

**PRESS RELEASE**  
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## **Tourism Industry Reveals True Cost of Cancelling VRP**

Rather than saving taxpayers' money, cancelling the GST/HST Visitor Rebate Program (VRP) will end up costing the government millions more in tax revenues and thousands of lost tourism jobs, according to a new economic impact report.

The Federal Government estimates it will save \$86 million in program and administrative costs; however, the GST Visitor Rebate Program for Individual Travellers, an Economic Impact Analysis, commissioned by Global Refund Canada and endorsed by the Tourism Industry Association of Canada and the Frontier Duty Free Association, demonstrates that the savings will be overshadowed by the loss in GDP of \$238 million. This short-sighted fiscal policy will result in a net loss of \$46 million in Government tax revenue and the loss of over 5,700 jobs in the tourism sector.

"The decision to cancel the program was based on incomplete information and made without consultation," says TIAC President and CEO Randy Williams. "The industry has been advocating against the proposed cancellation since the announcement last September. There has been a solid case for keeping the VRP for conventions and group tours from the beginning; this report demonstrates the danger of removing the program for individual travellers as well."

By cancelling the individual VRP, while potentially maintaining the program for in-bound foreign tour and convention business, the government will create distortions and inequities in the foreign visitor market.

Leisure visitors may choose to book with foreign tour operators that would still be GST exempt rather than directly through Canadian businesses and internet sites, resulting in less revenue for tax-paying Canadian tourism organizations, while putting more dollars in the hands of foreign operators who pay no taxes to Canada.

Many conventions and trade shows are not designated "foreign conventions" i.e., 75% foreign participants, and are therefore not eligible for the automatic GST exemption. If the government eliminates the individual VRP these non-resident attendees and exhibitors at Canadian conventions will no longer be able to obtain a tax refund for their accommodation and eligible retail expenses.

"It's important to note," says Kevin Boughen, President of Global Refund Canada, "that visitors who receive instant rebates through Global Refund or at border duty free shops often spend their refunds immediately in Canada rather than taking Canadian currency home."

TIAC and the Visitor Rebate Coalition, a group of 14 national industry and business associations, has proposed that a new VRP become a self-regulated and financed industry program, subject to certification and audit by the appropriate federal agencies.

"At the same time Canada is considering cancelling the VRP," notes Williams, "countries around the world recognize the ROI on rebate programs and the necessity of such programs in maintaining competitiveness in the growing global tourism marketplace."

With international tourist arrivals up globally in the first eight months of 2006, the number of international visitors to Canada fell 4.1% during the same period, according the UNWTO World Tourism Barometer. Between 2000 and 2005, U.S. visitation has fallen 28% with profound impacts for Canada's border communities and retail sector.

"In the lead up to the 2010 Olympic and Paralympic Games," says Williams, "is it really the Government's intention to put Canadian tourism businesses at a disadvantage and further alienate international visitors?"

"The answer is clear," concludes Williams. "Maintain the full Visitor Rebate Program under a privatized administration delivery model or, at the very least, delay cancellation of the VRP until further consultation and study takes place."

The full report is available at  
[www.tiac.travel/images/2007/VRP\\_EconomicReport\\_web.pdf](http://www.tiac.travel/images/2007/VRP_EconomicReport_web.pdf)

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The Tourism Industry Association of Canada (TIAC) is the national private-sector advocate for Canada's \$62.7 billion tourism industry. It performs a unique and pivotal role in ensuring the Canadian business and policy environment works for tourism, by communicating its importance to Canadians, advocating positive measures, and lobbying government for action.

Global Refund has local organizations in 37 countries, with over 200 international Cash Refund offices on four continents, supporting clients in Europe, Asia and the Americas. The strength of our organization and global presence enable us to provide over 30,000 travellers a day with tax refunds through Global Refund.

Frontier Duty Free Association represents the interests of its members, including Canada's 31 land border Duty Free Shops, Canadian Airport and U.S. land border duty free shops, and duty free trade suppliers.

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