



Hon. Wayne Easter
Chair
Standing Committee on Finance
House of Commons
Ottawa, ON K1A 0A6

Re: 2019 pre-budget submission from Airbnb

Dear Mr. Easter,

Airbnb is pleased to submit this submission for consideration as part of the Standing Committee on Finance's 2019 pre-budget submission process.

Thank you for your time.

Sincerely,

Alex Dagg
Public Policy Manager
Canada



INTRODUCTION

Ten years ago, it was almost unimaginable that everyday people would open the door to their home to a stranger. And yet today, across the country, tens of thousands of Canadians are doing just that through Airbnb. More importantly, these hosts are able to keep 97 per cent of their listing price in their own pockets, while also acting as global ambassadors for our cities and towns.

Airbnb originally came into existence as a result of an issue that is becoming all too common for many Canadians today: the need to find a new way to make ends meet at the end of every month. Our country is facing significant challenges in the coming years. Wages are simply not keeping up with the cost of living and things that once seemed achievable to many, whether it be owning a house, going on vacation, or affording post-secondary education for your kids, now seem more and more out of reach.

There is a growing recognition that the traditional view of work is undergoing a seismic shift, and governments the world over are struggling with how to support their citizens through this process.

While Airbnb and other sharing economy platforms may not be the sole answer to these challenges, we do have a role to play in supporting Canadians and helping to make life more affordable.

However, in order to ensure that everyone in this country is able to benefit from these opportunities, it is crucial that the federal government take a progressive and informed approach towards the future regulatory environment. One that recognizes the fundamental differences in this new type of economic model and doesn't overburden individual hosts with old and outdated rules.

By doing this, the government will promote continued growth and prosperity for families across the country, while also ensuring the ongoing economic competitiveness of Canada on the world stage.

CREATING A COMPETITIVE ENVIRONMENT

New models for new industries

As the traditional approach to work is starting to shift, so too are people's approach to travel. Today, the money generated by tourism around the world represents more than 10 per cent of global GDP. But in order for Canada to take advantage of this opportunity, a regulatory environment needs to be created that also welcomes new types of tourism.



Today's travellers are looking for authentic experiences that allow them to live like a local. They actively look to support local businesses and are conscious of their social and environmental footprint when they visit a new city. This is part of what draws many guests to the Airbnb platform, along with the unique and welcoming experience our hosts provide.

In 2017 alone, Airbnb hosts in Canada welcomed nearly five million guest arrivals - almost double the amount of guest arrivals on our platform in 2016. These guests came from within Canada as well as from abroad, with the top-most international origin countries including the United States, France, Great Britain, Germany and Australia.

Most importantly however, the economic activity generated in Canada as a result of Airbnb, is over *\$3.6 billion*.¹ That is money that is staying right here, in the pockets of Canadian families and businesses.

Not included in that number are the contributions that Airbnb is also making through our ongoing agreements with municipalities and provinces to collect and remit hotel taxes. Last summer, we signed an agreement with the government of Quebec to collect and remit the 3.5 percent Tax on Lodging, that went into effect in October 2017. As a result of this agreement, Airbnb remitted more than \$2.8 million to the provincial government in the first six months.

We also recently signed and enacted an agreement with the City of Ottawa, and have committed to collecting the MRDT and PST in the province of British Columbia, once appropriate legislative changes have been made. Globally we have signed more than 400 tax collection agreements and we are in continuing discussions with multiple additional jurisdictions in Canada.

In addition to our significant contributions through our Homes business, Airbnb also continues to expand and grow into new areas, including through our newer business line, Experiences.

In November 2016, we introduced the concept of magical, handcrafted activities powered by local people and made them bookable on our platform. It's proving successful; just by sharing their passion and time, some hosts are earning upwards of \$200,000 annually

Due to high demand from both hosts and guests, Experiences are expanding, fast. In 2016, we launched 500 Experiences across 12 global cities. Now, our platform offers over 15,000 Experiences in 800+ cities. By the end of this year, we will have expanded into at least another thousand around the world, as well as regional destinations such as Easter Island, Iceland and Tasmania.

¹ Economic activity is calculated by adding guest spending and host earnings



Here in Canada, Toronto and Vancouver were included in some of our earliest Experience city launches. We added Montreal to the list in spring of this year and have since opened the opportunity to launch an Experience to the entire country. As a result, all Canadians now have the chance to share their passions with visitors from around the world, all while earning some extra money every month.

In a world that is increasingly consumed with concerns regarding the future of work as robots and AI take over jobs traditionally held by humans, Airbnb is building an income-source for everyday people that not only embraces human interaction, but requires it. This people-to-people approach to economic opportunity demonstrates the possibilities that technology can create to bring people closer together, rather than further apart.

Recommendation 1: It is with our people-driven model in mind that we encourage the government to recognize that a new approach to regulatory and taxation regimes are required for short-term rentals, rather than forcing old models on a new industry.

ENCOURAGING NEW SOURCES OF INCOME FOR CANADIANS

Supporting people and communities

Canada is an important market for Airbnb. Not only have Canadians embraced the home sharing platform, but Montreal is also headquarters to one of our business lines, Luxury Retreats. Through this office we employ more than 350 people, contributing significantly to the local economy. We will be continuing to invest in this side of the business, and it is expected that we will see impressive job growth over the next five years in that office, becoming one of our biggest offices globally.

In addition to our offices here, Canada is home to over 80,000 Airbnb hosts. A typical host in Canada earns around \$5,500 per year, helping them pay their rent or mortgage and other living expenses. A typical listing is being shared about 44 nights per year - well under two months. This speaks to the casual nature of home sharing for the majority of our hosts. These are everyday Canadians trying to make ends meet at the end of the month.

We have heard from hosts across the country on the reasons why they use our platform and it is truly a reflection of the new ways that so many Canadians are living. For example:

- University students sharing a room to help make the rent
- Flight attendants who are on the road for months of the year and share their home while away
- Snowbirds who go down south for the winter months
- Businesspeople who maintain a pied à terre in a second city for work

Additionally, it is important to note that the majority of our hosts in Canada - 58 per cent - are women. Last year alone, women on our platform made over \$10 billion globally. This money has gone towards helping start new businesses, supporting single parent households,



and investing in community organizations as just a few examples. Women are a driving force of the Airbnb community, and we are proud to provide a platform for their entrepreneurial spirit to thrive.

Meanwhile, critics of home sharing, mostly from the hotel sector, blatantly mischaracterize our host community based on unreliable scraped data and uninformed assumptions. The reality is that Airbnb acts as an affordability solution for thousands of families. This is simply yet another shot across the bow against everyday, middle class Canadians who are trying to make a little extra money, by a global industry that would prefer to maintain antiquated regulatory regimes while benefiting from record profits.

Airbnb has worked in collaboration with many municipalities across the country as they develop regulations for home sharing. We have always welcomed debate about our role in communities - in fact we want to be regulated. Since last summer, both Toronto and Vancouver have passed regulations and many other smaller municipalities have either passed regulations or are on their way to doing so.

Of note, the province of Quebec recently passed legislation that allows them to update their rules around home sharing. The province was a forerunner in this area and passed rules early on compared to most other jurisdictions in Canada. Unfortunately, the original law was open to interpretation and created confusion amongst many hosts. The government's new approach is intended to clarify the rules and make them easier to follow.

This approach reflects what we have seen in jurisdictions across the world: simple, clear regulations work. As previously noted, the majority of hosts on Airbnb are sharing their homes on a casual basis. Providing them with easy-to-follow regulations leads to compliance and a successful regulatory regime.

Recommendation 2: Following on our earlier recommendation, we encourage the government to ensure that any new regulatory initiatives be simple and not burdensome to our casual host community.

CONCLUSION

As Airbnb celebrates our 10-year anniversary, we are thrilled to be able to help support tens of thousands of Canadians earn a little extra money each month.

These hosts are at the heart of Airbnb and act as true ambassadors to Canada, opening their homes to people from around the world, sharing their passions, teaching others about their community and supporting local businesses.



Airbnb is committed to working with the federal government to ensure a simple and clear regulatory environment while supporting a healthy home sharing community that helps contribute to economic growth across the country.