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The GST Visitor Rebate Program for Individual Travellers

An Economic Impact Analysis

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EXECUTIVE SUMMARY

The Visitor Rebate Program (VRP), under which foreign visitors could apply for a rebate of Canada's Goods and Services Tax (GST), came into effect in January of 1991. Tourism was zero-rated in respect of the GST because the Progressive Conservative Government of the day acknowledged that tourism was every bit as much an export industry as wheat, lumber and autos. Policymakers from all types of market economies recognized that taxing exports of goods and services functions to reduce sales and ultimately the economic viability of a region as export dependent employment declines. Tourism was, and is, a substantial generator of foreign exchange earnings for Canada. In creating the VRP, the Canadian Government was following the growing international practice of countries with Value Added Tax (VAT) regimes of rebating this tax to foreign visitors when they take goods back to their country. The intent of these rebate schemes is to stimulate trade and economic development. For this reason, VAT/GST rebate schemes are common among many European and Asia Pacific countries. These countries compete with Canada for tourist spending.

With its decision of September 2006 to cancel the VRP effective April 1, 2007, the Canadian Government became the first OECD country to cancel a Visitor Rebate Program and, in doing so, to rescind tourism's status as an export sector. The analysis contained in this report demonstrates that this was a flawed decision premised on a "false economy"; namely, the assertion that the savings in GST rebates and the VRP's administrative costs would outweigh the economic benefits generated by granting this relief to foreigners. In fact, the cost-benefit analysis contained in this report finds the opposite to be true. Even using conservative assumptions, the report details detrimental impacts on tourist numbers, foreign visitor spending, domestic employment, GDP and government tax revenues, far in excess of any potential savings reaped from this cut.

In order to ensure the findings of the report were credible, the author employs a sensitivity analysis, which captures a range of findings based on different input assumptions. Outcomes based on "High", "Most Likely" and "Low" assumptions about the price elasticity of demand are advanced. The report disaggregates these impacts on both U.S. and non-U.S. overnight and same day visitors to Canada, to arrive at a set of conservative and plausible outcomes for expenditure, GDP and tax revenue to all levels of government.

Notwithstanding that the original VRP was conceived somewhat hastily and has been poorly marketed since its inception 15 years ago, it continues to generate substantial economic value to Canada. This is corroborated in the report's main findings.

As the report states, "the bottom line is that an attempt to save around $86 million at the expense of a loss in GDP of $238 million is not sensible policy from an economic perspective. It is also shortsighted fiscal policy, since it will ultimately lead to a net loss of $46 million in Government tax revenue. The policy would also result in the loss of 5,713 jobs in the tourism sector." Furthermore, the report also notes that with 56% of eligible foreign tourist spending being on accommodation and 44% on retail goods, the impact of the VRP is not more significant in one expenditure category than another, but fairly equally impacts each eligible spending category.

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1. OVERVIEW

1.1. BACKGROUND: THE POLICY PROPOSAL

The Canadian Government has announced the abolition of the GST Visitor Rebate Program (VRP).[1]

The GST is a value-added tax that applies to the vast majority of goods and services in Canada. The VRP provides GST relief in respect of goods exported from Canada by non-residents, short-term accommodation and certain tour packages for non-residents, and certain property and services used in the course of conventions held in Canada.

The VRP is proposed to be eliminated effective April 1, 2007, as part of the package of specific spending restraint measures announced by the Government on September 25, 2006. Under the proposed amendments, if a written agreement for a supply to which GST relief applies was entered into prior to the Announcement Date, the relief would generally continue to be available to recognize the fact that contracts may have been negotiated based on the availability of that relief. In addition, the current one-year period to claim a rebate would continue to apply. Further details are provided in Annex 1.

1.2. THIS SUBMISSION

In this submission the results of a preliminary analysis of the economic implications of the abolition of the VRP are assessed. The implications for foreign visitor numbers, spending, gross domestic product, employment and government revenue are presented. The results indicate that the abolition of the rebate, by making Canada a more expensive tourist destination relative to other destinations would result in a reduction in the number of tourists visiting Canada. Studies of the impact of taxation on tourism demand have indicated that demand is responsive to price changes.

The analysis is preliminary and indicative, given the lack of published research on the topic in the Canadian context and a lack of data. To take this uncertainty into account, the analysis takes a conservative approach in its assumptions about the value of key parameters.

While the results are tentative, they demonstrate the potentially large impact that the decision could have on an important Canadian industry for relatively small revenue saving in terms of GST refunds and the cost of administering the program. It is very likely, in fact, that the costs of the decision will substantially outweigh the purported benefits of the decision. This means that the policy decision should be reviewed in the interests of the net welfare to the Canadian economy.

[1] This report has been prepared by Peter Crowley, an independent consultant and authority on tourism taxation and refund schemes who has prepared similar reports for Global Refund in Australia and New Zealand. He trained in economics at the Australian National University and the University of Chicago.

2. TOURISM AND THE CANADIAN ECONOMY

2.1. DOMESTIC AND FOREIGN TOURISM

The tourism sector makes a major contribution to Canadian export earnings, employment and gross domestic product (GDP). According to the Canadian Tourism Satellite Account tourism makes the following contributions to the Canadian economy:[2]

- Total tourism spending in 2005 was $62.7 billion - of this amount, foreign tourists spent $17.5 billion and domestic tourists spent $45.2 billion in Canada (see Table 1).
- Tourism demand generated 626,000 jobs in various tourism industries; and
- In 2005, tourism GDP was $26 billion or 2 percent of Canada's GDP.

Table 1: Total tourism demand and employment

Category	Expenditure (millions)		Employment (thousand)	
	2004	2005	2004	2005
Transportation	$20,544	$23,143	82.6	84.4
Accommodation	$9,108	$9,542	159.6	162.4
Food and beverage services	$9,003	$9,322	145.3	147.0
Other tourism commodities (a)	$9,994	$10,491	106.9	108.9
Other commodities (b)	$9,861	$10,244	121.3	123.2
Total tourism expenditures	**$58,510**	**$62,742**	**615.7**	**625.8**

Source: Statistics Canada (2006), National Tourism Indicators: Quarterly Estimates Second Quarter 2006. (a) This category includes recreation and entertainment, travel agency services, convention fees and pre-trip expenditures (include tents, camping goods, sleeping bags, luggage, travel sets, motor homes, trailers and semi-trailers of the caravan type for camping). (b) Includes groceries, alcohol from stores, urban transit and parking and miscellaneous commodities (clothes, electronics, footwear, art and souvenirs etc)

Table 2: Total tourism gross domestic product

Category	2004 (millions)	2005 (millions)
Transportation	$5,648	$6,237
Accommodation	$5,865	$6,166
Food and beverage services	$3,043	$3,183
Other tourism industries	$3,991	$4,187
Other industries	$5,802	$6,273
Total tourism GDP	**$24,350**	**$26,046**

Source: Statistics Canada (2006), National Tourism Indicators: Quarterly Estimates Second Quarter 2006.

2.2. FOREIGN TOURISM IMPACTS

[2] Statistics Canada, *National Tourism Indicators*, Cat. No. 13-009-XIB, Second Quarter 2006. Data are in current prices.

In this submission the concern is with foreign tourism only as domestic tourists are not eligible for a refund under the VRP. Tourism exports are spending by foreign visitors on Canadian-produced tourism goods and services. It includes spending in Canada and spending that may take place outside of Canada, for example, the purchase of an airline ticket from a Canadian international carrier for travel to Canada.

2.2.1. Foreign tourist spending

In 2005, foreign tourists spent $17.5 billion in Canada, making a substantial contribution to Canadian export earnings (Table 3). Foreign tourists spent $4.9 billion on transportation (air, rail and road transport. etc), $4.2 billion on accommodation, and $2.3 billion on other tourism commodities (recreation and entertainment, convention fees, travel agents). Foreign tourists also spent $3.3 billion on other commodities. This category mainly comprises goods that tourists intend to take home with them. These goods include clothing and footwear, electronics, books, leather goods, artifacts etc. Most of the non-accommodation goods and services that are eligible under the VRP are included in this expenditure category, which brings the total foreign tourist spending that may be eligible for a GST refund to $7.5 billion.[3]

Table 3: Tourism demand by non-residents (exports)

Expenditure Category	2004 (millions)	2005 (millions)
Transportation of which:	$4,870	$4,906
Passenger air transport	$2,853	$2,868
Passenger rail transport	$125	$126
Interurban bus transport	$358	$361
Vehicle rental	$540	$531
Vehicle repairs and parts	$94	$89
Vehicle fuel	$611	$637
Other transportation	$289	$294
Accommodation	$4,231	$4,188
Food and beverage services	$2,874	$2,836
Other tourism commodities of which:	$2,326	$2,282
Recreation and entertainment	$2,055	$2,016
Travel agency services	$213	$210
Pre-trip expenses	$0	$0
Convention fees	$57	$56
Other commodities (i.e. retail)	$3,453	$3,314
Total tourism expenditures	**$17,754**	**$17,526**

Source: Statistics Canada (2006), National Tourism Indicators: Quarterly Estimates Second Quarter 2006.

[3] Total of accommodation ($4.2 billion) and other commodities ($3.3 billion)

Table 4 provides a breakdown of overseas visitors to Canada in 2004 and 2005. In 2005, there were 36 million visitors of whom 88 percent were from the United States. Of these visitors from the United States, 55 percent returned in the same day. Visitors from countries other than the United States totalled 4.5 million, with the largest shares being the United Kingdom, France, Germany and Japan. Of the visitors from other countries, 4.3 million were overnight visitors and 0.2 million were same day visitors.

Table 4: Overseas visitors to Canada by country of residence (thousands)

Country of residence	2004	2005	Share
Total inbound travel	**38,845**	**36,160**	**100%**
United States	34,626	31,655	88%
Same day	19,539	17,264	
Overnight	15,088	14,391	
All other countries	4,219	4,505	12%
Same day	4,057	4,300	
Overnight	161	205	
Mexico	177	194	1%
Other Americas	262	292	1%
France	342	362	1%
Germany	318	337	1%
United Kingdom	847	921	3%
Other Europe	707	753	2%
China	105	120	0%
Hong Kong	121	114	0%
Japan	437	442	1%
South Korea	191	191	1%
Australia	185	209	1%
Other	527	570	2%

Source: Statistics Canada (2006), National Tourism Indicators: Quarterly Estimates Second Quarter 2006.

For the purpose of this report, it is necessary to estimate the separate contribution of Canadian domestic tourism and foreign tourism (exports) to GDP. Statistics Canada does not provide such a breakdown, so it is necessary to make some assumptions.

Table 5 provides a breakdown of tourist spending between Canadian domestic tourists and foreign tourists in 2005. The pattern of spending between the two groups is very different. Foreign tourists accounted for 44 percent of total spending on accommodation, but only 21 percent of spending on transportation. The last column contains the percentage contribution of foreign tourist spending to total tourist spending.

Table 5: Tourism spending: Canadian domestic tourists and foreign visitors ($ million) 2005

Category	Canadian	Foreign	Total	Foreign percent of total
Transportation	$18,237	$4,906	$23,143	21%
Accommodation	$5,354	$4,188	$9,542	44%
Food and beverages	$6,486	$2,836	$9,322	30%
Other tourism commodities	$8,209	$2,282	$10,491	22%
Other commodities (i.e. retail)	$6,930	$3,314	$10,244	32%
Total tourism expenditures	**$45,216**	**$17,526**	**$62,742**	**28%**

Source: Statistics Canada (2006), National Tourism Indicators: Quarterly Estimates Second Quarter 2006.

Total spending of foreign tourists, but not individual categories of spending, can be further broken down by U.S. and non-U.S. markets and between overnight and same-day visitors. This data is presented in Table 6. This breakdown is important for the later evaluation of the impact of the abolition of the VRP. However, there are gaps in the data that need to be filled by assumptions. These gaps are indicated in Table 6 by the shaded cells.

In 2005, average spending per tourist was $485. U.S. overnight tourists on average spent $519 per night, while non-U.S. overnight tourists spent $1,359. This is their spending in Canada and not the total cost of the trip, as only spending on international travel that is spent on a Canadian carrier is included. This is because the Tourism Satellite Account is only concerned with spending on Canadian goods and services.

Subtracting U.S. and non-U.S. overnight tourist spending from total tourist spending, there is a residual to be divided between 17.3 million U.S. same-day visitors and 0.2 million non-U.S. same-day visitors. We assume that non-U.S. same-day visitors on average spend $500 on Canadian goods and services, noting that this would not include full airfares but only the Canadian supplied portion. This assumption is not critical to the results as U.S. day trips are the dominant same-day traveller spending force.[4] This implies that U.S. same-day visitors spend $239 on average.

Table 6: Spending by same day and overnight tourists: 2005

Type	Total spending (millions)	Number of tourists ('000)	Average spend per trip
All tourists	**$17,526**	**36,160**	**$485**
Overnight tourists	$13,305	18,690	$712
U.S.	$7,462	14,390	$519
Non-U.S.	$5,843	4,300	$1,359
Residual	*$4,221*	*17,470*	*$242*
U.S. Same day	$4,119	17,264	$239
Non-U.S. Same day	$103	205	$500

Source: Data obtained from Statistics Canada and consultant estimates

4 For example, if we were to set the non-U.S. same-day visitor average spend at $2000, the U.S. average same-day visitor spend would be $221.

The breakdown in spending in Table 6 allows us to more accurately assess the impact of a decline in tourist numbers on the Canadian economy. However, to allow estimation of the impact of the abolition of the VRP on tourist numbers we need to measure the extent to which this increases the cost of travelling to Canada relative to other destinations. To obtain the average full cost of travelling to Canada, the tourist spending on Canadian goods and services has to be increased to include an estimate of the amount spent on non-Canadian supplied transportation.

Data obtained from Statistics Canada on non-resident arrivals are combined with expenditure data from the Tourism Satellite Account to obtain estimates of expenditures on airlines by tourist type (Table 7).

According to the Tourism Satellite Account, foreign tourist spending on all Canadian airlines was $2.9 billion in 2005 (Table 3). According to OAG data[5] based on available seat miles, the market share of Air Canada, the country's major overseas carrier, for international flights into and out of Canada was approximately 43 percent between January and September 2006. Furthermore, Air Canada's market share for transborder flights to and from Canada during the same time frame was 38 percent. Of these market shares, point-of-sale data shows that the proportion of flights purchased by non-Canadian residents for travel to Canada was 19% of international and 13% of transborder flights. Utilizing this market share data, we can estimate that the total spend on airfares by foreign tourists travelling to Canada on all airlines was $6.7 billion.[6]

In the absence of pricing data, we must assume that Canadian airlines charge the same average fare as all other airlines. To allocate spending, it is assumed that the average U.S. overnight and same-day visitor spends $400 on each airfare. This implies that U.S. tourists spent $1.7 billion on airfares to Canada. This is subtracted from the total tourist spend of $6.7 billion to give the total amount spent by non-U.S. tourists, $5 billion. Dividing this by the number of non-U.S. passengers gives an average airfare for non-U.S. overnight and same-day tourists of $1,294 per trip.

In Table 7, the derived total spending on airfares (column 4) is allocated to Air Canada (column 5) and other airlines (column 6) according to the Air Canada market share and point-of-sale data.

Table 7: Allocation of spending on airlines across tourist types: 2005

1	2	3	4 = (2 x 3)	5	6
Airline passengers	**Trips '000**	**Average airfare**	**Total spend on airfares (millions)**	**Total spent on Air Canada for foreign flights (millions)**	**Total spent on other airlines (millions)**
U.S. tourists	4,279	$400	$1,712	$651	$1,061
Same-day	*364*	*$400*	*$146*	*$55*	*$91*
Overnight	*3,915*	*$400*	*$1,566*	*$595*	*$971*
Non-U.S. tourists	3,831	$1,294	$4,957	$2,132	$2,825
Total	**8,111**	**$822**	**$6,669**	**$2,782**	**$3,887**

Source: For arrivals: Statistics Canada, CANSIM table 427-0001 (for fee).

5 OAG is a global travel and transport information company.

6 $2.868 billion in air transportation spending on Canadian airlines / 43% market share = $6.67 billion

The additional airfare spend amount of $3.9 billion[7] needs to be allocated across the various tourist categories of Table 6 to determine a total trip cost. By combining this figure with the information in Table 6 and Table 7, we can obtain separate estimates, by tourist type, of amounts spent on Canadian goods and services and total amounts spent on trips to Canada. To derive this, we add the amount spent on other airlines to the total foreign tourism spending from the Tourism Satellite Account. The result indicates that the average overnight U.S. tourist spends $586 per trip and the average overnight non-U.S. tourist spends $2,005 per trip (Table 8).

Table 8: Average cost of trip to Canada by tourist type: 2005

	1	2	3 = (1 +2)	4	5
	Total spent on CDN goods and services (millions)	**Plus amount spent on other airfares (millions)**	**Total, Canadian goods & services and airfares**	**Number of tourists ’000**	**Average cost of trip (incl. airfares)**
U.S. tourists	**$11,581**	**$1,061**	**$12,642**	**31,654**	**$399**
Same day	*$4,119*	*$91*	*$4,210*	*17,264*	*$244*
Overnight	*$7,462*	*$971*	*$8,433*	*14,390*	*$586*
Non-U.S. tourists	**$5,946**	**$2,825**	**$8,771**	**4,505**	**$1,947**
Same day	*$103*	*$47*	*$150*	*205*	*$732*
Overnight	*$5,843*	*$2,777*	*$8,620*	*4,300*	*$2,005*
All tourists	**$17,526**	**$3,887**	**$21,413**	**36,160**	**$592**

Source: Consultant estimates based on Statistics Canada data.

In addition, the average U.S. same-day visitor spends $244 per trip and the average non-U.S. same-day visitor, most of whom arrive in Canada on flights from the U.S., [8] spend $732 (higher than U.S. same-day visitor because of higher incidence of air travel).

The final task is to allocate the spending of each tourist type across each of the tourism expenditure categories. In doing this we assume, because data is not available, that the share of each non-airfare expenditure is the same for U.S. and foreign overnight tourists.

Table 9 contains the allocations for overnight visitors from the U.S. and other countries. The first column shows for all overnight tourists the cost of the trip including all airfares as well as expenditures on non-airfare categories in Canada. This shows for example that accommodation accounted for 29 percent of non-airfare spending in Canada while other commodities, mainly goods to take home, accounted for 23 percent of spending. We assume this pattern is the same for both U.S. and non-U.S. tourists and apply the shares to the amounts spent in Canada to estimate spending by U.S. and non-U.S. overnight tourists on each expenditure category.

[7] $6.7 billion total estimated airfare spending - $2.8 billion spending on Canadian carries = $3.9 billion

[8] In 2005, the number of International travellers who visited Canada via the U.S. was 1.5 million of the 4.5 million total.

Table 9: U.S. and non-U.S. overnight tourist expenditure allocations

Expenditure category	Overnight tourists (millions)	Share of non-airfare cost	U.S. tourists (millions)	Non-U.S. tourists (millions)
Total spending on trip	**$17,053**		**$8,433**	**$8,620**
Air transportation – CDN airlines	$2,691		$595	$2,096
Air transportation – other airlines	$3,748		$971	$2,777
Other transportation	$283	14%	$955	$521
Accommodation	$1,197	29%	$1,962	$1,071
Food and beverage services	$549	19%	$1,329	$725
Other tourism commodities	$355	16%	$1,069	$583
Other commodities	$749	23%	$1,553	$847

For same-day non-U.S. visitors, we have assumed that spending is evenly allocated across the relevant expenditure categories, for want of other information. However, this category is not very relevant as expenditure is very small relative to total tourist spending. For same-day U.S. visitors we have allocated 10 percent to transport and 30 percent to each of the remaining categories since the share of transport is smaller given that these visitors mostly arrive in their own vehicles.

Table 10: U.S. and non-U.S. same-day visitor expenditure allocations

Expenditure category	Same-day visitors (millions)	Share of non-airfare cost	U.S. visitors (millions)	Share of non-airfare cost	Non-U.S. visitors (millions)
Total spending on trip	**$4,360**		**$4,210**		**$150**
Air transportation – CDN airlines	$91		$55		$36
Air transportation – other airlines	$138		$91		$47
Other transportation	$413	10%	$406	25%	$7
Accommodation	$0	0%	$0	0%	$0
Food and beverage services	$1,239	30%	$1,219	25%	$20
Other tourism commodities	$1,239	30%	$1,219	25%	$20
Other commodities	$1,239	30%	$1,219	25%	$20

From the information in the above table, we are able to arrive at estimates of the impact on a cost of a trip for each class of tourist. This is summarised in Table 11.

Table 11: Impact of abolishing the VRP on total trip cost, by visitor type

Visitor type	Accommodation share of total trip cost	Other commodities share of total trip cost	Total share of eligible goods and services	Increase in GST rate	Price increase
U.S. Overnight	23%	18%	42%	6%	2.5%
Non-U.S. Overnight	13%	10%	23%	6%	1.4%
U.S. Same-day	0	29%	29%	6%	1.7%
Non-U.S. Same-day	0	14%	14%	6%	0.8%

As indicated in Table 11, U.S. overnight tourists and same-day visitors feel the largest impact on the cost of a trip. This is because accommodation and other commodities, upon which the tax increase will apply, account for a larger share of the cost of the trip than is the case for non-U.S. overnight tourists, for whom airfares are more important.

2.2.2. Contribution of foreign tourism to GDP

The shares of foreign and Canadian tourists in total tourist spending are applied to tourism GDP and employment to derive the separate contributions of foreign and domestic tourists to GDP and employment. In 2005, foreign tourists contributed $7.3 billion to Canada's GDP and 175,000 jobs. The contribution of foreign tourist spending to GDP was equal to 42 percent of that spending. This is the direct contribution to GDP. There is also likely to be an indirect contribution to GDP.

Table 12: Economic contribution of Canadian domestic and foreign tourism 2005

Category	GDP ($ million)			Employment (thousand)			(a)
	Canadian	Foreign	Total	Canadian	Foreign	Total	% Foreign
Transportation	4,915	1,322	6,237	67	18	84	21%
Accommodation	3,460	2,706	6,166	91	71	162	44%
Food and beverage services	2,215	968	3,183	102	45	147	30%
Other tourism industries	3,276	911	4,187	393	109	503	22%
Total tourism industries	14,420	5,353	19,773	79	29	109	27%
Other industries	4,244	2,029	6,273	83	40	123	32%
Total	**18,770**	**7,276**	**26,046**	**451**	**175**	**626**	**28%**

Source: Based on data from Statistics Canada (2006), National Tourism Indicators: Quarterly Estimates Second Quarter 2006. (a) Last column shows foreign percent of both GDP and employment

A change in the level of foreign tourist spending will have both a direct and an indirect impact on GDP through what is known as multiplier effects. That is, the initial increase in spending creates income that results in further rounds of spending that creates further increases in GDP. Multipliers are normally estimated using input-output tables of economies. However, these multipliers are normally an overstatement of the indirect effects because they assume there are no fixed resources and therefore that supply automatically expands to meet increases in demand with no implications for prices. General equilibrium models that incorporate these constraints result in smaller, but still significant indirect effects. In Australia, tourism multipliers of around 2 have been estimated by Tourism Research Australia using the national input-output tables. However, multipliers derived using general equilibrium models generate much smaller impacts.

The New Zealand Tourism Satellite Account[9] describes both the direct and indirect contribution of tourism to the New Zealand economy. In 2004, the direct contribution was estimated to be 35 percent of New Zealand GDP, compared with 42 percent for Canada. The indirect contribution of tourism to New Zealand's GDP was estimated to be 34 percent, almost equal to the direct contribution. This implies a multiplier of about 2.0. That is, a direct increase in tourism spending of $1.00 ultimately results in an additional $1.00 increase in economic activity due to induced production and consumption effects.

Published multipliers for the Canadian tourism sector are not available. This prevents precise determination of the important indirect impacts on the tourism industry and the Canadian economy of a reduction in the number of tourists visiting Canada. Tourism GDP multipliers estimated for both Australia and New Zealand will overstate these indirect effects because they are based on 'static' input-output tables. Using a multiplier of 2.0 for Canada would overstate the indirect impact of abolishing the VRP. Ignoring the indirect effects would seriously understate the impact. As a compromise position, we have assumed a GDP multiplier of 1.5. That is, a one-dollar decrease in GDP due to a reduction in tourism demand results in an additional indirect reduction in GDP of an additional fifty cents. A dollar of tourism spending directly contributes $0.42 and indirectly contributes $0.21 to Canadian GDP for a total contribution of $0.63.

2.2.3. Contribution of foreign tourism to Government Revenue

This GDP or value added is available to pay wages to Canadians and profits to Canadian business. In addition, through personal income taxes, consumption taxes, corporate taxes and other taxes, the Federal and Provincial/Territory Governments derive substantial revenues.

According to Dueck and Zhao (2003), for every dollar of tourism spending in 1998 governments in Canada raised 30.1 cents in revenues.[10] Tourism accounted for 4.0 percent of government revenues, substantially greater than its 2.3 percent share of overall GDP in that year. This indicates that tourism in Canada is highly taxed relative to other parts of the economy. The GST and provincial sales taxes were the largest source of tourism revenue for the Federal and Provincial/Territorial Governments contributing 49 percent of and 58 percent of tourism derived revenue respectively. Taxes on wages and profits followed, accounting for 31.5 percent and 21.1 percent of Federal and Provincial/Territorial tourism derived tax revenues respectively.

There are no current estimates of the contribution that tourism makes to government revenue and

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9 Statistics New Zealand (2005), Tourism Satellite Account 2004, June. The New Zealand Account is derived from the annual input-output analyses of the New Zealand economy. This allows 'impact analysis' to be undertaken that involves tracing the direct and indirect impact of tourism expenditure on the economy.

10 Conrad Barber Dueck and Li Zhao (2003), Government revenue attributable to tourism, 1998, Statistics Canada, Income and Expenditure Accounts Technical series Catalogue no. 13-604-MIE — No. 041. According to the authors "for every dollar of tourism spending the federal government raised 14.8 cents, the provincial/territorial governments took in 13.6 cents, and municipal governments received 1.8 cents." Foreign tourists potentially receive a GST refund on about a third of their spending, although not all foreign tourist spending satisfies the eligibility criteria for a refund.

the above figures relate to revenues from all, not just foreign tourists. It is necessary to approximate. Assume that the revenue raised per dollar of Canadian tourist expenditure is the same today as it was in 1998. Assume also that foreign tourist spending yields 28.0 cents per dollar of foreign tourist spending, because of GST and other refunds. Recalling that foreign tourists spent $17.5 billion in Canada in 2005, this implies that in 2005 foreign tourist spending contributed $4.9 billion to government revenue in Canada.

According to the same study, for every dollar of tourism spending the Federal Government raised 14.8 cents, the Provincial/Territorial Governments took in 13.6 cents, and municipal governments received 1.8 cents. If we assume that the proportions allocated to each level of government arising from foreign tourism in 2005 is roughly the same as the percentage for total tourism in 1998, except for GST and HST refunds to foreign tourists, then:

- The Federal Government would have received about 49% of this revenue, or $2.4 billion;
- The Provincial/Territorial Governments would have received 45 percent of the revenue, or $2.2 billion; and
- Municipal Governments would have received almost $0.3 billion.

Obviously things have changed since 1998, so our estimates are only approximate. However, in our view, Canada's taxation regime has not changed in a way that would substantially alter these estimates.

3. THE GST VISITOR REBATE PROGRAM

3.1. General approach to GST rebates: International practice

Many countries provide consumption tax (GST or VAT) refunds to foreign tourists and in some countries outbound domestic tourists in relation to goods purchased for consumption abroad. While there are a number of different operational models, the general features of tourist refund schemes are as follows:

- The schemes are generally aimed for visitors with a residence outside the country. The only exceptions are Australia and South Korea.
- The schemes are, with few exceptions, operated by private companies who are responsible for the costs of operating the scheme and charge a commission on refunds paid to tourists;
- Depending on the size of the market there are normally a number of competing refund operators servicing the market;
- Tourists purchase goods at retail outlets anywhere in the country and obtain a tax receipt showing, among other things, the amount of the purchase, a description of the item and the amount of tax paid.
- Upon presentation of the tax receipt and export verification, the tourist is refunded the amount of the tax paid on the purchases.

- The refund operator generally offers the tourist a refund from facilities located inside the international departure areas of airports or seaports and land border exits. In some countries refund operators offer refunds at off-airport facilities, subject to later export verification (with security provided by a credit card debit).
- Refunds can be paid in cash (local or foreign currency), credited electronically to the tourist's bank account or credit card or by cheque mailed to the tourist's home address. Some refund operators, in conjunction with retailers, offer the tourist a voucher of equal or greater value than the full amount of the refund.
- Eligible expenditure is normally bounded by a minimum expenditure threshold and a time period (for example, within 90 days of departure).[11]

In addition to providing refunds to tourists, refund operators can provide a range of services to retailers and to tourists that have the objective of increasing tourist spending. These services could include the installation of computer software at point of sale to produce documents for use by the tourist, the production of tourist information brochures for distribution both prior to travel and in country, co-operative marketing activities with retailers, sales staff education and incentives to increase spending, incentive and promotional campaigns and the provision of benchmarking data. In the process of providing refunds, refund operators collect valuable data on the spending patterns of international tourists that can be used by retailers and others to promote tourism and to increase tourism spending.

3.2. GST Visitor Rebate Program Mechanics

Refunds of the GST and HST are available to non-Canadians who have spent $200 or more on eligible goods and short-term accommodation. The person must present original receipts for goods and each receipt must be for a value of $50 or more. Receipts for goods, but not accommodation, must receive proof of export at the point of international departure. Eligible goods and services include:

- Accommodation and campsite fees for less than one month;
- Tour packages that include accommodation every night are eligible for a 50 percent refund;
- Goods purchased in Canada that are intended to be used primarily outside of Canada.

There is no refund on goods consumed whilst in Canada. Receipts for goods to be taken out of Canada require proof of export while receipts for accommodation need not be validated.

Claims can be made through the Government or through private refund operators. In the case of the Government, applications for refunds along with original receipts have to be mailed to a processing centre no later than 11 months after the purchase. According to customs, it takes approximately 8 weeks before the claimant receives the refund.

The process is simpler and more immediate when claims are made at the offices of private refund operators. In the case of Global Refund, there are a number of options for obtaining a refund:

[11] A high threshold means that relatively few tourists have sufficient spending to qualify for refunds.

- In cash at any Global Refund office located throughout Canada
- Directly to credit card from affiliated hotels and shops throughout Canada: and
- By bank draft or credit card using a mail in system (this takes about 6 weeks)

Private refund operators such as Global Refund charge the customer a commission to process the rebate claim.

In the case of land-border Duty Free Shops, refunds are obtained immediately at the time of completing the rebate claim and are paid out immediately in Canadian currency.

Duty Free Shops currently do not charge any fee or commission to the visitor for processing rebate claims; they are currently paid a fee by the Canadian government for each rebate processed.

The advantage of using refund operators or duty free shops is that the visitor can obtain their refund immediately and in cash. This means that a larger portion of the rebate amount will be spent in Canada. With Government refunds, since the refund is paid by cheque mailed to the customer's out-of-country address it would be spent outside Canada. While some customers might consider the anticipated refund to be 'as good as cash' and increase their spending in Canada accordingly, most would not. This is illustrated by the following:

- $^{1}/_{3}$ of the refunds are government direct and not spend in Canada
- $^{1}/_{3}$ of the refunds are done by land border duty free shops and half of those refunds are spent in the Canadian store
- $^{1}/_{3}$ of the refunds are done by private companies (like Global Refund) and 25% of those are spent in Canada.
- In 2005, refunds amounted to $80 million. Under the current arrangement only $20 million on the refund is spent in Canada. If the scheme were entirely privately administered, split evenly between duty free shops and refund operators, $30 million would be spent locally.

Canada is the only country in the world that operates a hybrid scheme with both the public authorities and the private sector furnishing refunds. It is contended that a privately run scheme will generate greater economic benefits because the private operators will have strong incentives to increase tourist spending which, in turn, will make a greater contribution to GDP and to employment. This is because the private sector has stronger financial incentives to minimise costs. A privatised scheme would save taxpayers the costs of administering the rebate applications.

Another advantage, less tangible but nonetheless important, is that refund operators deliver a package of services to both tourists and to suppliers of tourism goods and services. Moreover, there is the capacity to provide the refund in the form of a coupon of greater value than the refund to be redeemed at retail and other outlets or to otherwise waive the processing fee. This involves promotional activities that seek to maximise the number of tourists coming to Canada and the amount that these tourists spend once in Canada. The Canadian Government has no automatic incentive to provide these services and it currently just offers a refund.

3.3. AMOUNT OF REFUNDS PAID

According to information received from the Summerside, PEI Rebate Centre, total rebates processed by all sources, including government direct, duty free stores and private companies were:

- 2003–04 = $76m refunded (937,000 claims)
- 2004–05 = $80.5m refunded (approximately 1million claims)
- 2005–06 = $78.8m refunded (approximately 1million claims)

The average GST amount refunded was approximately $79 per claim last year. This corresponds to average spending per claim on eligible goods and services of $1,143 (pre-GST)[12] or $1,223 (including GST). Given that there were approximately one million claims processed, claims were made in respect to around $1.2 billion in foreign tourist spending in 2005. In 2005, foreign tourists spent $4.2 billion on accommodation and $3.3 billion on other commodities, mainly retail (see Table 5 above). These are the two categories of spending that include eligible goods and services. This suggests that claims are made for around 16 percent of spending on accommodation and retail sales.

In 2005, there were 36.2 million visitors to Canada, 31.7 million from the U.S. and 4.5 million from other countries (see Table 4). In 2005, only around 1 million visitors made claims. This means that the majority of tourists do not have eligible expenditures, their expenditures in total are below the threshold, they are too busy to make a claim, or they are unaware of the scheme. There is no information available that permits the breakdown of the number and amount of claims between U.S. and non-U.S. foreign tourists or visitors.

4. OBJECTIVES OF TOURIST REFUND SCHEMES

Canada has a comprehensive goods and services tax that seeks to tax the consumption of all goods and services in Canada at a common rate. The GST is not intended to tax consumption of goods and services, which have been exported overseas. The generally accepted international basis for imposition of consumption taxes is that cross-border trade should result in taxation in the jurisdiction where consumption occurs. This principle is adopted by many jurisdictions that have introduced consumption taxes. By virtue of the decision to abolish a Visitor Rebate Program for individual travellers, Canada will now be out of line with international taxation principle and practice.

There is a related economic justification for providing GST refunds to foreign tourists. Canada imposes GST on the consumption of imported goods but exempts exports from GST. If a GST were imposed on exports, because Canadian exporters are price takers on world markets, they would not be able to pass the tax on to foreign consumers in the same way as businesses can pass on the GST to domestic consumers. The incidence of the GST would then fall entirely on the Canadian exporter so that the after tax price of exports in Canada would fall by the amount of the

[12] To obtain the pre-GST spending amount, divide the refund (the GST paid) of $80 by the GST rate, 7 percent.

GST. This would create a distortion in relative rates of return in the Canadian economy, causing resources to flow from exporting to the import competing and non-traded goods sectors of the economy. Such a GST regime would be less efficient than a GST that consistently exempted exports and taxed imports.

Expenditures by foreign tourists are exports. In the same way that Canadian exports of manufactured products are purchased by overseas residents, expenditure by foreign tourists is also expenditure by overseas residents. Because foreign tourists will be charged GST while buyers of other Canadian exports are not, the relative profitability of the tourism industry is reduced, causing the industry to be smaller than otherwise. GDP is lower as a result because, at the margin, resources are induced to flow away from higher to lower productivity activities. On resource allocation grounds there is an efficiency case for exempting tourism exports from GST.

5. THE ECONOMIC IMPACT OF THE PROPOSAL

In this section we provide preliminary estimates of the impact on tourist spending, government revenue, GDP and employment of the Government's proposal to abolish the VRP. Limitations on data and the lack of published studies mean that the methodology and estimates are approximate and could benefit from a further more detailed analysis.

The report assumes there will be a full understanding, on a going forward basis, by foreign visitors that the VRP program has been cancelled. Four factors support this heightened level of awareness by visitors. This assumption is based on the role travel agents, package tour operators and convention organizers play in educating their customers about the value-added-tax rules that prevail in Canada. Secondly, it is based on the pervasiveness of the internet and the growing propensity of foreign visitors to engage in price comparisons on the web before selecting destinations. Thirdly, many travellers are repeat visitors to Canada and will certainly be aware by the time of their second trip to Canada that the VRP program has been abolished. Finally "word-of-mouth" and media dissemination will act quickly to inform prospective visitors that the program no longer exists and that they will have to pay six percent more for their purchases.

For the Canadian Government to justify the abolition of the VRP, the likely benefits must exceed the costs.

5.1. THE BENEFITS OF ABOLISHING THE GST VISITOR REBATE PROGRAM

The year 2005 is used as a typical year to illustrate the implications of the policy proposal. The benefits would be equal to the savings in GST refunds, of around $78.8 million, plus the savings in the cost of administering the system, which is assumed to be $7.5 million a year. The total savings of abolishing the scheme are therefore assumed to be $86.3 a year.

5.2. THE COST OF ABOLISHING THE VRP

The costs are of two forms:

- First, Canada would become a more expensive destination relative to competing tourist destinations and given a degree of response to higher prices fewer tourists would visit Canada; and
- Second, the abolition of the refund will reduce the amount that tourists spend when they are in Canada.

A proportion of spending on goods in Canada to take home by foreign tourists is substitutable for purchases made overseas. These goods include durable goods such as clothing and footwear, sporting goods, tourist goods, household appliances, electronic goods and media, alcohol etc. Tourists purchase these durable goods when travelling and when at home. Goods that are specific to Canada, for example souvenirs, are less substitutable for purchases abroad.

Canadian retailers are thus competing with retailers in the country of origin of foreign tourists to Canada. The removal of the refund would reduce the competitiveness of Canadian retailers relative to retailers across the border and other parts of the world. This impact is probably most important in the case of U.S. visitors who cross the border to make purchases in Canada. Although the information to estimate the loss in spending is not available, this effect could be of a significant magnitude.

5.2.1. Non-U.S. Overnight Tourists

The most likely scenario is based on a price elasticity if demand of –1.5. Foreign overnight tourists face a 1.4 percent increase in the cost of visiting Canada (as per Table 11). Assuming a demand elasticity of -1.5, abolishing VRP could result in a reduction in non-U.S. overnight foreign tourists of 2.1 percent or 90,300.[13]

For all non-U.S. overnight tourists the average amount spent on Canadian goods and services per tourist or per trip is $1,359.

On our assumptions, abolishing VRP would reduce non-U.S. overnight tourist spending in Canada by 2.1 percent or $123 million a year (that is the reduction in the number of tourists times the average spending per non-U.S. foreign tourist). This would reduce Canada's GDP by $76 million.

The proposal is also likely to have a large impact on tourism employment. From data presented earlier in this report there are about 10 jobs per $million of tourist spending. This is equivalent to 24 jobs per $million of GDP. Therefore the $76 million reduction in GDP would cause the loss of 1,836 jobs.

[13] That is 4.3 million non-US overnight tourists times -1.5 times 1.4%.

There would also be a cost to Government revenue. As noted earlier foreign tourism is estimated to contribute 0.28 cents to government revenue for each dollar of tourist spending. The $123 million decline in tourist spending would therefore result in a $43 million loss in government revenue.

To summarise the results for non-U.S. overnight tourists (Table 13), the abolition of the VRP would most likely result in:

- An increase in the cost of visiting Canada of 1.4 percent;
- A reduction in the number of non-U.S. overnight tourists of 90,000;
- A reduction in non-U.S. overnight tourist spending in Canada of $123 million;
- A loss of 1,836 jobs;
- A reduction in Canada's GDP of $76 million; and
- A loss of government revenue of $43 million.

Table 13: Economic implications of abolishing the VRP: Non-U.S. Overnight Tourists

	1	2	3	4	5
	Non-U.S. overnight visitors (000's)	**Price change due to abolition of GST rebate**	**Price elasticity of demand**	**Reduction in tourist numbers**	
				Percent ***(2 x 3)***	**(000's)**
High	4,300	1.4%	-2	-2.8%	- 120
Most likely	*4,300*	*1.4%*	*-1.5*	*-2.1%*	*- 90*
Low	4,300	1.4%	-1	-1.4%	- 60
	6	**7**	**8**	**9**	**10**
	Average spend per tourist	**Foregone tourist spending (a) (millions)** ***(4 x 5 x 6)***	**Foregone GDP (42% of expenditure) (millions)**	**Jobs per $ million of tourist spending**	**Employment loss** ***(7 x 9)***
High	$1,359	- $164	- $102	10	- 2,448
Most likely	*$1,359*	*- $123*	*- $76*	*10*	*- 1,836*
Low	$1,359	- $82	- $51	10	- 1,224
	11	**12**	**13**	**14**	
	Government revenue per $ of tourist spending	**Direct Government revenue loss (millions)** ***(11 x 7)***	**Indirect Government revenue loss (32% of GDP) (millions)**	**Total loss of Government revenue (millions)** ***(12 + 13)***	
High	0.28	- $46	- $11	- $57	
Most likely	*0.28*	*- $34*	*- $8*	*- $43*	
Low	0.28	- $23	- $5	- $28	

5.2.2. U.S. Overnight Tourists

By far the majority of foreign tourists or visitors to Canada are from the United States. In 2005, there were 14.4 million overnight visits from the United States. On average U.S. overnight visitors spent $519 in Canada per trip. The abolition of the VRP would have a greater impact on these individuals compared to same-day visitors as overnight tourists spend on both accommodation and goods to take home. The impact of abolishing the VRP would raise the cost of overnight visits from the U.S. to Canada by 2.5 percent (as per Table 11).

To summarise the results for U.S. overnight tourists (Table 14), the abolition of the VRP would most likely result in:

- An increase in the cost of visiting Canada of 2.5 percent;
- A reduction in the number of overnight U.S. tourists of 360,000;
- A reduction in tourist spending in Canada of $187 million;
- A loss of 2,794 jobs;
- A reduction in Canada's GDP of $116 million; and
- A loss of government revenue of $65 million.

Table 14: Economic implications of abolishing the VRP: U.S. Overnight Visitors

	1	2	3	4	5
	U.S. overnight visitors (000's)	**Price change due to abolition of GST rebate**	**Price elasticity of demand**	**Reduction in visitor numbers**	
				Percent *(2 x 3)*	**000's**
High	14,390	2.5%	-1.5	-3.7%	- 540
Most likely	*14,390*	*2.5%*	*-1*	*-2.5%*	*- 360*
Low	14,390	2.5%	-0.5	-1.2%	- 180

	6	7	8	9	10
	Average spend per visitor	**Foregone tourist spending (a) (millions)** *(4 x 5 x 6)*	**Foregone GDP (42% of expenditure) (millions)**	**Jobs per $ million of tourist spending**	**Employment reduction** *(7 x 9)*
High	$519	- $280	$174	24	- 4,191
Most likely	*$519*	*- $187*	*$116*	*24*	*- 2,794*
Low	$519	- $93	$58	24	- 1,397

	11	12	13	14
	Government revenue per $ of tourist spending	**Direct Government revenue loss (millions)** *(11 x 7)*	**Indirect Government revenue loss (32% of GDP) (millions)**	**Total loss of Government revenue (millions)** *(12 + 13)*
High	0.28	- $78	- $19	- $97
Most likely	*0.28*	*- $52*	*- $12*	*- $65*
Low	0.28	- $26	- $6	- $32

5.2.3. Same-Day Visitors

The impact of abolishing the GST rebate for non-U.S. same-day visitors is small and therefore is not summarised here. Rather, it is included in the total impact table presented in the next section.

On the other hand, the impact of abolishing the GST rebate for U.S. same-day visitors is significant, as it would raise the average price by 1.7 percent, assuming that a third of expenditures is on goods to take home. To summarise the results for U.S. same-day visitors (Table 15), the abolition of the VRP would most likely result in:

- An increase in the cost of visiting Canada of 1.7 percent;
- A reduction in the number of same-day visitors of 300,000;
- A reduction in tourist spending in Canada of $72 million;
- A loss of 1,071 jobs;
- A reduction in Canada's GDP of $45 million; and
- A loss of government revenue of $25 million.

Table 15: Economic implications of abolishing the VRP: U.S. Same-Day Visitors

	1	2	3	4	5
	U.S. same-day visitors (000's)	**Price change due to abolition of GST rebate**	**Price elasticity of demand**	**Reduction in visitor numbers**	
				Percent *(2 x 3)*	**000's**
High	17,264	1.7%	-1.5	-2.6%	- 450
Most likely	*17,264*	*1.7%*	*-1*	*-1.7%*	*- 300*
Low	17,264	1.7%	-0.5	-0.9%	- 150
	6	**7**	**8**	**9**	**10**
	Average spend per visitor	**Foregone tourist spending (a) (millions)** *(4 x 5 x 6)*	**Foregone GDP (42% of expenditure) (millions)**	**Jobs per $ million of tourist spending**	**Employment reduction** *(7 x 9)*
High	$239	- $107	- $67	24	- 1,606
Most likely	*$239*	*- $72*	*- $45*	*24*	*- 1,071*
Low	$239	- $36	- $22	24	- 535
	11	**12**	**13**	**14**	
	Government revenue per $ of tourist spending	**Direct Government revenue loss (millions)** *(11 x 7)*	**Indirect Government revenue loss (32% of GDP) (millions)**	**Total loss of Government revenue (millions)** *(12 + 13)*	
High	0.28	- $30	- $7	- $37	
Most likely	*0.28*	*- $20*	*- $5*	*- $25*	
Low	0.28	- $10	- $2	- $12	

6. CONCLUSION

The VRP is important to attracting tourists to Canada and encouraging them to spend in Canada. International tourism is a highly competitive business and Governments around the world are actively encouraging tourism industries. GST rebate schemes are common among European and Asia Pacific countries. Their primary purpose is to enhance the efficiency of their consumption tax regimes by eliminating wherever possible taxes on exports. The VRP was introduced in Canada for the same reason.

A decision to abolish the VRP should be subject to cost benefit analysis to ensure that the decision contributes to the net economic welfare of Canada. In this submission we have reported the results of a cost benefit analysis. A number of reasonable assumptions have had to be made due to lack of data, a shortage of published studies and a short time frame within which to undertake the analysis. Nevertheless, the analysis is transparent in that all of our assumptions and methodology have been clearly laid out in this submission.

The most likely results of the cost-benefit analysis for all foreign travellers, including U.S. and non-U.S. tourists and same-day visitors, are summarised in the table below.

Table 16: Economic impact assessment of the abolition of the VRP

	Decline in tourist numbers	Decline in spending (millions)	Decline in employment	Decline in GDP (millions)	Cost to Government revenue (millions)
U.S. Overnight tourist	360,000	$187	2,794	$116	$65
Non-U.S. Overnight tourist	90,000	$123	1,836	$76	$43
U.S. Same-day visitor	300,000	$72	1,071	$45	$25
Non-U.S. Same-day visitor	2,000	$1	12	$1	$0
All Visitors - Total	**752,000**	**$382**	**5,713**	**$238**	**$132**

The bottom line is that an attempt to save around $86 million dollars at the expense of a loss in GDP of $238 million is not sensible policy from an economic perspective. It is also a shortsighted fiscal policy, since it will ultimately lead to a net loss of $46 million in Government revenue.[14]

The policy would also result in the loss of 5,713 jobs in the tourism sector. Furthermore, given that 56% of eligible foreign tourist spending is on accommodation and 44% is on retail goods, the impact of the VRP is not more significant in one expenditure category than another, but fairly equally impacts each eligible spending category.

[14] The difference between the total lost government revenue ($132 million) and the cost savings of the VRP ($86 million)

A.1 THE PROPOSED CHANGES

On September 25, 2006, the Canadian Government announced the abolition of the GST Visitor Rebate Program.

The GST is a value-added tax that applies to the vast majority of goods and services in Canada. The Visitor Rebate Program provides GST relief in respect of goods exported from Canada by non-residents, short-term accommodation and certain tour packages for non-residents, and certain property and services used in the course of conventions held in Canada.

The Visitor Rebate Program is proposed to be eliminated effective April 1, 2007, as part of the package of specific spending restraint measures announced by the Government on September 25, 2006. Under the proposed amendments, if a written agreement for a supply to which GST relief applies was entered into prior to Announcement Date, the relief would generally continue to be available (as described below) to recognize the fact that contracts may have been negotiated based on the availability of that relief. In addition, the current one-year period to claim a rebate would continue to apply.

The government's proposed amendments would apply as follows:

A.1.1 Goods

Non-resident consumers that purchase goods in Canada on which the GST becomes payable after March 31, 2007, would no longer be eligible for a rebate of GST in respect of those goods. However, GST would continue not to apply where goods are shipped directly by the Canadian supplier to the non-resident's residence. (The shipping charges are also not subject to GST.)

Non-resident businesses would still be eligible for a rebate of GST in respect of commercial goods exported. (Not for personal use)

Non-resident businesses would also be able to avail themselves of the existing zero-rating provisions for commercially exported goods.

A.1.2 Accommodation

Non-residents would no longer be eligible for a rebate of GST in respect of accommodation (including campsite fees) after March 31, 2007, unless it is part of a continuous accommodation at the same facility starting before April 1, 2007.

This GST rebate would continue to be available in respect of accommodation purchased under a written agreement entered into before Announcement Date if the first night of continuous accommodation at the same facility starts before April 1, 2009.

A.2 THE VISITOR REBATE PROGRAM COALITION MEMBERSHIP

The Visitor Rebate Program (VRP) Coalition was formed in October 2006 in response to the federal government's plan to eliminate the GST/HST Visitor Rebate program.

Led by the Tourism Industry Association of Canada, the VRP members as of January 2007 are:

- Air Transport Association of Canada
- American Bus Association
- Association of Canadian Travel Agencies
- Canadian Airports Council
- Canadian Alliance of Business Travel
- Canadian Association of Convention and Visitor Bureaux
- Canadian Sport Tourism Alliance
- Convention Centers of Canada
- Federation of Canadian Outfitters Associations
- Frontier Duty Free Association
- Hotel Association of Canada
- National Tour Association (U.S.)
- Retail Council of Canada
- Tourism Industry Association of Canada (*Lead)*

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