



**JAMAICA HOTEL & TOURIST ASSOCIATION
ANNUAL GENERAL MEETING
TUESDAY, MAY 11, 2010**

PRESIDENT'S SPEECH

Minister of Tourism – Hon. Edmund Bartlett

President Elect – CHTA/Past President JHTA – Mr. Josef Forsmyer

Vice Presidents of the JHTA – *Mrs. Evelyn Smith, Mrs. Nicola Madden-Greig, Mrs. Judy Shoinbein and Ms. Vana Taylor*

Executive Director – Jamaica Hotel & Tourist Association – Mrs. Camille Needham

Permanent Secretary – Ministry of Tourism – Mrs. Jennifer Griffith

Director General – Ministry of Tourism – Ms. Carole Guntley

Chairman and Director of the Jamaica Tourist Board – Mr. John Lynch

Chairman of the Tourism Enhancement Fund/ Past JHTA President – Mr. Godfrey Dyer

Chairman of the Tourism Product Development Co. – Mr. Robert Russell

Executive Director – Jamvac/ Past JHTA President– Mr. Lionel Reid

Executive Director – TPDCo – Mr. Earl Patrick

Executive Director – TEF – Mr. Earl Patrick

Members of the Association

Travel and Media Partners

Ladies and Gentlemen

Welcome to our 2010 Annual General Meeting, the most critical meeting on the JHTA members meeting calendar, where we renew our resolve to keep the strength of our organization in healthy and fit form. Over these 49 years of our existence as a trade association, the JHTA has represented its ever-increasing number of members in the Accommodation and Allied

categories with great fervor and decisiveness. Our ability to take on and defend, clarify and remedy issues that are pertinent to the sector – are testament to the continued relevance of this body. In keeping with this tradition - the past administrative year will go down as one of, if not the most difficult for businesses across the world and while individually and as a group we battled the world worst recession (certainly in our time), we also had to battle some home grown phenomena of which only some should be blamed on the world crisis, but others should be squarely placed at the feet of our policy makers – as they displayed a clear misunderstanding of the kind of framework to ensure the successful growth of our tourism sector. More on this later.

At our last AGM we did a critical update on the first quarter outturn for the sector and it was clear that all was not well in the main tourist markets from which we depend. Although thankfully – even then, the arrivals with the exception of March, did not record negative performance and we went on to end December with a respectable 3.6% growth; the grave challenges we faced were in the levels of discounts that the consumers demanded to deliver themselves to our shores. Two things shifted when the world’s financial systems failed; one was the consumers personal aggregate wealth, mainly invested in their homes, and pension funds and the other was the most critical purchasing decider: Consumers Confidence. Not everyone lost wealth, but everyone was sufficiently disrupted to cause them to depend less on credit for non essentials which is still today one of the main ways vacationers finance travel and the most serious of all, those who still intended to travel exacted their incentives to go by demanding the highest levels of discounts from the sellers. Therefore in the midst of trying to keep occupancies up, mainly through marketing and advertising

spend, we had to be cutting cost at all levels to maintain equilibrium with the reduced levels of earning achieved.

Although the Prime Minister told me that I am one of two Presidents that he was most wary of due to our consistent message of trouble in the sector. I wish to thank him, our Minister and the Cabinet for agreeing to our requests to give **and** to extend the GCT stimulus to the tourism sector for 9 months between January 1 and September 30, 2009. Each tourism business that navigated through last year knows that their business stayed open by being able to maintain cash flow, which the stimulus provided. Mr. Minister, it is instructive that with all the years of complaints that hotels don't like to pay its bills, you will agree that we had the least amount of complaints during that period when we otherwise would not have been able to survive, much less pay our suppliers.

MARKETING

I repeat once more our thanks to the JTB and the Director of Tourism, who under your steady hands Minister, kept the marketing of the destination at the forefront of the world. With the timeless Once You Go You Know/One Love message, Jamaica was visible in the places that mattered to create critical mass, on which we could have dared to grow, when all else, barring a few, saw real and dramatic declines. Of course Director, you will not be spared our timeless call for specific promotions for the Smallest among us as their unique message still awaits a formula to filter through to the millions of discerning travelers that are looking for this which makes Jamaica unique and desirable. Also to achieve the position of envy for strong Airlift, Minister, you did not escape criticism and forensic audits, but those are reminders that make you stronger and remind all of us that

proper planning and due process if well executed will reduce if not obviate these distractions.

CRUISE

It is important that we don't ignore the fact that while we dogged the bullet on Stopover Arrivals, Cruise Arrivals has performed at it's worst ever ending the year down by 16.1% YOY. Only March did not go into decline and even then it was flat. With so many businesses and individuals (namely taxi drivers, attractions, craft traders and in-bond and souvenir stores) depending on this sub-sector, the JHTA renews its call for this performance to be categorized as a crisis unfolding. I said it before and I must say it again: we are too small and too poor a country to be splitting the tourism product across ministries and agencies. With the best will in the world the Port Authority does not have the machinery to leverage the tourism marketing spend to convert it sufficiently for it to make sense. It is time for the decision to be made to put Cruise Tourism back into the Ministry of Tourism and for it to be marketed by the Jamaica Tourist Board. There has been no policy statement from the Ministry of Transport (outside of the announcement of new ports) that convinces us that Jamaica is anytime soon going to speak directly to the Cruise Vacationer, convincing them that we love them as much as their Stop Over cousins. I know we have work to do in the area of harassment, but if we can convince nearly 2 million visitors to stay in Jamaica we can speak directly to cruisers and have them speak to their preferred Travel Agents and Cruise lines to book itineraries that stop in Jamaica. Harassment is a scourge we must remove but having fewer arrivals is not the answer. It is by saturating the streets, craft markets and in-bond shops with tourist traffic that is going to satisfy the immense local demand that is the

beginning of the fix. You want to know if I'm right? Do nothing to stem the declines and watch the possibilities for order disappear.

TOURISM POLICY

There is little doubt in my mind that the development of policy in the Tourism Sector is done with good intentions, but it is important that we reflect on what it is that we wish to achieve. We operate in a global village and therefore cannot ignore our obligations for basic international standards, much less the demand for being better than others to gain market share. However, if we did an audit, destination for destination, Jamaica would be considered one of the most obstructive with regards to the operating regulations and it is not so much that we mind our businesses being put under the microscope, but it is being done by overlapping agencies at unplanned times and in many of these cases it just seem to be more for effect than effectiveness. Speak to international chain operators who will tell you they cringe at the lack of coordination in the Jamaican system that must be un-packed if we wish to begin to allow businesses to focus on the critical services that matter. It is a fact that TPDCo presents themselves to check what the Ministry of Health has checked before. It is also a fact that the Ministry of Commerce though the Quarantine Division comes to check the competence of the Ministry of Health as well. It is also laughable that the Ministry of Health wants monthly tap water samples sent to an independent lab for testing, when that tap water is produced by the Government owned National Water Commission. And the list goes on. I was really hoping that the Public Sector Transformation Unit was having open hearings as the JHTA through experience could assist with some critical recommendations would undoubtedly result in efficiencies.

TAXES ON THE INDUSTRY

Minister, I would be less than truthful, if I didn't say that you have been more than willing to listen to the special concerns of the industry and to even lobby your colleagues on our behalf, but the principle of collective responsibility enjoins you sir in our true displeasure with this administration's disregard for the intricacies & components required to ensure the sustainable growth of the sector. A number of instances come to minds:

- The removal of Accommodation Allowances which we know affected many more than just us. We felt a true sense of disdain when after countless meetings to show how many staff we accommodated in and around our resorts as a cost of doing business ranging from entertainment coordinators to Managers who have all began paying between 15-40% more PAYE overnight. That from the Minister of Finance who promised to relieve the burden of the PAYE Worker.
- Singling Out Tourism for an increase of 21% on GCT while others had only 6%. No amount of analysis and discussion could convince the Government that this was unfair particularly as we were still in the throws of low rates. The comment that sticks in my mind "is that we don't want to pay our fair share". The many business operators in this room paying the raft of taxes and levies knows the burden of paying their fair share.

Jamaica's problem is not that it does not have the capacity to grow out of its challenges, but we must dare to allow the private sector the room to grow with a tax policy that is predictably, fair and affordable. In a recent

note I wrote the you Minister, I said that we were anxious to see the move by the government to recognize Tourism as Export, thereby allowing the inputs to be fully tax free. That I recall was a Manifesto promise that has remained only that.

EXPORT POLICY

A simple definition of Export for me is the production of a product that earns Net Foreign Currency and other than remittances Tourism has been the most consistent top earning of the final export outcome. But does not benefit from the ability to import and buy its ingredient to make the proverbial product to be sold into the market. In fact the challenge that is faced by local manufacturers who may meet the quality and consistency test for the sector, are out-bidder because they can't compete on price. Government can help us and the manufacturers, by allow them to write down their excise taxes in the even that they have sold to the Tourism Sector.

- Closing Remarks -