

**ADEQUACY OF THE REGULATION OF SHORT-TERM
HOLIDAY LETTING IN NEW SOUTH WALES**

Name: Name Suppressed

Date Received: 3/11/2015

Partially Confidential



Tuesday 3rd November 2015

Re: adequacy of the regulation of short-term holiday letting in NSW (inquiry)

Dear Sir/ Madam

I have owned and run an award winning small bed and breakfast in the Southern Highlands NSW for the past 14 years. I have a company structure, registered for GST and have an approved DA from council to operate an accommodation business. I would like to communicate some of my concerns regarding the home sharing and self contained industry.

1. the regulatory disconnect between my approved accommodation business and those entering into the industry as both home share and self contained.

I adhere to all relevant regulations in regards to fire safety, food safety, insurances, and as a home business, we also have to adhere to all OHS regulatory requirements which on a yearly basis, adds a large cost to our operating overheads. These yearly requirements include test and tagging, emergency lighting system tests, twice yearly testing of all fire suppression systems, food safety inspections, food safety certification just to name the biggest cost items. This does not include low cost but large time expense administration in regards to taxation, record keeping for OHS, food safety and other procedural requirements. This is a small business with only a few rooms and these costs constitute a large businesses overhead.

The self contained and home share industry do not need to do any of the above. They have a definite operating and financial advantage over legitimate properties which outlay time and money to adhere to regulatory requirements. The lack of regulation, especially fire regulation for the home share and self contained industry just ensures that another Childers event is only a matter of when, not if.

2. Tax concerns.

I am registered for GST and report, collect and pay tax on all income to the ATO on a quarterly basis.

A majority of home share and self contained properties do not do this and operate in the black economy. They have a definite financial advantage over legitimate businesses.

3. Commissions.

I list with a number of on line agents to sell my rooms as the booking habits of Australians have changed dramatically in the past few years. All have different commission structures, The home share websites (which I also list on) have at present lower commissions.

The home share and self contained industry receives an added financial advantage over legitimate accommodation businesses due to generally lower commissions on the home share sites.

4. Safety and recourse

Because the self contained and home stay market doesn't have any regulation, insurances and inspections, there is a wide range of quality properties out there. Guest safety, fire safety and food safety is not regulated and if there is an issue with any of the above, there is little recourse for the guest. They can report it to the booking site, but other than that, there is little protections in place for the guest. I am not sure the booking public understands this and can find themselves in personal and financial trouble if anything does go wrong.

Again, because we are fully insured, inspected and monitored, we are at a financial disadvantage to other home stay and self contained premises.

5. Reputation

I have noticed a number of properties on Airbnb that have been advertising themselves as bed and breakfasts. When i have contacted them regarding their operation, I find they are operating without council approval and thus none of the regulatory requirements that go with it, no insurance, no safety requirements, nothing. To gain council approval, we had to make changes to our building structure worth tens of thousands of dollars to meet current fire and safety regulations. These properties are trading on the good reputations and guidelines of legitimate businesses and without liability. If they do the wrong thing by guests, they are bringing our small but important sector of the accommodation industry into disrepute without any personal ramifications. They are more often than not unaware that they are doing anything wrong, but when I explain the requirements of being a bed and breakfast, they just change their advertising but continue their offerings same as before.

Bad or unprofessional operators can ruin the reputation of the industry without any personal liability or ramification.

Summation

The home stay and self contained accommodation sector is a very important area for the accommodation industry and fills a very large niche for travellers. It is galling that they have a huge financial and regulatory advantage over small, legitimate and approved accommodation businesses. I have on many occasions thought I was crazy to continue in the hosted accommodation industry - that I should just shut shop, close the business, close the company and put the place on the self contained market and do it all below the counter - not trouble, no regulations, no tax, no paperwork. I enjoy what I do, but I do wonder why i continue sometimes when the playing field is not just uneven but downright mountainous!

With kind regards

