



## MINISTRY OF FINANCE 2017 PRE-BUDGET CONSULTATIONS

January 26, 2017

Hon. Charles Sousa  
Minister of Finance  
c/o Budget Secretariat  
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Via email: [submissions@ontario.ca](mailto:submissions@ontario.ca)

Via delivery: In person @ Peel Pre-Budget Consultation

### **RE: Ontario Provincial 2017 Budget**

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Good Morning, I am Tony Elenis President & CEO of the Ontario Restaurant Hotel & Motel Association (ORHMA).

Now and then innovative services come upon us that are embraced for their appeal and perhaps uniqueness. It is normal for Governments to have interest in innovative ways, aiming to show leadership. It's the right thing to do.

The accommodations sharing economy is such an innovation.

But in the mist of this forward thinking there seems to be a loss of reality on reactions to the actions and unintentional consequences.

In 2015 in the entire Greater Toronto Area there were around 5,000 airbnb units listed, ..... in 2016 in Toronto downtown alone there were over 10,000 units listed. ....This is an astonishing 60% supply share of the entire .....hotel room market and a 6% revenue impact. I mentioned reality..... This is not .....the defined sharing economy. *As the Ontario Mars report pointed out .....home sharing is about sharing your own home, your primary residence.* This is about commercialization as 23% of the Airbnb Toronto inventory is represented by three or more units rented by the same owner.

Municipalities such as New York, San Francisco, Chicago and Vancouver are now realizing the impact to neighbourhoods, and housing issues and have been taking action. The hotel industry

is a highly competitive business that respects standards and government rules. We expect all those competing to play by these rules. We ask that the sharing economy operate within the sharing definition, pay taxes (which I believe a key responsibility of this Ministry is to find revenue growth) and follow safety standards for users. Most importantly if Ontario wants to be a leader we recommend you create a regulatory framework at the Provincial level preventing the many duplicative debates municipalities will be facing in the upcoming years.

On another note the proposed City of Toronto hotel tax decision is highly concerning as the city will be faced with a competitive disadvantage in very competitive market set. It will have a cumulative effect in other Ontario municipalities particularly eliminating the successful Destination Marketing Program which has shown positive economic growth in attracting city events such as sport tournaments and conventions. A reduction will directly impact restaurant traffic and related visitor spend at businesses.

ORHMA, our members and the Ontario's hospitality industry is opposed to any Provincial amendment approving additional tax powers for municipalities.

Minister, the hospitality industry has gone through some tough climates and we are just starting to see top line growth but the pressures such as the global adjustment fee which makes up around 70% of the hotel or restaurant hydro invoice are holding the industry back from bottom line growth. The sharing economy and room tax issues are two key items the industry is asking for fairness and support to be able to sustain, produce and grow jobs.

Thank you for your time and consideration of my comments. We will continue to work with you and your administration to ensure Ontario is the province of choice for hospitality.