



MEDIA RELEASE - Provincial Budget Update Bitter Pill for Tourism

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Victoria, B.C. – The Council of Tourism Associations (COTA) describes the provincial budget update 2009 as a “bitter pill” to swallow for the B.C. tourism industry.

The B.C. tourism industry has been shocked by a number of recent provincial government announcements, including the introduction of the Harmonized Sales Tax (HST) and the decision to dissolve Tourism BC and fold the independent Crown Corporation within government.

“In light of the HST implementation and dissolution of Tourism BC as described in this update, it is safe to say that overall, this is not a favorable budget for tourism,” said Jim Storie, Chair of the COTA Board of Directors.

The tourism industry has stated that the HST will have a devastating impact on the sector, as most tourism-related products and services will now face a new 7% tax. With the industry still reeling from the recession, new travel restrictions from the U.S., and a variety of other setbacks, the recent announcements go against the grain of the province’s traditionally supportive stance on tourism.

With regard to the HST, government did indicate that it is “open to working with [industry groups] to mitigate the impacts.” COTA looks forward to engaging with the Province in these discussions.

One bright spot in the budget was the allocation of \$39 million “to ensure that we maximize the marketing opportunity that comes with our hosting of the Vancouver 2010 Olympic and Paralympic Winter Games.”

An overview of tourism-specific items mentioned in the budget include:

- Introduction of the Harmonized Sales Tax – increasing the cost of most tourism-related products and services by 7%
- Dissolution of Tourism BC as an independent Crown corporation
- \$39 million in new spending for tourism marketing related to the Olympics
- Reduction in the tourism operations budget in MTCA from \$20.5 million to \$10.9 million (projected for 2011)
- Reduction in funding for Arts and Culture \$19.5 million to \$3.7 million (plus \$7 million in supplemental arts funding and additional supplements)
- Reduction in Arts and Culture Endowment funding from \$8.3 million to \$1.5 million

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