



# Council of Tourism Associations

## VOICE OF THE BC TOURISM INDUSTRY

## COTA Member Alert

March 2, 2010

### Provincial Budget 2010 Draws Mixed Review from Tourism Industry

VANCOUVER - March 2, 2010. The Province of British Columbia's Budget 2010 received mixed reviews from the Council of Tourism Associations (COTA) - the "Voice of the B.C. Tourism Industry."

"One bright spot was with regard to arts and culture funding, which will receive a \$10 million annual boost in spending over three years, plus reinstatement of gaming grants previously announced" said COTA Chair, Jim Storie. Storie added that "We are pleased that the province has decided to continue the additional hotel room tax (AHRT) program beyond July 1, 2011 to raise revenue for community tourism marketing."

Otherwise, the budget raised more questions than answers. A number of government's previous investments in tourism - both those related to the Olympics and otherwise - could be better leveraged in this critical post-Games period. "The budget specifically states 'the post-Games period is most critical to long-term success' yet we do not see that reflected in these documents with regard to tourism investments," said Jim Storie, Chair of COTA.

#### Provincial level marketing

Funding for provincial-level marketing (formerly through Tourism BC) will be reduced by roughly \$6 million for FY 2010/11, but this is attributable to the reduction in hotel revenues for 2009/10. This will reduce the opportunity to capitalize on the immense exposure related to the 2010 Games, and convert Games viewers to tourist spending.

#### Tourism policy and development

Funding for tourism development will be relatively unchanged, and tourism staffing levels are expected to be maintained, though with continued budgetary constraints for travel, research, and other support areas.

### Regional and community marketing

The province will continue community and regional marketing, though specific design and funding flow / allocation remain uncertain. Provincial funding support for resort municipalities will continue, despite the elimination of the Hotel Tax - though precise details were also not provided.

### Harmonized Sales Tax (HST)

There was no mitigation identified for the tourism industry related to HST aside from continuation of support for community destination marketing. This overall lack of mitigation will impose a significant new cost to travellers, and dampen demand for B.C.'s tourism products at a most inopportune time.

"The budget was a bit underwhelming," said Jim Storie. "There were no cuts to tourism programs that we could see, but neither were there any specific details on how the tourism industry is to build on the Olympic momentum," said Jim Storie, Chair of COTA. "With a reduced provincial marketing budget, some tourism program spending constraints due to the economic downturn, coupled with the introduction of HST, we have concern about our ability to achieve government's ambitious target of \$19.6 billion in tourism revenues by 2015."

### SPECIFIC GOVERNMENT PERFORMANCE TARGETS (2010 - unless otherwise stated)

- o Provincial tourism revenues: \$13.4 billion (unchanged)
- o Provincial tourism revenues (2015): \$19.6 billion (unchanged)
- o Total visitors to Hello BC: 6.5 million (unchanged)
- o Businesses participating in regional marketing activities: 1,950 (unchanged)
- o Unpaid ad equivalency in foreign media (FY 2011/12): \$190 million (downgraded from \$325 million)
- o # of sectors assisted through the Community Tourism Opportunities (no targets)
- o # of communities assisted through the Community Tourism Foundations (no targets)
- o Stakeholder Satisfaction Survey (no targets)

For more information, please contact Peter Larose, Director of Policy and Corporate Communications at [plarose@cotabc.com](mailto:plarose@cotabc.com) or 604.685.5996.

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