

Sectoral Presentation 2015/2016

Minister of Tourism and Entertainment

Hon. Dr. Wykeham McNeill

April 14, 2015

TOURISM WORKING FOR JAMAICA

OPENING REMARKS

Mr. Speaker,

I consider it a great honour to have been asked by the Most Honourable Prime Minister to open the Sectoral Debate for the 2015/2016 financial year.

It is a real privilege to serve as an elected representative of the people and I thank God for blessing me with the health and strength to perform in this role.

I would like to thank the

- Most Hon. Prime Minister, whose continuous support I can always count on and for her confidence in me;
- My thanks also to you Mr. Speaker, the Clerk and the committed staff of this Honourable House;
- my colleague ministers, their staff and agencies, especially those whose work directly impacts the tourism sector;
- my Minister of State, Damion Crawford;
- my colleague MPs on both sides of the aisle and I would like to particularly mention the opposition spokesperson for tourism, Mrs. Shahine Robinson;
- my Permanent Secretary, Mrs. Jennifer Griffith, and the dedicated team within the Ministry and its agencies.

- the chairpersons of the respective agencies, their board members and their executive directors, as well as the Chairmen and members of our Resort Boards.
- And my personal staff who keep me in check.
- I would also like to acknowledge the President of the Jamaica Hotel and Tourist Association, Mrs. Nicola Madden-Greig and her executive and members.
- Special thanks must be reserved for my constituents in Western Westmoreland, Mayor Bertel Moore, the Councillors and my management team.
- Last and by no means least I thank my immediate family: my lovely wife Sheila, our two children, my mother and my sisters for being very supportive over the years.

Mr. Speaker, this year we have a new format for the sectoral debate, one that calls for brevity. I welcome this innovative plan but it will present challenges as speakers will not be able to elaborate on all matters under their subject portfolio.

I for one will not be able to speak sufficiently on the Entertainment portfolio which continues to make inroads, especially with the work on noise abatement, entertainment registry, entertainment zones, 90 Days of Summer, the Poet Laureate initiative, Arts in the Park and a range of other programmes. But in this new format my Minister of State will elaborate at a later date. I will therefore focus today primarily on tourism.

INTRODUCTION

Mr. Speaker,

I am happy to say Brand Jamaica remains strong in the marketplace. Our tourism results for last year are most encouraging and the future looks bright. It indicates that we are clearly moving the sector in the right direction.

Tourism continues to play a central role by contributing to income generation, job creation and foreign exchange earnings.

However, Mr. Speaker, while tourism is performing well, our objective and our policy directives cannot be solely to increase arrival figures but must be driven by the impact that tourism has on the life of the ordinary Jamaican, and to ensure that tourism fulfils its role as a social and economic driver of development in Jamaica.

Mr. Speaker, this year promises to be a significant year for us in the tourism sector.

Already last week we had the historic visit of POTUS. Mr. Speaker, the President of the United States turned the eyes of the world on Jamaica and specifically on our capital city Kingston.

We will long remember the start to his speech, “Greetings, Massive” and “What a gwann Jamaica” as well as his visit to the Bob Marley Museum. (Carried on CNN)

We are honoured and delighted to have had him and it will be good for Jamaica’s tourism. I want to commend everyone who was involved in his visit. I for one wish he would come more frequently as all hotels in Kingston were full to capacity.

I have invited him back, this time in shorts, with his wife and family and he has promised to come and I now welcome him to the family of those who say, “Once you go you know.”

This year is also significant in that it commemorates both the 60th anniversary of the Jamaica Tourist Board as well as the 10th anniversary of the Tourism Enhancement Fund; two organizations that have played significant roles in nation building here in Jamaica.

Mr. Speaker, as honourable members know last year Jamaica was elected to chair the Executive Council of the United Nations World Tourism Organisation (UNWTO).

Next month, I will travel to Croatia where I will preside over the 100th meeting of the Council; and in September, I will also preside over the Council at the 21st Session of the General Assembly to be held in Colombia.

Jamaica is the first Caribbean country to be elected to this position and it is a historic and proud moment for us as it further concretises our position as a leader in tourism on the international stage and speaks volumes of the far reaching impact Jamaica continues to have on other nations of the world.

Mr. Speaker, we likkle but we tallawah.

SECTOR PERFORMANCE

Mr. Speaker, for calendar year 2014, Jamaica had a total of 3.5 million visitors, a 7% increase over 2013. This is broken down into 2.08 million stopover and 1.42 million cruise arrivals. Importantly, for stopover arrivals, our three main source markets (the US, Canada, UK) all saw increases.

This trend has continued for this Winter and already, final figures for January and February show that we are up 5% for stopover arrivals, and preliminary figures from January to the 7th of April show an increase of 6.4% over 2014; an additional 35,000 people.

Mr. Speaker, this encouragingly strong start for the winter is underpinned by a robust 24% increase from the UK and Northern Europe combined with a healthy 8.2 % increase from the USA, our single largest market.

For the record, Mr. Speaker, when we set up Jamaica House in London in 2012 there was a lot of controversy as to whether or not it would work. At that time, we had gone through four consecutive years of negative growth out of this market.

In the following year – 2013 we had 4.5% growth out of the UK breaking the drought. Last year we had 17.1% growth and already for this year we are up 24% out of this important market.

Also encouraging is the announcement last year by the Chancellor of the Exchequer of changes in the APD (air passenger duty) for adults and for children under 12 years old, which will make travel less expensive. (198 Pounds or 320 US Dollars for a family of four)

All of this augurs well for future development of this market.

In terms of our other markets, the U.S. is doing well, largely because the economy is doing well and unemployment is down. We are having a challenge in the Canadian market as their economy has slowed down and we must also realise that for the last decade we have had phenomenal growth in arrivals out of Canada, so some tapering off was expected.

Similarly, the Latin America market predictably showed a decline last year specifically in the summer months and this was attributed to the World Cup held in Brazil.

However, Mr. Speaker, we continue to diversify our source markets. Of note, the Scandinavian market is performing spectacularly well. In just two months, January and February of this year, we had over 6000 arrivals. More than we got out of the Russian market at the height of their growth.

In terms of cruise shipping, Mr. Speaker, last year we had over 1.4 million visitors - the best year ever; an over 12.5% increase. Already this year we are up 8.5% and again, Mr. Speaker, we have had increases in all three main ports.

Mr. Speaker, this year for the first time we have a record breaking three cruise ships home porting in Montego Bay – *the Louis Cristal, Thomson Dream and AIDA Bella* – with all the concomitant goods and services required to tender these vessels.

Mr. Speaker, next year we intend to welcome a fourth cruise ship to our shores for home porting.

So Mr. Speaker, as I said earlier, we're doing very well, arrivals are up, our hotels are full and Sangster International Airport is

bursting at the seams. We're expecting to finish the Winter with strong growth overall.

Importantly, the reports are that occupancies, especially in the small and medium sized hotels, are higher than they have ever been and we expect this trend to continue throughout the Winter.

Going forward we also anticipate a strong summer although I would like to point out that a number of our larger properties will be out of commission temporarily to do major refurbishing and add more rooms. This will affect the available product that we have to offer.

Mr. Speaker, often when a Minister of Tourism speaks of how well the sector is doing he lays claim to it. However, it's not all the result of the work of the Minister.

This sector is really built on the professionalism, dedication and commitment of all the players. This includes the accommodations, attractions, transportation sectors - and indeed all the workers on the frontline.

Mr. Speaker, as Minister with responsibility for tourism I want to commend our private sector partners for their tremendous work in the industry and for all that they have done over the years to ensure that Jamaica remains the preferred destination of the Caribbean.

Ours is a true partnership between the public and private sectors and the successes of which I speak are largely due to the work they are doing day in and day out and I want to thank them for this.

Mr. Speaker, our success in this highly competitive industry should be a source of pride not just to us in the industry but to all of Jamaica.

TAXATION AND INCENTIVES

Mr. Speaker, I have just spoken about the performance of the industry but in order for it to develop successfully it must have a sound economic framework undergirding it.

Over the last three years Jamaica has undergone many changes in keeping with the government's firm commitment to stabilise and transform the economy through policies that make it stronger and more efficient. These changes have drawn positive notice and commendations from our international partners.

As an integral part of the process we have undertaken a major tax reform that has significantly affected the tourism sector.

Last year the government abolished the Hotel Incentives Act (HIA) which has been around for decades, and replaced it with the Fiscal Incentives Act (FIA) otherwise known as the Omnibus Act.

Mr. Speaker, the philosophy underpinning this move is that all productive sectors, be they tourism, manufacturing, agriculture and others, should have one common incentive regime.

Our aim is to encourage investors to put their funds not where the incentives are best, but in the sectors that are most efficient and have the best competitive advantage.

In fact, all productive sectors now receive incentives which include employment tax credits, lower corporate income tax, productive input relief as well as favourable capital allowances.

With the new Omnibus Act tremendous opportunities have opened up for the industry.

Among these are:

1. Significantly more persons will benefit. Last year only 100 properties qualified under the HIA. However, since all JTB registered tourism entities now qualify, over 400 are

eligible under the Omnibus. Of importance, Mr. Speaker, the majority of the newly eligible properties are small and medium ones that have not been eligible for decades.

2. More sub-sectors will benefit by law (the HIA only dealt with accommodations). The Omnibus also benefits the attractions and transportation sub sectors.
3. Incentives are in perpetuity. Prior to this persons got 10 or 15 years under the HIA.

All of this means that the entire sector can now regularly refresh and refurbish as it is now more attractive to reinvest. This, Mr. Speaker, will ensure that the Jamaican tourism product remains on the cutting edge of the industry.

INVESTMENT

Mr. Speaker, investment is the driver of growth in tourism, as it is for the economy. As new hotel rooms are built and filled you get growth in your arrival numbers. For example, a lot of the growth in the period post 2005 was due to the investment boom of that era as many new hotels and rooms came into operation.

Mr. Speaker, again in the last few years we have had significant local and foreign direct investment.

A number of new brands such as Sensatori, Melia, Royalton, Hyatt, Marriott, and Moon Palace are now here. They have brought a greater degree of diversity to the character of our destination and our tourism product. I welcome the international exposure that comes from the worldwide marketing of these new brands.

But I am also particularly proud of our own indigenous investors who have been the bedrock of our industry. I must mention the Issa family, and Sagicor who have gone from one hotel four years ago to four now and, just last week, re-branded three of their properties under the new Hilton Curio brand (Richard Byles and his team).

I commend the Hendrickson group who continue to play a major role in our sector and Pan Caribbean who will open their Courtyard Marriot here in Kingston in another few months.

I also commend the Sandals chain - our largest brand - which has invested significantly in Jamaica over the last four years. The strength of their brand and marketing across the world has had a considerable and positive impact on Brand Jamaica.

However, Mr. Speaker, with the consistent increase in airlift out of key markets and the demand for accommodation product there is now an urgent need to further increase our room stock.

Fortunately, Mr. Speaker, our good work has paid off and investment has returned to the sector.

Mr. Speaker, since 2012 there has been a steady flow of investment to the tune of over JA\$54 billion in the tourism product in Jamaica.

But, Mr. Speaker, there is even more investment coming on stream.

As a matter of fact, expansion and construction is about to start on a number of projects that are already on the books, and these, when completed, will add more than 1600 new rooms over the next eighteen months to our inventory. And, Mr.

Speaker, there are another 1500 new rooms being proposed which are at the land acquisition and advanced planning stages.

Mr. Speaker, these rooms will allow us to enjoy significant growth in our room stock and when they come on stream will result in Jamaica being able to experience another era of sustained success in our sector.

Also Mr. Speaker, this surge of investments will generate thousands of new jobs both in the construction phase and permanent jobs when construction is complete.

This will ensure growth in tourism and growth in the economy for years to come.

CUBA

Mr. Speaker, I now turn to the subject of our neighbour Cuba.

When President Obama announced his policy shift late last year I was very pleased because “it is the right thing to do” and we in this House have all wholeheartedly supported this move.

Of course, Mr. Speaker, there will be consequences. The fact of the matter is that even before this new policy was announced we have been competing successfully with Cuba in countries such as Canada, the U.K., Latin America and Europe, which are source markets for both of us.

Mr. Speaker, as with any change, there are positives and negatives. In anticipation of this move, over the past two years we have been having serious discussions with Cuba, so we were

already well advanced with plans and programmes anticipating the inevitable change in policy.

Evidence of this, Mr. Speaker, is that the Louis Cristal (also know as Cuba Cruises) already home ports here in Montego Bay and travels from there to various ports across Cuba. This programme started last year, has operated this year and will continue next year as well.

Late last year Havanatur, a major tour operator out of Cuba, visited and had discussions with myself and the Director of Tourism, along with other industry partners, to explore multi-destination opportunities that we could pursue.

Next month I will be going to the Commission of the Americas meeting in Haiti at which the main topic of discussion will be multi-destination travel, an agenda which I initiated along with

my colleague Ministers of Tourism from Haiti, the Dominican Republic and, of course, Cuba.

Additionally, Mr. Speaker, the JTB is doing a study on the effects of the opening up of Cuba to the U.S. market, which will be ready later this year.

We are taking the matter seriously but we should avoid over-reaction and panic and recognise that the Jamaican Brand is strong and our product is world class.

Mr. Speaker, we have met challenges before and we will meet this one as well.

WORKING FOR JAMAICA

Mr. Speaker, all these developments make for a very exciting time in tourism. However, while we celebrate these achievements and move forward with confidence we do so mindful of the real mission of the sector.

Bringing visitors to the island, which we are succeeding in doing, is not an end unto itself. We must also ensure that earnings from tourism reach more deeply into our communities, that we keep those earnings in Jamaica, and that they stimulate growth and create jobs. Overall, our mission is to ensure that tourism has the most meaningful impact possible on the lives of a wide cross section of the Jamaican people.

In this regard, I want to mention the Linkages Hub, the beach and rest stop programmes, the anti-harassment campaign and community tourism policy.

Linkages Hub

We are now vigorously promoting the linkages programme between tourism and the rest of the economy; especially, manufacturing, agriculture and the creative industries.

The Tourism Linkages Hub, which was created in my Ministry for this purpose, has been very successful. A number of initiatives have been introduced to strengthen these linkages and these have been going very well.

At last year's JAPEX and Caribbean Marketplace, our manufacturers and service providers had the opportunity to showcase their products and services. A number of leads, both local and international, have since translated into contracts for our local producers.

Of course, the agro-tourism farmers' markets in Negril and Montego Bay, which have created an interface between farmers and hoteliers, and their positive impact is being felt. These markets now take place every month and we plan to organize them up in other areas.

Earlier this year, the JHTA came up with the idea of speed networking, where suppliers had fifteen-minute interviews with buyers from the tourism sector to promote their products. The Ministry team worked closely with the leaders of the JHTA, the JMA, JBDC and JAMPRO.

Result: the first event held in January was booked out to rave reviews, and a second one was held last month.

Mr. Speaker, we are also well advanced in planning another original programme called *Christmas in July* which will bring together manufacturers and producers of local gift items with

potential buyers from the corporate world and the tourism sector so that more corporate Christmas gifts can in the future be acquired from local producers. Mr. Speaker, we have already put out an Open Call for participants.

As the linkages programme continues to grow I must express sincere thanks to the stakeholders who have wholeheartedly supported it. I congratulate current and past presidents of the JHTA; Donovan Perkins, Chairman of the Linkages Hub Committee; the JMA's Brian Pengelley, Metry Seaga , as well as Carolyn McDonald-Riley of my ministry.

Community Tourism Policy

Mr. Speaker, last year I tabled the Green Paper on Community Tourism Policy.

This project is funded by the World Bank as part of the REDI programme with the participation of the Jamaica Social Investment Fund. Over the last year we have had a series of consultations across the island to get the input of stakeholders in the development of the Policy.

Today I have the privilege to table the White Paper on Community Tourism. This now joins that other important policy initiative of the Ministry – the Timeshare Act – passed last year.

Beachparks

Mr. Speaker, we are all agreed that as our country develops and more and more of our coastline is utilised we have to ensure that the rights of Jamaicans to have access to good beaches are protected. To this end I announced the beachparks programme last year.

Fourteen beaches have now been secured and seven more have been identified. Work has already begun on the first two not only to provide access but to provide modern amenities as well. More are to be added over the next year or so and TEF along with the National Environment and Planning Agency (NEPA) and Tourism Product and Development Company (TPDCo) are in the process of identifying and securing leases for additional beaches.

Rest Stop Programme

In addition, we also have a Rest Stop Programme.

Mr. Speaker, we intend to have rest stops which are safe and well maintained across the length and breadth of Jamaica. Mr. Speaker, I firmly believe that Jamaicans and visitors alike in a modern and civilised society should be able to stop, eat, refresh and use facilities with dignity at locations which are kept at the highest possible standards.

Just under J\$70 million have been allocated for this programme.

Phase 1 of the programme was completed at the end of March and already 11 locations are up and running.

Phase 2 of the programme will run from May to December this year, and seven (7) have been confirmed for this phase and a further 54 are being assessed.

PROTECTING THE SECTOR

Mr. Speaker, while there are many good things happening in the sector it is not all peaches and cream. We have to address the difficult issues, one of which is the matter of visitor harassment.

While there are complaints by residents about fewer visitors being out and about in our resort towns those visitors who venture out complain that they face a wall of harassment. Mr. Speaker, we have to do more about this. Those who say that stopping harassment is a fight against the little man should realise that, to the contrary, this is a fight for the little man.

Harassment has been shown to be one of the main reasons why many cruise ship passengers stay on board while ships are in port. The same is true of stop-over visitors who often do not venture out of the hotels due to the problem. This especially affects small operators such as craft vendors and other small

businesses as this severely limits their contact with potential customers.

Last year a Task Force was appointed with members from TPDCo, the Port Authority of Jamaica, the Police and other stakeholders to intensify the drive against harassment.

The Police Force has taken a number of new measures to deal with the problem. Mr. Speaker, we are working closely with them to ensure their effectiveness. Just last week, TEF turned over J\$80 million to the Ministry of National Security for the repair and purchase of vehicles for the police to increase their mobility and to assist in the fight not just against harassment but crime in general.

My Ministry has also begun a public education campaign in the mass and social media aimed at promoting a greater appreciation of the benefits of tourism to all Jamaicans and not simply to those who work in the sector.

Mr. Speaker, this campaign began last month and will continue throughout the year because an important part of any anti-harassment campaign has to be public education.

We are going to fight aggressively to rid Jamaica of the problem of visitor harassment. Only then will we begin to see a wider cross section of Jamaica's communities, businesses and individuals benefitting as they should from the tourism sector.

TRANSFORMATIONAL PROJECTS

Mr. Speaker, I now turn to a number of projects that are underway or are to be commenced by TPDCo and TEF.

Mr. Speaker, I am going to provide an update on some of the projects started last year and announce a number of new projects to be started this year.

Ocho Rios

In Ocho Rios, we have completed phases one and two of the J\$400 million resort upgrading project. Mr. Speaker, this year we will commence phases three and four of the project, which will see the total reconstruction of the promenade as well as work to the Ocho Rios Main Street, including areas that are to be pedestrianised.

Falmouth

In Falmouth, a streetscape project is now underway. Work has already started on Harbour Lane and will begin this week on Falmouth Street.

Montego Bay

In Montego Bay, work is ongoing on the lighting of the Elegant Corridor, to be completed by May 31 of this year. This complements the amazing job that was done on the creation of a museum and the upgrading of the Civic Centre in Sam Sharpe Square.

Negril

In Negril, a major project has started for the transformation of the town and town centre. Already work has begun on the Negril to Sheffield main road at a cost of J\$280 million and will follow on the beach park, community centre and craft market, which are slated to begin later this year.

Mr. Speaker, this year we intend to introduce two new transformational projects, one in Montego Bay and one in Kingston.

Montego Bay Hip Strip

In Montego Bay we are going to put back the “hip” in the strip because the Hip Strip is not really that “hip” any more.

Mr. Speaker, over the last few months we have had a series of consultations with stakeholders and community leaders from the public and private sectors.

Out of these consultations, we have agreed on a comprehensive plan of action to be implemented over a period of time. It has been decided that the first step must be to address the unsightly light posts and overhead wiring along the Strip before any further work can be commenced.

A team has been determining how this is to be addressed and we expect to begin this phase of the upgrade works in this fiscal year.

Also, this year we intend to start work on the Close Harbour Beach, better known as Dump Up Beach, in Montego Bay and in partnership with the UDC and other stakeholders we intend to turn this beach into a state of the art beach park and public space for the use of Jamaicans and visitors alike.

After consultation, it has been agreed that this project is to be pursued as a public private partnership venture. I want to thank Senator Noel Sloley and Fredrik Moe for spearheading this undertaking.

Kingston Entry Corridor

The second landmark project is in Kingston. I think we can all agree that the entryway to our capital city ought to reflect favourably on who we are as a people. Remember we have two international airports and in fact the passenger arrivals at the Norman Manley Airport, which is used predominantly by Jamaican and business travelers, recorded an increase in arrivals moving from 670,386 in 2013 to 704,644 in 2014.

While some sections of the road from the Airport into the city are in good condition we can do much better. That is why we plan to significantly upgrade the corridor on Windward Road from Rockfort to the intersection with Mountain View Avenue. Work has already started on this road.

This major enhancement project will include widening of roadways; drainage improvements; work on the facades;

extensive landscaping and better and updated signage. TEF has allocated J\$257.8 million to carry out this project.

Mr. Speaker, consultations were held with community members, and I want to commend the MP for Kingston East and Port Royal, Hon. Phillip Paulwell, the NWA and representatives of other implementing agencies.

OTHER PROJECTS

Mr. Speaker, I have just outlined some of the bigger projects that will be done this year. They add to a number of smaller projects across the length and breadth of Jamaica that will be critical to opening up the wealth of beauty that Jamaica has to offer. I want to mention a few of these and the Tourism Improvement Programme (TIP) project.

Roads

We are going to upgrade:

- Main road to Accompong from both the St. James and the St. Elizabeth sides - J\$90 million
- Mountainside to Watchwell road in St. Elizabeth - J\$150 million.

TIPs

An important part of the Tourism Improvement Programme or TIPs, is the implementation of small but impactful projects all over the island. Members of Parliament may identify projects that are beneficial to their communities. I am gratified by the number of interesting proposals put forward. TPDCo is coordinating and providing technical assistance for the programme.

TOURISM WORKERS PENSION SCHEME

Mr. Speaker, last year I mentioned discussions I was having with the JHTA and other stakeholders about life after retirement of our workers. They are invariably ranked by visitors as being among the best in the world. Our studies revealed that only 6% of these workers have pension plans. The rest are likely to suffer financial hardship after retirement.

They give exemplary service year in year out but when they finally retire are likely to find themselves barely able to cope financially.

I am absolutely passionate, as are many others of us, about doing something about this. For the past year and a half I have been consulting with a team of some of our best economists, actuaries and attorneys as well as our always supportive partners, the JHTA.

Last month, we had a formal meeting with the JHTA and based on agreements in principle, I was able to put forward recommendations to Cabinet for a Pension Scheme for tourism workers.

I am pleased to report that Cabinet has approved the establishment of a defined contribution pension scheme for tourism workers with contributions to be provided by both employers and employees beginning with the accommodations sub-sector.

This scheme, Mr. Speaker, will be established by an Act of Parliament.

Cabinet has granted approval for the Ministry of Tourism and Entertainment to engage actuaries to manage the tender process for the establishment of the Scheme as well as developing the rules for the scheme.

Mr. Speaker, of fundamental importance is that both Cabinet and the sector have agreed to establish this pension scheme by January 2017.

I am sure Mr. Speaker that bringing this project to conclusion would be one of the single most significant successes with far reaching effects that we've had in the sector in recent times. For this I thank the leadership of the sector for their collaboration.

CONCLUSION

Mr. Speaker,

The saying is that a journey of a thousand miles begins with a single step. Our nation is on a journey to make our country the place of choice to live, work, raise families and do business.

The hard work that is being done to build a successful tourism sector that has a positive effect on the lives of our citizens is one step on that road to national prosperity.

We have achieved much this year:

- Record breaking arrivals in both stop over and cruise visitors
- More cruise ship home porting
- A surge in investments
- More indigenous investment
- Thousands of jobs to be created

- Greater linkages with other sectors
- Small and large TEF projects across the length and breadth of Jamaica
- New incentives legislation
- A new community tourism policy to guide the development of this sub sector; and for the first time at last
- A Pension Scheme for tourism workers

Mr. Speaker, we are nowhere near the end of our journey but we have made critical and important strides. The call is for economic growth and we in the tourism sector are going to ensure that the sector fulfils its role as a powerful driver of this growth.

And, Mr. Speaker, we are going to ensure that tourism truly works for Jamaica.

Thank you, Mr. Speaker.