



June 2023

**Strengthening the visitor
economy in Aotearoa:
A proposal for fair and
sustainable Short- Term Rental
Accommodation (STRA)
regulation**



Unlocking the benefits

Short-term rental accommodation (STRA) is a vital component of the New Zealand visitor economy. Airbnb's amazing Hosts offer stays and experiences across the depth and breadth of Aotearoa, helping to grow the visitor economy, providing more choice of accommodation for consumers in more locations across a variety of price points. The Airbnb platform provides vital economic empowerment opportunities for everyday Kiwis, and continues to help New Zealand's economy recover from the pandemic.

Currently, the Airbnb community faces a labyrinth of complex and expensive red tape, which varies between the 67 different councils around the country. Of the estimated \$149 million cost of unnecessary red tape in the current resource management process, STRA makes up a substantial proportion of that figure with individual consent costs being as high as \$15,000.¹ The lack of consistency in regulatory approaches around the country also creates uncertainty for guests who rely on STRA when they travel.

Airbnb is providing this document as its proposal for a fair, sustainable, and equitable national-level regulatory framework for the STRA sector. The measures contained in this framework will help unlock the full potential of the STRA sector, make regulatory compliance quicker and easier, as well as provide the government with helpful data to assist in making evidence-led policy decisions.

Airbnb has a large community of Hosts throughout the country for whom sharing their home is now part of their lifestyle. The majority of our Hosts are everyday Kiwis looking to supplement their income or subsidise their own travel, with many hit hard by the pandemic and related border closures. Tourism is playing a crucial role in New Zealand's economic recovery, helping to empower local communities to share in the benefits of tourism and welcome new visitors to their neighbourhoods.

In addition to visitor spending, home sharing is supporting the growth of ancillary services and the creation of local jobs — such as domestic cleaning, gardening and property management — facilitated by over one quarter of surveyed hosts (27%) on Airbnb in New Zealand who prefer to engage professional services to manage their listings and bookings.²

The economic activity created by Airbnb supports these businesses, including those in regional areas that might not otherwise benefit from tourism and increased visitation. This highlights the immense value of short-stay accommodation to the country and the economic opportunities it provides for Hosts, local businesses and the wider community.

Importantly, Airbnb also plays a crucial role in helping people remain in their homes and communities by providing them with the ability to supplement their income. In a survey of Hosts on Airbnb in 2021, a third of respondents said the primary reason they started hosting was to 'make ends meet'.³ In turn, these Hosts help drive economic growth and job creation, with many local businesses relying on the valuable tourism dollars spent by Airbnb guests.

The supplemental income earned through home sharing helps empower Kiwi women and older or retired persons to remain in their homes and communities — 71% of Hosts with an Airbnb listing in Aotearoa who report their gender are women, the highest proportion in the world.⁴ Additionally 30% of Hosts are 60 years or older.⁴ As the cost of living increases, home sharing provides an economic lifeline for everyday Kiwis in helping to make ends meet.

With such an important source of income for Kiwi families at stake, the time has come for a sustainable approach to national regulation. Airbnb submits that a nationwide Short-Term Rental Accommodation Regulatory Framework would hold tremendous benefit for the visitor economy and should be progressed throughout the 54th Parliament.

Yours sincerely

Michael Crosby
Head of Public Policy, Australia and New Zealand
Airbnb

Terms used in this document

STRA

'Short-term rental accommodation,' the kind of accommodation most commonly found on Airbnb and associated with our platform. It is sometimes referred to as 'short-stay accommodation' (SSA) or 'residential visitor accommodation' (RVA).

Listing

A property which appears on a STRA booking platform website or app.

Unhosted accommodation

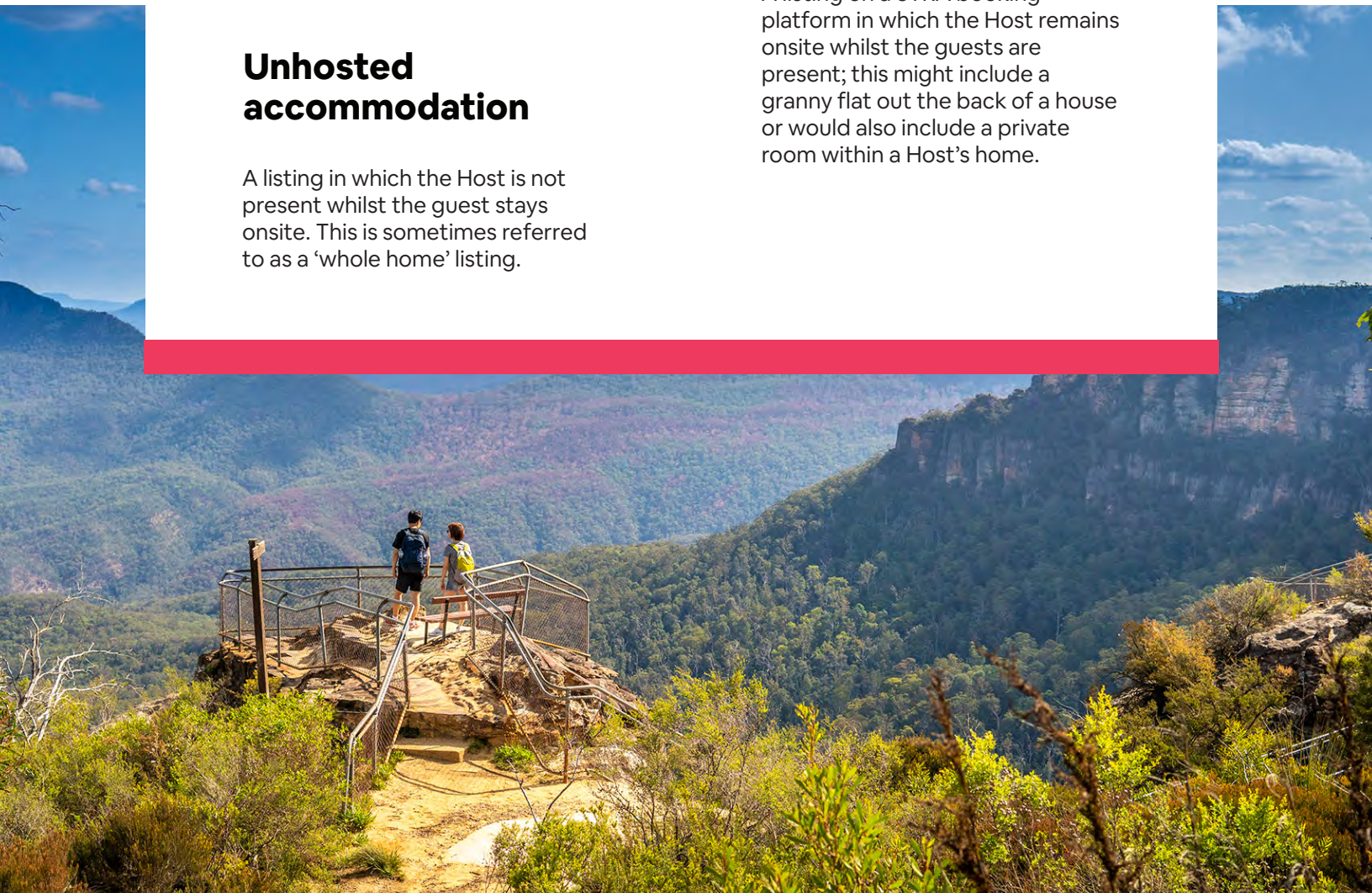
A listing in which the Host is not present whilst the guest stays onsite. This is sometimes referred to as a 'whole home' listing.

Host

The property owner who lists their home or bach for STRA on a booking platform website or app.

Hosted accommodation

A listing on a STRA booking platform in which the Host remains onsite whilst the guests are present; this might include a granny flat out the back of a house or would also include a private room within a Host's home.



Executive summary

Short-term rental accommodation (STRA) is a vital component of the visitor economy and Airbnb Hosts from all over Aotearoa welcome guests into their homes. In total, our Host community welcomed over 1.6 million guests from 30 June 2021 - 30 June 2022 and it is estimated that guest and Host spending accounted for \$2.5 billion of GDP in 2019. At present, STRA is regulated through 67 different district plans resulting in inconsistency and uncertainty for both Hosts and guests.

We have proposed a regulatory toolkit to help harmonise rules across the country and unlock the potential of STRA for all communities. The toolkit comprises the following:

Code of Conduct - Robust set of rules for both guests and Host behaviour

Data sharing - Enable better enforcement, tracking and data-driven policy decisions

Streamlined nationwide regulation – Sliding scale of regulation, exemption for own-home-sharing, sustainable regulation for unhosted properties

Sustainable visitor levy - Opt-in option for councils to respond to infrastructure challenges (especially housing pressure) created by tourism

In addition to the toolkit, Airbnb also supports a fair and sustainable GST regime that would see the repeal of the 'App Tax' because it creates a multi-tiered tax environment where our Hosts have a GST burden imposed on them even if they earn below the current GST threshold to which any other small business would be subject.

Finally, a national framework is crucial to achieving consistency and reducing red tape for the sector. Whilst the national planning framework may be an appropriate regulatory tool with which to regulate STRA, we would support an alternative, nationwide policy framework that unlocks the benefits of STRA whilst imposing regulation proportional to the issues being faced.



Airbnb at a glance

1.6 million

Guests welcomed⁴

Over
40%

of international visitors
stayed at an Airbnb in 2019^{4,9}

\$5,600

Average earnings⁴

\$2.5 billion

or nearly one in every five
tourism dollars contribution
to GDP^{5,10}

26,300

Jobs supported⁵

Current environment

67

District councils

\$149 million

**Annual excess resource
consent costs¹**

(based on government figures about
potential savings from RMA reform)



Proposed national regulatory toolkit



Code of Conduct

Robust set of rules for both guests and Host behaviour



Data sharing

Enable better enforcement, tracking and data-driven policy decisions



Streamlined nationwide regulation

Sliding scale of regulation, exemption for own-home-sharing, sustainable regulation for unhosted properties



Sustainable visitor levy

Opt-in option for councils to respond to infrastructure challenges (especially housing pressure)



Code of Conduct

In 2020 Airbnb, in conjunction with the broader accommodation sector, supported a proposed Code of Conduct to address isolated instances of bad behaviour on STRA platforms. Alongside a broad range of Australian stakeholders, Airbnb worked with the New South Wales State Government to create a **world-class Code of Conduct**, which shares many of the same principles of the Aotearoa proposal.

A Code of Conduct with a tough but fair two strikes regime for both guests and Hosts would ensure compliance and encourage good behaviour. Behavioural incidents on Airbnb are extremely rare, and an exclusion register provides avenues for responding to the very small number of bad actors on the platform.





Code of Conduct - In depth

At Airbnb, we believe the neighbourhoods and communities in which we operate are as important as the Hosts and guests who use our service. We know that the overwhelming majority of Hosts share their homes responsibly, just as the overwhelming majority of guests are responsible and treat their Airbnb listings and neighbourhoods as if they were their own.

To demonstrate these values, a Code of Conduct was submitted to the government for consideration as part of a broader national regulatory framework for the STRA sector. Airbnb remains committed to working alongside the government to create a tough but fair Code of Conduct which is fit-for-purpose, workable, and provides clear rights and responsibilities for all stakeholders in the STRA industry. This will ultimately strike the right balance for hosts, guests, property managers, letting agents, booking platforms, government, and importantly, the broader community.

We believe that communities need to have faith that if something does go wrong, there is a way to have their voice heard and swift action taken against those who disturb neighbours, violate the trust of the STRA sector, and negatively impact the reputation of the sector.

Airbnb suggests that the example seen in New South Wales is directly relevant to Aotearoa, noting that Australian states have comparable government structures to those in Aotearoa; there are also similar policy considerations related to tourism, community

amenity and infrastructure.

The Code of Conduct in New South Wales, for example, outlines appropriate behavioural expectations for both hosts and guests, as well as including appropriate safety measures and responsibilities to the local community. The Code of Conduct in New South Wales is backed up by the **Exclusion Register**, which operates under a 'two-strike' model, and means that those who do the wrong thing can be banned from using STRA platforms for five years.

The New South Wales Code of Conduct complements the strict policies and community standards enforced by Airbnb, including our **ban on parties** at Airbnb listings globally.

In the same way, the overwhelming majority of hosts and guests who use Airbnb in Aotearoa are good neighbours and respectful travellers who care deeply about the communities in which they live and stay.

Airbnb believes that a Code of Conduct for the STRA sector would help respond to community behavioural expectations and also outline clear responsibilities for Hosts, guests and for STRA platforms. Critically, it would also provide mechanisms for handling the very small number of problematic individuals who use STRA platforms.

Streamlined nationwide regulation

A case study

Christchurch City Council introduced Plan Change 4 ('PC4') in 2020 which set up a complicated, multi-tiered resource consent process for STRA.

The rule change applies a home sharing exemption whilst requiring resource consent for whole homes.

Key learnings:

- 1** A sliding scale of regulation is appropriate to balance the benefits of STRA.
- 2** The National Planning Framework (NPF) may be one option to progress STRA regulation, but a standalone regulatory framework could also be effective.
- 3** Whilst we are flexible on the exact regulatory framework used, we are ultimately focused on the outcomes that only a national framework can achieve to ensure consistency and reduce red tape.

Having 67 different rules for a country of 5 million is impractical and does not lead to better outcomes. A flexible regime with rules clearly addressing a well-defined problem statement is crucial.



Streamlined nationwide regulation - In depth

At present the regulatory framework overseeing STRA across Aotearoa resembles a patchwork quilt. There are 67 local councils across the country, which potentially means 67 different approaches to regulation, including in the way that resource consent is sought and provided by local authorities.

Across the country, we have seen:

- Auckland City Council introduce a differential rates proposal, which proved to be complex and incredibly difficult to administer – and which subsequently ended up before the courts.
- Christchurch City Council introduce Plan Change 4, which in its initial phase proposed onerous red tape obligations on the most basic forms of STRA Hosting.
- Queenstown Lakes District Council introduce a suite of measures to regulate the local STRA sector. Airbnb worked in good faith with the council towards agreement to amend multiple provisions in this proposal. Airbnb supports the final outcome of the amendments, but it should be noted that this process was extremely time consuming and complex.
- A number of other councils around the country undertaking consultations on the same matters, duplicating efforts.

The current environment is complicated and confusing for Hosts, potentially resulting in multiple planning regimes within the same geographical area, depending on which council a property is located.

Airbnb recognises the importance of local councils having the ability to respond to localised challenges or adapt frameworks to suit the needs of their ratepayers. There is, however, great opportunity to significantly reduce duplication of red tape and streamline many of the regulations which otherwise apply to the STRA sector.

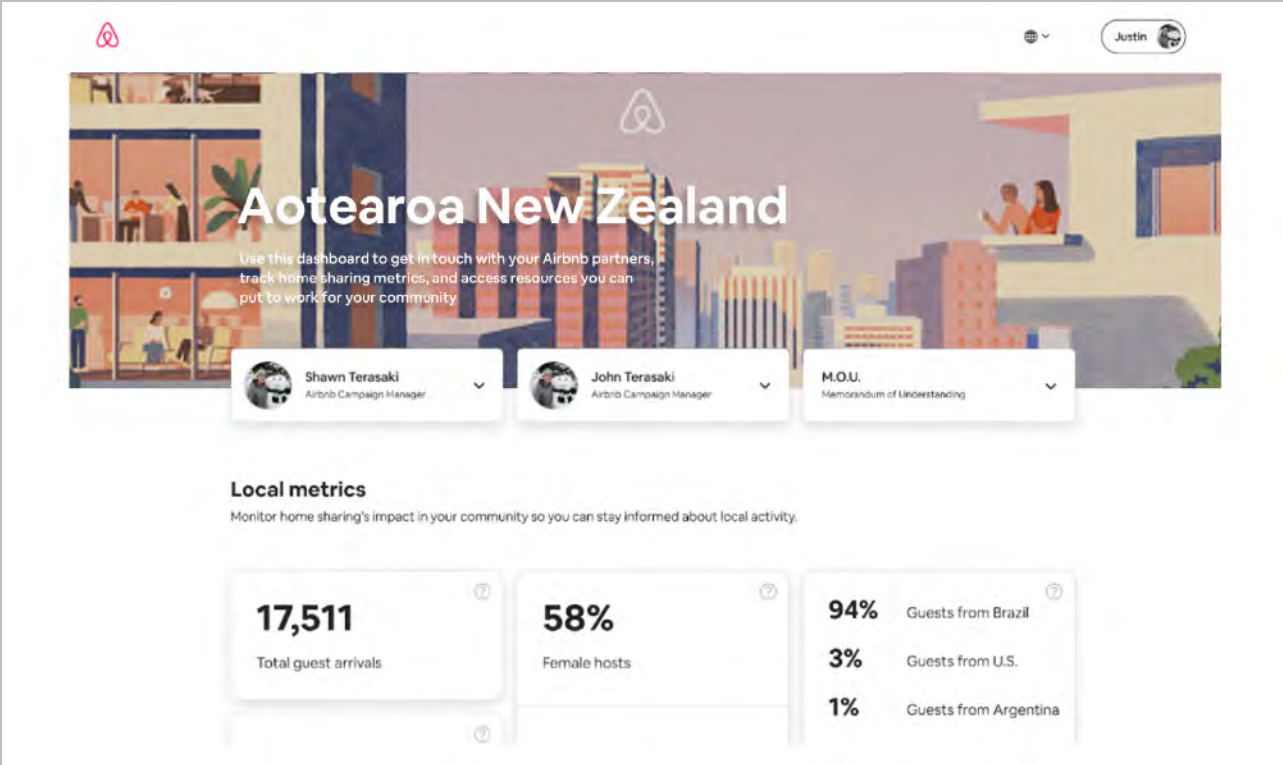
Airbnb suggests that a simpler and fairer system could be introduced including the following elements:

- **Sliding scale of regulation**, which ensures that there are appropriate exemptions for those Kiwis who want to share their own permanent home, or who remain on the property at all times when guests are present.
- **Sustainable and nationwide rules**, which mean that in cases where a whole home is available as a STRA property, that any rules or regulations are proportionate and necessary, but also ensure that Hosts are able to have certainty around their ability to home-share their property.
- **Consistent definitions** of what constitutes ‘short term rental accommodation’ to avoid multiple councils drafting definitions for what is ultimately the same concept.

The NPF may be an appropriate vehicle for STRA regulation as it could allow for standardised homesharing exemptions and a consistent approach to other types of hosting through the existing resource management apparatus. However, as demonstrated in the examples above, we have seen the limitations with trying to retrofit land use legislation to the sharing economy so it may be more appropriate to regulate STRA as a standalone item. Regardless of the exact tool used to regulate STRA, the important aspects are that the system should be outcomes focused in a way that allows communities to benefit from STRA and regulation should be proportional noting those benefits.

A tiered national approach to regulation with clear guidance, definitions and national standards will be the most effective and efficient way to ensure appropriate regulation of the STRA sector.

Data sharing



The City Portal

Used by over 300 jurisdictions globally⁴, the City Portal provides a snapshot into STRA activity with the ability to create reports and aid governments with compliance efforts.



Data sharing - In depth

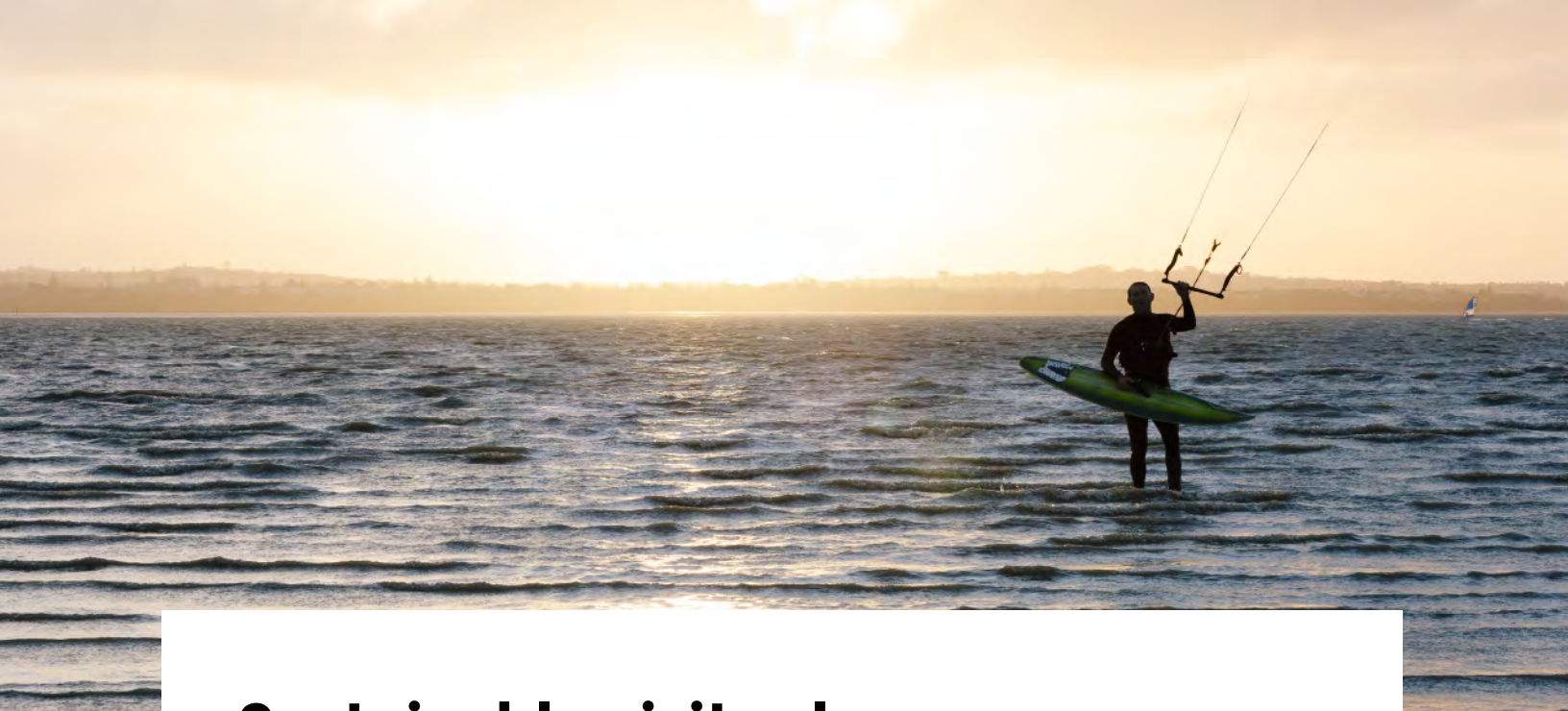
The role of the STRA sector within local communities is often misunderstood based on a lack of – or misrepresentative – data about the total number of properties being used for home-sharing.

Commonly used sources of data or information about STRA footprints may be third parties who use scraped data, and who have no access to official listings information available on Airbnb or on other STRA platforms.

Airbnb proposes that data sharing arrangements with appropriate authorities could be an efficient and effective way to assist in making data-informed policy decisions about STRA and housing matters. Such data-sharing arrangements would equip governments with helpful information and could act as a single source of truth about the number of STRA properties within Aotearoa's communities.

Data sharing would need to apply across all STRA platforms in order to be successful. Airbnb has existing capabilities to share such data with government, through our existing **City Portal** product.

Transparency over the number and location of listings is vital to understanding the STRA industry, and for governments to be able to make informed decisions.



Sustainable visitor levy

Worldwide, Airbnb has been a partner for collecting sustainable visitor levies to help tourism pay its way in areas of high tourism. An opt-in solution for councils would help alleviate funding shortfalls and help areas like Queenstown, where visitors substantially outnumber permanent residents, fund vital infrastructure or build affordable housing.

Over
400
Cities collecting
visitor levies⁶

\$7 billion
Collected⁶

Op-ed: Advocating for a visitor levy in Queenstown, NZ

By [Airbnb](#) · 23 May 2019 · [Policy](#)



Like other communities in Aotearoa, New Zealand, Queenstown faces a big and growing maths problem. On one hand, more money is needed to build the infrastructure the community needs and deserves. On the other hand, revenue just isn't keeping up.

Something needs to change. So what then is the best response to this problem?



Sustainable visitor levy - In depth

Airbnb supports the implementation of opt-in tourism levies to fund much-needed community infrastructure and services — for example, key worker housing projects — in communities across Aotearoa.

We believe tourism levies are a fair and sustainable way to raise revenue for local communities, especially in areas of high tourism, as they broaden the revenue base without imposing an additional burden on local ratepayers or businesses.

Noting that such an approach may not be warranted in every community, Airbnb suggests that such a levy would work most effectively if individual councils opt-in to collecting the levy (subject to having the legislative powers to do so). Such an approach would allow for such a levy to be collected only where councils feel it is warranted.

In order for such a levy to be equitable and efficient, it

will need to be agnostic towards the type of accommodation, and apply equally to all platforms and guests making any commercial accommodation arrangements.

Airbnb suggests that the levy would also be most effective if there are obligations on councils to use the collected revenue to respond to infrastructure deficits created by over-tourism or large influxes of visitors. This could also be extended to projects which provide affordable housing for key workers.

Fair GST legislation

Imposing a GST burden on Hosts earning under \$60,000 creates new inequities, stifles economic recovery and prevents Hosts from combating the rising costs of living. Support Kiwi families by repealing the 'App Tax.'

“Over the past 10 years Airbnb has allowed struggling Kiwis to earn a little bit more cash to pay the bills. However, the past two years have been tough in this business with covid lockdowns, border closes and tightening wallets. Adding a 15 % GST burden to small accommodation providers will stifle the tourism industry from recovering.”

Kay, Airbnb Host from Timaru

\$500 million

Cost to the wider economy⁵

900

Submissions opposed⁷



Fair GST legislation - In depth

In March 2023, the government passed legislation which will change the way that GST is charged starting in April 2024.

Currently, Hosts pay GST if they earn more than \$60,000 per year on Airbnb, the same as any other small business. Unfortunately, the decision to impose GST regardless of how little is earned, will make it harder for Hosts to make ends meet.

Airbnb already pays GST on the earnings it makes in Aotearoa, but this policy will mean that GST is payable in circumstances where it would not normally need to be collected.

As the country continues to find its feet and welcome back international guests following the pandemic, this is effectively a new cost imposed on everyday Kiwis who share their homes, and an added burden on tourism at precisely the wrong time.

Airbnb's view is that GST should only apply where Host earnings actually reach the agreed GST registration threshold set by government, the same as any other small business.

The majority of Hosts on Airbnb are everyday Kiwis who are not GST registered because they do not currently meet this threshold. A 2018 **report by Deloitte Access Economics** found that the majority of New Zealand Hosts earned well below it, with a modest median of \$4,400.

Introducing this tax will just result in increased booking costs, fewer choices in accommodation - especially for families - and an estimated cost to the economy of up to \$500 million every year.⁸ It makes the GST system far more complicated and also sets a worrying precedent for other sectors by undermining the way that the GST registration threshold currently operates.

As it's due for implementation in 2024, Airbnb calls for this tax to be repealed to remove the imminent handbrake on the nation's all-important visitor economy.





One framework



Implement one national framework



Repeal the 'App Tax'



Unlock the benefits of STRA

Adopting a National STRA Framework will unlock the economic potential of STRA and lead to better outcomes for all.

References

1. Based on the estimated cost savings of the RMA **reforms** as the result of less resource consents
2. Airbnb survey data. Survey conducted from Feb 1, 2021 to Mar 3, 2021 of 528 hosts in New Zealand who hosted a trip during 2020
3. Airbnb survey data. Survey conducted in January 2020 of 1,383 hosts who had a listing on Airbnb in New Zealand.
4. Internal Airbnb data as at 30 June 2022
5. Based on the 2019 Oxford Economics Report
6. Based on 2023 newsroom **article** using internal data from 2014 to 2022
7. Cumulative submissions on the Parliament website and a speakout page
8. Modelling undertaken based on “The Economic Impact of Airbnb in New Zealand”, August 2020 (the “Oxford Economics Report”) as referred to in Airbnb Newsroom Post.
9. **Stats NZ** international visitor arrivals for 2019
10. GDP data from **Infometrics** for 2019