

9 November 2015

Mr David Hale
Committee on Environment and Planning
Parliament House
Macquarie Street
Sydney NSW 2000

Email: environmentplanning@parliament.nsw.gov.au

Dear Mr Hale

Inquiry into the adequacy of the regulation of short-term holiday letting in New South Wales

The Insurance Council of Australia (ICA) is the industry association for the general insurance industry. ICA members provide a wide range of insurance products including home and contents insurance, strata insurance and public liability insurance.

The ICA is pleased to provide this brief submission which will focus on insurance arrangements for short-term holiday letting in NSW, with particular reference to those provided through 'shared economy' platforms.

The Committee's inquiry complements recent reviews into Australia's regulatory framework. Reports such as the Financial System Inquiry and the Competition Policy Review have recommended reviewing current regulatory structures to ensure Australia's laws do not stifle competition.

The ICA recognises the importance of competition and innovation in the Australian market place, with appropriate checks and balances in place. It supports the principle of competitive neutrality. Like goods and services should be subject to the same consumer and safety regulations and requirements.

The ICA notes that in NSW it is the responsibility of local councils to regulate the use of residential property. This has resulted in various - and often ambiguous - legal requirements across the State. Whilst some councils may explicitly prohibit or permit short-term letting, others may be unclear if their regulations have not been updated to address this relatively new activity.

It is the ICA's position that it is a matter for the NSW government, in conjunction with local councils, to provide regulatory clarity for short-term holiday letting. This would determine:

- The legality of short-term holiday letting in each council area;
- The characterisation of such services for the purpose of regulation; and
- The specific regulation that should apply for short-term holiday letting services.

As the popularity of short-term holiday letting increases, competitive market forces will respond to new insurance needs. Indeed, the insurance industry is already developing innovative products to meet such circumstances, with one insurer recently introducing a product to cover short-term letting.

Generally, personal home and contents insurance, and strata insurance policies may not cover activities of a commercial nature. The ICA encourages any householder engaging in short-term letting to check with their council that this is permissible, and check with their insurer that their policy provides appropriate protection for potential damage to property and third party liability. If the commercial letting activity is deemed unlawful, it may hinder the prospect of a successful claim.¹

The ICA has been calling on governments to clarify the regulatory environment governing all sharing economy businesses. Such clarification will encourage the development of insurance products that can offer appropriate protection for these new businesses and their customers.

If you would like to discuss this submission further, please contact Vicki Mullen, ICA's General Manager, Consumer Relations and Market Development on 02 9253 5120 or vmullen@insurancecouncil.com.au

Yours sincerely



Robert Whelan
Executive Director and CEO

¹ Insurance Council of Australia, "Warning over holiday e-leasing", *Media Release*, November 10, 2014