



New South Wales Government
Independent Planning Commission

TRANSCRIPT OF PROCEEDINGS

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

DESTINATION BYRON MEETING

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

OFFICE OF THE IPC: STEPHEN BARRY
OLIVER COPE

DESTINATION PETER WOTTON
BYRON: MICHELLE BOURKE
RICK SLATER

LOCATION: VIA VIDEO CONFERENCE

DATE: 3.15PM, FRIDAY, 17 FEBRUARY 2023

TRANSCRIBED AND RECORDED BY APT TRANSCRIPTIONS

DR SHERIDAN COAKES: Thank you for joining us this Friday afternoon. Before we begin, I would just like to acknowledge that I'm speaking to you from Worimi Land, and I acknowledge the traditional owners of all of the country from which we virtually meet today, and pay my 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 currently before the Commission for advice. My name is Dr Sheridan Coakes. I am the Chair of this Commission Panel, and I am joined by my fellow Commissioners,
10 Professor Richard Mackay and Ms Juliet Grant. We are also joined by Oliver Cope from the Office of the Independent Planning Commission and Stephen Barry.

In the interests of openness and transparency and to ensure the full capture of information, today's meeting is being recorded and a 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 base its advice. It's important for Commissioners to ask questions of attendees to clarify
20 issues whenever it is considered appropriate. If you are asked a question and you're not in a position to answer, please feel free to take that question on notice and provide us with any additional information in writing, which we will then put up on our website. If I can request that all members here today just introduce themselves before speaking for the first time and for all members to ensure they do not speak over the top of each other to ensure accuracy of the transcript. So we will now begin.

So we did send through to you an agenda for today, and obviously the purpose of today is to hear your perspectives, in terms of short-term rental accommodation on the Byron Shire economy, the tourism demand - we're quite interested in understanding
30 that sort of tourism demand in the Byron Shire, and also we hope to have, in the next 30 minutes, some discussion around short-term rental accommodation regulation. So on that, if I could hand over to one of you, please, that would be great.

MR PETER WOTTON: I'll introduce myself. I'm Peter Wotton, President of Destination Byron. I'd like to do a short introduction of Destination Byron and myself, that I have also been involved in tourism in Byron for the last 24 years. Originally Vice-President of the Byron Bay Chamber of Commerce for nine years, way back in 1998, starting in 1998, and the Byron Shire Council closed the Byron Visitor's Centre back in 1988, and it was reopened by the Byron Bay Chamber of
40 Commerce shortly after, and I joined the board of the Byron Visitor's Centre management in 1999, and I was on that board for nine years.

Destination Byron evolved from the Byron Shire Council Tourism Advisory Committee, which started in 2013, or thereabouts. I'm not quite sure which year that started, but I was on that committee for a number of years, like, five years. Byron Shire Council and that committee saw that there needed to be a tourism body like a local tourism authority that was responsible or could look at the tourism aspects of Byron Shire Council.

10 So this - there was talk of Byron Shire Council funding that body, which the body started up being called VIA Byron, which is V-I-A, Visitor Industry Association, and as it turned out, the industry association started with a small core of business owners and funding was never forthcoming, so that organisation then transformed into Destination Byron, which I originally was the first president, and I was president for three years, then I stepped off as president, and am president again at the moment.

20 So, Destination Byron, we set out with a vision to create a forum to network, collaborate and educate on all matters Byron visitor economy. Our mission was to facilitate meetings and networking events that allow those involved in the Byron visitor economy to collaborate and educate them, to be the conduit between Byron's visitor economy, the visitor industry and all levels of government, including federal, state and regional and local government councils, to collect and interpret Byron's visitor economy data and research, to maintain a committee and subcommittees of industry skills-based board members to represent all major sectors of the Byron Shire visitor economy.

30 Now, we'd done that through all the Chambers of Commerce in Byron Shire, so we have a seat at the table for all the Byron Shire Chambers of Commerce. I also represent the Brunswick Heads Chamber of Commerce, of which I've been president twice, vice-president twice, and am also co-coordinator of the Brunswick Heads Visitor Information Centre.

So basically I've covered pretty well my introduction to Destination Byron. We have the Mayor sitting on our board. We have a new constitution, which has now been in place for four years. We are unfunded. We're non-for-profit and we're non-political.

40 DR COAKES: Thank you, Peter, for giving us a good overview of the group and its evolution, so thank you for that. So can we sort of move to that first point in the agenda, just to get your view on the importance and contribution of short-term rental accommodation to the Byron Bay local economy.

MR WOTTON: Look, it's worth - in the primetime of our visitation for Byron, which was in 2019, we had peak tourism numbers of 2.5 million, with the economy only stimulated by visitation to Byron, either it be by the way of day-trippers or holidaymakers into the Byron Shire. And the accommodation part of that was imperative that we stimulated that visitor economy through the upmarket or raising the market of the level of accommodation that was available, and to be able to accommodate visitors to Byron because we introduced all those music festivals, including Splendour in the Grass, Bluesfest, which - Splendour in the Grass went up to 50,000 people per day visiting. We had to house those not only onsite, at festivals, but also around the area. So the visitor economy relies on good accommodation, being available to accommodate all the entertainment that we provide for in Byron.

DR COAKES: And, Peter, can you just provide us too with some further detail regarding that demand, I guess - where the demand is coming from, through - - -

MR RICK SLATER: I've actually prepared a document here, so it might be better - I kind of expanded on the points we made in our initial submission. My name is Rick Slater, by the way.

DR COAKES: Thank you.

MR SLATER: I've been on the edges of the tourism industry for about 25 years, both on a few boards over the years, not as many as Peter, and my own business, I publish Byron Bay Portal on the internet. And if I talk too quickly, I've had about eight cups of coffee so far today, so I'll try to keep it slow. But, yes, in our initial submission, we made a few points about, one, the accuracy of the numbers of short-term rentals being included; number two, the need that Byron Shire should have a tourism management plan and probably a tourism officer and some funding around that in Council; and thirdly, we concluded that the most logical way forward was to agree with the Urbis report and start out at least with - under the 180-day cap regulations. After getting your agenda, I kind of fleshed that out with some further information, so I'll probably just read through it in order and, you know, here we go.

DR COAKES: Yes, that would be great, thanks.

MR SLATER: So - yes. So holiday rentals, or STRAs, have been part of the accommodation mix in Byron for a long time. In 2005, Fairfax acquired Stayz, and a few databases were combined that made it look like the number of holiday rentals increased dramatically, and that was the exact moment Byron Council began pushing against the number of STRAs and the behaviour of guests.

And at that time, the emerging STRA industry was able to dig through all the data, and there were about 600 holiday rentals in Byron Shire. Then with a low barrier of entry to being able to list your home on the online travel agents, the numbers grew quickly, and the growth was both in the typical holiday areas - you know, beachfront, near town - as well as what Peter sort of alluded to in a minute ago, in the more suburban areas that were near the sort of large festival sites. So there are kind of two parts, almost, to Byron's holiday rentals there.

10 And through the growth period, the number of holiday rentals wasn't monitored or counted, and - but there were regular discussions and concerns across Byron Shire, New South Wales and the whole world about the sort of unregulated extreme growth of holiday rentals.

Then in 2019, Byron Council did an accommodation audit in preparation for their sustainable visitation strategy, which was another word for their tourism plan, which was shelved due to COVID, and in their community solutions panel briefing book, it says there were 1,998 holiday houses in Byron Shire.

20 Then COVID hit. That was shelved, and around 2001, Byron engaged Urbis to put together their short-term rental accommodation cap, economic impact assessment, and they came up with the numbers were about 5,248 or something, which is - I understand was later revised down to about 3,500. So we have a lot of concerns about these numbers having been - the way I would describe them as being inaccurate throughout time, because you can't go from 2,000 to 5,000 in a year of COVID.

30 But, anyway, so we do understand that the bots that the research services used - so the Urbis people used, I believe, AirDNA, which scrape the different listing sites to get an idea of how many properties the likely amounts of bookings they would do and things like that, and where they're located - so I get it that the bots were able to scrape many thousands of listings, but I think there's still problems with the headline numbers.

40 There are duplicate listings. Over time, different properties would be managed by different property managers or the owners themselves, each one creating a listing, giving the property a new name, different photos, so it would be hard to detect, particularly for a robot, the difference. Listings would be out of date, so these numbers were developed, as I understand it, over time, so someone that might have tried holiday renting a few years ago would still have appeared in those headline numbers, even though they had no intention to continue on with their renting, and also there are many resort-style apartment complexes in Byron that were technically developed as a residential, but all intents and purposes operate like a resort - they even have - some of them have onsite managers and probably body corporate rules that

exclude permanent living anyway, and those managers also include their rooms separately, or at least the different, you know, two-bedroom and a three-bedroom separately on the apartment, and, again, each of the apartments being individually owned, there's the potential for the owners to list the properties themselves. So there's a whole mix-mash of properties.

10 And there's also a lot of part-house - I've had a look through, obviously, over the years - there's a lot of part-house and studio listings in residential areas, and a lot of cottages and cabins listed in the more rural areas, and there are or have been a number of dodgy listings, like tents and vans and caravans and such on Airbnb over the years. So we don't think, or I don't think, the bots scraping multiple listing platforms over time is able to provide an accurate or useful understanding of the properties that are listed.

20 So that was my concern with the numbers at the beginning of this process. Now, at the same time, the Byron Shire became part of the State-wide 180-day cap, and all the local STRAs had to be registered, and that registration process has been in place for a year now, and I believe there's currently 1,288 un-hosted STRAs, and 982 hosted that are registered in Byron Shire.

So these more accurate and up-to-date numbers give us a better understanding of the roles STRAs play in Byron's visitor economy. And the hosted and un-hosted listing types is helpful, but Destination Byron would like the registration process to provide much more property detail on the types of properties they are.

30 So with roughly 1,300 un-hosted STRAs and about 1,500 commercial accommodations - I think that's classified under roof, there's a total of about 2,800 accommodations available in Byron Shire, so the holiday rentals where STRAs make up 45 per cent of it, and to put that into perspective, overnight visitor estimated spend to the year ending September '22 was \$607 million - that's based on the Tourism Research Australia data that actually Byron Council have prepared for Byron Shire specifically, and I think the December '22 data is the last of the most recent available.

So the next point on the tourism demand - sorry, were there any kind of follow-up questions to any of that?

DR COAKES: Any questions, Richard or Juliet? No? No.

40 PROF. RICHARD MACKAY: It's Richard Mackay speaking. I just extend an invitation to Rick, should he wish, to give us the notes from which he is reading as a submission through the submission portal.

MR SLATER: For sure. I think, you know, the feedback and questions we get today will help us form or finalise our written submission for this process by the 2nd of March, I believe. And also the supporting documentation will be included in all that, if you haven't seen it already.

10 So with the tourism demand in Byron Shire, again, based on that Tourism Research data, between 2013 and 2020, the visitor numbers to Byron Shire grew from 1.3 million to a peak of 2.4 million when COVID hit, and then across those years, consistently, our visitors were split pretty close, fifty-fifty between day-trippers and overnight visitors, and the overnight visitors were split pretty consistently 80 per cent domestic and 20 per cent international.

20 And then also with the TRA data, through COVID, with all the different COVID restrictions and border closures, Byron kind of bounced around a lot. There were times where people from Sydney couldn't go anywhere else but Byron, and we were as busy as ever, and then there were other times when no-one could - so in that time, TRA recorded that Byron had an annual - so I guess it's a rolling annual visitation, between 900,000 and 1.4 million. And then, like I said, the latest data we have is to September '22, which shows the annual visitors were 1.28 million.

And then just to break that down, there were 647 domestic overnight visitors, 611,000 day visitors, and just 26,000 international overnight visitors, and I've got a note here that the TRA data noted that that year includes that Byron Shire's, I guess, tourism demand movement was unfavourable to the other LGAs they compare it to, because of the regional flooding event that happened early in 2022. So the numbers aren't perfect, I guess, is what they're saying.

30 So - and then breaking down those, the domestic overnight visitors, 657,000, was down from just over a million, or 36 per cent for the same year ending September pre-COVID. Domestic visitor nights were 2.46 million, down from 3.98 million, 38 per cent. So the domestic people, although depressed, are kind of staying for the same amount of time. Day visitors at 611,000 were down from 1.1 million, so they were down about 46 per cent from the same period, and the international visitors at 26,000 were down from 222,000 - obviously the borders were pretty closed up to that point, that's 88 per cent down, and alarmingly, the room nights from the international visitors were down - were 130,000 down from 1.4 million, so they were down 91 per cent. And that's - historically, Byron attracts a lot of those independent travellers that would stay longer - you know, they'd stay in the hostels, they'd probably pick up a few working shifts, which is probably part of other people's arguments about the lack of workforce and places for people to live. I think the

40

backpackers did a lot of that grunt work around town, particularly in the busy periods, but I don't have that data.

10 The other thing we have as far as data goes is, there's a company called STR Global, and they do hotel benchmarking. Hotels participate for a fee, supply their data a little bit anonymously, and then all the hotels get to see how everybody's going. So one of the local resorts was able to share the information with us, and the Northern New South Rivers sample of around 32 properties report that the monthly occupancy compared to the same month pre-COVID was a bit down, so that in October we were
10 down 12 per cent on the October pre-COVID. November was down 7 per cent to 74 per cent on the November pre-COVID. December was down 15 per cent to 61 per cent compared to December, and January was down 17 per cent, down to 65 per cent occupancy in January, which is probably pretty unheard of. And they also note that at that time, the daily rates had increased between 27 and 36 per cent, so the revenue is probably very similar.

DR COAKES: Yes.

20 MR SLATER: It's probably another story to this whole issue. If the number of people are reduced, the prices are going to go up, because people have already invested their money to get a return. Anyway, so - and, again, I can share the little chart that our member David sent through on that STR Global data.

30 So the other thing to note is that not only has the demand for tourism been affected by COVID, but there has been changes to demand for housing and the available workforce. So many people were working from home through COVID, and they took the opportunity to move out of the cities to the regional areas, and Byron was probably at the top of many people's lists, to work from home, and although a lot of them have gone back to their offices, some have remained, and these people are effectively taking
30 the space of a local employee, but not working locally, so that's probably a permanent or even growing shift in the use of housing in - across regional Australia, really, probably, that should be probably considered in this thing. Again, we don't have all the data on that.

And then it's also likely that the number of STRAs through COVID would have been sold or repurposed to meet the changing demand of less interest in tourism and more interest in residents. So - - -

40 DR COAKES: So, Rick, just - then, just really quite simply, what form and level of regulation do you see as appropriate for STRA in Byron, in the Byron Shire?

MR SLATER: Well, I guess that's an open-ended question, and unfortunately the Proposal gave us the choice of a range of 90-day and 360-day caps, which we think is problematic. You know, I don't know, I think there's a need for accommodation to expand to meet the demand of the people attending the festivals - I mean, Peter mentioned Splendour gets, I think, about 50,000 a day. Bluesfest is close to 30, and then there's Falls Festival, which I think is close to 20,000 a day. So that's a lot of people, and it's in the north of the Shire, so it's away from, you know, the concentration of accommodation in Byron Bay town itself. Both of those festival sites, and they're separate, are - one is probably right at the end of Byron Shire, and
10 the other one is sort of closer to Brunswick, a little bit between Brunswick and Byron.

So, you know, and then you might have seen in the news, in the last Splendour in the Grass, they got into trouble, because they couldn't manage the traffic in the rain, of people trying to get in.

DR COAKES: Yes.

MR SLATER: So my understanding is that a lot of those festivals want to create some permanent structures to have more and more of the punters staying onsite. Again,
20 beyond the detail of my understanding, but we hear a lot of things over time.

DR COAKES: Do you think, Peter, that - Rick, sorry - that there is sort of adequate tourism accommodation to meet visitor needs, or is there a need for additional types of accommodation, from your perspective?

MR SLATER: Well - - -

DR COAKES: I mean, you've mentioned, obviously, the needs of festivals and those attending festivals - - -
30

MR SLATER: Yes.

DR COAKES: - - - but do you feel that there is a need for, yes, different types of - you know, we note there's been limited tourism development in the shire.

MR SLATER: Yes. I mean, there's a lot of things being developed right now - - -

DR COAKES: Yes.

40 MR SLATER: - - - but I guess the more recently they've been developed, the more expensive they're going to be to stay in - - -

DR COAKES: Yes.

MR SLATER: - - - which is going to shift the kind of visitors we attract, and, in fact, one of the hostels that would have attracted the backpackers pre-COVID has been repurposed to a bit more of a hotel, almost business co-working space. I think they wanted to capture those digital nomads. So, you know, there's no denying Byron is moving upmarket, probably quicker than many regions.

10 DR COAKES: Yes.

MR SLATER: So whether that's a good thing or bad thing, I don't know if you can force the issue and have more affordable holiday accommodation to meet the needs of the people that can no longer come here, or, you know, obviously the investors tend to go all-in and attract the big money visitors, because that's what makes the world go around for them.

DR COAKES: And what's your view - so you mentioned the sort of - the cap, but what's your view also on the precincts? So the cap and the precinct sort of approach.

20

MR SLATER: Yes. Well, I think - well, I mean, I mentioned some things later on, but the precincts - when this first started, like I said, in 2005, when Council started making noise against the holiday rental industry, the industry, I believe, proposed the idea of having precincts or having a DA process, and at that time Council pushed back, saying it was problematic to have - and, again, this is like a 15-year-old memory, so take it with a grain of salt, and someone else must know it, but they were pushing back that the idea of having a precinct or a DA would put the approval onto the dwelling, not the owner, so you could, you know, do all the right things to get your property approved and then sell it off for more money and some shonky operator could

30 come in and already have approval that wouldn't perhaps been able to get approved themselves.

So I don't know that that can work. I've heard Michael mention it more recently - sorry, Michael Lyon, the Mayor - mention it more recently in some recent emails and phone calls we've had, that he is open in the future to a DA process that would allow - but, again, I don't know if that's been thought through, or even if that's accurate, that the DA would stick with the house and not be given up when the owner sold. I don't know how that works. But that was what happened at the time.

40 So, you know, I think - I don't want to say it, but I think that this issue has been more divisive than it needed to be. I think the - you know, I think the people in the industry

want some regulations. Personally what I've always tried to do is consider the guest experience - you know, they don't want to stay in a rundown residential neighbourhood with no transport and no venues or anything to do, and I don't want them to get tricked into staying there.

At the same time, there's some property owners that make - you know, they turn these houses into, like, resorts, and the guests love them, and they're in the perfect location, they can walk into town or to the beach or whatever it might be, so I don't think there's a one size fit all, and, you know, more than the 90-day cap, I worry about the
10 365-day cap, because the 90 or even the existing 180-day cap, I can imagine being adjusted over time, whether they needed more days or less days, but I think once you give a 365-day cap, and the investors buy in and start renovating these things up to that sort of resort style of accommodation, not only will they push out whatever residents live in those 365-day zones, you'll end up never being able to claw it back. I can't imagine how you could.

DR COAKES: Thanks, Rick. That's been really, really useful. Richard, Juliet, any further questions?

20 MS MICHELLE BOURKE: Can I just comment on a few things. Sorry. Michelle Bourke. We used to own a big caravan park in Byron Bay, and I've also been involved with our family, who's owned luxury accommodation at Wategos Beach. The only thing I want to comment about, because the two gentlemen that I'm on the board with have covered most things, but what my issue is is, I can't understand how not bringing something from 180 days to 90 days is going to make any difference.

We're dealing with people here who are not living in Byron as a principal place of residence. They have got a secondary dwelling in Byron Bay. They're relying on renting that out for income. A lot of them are in the economic bracket that they're not
30 going to put their house back into long-term rental. What they're going to do with a 90-day cap is, they'll rent it out Christmas, Easter, for the festivals, and then they will just pull it from the market for the rest of the time, because no-one will move in there for in-between times.

So I think the whole idea of moving it to 90 days and hoping that that will attract people to put their places into long-term is not just going to work in Byron Bay, because they'll just put it up, as I said, for the 90 days. They will collect money to pay their land tax, and that will be it, and I just think the whole thing is completely flawed
40 tipping it into a 90-day basis, and I can't understand why the Council is not accepting the findings of the expert report, which says 180 days.

DR COAKES: Okay.

MR WOTTON: Well said.

DR COAKES: Richard, Juliet - I'm just - sorry, I'm very conscious of my time, because we're running - - -

10 PROF. MACKAY: A quick question, and apologies if I missed that, because there was an awful lot of data, particularly in Rick's remarks, but is there any data about what the current days per year occupancy rate is anywhere?

MR SLATER: I don't think so.

MR WOTTON: No.

20 MR SLATER: I don't think the - I mean, the STRA industry probably had it, because they managed the properties, but none of that is made public. In fact, none of the information on the registration process is public either. I also would have hoped to see, because when the property is registered, obviously they use their addresses, so there must be a way to overlay the actual properties on the proposed zones to see how many are in this zone and how many in the other, and so on, so you can kind of begin to guess at what's happening. So, sorry, no.

MS JULIET GRANT: Sorry, I thought, Richard, you had said that - I made a note that there was - it had gone to 65 per cent occupancy.

MR SLATER: That was the normal resort and hotel accommodation.

MS GRANT: Okay.

30

MR SLATER: So I guess you can kind of, you know, work those assumptions into the Tourism Research Australia data and make a guess that there's probably less use of holiday rental accommodation this past year, which I think is part of the story, that it isn't as big a problem that it used to be. I think Byron's vacancy rate with permanent rentals is terrible, but it's in line with the rest of the country.

MR WOTTON: Quite true, yes.

40 MR SLATER: And apparently it's been like that for a while. And I think Michael Lyon mentioned that even though they've built properties, he was - they're able to pick out a number of bonds being submitted to the Rental Bond Board, and that

number sits at 3,000 for Byron historically, and through now, so there's, like, 3,000 rentals.

DR COAKES: Okay.

MR SLATER: So I don't know how that data has fluctuated with the suggested up and downs of the increase and decreased number of holiday rentals, or if people have just bought the properties and now they live in them, I don't know.

10 MS GRANT: And you commented that there was a lot of development occurring now, and they were the more expensive upmarket end of the - has something changed to trigger that - - -

MR SLATER: Property values. So when they buy three houses to knock down and build a little complex, like they've done at the end of Johnston Street, and they're going to be doing on the old - I think that's called Johnston Lane, it's got a few shop fronts, restaurants, and then I think about 16 apartments upstairs, that would have been far more expensive to develop now than it would have been 10 or 20 years ago. I think a restaurateur bought one of the old nightclubs for \$30 million to turn into a spaghetti restaurant, which to me - - -

20

MEETING CONCLUDED

[3.50pm]

[The Commission notes that this meeting was cut short by a technical issue near the planned close of the meeting. Destination Byron was given an opportunity to make any further submissions via a written submission.]