



## Destination North Coast Submission in Response to Short-term Holiday Letting in NSW Options Paper

### Introduction

Destination North Coast is one of six new regional tourism entities that have been established to drive the growth of the visitor economy in Regional NSW. Based in Lismore, as the lead tourism agency, Destination North Coast oversees tourism development and management in the region from Mid-Coast to Tweed Heads including Lord Howe Island. As the third largest tourism destination in the country (based on domestic visitor nights YE March 2017), the North Coast of NSW is an important contributor to the State Government's goal of doubling overnight visitor expenditure by the year 2020. The overarching objective of Destination North Coast is to sustainably grow the visitor economy to support the NSW Government's goal of doubling overnight visitor expenditure by the year 2020 by:

- Attracting an appropriate mix of intrastate, interstate and international visitors
- Increasing visitation in low and shoulder seasons
- Encouraging greater dispersal and spend
- Ensuring tourism is managed sustainably

The Board and management of Destination North Coast believe the issue of short term letting is significant for the region and we welcome the Government's inquiry into this issue and the opportunity to provide a submission in response to the Short-term Holiday Letting in NSW Options Paper. We have also consulted with our 14 local government areas in preparing this submission.

### Key Principles

There below key principles have guided Destination North Coast's final recommendations:

- The sharing economy needs to be embraced as it provides additional options for consumers and helps generate significant visitation to regional areas that might otherwise be constrained by a lack of accommodation. Arguably, hosting platforms such as Stayz and Air BnB help create greater dispersal away from the traditional tourism hot spots.
- Tourism growth has to be balanced with community concerns as the increase in short term holiday letting via hosting platforms does have negative impacts on local communities in some areas including noise and housing affordability.
- There should be a level playing field between accommodation providers.
- Any regulatory response should be flexible enough to adapt to a rapidly changing online environment and reviewed on a regular basis.

### The Impact of the Sharing Economy

The sharing economy provides both challenges and opportunities to destinations. As it uses underutilised assets such as homes (e.g. Airbnb) or cars (e.g. Uber) to provide services to visitors, it can arguably be much more environmentally sustainable approach to tourism development. Short term letting via hosting platforms can be especially interesting in smaller centres in the North Coast such as Bellingen which has limited commercial accommodation. Arguably, it also encourages greater dispersal of visitors around the region and can provide accommodation options at peak times or during events. From the visitor perspective, these type of services can provide more of a local experience rather than staying in traditional hotels. Companies such as AirBnb and Stayz can also become interesting partners for cooperative marketing activities for destinations as they consolidate large numbers of properties. Destination North Coast, in partnership with Destination NSW, has already been actively working with Stayz to promote the North Coast after the March 2017 floods.

From a government perspective, the sharing economy can provide challenges in terms of missed tax revenue including business/tourism levies or avoiding local regulations (such as safety requirements). Short term holiday rentals are also becoming a problem in tourism hot spots where residential streets are becoming noisy and there is now often a shortage of affordable accommodation. Byron Bay is an example of both of these issues.

Given the challenges that short term letting through third party hosting sites has presented, Destination North Coast believes that regulation is needed, particularly the registration of properties. Some estimates have shown that hosts with multiple listings make up to 40% of Air BnB's revenue.<sup>1</sup> Those who are managing multiple properties on behalf of others should have the same licensing requirements as real estate agents to help protect home owners and consumers.

While some of these policy issues can be tackled at a local government level, it is much better addressed at a State or ultimately national level. Any registration process should be designed as efficiently as possible. For example, Air BnB and other hosting sites are now working with the City of San Francisco to enable business registration to be completed through the hosting site at the same time as listing the property on the site.

## **Recommendations**

1. A registration process should be introduced for all short term let properties that are listed on third party hosting sites. It should be a requirement that hosting sites are either provided a current registration number prior to a property being listed or registration occurs during the listing process. The registration could be through State or Local Government. There would be benefit of this being managed at a local government level as they are likely to be the recipient of local complaints and will often be the best placed to respond.
2. For super hosts who are managing properties on behalf of others, the requirement to have the appropriate real estate license for short term letting from NSW Fair Trading should be enforced. This licensing system is already established and should extend into the management of the private short term letting market.
3. Party house legislation similar to that in Queensland should be introduced into NSW to address issues around larger group gatherings in holiday let properties.

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<sup>1</sup> <https://www.fastcompany.com/3043468/the-secrets-of-airbnb-superhosts>, accessed 1 September 2017

4. A code of conduct should be a mandatory requirement for all short term let properties and can also be a requirement of an owner to agree to this during the listing process on a hosting site, or part of the registration process.
5. Ultimately, it will be beneficial if there are consistency in regulations across the State. The North Coast region borders with Queensland and particularly for international visitors, state borders have little relevance.