



## **BHTA Fourth Quarterly Meeting 22<sup>nd</sup> June, 2016**

### **The Chief Executive Officer's Administrative Report for the BHTA**

Chairman of the BHTA, members of the Board, members of the Association, members of the media, invited guests, ladies and gentlemen it is indeed an honour to address you this morning and to welcome you to the 64<sup>th</sup> Annual General Meeting of the BHTA.

To commence my report let us first look at the current state of the industry. As we review the past year, we can see that the Caribbean tourism growth was up by 7% with 28.7 million stay over arrivals surpassing the world tourism growth of 4% in 2015. The US market was up 6.3%, Canada up 4.5%, UK up 10.4%, Continental Europe up 4.2%, South America up 18.3% and the Caribbean up 11.4%. The average room occupancy increased by 1% to 68.8% and the average room rate increased by 4.6% to US\$229.44.

The Chairman of the CTO the Hon Richard Sealy stated and I quote "This performance was buttressed by lower oil prices and the strong US dollar, which increased the appeal to the region to potential visitors. The many air service agreements ensured that the region had adequate seats to facilitate the flow of travellers to and within the region." End of quote.

The Caribbean cruise activity in the region also improved with an increase of 1.3% giving an estimated total of 24.4 million cruise visitors in 2015.

The overall tourist arrivals in the Caribbean are projected to break the 20 million arrival barrier for 2016 and this is well on its way by the results of the first quarter whereby the region registered an increase of 7.3% over the corresponding year, with some 8.5 million international visitors being welcomed. 19 destinations showed improvements upon their 2015 performance, with 8 registering double digit growth of between 10.5% and 26.8%.

Turning closer to home Barbados registered the best producing year in history for tourist arrivals to the island in 2015. Long stay arrivals grew by 13.9% with a total of 591,892 arrivals. This performance surpassed 2007 which previously held the highest record of over 570K visitors. All the months of the calendar year recorded increases.

This growth was not only due to overall global interest in Caribbean travel but also as a result of the diversification of source markets, including establishing new gateways out of Boston via Jet Blue: Bogota, Columbia through Avianca; and a new Thomas Cook service out of Glasgow.

This trend has continued and the provisional figures revealed that arrivals increased 7.4% during the first quarter of 2016 when compared to the previous year.

There has been an active strategy by the Government and BTMI to increase the airlift to Barbados from the various key markets and this has certainly reaped results particularly in the US with arrivals increasing by 13%. The Canadian market remained relatively flat with a 0.8% decline; however arrivals from the UK rose by 10% resulting in increases of arrivals for the 24<sup>th</sup> consecutive month.

Continental Europe's performance was sluggish with a decline of 6.1%, with Germany as the main producing country, recording a decline of 7.3%. This hopefully will be reversed with the additional airlift out of Germany from Munich this coming winter and the re-introduction of a BTMI director for the European market.

The Caribbean region continued to grow with an increase of 14.3%. This was led by a 34% increase in arrivals from Trinidad and Tobago.

On the South and Central American front, there was a growth of 2.8%. Demand out of Brazil declined significantly and the GOL flight from Sao Paulo will no longer operate as of August 2016. We saw an increase in arrivals by 49.6% for the remaining South and Central American market, which was obviously assisted by the introduction of the Avianca flight.

Turning to cruise, the cruise passenger arrivals in 2015 increased 5.1%. With December recording the highest number of cruise passenger arrivals. Some 8,514 cruise stay arrivals were recorded in 2015 with the greater part of these visitors stayed in luxury accommodation followed by all inclusive accommodation. The majority of the cruise stay visitors remained on the island for 7 to 10 days after completing their cruise; followed by 2 to 3 days.

The winter season of 2016 saw a number of inaugural visits of mega cruise ships including the Britannia and the Mein Shift 3. Home porting increased by approximately 10% compared to the previous year and further increases in ship calls, passengers and home porting are projected for the 2017 season.

As we look down the road for the remainder of the year, there are many challenges and opportunities ahead of us. We are still counting the cost of the Zika cancellations and the pace of cancellations that is currently being reported by the hotels is higher than average when compared to previous years. The actual impact of Zika is difficult to measure as we cannot calculate a figure for the persons, who when taking a decision to book a vacation and do not travel to Barbados or the Caribbean due to Zika.

he rate of exchange for the pound sterling and for the Canadian dollar remains a concern especially in the summer and fall periods as the demographic of the visitor to Barbados is very different during these periods. Tomorrow, June 23<sup>rd</sup> will be the day of decision for “Brexit” when a British vote to leave or stay in the EU will be taken. There is much speculation regarding the outcome of the vote and strong cases have been made for both sides of the equation. The experts feel that on balance if “Brexit” should happen that the negatives outweigh the positives with respects to the impacts on Barbados, a scenario not to be discounted for the tourism sector.

The Olympic Games will take place in August and the US presidential elections in November. Luckily we shall be celebrating our 50<sup>th</sup> Year of Independence in Barbados so any short fall from the US market during November, will be more than compensated by the many Bajans returning home to celebrate.

During the past ten years there has been a progressive decline in the hotel room inventory in Barbados, however we are now seeing new rooms coming on stream which will bring the room inventory close to that of previous years, with the expansion of Sandals resort, the commencement this month of the Wyndham Grand, at the old Sam Lord’s Castle site, the replacement of the old Sandy Beach hotel with The Sands Hotel opening for the 2016 winter season, the proposed Hyatt hotel to be built on the outskirts of Bridgetown and the addition of 44 rooms at Sea Breeze in 2017.

During the past eight years Barbados has faced turbulent times due to the global economic climate. Despite this, Elegant Hotels Group took the brave decision to take the company public in the UK. For some eighteen months the process was on going and finally Elegant Hotels Group PLC was successfully launched on 26<sup>th</sup> May 2015 on the London stock exchange. This indeed is a great achievement and certainly bodes well for investor confidence in Barbados.

Having looked at the present state of the industry let me now turn to the current position of the BHTA. The Association has been very active over the past year and it is a pleasure to present some of those accomplishments and to give some insights to what lies ahead.

## Membership

Our membership continues to grow and we are very happy to welcome a total of 29 new members to the BHTA family during the reporting period. This comprised of 1 accommodation member, 13 new DTS members and 15 new Supporting members. This once again demonstrates the confidence and recognition of companies that the networking assets and programmes offered by the Association can assist with their operation and development in the sector.

A three sectioned, fifteen question electronic membership survey was distributed to the members to garner the feedback on their BHTA membership, and to determine the aspects that are of most value to the members. The questionnaire looked at the general membership, engagement with the Secretariat and the benefits of the Association. To date 53 persons have responded to the survey. The results of the survey will be carefully scrutinized and will create a basis of some of the work needed to be done by the board and secretariat of the Association in the near future.

The Association's newsletter has been redesigned allowing the reader to select stories or topics of interest through links rather than having to read the whole newsletter to obtain information. The newsletter is also now distributed once per month rather than weekly. This was changed having taken into account the membership feedback in the recent survey.

### Advocacy

The BHTA continues to work with the authorities regarding the Tourism Development Act Amended (TDAA) and the Food and Beverage concessions that were made law in November 2014.

To date the hotel sector have been given the authority to only import alcoholic beverages, proteins including meats, fish, shellfish and smoked salmon. Varieties of cheeses are currently being proposed to be added to this list.

There are only 30 hotels that have actually applied to obtain the food and beverage duty free concessions and although the listed items have certainly assisted. HOWEVER the fact is that the law states that ALL food and beverage items can be imported. There is of course a proviso that any item that can be provided from the local agricultural sector in a consistent manner and at the right price and quality should take preference over an imported item. These circumstances are monitored by a committee together with a signed memorandum of understanding between the BHTA, the Barbados Agricultural Society, the Barbados Manufacturers Association and the Ministry of Industry, International Business, Commerce and Small Business Development. At the end of the day the fact still remains that the progress to expand the list has moved extremely slowly and some methodology must be put into place to rectify the situation.

Many hotels are currently attempting to upgrade and renovate their properties and to do so they are utilising the TDAA. The Government has given permission for 23 items to be have been added to the second schedule of the TDAA which is very much appreciated. However there have been a number of issues with the importation of items that have been given a specific time frame for importation.

It would also appear that the success of obtaining duty free status on some imported items is at the discretion and interpretation of certain individuals and not necessarily by the letter of the law. This situation and others have been brought to the attention of The Hon. Darcy Boyce, Minister in the office of the Prime Minister, and he has kindly met with the BHTA to discuss methods of improving and facilitating the duty free operation.

#### Barbados Revenue Authority

Quarterly meetings with Ms Margaret Sivers, the Revenue Commissioner of Barbados Revenue Authority (BRA) have been set up, whereby representatives from BRA, Mrs Annette Weekes, the Comptroller of Customs and Mr Stuart Layne, CEO of BTII meet with representatives of the board of the BHTA to discuss any issues that may be concerning the membership with respects to concessions, VAT, taxation and the reduction in the VAT rate for DTS companies etc. These meetings have been very constructive and a format for reporting issues has been set.

#### Marketing

The Marketing committee, ably chaired by Mrs Roseanne Myers, was fully engaged over the last year in a number of programmes which were mounted to boost occupancy. These included:

#### BB50

In recognition of Barbados' fiftieth anniversary of Independence, hotels and attractions were encouraged to offer discounted rates for customers across all marketing to celebrate our milestone. While the promotion did not attract many guests in off peak months, there was good traction at Crop-over time and throughout the month of November. We were also working with the BTMI to create or market events which were happening during the calendar. These included Festival of Speed, the Sol Rally, the Diaspora Conference, Food & Rum Festival, Run Barbados and the Reggae Festival.

Traditionally Barbados has been a major beneficiary of cricket when it is played in the Caribbean. However, with so many territories boasting of world class stadiums since the 2007 World Cup, Barbados has been disadvantaged in hosting some of the major test matches. It is well known that Barbados offers one of the highest financial returns to the WIBC when cricket, especially against visiting teams from Australia and England. We were not able to leverage many visitors for the current tri-nations series which is being played, even from Caribbean Nationals.

#### Support of local Events

Where there was low-hanging fruit, the Marketing Committee supported local events which had the potential to bring substantial visitors either in its first year or in ensuing years. The

rugby 7's Contest which takes place in December 2016, AnimeKon in August, Swim Barbados, are just examples. We partnered with the Barbados Association of Tampa Bay Inc at their annual charity ball. This is usually one of the largest gatherings of the Barbadian diaspora in North America and they are usually keen to visit and invest in Barbados. We also extended rates on BBN to them to attend the Diaspora Conference which follows Crop Over and also to visit during the months of October and November.

Barbados will have an opportunity to host another world-class event, the World Association of Floral Artists Show. This Festival will be hosted in Barbados in June 2017. Barbados was able to beat other countries such as Russia who were vying for the opportunity.

We have also been partnering with the BTMI in co-ordinating seat sale initiatives. This has to be targeted more aggressively and with better advanced notice. When informed of sales, members can tag specials to take advantage of cheap fares, post on social media so that members can spread the word through their databases.

#### Connect Barbados 50

BHTA supported this year's Connect event. While the number of attending tour operators trended below this year, those who attended were very engaged and were pleased with the updated information which they received on Barbados.

#### BBN

During the last year Regatta completely re-built the backend of their systems to prepare for higher traffic volumes. This has resulted in a faster load time and a new email system will be deployed soon. They have also revised their analytics reporting resulting in more accurate reports and a new mobile booking engine will be available in July which will allow consumers to book with one click.

A pilot project is being launched with a group of 10 hotels that will put BBN on major meta-search engines such as Trivago, Kayak, etc. and it is projected that this will result in increased bookings.

There has been a number of meetings with the villa sector and from this dialogue a request based system for villas is due to be launched in August which is exciting news for our villa membership.

The BTMI recently launched the new [visitbarbados.org](http://visitbarbados.org) website and regatta worked with the BTMI to launch BookBarbadosnow as the booking engine on this site.

#### BWU

During this reporting period negotiation for a new three year agreement with the Barbados Worker Union has been on going. A wages settlement has been reached in the amount of an 8% increase in wages backdated to December 2014 with a 2.5% increase in the first year, 3% in the second year and 2.5% in the third year. Discussions are still continueing with respects to six outstanding terms and conditions contained within the collective agreement. We would like to thank Sir Roy Trotman and the Barbados Workers Union for recognising the challenges that the hotel sector has faced over the past five years and for working collaboratively with the sector to find a workable solution for the wages.

### Training

BHTA partnered with the Ministry of Health and the Barbados Tourism Product Authority (BPTA) to offer vector control training to members, given the recent outbreak and growing concerns of the Zika Virus. There was a very positive response to these sessions and over 100 persons received the training.

The Barbados Employers' Confederation (BEC) partnered with the BHTA to provide a number of seminar and workshops specifically designed for the members. The topics covered included Performance Management for Hospitality, The Shops Act, Understanding the BHTA Collective Agreement, the Employment Rights Act and the Holiday with Pay Act. All of the seminars were well attended and further educational topics will be organised with the BEC moving forward.

The BHTA in partnership with Toney Olton, of the Potters Centre applied to the CBTF to obtain funding to conduct management training for some 250 managers and supervisors, the course was entitled Leadership 21. The application was successful and funding for 4 cohorts was obtained. To date 202 persons have been trained, 35 of which have completed their assessments and have received a National Vocational Qualification (NVQ) in Management at Level 2 or 3.

Industrial Security Operations training was also conducted through the Career Development Institute with funding being provided through Technical and Vocational Education and Training (TVET) Council. 32 officers attended this course.

Moving forward the Human Resource Development Committee is planning to once again host first aid training, as although the BHTA conducted this training two years ago, those persons who qualified at that time, now have to recertify as the qualification is only valid for 2 years.

### Revenue Maximization Seminar

The BHTA and Intimate Hotels collaborated with Josea Browne to organise revenue management sessions for their respective members. The sessions were both educational and

interactive and aimed to create tools and develop skills that the participants could use and implement at their properties for revenue maximization. 36 persons attended the course of four sessions.

### Safety and Security

To ensure the continued education of visitors the BHTA with the assistance of Crime Stoppers, and Ministry of Tourism and International Transport developed a modern and informative Safety and Security flyer of which 250K was printed and all were distributed to the BHTA membership for dissemination in rooms and to passengers by the Ground Handling Companies.

### Research

The BHTA signed a MOU with the University of the West Indies in 2015 and the research committee is working with UWI to formulate research proposals for two areas namely an assessment of the cost structures of hotels in the Barbados tourism sector and the effectiveness and impact of tourism concessions. These proposals will be discussed in the coming months.

### Smith Travel Research (STR)

The Chairman and the board took a decision to fund the registration cost for hotel members to sign up with Smith Travel Research (STR) for one year. STR is an independent company that collects data such as Hotel Occupancy, Average Daily Rate (ADR), Revenue Parity (REVPAR) from hotels around the world and this allows participating hotels to select a comparative competitive set to align their individual results. This also assists hotel owners and managers to accurately evaluate their competitiveness and to adjust their rates and marketing activities accordingly. To date 34 hotels have registered.

Recently the board took the decision to renew this agreement with STR and to pay, through the tourism fund, a further year's fees for hotels to submit their data and create a meaningful data base to bench mark for comparative analysis.

### Tourism Fund

The constitutional changes that were made in 2015 highlighted the need for hotel members to join the Tourism Fund collection scheme. To date 10 additional hotels have commenced collection and we appeal to all the other hotels to bring their support to this very important and meaningful scheme.

With the funds collected the BHTA is able to offer support to both marketing and product initiatives that help the sector and the island as a whole. During this year some of the projects

that have been supported by the tourism fund include; funding for 4 Segway's for the RBPF, life guard equipment for the life guard huts on our shores, events such as Barbados Association of Tampa, Connect, World Travel Market, IMEX, Sol Rally, Rugby 7's, Open Water Swim and the Run Barbados Series to name just a few.

### **Golf Tournament**

The second annual BHTA golf tournament was hosted once again at Apes Hill Golf Club. Thanks to the determination and support from our Chairman Sunil Chatrani and his personal assistant Cindy Miller the tournament was a great success attracting 18 teams of 4 players. The weather treated us kindly and the afternoon and evening presentation was enjoyed by all. A special thanks to the members who supported the tournament with their generous donation of prizes. Elegant hotels was the winning team.

The net revenue collected from the tournament amounted to Bds\$26K which will be utilised to provide 4 scholarships for the upcoming scholastic year.

### **MIF**

The BHTA signed an agreement in 2015 with MIF to carry out a four year project to link micro and small enterprises to anchor companies in the Barbados hotel value chain. The objective of the project is to support the integration of local MSEs into the supply chain of larger hotels and restaurants operating in Barbados.

The project has been operating for approximately one year and during this time a number of activities have been accomplished. A quality assurance scheme has been drafted for use by the hotels and farmers involved in the project, there is research being carried out for the development of a central facility option for the produce being supplied, an ICT platform is being operationalized and training in various areas of interest for all participants is being facilitated.

### **CHTA**

The Caribbean Hotel and Tourism Association (CHTA), under the leadership of Frank Comito, the new CEO, has been very active. A number of documents and submissions on various areas of interest for the tourism sector in the region have been produced. These include papers on Cuba – The Great disruption for the good of the Caribbean, The Sharing Economy Resource Guide, Sargassum Resource Guide, All Inclusives in Aruba, Zika and most recently a paper was presented at a Capitol Hill briefing entitled “Realizing the Caribbean’s Growth potential through Tourism – Creating a Framework for a Caribbean-United States Tourism Action Agenda.

We must congratulate Patricia Affonso-Dass on her recent election to the position of 3rd vice president of the board of the CHTA; Patricia previously held the 4<sup>th</sup> vice president position.

The development of the Association Executives of the national Associations is high on the CHTA's agenda and to facilitate this educational process the CHTA secured financing from ARDA to conduct training sessions at both marketplace and CHIEF allowing for three modules of the ASAE certification for Association executives to be completed and recently they have agreed to finance two additional sessions.

How can two years have flown so quickly! It is now time to say adieu and farewell to our LAST President and FIRST Chairman of the BHTA! May I thank Sunil for his unswerving support and dedication that he has given to the Association and to me especially. The legacy of his term of office will surely be remembered for the revision of the Constitution and his commitment to place the tourism industry into a more positive position with respects to data collection and research that can only bode well to chart an improved course for the industry. Sunil it has been an absolute pleasure working with you, you are truly a consummate professional and at the same time a caring person, a very rare combination in the business world of today. We shall be thanking Sunil formally on Friday 1<sup>st</sup> July at a special event being hosted in his honour. But for now thank you most sincerely.

A big thank you also to the Board of Directors, what a privileged it has been to operate with such a focused group of people. We say good bye to Wayne Capaldi, not only as he steps down from the luxury chair position, but as he leaves the board having served not once, but twice as the President of the Association and has held other positions on the board for the past 18 years. Wayne, during that time you have always given your time, energy and commitment to the Association without question and we truly appreciate all your efforts. We also say thank you to Kelly-Ann Mayers as she steps down to take time to focus on the new addition to her family.

Cicely Walcott has been working with the BHTA for the past five and a half years as our marketing consultant. Throughout this period Cicely has offered professional, thoughtful and informative advice to the marketing committee and has assisted and supported the Association as a whole, by attending numerous meetings and events to ensure that she was fully aware of the membership needs. Cicely has informed us that she will be moving forward with other projects and we must truly thank her for efforts and wish her continued success with her business.

The team of ladies that make up the Secretariat of the Association are to be applauded for their dedication and professionalism that they show every day as they ensure that the reputation of the BHTA is always upheld and as they enthusiastically serve you the members as needed.

On a personal note I have to say that this is a morning of many mixed emotions. As many of you will know by now, I am demitting office as the CEO of the BHTA by year end, so this in effect is the last AGM that I shall have the honour and privilege of addressing you. There is a saying "That everything is for a time" and the time has come for me to step aside and allow a new, vibrant and energetic leader take the reins of the BHTA and lead it into the future for the good of the dynamic tourism sector that we have in Barbados.

This advanced notice allows for the search committee, which has been put in place, to identify my replacement in the coming months and to give adequate time for a smooth transition. Meanwhile, I look forward to continuing to serve the Association, as we work together on a number of matters as outlined today.

During my tenure with the BHTA I have been very fortunate to work with a dedicated and knowledgeable group of Presidents, Directors, public and private sector leaders and volunteers. I have learnt so much from them all and have always been impressed over the years by their willingness to contribute time and resources to making our tourism industry and our nation a better place.

While I shall most certainly miss many aspects of my work, I shall be leaving confident both in stewardship of the BHTA's volunteer leadership and the skills and commitment of our staff.

Thank you for your very meaningful support over the past fifteen years; you have all contributed in so many ways to making my job such a great pleasure and I am truly humbled to have been able to serve you.

I thank you.