

**Submission  
No 129**

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

**Organisation:** Backpacker Operators Association NSW  
**Name:** Mr Robert Henke  
**Date Received:** 6/11/2015



☎ 02 8267 0402

☎ 02 9261 1969

📍 GPO Box 5276, Sydney NSW 2001

✉ [boa@boansw.org.au](mailto:boa@boansw.org.au)

🌐 [www.boansw.org.au](http://www.boansw.org.au)

**BACKPACKER OPERATORS  
ASSOCIATION NSW INC**

ABN 71 368 347 179

November 6, 2015

Director,  
Committees Legislative Assembly  
Parliament House  
Macquarie Street  
SYDNEY, NSW, 2000

Dear Sir/Madam,

### **State Parliamentary Inquiry into the Adequacy of the Regulation of Short Term Letting in NSW**

Please find below a submission on behalf of The Backpacker Operators Association of NSW Inc. (BOA) into the above Parliamentary Inquiry.

#### **Background**

By way of background, BOA was established in 1992 and is the peak industry body and voice of the youth tourism industry in New South Wales and the Australian Capital Territory. The Association has about 80 businesses as members, including many who operate authorised backpacker accommodation in NSW.

BOA is making a submission to this inquiry as its members hold serious concerns about the phenomenal growth of so-called 'sharing economy' web-based platforms such as Airbnb, and the impact that such platforms are having on the safety of short-term visitors to the State.

#### **Concerns**

BOA's main concern is that platforms such as Airbnb are facilitating a boom in unregulated and unauthorised - even potentially illegal - accommodation in NSW, particularly in Sydney.

Airbnb promotes itself as a channel for renting out surplus accommodation, such as a spare room in someone's home. Using web and app-based technology Airbnb has been very successful in positioning itself in this way, backed up by multi-million dollar global marketing campaigns. As a result, Airbnb listings in Sydney alone have grown in the past year by over 80% (from 5,692 listings in September 2014 to 10,473 listings in September 2015 – see **Appendix 1.**)



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But while Airbnb makes play of its origins in renting out a spare couch, the reality is that such rentals are now a small portion of its business. Almost 60% of the stock on Airbnb in Sydney - and that number is not much different in other locations around the world - consists of whole apartments or whole houses, rather than a spare room in an apartment or house. This 60% of the inventory generates the bulk of the turnover of Airbnb; in other words spare rooms in someone's home represents a small portion of its business and is insignificant from an economic perspective.

The downside of this for NSW residents is that in order to rent out a whole house or a whole apartment on Airbnb, relatively low-yielding longer-term tenants are replaced with short-term occupancy. This has nothing to do with unused resources, it is simply replacing tenants with tourists.

In effect, many 'hosts' on websites such as Airbnb are running unregistered commercial-scale enterprises, often in violation of several laws and regulations. These violations can include breaches of development approvals and zoning regulations; strata rules; terms of strata and property insurance cover, and mortgage funding agreements. Almost one third of the 'hosts' in Sydney list more than one property and one agent alone has 136 different accommodation listings (see **Appendix 1**).

There may also be implications for change of use of buildings; certification and adequacy of fire safety systems; inadequate or non-existent public liability cover; collection of GST, and declaration of income for tax purposes.

### **Recommendation**

BOA calls upon the NSW Legislative Assembly to develop a framework for a host registration system to regulate non-commercial short term letting by resident landlords. Furthermore, clear boundaries need to be developed to clarify the difference between non-commercial short term lettings and commercial activities. In this context BOA recognises the historical importance of, mostly seasonal, short-term holiday letting in coastal and regional areas of NSW, and the limited capacity and desire for regulation and enforcement by local councils.

However, regulation will only be effective if it can be successfully implemented and enforced. Unfortunately, to date Airbnb has vehemently resisted cooperating with authorities attempting to regulate the 'sharing economy' in various jurisdictions around the globe. By taking a hands-off, laissez-faire attitude toward the professionalisation of hosting by commercial landlords and multi-property agents, Airbnb has in effect become its own worst enemy.





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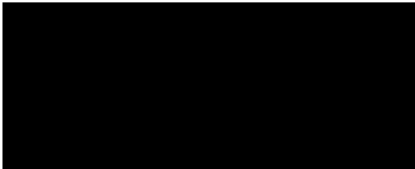
ABN 71 368 347 179

BOA also seeks a level playing field for its members running compliant, highly regulated accommodation businesses in NSW. Currently, businesses in the 'sharing economy' gain an unfair advantage by bypassing many of the costs that traditional operators must incur, particularly licensing, insurance and taxes. Overall, though, BOA's highest concern is for the safety of short-term travellers to NSW, that the elected members of the Legislative Assembly need to protect.

In summary, regulating short-term rentals in NSW will only be successful if the regulators legislate an obligation for Airbnb and other such providers to cooperate with the authorities on this matter.

I look forward to hearing back from you and I am willing to appear at a hearing should I be so called.

Yours sincerely,

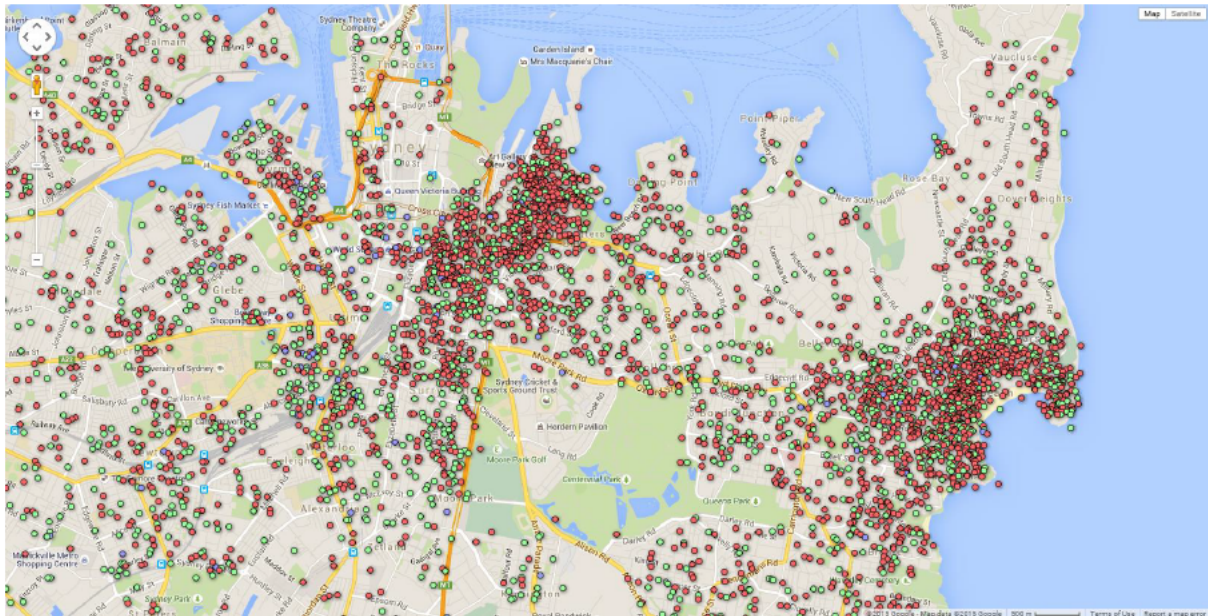
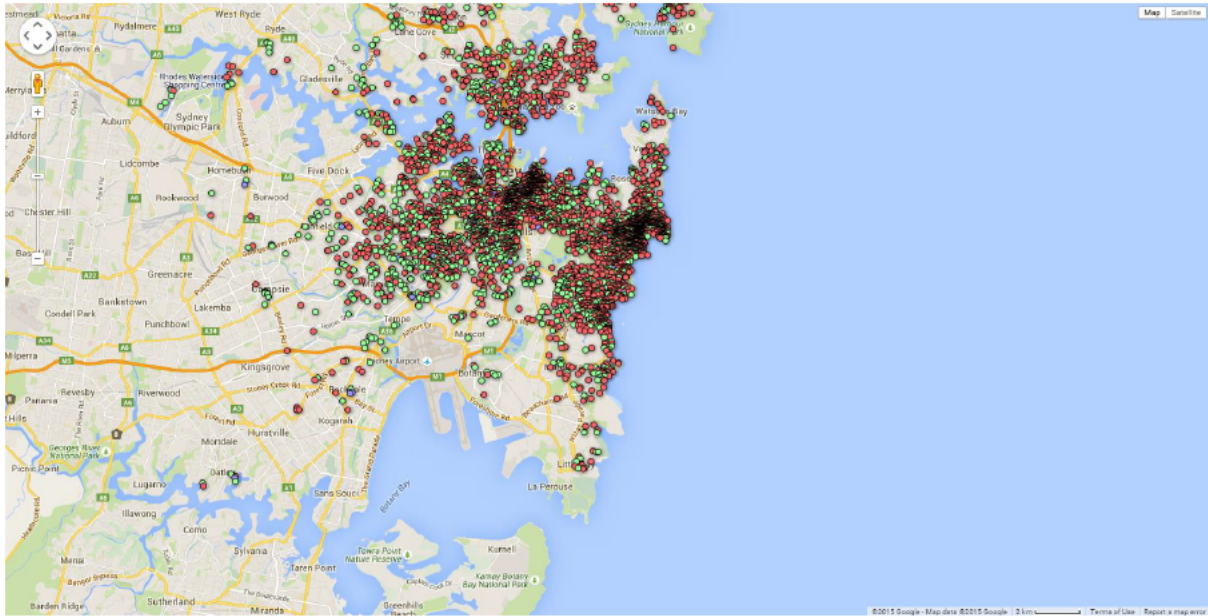


Robert Henke  
Hon Secretary



## Appendix I

Sep 2014: 5,692 listings



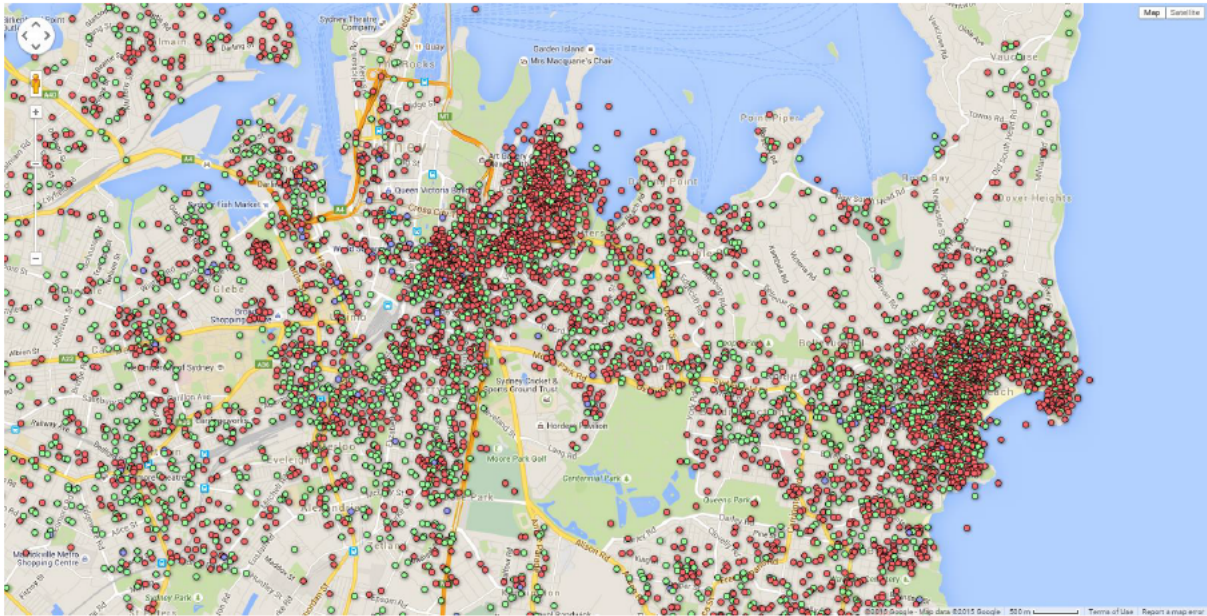
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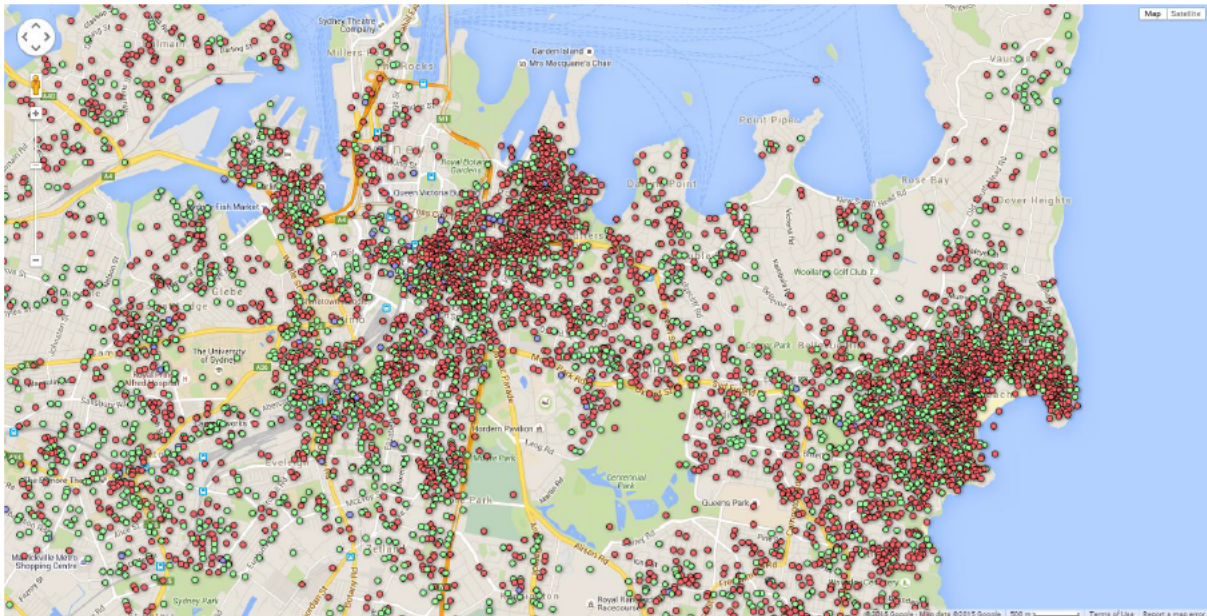
## Appendix I

May 2015: 9,700 listings

Increase of 70.4%



Sep 2015: 10,473 listings



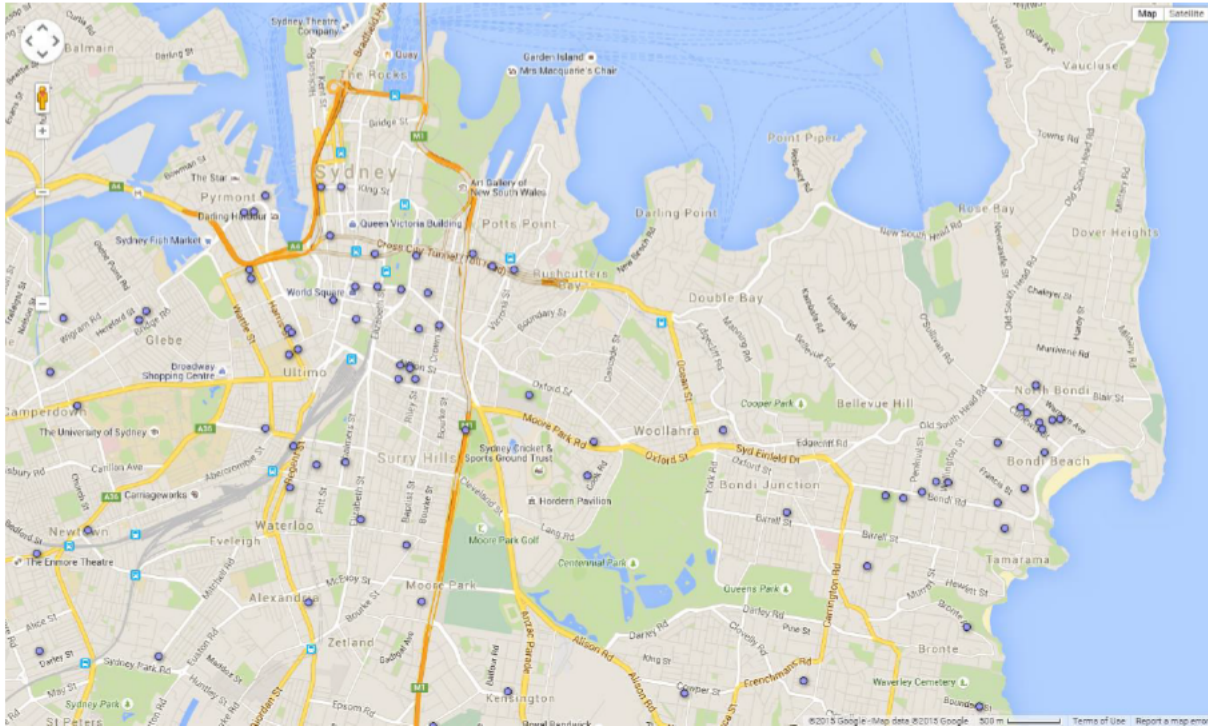
Source: [insideairbnb.com/sydney](http://insideairbnb.com/sydney)



Appendix I

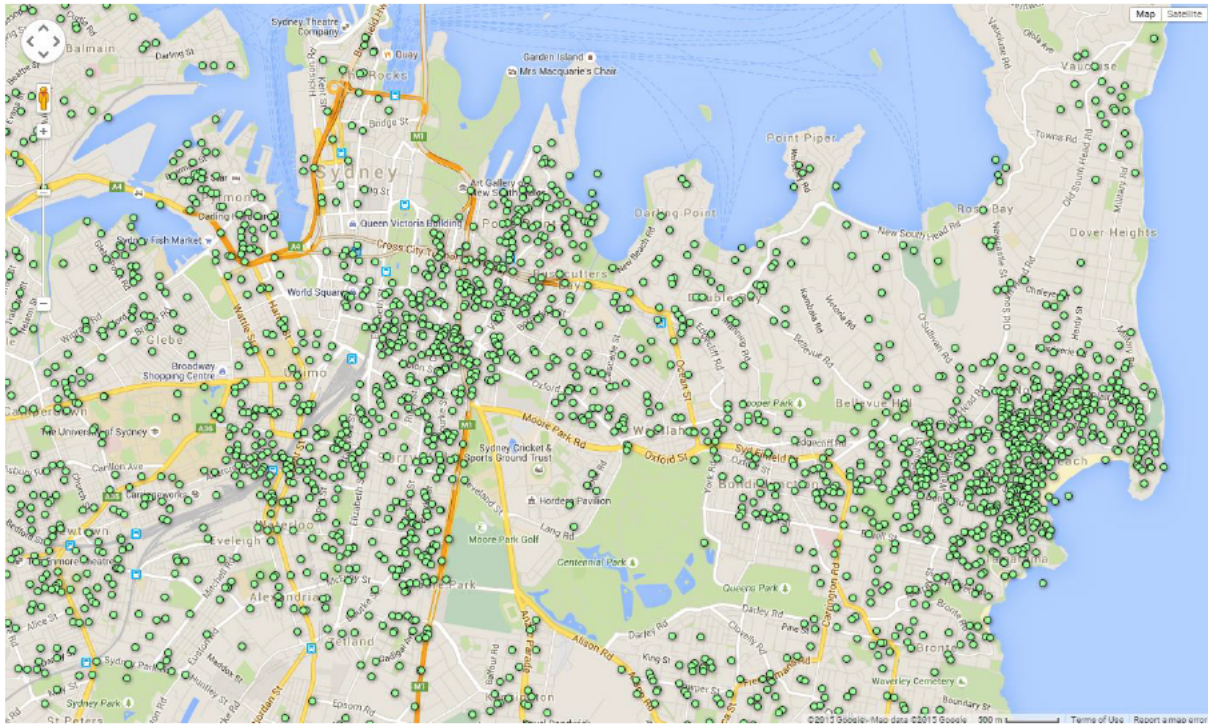
Shared rooms (dorms)

116 listings – 1.2 %



Private room with host family

3812 listings – 39.3%

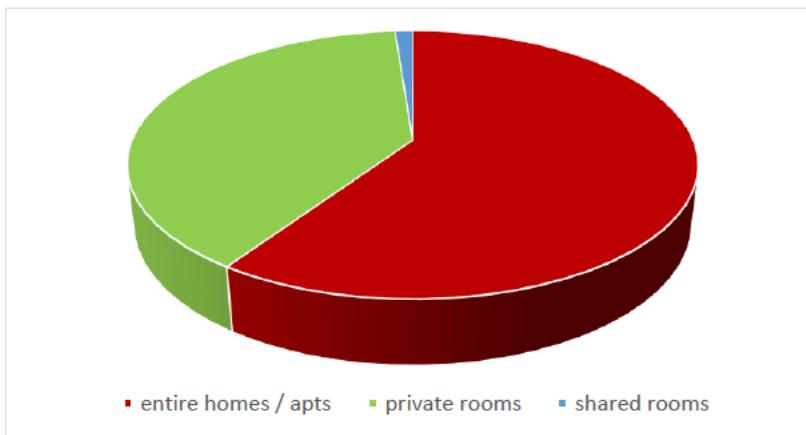
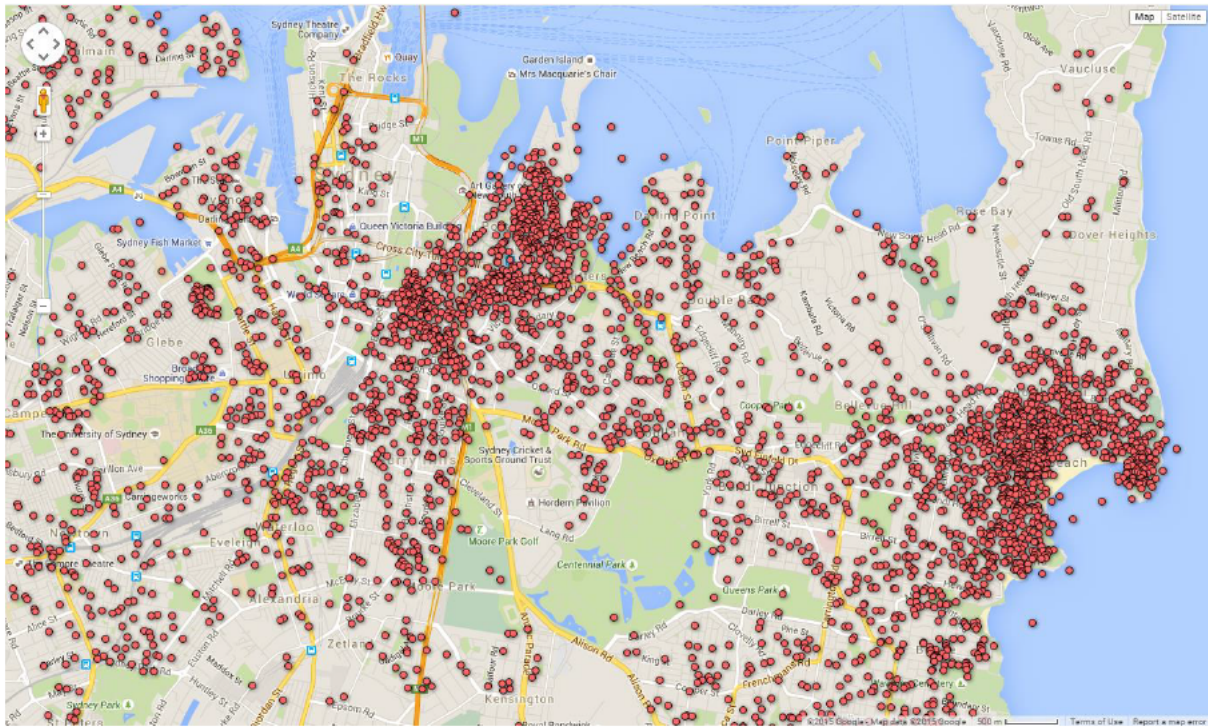




## Appendix I

Whole apartment or house

5761 listings – 59.4%



59.4% whole apartment or house

39.3% private room with host family

1.2% shared rooms (dorms)

5761 dwellings used for short-term tourism accommodation, rather than housing Sydneysiders

Appendix I

Almost 1/3<sup>rd</sup> owners have more than 1 listing

7,053 (72.7%) single listings

2,647 (27.3%) multi-listings

Host Name	#Listings
[REDACTED]	136
[REDACTED]	108
[REDACTED]	41
[REDACTED]	36
[REDACTED]	36
[REDACTED]	36
[REDACTED]	32
[REDACTED]	28
[REDACTED]	28
[REDACTED]	24
[REDACTED]	23
[REDACTED]	13
[REDACTED]	11
[REDACTED]	10
[REDACTED]	10
[REDACTED]	10
[REDACTED]	10
[REDACTED]	10