

TO: Maureen Reid, Consultant
Board Works

Submission re Tourist Accommodation Act

March 15th, 2007

The general consensus from Cape Breton Accommodation operators that responded to our mail-out, newsletters and website is that they would like to see the Tourist Accommodation Act remain as it stands, while strengthening enforcement. Option 1.

In the past 12 months, Destination Cape Breton Association, in response to members concerns, has done some research on unlicensed properties on the Island. We discovered in quick order that this underground economy is alive and thriving here as well as in other parts of the Province.

We made contact with the Department of Tourism in PEI to discuss the considerable progress they have had on this matter in recent years. They partnered with their Department of Finance in a Pilot project and hired 2 employees to research the numbers of unlicensed properties on the island. (Unlicensed properties are not only a concern to the Tourism Department, but also concerns the Finance Department as it robs the Province of tax revenues) The program was so successful that the employees were hired full-time and this year they partnered with Holland College to train these employees in ticketing, fines and enforcement.

In Cape Breton, we discovered (after only 2 days of internet research) 56 unlicensed operations. We double checked the list with the province, and then sent the list to Revenue Canada for investigation. We also notified the legitimate industry that they are advertising on web sites next to unlicensed properties and supporting sites that are mostly unlicensed properties. ie Cape Breton Showcase, cottage rentals, etc. It was also noted that a great deal of these sites are linked to the Provincial site as well. In Richmond County we notified the host of the site and five unlicensed operators were removed from the site. It stands to reason if they are unlicensed, they are also not reporting income. Revenue Canada has an investigations branch with the manpower to take on this task. Revenue Canada cannot discuss ongoing investigations because of the Privacy Act, but on the strength of the stir it caused in the community - and the threats we received - we assume it had an impact.

In working with the Department and Boardworks, we mailed out a special notice to 96 members of our association. We received three phone responses and four written responses representing 25 members of either campground owners or accommodations (B&B's) another written submission was forwarded directly under separate cover. The B&B industry appear to have great hesitation and lack of confidence in the Canada Select organization and while they do not condone lack of quality, they do not agree with the practices of Canada Select grading system. The hotel/motel operators recognize the importance of a grading system and the utilization by the visitor of the system in making their vacation plans as they service a much larger audience.

All were in agreement that the unlicensed properties are affecting the industry negatively and enforcement of the Act needs to be "stepped up".

Respectfully Submitted:

DESTINATION CAPE BRETON ASSOCIATION

Sandra MacDonald
General Manager