29 March 2018

Media Release

Extended Auckland accommodation rate still unfair

The new version of the targeted rate on accommodation providers proposed in the Auckland Council's draft Long-Term Plan is still inefficient and ill-conceived, says Tourism Industry Aotearoa.

"The proposed expansion needs to be seriously modified if it is to proceed and it would be preferable for the targeted rate to be dropped altogether," says Chris Roberts, Chief Executive of Tourism Industry Aotearoa.

Currently around 300 Auckland properties where hotels and motels are operated are paying the Accommodation Provider Targeted Rate.

In the coming financial year, the Auckland Council is planning to start applying the rate to some of the properties listed on peer-to-peer (P2P) accommodation websites like Airbnb and Bookabach.

"The basic premise of the rate - that accommodation providers should be stuck with the destination promotion bill for all of Auckland, even though they only get 9% of the visitor spend - remains completely unfair and we will continue to be vocal about that," Mr Roberts says.

"However, the council has at least acknowledged that there are thousands of other accommodation providers in the city. Many properties on Airbnb, which lists over 12,000 properties, are operated as commercial businesses and they should be treated as such."

The Auckland Council plan is that any property that is listed on P2P accommodation websites as an 'entire home' for 28 or more nights a year will be charged the targeted rate. In addition, homes that are listed for 29-135 nights a year will have 25% of their capital value treated as commercial for general rate assessment purposes, and those listed for more than 135 nights will treated as fully commercial.

"P2P accommodation offers additional choice to consumers and fills an important need, especially over peak periods. By including them in the reach of the rate, the proposed changes will lessen some of the inequities of the original scheme," says Mr Roberts.

Nevertheless, the tourism industry is still unhappy with the preferential treatment for P2P operators that lingers in the Auckland Council's current plan.

TOURISM INDUSTRY AOTEAROA
Level 4, 79 Boulcott Street, PO Box 1697, Wellington 6140, New Zealand
P +64 4 499 0104 www.tia.org.nz E info@tia.org.nz

"Property owners that rent a 'room only' and those that rent out their properties for less than 29 nights a year are completely exempt. Why? Room-only lets make up nearly 50% of the supply on Airbnb. They should have to pay the APTR like everyone else who is paid for providing visitor accommodation.

"Also, homes that are rented out for 135 nights a year are not merely '25% commercial', as the Council indicates they should be considered. 135 nights per annum equates to 37% of the year. A 65% residential / 35% business split is more acceptable."

Mr Roberts notes that there will be administrative headaches in trying to extend the targeted rate.

"The draft LTP says officers will consider a range of approaches to identify the online providers, progressing from web searches and information from neighbours/competitors, to introduction of bylaws, Unitary Plan amendments and legislative change.

"We encourage the Council to bring interested parties to the table, including TIA, Airbnb and Bookabach, to assist with finding the right solutions."

To read TIA's submission, go to:
https://tia.org.nz/advocacy/recent-submissions/local-government/

For further information, please contact:
Ann-Marie Johnson
Communications Manager
Tourism Industry Aotearoa
DDI: 04 496 5001
Mobile: 027 600 4565
Email: ann-marie.johnson@tia.org.nz
www.tia.org.nz
www.tourism2025.org.nz

KEY FACTS

- Tourism in New Zealand is a $99 million per day industry. Tourism delivers around $40 million in foreign exchange to the New Zealand economy each day of the year. Domestic tourism contributes another $59 million in economic activity every day.
- Tourism is New Zealand's biggest export earner, contributing $14.5 billion or 20.7% of New Zealand's foreign exchange earnings (year ended March 2017).
- 14.5% of the total number of people employed in New Zealand work directly or indirectly in tourism. That means 399,150 people are working in the visitor economy.
- The Tourism 2025 growth framework has a goal of growing total tourism revenue to $41 billion a year by 2025.

Visit **www.tia.org.nz** for more information

TOURISM INDUSTRY AOTEAROA
Level 4, 79 Boulcott Street, PO Box 1697, Wellington 6140, New Zealand
P +64 4 499 0104 www.tia.org.nz E info@tia.org.nz