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Media Release

Council targets Airbnb and misses the mark

Auckland Council's new 'Airbnb rate' falls dismally short of the mark and fails to reduce unfairness for traditional accommodation providers, says Tourism Industry Aotearoa.

The council intends to charge extra rates on Airbnb and other online accommodation providers who provide more than 28 nights' accommodation a year.

The move was intended to address the unfairness of the targeted accommodation rate introduced last year, which is only paid by some properties providing commercial accommodation – hotels and motels.

TIA Chief Executive Chris Roberts says in its 2017 submission opposing the targeted rate, TIA pointed out how hard it would be to extend it to peer-to-peer accommodation providers – and that has proven to be the case.

"Only 1100 properties are to pay the new rate. But according to Auckland Council's report 'Airbnb & Housing in Auckland' there are 12,357 properties available on Airbnb in the city – and that number is growing all the time.

"The council is expecting payment from just 9% of Auckland's Airbnb providers."

TIA is questioning the rationale behind excluding 'room-only' bookings.

The 'Airbnb and Housing in Auckland' report notes that of the 12,357 properties available on Airbnb, there was an even split between entire place (49%) and private rooms (49%), with the remaining 2% comprising shared rooms.

"Exempting the room-only providers excludes a significant proportion of the market, as it can be reasonably assumed that some of these room-only providers are generating significant annual income," says Mr Roberts.

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"Our view is that to achieve fairness and spread the rate burden, room-only providers should also be included."

TIA agrees with Auckland Council that operators providing more than 135 nights should be rated fully at the business rate and the full targeted accommodation rate applied to them. For those providing between 29 and 135 accommodation nights a year, TIA believes a 35% business rate is more appropriate than the Council's 25% rate.

However, Mr Roberts says the biggest concern is the Council's inability to implement its own rating policy.

"TIA certainly agrees with the Council that it is an 'unfortunate' shortcoming of the new rating policy that the Council cannot find everyone who should be paying it."

TIA recognises that peer-to-peer accommodation offers additional choice to consumers and that it fills an important need, especially over peak periods. However, there needs to be appropriate management of this sector, with requirements that provide for fairness, quality and provision of a safe and compelling visitor experience.

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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.

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