

September 28, 2006

The Honourable Rodney J. MacDonald  
Premier  
Province of Nova Scotia  
7th Floor, 1700 Granville Street  
Halifax, Nova Scotia B3J 2T3

Dear Premier MacDonald:

On behalf of the Board of Directors of TIANS, we are writing to express our concern for the elimination of the Visitor GST Rebate Program and the apparent lack of understanding of the impact this will have on the tourism industry.

This arbitrary decision negates the tourism sectors status as an export industry and will impact the tourism industry significantly. All export industries in Canada are exempt from value-added taxes. A third of tourism revenues are derived from spending by international visitors and as you are aware, Nova Scotia is investing significantly to attract more of the international traveler.

The decision also betrays a profound misunderstanding of the degree to which spending and tax measures designed to foster Canada's attractiveness as a destination actually lever greater taxable income for government.

This decision comes at a highly inopportune moment for the Canadian tourism and travel industries, which are already reeling from the rapid appreciation of the Canadian dollar, higher fuel prices, security-driven delays at the border, and confusing new rules about travel documents to which Americans will soon be subject to under the Western Hemisphere Travel Initiative. All of this has been reflected in the precipitous drop in visits by Americans to Canada in the last five years. In fact, trips by U.S. residents were down 28% between 2000 and 2005. This trend has continued in Nova Scotia.

In their decision, Ottawa claims that there was little uptake (3%) of the rebate, but ignores the 100% uptake by foreign markets purchasing tour packages by tour operators; convention planners convening events here, etc. Removing the rebate will increase our pricing in these foreign markets by 6%.

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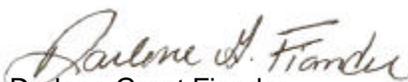
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TIANS will be joining our national advocacy associations, The Tourism Industry Association of Canada (TIAC) and The Hotel Association of Canada (HAC), to support their efforts to see this decision reversed.

We would ask that your government lobby the federal government for a reversal of this decision. Tourism is Nova Scotia's most promising economic sector and cannot afford to lose this as an incentive for global tourism business.

We look forward to a response.

Sincerely,



Darlene Grant Fiander  
Acting President

cc: TIANS Board  
Minister Len Goucher  
Randy Williams, President and CEO, TIAC  
Tony Pollard, President, HAC