



HOSPITALITY

NEWFOUNDLAND & LABRADOR

Municipal Legislation Review

2018

Hospitality Newfoundland and Labrador, the voice of tourism, provides leadership and direction for the sustainability and growth of the tourism industry.

January 31, 2018

Municipal Legislation Review
Department of Municipal Affairs and Environment
4th Floor, West Block, Confederation Building
P.O. Box 8700
St. John's, NL A1B 4J6

Hospitality Newfoundland and Labrador, the provincial industry association representing tourism services and attractions throughout the province, would like to thank you for the opportunity to submit feedback as part of the Municipal Legislation Review.

Tourism in Newfoundland and Labrador is a success story representing a strong and sustainable opportunity for continued economic diversification, especially in rural parts of our province. It is a versatile employer in our economy, distributing jobs in all working age groups of our population and in all districts. As government and municipalities undertake a comprehensive review of municipal legislation, based on thorough analysis and careful consideration, and that best supports sustainable and viable communities in Newfoundland and Labrador, Hospitality NL would like to call attention to some key priorities for our industry.

Room/Tourism Levies

Hospitality NL would like to state our objection to the practice of using room levies as revenue sources to fund local governments and the services they deliver. On behalf of the provincial tourism industry, it is the position of Hospitality NL that any levies decided upon in any municipality should have the approval of those expected to implement the levy and that room/tourism levies should be industry led, focused and managed with monies collected re-invested in tourism marketing and tourism development.

In the past several years, the topic of room/tourism levies has arisen within tourism industries across the country with many sub-regions looking to implement voluntary and/or legislated fees. Research has shown that the most successful fees are those that are industry led, focused and managed. Furthermore, the collection and intended use of certain voluntary fees has not been well received by travellers in Canada who have questioned the legitimacy of the fee, including how it is presented to travellers, and have challenged such fees in court, involving the Competition Bureau of Canada.

Hospitality NL fully supports a reasonable and sustainable revenue framework to ensure municipal governments can provide residents of the province with access to required quality local services. The foundation of our industry – accommodations, food & beverage, attractions, travel services and transportation – not only generate new export dollars from travellers, but also serve as vital infrastructure in communities serving business travellers that other sectors need in order to grow, attract workers and leverage private investment. This growth supports sustainable and viable communities across the province. To continue to grow our industry to the benefit of all municipalities, it is imperative that the tourism industry work in collaboration with the communities and regions that host our travellers and enable them to experience the wonderfully unique place that is Newfoundland and Labrador.

Unlicensed Accommodations

Criticism of today's "sharing economy" often relates to regulatory issues, and here in Newfoundland and Labrador, the biggest impact is occurring in the accommodations sector. Businesses that offer accommodation services are often regulated by federal, provincial and municipal laws. For example, under the [Tourist Establishments Act](#) in Newfoundland and Labrador, roofed accommodation providers must meet several requirements and obtain a Tourist Establishment License in order to operate. Platforms such as Airbnb make it easier for unlicensed accommodators to operate without following regulations or paying associated costs. This not only gives them an unfair advantage over licensed accommodators, but an unregulated environment puts consumers at risk and has the potential to negatively affect the overall quality of tourism offerings, not to mention the effect on already tight housing markets in larger cities. As a result, regulatory and policy conflicts continue to arise in towns, cities and provinces across Canada.

Hospitality NL maintains that the key to success in the new reality of a sharing economy is EQUITY – ensuring all tourism and travel product providers operate in the spirit of legitimate competition and abide by all regulatory and licensing requirements in order to operate in the province. This includes regulatory, legal, taxation, health and safety and insurance laws. An in-depth review of existing regulations in NL is required and collective solutions must be identified to ensure a fair and equitable business environment in which all businesses operate under proper regulation.

Under revised Municipalities Legislation, municipalities should have the ability and direction to ensure all local tourism businesses are properly licensed under Newfoundland and Labrador's Tourism Establishment Act, as well as in compliance with applicable municipal regulations. Furthermore, municipalities should have the ability to create local by-laws and regulations governing short-term rentals, a fast growing sector of the economy that still operates without any regulation to protect consumers and business owners who are operating legally in this province.

Immediate action on this issue is required. Over the years, countless studies, discussion papers, committees and rounds of public consultations have clearly identified the shortcomings in existing provincial legislation pertaining to tourism that make it ineffective and unenforceable. Yet, no solutions have been identified or changes implemented to address the issue. On behalf of the provincial tourism industry who work tirelessly to elevate the quality of tourism offerings and have invested significant financial resources in this province, Hospitality NL implores Government to make this a top priority in your legislative review.

Municipal Commercial Property Tax

The amount of commercial property tax charged to a hospitality business has a significant impact on that business's bottom line. With little notice of increases to property tax, many businesses are left struggling to find ways to recoup the money needed by adjusting business practices or passing the increase along to the consumer. With enhanced Municipalities Legislation, municipalities should have the ability to set tax rates over an extended period of time, thus allowing for longer-term planning and budgeting for local businesses. There are nearly 2,600 tourism businesses in Newfoundland and Labrador, the majority of which are small- to medium-sized operating with small margins. Municipalities can provide invaluable support to local tourism businesses, nurturing a competitive, innovative business environment that is conducive to efficiencies, job creation and growth.

Conclusion

The tourism and travel industry offers real and sustainable economic development opportunities, versatile employment, and prosperity for all areas of our province. In order to achieve long-term sustained growth, our industry established *Uncommon Potential: A Vision for Newfoundland and Labrador Tourism (Vision 2020)*. A result of considerable research, analysis, and consultation among industry and government stakeholders, Vision 2020 outlines seven strategic directions for the tourism industry in Newfoundland and Labrador that are intended to provide the platform for a shared focus and unified action that will lead to the ultimate goal of increasing visitor spending in the province to \$1.6 billion annually by 2020.

As a result of our collaborative efforts, the tourism and travel industry in Newfoundland and Labrador is thriving and is one of the most stable, revenue-generating industries in the province. With nearly 2,600 tourism businesses present in all regions of Newfoundland and Labrador, helping generate over \$1 billion in spending every year and accounting for 8% of total provincial jobs, the contribution and potential of the tourism industry, as well as the needs of industry operators, must not be overlooked.

Hospitality NL would welcome an opportunity to further discuss this issue and demonstrate how supporting initiatives aimed at sustainable tourism industry growth supports the development of viable communities across Newfoundland and Labrador. Should you have any questions, please contact Hospitality NL's CEO, Craig Foley, at (709) 722-2000 ext. 232 or cfoley@hnl.ca.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dion Finlay', written in a cursive style.

Dion Finlay
Chair