

Wilderness Tourism Association



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Harmonized Sales Tax will severely impact BC's nature based tourism industry

(August 10th, 2009 Cumberland, BC) Government's plans to adopt a Harmonized Sales Tax (HST) in place of the Provincial Sales Tax (PST) has raised serious concerns and protests from BC's nature based tourism industry. "This move will be very detrimental to tourism businesses and have serious negative impacts on our current economic contribution to the province" said Brian Gunn, President of the BC Wilderness Tourism Association.

"Currently, tour services and educational programs of the type offered by the Nature Based Tourism sector are exempt from PST and a 7% increase will be very apparent in the extremely competitive market for our products and services" said Gunn. "Even when we factor the portion of the HST that can be reclaimed by businesses this tax will still mean a significant net increase for our consumers as a significant portion of the costs in developing and operating nature based tourism products and services are not currently subject to embedded PST (labour, food, fuel and transportation services etc.). It is expected that at a minimum our customers will have to pay 4% more for their nature based tourism purchases and in many cases it will be the full 7%. At a time when travel consumers have less disposable income and are looking more than ever for value our traditional and potential customers will be looking to other jurisdictions like Washington, Alberta, and other domestic and international destinations, which do not have similar taxes."

Marg Leehane of Great Bear Nature Tours said that "like them many tourism operators would have to absorb the extra cost for HST for their 2010 tours (and in some cases 2011 tours) as the rates for these tours are already contracted and they are not be able to charge higher prices. In addition they may also have to absorb the existing 2.5% GST discount currently offered to international tour operators and travel agents under the Foreign Convention and Tour Incentive Program if this exemption is discontinued as part of the new HST." When the federal government considered scrapping the GST rebate program in 2007 international tour operators threatened to implement a 'Stop Sell' program on Canadian product and instead promote product from the USA due to the then 3% increase. International tour operators represent a significant percentage of BC tour bookings.

Evan Loveless, WTA Executive Director said that "while nature based tourism contributes \$1.5 Billion in direct revenues to the BC economy and generates 26,000 full time jobs, tourism businesses are operating on very tight margins and doing all that they can to cut costs, retain staff and stay competitive in order to survive. Any significant price increase realized by the HST will at best significantly hurt many businesses, and at worst literally kill many businesses." "Emails supporting such claims have been pouring in from our members" said Loveless.

In a letter sent to Premier Campbell July 30th the WTA urged him to consider and consult with our industry. We support the position of the tourism industry, as articulated though the Council of Tourism Associations, that a full repealing of the HST decision would be our best outcome.

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"Ensuring a sustainable future for BC's wilderness tourism industry through leadership, advocacy, and education."