



New South Wales Government
Independent Planning Commission

TRANSCRIPT OF PROCEEDINGS

RE: BYRON SHIRE - SHORT TERM RENTAL ACCOMMODATION
PLANNING PROPOSAL (PP-2021-3351)

NSW DEPARTMENT OF PLANNING AND ENVIRONMENT MEETING

COMMISSION PANEL: DR SHERIDAN COAKES (Panel Chair)
PROFESSOR RICHARD MACKAY AM
JULIET GRANT

OFFICE OF THE IPC: STEPHEN BARRY
OLIVER COPE

DPE: MALCOLM McDONALD
LUKE WALTON
MONICA GIBSON
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URBIS: PRINCESS VENTURA
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LOCATION: VIA VIDEO CONFERENCE

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TRANSCRIBED AND RECORDED BY APT TRANSCRIPTIONS

DR SHERIDAN COAKES: Good afternoon, and welcome, everyone, on this lovely Friday. Before we begin, I would obviously like to acknowledge that I'm speaking to you today from Worimi Land, and I would like to acknowledge the Traditional Owners of all the country from which we virtually meet today, and pay our respects to their Elders past and present.

Welcome to the meeting today to discuss the planning proposal to reduce the number of days of non-hosted short-term rental accommodation in parts of the Byron Shire, which are currently before the Commission for advice. My name is Dr Sheridan
10 Coakes. I am the Chair of this Commission Panel, and I am joined by fellow Commissioners, Professor Richard Mackay and Ms Juliet Grant.

We are also joined by Stephen Barry and Oliver Cope from the Office of the Independent Planning Commission. In the interests of openness and transparency and to ensure the full capture of information, today's meeting is being recorded and complete transcript will be produced and made available on the Commission's website. This meeting is one part of the Commission's consideration of this matter and will form one of several sources of information upon which the Commission will
20 base its advice. It's important for the Commissioners to ask questions of attendees and to clarify issues whenever it is considered appropriate, and if you are asked a question and are not in a position to answer, please feel free to take that question on notice and provide any additional information in writing, which we will then put up on our website.

I request that all members, if you could please introduce yourselves today before speaking for the first time, and for all members to ensure that they do not speak over the top of each other, to ensure accuracy of the transcript. So we will now begin.

First of all, I would just like to thank you for preparing a presentation that obviously
30 addresses the agenda items provided. Before we actually move into that presentation, for the purpose of the transcript, I would just like to read a statement that was provided to us by Urbis yesterday afternoon, on the 9th of the 2nd 2023, and the statement reads as follows: "In the interests of probity, I would like to disclose that in October last year, 2022, we were confidentially engaged by an industry stakeholder to undertake research into the impacts of short-term rental accommodation on housing affordability across Australia. This work is currently underway. I would like to confirm that we concluded our work of the Economic Impact Assessment prior to commencing our work for the industry stakeholder. Therefore, in our discussions with the Commission tomorrow" – being today – "we will only be speaking to the scope of work we
40 undertook as part of the Economic Impact Assessment, and our findings at that point in time, with the information available at that point in time."

So, on that note, I think we would – we should commence the presentation, if everyone is ready to go into that. I think, given we've got quite a lot to cover in the one and a half hours, and I know we've got a tight 4 o'clock, what I thought might be useful is, if we allow people to move through their different sections of the presentation, and what we might do is just pause maybe at the end of each of those sections or topic areas and take questions, if everyone is comfortable with that. I just think it will allow you to get into the flow, and then we can just stop and go from there. So if everyone is comfortable, I'd like to hand over to Monica. Thank you,
10 Monica.

MS MONICA GIBSON: Yes. Thank you so much, Sheridan. That's terrific. We do have a presentation, and I will start - if that might start, because we'll talk to some slides. I really appreciate the offer and the opportunity today to be able to brief the Commission. I'm Monica Gibson, I'm the Acting Deputy Secretary of Planning and Land Use Strategy at the Department of Planning and Environment. There are a number of members of the team that are here today, but a small group of us will present to these slides. So I'd like to introduce that that's Luke Walton, the Executive Director of Economic Policy, and Luke will talk to the regulatory framework for
20 short-term rental accommodation and provide an overview of the register that goes with that. Malcolm McDonald will also speak. Malcolm is the Executive Director for Local and Regional Planning. Malcolm will cover the strategic context in Byron Shire, and provide details of the planning proposal that the Commission is considering. And Ben Eveleigh, who as a director, is the Director of Regional Programs in the Housing Supply and Infrastructure Division of the Department, will cover the findings of the Regional Housing Taskforce. I think you're already aware that we also have colleagues from Urbis, Princess Ventura and Sean Brosnan, will discuss the Economic Impact Assessment.

30 Now, our presentation will contain a lot of information because the short-term rental accommodation matter is a complex issue in Byron Shire, but across the state, and I am not sure that we will be able to cover every item in the slide deck, because there's a lot of detail in that, but we're really pleased that you've got that and have that as part of your deliberations.

In the time provided today, and I like the suggestion about pausing to ask for questions, but we're also really happy to take any questions on notice, so that we can get through all of the slides that are here today to the level of detail that assists you, and then to collect information and come back.
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So just by way of introduction, on the next slide – thanks, slide people – that Byron Shire is experiencing high growth and housing supply pressures, and improving housing supply in the LGA is a key issue for both the Council, as well as the Department. The Council has been working on a number of housing initiatives together with the Department, all about helping to support the housing needs of their local community.

10 Housing supply in Byron has been severely impacted by a range of factors, including bushfires, COVID-19 pandemic, and floods in the last 12 months. It's very clear to us that Byron is an attractive and sought-after destination, and the information we have is that 2.4 million tourists visited in 2019, and that injected more than \$883 million into the local economy just from that one industry alone. It's for that reason that it's really important to find a solution to the issue of short-term rental accommodation in Byron that finds a balance to that equation.

20 So the Minister for Planning and the Minister for Homes has asked the Commission for advice and recommendations about broader housing and rental affordability, as well as the economic contribution of the short-term rental accommodation industry to the shire. He has also requested advice in relation to Council's planning proposal to reduce the non-hosted STRA to 90 days across the majority of the LGA, and 365-day caps for small mapped precincts.

Given that there was a large number of submissions received by Council during the exhibition and the proposal could potentially have significant economic impacts on local businesses, the Minister has asked for independent advice from you as the Commission before the proposal is finalised. So I just wanted to go over some of that context that sets up the matters that we would present on.

30 So Luke Walton, who has been able to join us – we're not used to working on Zoom, so I think some of us had to update our Zoom profiles today – I know I did.

MR LUKE WALTON: I'm not the most capable person to do such things either, so that's why I'm late, sorry.

MS GIBSON: Over to you, Luke, if that's okay.

40 MR WALTON: Yes. Thank you, Monica. Thanks, Commissioners. Good to see you this afternoon. Look, I'm just going to quickly whiz you through a few slides, but what I wanted to get across is, just a – I'm mainly going to be talking about the STRA regulatory framework that we put in place a couple of years ago, or November two years ago. I am going to talk to you a little bit about some of the policy drivers that

we had in developing that, the framework itself, and if I can give you a bit of a sense of what the Government's thinking was behind some of the settings that it arrived at, I will try to do that. I'm going to whiz through. Stop me as I go, and I will try to elaborate a bit further, but otherwise, you've got the slides, and I won't go through all the detail.

10 Regulating, I guess, this sector, it's something that the Government has been trying to work out the best way forward on since, I suppose, 2016 - there was a parliamentary inquiry. That really kicked off the work that we were doing. Obviously, you know, holiday letting or short-term letting has been something that has been happening in New South Wales forever. It's not a new activity, but it is a new industry, if you like, so that's really when it – the industry itself was coming together, and I guess it was growing and changing, and jurisdictions around the world were looking at how they could better regulate in this space.

20 So I'll flick through, but, look, that's where it's kicked off. 2016, we did a whole bunch of public consultation, started broadly with options papers, and the policy evolved over those years, so it's a very long policy, and I think Sandy, who's online, has been there throughout, but, look, there has been – I guess the policy has been refined and got more certain, and we've continued to consult on that.

Really, going to the next slide, I guess the issues in the early days for us all were really around party houses and regulating that aspect of things, and guest behaviour. It was also apparent at that time, the safety of residents was becoming an issue as well. Anyone can rent their house out for STRA, and there were industry sort of initiatives to ensure that those places were safe, but probably more needed to be done in that space, so that was a key driver for us.

30 I think more importantly, we didn't even know what the size of the industry was, where it was. It wasn't something that we were tracking. We had no register of it, and so a lot of the complaints we got were all, you know, in isolation. We didn't know what was happening in that area. So that was also a key driver of the Government's reforms – how do we really get to grips with what this industry is?

40 We were seeing, I guess – and just the next slide – but we were seeing that increasingly councils were starting to play in this space in terms of regulating the sector themselves. Some were doing it through the planning system. They were taking different approaches, and I think – so we had some councils that were all but forcing people into a change of use, turning their residential housing into a tourist and visitor accommodation, and we saw others using their DCPs and LEPs to sort of allow – put conditions on properties whenever a development application came in.

So it was a bit all over the place. Industry and landowners were starting to complain, and so, again, another driver of the Government's reform was how can we put in place a consistent formwork across the state?

10 I guess, as we go along that timeline from 2016, probably about halfway along that timeline, one of the really big issues that was coming out of consultation was STRA is impacting the availability of rental, or the affordability of rental, of long-term rental. Of course we had no evidence that this was the case. Conceptually, that seems like it makes sense, but as we had no data, there was no information available to see whether that was a genuine issue.

We were, however, seeing evidence in some tourist areas, and obviously parts of metro Sydney were – where housing affordability has always been an issue. The Government decided to – well, let's put in place a cap, let's use that as a market mechanism to respond to those issues. And I'll get back to that in a bit – in a few more slides.

20 Just moving onto the framework itself. So there are various aspects of the framework – costing, planning and fair trading legislation. Importantly, we defined STRA in the planning system for the first time. It was a very clear Government intention that we weren't introducing a new land use, this was something – we didn't want people to have to, you know, do a change of use to allow STRA to occur in their homes. The Government clearly saw it as a – just for use of a residential – a residential use of residential accommodation.

30 We have put in place some exempt development pathways for STRA. One of the key things that the Government was telling me at the time was that they didn't want to regulate this emerging industry with a heavy hand. It's a really valuable part of the tourist economy, and obviously a lot of people have made investment choices and decisions about how they use their properties. They didn't want to come in over the top and ban it or otherwise make it unviable, so we developed the settings around exempt development, I guess with that mindset of, can this be implemented in a way that doesn't effectively prohibit STRA from occurring in any location?

40 And you will probably be aware that a lot of council areas across New South Wales were trying to actually court the STRA sector to their area as part of a tourist boost, so I guess there was a bit of a mixed view across the state as to how STRA should be managed.

Fire safety standards – as I said, safety of residents was a key driver for us, so we put those in place, and that was really about lifting the standards of older places, up to modern fire safety standards that the Building Code provides.

10 The STRA premises register, that is the biggest part of, I guess, what we have done. It's getting all the STRA properties to register whether they're hosted or unhosted properties, and I'm going to go through the data that that register is giving us for you in a second. And of course there's a mandatory code of conduct and exclusions register that Fair Trading operates, and that's to help regulate those party houses, so that really bad behaviour, but it's also about making sure that all participants in the STRA industry are following the regulatory rules. So if they're not on our register, they're not meeting fire safety standards, they get complaints, they can be on that exclusions register.

20 So just quickly, I guess, so if I drill down a little bit more into that 180 days cap, because I think that that's really what's a question here. So as I said, the Government was very, you know, concerned about, you know, the stuff that was coming out from consultation about the impact that this was – STRA is potentially having on long-term rental. They decided to put in place a 180-day cap in metro Sydney and asked us to talk to regional councils to see whether or not they were interested in imposing such a cap too. So it was a, I guess – and we did that, and there's been three or four – Pete or Sandy will correct me – but I think there was about four councils that had that cap outside Sydney.

30 I guess the 180 days, in a sense, was a bit arbitrary, but before I get – like, before I get to that message, I guess, we really saw the cap as that market mechanism about helping to shift decision-making behaviour of landlords. So there was some anecdotal evidence that people in high tourist areas in particular were getting quite large STRA weekly rentals, and we didn't want to see too many people flip over to STRA at the expense of long-term rental. So putting that market-based mechanism in place means that they can only get rents for 180 days of the year. Hopefully that balances it out. But as I said, it was an arbitrary thing.

40 We didn't have a lot of evidence to support that 180-day cap, and we of course applied that cap or let councils outside Sydney accept that cap within – we let them set caps within the framework within the spectrum of 180 days to 365. The Government didn't want to go further, didn't want to reduce that further, even though some councils were pushing for that to occur, and that went back to us not really understanding at that time the size of the industry, the local housing markets, whether 180 days was the right number or not, and appreciating that every housing market is different, we needed to

gather that evidence to understand whether or not that cap was right. And that's, I guess, where we're at.

I mean, I think one of the other things the Government said at the time, and one of the things that we're working on, is a review of those caps, those limits, after two years, so we always said that we will look at the data from the STRA register and elsewhere after two years to see if that 180 days is the right number or close to the right number, whether we should review it, whether there should be a different spectrum that councils can choose from, and that's, I guess, where we're up to, and I have – we're
10 hoping to start that review at the end of this year, and we're starting to do some thinking about that now.

But, as I say, the Government clearly was balancing this whole idea of the cap with the fact that it did not want to all but prohibit STRA from occurring. They saw it as a very important part of the tourist economy.

Flicking forward, there's just another slide, really, about the timing of implementation, which I won't go through, but moving onto the – I guess the highlights from the data that were seeing from the register - - -
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DR COAKES: And, Luke, can I just stop you there, just – sorry, just temporarily, just to see if we've got any questions.

MR WALTON: Of course.

DR COAKES: Juliet and Richard? I mean, I'll kick off, if that's okay, Luke, just a quick one. You touched on the – obviously the framework being applied and across those specific areas. Just in general terms, what is being – you said obviously there has been consultation with councils in the – obviously coming up with that 180 cap,
30 but what's been the general response to the framework in those areas? Just generally.

MR WALTON: I would say generally across the regions – well, in Sydney it's been accepted.

DR COAKES: Yes.

MR WALTON: Across the regions, the 365 has broadly been accepted. We have had a bit of feedback from some councils, and usually the high STRA councils, and I'll go through that list in a second for you - - -
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DR COAKES: Yes.

MR WALTON: - - - and I would say, if I can offer you a - really a bit of an opinion more than the hard facts, I think Byron obviously has been leading the charge in terms of lowering those days. There has been noise from other councils, including in the Northern Rivers, but I would say that their policy positions aren't absolute, so I think that there are different views within the areas and within councils, and I think, for an example there is, we've heard lots of - we've had some approaches from Tweed, but Tweed is still sitting at 365 days, they've not gone for the 180 days, and I think there's that sort of uncertainty in those local areas.

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Shoalhaven is a very good example there - always a really important part of their tourist market down there, a lot of holiday homes. There's - Council has been arguing that there have been impacts in certain areas that they need to manage, but I don't think that the Council is in a position to say, this is what we want, you know, we want more caps, because I think there's obviously local politics at play, and, really, perhaps the evidence base isn't there for it.

DR COAKES: Yes, okay, thanks, Luke. And Juliet and Richard, any further questions to Luke on that section?

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PROF. RICHARD MACKAY: Thanks - - -

MS GRANT: Yes, so - - -

PROF. MACKAY: Over to you, Juliet.

MS JULIET GRANT: Thanks, Richard. Sorry. Luke, when you were talking about picking the numbers and accepting that, you know, that 180 might be arbitrary, was there consideration there about precincts? Like, it seems we've got this evolution of identifying particular areas and precincts. Was that part of the policy thinking, or was it at a higher level?

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MR WALTON: Peter or Sandy, I don't know if you can jump in on that issue.

MR PETER McMANUS: Yes.

MR WALTON: I don't recall that being part of the thinking, Peter.

MR McMANUS: Thanks, Juliet and Luke. I mean, initially when the 180-day cap was being applied, the notion that it would apply to greater metro Sydney was quite firmly, I guess, a policy position that had been around for quite a lot of time, and that

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was the Government's position, I guess, when we were in those sort of final stages of finalising the policy. The flexibility was more so targeted towards regional areas in terms of providing those LGAs the opportunity to opt in or opt out of a 180-day cap. We obviously had Byron during that entire time proposing a lower cap, or to introduce their own, I guess, planning controls to address STRA, but equally the Government, I guess, took on the position that we wanted to install a consistent policy approach across the state that still allowed those councils which saw, I guess, STRA as being an issue to their LGA to opt in to that 180-day count.

10 And I probably should add that the 180-day count or cap – day cap, sorry – was also, I guess, informed by the notion that not all councils or not all LGAs across the state had a dramatically high STRA day count, or, sorry, STRA activity. And where there were, I guess, high areas of STRA activity in those LGAs, typically speaking, no-one did exceed or approach anywhere near the 180-day cap, and that's why, I guess, there wasn't as much pushback to the 180-day cap, particularly in the Sydney metro area, from industry participants as well.

MR WALTON: So the other thing I would say, though, on that is that we do have some LGAs where we've mapped areas that STRA caps supply, so the mechanisms
20 are there.

DR COAKES: Just following on from that question, I noticed in the Council's minutes of December '22, they actually outline that they actually were not greatly supportive of the precinct model. I just wondered if the Department had a comment on that, that they – you know, they were – you know, there was a preference for them to move to more of a general cap across, rather than the precinct, but that they had received feedback from the Department that that wasn't, you know, accepted. I wondered what - - -

30 MR WALTON: I think that the position that the Department took at the time was more around, can you consider a precinct model.

DR COAKES: Yes.

MR WALTON: If you're going to go down this path, can you consider a precinct model targeting those areas where it's a particular problem for you, and letting the others continue on the 180 days, or the 365 days. I think we put that to them as an issue to consider rather than us having to pick a particular position on it.

40 DR COAKES: Position on it. Lovely, okay, thank you. Richard?

PROF. MACKAY: Thank you, Chair. It's Richard Mackay speaking. Look, thanks, Luke, and noting that this was sort of from an arbitrary base, and that there really are no data, I would be very interested if the Department felt able to comment on why any kind of regulatory cap is going to function as a market lever, either to address long-term rentals or behavioural issues with short-term rental accommodation – in other words, the overarching rationale before we get into things like economic analysis. Is it simply a lowering of intensity, and therefore a sort of very blunt instrument, or is there some rationale that by capping the STRA use that there will be a sort of structural behavioural adjustment by owners and landlords?

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MR WALTON: I think the hope was the latter, and I think that what we were starting to see – and this was pre-pandemic as well, where things have changed somewhat, but what we were starting to see was examples of people getting large rents for STRA, so more than you would in terms of a long-term rental, and we were – and there was a bit of concern that people seeking those large rents would just simply take their properties off the long-term rental market.

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So it was really about – I mean, it was clear that the Government wasn't interested in sort of banning or making things too hard for people to make those decisions. If they wanted to rent their property out for short-term or for holiday, whatever, that they should be able to do that and still make some money on it. It was about sort of pushing them in that direction of, if you're currently renting your property out in long-term lease arrangements, there's going to be less financial incentive for you to flip if we cap the number of nights.

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Now, as I say, it was somewhat arbitrary, and I would even to this day argue that in many housing markets around New South Wales, that's actually not going to be an issue – like, you know, the 180 days isn't limiting what people want to do with their property for STRA now.

PROF. MACKAY: Yes.

MR WALTON: In some markets, I would suggest it is. How much it is, that's to be, I guess, teased out, but I certainly don't have that analysis here in the Department.

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PROF. MACKAY: Thank you. I mean, the question begs itself, in my mind, and would welcome comment from anybody, a cap down to 180 and even a cap down to 90 is still allowing properties to be made available for STRA through summer and school holidays. So I'm just not quite understanding the inherent logic in terms of the income - - -

MR WALTON: Yes.

PROF. MACKAY: - - - because the STRA renters are still going to get their high-yield moments.

MR WALTON: Yes, they are. They are.

PROF. MACKAY: Thank you. Thanks.

10 DR COAKES: Okay. Thank you.

MR WALTON: Look, just to – I think it might be useful just to show you a little bit of the data. You will find, I think, that the data from the register is actually really useful, and it will be for your deliberations, and we're happy to work with you and give you anything else that we have. Just taking you through a few of the highlights.

This first table is looking at the active STRA registrations in New South Wales, and we've drawn out Byron as well, and we'll get into a bit more detail about Byron. You've got the overall registrations at the top there, 40,000, and the non-hosted STRA
20 registrations, which is really what we're talking about here, 26,000 across the state. So that's about 0.8 per cent of the overall housing stock. That's, you know, if you applied flat across the state, which of course that's not how STRA operates. In Byron, those numbers are much higher, so we'll get to that list in a second.

In fact, why don't we jump to it now, the next slide. So of those LGAs, we've, I guess, listed here those top LGAs in terms of the number of properties they have that are non-hosted STRA. Shoalhaven is right out in front. But if you look at the next table there, as a percentage of the overall housing stock, Byron is clearly in front of all other jurisdictions. Obviously Shoalhaven and Snowy are up there too, but I guess the
30 housing – I would argue the housing markets there are different - particularly in Shoalhaven, it's a much bigger housing market. It's had a much longer history of significant holiday rentals, as people from Canberra and Sydney own property there and often visit there for holidays.

So I think Byron is clearly in front. It's why the Minister agreed that Byron could pursue this as a planning proposal, where he's given not given that opportunity to other jurisdictions, to other LGAs. And I'm going to – the next slide is one that's sort of just in there by mistake, if you like, so I might just whiz past that.

40 DR COAKES: Yes.

MR WALTON: Byron Shire itself, again, it's a tale of many cities, if you like. The suburb of Byron Bay, so right in the centre of Byron, is where most of the STRA, registered STRA is occurring, and then I guess those smaller areas, but it really drops off – Mullumbimby, there's 41 registrations there.

10 Next slide, the other thing our register is showing us is – and this might be useful for your deliberations – of those that have registered, how many have been registered by the owner of that house, and how many have been registered by, you know, managing agents, okay. And we might need to delve a little bit further into the data that we have to understand what that really means, but I would suggest that there is a really big professional industry up there, but there are also mum and dads who just are managing their one property, okay.

Next slide. The other thing I would say that's interesting in the Byron data is that the properties tend to be at the high end rental market. We know, just from our online surveys, that they are really pitched at the high end. They get extraordinary rents, and they're marketed as luxury housing. That's particularly the case in the suburb of Byron Bay.

20 So I think that this sort of data and maybe whatever else we can drag out of the register for you is going to be helpful for you to understand whether or not regulating this sector in the LGA will have a material impact on availability and affordability of rental properties. I don't – I know that we're going to get into the – a bit of a study that we did in Byron in a minute. We haven't done this sort of analysis anywhere else around the state yet, and there's probably a lot of questions that we need to sort of, you know, ask and answer as we go forth and develop our review of the policy settings. But I'll just leave it there – I don't know if you've got any questions.

30 DR COAKES: Yes. Thanks, Luke. Yes, I've got a couple, and we're just conscious of time so we'll need to keep moving through, but a few key ones. I notice there was a – you know, what's been the response to date from the booking platforms in integrating with the STRA register?

MR WALTON: So we have the major – Pete can talk to this better than I, but we've got the major platforms that are integrated. It's been a – initially it was a process, but I think it was more of a process of getting it right, for them for us - - -

DR COAKES: Yes.

40 MR WALTON: - - - you know, the systems have to talk to each other, and that was a really labour-intensive activity, but I don't think that they were opposed to it, so they

are – I think the industry has come onboard with this sort of regulation, and I notice – so Booking.com was straight onboard, they’ve been great all the way along. Airbnb - interestingly, I’ve – you know, where, I guess, their public policy positions have shifted since we put all of this regulation in place, and they’re now actually advocates for this across Australia, or something like this across Australia.

DR COAKES: Okay, great. And just another quick question, just around, I guess, that registration seems a bit low-ish. Are there some challenges there?

10 MR WALTON: Yes, that’s – yes. Thank you for raising that. It’s actually a really interesting point. So all the way through this process, people have been saying that the STRA numbers are way higher than that. We’ve done, you know, scrapes of online platforms. We were expecting to have, you know, 80 to 100 thousand registered.

There’s a couple of reasons why I don’t think that is the case. One is, the definition of STRA is focusing on residential accommodation, so we are not capturing your caravans, your serviced apartments, your hotel rooms, all of those sorts of things which the online platforms do, okay? So we’re not capturing that, so our subset is going to be smaller anyway. Secondly I would argue that a lot of people were on the
20 platforms, they’re not actively using their places for STRA, anyway. They had them listed, they might have rented them out once, they’re still on the platforms, they haven’t removed them, and I think one of the good things about our online – our register is that it makes people actively go in there, pay the fees, re-register. So we know for the year ahead their intention is to rent their property out for STRA.

So there are a lot of misconceptions out there about the amount of STRA in the community - - -

DR COAKES: Yes.

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MR WALTON: - - - and we’re separating STRA here from overall tourist accommodation, which is a much bigger category.

DR COAKES: Yes. Thank you for that, because that’s obviously that’s one that’s been increased – you know, we’ve seen that noted frequently in submissions that we’ve been reviewing. The other one is, how are your day limits monitored, Luke?

MR WALTON: Peter, you could talk about this, but it’s - - -

40 MR McMANUS: So the day limits are monitored through the register, so by virtue of all STRA consistent across the state having to register and track their days and day

usage through the online platform or through our register. The register has built-in functions that will send them warnings as they approach their day limit for the jurisdictions that have a day limit applying to them, and then when they approach that 180-day cap, that is then where you, I guess in the eyes of the policy, you no longer become exempt development. Council has individual access to STRA-registered properties in their LGA through the Department's planning portal with their own secure login. They can view all residential properties registered for the purposes of STRA, and they can see what their day cap is, and if they've exceeded that and likewise.

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So where there is an exceedance, then obviously the compliance activity is taken on by Council, and if there's continued planning noncompliance, they can then refer that matter on to the Department of Customer Service, who can then take on any necessary compliance action themselves under the code of conduct.

MR WALTON: And if I could add, Commissioner, so once – so it is about – there is an element of people having to update the register themselves, okay? There is a section of the market where that is the case. We have data-sharing agreements with all the major platforms, and that's a way that the register checks - for the vast majority of STRA properties, that's how we check. So there may be some that don't use those big platforms, and then the onus is on the landowner or the host to do that. And there's obviously – there are, you know, mechanisms available for us to audit that or for complaints to get the Council to have a look at that, because they can go into whatever systems they're using to rent their property out and request that information.

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DR COAKES: Okay. No, thank you, that's very helpful. There were a number of questions there. Richard, Juliet, any further questions in relation - - -

PROF. MACKAY: Not from me.

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DR COAKES: Juliet?

MS GRANT: My question was pretty much what we've touched on – I was trying to just get a feel for how accurate that registration data actually is, you know. Yes – are we at a high level of comfort that that has actually caught everybody?

MR WALTON: I would say we could go further, is my point, but I think in general terms, it's fairly accurate, and I would – but we're always sort of – we're talking to those next rung of providers to make sure we're doing that data sharing. We have really good relationships with ASTRA and those real estate agent bodies too – and they're always actually monitoring this as well. They're monitoring our data to make

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sure that they agree with it, for their own commercial reasons, but they're also really strong in terms of getting their managers to fill this stuff in. It's really important for those, you know, local real estate agents to do that. And I think that they've really sort of been pushing that on our behalf, which has been great.

DR COAKES: Okay, terrific. Thank you very much. So I think if we can move into the next section, that would be terrific. Is that over to Malcolm – is that you, Malcolm?

10 MR MALCOLM McDONALD: If you could go to slide 24, please. Thank you. So I'm Malcolm McDonald, Executive Director of Local and Regional Planning. Thanks for the opportunity to also present to you. I thought I would provide an overall strategic context for growth in the region, and then look at Council's planning proposal.

This first slide provides an overview of the recently released North Coast Regional Plan. It was released late last year, and it's the first of a five-year review that the Department have undertaken from the previous 2036 Regional Plan, and it really sets the framework and the direction for strategic land use and planning change for the 12
20 LGAs across the north coast. It sets that future direction in relation to housing, jobs, infrastructure, healthy environment and connected communities and the like, and in relation to housing, it really seeks to adopt a strategic approach to planning for the housing needs of the whole region, which builds on the work of Council's own local strategies.

The Regional Plan identifies that there's a need for around 41,300 new homes to be delivered across the 12 LGAs over the next 20 years to support the Department's implied population growth for the region, and the Regional Plan has a series of recommendations, priorities and actions to provide guidance to councils in their own
30 local strategic planning work to ensure that there is greater housing diversity and density provided, and that different types of housing products are delivered.

So some of those specifics that are also relevant to Byron are measures and targets such as the requirement for 40 per cent of new development to be provided in infill areas, and at least 40 per cent of all new homes to be provided in housing typologies that are different to traditional detached homes. And broadly across the north region, but parts of the Byron Shire as well, has also been experiencing a general trend towards an ageing population and an increased predominance of households that are couples-only or single, and I think in Byron there's around 78 per cent of its housing
40 stock is traditional detached homes.

If we move to – sorry, pause there. One of the other mechanisms and priorities for the Regional Plan is also to provide and establish a much richer data source to help understand the audit of existing housing supply, and the infrastructure needs to support future growth, and this is through the establishment of an urban housing monitoring program, which is the precursor to an urban development program, which is already in operation in other parts of the state. And this type of evidence base is a really important component of a related initiative of the Regional Plan, which is to ensure that at any one point in time, there's a ten-year pipeline of short-term growth identified, and that up to give years of housing supply is serviced by appropriate infrastructure and is ready to be unlocked at any one time. So the Department sees itself as responsible of taking on that oversight of providing data analysis to councils and infrastructure agencies to support that greater coordination of infrastructure and land-use planning.

There's other suites of activities that have also been identified within the Regional Plan in relation to providing greater need for housing for seniors and affordable housing and those with disability and the like.

But also, too, that box on the top right, it is important to note in relation to the Byron Shire that the need for – that it's identified in the Regional Plan that Byron is one of the most desirable places in the country for both residents and the visitor economy, and as a result the housing needs for Byron need to be viewed in the lens of providing house needs for its implied dwelling and population growth, but also provide accommodation for the visitor economy. If we go to the next slide, thank you.

So in addition to the broader strategic planning that the Department has prepared through the update to the Regional Plan, responsibility also sits with each council and Byron particularly to prepare more bespoke and targeted strategic planning to identify the housing needs through its area over 20 years. The Department's implied dwelling needs for the Byron Shire distil that broader need for 41,000-odd homes down to an implied dwelling growth of around 4,500 homes required across the shire over the next 20 years, and in December 2020, Council endorsed and adopted a residential strategy, which, in some respects, really builds upon and complements the Regional Plan, and in – for example, it identifies that – it builds upon the Regional Plan's expectations for at least 40 per cent of homes to be established in infill areas, and sets an expectation that actually 85 per cent of new dwellings should be established within existing areas. Council's residential strategy also has particular focus on the need for housing diversity to address some of the matters that have been identified in the Regional Plan, and there's some strong analytics within Council's residential strategy.

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The back end of Council's residential strategy also is quite place-specific in identifying areas in which Council has identified are appropriate for future uplift, both within existing areas and new land release areas. I'll pause there, Commissioner.

DR COAKES: Yes, thanks, Malcolm, and I notice Richard has got his hand up, so over to you, Richard.

PROF. MACKAY: Thank you, Malcolm. I mean, I guess, just to sort of ask the big picture obvious question, okay, so there is strategy for Byron which is responsive.
10 You know, is Byron Shire on track? I mean, is this strategy expected to meet the housing demand, or does Byron have a residual problem, notwithstanding this strategy, that requires further intervention to address?

MR McDONALD: Yes, I do believe there is a slide previously in the pack that talks about the Byron Shire's completion rates today, but we could take that on notice, Commissioner, and provide more detail in response to further complement the slide.

PROF. MACKAY: I mean, I think that would be particularly helpful in terms of the Minister's request of the IPC, in that, I mean, this is very clear, very informative and
20 very helpful in terms of what the current strategy is, but part of our issue is, well, in terms of the nexus between short-term residential accommodation and housing strategy, is there a gap?

MR McDONALD: Indeed. And to further add to that, Commissioner, is the observation that a lot of the areas that Council has identified for future growth are areas that were impacted or susceptible to flooding, particularly through last year's flooding event in March, and particularly, for example, in areas like Mullumbimby, which are – which Council has targeted to absorb a significant proportion of Council's growth. And one of the key findings of the flood inquiry is the principle and the
30 observation that new development really should be developed outside of flood-prone areas, and the inquiry made a series of recommendations that were adopted by the Government in full, and the New South Wales Reconstruction Authority will be working to implement those, but the Department has a very collaborative relationship with Byron Council in which we meet regularly to work through areas that it's identified for growth, having regard to some of the constraints, particularly in relation to flooding. So we see this as a continuing engagement between the Department and Council to address implications of the flood inquiry in relation to where Council sees appropriate places for growth.

40 PROF. MACKAY: Thank you. That's also really helpful, but that gives rise to the obvious supplementary, which is, does the trajectory of the housing strategy get

compromised in terms of its ability to deliver by the acceptance and implementations of the findings of the flood inquiry?

MR McDONALD: You would expect so, at face value, Commissioner. The Department did provide some recommendations to the residential strategy, particularly having regard to, for example, the need to better understand the constraints and sequencing of areas to be released, and that feedback was provided before the flood events, and ultimately the flood inquiry recommendations. So Council has itself acknowledged the need, and it's undertaking this review of its residential strategy. So
10 you would expect that they would also look at its recent completion and pipeline of growth to see whether it's on track. Also noting that the implied dwelling projections from the December 2020 residential strategy were – hadn't relied on the most recent DPE projections for implied dwelling growth, so I think that there'll be the addition to need to reflect existing growth projections.

PROF. MACKAY: Thank you. That makes sense, and we might put that same question to Council. Thanks.

MR McDONALD: So if we move to the next slide, thanks. So this provides an
20 overview, a timeline, essentially, of now moving into the Byron STRA planning proposal, and I'll just identify a couple of matters, key elements within the timeline. The slide that follows talks about the various iterations of the proposal itself, and I'm happy to answer any specific questions, because it's important to note that in February 2019, the Minister issued a direction that was specific to Byron Shire, recognising that its unique tourist and visitor elements of the economy provided the opportunity for Council to submit a planning proposal that sought to reduce non-hosted STRA housing to no less than 90 days within the shire, so essentially the only LGA that had the opportunity to seek an exemption or a divergence from the state-wide policy. Importantly that ministerial direction required a sound evidence base and an Economic
30 Impact Assessment to be undertaken to support any planning proposal.

On that ministerial direction, and that mandate, essentially, from the Government, Council undertook to prepare its planning proposal. So it was lodged in May 2021. There had been a previous iteration that was submitted to the Department, and that's reflected on the slide that follows. We provided some early feedback in relation to that, and it was in May 2021 that the formal planning proposal was submitted seeking a gateway.

At that point, the Council had not undertaken that economic analysis to support its
40 proposal, and that was a key finding of the Department's gateway assessment. There were also other matters that Council sought to depart from the state-wide policy,

which formed some of the basis of the Department's recommendations. For example, the state-wide policy enables a planning and approvals pathway, which is either as an exempt or compliant development for non-hosted STRA, and Council has sought to introduce a development consent approval pathway for certain types of scenarios, such as capping the number of people that could be within a dwelling at any one point. So that was a specific element as an example of some of the gateway conditions that the Department provided in providing that gateway determination in June 2021.

10 So through the following six months or so, the Department then commissioned Urbis. That was a jointly funded commission, where the scope of work was drafted and settled as between Council and the Department, and Urbis is here to talk to the findings of that report, if there was any questions.

The environmental impact assessment was finalised by Urbis in November 2021, and of the six options that were analysed, it provided a recommendation for a 180-day cap to be provided across the LGA in areas that weren't identified as specific precincts that would be eligible for a 365-day unconstrained operating environment.

20 So following the release of the Urbis report in November 2021, Council commissioned its own peer review of that report, and that's the Dr Peter Phibbs report that was provided to the Commission in the material, and it found findings adverse to the – some of the assumptions and recommendations put forward through Urbis's report, and Urbis has a slide that talks to its response to those findings of Dr Phibbs.

30 So in February 2022 Council resolved to submit an amended proposal to the Department - this was prior to the proposal having gone on exhibition - having regard to the alternate position taken by Dr Phibbs. And so in March 2022, it was submitted to the Department, seeking a request to remove the requirement for the planning proposal to be updated to be consistent and to reflect the findings of the EIA, which was a recommendation of our gateway determination the previous year, so essentially to disregard the findings of the EIA.

40 So by the time the Council had submitted its proposal, the floor events had transpired, and the Minister formed the view that Byron Shire was really facing quite unique and exceptional circumstances, having regard to the floods and its potential impact on the availability and affordability of housing within the shire. And I think this, combined with the existing high percentage of STRA properties already within the shire, as Luke alluded to, that the Minister formed the view it was in the public interest to enable the planning proposal to proceed to exhibition without the requirement of the Urbis EIA findings to be adopted, and it was on that basis that the Minister amended the gateway condition to essentially enable the planning proposal to proceed as Council sought. By

doing so, the Minister also amended that earlier 9.1 direction so that there would not be that inconsistency of the strict findings of the EIA, and sent through - the middle of 2022, Council then proceeded to exhibit the proposal, and there's information and the submissions were provided in your bundle, and I won't go through the details of those, but there was 1,500-odd pieces of information and feedback that was provided to the Department.

DR COAKES: Yes. Thanks, Malcolm, and we're aware of that. Just conscious of time – I think we need to keep moving, if that's okay, not to cut you short.

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MR McDONALD: Sure. Okay. Well, I'll be incredibly quick. And then finally, the determination by the Minister in December of 2022, which, having regard to the really competing views of stakeholders in response to the public exhibition, and the really quite significant amount of public interest, the Minister formed the view that it would be appropriate to seek some independent advice from this Commission and the terms of reference are set out to enable the findings of your investigation into helping form the finalisation of the planning proposal, and whether any amendments to it would be required, and for that reason, the proposal was brought back to the Department to ensure it's essentially paused while these investigations are carried out.

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And that's all. The final slide, I won't talk to. It just shows the iteration of the planning proposal, which is really not unique to Byron. For such a large and complicated proposal, it's not uncommon to see the proposal be refined through its lodgement gateways, exhibition, amended gateways and the like, and that just provides a timeline of those changes.

That's all. I'll now turn to Ben Eveleigh, who's going to provide an overview of the Regional Housing Taskforce findings.

30 DR COAKES: Thanks, Ben.

MR BEN EVELEIGH: Thanks, Malcolm, and afternoon, Commissioners. Yes, I'm Ben Eveleigh, so I'm the Director of Regional Housing Programs at DPE, and just going to provide a very quick overview of the taskforce findings, and, recommendations, just also conscious of the time and the need to get to the Urbis briefing as well.

40 But the quick background, I suppose, on the taskforce, it was announced in June 2021, after a fairly sustained period of pressure on regional housing markets, and it followed the bushfires, as well as some changes being experienced from COVID-19, but it did precede the flood events on the north coast. And the focus, as you may be aware, was

on planning system mechanisms that could address some of the regional housing challenges, so it didn't look obviously at taxation or interest rates.

It was looking across all 95 regional councils, so it wasn't a council by council investigation, so there isn't a lot of specific findings in relation to individual councils, and obviously with the timeline, its investigation alongside the announcement and then commencement of the STRA policy in November, and there was a fairly tight period of consultation, really, between July and August of 2021.

10 So just a quick recap. There was a 168 submissions, including 54 from councils, including submissions from Byron and the Northern Rivers JO. I guess the broad findings relevant here from the taskforce are that obviously regional housing markets are very vulnerable to spikes in demand, given the low rental vacancy rates, but particularly in areas that have influxes of temporary workers and others in need of short-term accommodation.

The taskforce acknowledged that holiday house ownership and STRA has existed for a long time in regional New South Wales, but there had been, I suppose, an emergence following the online booking systems.

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I guess the specific concerns that came out of the taskforce investigations around STRA were that stakeholders were concerned about long-term rental properties being converted into STRA and creating more competition in an already tight rental market. I guess conversely some stakeholders also flagged the economic benefits of STRA might outweigh the impacts on housing markets. There was also some submissions calling for greater local flexibility in the way that STRA policy might be applied, including from Byron, but some other regional councils as well.

30 I guess given the timeline where the taskforce was preparing its recommendations, concurrent with the introduction of the policy, the taskforce recommendation was that the short- and long-term impacts of the policy on regional housing outcomes needed to be reviewed in the future, and really that the Government response in August, put out in August last year, it accepted all of those recommendations and committed to the ongoing review of the Housing SEPP, including the STRA provisions, and, yes, as Luke has mentioned earlier, there's a timeline to do that by – the end of the year. That's really the summary.

DR COAKES: Thanks, Ben, for that. Just quickly, Juliet, Richard, any questions of Ben? No? Juliet?

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MS GRANT: Yes, sorry. Can I just ask, Monica gave, at an event that some of us were at on Tuesday, kind of the next step in this Government response, with a little snapshot on what the housing things were, and I think, Sherie and Richard, it would be really beneficial for you to have those – you know, the breakdown of what the actions actually are. I don't know whether, Monica, you've got the 21-word or less version up your sleeve of you how described what those actions and the quantity of housing in the target areas were, but I found that really interesting, and I think Sheri and Richard would too.

10 DR COAKES: Is that something, Monica, you can provide to us?

MS GIBSON: I can provide a really quick overview now, and some detail back to the Commission. So the New South Wales Government supported a resource package of \$2.5 billion over the next couple of years to invest in a series of actions that includes some land taxation changes, some changes in infrastructure investment, so through the Accelerated Infrastructure Fund, some changes to support councils directly to unblock the assessment of local development applications and planning proposals that are housing-related, as well as some social housing and key worker housing investment.

20 So there are a number of resource packages, I guess, that are happening at the moment, and the Department is also working towards some targets for regional housing supply, as well as other measures within the housing supply pipeline. Those targets were set by the New South Wales Government in response to things like the Regional Housing Taskforce, as well as the State's Housing 2041, which is a state-wide housing strategy.

So if that assists the Commission, really happy to provide some detail around those things so that you have that at end for your consideration.

30 DR COAKES: Thank you, Monica. If we can move on, that would be fantastic, to the next section, the Economic Impact Assessment. Over to Urbis. We have a number of questions in relation to this section, so what I might suggest is, as we move through this one, just giving our timing, and I know, as I said, some of our participants today have got some hard deadlines at 4 o'clock, whether we can jump in, if Urbis is comfortable with that, we might pop our hands up and jump in at the relevant time.

MR SEAN BROSANAN: Yes, sure, and hi, everyone. My name is Sean Brosnan. I'm an Associate Director in the Economics and Property team at Urbis, and also joined by Princess Ventura, who is Director in that same team. We were both the primary authors of this Economic Impact Assessment, which I'll be talking to today.

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So first of all, I just want to quickly give an overview of how we were engaged. It got mentioned earlier that this was a joint engagement, so we were approached by the Department in May 2021 to respond to a request for quotation to undertake an Economic Impact Assessment, and that EIA was to be jointly funded by both the Department and Council, so we provided an initial proposal, that was then reviewed by Council and the Department. We received feedback from both Council and the Department, and then issued a revised proposal. Both the Department and Council have further feedback on that scope of work, so we met and agreed on some refinement to that scope of work and issued a final proposal in June 2021, which was
10 agreed by both the Department and Council in July.

So it was a couple of months to agree on that scope. Once we had the agreed scope, in terms of what that actually covered, essentially the purpose of the Economic Impact Assessment was to analyse potential impacts of implementing different levels of caps on the number of days per year that properties could be available as non-hosted STRA. And there were three key objectives to the EIA, the first being to review Council's proposed STRA precincts, so those are the ones that are outlined in the planning proposal, and those were the designated areas where the properties would not be subject to any caps, and provide then an independent view of how those STRA
20 precincts should be defined. Secondly was to identify, analyse and assess potential varying and economic and social impacts of different policy options regarding the implementation of those caps, so that would give consideration to different STRA precinct boundaries, different levels of cap, whether that be 90 days, 180 days, or no caps. And then finally, we identified which potential policy option would best balance the potential benefits to the housing market and the local community against any potential disbenefits to the tourism sector.

DR COAKES: Just on that, Sean – sorry to just jump in there – we had a key question about the rationale for the Urbis-defined 365-day STRA precincts, and just interested
30 in understanding what benefits you feel those precincts provide over the Council's defined precincts, which have obviously been further revised.

MR BROSNAN: Yes, sure. I've got a slide that talks to that. So if we skip ahead a few, and one more – yes – sorry, back to the one with the map – yes, so you can – on the map that's shown on the screen, what we're showing in purple is Council's defined STRA precincts, and then the yellow was the Urbis-defined STRA precincts, and those Council-defined precincts, we reviewed those and found that they accounted for 9 per cent of the non-hosted STRA properties in the Byron LGA in 2019, and they
40 accounted for 5 per cent of the total dwelling supply in the Byron LGA.

So what we then did was, we defined those Urbis-defined precincts, and in doing that, the aim was to minimise potential detrimental impacts on the tourism industry, while maximising the number of dwellings that could be in the housing market. So that in doing that, what we were seeking to do was identify areas that capture a large share of the STRA listings, but a smaller share of the residential dwellings.

10 So if you look at, then, the Urbis-defined STRA precincts compared to Council, the Urbis defined ones accounted for 67 per cent of STRA listings in the Byron LGA, compared to 9 per cent under Council's, and they accounted for 48 per cent of dwellings compared to 5 per cent under Council's.

So under the Urbis-defined precincts, it captures two thirds of all those non-hosted STRA listings, and less than half the residential dwellings. So, you know, as I said here, the purpose of doing that was to try and mitigate and disbenefits to the tourism sector, whilst still providing benefits to the housing sector through allowing dwellings to re-enter that longer term rental market.

20 DR COAKES: Juliet and Richard, did you have any further questions around the precinct piece?

PROF. MACKAY: Not from me at this stage. I mean, yes, I think I'm much more interested in how we got to the findings.

DR COAKES: Yes.

MR BROSINAN: Sorry, go ahead.

MS GRANT: I was just going to say, nothing other from me, Sherie.

30 DR COAKES: No. Thanks. So, Sean, if you could move to the findings piece, that would be appreciated. Thank you.

40 MR BROSINAN: Yes, sure. So we're just showing the key findings now, and I'll just quickly give a really brief overview of the approach to getting to these findings. So what we undertook was a multicriteria assessment of six policy options, and in order for that assessment to be rigorous, objective, we primarily focused on the relative differences in impacts between the different policy options, rather than absolute impacts. So the absolute injection of new dwellings into the residential market can certainly change from what we estimated, but, at the end of the day, the key focus for us was the relativity and the changes between potential options.

So where we landed in terms of our assessment is that we identified direct, indirect and social impacts, and then we assessed the scale or the degree of impacts, whether that's low, moderate or high, and then the direction – is it an increase, is it a decrease?

The key thing as well is that in applying those ratings, we were value-neutral, and the reason for that is because whether an impact or beneficial or detrimental ultimately depends on the person, the stakeholder, the group being impacted, so that's why we applied those ratings, and then we had to bring in the lens of who are the different stakeholders and how might these different impacts affect those individually, which is
10 how we've come to the - - -

DR COAKES: Just to hold you there fractionally, Sean, Richard has his hand up.

MR BROSNAN: Yes.

DR COAKES: Richard?

PROF. MACKAY: Thanks, Sean. As I understand your report and what you've just said, you're ranking the relative benefits or impacts equally in – I mean, it's a presence
20 or absence test, and my recollection is that the Phibbs peer review had concerns about that because in fact the reality is much more nuanced, so I'd just like to provide you an opportunity to comment on that, please.

MR BROSNAN: Yes, and we can skip down to the – we have some responses to that specific peer review.

PROF. MACKAY: Great.

MR BROSNAN: And I think the – so maybe we can – we'll just stay on this one, and
30 I can just go through them one by one. First of all, there was a – these were the conclusions from that peer review, the first being that the report confuses Economic Impact analysis with evaluative like cost-benefit analysis, and our response to that is, as per the Department's terms of reference, the agreed scope between the Department and Council, we were instructed to undertake an Economic Impact Assessment and compare policy options within that. We were not instructed to undertake a cost-benefit analysis.

In terms of the second point, the method it uses to compare options is unreliable
40 because no attempt is made to weight the importance of the impacts on different stakeholder groups, and I think, Commissioner, that's the point you were seeking to address just then in your comment. Yes, we have not applied any weightings to the

different stakeholder groups, and the reason for that, we had no basis for those weightings. So in the absence of applying any weightings, we essentially are assuming that all stakeholders are equally weighted. That's just a limitation of the context in which this occurred, but it's an acknowledged limitation, and so we're transparent about that. Absolutely different weights could be applied to different stakeholders, but at this time, when we conducted the assessment, we had no basis to assign any weightings.

10 The third point, the economic impacts focus on Byron Bay impacts, when sometimes estimates should have been made on the impacts on the New South Wales economy. In many cases, the negative impacts on Byron Bay from the changes proposed by Byron Council will be matched by positive impacts on surrounding councils. So, again, this comes back to the terms of references of the agreed scope between the Department and Council. We were specifically instructed to assess the impacts on the Byron Shire economy, not the entire State of New South Wales.

20 The fourth point, the economic impacts ignore the positive economic impacts from the increase in long-term tenants associated with some options. In response to that, what we'd just say is that no assessment is ever going to exhaustively account for all impacts. Our EIAs really sought to identify and count for the majority of major impacts in the major stakeholder groups, and we're very transparent in that assessment about which impacts we have considered in our assessment. It's absolutely possible that you could draw up a long list of many other different impacts that could be considered. We've tried to capture the main ones, and we're clear about which ones those are that are included in our assessment.

30 And then finally there's a comment around that the study, perhaps because of errors in estimating the size of the rental market, has underestimated the extent of the market failure. In my opinion, the experience of Byron Bay is so different than Sydney, a more significant planning response to the issue of STRA is required in Byron. The Sydney STRA cap will not be effective.

So this comes back to that we've focused on relative impacts as opposed to absolute impacts. So if – even if the extent of the market failure is more extensive than we have estimated or assumed, that's a starting point, and that affects all policy options equally, so it would not have any bearing on the relative comparison of policy options.

DR COAKES: Richard?

40 PROF. MACKAY: Thank you, and it's very useful to have that summary applied in response. Perhaps just a couple of questions that are related. I mean, I think, having

regard to all of that, does Urbis, you know, through this process, ultimately accept that regulating short-term rental accommodation is a potentially effective method to address the residential market demand and – I mean, noting that the findings that kind of almost – the sort of blanket 180 status quo, as per the current regime, would be the way to go, is there any substantive point in pulling any of the other levers? I mean, it seems to me that where you got to is do nothing.

10 MR BROSANAN: So I think where we got to was that a cap should be applied of a 180 days across the entire LGA. We did consider an option where there were no caps, and that came out the lowest rating overall. So what we found was that there's certainly benefits to applying caps to STRA, and it would benefit the residential market to do so. However, that needs to be balanced against potential detrimental impacts to the visitor market, and through our assessment, what we found was that with a more stringent cap, say, of 90 days, that that would reduce the supply of STRA or accommodation below projected demand for accommodation. So if that occurs, then there's no longer enough accommodation to accommodate all the people who want to travel there, so in relative terms, the number of visitors to Byron would be lower under that more stringent cap than under a less stringent cap, and therefore there will be a detrimental impact on the visitor economy.

20 PROF. MACKAY: Thank you. That rationale is really clear, and that being the case, is there any point or is there any need to repeat some of this analysis in light of the rather significant apparent deterioration in rental market supply since this analysis was done?

MR BROSANAN: I think certainly the circumstances have changed since we undertook this analysis. We were doing this at the end of 2021, so we were very much still in a pandemic environment where – sorry, I'm just - - -

30 DR COAKES: Yes, we've got some – obviously – can somebody make sure – everyone make sure they're muted, please.

MR BROSANAN: Yes. So we were undertaking this at the end of 2021, so we're still very much in a pandemic, in a lockdown, and we were having to refer to information that was pre-COVID, so 2019 as our base year. There's probably merit in undertaking updated analysis now, because we can probably rely on the last 12 months as a somewhat return to normal, and also give consideration to those other factors like the flooding events that have impacted the housing situation, cost of living pressures as well, which may have implications for where the assessment would land.

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PROF. MACKAY: Okay. But as I understand your bottom line logic, your bottom line logic is saying, when you drop the cap, in whatever precincts, from 180 to 90, it has the effect of flicking across the threshold such that there is a demand for strata which is unmet, therefore there is an adverse impact on the local tourism economy without making a big difference in terms of rental house supply. Have I understood that correctly?

10 MR BROSINAN: I wouldn't say that that flip would not make a big difference in residential housing supply. The scale of the impact might be – may be significant or it may not, but the key difference between them is that the impact on the tourism market – so under a 180-day cap, the tourism market under our assessment, we found, would not be impacted at all, or minimally impacted, whereas a more stringent cap would certainly have an impact on the tourism market. So our recommendation was a conservative one in that, given that this is a relatively immature – STRA is a relatively immature market, it's not established, and given the importance of the tourism economy to Byron, that any policy response – all those policy responses would go towards addressing the housing market challenge, but we would prefer, or we would recommend an option that would not detrimentally impact the tourism market at the same time.

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PROF. MACKAY: Understood. Thank you, and I'd better let the other Commissioners get a word in edgeways.

DR COAKES: Yes, just building on that, just quickly, and Sean, I guess there was also that recommendation that to give that base case time to actually assess those impacts, which is what you've said, that was your recommendation in your report, that's correct; and then, you know, to enable appropriate evaluation, I guess, of that change, so – Juliet, any other questions?

30 MS GRANT: Just following on from the discussion that Sean and Richard were just having, I'm just trying to get my head around the concept, if we've got, under the Urbis-defined precincts, you know, 60, 70 per cent of the supply captured in those precincts and we're talking about making them unconstrained, does that not balance out any other constraints – somewhere is there a sweet spot that kind of balances that? But probably not – something for me to think about rather than probably for Sean to necessarily answer.

DR COAKES: Sean, did you have a - - -

MR BROSANAN: Yes. So in terms of the Urbis-defined STRA precincts, where we landed with our assessment was that we did not consider that to be the preferred option.

DR COAKES: No.

MR BROSANAN: So our preferred option was no precincts, just a flat 180-day cap across the entire LGA.

10 DR COAKES: Yes. That was going to be my next question, so thanks for clarifying that, Sean. So the base case, the SEPP default, was your preferred - - -

MR BROSANAN: Correct.

MS GRANT: Which is not the way that the actual planning proposal, though, has progressed.

DR COAKES: No.

20 MS PRINCESS VENTURA: And I think the reason for that, not having the precincts, is because when we actually looked at the data in the LGA, there was no clear pattern as to where there's a stronger clustering of STRA accommodation versus the more long-term rental market. There really are quite a good spread across the LGA.

DR COAKES: Okay, thank you. Okay. So very conscious of time. We're now at 4 o'clock. Juliet, Richard, are there any other further questions? No?

MS GRANT: No, not from me.

30 DR COAKES: Okay. Lovely. Well, thank you all very much. We do appreciate the time that you've given us today, and obviously excellent presentation. Monica, if you could provide that further information, that would be fantastic, to the Commission, and on that basis, I will declare the meeting closed. So thank you all for your time this afternoon. Much appreciated.

MEETING CONCLUDED

[4.01pm]