



Honourable Kevin Krueger  
Minister of Tourism, Culture and the Arts  
PO Box 9071 Stn Prov Govt  
Victoria BC V8W9E9

*August 21, 2009*

Dear Minister Krueger,

As you are well aware, the British Columbia tourism industry has been shaken by a series of recent announcements by the Government of British Columbia, including the surprise announcement of the Harmonized Sales Tax (HST), followed by the decision of government to dissolve Tourism British Columbia. Both of these decisions could have dire consequences for the B.C. tourism industry, particularly if they are not implemented in a manner that safeguards the interests of the 18,000 businesses that drive the \$13.8 billion in annual tourist expenditures.

In response to these announcements, COTA held an emergency Council meeting on August 18. The tone of the meeting was a mixture of confusion, anger, and frustration. These announcements and the complete lack of consultation with the industry, accompanied by the apparent lack of understanding of the seriousness of our industry's concerns, go totally against the grain of the provincial government's historically supportive relationship with our industry.

### **HST and the BC Tourism Industry**

COTA is in the process of seeking greater understanding of the impacts of HST on the tourism industry's diverse business sectors. We have begun assessing these impacts and will present our findings to our industry and government, hopefully by early September. This will help guide future discussions on the impacts of HST on the industry, and the scope of potential measures that government can take to mitigate the impacts of HST on tourism, in the eventuality that HST is implemented according to government plans.

The initial analysis suggests that while some sectors will have fewer direct impacts – such as hotels and some group tour packagers / wholesalers that do not sell directly to the public – the impacts for nearly all other sectors will be serious and immediate.

### **Tourism BC Dissolution**

Industry is baffled by government's decision to dissolve one of the finest tourism marketing organizations in the country, and possibly the world. Tourism BC's model - performance-based, formula-funded, industry-led, and at arm's length from political interference – is being emulated throughout the world for its effectiveness and efficiency. Dismantling the organization and bringing it under direct government management will make the organization less efficient and less effective – a fact supported by your own party on numerous occasions in the past.

COTA members also expressed concerns around the timing of this decision. The industry is already facing unprecedented challenges, including the global financial crisis, impacts of H1N1 on our key overseas markets, newly-imposed visa requirements for our fastest growing market (Mexico), new border documentation requirements for our largest market (the U.S.), and now the proposed Harmonized Sales Tax (HST) that will make B.C. a more expensive travel destination. Recent Statistics Canada data indicates that Canada recorded its lowest-ever volume of inbound U.S. tourists in June, 2009. These are challenging times indeed, and we require the support of all levels of government to return us to a strong growth position to create jobs and revenues.

When combined with the urgency of implementing programs related to the 2010 Games, the decision appears even more questionable. At a time when there will be unparalleled focus on B.C. throughout the world, we should be implementing plans to leverage the international exposure from 2010 following the games and increasing marketing efforts, not restructuring the entire system.

### **B.C. Tourism Marketing System Redesign**

COTA is organizing a meeting of senior B.C. tourism leaders for the first week of September, to discuss industry perspectives concerning the marketing system in B.C. Prior to that our Chair will be meeting with you to commence discussions on this issue. We would ask that government take industry's perspectives into consideration so that we can move forward with a marketing system – provincial, regional, and local – that remains a recognized leader throughout the world.

The COTA Council has identified the following key principles as being crucial to our marketing system going forward:

- Overall funding levels for marketing initiatives should be increased.
- All marketing agencies, including Tourism BC and regional/community DMOs, should be governed by an industry-led, industry-selected board of directors.
- Funding for all marketing agencies should be tied to industry performance (i.e., based on measures of tourism-derived revenues).
- Funding for all marketing agencies should be formula-based rather than requiring annual appropriations, enabling long-term strategic planning and execution of programs.
- Efficiency and effectiveness should be the guiding principles for the marketing system, based on existing research and best practices established in B.C., Canada, and internationally.
- The system should strive for fairness and equity in the collection and oversight of marketing funds.
- A customer-centric approach should be taken in all tourism marketing initiatives.

COTA and its members will endeavor to work proactively with your ministry to restructure the tourism system and ensure we return to a strong growth position. We would like to contribute to the ongoing development of our tourism industry in a way that will capitalize on the vast post-2010 marketing opportunities, and ensure that B.C. continues to be a recognized world leader in tourism industry development, marketing, and overall management.

We hope to return to a harmonious and proactive relationship that industry has had with your government, and look forward to your assurances that the provincial government shares this vision.

Sincerely,



Jim Storie, Chair  
Council of Tourism Associations

COTA Board  
COTA Council  
Honourable Colin Hansen  
Honourable Premier Campbell  
Lori Wanamaker, Deputy Minister