



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

August 4, 2017

Re: 2018 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 2018 pre-budget submission process.

Thank you for your time.

Sincerely,

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Airbnb appreciates the opportunity to participate in the Government of Canada's 2018 pre-budget submission process. We are eager to share information that demonstrates the important impact that home sharing is having for everyday, middle class Canadians and how the government can help ensure that families and individuals across the country continue to have access to this important economic opportunity.

What federal measures would help Canadians to be more productive?

CONTEXT

The Government of Canada has focused its work over the last two budget cycles on Canada's middle class. While the overall economic picture has been growing brighter over the past several months, it does not detract from the facts that wages have stagnated for many years and household debt remains at near-record levels. The continuing rise of automation in the workplace is also causing growing concern and debate about the future of our workforce.

It is within this context that we encourage the government to continue looking at ways to help Canadians adapt to our changing economy.

BACKGROUND

The advent of the sharing economy has presented Canadians with a variety of opportunities to earn supplemental income every month to help support their finances. Airbnb is helping families and individuals across the country take advantage of one of their most expensive assets - their home - to help accomplish this.

It is through this democratization of capitalism that Airbnb is empowering people and helping them combat wage stagnation and worsening economic inequality. An Airbnb host keeps 97% of their listing price. In Canada, around 80 per cent of our hosts in cities like Montreal, Toronto and Vancouver are sharing their primary residences. A typical host earns \$3,200 per year and shares their home for 37 nights annually, which is less than two months of the year. Airbnb hosts in Toronto report spending 52 per cent of the money they earn through Airbnb on expenses like mortgage payments and household bills.

Importantly, nearly 60 per cent of our hosts in Canada are women. Airbnb has provided many of our women hosts with the flexibility they need to work part-time while earning some additional income or to help support new business ventures. Since our founding in 2008, women hosts on Airbnb have earned \$10 billion globally and that number continues to grow every day. Airbnb is proud to serve as a powerful way for women to independently achieve greater financial, professional, and social empowerment.

Airbnb is also helping seniors stay in their homes. Many seniors are facing increasing costs while also living on fixed incomes. Senior hosts are able to earn almost equal to, and sometimes more than, the average CPP payment. As some of our best and busiest hosts, a typical senior Airbnb host in Toronto, is making around \$6,700 per year. This can make a real difference for someone living on a fixed income, and can assist senior Canadians to age in place.



At a time when questions are being raised about the role of robotics and artificial intelligence in our future labour force, Airbnb is providing a platform that is creating an opportunity for people to be entrepreneurs and leverage not just their homes, but their talents as well.

Recently, Airbnb expanded our platform to include Trips, allowing everyday people to host unique travel experiences, unavailable anywhere else. This expansion opens up the concept of hosting and gives more people the opportunity to earn a little extra money from sharing their passions and their communities. Currently Trips has been launched in Toronto and Vancouver, as well as more than 30 other cities globally.

Most importantly, none of these opportunities are limited to geography. While there is certainly great interest in home sharing in urban centres, we are also seeing significant growth in our rural communities.

Home sharing is helping the farmers, ranchers and energy- and mining-dependent households of rural Canada lead and sustain the lives they want to live in the communities they love. We have seen a 93 per cent year-over-year growth in rural listings, along with 140 per cent year-over-year growth in guest arrivals. Income earned by Airbnb's rural Canadian hosts is also growing steadily. Rural hosts in Canada earned \$66.8 million through Airbnb in 2016, more than double the \$28.4 million earned in 2015.

WHAT CAN GOVERNMENT DO

Increasingly we have seen governments around the world classify home sharing in one of two ways:

1. **Amateur activity:** everyday people occasionally using the home in which they live to more fully leverage what is typically their greatest expense in order to generate supplemental income.
2. **Vacation rentals activity (VR):** the historic, long-standing use of properties as vacation rental homes.

As structural changes reshape our economy and significantly impact the wages and job opportunities of everyday people, we recommend that governments apply a light regulatory touch to help support those who are engaging in amateur home sharing activity to help earn extra income.

We encourage the Government of Canada to recognize the economic opportunities being provided to everyday, middle class families and to refrain from over-regulation of the majority of our hosts who are home sharing on an occasional basis.



What federal measures would help Canadian businesses to be more productive and competitive?

CONTEXT

We applaud the government's recognition of the important role of innovation for the future of the Canadian economy. Advanced technologies and a rapidly changing economic landscape require new and original approaches to regulation and policy making in order to ensure our country remains competitive on the global stage.

More than this however, it is critical that decision makers recognize that the policies they implement for businesses can also more directly affect their consumers, particularly as it relates to the sharing economy.

BACKGROUND

Airbnb helps everyday people use their home to help pay for things like food, rent, and their children's education. Our platform also makes travel more affordable and helps ordinary people see places they might otherwise have missed.

Over the last 12 months, Canada has welcomed nearly 3.5 million guest arrivals through Airbnb. That is equivalent to nearly 10 per cent of the country's entire population. Additionally, there have been more than 4 million trips taken by Canadians on the platform. That is the equivalent of more than 10 per cent of the population.

These guests are spending significant tourist dollars in all corners of the country. Guests with Airbnb will often stay outside of typical tourist areas and they tend to spend their money in the neighbourhoods where they stay. This helps support small businesses from coast to coast who have not traditionally seen the benefits of tourist dollars. For example, last fall Airbnb looked at guest spending in restaurants around the world. We found that guests on our platform spent around \$95 million in restaurants in Toronto alone.

The economic impact of Airbnb on communities is even broader than that however. According to a study by Dr. Brock Smith, a professor at the University of Victoria, for Airbnb, Airbnb guests and hosts in Vancouver generated \$402 million in local economic activity with guests spending a total of almost \$180 million during their stay. That level of economic activity supported over 9,100 equivalent full-time jobs and accounted for almost \$32 million in taxes going to the city.

Additionally, Airbnb helps to democratize revenue by generating new tax revenue through hotel and tourist taxes that governments can dedicate to existing critical services, or governments can work with us to develop funding and tools to support new programs that help their middle-class citizens and address local social challenges. As of May 15, 2017, Airbnb has entered into tax partnerships with more than 275 jurisdictions, and collected and remitted nearly a quarter of a billion dollars in hotel and tourist taxes globally.

In Canada, we entered into a partnership with the Canada Revenue Agency (CRA) that began



in the 2016 tax season to promote income tax education and compliance. In March 2017 Airbnb sent emails to over 55,000 Airbnb hosts on our platform with an individualized statement of their earnings on our platform for the 2016 taxation year, as well as links to the relevant Canadian government income tax sites with information about how to report rental income. We are pleased that we can partner with the CRA to contribute to education and other proactive measures to encourage tax compliance in the sharing economy.

As a business, Airbnb is creating opportunities for Canadians to make extra income and to contribute to their community by helping welcome tourists who spend money and support the local economy.

WHAT CAN GOVERNMENT DO

The growth of the sharing economy and other online platforms has played a significant role in democratizing capitalism for millions of everyday people around the world, including Canada. We encourage the government to seriously consider ways to encourage innovation and recognize the very casual nature of home sharing activity. As drivers of important economic growth in Canada and abroad, we encourage the government to take a progressive and forward-looking approach on any taxation measures it may be considering.