

**Submission
No 194**

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

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Date Received: 16/11/2015

Attention : Mr Glenn Brookes MP
Environment and Planning Committee
Parliament of New South Wales

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Inquiry into the Adequacy of the Regulation
of Short-term Letting in NSW

Submission

Submission by Robert Jeffress.

By way of introduction, Rob Jeffress is a shareholder in Seal Rocks Lighthouse Accommodation, Ken Jacobs / Christie's International Real Estate, Liberty (real estate), a business partner in Pacific Palms Real Estate which manages some 200 holiday rental properties and places some 4,000 bookings annually.

As the former Chief Executive of Media Monitors Australia, Managing Director of Knight Frank (NSW), and Managing Director of Neville Jeffress Advertising, Rob Jeffress has employed up to 450 staff, operated local, state and federal government tenders, established national industry associations and represented their interests in the Commonwealth Legal & Constitutional Committee.

While I hope the content will be well received, I would like to apologise in advance for the lack of quality and presentation of this submission. I have a deep regard for the importance of the work being undertaken in this inquiry and while rushing to forward this to a midnight deadline, I will seek to correct the presentation in forwarding a signed printed copy of this email version.

Rob Jeffress

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Background.

While local real estate agents traditionally played the key role in managing holiday rental accommodation, the internet has facilitated a dramatic shift to a point where online services are now the primary platform used to promote of holiday rental properties with software that facilitate easy search, comparison and booking.

With more holiday listings and cost effective pricing, Stayz emerged as the dominant Australian portal. The holiday rental market has grown rapidly for a number of reasons:

Accessibility	Online services have activated the holiday sector by offering access to letting options
Easy of booking	They provide an ideal way to present sort, rfilter, eview, select and book accommodation
Confidence	Guests have become more familiar and comfortable with online bookings
Choice	The holiday sector offers appealing flexibility, accommodation types, locations and prices
More offerings	The appeal of extra income and ease of listing is increasing the number of owner listings
More locations	Demand for a wider range of holiday properties in all locations around Australia
Market Share	The holiday rental sector is drawing an increasing share of accommodation bookings

Against many benefits that have flowed through the evolution of online services, traditional real estate services have suffered through lost business and pressure on their commission rates as many owners have moved to 'self manage' and take advantage of keen online pricing.

As happened with the primary hotel booking services and property sales portals, the online services have leveraged their market strength to increase their commission and listing prices dramatically.

Fortunately, the recent set up of new international players such as Airbnb and Trip Advisor in Australia has brought some competition and seen rates relaxed. On the reverse side however, owners, property managers and competitors are heavily constrained by being denied interactive back end access to automate the administration of their bookings and availabilities across multiple sites.

Industry Issues

The rapid evolution of online services has created a number of critical industry issues for the holiday sector.

Whereas real estate agents carried onerous professional obligations and responsibilities for the management, maintenance, representation and trust accounting of holiday properties, the online services have been a catalyst in the reduction of industry regulation and accountability and abuse by owners.

The lack of regulation pose increasing risks for all stakeholders.

Misrepresentation	Facilities Location Self Rating Accuracy in promotion Naming rights Accessibility Duplicate bookings Extra Charges
Property Use	Conflicting land use Correct Zoning and permitted use Councils inability to enforce planning controls
Property standards	Cleanliness OH&S Fire plan Maintenance Pest and Building Safety
Community Standards	Code of conduct Noise Parking Party Houses Security Numbers Garbage
Accountability	Legal trading entity ABN and registered name Appropriate insurance Unprotected visitors Bonds / Trust accounts Access to tribunal Lack of accountability Cancellations Lack of liability Black markets Collection of GST Declaration of income Fraud
Professional Conduct	Code of conduct Professional standards

Tourism Trends

Tourism is a vital economic driver for federal, state and local levels.

Total tourism expenditure 2015 June \$77 Billion up by about 10% on previous year.
Reflecting a growing preference for the flexibility, pricing, locations of holiday letting accommodation
It is our conviction the Short Term Holiday rental market will continue to grow.

As with overseas markets, we believe the holiday letting will become a key accommodation sector and draw an increasing share of overall accommodation bookings.

This is in line with increasing accessibility and growing appeal for experience based accommodation. It is supported supported by other key tourism drivers which all point towards sector growth:

Population demographics	Baby Boomers (born 1949-1963 have more disposable income, want new experiences, make up big part of the travelling public
Lower Australian Dollar	makes domestic travel more attractive, makes travel to Australia more attractive to international visitors
Australia	Seen as a desirable destination (peaceful, safe, beautiful, different) Wilderness, beaches, aquatic life, coastal life
Transport Links	More direct air links to new European and Asian cities Increased access, reduced travel times, more affordable prices
Internet access	Properties can be accessed with ease directly Without the participation of travel agents or real estate agents creating an uncontrolled environment

The size and value of this market is borne out by the latest details from Tourism Research Australia

Tourism 2015 June	Domestic	International	Total
visitors total Australia	83 m	7 m	90 million
visitors total NSW	27 m	3 m	30 million
visitors nights total Australia	313 m	235 m	548 million
visitors nights NSW	89 m	80 m	169 million
visitors nights in rented accommodation total Au	26 m	N/A	26 million +
<i>visitors nights in rented accommodation NSW</i>	<u>8 million</u>	N/A (4 m est)	12 million
Total Expenditure	\$55 billion	\$22 billion	\$77 billion

Our Position

Short term holiday accommodation is a growing sector in the tourism marketplace.

While the emergence of on-line services has facilitated the growth of this market, without the participation of travel agents or real estate agents to regulate the offerings it is an uncontrolled environment.

To suggest the on-line services are passionate about tightening regulation is like suggesting services such as RSVP are only interested in facilitating 'true love'.

As an emerging industry without proper regulation the 'issues' are abundant and The risks are increasing

As a vital economic driver, particularly for regional economies, it is important that the holiday letting industry is supported and improved.

Our proposal

As committed stakeholder, we acknowledge the issues outlined in this submission. We see a strong positive future for the industry once it is managed with the endorsement of the planning authorities. We would like to be active participants of the solution.

We believe that the trend towards holiday rental accommodation cannot be, and should not be stopped. Short term holiday rental is here to stay, and is here to grow. It meets a market demand and the market is unstoppable. Therefore we need to design ways of managing rather than attempting to hinder the market.

We believe it is in the public interest to establish self-regulation governed by an independent Industry association. Rather than existing Associations which operate without barriers to entry and with conflicts of interest between members, the Association we propose would offer membership to those who meet the standards set out by the Association. Similar to a licensing process.

We would like to see the establishment of a new association that would work as a licensing body by giving its endorsement to its members.

The members need to meet entry requirements, like for example having ABN, insurance, fire protection, acceptance of code of conduct, building inspection, etc... The accuracy of advertising and promotion of property would also be set according to standard.

We envisage that the travelling public would choose properties that have the membership because of the assured quality and protection.

We understand that such an association would require funds to run but we would cover our costs by fees, sponsorships and commissions.

Robert Jeffress