



BHTA Annual General Meeting 11th June 2014

President's Remarks

Ladies and gentlemen, good morning and thank you for coming out this morning.

It seems impossible to believe that two years have passed since I stood here to take over the responsibility of leadership of the BHTA. I am certain that like many before me I demit office feeling a sense of real satisfaction about the things that I and the Association have been able to do change and improve over the past two years; a sense of real frustration about the things that seem no matter how hard you try to change them remain the same and a sense of hope that moving forward we can build on our successes, learn from our mistakes, strengthen our partnerships and improve as an Association, an industry and a nation.

I would like to start by saying thank you to all of you for allowing me the tremendous privilege of serving as President of this Association. Thank you for the confidence that you have shown in me, the support that you have provided and for the guidance and advice I have received from many of you. Thank you especially to my Board for their service and warm and very special thanks to Sue and the team at the BHTA Secretariat for their support.

Leadership of the BHTA for most of the time is all consuming. It is a very public position and places very heavy demands on both your personal and professional time, and to be able to serve our membership and represent their interests well, a great support structure is critical. Today I wish to publicly say thank you to Mr. Peter DeFreitas and my entire Ocean Hotels family for allowing me the time and space to serve. I can honestly say that over the past two years I have been able to give of my time to the Association fully, without feeling confined or restricted and confident in the knowledge that my teams at the hotels were willing to do whatever it took to allow me to do so comfortably and confidently.

I wish to also thank my parents for their love and encouragement and my husband Jaggs for his love, understanding and willing support. I could not have done it without this.

My love of this industry is no secret – I am one of those lucky people who get up every day and is privileged to be able to work at something that they love and are passionate about. My introduction to this industry started with my first job at CHTA and the people that I met then as

a young person starting out in the industry – many of them still in the industry today – infused me with a belief that this industry was the best in the world, gave me the advice and support I needed to grow and develop and allowed and encouraged me be “involved” in the development of the industry and to serve. Each year as we approach the AGM it concerns me that we appear to have fewer and fewer persons who are willing to step forward, to take on additional responsibility, to give of their time and to serve.

My belief is that it is the duty of all of us who either own or manage businesses in the industry to encourage our young managers and team leaders to be actively involved in the Association, not just by attending category meetings when called, but by providing information in a timely manner when required, sitting on working groups and committees, sharing information and networking with peers, stretching themselves to take on more, taking advantage of networking opportunities when provided and lending their support both publicly and through their personal and professional networks to the Association.

Our industry is made up of many parts – Accommodation, Attractions, Restaurants, Car Rental, other Direct Tourism Services and supporting services; while often times it may appear to one grouping or the other that theirs should be the primary focus, or that their needs would be better served by the Association having a dedicated focus, I firmly believe that our strength is in our unity. The power of our lobby is that we speak with one voice for the industry and that we recognise that for any one particular grouping to be strong the industry as a whole must be unified, vibrant, healthy and sustainable.

When I began thinking about what to say as my last address to you, I realized that it would be virtually impossible to highlight or give account of all that we have done or been involved in as an Association over the past two years. To be frank I think that this is one of our greatest failings as an Association – that we are so caught up in the doing that we do not spend enough time letting our members or the public know WHAT we do, in order to help them to understand the very important role that the Association plays and the impact that it has on the industry and by extension the country. We definitely need to continue to work to strengthen our PR!

Over the past two years the Association has continued to ensure that the voice of the industry is heard. We:

- provided input and information into all discussions and consultations on the economy, including the National Consultation in June of 2013
- were present at social partnership meetings
- actively used our seat on the BTA board

- revitalized the Safety and Security committee so that we continued to have good communication and access to the Police force
- maintained a dialogue with the union
- strengthened our Marketing Committee
- provided input on the needs of the sector at pre-budget consultations
- conducted a study on the cost of food and beverage import duties for the industry
- attended countless other meetings and fora to represent the views of our members on a wide range of issues.

This list while broad does not begin to cover the full extent of our efforts.

It is fair to say that the last two years have been two of the most challenging in our recent tourism history. Between June 2012 and today we have seen consistent declines in arrivals and visitor spend on the island, have seen closures of hotel properties, have seen continued challenges in our source markets and while they have slowly begun to creep out of the deep recession and start showing signs of positive growth, the competition from other warm weather destinations is fierce; both with regard to the quality of their product, the volume of their marketing messaging and their price points.

The Moody's triple downgrade issued last week and the initial IMF press release issued on Friday following their consultations with the public and private sector over the past week are not good for the country and there remains a tremendous amount of uncertainty and fear about our future and the economy and growing speculation in the absence of a clear well-articulated plan by the country's leadership. With each new pronouncement the public, the media and the society put their own spin on the issues and negativity grows. To coin a phrase from a TV show that I have been following about American politics, "we give legs to the issue and predicate the outcome" – if enough people say the same thing with no strong objection or compelling alternative course provided then it must be true!. Now more than ever there is the need for clear, decisive leadership in all sectors and a strong collaborative approach.

There have been many good recent examples of the tremendous positive result that can ensue from strong Public/Private sector partnership, a willingness to work together and recognition of each other's strengths. We must not be afraid to face the realities as difficult or scary as they may appear and those charged with the responsibility of leadership should make it a priority to provide the public with the FACTS on a regular basis, in as transparent a manner as possible and maintain an open dialogue that is free from political agendas and bias so that all feel comfortable to take part.

My firm belief is that getting out of the crisis that we are in will take nothing less than an aggressive collective effort to which all contribute, in which all recognise how much we have to lose, are all willing to give more than is generally expected – now more than ever there is a need for a strong, united social partnership. This sentiment has been repeated in the recent Advocate column by Dr. Henry Fraser and by Mr. Peter Boos in his address to the Rotary Club and I support their position and call to action in this regard.

My keen desire over my tenure was to ensure that the Association maintained a strong clear voice, that it fairly but forcibly represented the needs of the membership, that it maintained an open channel of communication with our public sector partners, that we continued to work to dispel many of the myths about our industry that plague us and to create better and stronger linkages between our partners in the manufacturing and agricultural sectors and that we supported the initiatives of the BTA operatives in our key source markets by ensuring that the work of the Marketing committee and product clubs continued.

After an initial planning session in October which defined that the desire of our membership was that the association focus its efforts on 4 main pillars - advocacy, public relations, marketing and research and these have guided much of our focus over the past two years.

Shortly after assuming office we met with the Prime Minister and the key ministries of Finance and Tourism in order to raise with them issues that we felt were urgent and for which we were seeking their assistance and support. The Association raised the issues that were critical to its membership highlighting issues related to VAT, Utilities, with particular reference to Electricity, the immediate need for funding and restructuring of the BTA and the revision of the Tourism Development Act and immediate addition of items listed and submitted to the Ministry of Finance for the Second Schedule of the TDA 2002-2007.

The issues noted above continued to be the focus of meetings over the following months and I am pleased that we have achieved some success on a number of fronts.

MARKETING AND BTA

To be visible amongst the competition we must have a constant and sustained presence in our key markets, good visibility, compelling product, innovative programming and fabulous service on the ground and I am sure that if we are all being honest we can agree that there is much work to be done on all of these fronts.

I am pleased however, that the much talked about restructuring of the BTA – something that was mooted as a priority by Minister Sealy when he first took office in 2008 and for which we

consistently lobbied – has begun, and I commend the BTA Chairman Mr. Adrian Elcock for the frank, open and professional manner in which he has dealt with the process so far.

It is never easy to make major changes to any organization, particularly when people are directly impacted and jobs are lost. The tourism canvas today however, is vastly different than it was when the BTA started and I am grateful that we have recognised that a more nimble, dynamic and business minded organization is needed to take the marketing of the destination forward and to ensure the best value for the allocated tourism budget.

The BHTA continues to be a willing and ready partner and looks forward to working with the new entity from August and in the transition we have been working closely with Ms. Petra Roach the interim President and CEO as she transitions the organization. Petra's work in the UK stands on its own merit and she has brought a fresh sense of passion and drive since her arrival here a few weeks ago and her communication with the BHTA has been open, constant and productive with the result being that there are several exciting initiatives on which we are collaboratively working.

Over the coming weeks and months we will be working with the BTA on Gimme 5 and Fly, BII, Barbados Summertastic – an innovative month of activity that takes the “colour, flavor and sound” of Barbados to a number of cities across the UK, Connect Barbados – an event which brings all key tour operator partners from all source markets to Barbados, Barbados training days UK – an in market dedicated focused event designed to provide hotels with the opportunity to carry out training, conduct meetings and have wide reach to many of our key tour operator partners, WTM and Marketplace.

I would like at this juncture to publicly applaud Petra and the BTA for their amazing work on the recently held Top Gear Festival; from all accounts it was a wonderful success, garnered a tremendous amount of positive press for Barbados and showed that we are capable of producing World Class events that showcase our strengths as an island and as a people.

I am also pleased to note that through a more strategic approach and better management by the BTA of the outstanding payables to key partners such as tour operators and airlines, that much of the outstanding debt has been brought up to date, payments are being made on a timely basis and we are back in a position to work with our partners on promotional activity and marketing initiatives in our key source markets.

It is constantly inferred by members of the public and persons in public office who should be better informed that the tourism private sector does little or nothing to market Barbados and

that we are not true partners in the process. I wish to categorically state for the record that such statements are not based in any fact, are detrimental to the industry and by extension to the destination and bring no benefit or value to the many thousands of hardworking persons who work each day in the industry or the persons who have invested so much in the product.

The truth is that the private sector, speaking for those companies that are members of the BHTA, spend in excess of 40 million dollars annually through a range of promotional activities that highlight the destination as well as their individual businesses. In the coming weeks alone BHTA hotel members will be provide nearly 1,000 room nights on a complimentary basis and DTS Members will provide complimentary access to a range of the islands activities, complimentary or heavily subsidized dining experiences at many of our restaurants, transportation and various other services to support the Gimme 5 and Fly Travel Agent Incentive program and other travel agent fam trips that will be on the ground.

The Association has developed, maintains and markets Book Barbados Now, the booking engine which sits on the national website visitbarbados.org, contributes to the cost of participation at many of the international trade shows including WTM, IMEX and others and our membership pays to attend all of the international trade shows which they attend to help offset the cost to the BTA. As I have said on many previous occasions, for tourism to truly be able to deliver its full potential it must first be championed at the highest levels of government and by our partners who benefit from it in the wider business community so that the general public recognizes it as a matter of National significance and something that they all need to be aware of and have a real and vested interest in protecting and promoting.

The white paper for Tourism which was produced in 2012 and which is the document that was used to set the policy direction for the Tourism Master Plan 2012-2021 (TMP) notes - and I quote. "Today's challenges will provide opportunities for businesses to re-think their strategies, develop new products and services and harness advanced technologies in order to create better value for the customer, while gaining a competitive advantage in a volatile marketplace. Transformation will come through the adoption of policies that promote openness and innovation, leadership of Government as a facilitator and not a controller, orientation towards the global market place and the un-tapping of innovation amongst the Barbadian people through decentralisation, real consultation and the building of national cohesion." This document is an excellent resource and I encourage you all to familiarise yourself with it. It is important moving forward that all are clear on the way forward and we are hopeful that the National Tourism Master Plan can be rolled out in the near future.

VAT

Another key focus over the past two years has been the continued lobby for the reduction of VAT on accommodation back to 7.5% to make up for the losses suffered when VAT was increased without notice to the sector and for the reduction of VAT to the same level as accommodation for Direct Tourism Services. After much dialogue and consultation the government announced the requested reduction in VAT for the sector – both for accommodation and DTS in the August budget in 2013. There have been challenges in application and implementation process particularly for our DTS members as the application process was initially not clear and the criteria for businesses to show that 75% of their revenue was in “foreign currency” was difficult to substantiate.

At a recent meeting that included all related agencies – VAT, Customs, the relevant Ministries and the BHTA it was agreed that the criteria would be changed so that the concession would apply to businesses who derived 75% of their business from tourism, who were registered members of the BHTA or BTA and who had all statutory obligations paid up to date. We are now awaiting the confirmation of this agreement so that our members can register and we can begin to obtain benefit from this decision.

Our call for assistance with measures to assist with the reduction of utilities – particularly electricity, as well as a number of the other issues that were represented by the Association led to the pronouncement by the Minister of Tourism of the 10 Point Plan which was meant to be a short term initiative aimed at providing immediate assistance to the industry over the lean summer months and moving forward. Two of the points spoke directly to the provision of a 5% rebate in electricity and water bills to tourism businesses with “immediate effect” for one year and continuing thereafter if the business could show that over the course of the year that they had implemented programs to improve their energy efficiency and make them more environmentally friendly. Unfortunately, access to these rebates has not materialized as the necessary modalities have not been put in place. As another difficult summer approaches we call on government to keep these issues in focus and work with the sector to address this issue which remains a critical one.

It is important to note at this juncture that as I stand here two years after our immediate past president Colin Jordan did, that his call for policy makers to focus more on facilitation as opposed to focusing exclusively on how to ensure that all the rules are adhered to and on how they can assist the private sector to increase our country’s GDP, increase employment, develop our human capital, increase foreign exchange inflows and build effective linkages for balanced national development, is as relevant now as it was then. Policy created without the benefit of

being informed by those in the sector is doomed for confusion, challenges with implantation and ultimately a breakdown in confidence.

TDA REVISION AND BROADENED SUITE OF CONCESSIONS

Another area that has taken tremendous time and focus has been our lobby for the revision of the TDA and a recognition that in order to keep the plant updated and to be able to effectively upgrade, renovate and add to the existing tourism product and attract new investment it was critical that the government recognise tourism as an export and remove duties from all consumables and operational items.

In October last year Sandals Resorts International expressed an interest in Almond Beach Village and Almond Casuarina and on the basis of the quantum of their proposed investment they were awarded a generous suite of concessions that not only included various forms of tax relief but also access to duty free concessions on Food and Beverage and all consumables.

Awarding this benefit to any one player in the industry without providing it to all others would have created a very unfair environment and the BHTA immediately called on government to use the opportunity to amend the TDA, really recognise tourism as an export and provide our accommodation members with the same concessions as had been offered to Sandals.

It has been a long and difficult road often fraught with delays, doubt by our partners and hesitation on the part of government to grant concessions that were this far reaching to so many players, but I am extremely pleased to announce that we are very nearly there. The language for the amendment to Schedule 2 of the TDA has been discussed and finalised and it was agreed in a meeting with all relevant agencies and ministries held last month that the wording would be the same as contained in the Sandals MOU. The document is now with the CPC and we are hopeful that within the next few weeks our members will have access to these concessions.

I am well aware that the process has been an arduous one and that there are many including myself that believe that it has taken longer than we would have liked. I choose to consider however that this decision represents a bold move on the part of government and finally a recognition and understanding of the type of environment that is necessary for real development and product improvement in the sector and I commend them for having the confidence in the industry. I would also like at this juncture to thank Mr. Stuart Layne the CEO of BTII who has worked with us all along this road to make this a reality and the Ministers of Tourism and Finance for their consideration and support.

It is also encouraging to note that along the way Sandals interest in Barbados has shifted from a position in which the government would have purchased the Almond Beach Village property and paid for its renovation to the tune of \$250M, to one in which Sandals has decided to purchase the property and make the investment. This has meant that the loan that was secured by government can now be directed elsewhere for additional development. Work at Sandals Casuarina on massive changes and additions to the rooms, facilities and general infrastructure has already begun and the property is scheduled to open at the end of January 2015. Based on all that I have seen it will be an amazing property and a wonderful addition to our accommodation plant.

It is encouraging to note also that Amaryllis has been purchased by Gordon Seale and there is intent to renovate and upgrade that property which has such amazing potential. Sandy Beach has been purchased and is being converted into a new condo hotel property, a brand new development is planned for Settlers Beach as part of the group that includes Sandpiper and Coral Reef Club and we understand from information in the press that the Four Seasons property is close to being sold.

All of these developments to me signal a shift in a positive direction and I am confident that once the island can show a strong, progressive climate for attracting tourism investment that is backed by facilitative agencies that truly understand the industry and its need for speed and dynamism, that we will see growth, development and progress that can only be positive for the island's economy, our partners in manufacturing and agriculture and ultimately employment.

SAFETY AND SECURITY

One of the areas that continues to be of concern is that of safety and security and this concern becomes more acute as unemployment rises and individual's financial security is threatened. This Association has continuously called for the aggressive enforcement of legislation as it pertains to itinerant vending and beach harassment, loitering and solicitation and greater police presence in our key tourist belts. By working closely with the Police we have recently been able to make some headway in St. Lawrence Gap but this needs to be sustained and strengthened. The private sector can assist with providing resources and we all need to take a more engaged role in what is happening in the communities in which we live and work.

I also believe that it is time for a general discussion in which all of the agencies and stakeholders are involved to look at a new approach to addressing the situation, the possibility of updating legislation and how all can play a more active role in this important aspect of our industry.

Safety and Security is one of our most important brand elements and it should at all times be given real priority. This is not about taking opportunity away from the “small man” or impinging on anyone’s rights but rather about protecting an industry so that all can enjoy what we have on offer and all persons including small entrepreneurs can benefit.

RESTRUCTURE OF THE CONSTITUTION AND CHANGES TO THE ASSOCIATION

One of the areas in which I had hoped to have been able to make a change was by a review of the BHTA constitution and the reorganization of the Association to better cope with our current needs and membership issues. In my first address I advised that I had asked a small team to review the constitution and make recommendations for reform in some key areas including –

1. Categorization of hotels
2. Leadership eligibility within the association
3. Groupings, Corporate membership and term limits
4. Term Limits for board members (suggested 2 years)

Additionally it was agreed some time ago at the level of the board that we needed to relook at the structure of the secretariat to ensure that we had the resources that we needed where we needed them, a succession plan in place and that we strengthened our research capability. I believe that all of the above are still very relevant and it is my hope that we can address these very important issues in the near future.

I have immensely enjoyed the opportunity to play a real and involved part in the industry over the past two years, particularly through times that though turbulent and sometimes downright terrifying have seen some of the most significant positive change in policy and operation that we have had in the recent past. If we finalise and action these changes quickly and effectively they will set us on the road to real growth and development. I hope that I have contributed to this positive shift in position in some small way and that you feel that I have served your interest well and been a good and solid steward. I thank you for the confidence you have shown in me and for your support.

It is important to remember that the strength of this Association is in its membership and I therefore call on all of you as I did in my first address to stand up, get involved, provide your information when asked, do as much as you can to educate yourselves on the issues that affect our industry, involve your staff and your communities and speak up for tourism – it is up to us to make our voices heard and to make a positive difference!

Ladies and gentlemen I wish to close with some words from President Barack Obama’s 2004 Democratic National Convention Speech that I believe are as applicable to us in Barbados now

as they were when he spoke them, and that I hope give you pause to think; and I quote, “Hope in the face of difficulty, hope in the face of uncertainty, **the audacity of hope**: In the end, that is God's greatest gift to us, the bedrock of this nation, a belief in things not seen, a belief that there are better days ahead.” End of quote.

Thank you ladies and gentlemen, please enjoy the rest of the day and may God continue to watch over this industry, this island and all of us.

Thank you.