



## **BHTA Fourth Quarterly Meeting 10<sup>th</sup> December 2014**

### **President's Welcome Remarks**

Good morning and welcome to this, our 4<sup>th</sup> Quarterly General Meeting.

Before I get into my speech, I think it is important that I remind you, of our last meeting, where I indicated changes were required and some of those changes were the title of the President and that of the Executive Vice President to Non-Executive Chairman and Chief Executive Officer, respectively. We have started this transition and hence I am here to do the opening remarks, but there is a sensitive topic that I cannot ignore and will have to address during my brief comments today.

As we go into our busy time of the year, all indicators suggest that we should have a good season. The sector is reporting strong bookings for the winter and our travel trade partners are confirming our positive outlook. It has been some time now since we have seen this level of business on the books. Although we are not back to our prior level of arrivals, it is a marked improvement over the last year.

According to Smith Travel Research, for the first 10 months of this year, the Caribbean hotel occupancies, ADRs and RevPars are up 0.9%, 4.4% and 8.7% respectively over 2013.

As the UK and the US markets, our major feeder markets, continue to turnaround, we are seeing those holiday travelers now more comfortable booking holidays further in advance of their dates. This allows us to have a better view of our future performance, which most other sectors do not have, the luxury of being able to do. STR reported that hotel occupancies grew by 4.1% in October 2014, the single biggest improvement of any month since December 2013, a sign that the industry could be picking up steam just prior to the 2014/15 winter tourist season.

Consistent with the improved demand is the alignment of the airlift capacity to Barbados. So far we would have seen increased airlift capacity from Canada, the US and the UK.

With these positive signs, everyone is now looking to this sector, our major economic driver of this economy, to turn things around. A lot is expected of us, but as I keep saying, we need the

tools to do the job. We need to yield the best rates possible to maximize our revenues while reducing and containing our expenses to generate the much needed cash flow to reinvest back into our aging product.

My simplistic views of the series of events that need to occur are as follows:

- The season needs to be a strong one.
- The sector needs immediate access to duty-free items in the Amended Tourism Development Act.
- With the duty-free items in place, the hotels need to generate the cash flows to demonstrate a viable and sustainable business model.
- With this improved business model, the commercial banks need to take a different view of the sector and facilitate financing.
- With financing in place, the hoteliers need to reinvest in the product, creating employment in the other sectors.
- With increased employment and more disposable income, this should all help to drive confidence back into the domestic economy and will assist in taking us out of this recession.

As I said, very simplistic, but this is what is needed to start the recovery of this sector and ultimately, our economy by extension.

An integral part of the improved cash flow to demonstrate that the sector can service the loans required for the renovations, is dependent on the implementation of the amended Tourism Development Act to access the duty-free concessions offered to the industry.

While this has been legislated for the hotel sector and promised to the restaurants registered as direct tourism services in January 2015, it is still not available to the sector as yet, with the exception of one entity.

Systems and processes have been developed to facilitate the access to this concession and a pilot test will be rolling out next week with two hotels, one distributor, and the relevant authorities to perfect the process. Now I do not want anyone thinking that there are two hotels, along with Sandals that have these benefits while the rest of the sector is still in the lurch. This is not the case. We will be working with a small sample data that is quite immaterial and we are simply testing small sized transactions for a period of time to process through the system so that we can iron out any bugs and bottlenecks that may occur. We have set an effective date of January 02, 2015 to have everything in place.

As much is dependent on this sector to turn the economy around, so too are we on being able to access these concessions in a timely manner.

This season is an important season for us in many ways. It represents a window of opportunity to start the process of turning the economy around and instilling confidence into our investors.

At our last quarterly meeting, I outlined a number of proposed changes that require an amendment to the Constitution.

The Association has been hard at work in this regard and we will be sending out a notice very shortly to have a special General Meeting in January to vote on the proposed amendments.

I urge everyone to please read the notice and proposed changes as they are issued because it will affect all of us. We will need you to come out and cast your vote on the proposed changes. For the amendments to be approved, we will need 2/3 of the membership to be physically present, or by proxy to convene the meeting. And for the proposed amendments to be adopted, it will require 2/3 of the votes of those present.

To refresh your memory, the proposed amendments will address the following:

- Data collection to make informed decision and facilitate effective lobbying.
- Participation in the BHTA Tourism Fund by all accommodation providers.
- Allowing anyone from the wider membership to be eligible to become President of the Association.
- And lastly, reinforcing the constitution that the EVP is really the CEO of the Association and that the President is the non-Executive Chairman.

On that last point, I think it a good time to step down from the podium as the non-executive chairman and let the CEO of Association present her report on the last quarter.

Thank you and have a wonderful season.