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POLICY & ADVOCACY UPDATE

Issue #5, 20 September 2023

- Victorian government limits bed tax to short term rentals
- Accommodation Australia tourism submission
- More action on international airline access
- Closing Loopholes Bill Update
- NSW Budget 2023-24
- More action on short term rentals
- Latest ABS tourism stats show fall in accommodation employment
- Occupancy rates for August
- Latest overseas arrival numbers
- New ABS Business Turnover Stats

Victorian government limits bed tax to short term rentals

In a major win for our members, the Victorian Government this morning announced that they will not proceed with a bed tax on all accommodation in Victoria, but instead limit a 7.5% levy to short term rentals. Over the past few weeks, AA and our Victorian colleagues at Vic AHA and AA have mounted a strong case to government that a bed tax on all accommodation in order to address the housing crisis was unfair and would cause damage to the industry and economy. This successful advocacy did not go unremarked, as was seen in the Australian Financial Review story in the run up to the announcement which noted, "the tax is expected to exclude the hotel sector after lobbying by the industry." This result will be a huge relief for members and the commercial accommodation industry at large.

Accommodation Australia tourism submission

Accommodation Australia last week made a major [submission](#) to the Parliamentary Joint Committee Inquiry into Tourism and International Education. In the submission, AA highlighted the size and attractiveness of the accommodation sector to build a career in hospitality, particularly for women. AA also made recommendations around migration, skills, employment, short term accommodation and tourism demand drivers including aviation and marketing.

More action on international airline access

Given the importance to the accommodation sector of a competitive and active international airline market, AA made a submission to the Senate Select Committee on Bilateral Air Service Agreements ([click here](#)). Pressure has been maintained on the Government in the last two weeks to provide a more fulsome explanation as to why they refused extra Qatar flights into Sydney, Melbourne and Brisbane. In our submission we called for greater transparency and consultation in decision making, and that the government should hold true to its stated aim of "working within the bilateral system to liberalise air services arrangements and progressively remove restrictions on routes, capacity and airline ownership. Public hearings by the Committee (chaired by Senator Bridget McKenzie) will be held over four days between the 19th and 27th September.

"Closing Loopholes" WR Bill Update

Last week Accommodation Australia joined the AHA CEO in a meeting with the Chief of Staff to the Minister for Employment and Workplace Relations to discuss the casual provisions in the workplace relations Bill introduced into Parliament a couple of weeks ago. As mentioned in my last update, the key proposed change for the accommodation sector relates to casuals and we highlighted to the Minister's office the concerns about the new and very complex definition of casuals, and the potential penalties if employers employ someone as a casual when, according to the definition, they should be permanent.

The meeting was beneficial and we have undertaken to come back with more detail on the concerns raised.

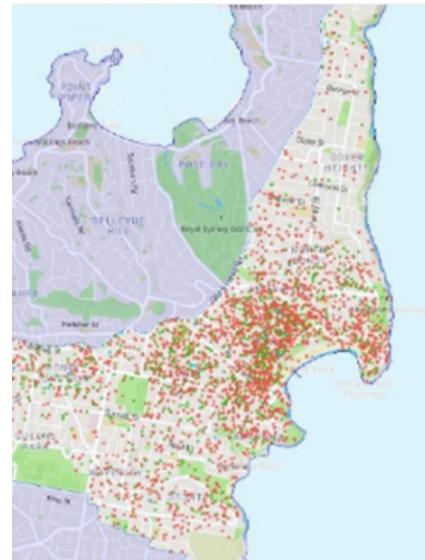
NSW Budget 2023-24

The NSW Government budget was handed down this week, with a deficit of \$7.8 billion but forecast to be back in black by 2024/25. Net debt at \$92.6 billion is now 11.1% of Gross State Product, with an annual interest bill of \$5.5 billion, or around 5% of State revenue. Of specific relevance to accommodation, Destination NSW had its budget cut by 3.9% to \$339 million, but funding for events such as Vivid and the Mardi Gras were maintained. \$26.8 million was assigned to the 24-hour Economy (night) Commissioner to expand their remit to Wollongong, Central Coast and Newcastle. Overall, \$1.2 billion was allocated to the arts, culture, music and nighttime economy which should assist in restoring a sense of "things happening" in our NSW cities.

More action on short-term rentals

In addition to the major news about the Victorian levy (see above), in the last two weeks there has been further action by governments both locally and internationally regarding short term rentals. At its last meeting, Waverley Council (Sydney East) called for statewide consideration of a 60-day limit on Air BNB, noting that there were 3000 listings in their council area alone, which was 9% of all dwellings (see map showing concentration of Air BNB published by *Wentworth Courier* and sourced from Waverley Council).

Internationally, we have seen more robust action taken, including a recent decision by New York to limit Air BNB to only "hosted" accommodation, where the owner is on site or otherwise banning stays for less than 30 days. This reflects the original concept of letting out a spare room to tourists rather than converting a whole dwelling for short term holiday rentals. Also, the State of Penang, in Malaysia, has recently banned Air BNB in all but serviced apartments where 75% of residents have agreed to allow it. Each rental unit will also only be allowed to receive guests for a maximum of three days a week. North Devon in the UK has begun a six-week public consultation to ban houses in multiple occupation from being let out as holiday accommodation.



Airbnb listings in the Waverley LGA, data sourced from Inside Airbnb 2023. Picture: Waverley Council.

Latest tourism stats from ABS show fall in accommodation employment

According to the latest tourism satellite accounts issued last Friday by the ABS, In June quarter 2023, there were 713,000 tourism jobs which was:

- 20,100 (-2.7%) less jobs than March quarter 2023
- 125,300 (21.3%) more jobs than June quarter 2022
- 44,500 (-5.9%) less jobs than December quarter 2019, prior to COVID-19 pandemic

Of concern, the data records a drop of 11,500 tourism related jobs in the accommodation sector as compared with the March 2023 quarter, and an annual fall of 5.3% or close to 5,000 jobs. The ABS quarterly tourism satellite accounts are what they call experimental, but this significant drop in only one quarter seems an extraordinary and anomalous fall even within an experimental frame. I have queried the numbers with tourism research experts, particularly as the data is at odds with the ABS Labour Force series which has shown consistent growth in the last 12 months in accommodation sector employment.

Occupancy rates for August

The national occupancy rate data from STR for August 2023 shows that rates continue to rise, with an average occupancy across Australia of 70.7% compared with 65.8% in August 2022, but still almost 5 percentage points lower than the average occupancy of 75.4% in August 2019. Tasmania, Northern Territory and the ACT all recorded falls in average rates as compared with August 2022. Tasmania recorded the lowest occupancy rate overall, with 56.3%, followed by Victoria (64.5%) and the ACT (64.8%). New South Wales was the highest at 74.4%, followed by Queensland (74%) and WA (72.4%). The occupancy rate for the NT was 72.3% and SA, 66.7%.

Latest overseas arrival numbers

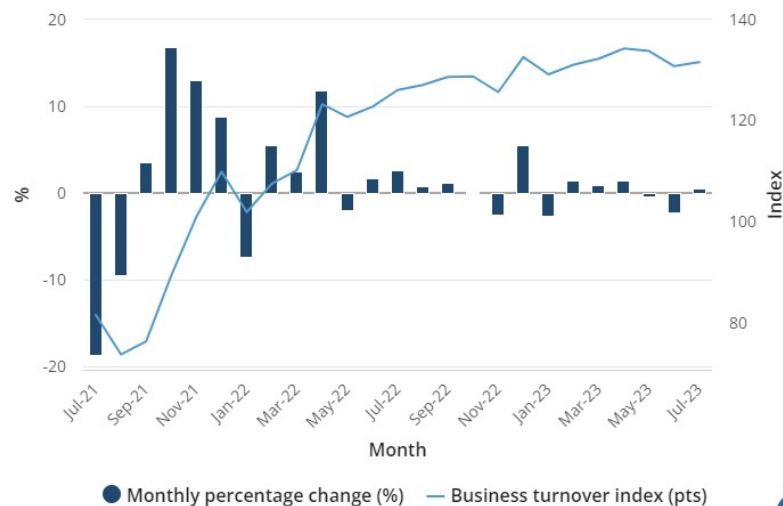
The latest ABS overseas arrival figures for July 2023 show that international recovery is continuing, with 625,120 short term visitor arrivals, which is more than 92% higher than July 2022 but still over 20% below July 2019. Holiday visitors at 253,770 accounted for 41% of total arrivals, with the next largest group visiting friends and relatives at 184,060 (29%). Only NSW and the ACT were the recipients of international visitor growth of more than the national average. In a trend that bodes well for the future impact of a return to approved destination status, it was pleasing to see the number of short-term arrivals from China (78,040 July 2023) increase to a level that they are claimed the status of second highest source country behind New Zealand. In the student market, more than double the number of international

students arrived in July with 131,640 international student arrivals in July 2023 - an increase of 60,420 students compared to July 2022. Departures of 922,350 Australian for overseas short stays still well exceeded overseas arrivals although the growth from July 2022 at 39.2% was lower.

New ABS business turnover stats

The ABS have released a new data series on turnover based on BAS covering 13 of the 19 industries including accommodation and foodservice. In seasonally adjusted terms, the July 2023 business turnover indicator showed falls in 7 of the 13 industries, with the largest fall in electricity gas and water (-14.9%). The largest rise was in Administration and Support Services (+3.8%). Accommodation and foodservices rose 0.6% over the month, and 4.4% July 2023 over July 2022. Construction had the biggest rise over the year, with turnover growing 19.2%. The graph below shows (seasonally adjusted) monthly turnover for our industry for the last two years (index 100 = July 2019)

Business turnover indicator, Accommodation and food services, seasonally adjusted



Drop me an email at policy@accommodationaustralia.org or give me a call on 0418 277 919 if you have any national policy issue that you think AA should be following up.

Kind Regards

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