

PRESIDENT'S ADDRESS TO AGM JUNE 12, 2013

Ladies and gentlemen as I was putting this report together and now stand before you 1 year since assuming this office, I am harshly reminded of how quickly time flies, of how much we have done and yet how much still remains outstanding that I would like to achieve over the coming year. It has been a distinct honour for me to serve as your President for the year 2012-13, especially being only the second female President of the Association in its 60 year history.

The year has not been without its challenges, but we have been able to stay the course and meet many of the objectives which I set at the start of my Presidency. Our Past President Colin Jordan left a road map with recommendations coming out of the PCS Study which provided a clear direction and a solid footing from which to assume my responsibilities and for the Association to continue its work.

The first few months of my Presidency were spent engaging the media, calling on the Minister of Tourism and other key figures both in the public and private sector and ensuring BHTA's continued involvement in the work of the Social Partnership and the Barbados Private Sector Agency.

This economic recession has continued for much longer than originally perceived and all entities share common stories of the burden of taxation, high utility costs and diminishing returns. The poor performance of the industry last year, and continuing into the current year, is cause for concern and calls for an urgent need for restructuring of the sector and immediate action on key concerns that have been continuously raised by this Association on behalf of its members.

Tourism arrivals are down some 6.9% for 2013 and in 2012 far from attaining the magical figure of 600,000 long-stay visitors, we only managed to reach 537,640 visitors, down from 572,065 in

2011. Statistics put out by the CTO showed that Barbados was second from the bottom of the 20 Caribbean tourism destinations for stopover tourist arrivals from January to April of this year.

To quote a recent Nation editorial (June 6, 2013),

“something must be amiss with our tourism industry, or put another way, we must be doing something wrong to be so badly placed in competitiveness when at one stage we were among tourism leaders in the region.... Even if we reduce taxes, that exercise must be carefully done, because we have a broad mix of tourism product and such reductions of input costs must be discreetly aimed at segments of the market where they will have greatest impact, and in any case other strategies must also be employed to ensure that we are effective. Among these other strategies must be focused marketing after we carefully analyze and discover the true nature of our problem. We think that it is right that the analysis should begin at once because we may be able to correct some things before the start of the 2013/14 winter season. The tourism industry is far too important for us to leave stones unturned in the effort to get the industry moving again”.

We have another forum to put our recommendations forward to the country’s leadership and decision makers on June 27 when The Prime Minister will be leading a consultation for all sectors and BHTA will be presenting independently of the Barbados Private Sector Agency. I know we have for the last two years been submitting a number requests to both the Ministry of Finance and the Ministry of Tourism but many of the issues are still to be meaningfully addressed.

It is disappointing to say the least that some 6 months after approval by Cabinet of the additional list of items to the TDA list that we have still been unable to get the list ratified. All of our suppliers have cited the condition of our plant as one of the key reasons for our diminished competitiveness and the reality is that the additional items would assist the sector greatly in

directly addressing this issue. Can we truly be serious about expecting that tourism will be the sector to turn the economy around if this level of lethargy in process and frustration of purpose is allowed to continue?

Ladies and gentlemen I submit to you that in my opinion there has been enough talking, all agencies have clearly and repeatedly identified the issues and I do not believe that there is any shortage of ability to get the job done – what is needed now is Leadership, Commitment to Change and Action.

PAST PRESIDENTS

I believe that within our Association there is a wealth of experience in a range of areas and as such I have continued as Colin started to call on the experience of our Past Presidents and enlisted their support in helping me to prepare for meetings with the Prime Minister and the Minister of Finance and generally to assist in the lobbying process not only for hotels, but for the wider membership.

Some of the issues which we raised with the Prime Minister and the Ministers of Finance and Tourism in various settings included:

- Removal of those taxes and duties which are impediments to the sustainability and expansion of the tourism industry;
- Assistance particularly with respect to Utility costs – most urgently electricity
- The reduction in the rate of VAT to 8.75% the same rate as paid by accommodation for our Direct Tourism members – in many destinations such activities are VAT free in order to make the overall cost of the experience more appealing
- The provision of a well-capitalized loan fund to assist in the upgrade of hotels;

- Consideration of policies to ensure that tourism is treated as an export industry;
- Special incentives for full-service hotels;
- Increased funding for the Barbados Tourism Authority and the acceleration of plans to restructure that entity to make it more nimble in its response to market dynamics and ensure greater use of budgeted funds to be spent on marketing efforts rather than administration.

ADVOCACY

Much momentum was lost during the latter part of 2012 and stretching into the first quarter of 2013. The elections proved to be a huge distraction for the business sector since no decisions were being taken on many important issues which were pending for some time. Even now, three months after the election, there is still a lethargy in Government which is having a major impact on business.

Despite the many critics of the sustainability of tourism, it still is without doubt the major plank of the economy. Barbados made only 18,000 tons of sugar this year compared with 200,000 tons 20 years ago. Many of the prime agricultural lands have been taken out of production – not to build golf courses – but for housing developments and to lie fallow. This is due to the debt burden which that sector is facing and it is looking for the best economic return on their investment. We in the tourism sector have no such luxury. We cannot take our hotel plant elsewhere but we are fast following the sugar industry with the number of hotels which are either closed, up for sale or just are not meeting their cost of production.

I continue to feel, that while there is a general understanding of the importance of tourism to our economy by the wider private sector and the people of Barbados as a whole, that we continue to miss many of the opportunities to strengthen our position by more effectively maximizing

cross- sectoral linkages and fully understanding how we can help each other be stronger rather than trying to “protect” our particular bit of turf.

With this in mind, I convened a BHTA-Private Sector Strategic Partners’ Meeting in early May this year. It was the first substantive meeting of its kind in recent years, with the major private sector players allowing us the opportunity to provide a clear picture on the state of our industry, the critical challenges that it faces and to discuss opportunities for stronger relationships. In attendance also were some Past Presidents. It was good to interface with the other major partners in the private sector and to get a feel for their current appetites for collaboration.

As could be expected a high level of frustration was expressed and there was understandable distress from several of our members regarding the lack of movement in areas key to the survival and blossoming of Barbados' visitor economy. It was recognised and agreed that while we wait for the completion of the Tourism Master Plan, we need to implement immediate action to tackle the crisis now at hand.

By the end of the meeting several opportunities were identified on which the BHTA might immediately seek to capitalise:

1. Linkages to the international business sector. International Business is the second largest contributor to the National Economy and there are any areas of potential synergy. Working with our sister organisation BIBA I believe that there are a number of issues that we could be tackling together for greater impact and possible mutual success for example;

- a) matters related to immigration and customs, including the airport, sea port, visas, etc.;
- b) investment/financing, potentially from international business sector players, for product development and/or infrastructure development and upgrades;

- c) making Barbados a great place to live e.g. matters related to the cost of energy and its impact on the visitor economy as a whole
- d) the need for improved hotel product offering,
- e) improved business facilitation, and last but certainly not least
- f) the urgent need to improve the situation with our court system.

We tend always to focus on the linkages to agriculture and manufacturing, but I believe that there is tremendous impact which this sector, through BIBA, can provide.

We have already commenced discussions with BIBA to explore, document, and actively pursue the areas of potential synergy. To this end a joint meeting between BHTA and BIBA and our respective Ministers is scheduled for June 11th to begin discussion on a number of these issues.

2. Strengthened relationship with The Barbados Entrepreneurship Foundation (BEF). The BEF was identified as another strong potential ally as it has developed a number of strategic blue prints designed to make Barbados the centre of entrepreneurship in the Caribbean by 2020. BEF notes that the realization of its Vision “requires an outward looking mindset and a firm belief in the attractions of Barbados as a hub for enterprise. ...and active partnership with government and all stakeholders and a universal commitment to embracing global competition and to lowering unnecessary barriers to doing business in Barbados” all of these desires are well aligned with those of our Association.

Both the Barbados International Business Association (BIBA) and the BEF are potentially strong allies and voices that together with the BHTA might achieve some positive momentum re these critical issues.

3. Continued relationship with the Barbados Chamber of Commerce and Industry. The President of the BBCI reaffirmed his Association's commitment to work collaboratively with the BHTA and again there are a number of areas on which they are already working into which we could dovetail our efforts e.g. Beautification of Bridgetown, emphasis on greening and promotions in overseas markets.

Going into my new term I believe we must, with our natural strategic partners, agree the basket of non-negotiable as well as negotiable/important-but-not-life-or-death "asks" that were discussed in the meeting starting with the top five or so in each category. These could then be prioritized into short, medium and long-term goals and possibly make it easier to come up with solutions.

I strongly believe that our best chance of success is to get more partners to think, speak and act in unison with us, working in tandem to whittle down the huge obstacles facing the sector and acting with a strong conviction and believe that a vibrant tourism industry is best for their constituents and the country as a whole.

In putting this report together I went back 10 years and looked at all of the reports given by our Past Presidents and it is scary how similar they are - the advocacy issues and challenges facing the sector have not changed! To be frank had I delivered verbatim (save changing the words Hotel Aids Act to Tourism Development Act) the President's address from 2001 delivered by Mr. Allan Banfield you would have been hard pressed to know that we were talking about the same industry 12 years on!

Maybe it is that the issues have all taken on a shade of grey that makes them difficult to highlight or the fact that we still continue to be in business in spite of the issues makes our plea seem exaggerated, or maybe, the hearing of our most important audience has been dulled by

hearing the message continually delivered the same way. In any event I am more convinced now than ever that the BHTA must use its collective knowledge and expert networks, members and partnerships to tell a new, different, and more compelling story about where our industry has been, where it is now, and where it needs to go and more importantly what our landscape would look like and our quality of life be like without tourism.

The BHTA needs to do a much better job of awareness building on critical issues and of promoting the organisation and its agenda to a wider clientele: the nation of Barbados. To this end my plan over the coming year is to revamp our Public Relations efforts working through new and traditional media as well as through bi-monthly press briefings to ensure that we keep the issues firmly in focus, insist on accountability and timeliness with respect to agreed deliverables and engage the wider public so that the face of “every” Barbadian becomes the face of the Tourism Industry in the island.

We must make the concerns of the industry personal, we must increase the understanding of and support for this industry from the public and within our membership we **MUST** agree to providing improved levels of service, efficiency, leadership, training and productivity and lend our support to the Association by committing time and energy where needed to your committees, working groups and product clubs – as I have repeatedly stated before this Association is only as strong as its collective membership.

There is clearly a lot of work which our Committee Chairs can take hold of and assist me with over the coming year. I wish to make a special call to all of those who accept positions of responsibility within the Association to meet regularly with your members and feed their concerns back to the Secretariat so that we can be more responsive to their needs and assist the Board in meeting the goals which I have set for the coming year.

VISION STATEMENT – THE WAY FORWARD

The vision for the tourism industry as contained in the White Paper on the Development of Tourism in Barbados is that:

“By 2021, the vision is that Barbados will have become a sustainable, competitive, world-class destination with all-year-round tourism, picturesque landscapes, beautiful beaches, pristine waters and protected bio-diversity. It will have preserved its heritage, cherished its traditions and proudly showcased them to the world thus successfully differentiating its product from the competition. The Barbados brand will reflect the spirit of the Barbadian people and the memorable and unique experiences they deliver. Barbados would have earned its designation as being an ‘aspirational’ destination, through the alignment of its price point with the high quality of products and services available on the island and lived up to its reputation of being a friendly, safe and clean destination”.

Barbados will boast a diverse array of internationally competitive, high quality hotels, resorts and other accommodation facilities, which are specialized in their target niche, in line with the prevailing market trends. They meet all the demands to appeal to specific target groups, all year round, offering diversity and high quality to meet the needs and expectations of each individual visitor.

The diversified tourism product, world-class standards and service quality, offered at competitive prices, will have greatly increased employment, personal income and living standards. At the same time, the strategy for regulating consistent delivery of quality will ensure that the entire industry offers world-class service and products regardless of the class of establishment.

By 2021, Barbados will have become a sought after destination of choice amongst all competing tourism destinations around the world.”

So ladies and gentlemen how do we get there?

My belief is that we must focus on the Critical Success Factors that affect our industry defined as “actions that must be given special and continual attention”. The White Paper provides an extensive list of these actions but today I wish to draw attention on those that I would like to have guide my focus and that of our members over the coming year -:

- **Sustainable Development:** focus on a quality as opposed to a quantity approach to tourism development.
- **Innovation and Competitiveness:** focus in our own businesses and the wider community on a strong culture of creativity, productivity, efficiency, quality, excellence, continuous improvement, entrepreneurship and value for money;
- **Research & Development:** the collection within your own businesses and your provision to the association of accurate, timely and relevant data to best equip us for strategic decision-making, planning, investment, product development marketing and promotion;
- **Awareness and Sensitization:** as an Association and through the engagement with our staff, family and friends to enhance Barbadians’ knowledge of the importance of the tourism industry to Barbados’ economy and their quality of life;
- **Strengthening Core Brand Elements:** in our own businesses and in collaboration with government, law enforcement and all partners work to ensure that measures are put in place to secure Barbados’ reputation of being a friendly, clean and safe and secure destination;

- **Market Driven Product Development:** we must study our competition, benchmark against the best and take every opportunity to keep abreast of market trends and demands and the expectations of the contemporary traveler recognizing that our ability to dynamically adapt to these changes gives us the best possible opportunity for success. To do this we must expose ourselves and our staff wherever possible to best practice as it relates to product development and constantly look for ways of introducing new and progressive ideas to our businesses and processes ;

- **Marketing and Promotion:** develop a more strategic, targeted, creative and integrated approach which is research driven and aligned with the needs of the customer and the existing product offering and utilizing the appropriate distribution channels; to this end we must commit to the restructuring of our key marketing agency the BTA so that we achieve the best possible return on investment for the dollars earmarked for tourism marketing;

- **Strengthen Inter-sectoral Linkages:** as highlighted earlier in my remarks we must commit to enhancing linkages with other sectors to create a greater multiplier effect of the tourism dollar, spur entrepreneurship and provide a differentiated, authentic experience to visitors;

- **Favourable Investment Framework:** continue to lobby government and work to create the most favourable investment-friendly and transparent framework to encourage both foreign and local investment;

- **Development of Human Capital:** train, train and re-train – focusing on the development of human resources with emphasis on strengthening leadership and innovation capacity, delivering quality and memorable tourism service experiences, whilst filling existing technical and technological skills gaps in the industry;

I wish to close by quoting from Chapter 1.2 of the World Economic Forum's Travel and Tourism Competitiveness Report 2013 – How to Succeed as a Tourism Destination in a Volatile World – as I believe it sums up nicely all that I have said or alluded to this morning -:

“To prevail under more volatile market conditions and continue benefitting from a vibrant tourism sector, policymakers should identify and focus on their country's key competitive advantages over other countries and differentiate the traveler's experience in their country from the experience to be had elsewhere. At the same time, they should monitor the shifting trends in international customer origins and profiles.

It is important to examine existing destination marketing and tourism development planning in the context of the challenges of a more volatile macroeconomic environment. Established destinations need to pool their efforts on innovations, multi-stakeholder cooperation, and flexibility if they are to respond successfully to demand from emerging regions.

Despite increasing instability induced by economic, political, and environmental challenges, **tourism is expected to remain a significant driver of future economic growth.**

Policymakers who concentrate on their countries' most prominent assets and are able to leverage them most effectively are best positioned to turn volatility risks into opportunities for long-term stability.

I wish to close by thanking my board for their work over the past year and again welcome the new members who will serve on your behalf for 2013 – 14. There is much to achieve and much that is dependent on our success and I am counting on your commitment and support.

To Sue and the staff at the Secretariat – thank you for your continued efforts and the work that you do to ensure that I can function effectively and ensure that our members needs are met.

To my Ocean Hotels family who support me and provide me the leeway and time to serve you while ensuring that my vision for our company is met and dear I say exceeded I say a very special thank you.

Finally to my husband Jaggs and my parents for their unstinting support and encouragement my heartfelt thanks and appreciation.

Ladies and gentlemen I thank you and please enjoy the rest of the day.