



## **Airbnb Submission**

Thank you for the opportunity to comment on the Inquiry into the indicators of, and impact of, regional inequality in Australia.

### **Summary**

- We believe that everyone in the community must have the opportunity to share in the benefits of tourism.
- The sharing economy helps to build resilient communities where locals can create supplemental income and robust economies that are supported by increased visitation and spending by Airbnb guests in areas that do not traditionally benefit from the tourism dollar.
- Our platform connects people through human-to-human hospitality, a process that cannot be automated and replaced by robots.
- In Australia, a majority of unique Airbnb listings and a majority of guest arrivals are in regional areas. In 2016 Airbnb hosts in regional Australia earned \$287 million in income in 2016 and welcomed more than 1.7 million guests into their homes.
- Airbnb supports the visitor economy in regional communities to better manage significant surges in demand for accommodation, such as during major construction or infrastructure projects or during major events.
- Harnessing under-utilised space in homes can help build resilient communities that are more responsive to change and which promote sustainable tourism.
- Improving digital literacy is key to the successful, innovative, and technologically savvy industries of the future, including the visitor economy, and extending the opportunities of the sharing economy to more individuals.

## **About Airbnb**

Founded in August of 2008 and based in San Francisco, California, Airbnb is a trusted community marketplace for people to list, discover, and book unique accommodation and experiences around the world.

Our company and the Airbnb community are leaders in the new sharing economy, a movement that will represent a significant part of the world's future economic growth. Millions of hospitality micro-entrepreneurs are now empowered to help make ends meet using their underutilised assets or by sharing their passions. This movement is distributing economic opportunities across diverse neighbourhoods and providing millions of people with a trusted platform they can use to benefit their families, earn additional income as hosts, or find unique lodging opportunities and travel experiences as guests.

Since 2008, more than 300 million guests have arrived at more than 5 million Airbnb listings worldwide, enjoying a safe and positive experience on Airbnb. We have worked hard to provide tools and resources that promote transparency and trust, and we are proud to be a global leader in providing education on these issues for our community.

Simply put, Airbnb allows anyone to belong anywhere. Our platform helps strangers experience a city as a local does and lets hosts become ambassadors for the communities they love, using communication, payment, and trusted tools to empower users around the world.

## **The Airbnb community in Australia**

Airbnb's community has continued to grow into a significant presence in Australia, and it plays an increasingly vital role in the visitor economy. Airbnb Homes is used by a broad spectrum of hosts, including hospitality entrepreneurs, ranging from people who make extra income from sharing space in their own homes, to the long established holiday letting industry, even to traditional accommodation providers who increasingly list their businesses

on our platform. Airbnb Experiences is used by hosts who are creatives, artisans, and small businesses as an online platform to share their passion with the world and unlock their time and potential to create new economic activity.

In 2017, our Homes community welcomed over 5 million guests across the country -- both domestic and international travellers. There are currently over 137,900 active Airbnb listings in Australia, and in 2017 the average Airbnb host in Australia earned \$5,200, supporting hosts to earn supplemental income from sharing their spare space. Since being launched in March 2017 and November 2017 respectively, there are currently over 200 Experiences in Sydney and Melbourne.

The sharing economy helps to build resilient communities where locals can create supplemental income and robust economies that are supported by increased visitation and spending by Airbnb guests in areas that do not traditionally benefit from the tourism dollar. This is especially important in regional communities which may not have adequate accommodation infrastructure to support the visitor economy, or may not be able to attract investment to build new accommodation and plan for growth of the visitor economy. Our platform connects people through human-to-human hospitality, a process that cannot be automated and replaced by robots.

With annual seasonally adjusted wage growth rising at a moderate 2.0% through to September 2017,<sup>1</sup> more Australians are turning to sharing their homes or their passions in order to make extra income. Hosting on Airbnb is an economic lifeline -- in 2017, 48% of Airbnb hosts in Australia said that sharing their spare space helps them afford to stay in their homes, 45% of Airbnb hosts use their Airbnb earnings to make ends meet, and 6% of hosts report that hosting helped them avoid eviction or foreclosure. Whether that goes towards paying off the mortgage, keeping up with the cost of living, or

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<sup>1</sup> <http://www.abs.gov.au/ausstats/abs@.nsf/mf/6345.0>.

allowing hosts to more fully participate in their community -- hosting is important for building economic resilience for individuals.

### **Airbnb's contribution to the Australian economy**

The growth and mainstream adoption of the sharing economy is leading to fundamental changes in how people travel and experience destinations, opening up possibilities to build a robust and resilient visitor economy. These trends are resulting in increased travel, increased spending, and increased engagement with different parts of a city than visitors have typically visited, supporting retail and other small businesses.

Airbnb's community is an important contributor to the Australian economy. A recent report by Deloitte Access Economics -- *Economic effects of Airbnb in Australia*<sup>2</sup> -- found that in 2015-2016 Airbnb guests who stayed in Australia spent \$2 billion, which supported 14,409 jobs, including more than 3,700 jobs in regional areas in brick-and-mortar businesses such as cafes, restaurants, and retailers, and contributed \$1.6 billion to Gross Domestic Product.

In addition to visitor spending, the home sharing economy is supporting the growth of ancillary services -- such as domestic cleaning and property management -- to support hosts who prefer to engage professional services to manage their listings and bookings.

### ***Beyond Cities: How Airbnb supports rural revitalisation***

In June 2017, Airbnb released our report *Beyond Cities: How Airbnb supports rural revitalisation*<sup>3</sup> which provides a global perspective on the ways in which remote, rural, and regional communities benefit from home sharing. The report found our community's growth was driving the revitalisation of regional communities without the cost or delay of having to build any new

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<sup>2</sup> <https://www2.deloitte.com/au/en/pages/economics/articles/economic-effects-airbnb-in-australia.html/>.

<sup>3</sup> <https://australia.airbnbcitizen.com/beyond-cities-australia/>.

accommodation, attractions, or amenity. In Australia, a majority of unique Airbnb listings and a majority of guest arrivals are in regional areas. In 2016, Airbnb hosts in regional Australia earned \$287 million in income and welcomed more than 1.7 million guests into their homes. Through the creation of new revenue streams for Australians living in regional Australia, as well as boosting tourism in non-metropolitan areas, the sharing economy is helping local communities diversify their economies and reducing their exposure to downturns in traditional, volatile sectors such as agriculture and mining.

### **Innovation and infrastructure**

Without the cost or delay of having to build new accommodation, Airbnb supports the visitor economy in regional communities to better manage significant surges in demand for accommodation, such as during major construction or infrastructure projects or during major events. Airbnb provides an online tool for event organisers to provide more accommodation options in more locations for event participants, which can help both event organisers and towns and cities manage influxes of visitors during those times.<sup>4</sup>

A study by the World Economic Forum and the Massachusetts Institute of Technology found during the 2016 Summer Olympic Games, Rio de Janeiro would have had to build 257 hotels to accommodate the number of Games attendees who instead used Airbnb. The report found that the “elastic supply” that home sharing can provide offers significant benefits not only in terms of accommodation for visitors, but also in terms of material and emissions savings”.<sup>5</sup>

Locally, communities in regional Australia rely on the elastic supply of accommodation made available to visitors travelling for major events, such as

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<sup>4</sup> <https://www.airbnb.com.au/events>.

<sup>5</sup> World Economic Forum 2016, Understanding the Sharing Economy, p. 5.

the Bathurst 1000 and the Tamworth Country Music Festival which experience significant surges in guest arrivals during these events.

Harnessing under-utilised space in homes can help build resilient communities that are more responsive to change and which promote sustainable tourism. Unlike traditional accommodation providers, which are stymied by long lag and lead times to address lack of supply, Airbnb's elastic supply or surge capacity provides solutions for regional communities without the cost or delay of building traditional accommodation, and helps attract and host more people during major events.

Hospitality micro-entrepreneurs including niche B&Bs and boutique hotels have turned to listing their inventory on the Airbnb platform to offer the kind of local, unique and authentic travel experiences that Airbnb is known for. This provides traditional accommodation providers with global exposure, which is especially important for regional accommodation providers who can now access a global community of travellers.

The future growth of the sharing economy and the jobs of the future that rely on digital infrastructure can be supported through increased investment in Internet infrastructure. Growth in the digital economy has placed extra pressure on Australia's Internet infrastructure and will require investment to ensure that the opportunities and growth into the future are not impeded by slow speeds or connectivity instability. We would encourage a bipartisan approach to Australia's Internet infrastructure, to ensure that Australians (and visitors to Australia) have access to world class Internet speeds.

### **Building human capital and enhancing local workforce skills**

Our platform uses technology to empower people, not replace them. At a time of growing uncertainty and economic inequality, Airbnb is democratising capitalism and creating economic opportunities for everyday Australians, using technology to help connect and empower our community -- not replace it.

Airbnb believes that the world can become a fairer place to live and work. In times of profound technological change, we take seriously our obligation to contribute in a way which ensures that all people's basic rights are recognised, and that the dividends of economic change driven by technological advancements are shared by society.

Airbnb's technology empowers people to create supplementary income -- whether by sharing spare space in their home through Airbnb Homes, or sharing their unique insights and skills through Airbnb Experiences -- and our hosts are at the centre of everything we do. Importantly, through every step of the process of listing a Home or an Experience through Airbnb, hosts are empowered and in control of their business, including describing their listing, deciding the nights their Home is available or the times they list their Experience, and, importantly, the amount that is charged to guests for booking their Home or Experience. In other words, Airbnb's human hosts set their price, not an algorithm.

Airbnb's 2018 Hospitality Index, based on the number of 5 star guest reviews from local and international travellers in locations with over 1,000 trips taken in the last 12 months, found that the most hospitable destinations across Australia were all regional locations across Queensland, New South Wales, and Victoria.<sup>6</sup>

The top ten most hospitable destinations for travellers in Australia are:

- Tamborine Mountain, Queensland
- Berry, New South Wales
- Nambour, Queensland
- Kangaroo Valley, New South Wales

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<sup>6</sup> <https://press.atairbnb.com/gday-and-kia-ora-australia-and-new-zealands-most-hospitable-destinations-revealed/?region=Australia%20and%20New%20Zealand>.

- Lismore, New South Wales
- Woolgoolga, New South Wales
- Sawtell, New South Wales
- Sunbury, Victoria
- Bowral, New South Wales
- Castlemaine, Victoria

Realising the economic opportunities of the future in the regional visitor economy will depend on a suite of skills and proficiencies to participate in the new economy. To leverage the hospitality of regional communities and support emerging enterprises made available by technological change, improving digital literacy is key to the successful, innovative, and technologically savvy industries of the future, including the visitor economy, and extending the opportunities of the sharing economy to more individuals.

Investment in digital literacy skills is particularly important for regional areas which face a series of significant, intertwined social and economic challenges, including the stubborn gap in income, employment and economic opportunity between the city and the country, exodus of people -- particularly young people -- leaving in search of better opportunities and services, the increasing frequency and severity of extreme weather events such as floods and droughts, and the dependency of local businesses and economies on volatile commodity markets.

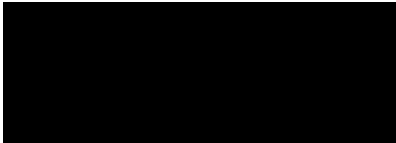
There is scope for the Commonwealth Government to investigate opportunities to partner with industry to deliver digital literacy workshops in targeted locations throughout Australia, including a focus on regional, Indigenous, and culturally and linguistically diverse communities. By partnering with industry, there is opportunity to provide resources and content for the training of hospitality entrepreneurs and upskilling so that citizens can participate confidently in the sharing economy. In India Airbnb has signed a Memorandum of Understanding with the Indian Government to train 50,000



hospitality entrepreneurs. In addition, the NSW Government recently announced an Australian-first pilot program with NSW Seniors Card holders to become an Airbnb host and which includes a series of free digital literacy workshops in Manly, Parramatta, Liverpool, Penrith, Orange, and the South Coast.<sup>7</sup>

We look forward to working with the Commonwealth Government in relation to these issues, and would be pleased to engage further with the Economics References Committee if that is helpful to the Committee's deliberations in this Inquiry.

Sincerely,



Brent Thomas

**Head of Public Policy, Australia and New Zealand  
Airbnb**

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<sup>7</sup> <https://www.airbnbcitizen.com/income-doors-open-for-nsw-seniors-card-members/>.