

PART II GROWTH OBJECTIVES FOR ECONOMY AND TOURISM

5. NATIONAL GROWTH OBJECTIVES FOR TOURISM

5.1 NATIONAL ECONOMIC CHALLENGE

Dominica's open economy is extremely vulnerable to changes in the external economic environment. This is reflected in the current difficult economic and fiscal situation.

The Third Medium-Term Growth and Social Protection Strategy, 2012-2014 identifies the challenges facing Dominica as being 'those related to attaining growth in the economy that is pro-poor, which will generate jobs and reduce poverty, and improve the quality of life for Dominicans'. The challenges, which include economic, fiscal, social and environmental issues, are to:

- support a thriving and viable population,
- increase standards of living for all Dominica's citizens,
- increase job opportunities and reduce unemployment, particularly in rural areas,
- stabilize and improve the public finances, and
- protect and enhance the environment.

As indicated in the Third Medium GSPS, 'the pursuit of economic growth is the single most important route to poverty reduction and improved quality of life' to which may be added the stabilization of the public finances and the protection/enhancement of the environment. In order to grow the economy, the Government of Dominica is looking mainly to the private sector – particularly tourism, which Government sees as a driver of economic activity and diversification – both by generating higher levels of business in existing enterprises and by attracting new investment.

5.2 GROWTH SCENARIOS FOR THE ECONOMY

Increasing living standards is key to supporting a thriving and viable population. Using GDP per head as an indicator of living standards, Dominicans have experienced increasing standards of living (about 2.0% annually) over the last 5 years as shown on Table 5.1. However, it should be noted that the increasing living standards were achieved through the (net) emigration of some 2,500 Dominicans. Had there been no out-migration during this period, the increase in living standards would have been lower, at about 1.0% yearly.

Table 5.1: GDP per Capita at Constant 2012 Prices

Year	2007	2008	2009	2010	2011	2012
GDP @ Market Prices	1,114.3	1,220.8	1,301.8	1,282.2	1,286.7	1,295.0
GDP Constant 2012 Prices	1,182.3	1,274.5	1,264.4	1,273.5	1,297.8	1,295.0
Population Estimates	70,940.0	70,890.0	70,840.0	70,790.0	70,740.0	70,700.0
GDP per capita (EC\$'000)	16,666.4	17,978.0	17,848.1	17,989.6	18,346.4	18,316.8

Source: CSO Dominica, ECCB and Consultant's estimates

Going forward, three possible scenarios are:

Scenario A represents the 'low' growth scenario and envisages population growing by its rate of natural increase with living standards increasing by about 1.0% annually. Under this scenario, the economy of Dominica is projected to increase by about 1.6% yearly over the next decade, a growth rate which is marginally higher than what has been achieved over the last 3 years since 2009.

Scenario B represents the 'medium' growth scenario, with an average annual GDP growth rate of 3.5% over the next decade required to support a population of 82,000 people with standard of living improving by the average achieved over the last 5 years. This scenario implies net **immigration** of about 7,000 people.

Scenario C represents the 'high' growth scenario with GDP growing by an average of 5% yearly over the ten years, reflecting a 2% annual population growth and an average 3% yearly increase in living standards. This scenario implies net **immigration** of about 11,000 people.

The increasing population and living standards implications for economic growth are shown on Table 5.2.

Table 5.2: Population and GDP Growth Targets

Scenario	2012	2022	Avg Yearly Growth Rate %
A. Low Growth			
Population	70,700.0	75,000.0	0.6
GDP per Capita (EC\$)*	18,316.8	20,200.0	1.0
GDP EC\$ (000s)*	1,295.0	1,515.0	1.6
B. Medium Growth			
Population	70,700.0	82,000.0	1.5
GDP per Capita (EC\$)*	18,316.8	22,330.0	2.0
GDP EC\$ (000s)*	1,295.0	1,830.0	3.5
C. High Growth			
Population	70,700.0	86,180.0	2.0
GDP per Capita (EC\$)*	18,316.8	24,620.0	3.0
GDP EC\$ (000s)*	1,295.0	2,110.0	5.0

**at constant 2012 prices*

5.3 TOURISM SECTOR GROWTH TARGETS

The strategic objective for the tourism sector is to further the creation of a higher standard of living and well-being for the people of Dominica through the development of tourism on a sustainable basis.

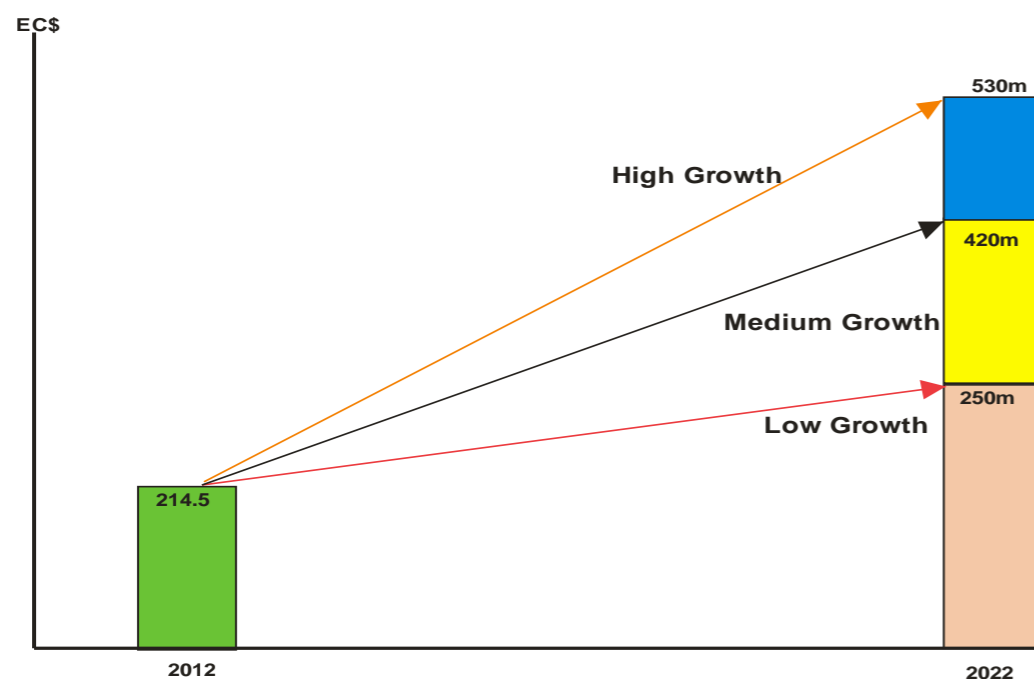
As indicated in the Third Medium GSPS document, Government sees the tourism sector as a driver of economic activity and diversification. This is reflected in the DDA's Mission Statement which is 'to increase the share of tourism's contribution to national economic development'.

Currently, tourism spending represents approximately 16.5% of GDP (in gross terms). Under the national growth scenarios outlined in Section 5.2 above, the challenge for tourism can be projected as being:

Scenario A: under the 'low' growth scenario for the economy, for tourism to maintain its share of GDP at the present level implies total expenditure by all visitors (including the Ross University students) increasing from an estimated EC\$ 214.5 million in 2012 to approximately EC\$ 250 million in 2022 in terms of constant 2012 money values. This represents an average growth rate of about 1.5% yearly.

Scenario B: under the 'medium' growth scenario for the economy, the challenge for tourism is to increase its contribution to national output from its current share of 16.5% to 23%. This means that total expenditure by all visitors would have to increase from the estimated figure of EC\$ 214.5 million in 2012 to approximately EC\$ 420 million by 2022, in terms of constant money values. This represents a doubling of the size of the tourism sector in 10 years implying an average growth rate of about 7% yearly for the tourism industry as a whole.

Scenario C: under the 'high' growth scenario for the economy, the challenge for tourism is to increase its contribution to national output from its current share of about 16.5% to 25%. This means that total expenditure by all visitors would have to increase from the estimated figure of EC\$ 214.5 million in 2012 to EC\$ 530 million by 2020, in terms of constant 2012 money values. This represents an average growth rate of just under 9.5% yearly over the period.



6. TOURISM DEVELOPMENT SCENARIOS

6.1 PIVOTAL ASSUMPTIONS

Any considerations of growth scenarios will be predicated by a number of assumptions concerning the fundamental factors determining growth – market demand potential, supportive business environment, favourable climate for investment etc. Similarly in Dominica's case, but unlike most other 'high-yield, low-volume', Caribbean destinations discussed in Ch.18 – four specific factors will have a determining influence on the nature and pace of tourism development on the island.

These assumptions are in relation to access transport services, enhancement of Roseau, the DDA's marketing budget and the economic infrastructure underpinning the tourism sector.

6.2 TOURISM DEVELOPMENT SCENARIOS, 2012 - 2022

Targeted to maintain and increase living standards for all Dominicans, three national economic growth scenarios were outlined in Ch.5 earlier. Based on these economic growth scenarios, three corresponding tourism development scenarios have been developed, summarized on Table 6.1.

The first scenario - A, is the **low growth** scenario consistent with maintaining present standards of living (in real terms) for Dominican citizens. The 'low growth' scenario can be interpreted as what would be likely to happen if no initiatives were undertaken and tourism development continued to be constrained by inadequacies of air and sea access transport services and urban tourism infrastructure.

Scenario C is the **high growth** scenario which can be interpreted as the rate at which tourism could expand if sufficient public and private sector capital investment was forthcoming to overcome the various constraints.

Between these lie a number of possibilities, one of the more likely being, Scenario B, designated as the **medium growth** Scenario B.

In the following sections, each of the three growth scenarios is considered in terms of their implications for:

- Growth in visitor numbers and receipts.
- Room accommodation requirements.
- Manpower requirements and HRD.
- Air and sea access services.
- Destination marketing.
- Environmental management.
- Economic infrastructure.
- Institutional arrangements

In the elaboration of the implications of the growth scenarios there is an unavoidable element of repetition, particularly in respect of the implications for environmental management, and economic and social infrastructure. This is because irrespective of the growth scenario adopted by Government; there will be a requirement for better sector management.

Table 6.1: Tourism Growth Scenarios

Scenarios Year	Numbers		Spending (EC\$000s)	
	2012	2022	2012	2022
A. Low Growth Scenario				
Stay-over visitors*	74,000	90,000	141,685	173,500
Ross University students	5,000	5,000	45,990	46,000
Yacht visitors	11,760	13,000	2,350	2,500
Cruise visitors	266,200	300,000	23,750	27,000
Excursionists	1,500	2,000	725	1,000
Total			214,500	250,000
Bed-nights in paid serviced accomm*.	167,300	223,400		
Bed-nights in market ready accomm*	116,000	145,200		
Rooms @ 40% room occupancy	460	585		
Rooms @ 50% room occupancy	375	470		
Direct Employment in Tourism	1,700	1,700		
B. Medium Growth Scenario				
Stay-over visitors*	74,000	127,000	141,685	300,000
Ross University students	5,000	5,000	45,990	46,000
Yacht visitors	11,760	16,000	2,350	4,000
Cruise visitors	266,200	450,000	23,750	67,500
Excursionists	1,500	5,000	725	2,500
Total			214,500	420,000
Bed-nights in paid serviced accomm*.	167,300	400,000		
Bed-nights in market ready accomm.*	116,000	300,000		
Rooms @ 40% room occupancy	460	1,220		
Rooms @ 50% room occupancy	375	975		
Direct Employment in Tourism	1,700	3,000		
C. High Growth Scenario				
Stay-over visitors	74,000	155,000	141,685	380,000
Ross University students	5,000	5,000	45,990	46,000
Yacht visitors	11,760	20,000	2,350	5,000
Cruise visitors	266,200	600,000	23,750	90,000
Excursionists	1,500	15,000	725	9,000
Total			214,500	530,000
Bed-nights in paid serviced accomm*.	167,300	480,000		
Bed-nights in market ready accomm*	116,000	360,000		
Rooms @ 40% room occupancy	460	1,450		
Rooms @ 50% room occupancy	375	1,160		
Direct Employment in Tourism	1,700	4,000		

*excluding Ross University students

6.2.1 Underlying Assumptions for Scenarios B and C

- Stay-over visitors spending increases from an average of EC\$ 1,900 per person in 2012 (excluding air fares and/or sea ferry fares) to about EC\$ 2,400 per person in 2022, in terms of constant 2012 prices, reflecting a higher tourism product quality offering.
- Yacht visitors spending increases from an average of EC\$ 200 per person in 2012 to EC\$ 250 per person in 2022, in terms of constant 2012 prices, reflecting a higher tourism product quality offering.
- Excursionist visitors spending increases from an average of EC\$ 480 per person in 2012 (excluding air fares and/or sea ferry fares) to EC\$ 550 per person in 2022, in terms of constant 2012 prices, reflecting a higher tourism product quality offering.
- Cruise ship visitors spending increases from an average of about EC\$ 90 per person in 2012 to EC\$ 150 per person in 2022, in terms of constant 2012 prices, reflecting a higher tourism product quality offering.
- The proportion of 'Bed nights' spent in paid serviced accommodation, which represented about 30% of all visitor bed-nights in 2012, increases to about 40%, as most of the projected growth in demand will be for paid serviced accommodation.
- Room occupancy rates are based on an average of 1.7 sleepers per room.
- Average length of stay falls marginally under both Scenarios, reflecting increasing numbers of vacationers who have a shorter length of stay than those visiting friends and relatives.
- Under Scenario B, the number of yachting visitors will primarily be determined by the number of moorings available, average length of stay and average number of passengers per yacht. Based on some 50 moorings (mainly in Portsmouth) and taking into account the rough seas during Nov – March (exacerbated by absence of a break-water) and hurricanes during the remainder of the year, projected yacht arrivals for 2022 is 16,000. Under Scenario C with a break-water and marina at Portsmouth, the number of yacht visitors is projected to be 20,000 by 2022.
- Cruise visitor projections for Scenario B are based on a partial recovery of the market for Dominica. For Scenario C, with a dedicated cruise terminal and village at Canefield, 600,000 cruise visitors are projected.
- Day trips will come primarily from Guadeloupe.
- Estimates of direct employment are indicative and based on similar ratios used by destinations such as Anguilla and Saba, relating job numbers generated in hotels, guesthouses, restaurants, car rental, tour operators to bed-nights sold in paid serviced accommodation.
- Based on the deliberations of the Access Strategy Conference (25th/27th Sept, 2012), the number of Ross University student visits are assumed to be maintained at around 5,000 during the 2012-2022 period.

6.3 LOW GROWTH SCENARIO A

Visitor Numbers and Receipts

Under this scenario, none of the proposed initiatives takes place. Essentially, things continue much as they are. In consequence, the likely evolution of tourism on Dominica would be as follows:

- Total stay-over arrivals (including Ross University students) to increase to 95,000 by 2022.
- 31,250 non- Dominican related stay-over arrivals in 2022 visiting for
 - general vacation
 - hiking tours and scuba dive
 - short breaks by sports, church, and other special interest groups.
- Some 12,000 stay-over arrivals in 2022 using private homes in Dominica.
- Cruise ship visitors increasing marginally to 300,000.
- Marginal increase to yachting visitor and excursionist numbers.
- Total expenditure by all visitors to increase to just over EC\$250 million by 2022.

Table 6.2: Visitor Numbers and Receipts 2012 – 2022

Visitor Category	Numbers		Receipts (EC\$000)	
	2012	2022	2012	2022
Stay-Over Arrivals	79,000	95,000	187,675	219,500
Yacht Visitors	11,800	13,000	2,350	2,500
Cruise Visitors	266,200	300,000	23,750	27,000
Excursionists	1,500	2,000	725	1,000
TOTAL VISITORS	358,300	410,000	214,500	250,000

6.3.1 Room Accommodation Requirements

Currently, there are some 1,067 rooms in hotels, resorts, lodges, guesthouses, cottages and apartments. Excluding accommodation primarily used by the Ross University students, DDA estimates that the number of rooms meeting international standards is 460, a figure consistent with the number of 'market ready' properties/rooms featured by traditional and on-line tour operators (such as Expedia). The non-international 'market ready' rooms tend to be used by visitors attending festivals and other group events.

Excluding Medical School housing, demand for paid serviced accommodation was an estimated 167,300 bed-nights in 2012, of which we estimate just under 70% were sold in the stock of 'market ready' properties/rooms. Under Scenario A, demand for bed-nights in paid serviced accommodation in 'market ready' properties is projected to increase to 145,200 by 2022, as shown on Table 6.3.

Table 6.3: Bed-night Demand and Room Requirements in 'Market Ready' Accommodation

Metric	2012	2017	2022
Bed-nights in 'market ready' accommodation	116,000	130,000	145,200
Rooms required @ 40% room occupancy rate	460	515	585
Rooms required @ 50% room occupancy rate	375	420	470

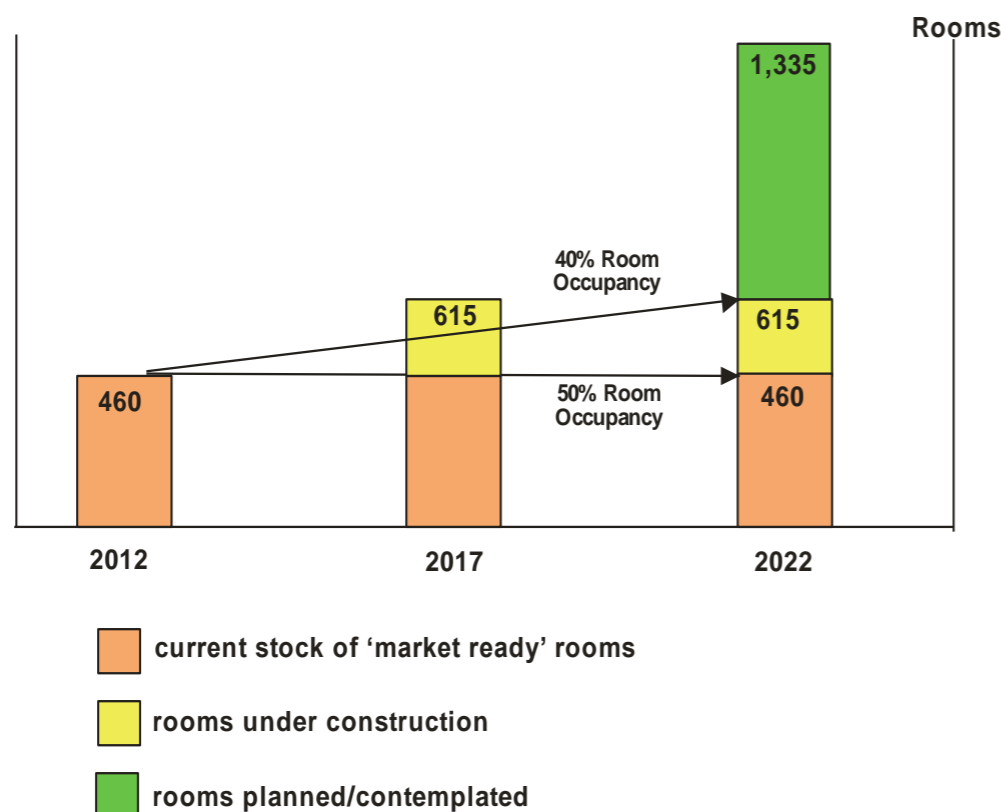
Currently, at an average annual room occupancy rate of around 40% many of the properties are experiencing financial difficulties, and for the industry to return to financial health, an average room occupancy rate of about 50% would be required. At this level of room occupancy rate, the number of rooms that could be supported by 2017 under this Scenario is 420 and 470 in 2022.

The implication of this Low Growth Scenario is that it would not support a net increase in the stock of 'market ready' accommodation, consistent with a financially sustainable sector. The situation is further exacerbated in that, at the moment, there are some 155 new rooms under construction and expected to come on stream in 2013/2014, bringing the total 'market ready' rooms to 615, well above the number of rooms that could be sustained under this Scenario A. Moreover, as outlined in Ch. 12, planned or contemplated developments, but not yet under construction, indicate a further 720 or more rooms.

Table 6.4: Rooms Under Construction and Planned/Contemplated

Currently Under construction	155
Planned/ Contemplated	
a. Woodford Hill Resort (112 accommodation units)	330
b. Cabrits Marina village, villas and 40 room hotel Resort	140
c. Near Pond Casse (75 villas plus hotel)	250

Figure 6.1: Implications for the Accommodation Sector – Scenario A



Other possibilities include a 120 room hotel in Roseau, the Layou River Hotel (120 rooms), the redevelopment of the now derelict Castaways Hotel, Mero (40 rooms) as well as an eco-resort development at Hampstead.

6.3.2 Manpower Requirements and HRD Implications

With no real expansion in the industry, in terms of the number of rooms that could be supported at a financially sustainable room occupancy rate, there is unlikely to be any net increase in the number of jobs in the tourism sector. Indeed, the likelihood is for further labour layoffs in all but a few properties and in other tourism related services

The implications for HRD are modest.....maintaining the present levels of skills in the industry.

6.3.3 Air and Sea Access Services

Under this Low Growth Scenario A, no change in the present air and sea access situation is projected. No improvements in the existing quantity and quality of connectivity between Dominica and the major regional hubs is foreseen.

In effect, poor access continues to be the major constraint to tourism growth

6.3.4 Destination Marketing

Notwithstanding the fact that the current level of resources allocated to Destination Marketing is inadequate, no additional funds are made available to the DDA for market promotions under this Scenario. This is not to imply that there will not be any improvements to the DDA's marketing effort through increased productivity. There will; but there will be no effective increase in market awareness of Dominica, in the context of increased competition from other Caribbean destinations.

6.3.5 Environmental Management

The present quality of environmental management will be maintained. A major project likely to be completed is the formulation of a Physical Master Plan for the island.

Whereas no deterioration to the natural environment is anticipated, there is likely to be increasing problems in maintaining the quality of the hiking trails, particularly the Waitukubuli National Trail, due to the lack of growth in tourist numbers.

6.3.6 Urban Environment and Economic Infrastructure

No significant improvement to the urban environment is projected; in fact further deterioration to the quality of Roseau's historical environment is likely.

Other than the completion of the Melville Hall – Roseau highway, no other major economic infrastructural development is foreseen.

6.4 MEDIUM GROWTH SCENARIO - B

6.4.1 Visitor Numbers and Receipts

Under Scenario B, the tourism sector is projected to increase by about 7% yearly over the next decade. The breakdown of this target for visitor arrivals is shown on Table 6.5

Table 6.5: Visitor Numbers and Receipts, 2012- 2022

Visitor Category	Numbers		Receipts (EC\$000s)	
	2012	2022	2012	2022
Stay-over Arrivals	79,000	132,000	187,675	346,000
Yacht visitors	11,760	16,000	2,350	4,000
Cruise visitors	266,200	450,000	23,750	67,500
Excursionists	1,500	5,000	725	2,500
TOTAL VISITORS	358,300	603,000	214,500	420,000

Including Ross University students, stay-over arrivals are targeted to increase from 79,000 in 2012 to 132,000 by 2022, representing a growth rate of just under 5.5% yearly over the period.

There is a partial recovery in the number of cruise visitors and, although from a low base, a significant increase in the number of excursionists visiting Dominica.

6.4.2 Room Accommodation Requirements

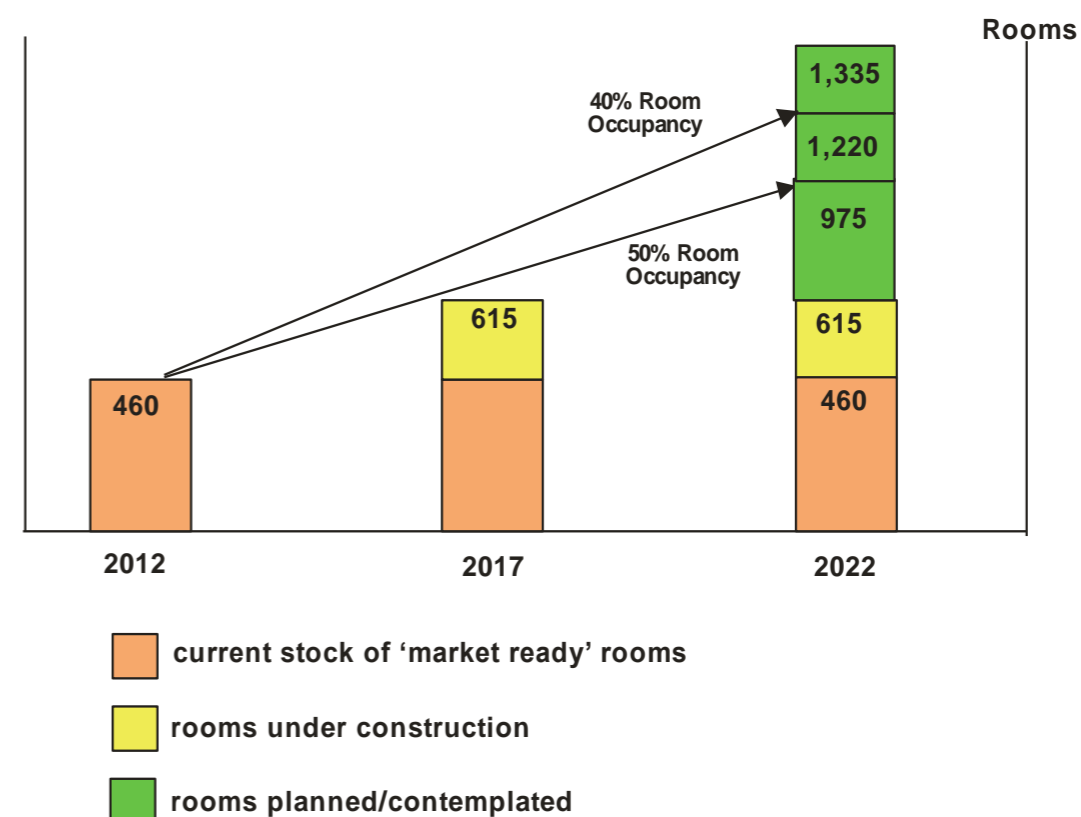
Currently, there are some 1,067 rooms in hotels, resorts, lodges, guesthouses, cottages and apartments. Excluding accommodation primarily used by the Ross University students, DDA estimates the number of rooms meeting international standards is 460, a figure consistent with the number of 'market ready' properties/rooms featured by traditional and on-line tour operators (such as Expedia). The non-international 'market ready' rooms tend to be used by visitors attending festivals and other group events.

Excluding Medical School housing, demand for paid serviced accommodation was an estimated 167,300 bed-nights in 2012, of which we estimate just under 70% were sold in the stock of 'market ready' properties/rooms. Under Scenario B, demand for bed-nights in paid serviced accommodation in 'market ready' properties is projected to increase to 302,500 by 2022, as shown on Table 6.6., reflecting not only an increase in stay-over arrivals, but also an increased proportion of bed-nights sold in 'market ready' accommodation properties.

Table 6.6: Bed-night Demand and Room Requirements in 'Market Ready' Accommodation

Metric	2012	2017	2022
Bed-nights in 'market ready' accommodation	116,000	150,300	302,500
Rooms required @ 40% room occupancy rate	460	750	1,220
Rooms required @ 50% room occupancy rate	375	600	975

Figure 6.2: Implications for the Accommodation Sector – Scenario B



Currently, at an average annual room occupancy rate of around 40% many of the properties are experiencing financial difficulties, and for the industry to return to financial health, an average room occupancy rate of about 50% would be required. At this level of room occupancy rate, the number of rooms that could be supported by 2017 under this Scenario is 600 and 975 in 2022.

The implication of this Medium Growth Scenario is that it would support a net increase of about 515 rooms in the stock of 'market ready' accommodation over the period to 2022, consistent with a financially sustainable sector. The situation at the moment is that there are some 155 new rooms under construction and expected to come on stream in 2013/2014, which will bring the total number of 'market ready' rooms to 615, more or less in line with the number of rooms that could be sustained under this Scenario B by 2017.

However, as outlined in Ch. 12, planned developments, but not yet under construction, indicate a further 720 or more rooms could be constructed over the period to 2022.

Table 6.7: Rooms under construction and planned/contemplated

Currently Under construction	155
Planned/ Contemplated	
a. Woodford Hill Resort (112 accommodation units)	330
b. Cabrits Marina village, villas and 40 room hotel Resort	140
c. Near Pond Casse (75 villas plus hotel)	250

Other possibilities include a 120 room in Roseau, the Layou River Hotel (120 rooms), the redevelopment of the now derelict Castaways Hotel, Mero (40 rooms) as well as a resort development at Hampstead.

6.4.4 Manpower Requirements and HRD Implications

The projected manpower requirements under Scenario B are shown on Table 6.8

Table 6.8: Scenario B Manpower Requirements

Subsector	Rooms	Jobs	Rooms	jobs
Hotels/resorts	495	350	1,582	1,250
B&B, Guesthouses, Inns, etc.	572	200		
Restaurants (outside of hotels, guesthouses)	n/a	50	n/a	1,750
Other (taxis, guides, dive shops, etc.)	n/a	1,100	n/a	
TOTAL	1,067	1,700	1,582	3,000

Consultant's estimates

With a projected net increase of 1,300 jobs in the tourism sector, the implications for HRD are important, as a significant number of these jobs will be in the accommodation sector.

6.4.5 Air and Sea Access Services

Under this Medium Growth Scenario B, a significant improvement in the quantity and quality of air and sea connectivity is projected, achieved through:

- a. Significantly improved quality of ferry services with Guadeloupe
- b. Improved in-transit facilities for Dominica connecting travellers at regional hubs
- c. More efficient connections to the international services at the main regional hubs serving Dominica.....Antigua, Guadeloupe, St. Maarten, Barbados

The improved ferry services will facilitate the growth not only of the stay-over market but also the excursionist market.

6.4.5 Destination Marketing

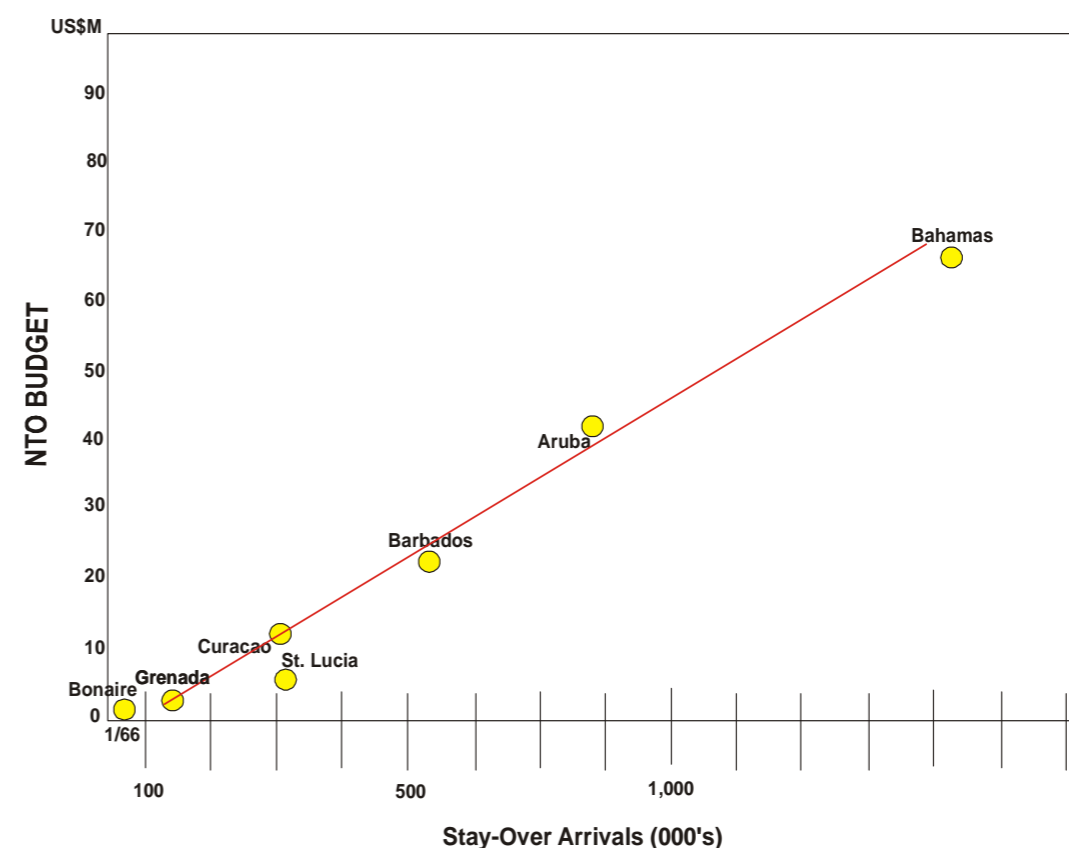
To achieve the targeted increase in tourist arrivals, increased resources will have to be directed to destination marketing. Although it is recognised that there is no direct relationship between the number of stay-over arrivals and the size of an NTO budget in any one year, Figure 6.3 suggests that the high numbers of tourist arrivals are associated with high NTO

budgets. The implication is clear; if Dominica wants to increase stay-over arrivals to a higher level, a commensurate increase in financial resources must be available to the DDA.

What size marketing budget does the DDA need to achieve the stated targets? One way of approaching this issue is to see what competing destinations are spending. Although a useful indicator, this approach had a number of drawbacks, the obvious one being the assumption that other destinations know what they're doing and spend their money effectively. The second drawback with this approach is that it doesn't take into account the stage of development in a market. The third drawback is that this approach doesn't take into consideration the extent of supportive promotion from other intermediaries in the market (airlines, tour operators particularly).

Nonetheless, as shown in Ch. 17, the norm for Caribbean destinations is a budget representing between 2% and 3% of total visitor spending. On this basis, the DDA's budget will have to be increased to between EC\$8.5 and EC\$12.5 million under the medium growth Scenario B by 2022 in terms of constant 2012 money values.

Figure 6.3: NTO Budgets and Stay-Over Arrivals, 2009



6.4.6 Natural Environment and Management

The present quality of environmental management will be maintained, a major project likely to be completed is the formulation of a Physical Master Plan for the island.

An important addition will be the development of a BioPark in the Pond Casse vicinity, which will become a major attraction for cruise visitors and excursionists, as well as for stay-over visitors.

The establishment of the Indian River Protected Area is foreseen under this scenario.

There is also likely to be a continuation of the number of properties/sites qualifying for Green Globe or similar accolades.

6.4.7 Economic Infrastructure

Significant improvements to the economic infrastructure are foreseen. In addition to the completion of the Melville Hall – Roseau highway, are the following:

- rehabilitation and upgrading of the scenic road from Grand Bay via Petite Savanne and Delices to La Plaine;
- repair of pavements, gutters and road surface on Victoria Street, Roseau, and
- provision of improved signage, particularly in Roseau, and lay-bys on main roads.
- upgrading of airport departure/arrival facilities at Melville Hall
- upgrading of passenger facilities at Canefield
- upgrading of ferry terminal facilities at Roseau

6.4.8 Urban Environment

The major urban environment improvements will be centred on Roseau and include:

- Roseau River Corridor re-generation
- Restoration of the Historic/Heritage District
- Botanic Gardens to become a multi-use Municipal Park
- Regeneration of the Roseau Waterfront
- Old Market Square Plaza re-generation

6.4.9 Institutional arrangements

Significant improvements to sector management will be achieved through institutional strengthening and reorganization, involving:

- a streamlined and strengthened Tourism Division
- establishment of a Ministry of Tourism & Transport
- establishment of a National Parks Services Agency
- more focused mandate for the DDA
- establishment of an Environmental Protection Agency
 - incorporating existing Environmental Coordination Unit
- establishment of a National Heritage Trust.
 - incorporating existing Museum Trust, Old Market Trust and possibly Cabrits and other national monuments.

6.5 HIGH GROWTH SCENARIO – C

6.5.1 Visitor Numbers and Receipts

Under Scenario C, the tourism sector is projected to increase by about 9.5% yearly over the next decade. The breakdown of this target for visitor arrivals is shown on Table 6.9

Table 6.9: Visitor Numbers and Receipts, 2012- 2022

Visitor Category	Numbers		Receipts (EC\$ 000s)	
	2012	2022	2012	2022
Stay-over Arrivals	76,000	160,000	187,675	426,000
Yacht visitors	11,760	20,000	2,350	5,000
Cruise visitors	266,200	600,000	23,750	90,000
Excursionists	1,500	15,000	725	9,000
TOTAL VISITORS	358,300	795,000	214,500	530,000

Including Ross University students, stay-over arrivals are targeted to increase from 76,000 in 2012 to 160,000 by 2022, representing a growth rate of just over 7.5% yearly over the period.

There is a major recovery in the number of cruise visitors and, although from a low base, a significant increase in the number of yachts and excursionists visiting Dominica.

6.5.2 Room Accommodation Requirements

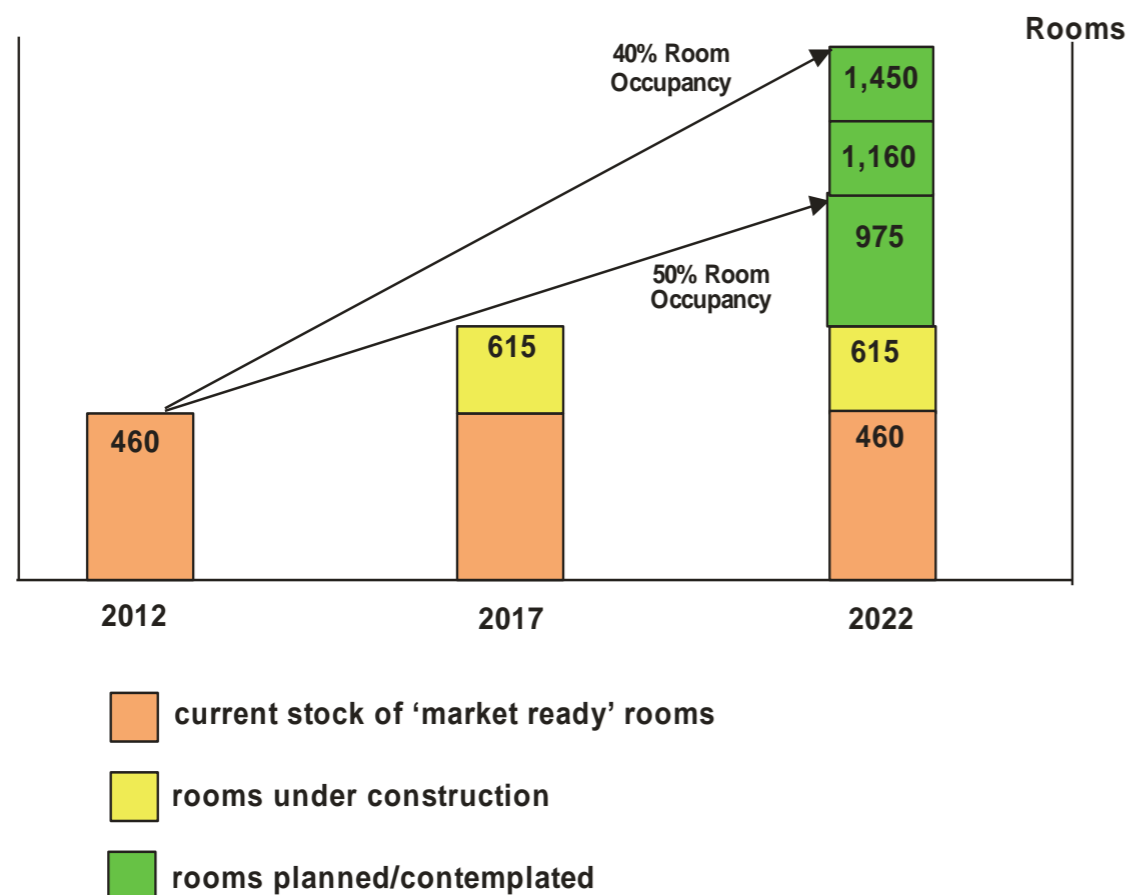
Currently, there are some 1,067 rooms in hotels, resorts, lodges, guesthouses, cottages and apartments. Excluding accommodation primarily used by the Ross University students, DDA estimates that the number of rooms meeting international standards is 460, a figure consistent with the number of 'market ready' properties/rooms featured by traditional and on-line tour operators (such as Expedia). The non-international 'market ready' rooms tend to be used by visitors attending festivals and other group events.

Excluding Medical School housing, demand for paid serviced accommodation was an estimated 167,300 bed-nights in 2012, of which we estimate just under 70% were sold in the stock of 'market ready' properties/rooms. Under Scenario C, demand for bed-nights in paid serviced accommodation in 'market ready' properties is projected to increase to 360,000 by 2022, as shown on Table 6.10., reflecting not only an increase in stay-over arrivals, but also an increased proportion of bed-nights sold in 'market ready' accommodation properties.

Table 6.10: Bed-night Demand and Room Requirements in 'Market Ready' Accommodation

Metric	2012	2017	2022
Bed-nights in 'market ready' accommodation	116,000	200,000	360,000
Rooms required @ 40% room occupancy rate	460	825	1,450
Rooms required @ 50% room occupancy rate	375	660	1,160

Figure 6.3: Implications for the Accommodation Sector – Scenario C



Currently, at an average annual room occupancy rate of around 40% many of the properties are experiencing financial difficulties, and for the industry to return to financial health, an average room occupancy rate of about 50% would be required. At this level of room occupancy rate, the number of rooms that could be supported by 2017 under this Scenario is 660 and 1,160 in 2022.

The implication of this High Growth Scenario is that it would support a net increase of about 700 rooms in the stock of 'market ready' accommodation over the period to 2022, consistent with a financially sustainable sector. The situation at the moment is that there are some 155 new rooms under construction and expected to come on stream in 2013/2014, which will bring the total number of 'market ready' rooms to 615, well within the number of rooms that could be sustained under this Scenario C by 2017.

However, as outlined in Ch. 12, planned or contemplated developments, but not yet under construction, indicate a further 720 or more rooms could be constructed over the period to 2022.

Table 6.11: Rooms under construction and planned/contemplated

Currently Under construction	155
Planned/ Contemplated	
a. Woodford Hill Resort (112 accommodation units)	330
b. Cabrits Marina village, villas and 40 room hotel Resort	140
c. Near Pond Casse (75 villas plus hotel)	250

Other possibilities include a 120 room in Roseau, the Layou River Hotel (120 rooms), the redevelopment of the now derelict Castaways Hotel, Mero (40 rooms) as well as a resort development at Hampstead.

6.5.4 Manpower Requirements and HRD Implications

The projected manpower requirements under Scenario C are shown on Table 6.12

Table 6.12: Scenario C Manpower Requirements

Subsector	Rooms	Jobs	Rooms	jobs
Hotels/resorts	495	350	1,770	1,700
B&B, Guesthouses, Inns, etc.	572	200		
Restaurants (outside of hotels, guesthouses)	n/a	50	n/a	2,300
Other (taxis, guides, dive shops, etc.)	n/a	1,100	n/a	
TOTAL	1,067	1,700		4,000

Consultant's estimates

With a projected net increase of 2,300 jobs in the tourism sector, the implications for HRD are important, as a significant number of these jobs will be in the accommodation sector.

6.5.5 Air and Sea Access Services

Under this High Growth Scenario C, a significant improvement in the quantity and quality of air and sea connectivity is projected, achieved through:

- Significantly improved quality of ferry services with Guadeloupe/Martinique
- An additional ferry service by same operator with Guadeloupe/Martinique
- Additional ferry operator serving Guadeloupe and Martinique
- Improved in-transit facilities for Dominica connecting travellers at regional hubs
- More efficient connections to the international services at the main regional hubs serving Dominica.....Antigua, Guadeloupe, St. Maarten, San Juan, Barbados Connectivity with Hewanorra, St. Lucia
- Canefield upgraded for scheduled passenger use

The improved ferry services will facilitate the growth not only of the stay-over market but also the excursionist market.

6.5.6 Destination Marketing

To achieve the target increases in visitor arrivals, the DDA destination marketing budget will have to be increased substantially.

As shown in Ch. 17, the norm for Caribbean destinations is a budget representing between 2% and 3% of total visitor spending. On this basis, the DDA's budget will have to be increased to between EC\$15 and EC\$22 million under the High Growth Scenario C by 2022 in terms of constant 2012 money values.

6.5.7 Natural Environment and Management

The present quality of environmental management will be maintained, a major project likely to be completed is the formulation of a Physical Master Plan for the island.

As under Scenario B, an important addition will be the development of a BioPark in the Pond Casse area, which will become a major attraction for cruise visitors and excursionists, as well as for stay-over visitors.

The establishment of the Indian River Protected Area is foreseen under this scenario.

There is also likely to be a continuation of the number of properties/sites qualifying for the Green Globe or similar accolades.

6.5.8 Economic Infrastructure

Significant improvements to the economic infrastructure are foreseen. In addition to the completion of the Melville Hall – Roseau highway, are the following:

- rehabilitation and upgrading of the scenic road from Grand Bay via Petite Savanne and Delices to La Plaine;
- construction of a new road between Rosalie and Petit **Soufrière** (which is now the only 'missing link' on the proposed *Ring of Dominica* scenic coastal route circumnavigating the island);
- repair of pavements, gutters and road surface on Victoria Street, Roseau;
- provision of improved signage, particularly in Roseau, and lay-bys on main roads;
- upgrading of airport departure/arrival facilities at Melville Hall
- upgrading of airport departure/arrival facilities at Canefield
- upgrading of ferry terminal facilities at Roseau
- construction of dedicated Cruise terminal and village at Canefield
- construction of Portsmouth bypass

6.5.9 Urban Environment

The major urban environment improvements will be centred on Roseau and include:

- Roseau River Corridor re-generation
- Restoration of the Historic/Heritage District
- Botanic Gardens to become a multi-use Municipal Park
- Regeneration of the Roseau Waterfront
- Old Market Square Plaza re-generation
- Beautification of Roseau, involving improvements to streetscapes
- Regeneration of Portsmouth waterfront

6.5.9 Institutional Arrangements

As under Scenario B, significant improvements to sector management will be achieved through institutional strengthening and reorganization, involving:

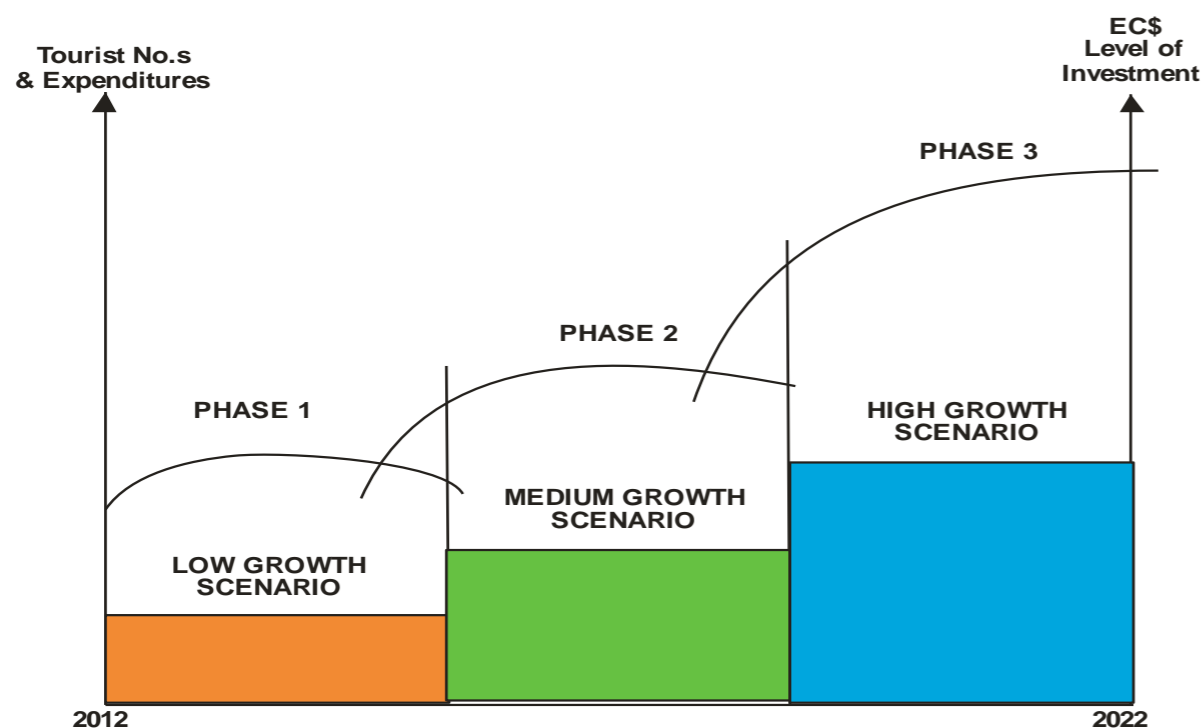
- establishment of a Ministry of Tourism & Transport
- establishment of a National Parks Services Agency
- a streamlined and strengthened Tourism Division
- more focused mandate for the DDA
- establishment of an Environmental Protection Agency
 - incorporating existing Environmental Coordination Unit
- establishment of a National Heritage Trust.
 - incorporating existing Museum Trust, Old Market Trust and possibly Cabrits and other national monuments.

7. INDUSTRY GROWTH PATH AND STRATEGY

7.1 INDUSTRY GROWTH PATH

The low, medium and high growth scenarios are not mutually exclusive. Over time, and depending on both external and internal conditions, the low growth scenario could evolve into the high growth scenario as illustrated on the following diagram.

Figure 7.1: Industry Growth Path



Initially, the industry will follow the Low Growth Scenario – at least until air & sea services are improved; the resources available to the DDA are significantly increased; and investment undertaken to rejuvenate the tourism product and associated infrastructure. With these significant developments, the platform will be established for moving to the Medium Growth Scenario involving the further expansion and diversification of the tourism product - increased stock of accommodation, more things to-see-and-do etc. With the growth momentum generated, the stage is set for moving to the High Growth Scenario.

To achieve the targeted expansion of the tourism sector over the next decade, Dominica will have to

➤ Move to an investment driven strategy

Currently, Dominica attracts relatively few stay-over tourists. This is because the tourism industry is totally dependent on its natural attractions as the motivation for tourists to visit. But the natural attractions, though unique in many ways, are not sufficiently strong in themselves to attract the numbers required to support a significant tourism sector. It is a **primary factor driven** strategy and characterized by limited investment, insufficient accommodation and medium to low quality product.

Dominica is not alone in this regard. All destinations, where the core products are nature and culture based but are not considered world class, (as the Galapagos, Egypt, and Greece), face this problem. The strategy that many destinations which do not have 'world class' nature and cultural attractions have pursued, is to invest heavily the product.

These destinations have seen their tourism sectors prosper and grow. Ireland is such an example.

To move on to the next stage of development requires an **investment driven strategy**, with sustained investment in all aspects of the industry – infrastructure, access transport, amenities and attractions, accommodation, destination marketing, human resource development etc.

7.2 LINKING STRATEGY TO SUSTAINABLE BENEFITS

The wider objective of the growth strategy is to obtain sustainable benefits for the people of Dominica by generating additional economic activity.

The fundamental mechanism to achieve this wider objective is by increasing tourism revenue. Without an increase in revenue there can be: no growth in income; no improvement in employment, or Government tax revenues; and no possibility of improving community benefits from tourism.

The process of securing these sustainable benefits from tourism revenue is shown on the following chart. To increase tourism revenue there must either be:

- More visitors.
- Increased per capita spending by visitors.
- Longer stays.

or some combination of the above.

To get more visitors, persuade them to stay longer and spend more money requires the implementation of nine strategic initiatives to deal with the issues confronting Dominica's tourism sector, viz:

- Improve air and sea access services.
- Increased resources for destination marketing and more focussed approach.
- Expand and diversify the tourism product.
- Improve infrastructure.
- Further develop cruise tourism.
- Human Resource Development and standards.
- Reorganise and strengthen institutional arrangements.
- Better sector management.
- Strengthen linkages with communities.

Action plans to effect these strategic initiatives are outlined in Part V.

Chart 7.1: Achieving Sustainable Benefits

