TAX IN AUSTRALIA

83. In March 2018, in reference to return on investment for tourism operators, an Australian-based Airbnb spokesman hit out at the traditional tourism sector “where only the big end of town or the lucky few do well”<sup>17</sup>.
84. Operators of small motels in Tasmania hardly qualify as the “big end of town”, in contrast to Airbnb, which is a profit-hungry global giant.
85. In March 2018, it emerged that Airbnb is on the verge of turning over \$1 billion a year in Australia and that there has been growth of 4000 per cent in the number of people using Airbnb in Australia over five years.<sup>18</sup>
86. Despite this, Airbnb and other companies which operate online platforms for Australian residential properties to be used for tourism accommodation are avoiding payment of taxes in Australia – unlike hotels, serviced apartments, resorts, motels and other compliant forms of tourism accommodation.
87. Airbnb has constantly dodged questions about how payroll tax it pays in Australia; indeed, how much tax it pays in total in Australia.
88. A spokesman for Airbnb has been questioned about how much tax the company pays in Australia and the spokesman refused to specifically provide an answer to this question, saying:  
  
“We pay all the taxes that we are required to pay in Australia. We’re a privately-held company and we don’t disclose the number.”<sup>19</sup>
89. In addition, from April 2014, Airbnb, which extracts a commission in the vicinity of 12 per cent of the cost of a consumer “booking” a room in a residential property for the purposes of tourism accommodation via its website, channelled revenue from Australian-based consumers to an Irish subsidiary.<sup>20</sup>
90. Despite having an estimated worth of \$10 billion, Airbnb requested an exemption from corporate rules in Australia which require companies to disclose their earnings in a financial report.<sup>21</sup>
91. By operating on this basis, Airbnb is clearly attempting to avoid paying its fair share of tax in Australia.
92. Airbnb’s position on bed taxes in the accommodation industry represents hypocrisy in the extreme.
93. It has stated that it supports bed taxes being imposed, as long as they also apply to traditional hotels, motels and serviced apartments.<sup>22</sup> This fails to take into account that operators of hotels, motels and serviced apartments already pay land tax, payroll tax and

---

<sup>17</sup> “An unused spare room can be turned into quick cash in the sharing economy”, news.com.au, 1 March 2018

<sup>18</sup> “Airbnb pulls in \$1bn from Australian business”, The Australian, 19 February 2018

<sup>19</sup> Interview with Mr Brent Thomas, Head of Public Policy, Airbnb Australia/New Zealand, 774 ABC Local Radio Melbourne, Mornings, 24 November 2017

<sup>20</sup> “Airbnb pays tax on Australian profit offshore”, Australian Financial Review, 9 September 2014, <http://www.afr.com/business/tourism/airbnb-pays-tax-on-australian-profit-offshore-20140909-jeg0t>, retrieved 18 May 2016

<sup>21</sup> Ibid

<sup>22</sup> The Project, Network Ten, 19 June 2017

higher council rates than owners of residential properties used for short-term accommodation through sharing economy platforms.

94. Simply, Airbnb is satisfied with its properties having a lower level of regulation than traditional accommodation businesses, yet it supports traditional accommodation businesses paying another tax.

## **A NEW POINT-OF-CONSUMPTION TAX ON SHARING ECONOMY ACCOMMODATION PROVIDERS SHOULD BE INTRODUCED**

95. While the accommodation industry in Australia employs 88,800 people, sharing economy providers employ very few, if any, people directly at properties where they advertise rooms.

96. Therefore, hotels, motels, serviced apartments and other traditional accommodation businesses are far more labour-intensive than the likes of Airbnb-type (residential) properties.

97. Despite now having a major foothold in many key Australian markets, Airbnb has struggled to state how many people in Australia it employs.

98. Airbnb has said publicly that in 2015/16, its guests supported over 14,000 jobs in Australia. Not only is this figure vastly inferior to employment in the traditional accommodation industry, but “jobs supported” are not actual jobs.

99. As stated above, Airbnb is also avoiding paying tax in Australia.

100. Taking this into consideration, the Accommodation Association would support the introduction of a point-of-consumption (POC) tax on sharing economy accommodation providers.

101. Such a POC tax should not be paid by consumers who book through sharing economy platforms, nor consumers who offer their (residential) properties on sharing economy platforms – it should specifically apply to all sharing economy accommodation providers who operate in the Australian market, including Airbnb.

102. The potential POC tax would be imposed where the transaction to book accommodation takes place, i.e. within Australia.

103. Given the enormous recent growth of the likes of Airbnb, a POC tax would represent a growing source of revenue for the Tasmanian Government – and this additional revenue could be allocated to boosting funding for tourism marketing.

104. POC taxes on online racing and sports-betting companies are imposed where the betting transaction takes place in other Australian states and territories.

## **LEVERAGING AIRBNB FOR COMMERCIAL GAIN**

105. The rapid recent emergence of sharing economy accommodation providers, led by Airbnb, has resulted in the establishment of Airbnb management companies.

106. Such management companies offer owners of residential properties a suite of services to manage short-term letting of their properties on sharing economy platforms, predominantly Airbnb.
107. An example of this is Hostmaker ([www.hostmaker.com](http://www.hostmaker.com)), which offers Airbnb management services in several European cities, including London, Paris and Rome.
108. In May 2018, a partnership in Australia was announced between Airbnb and sharing economy home management company Hometime ([www.hometime.io](http://www.hometime.io)).
109. This is further proof that sharing economy accommodation platforms require more stringent regulation because they are far more than average Australians seeking to earn a small amount of additional income. Short-stay letting of residential accommodation is a multi-billion-dollar global business.

## **CONCLUSION**

110. The Accommodation Association would be pleased to provide the committee with further information in relation to our submission through a meeting and/or further engagement as appropriate.

Date: 13 August 2018