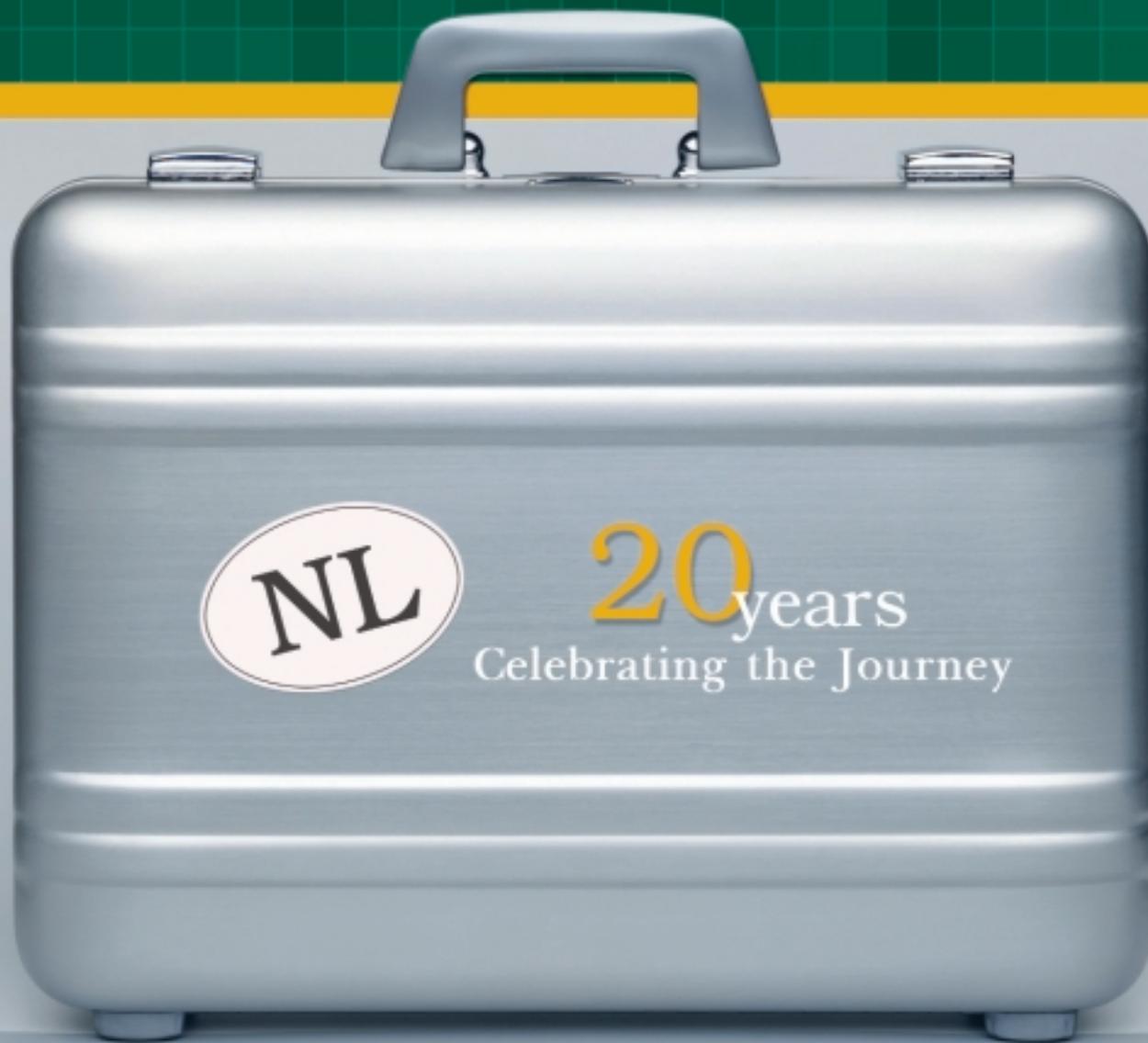




2002 Annual Report
of the Tourism Industry Association of
Newfoundland and Labrador

February 8, 2003



Mission

The Tourism Industry Association of Newfoundland and Labrador, operating as Hospitality Newfoundland and Labrador, is a broad-based industry association

dedicated to the development and promotion of the tourism and hospitality industry throughout Newfoundland and Labrador.

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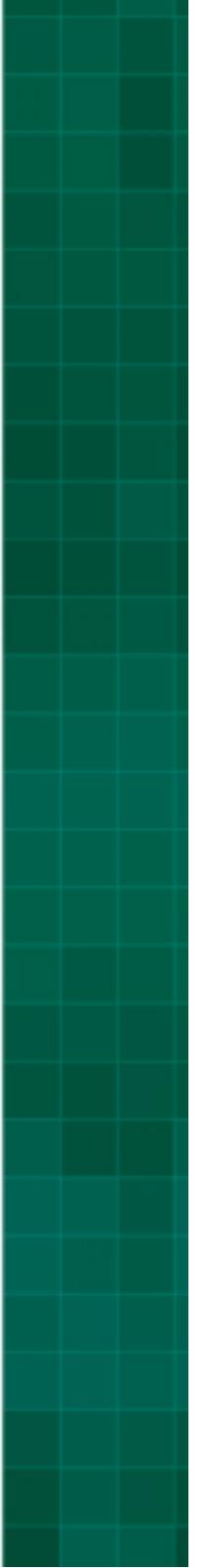
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President's Message - The Journey is the Reward



There is little doubt that Newfoundland and Labrador's tourism industry has hit its stride. We have unique qualities that set us apart from all other destinations, and we have been able to benefit from the authentic and culturally rich experiences that we have to offer throughout the province.

The Reward

Tourism in Newfoundland and Labrador has by all accounts experienced growth in the past decade with both spending and visitations by non-residents growing substantially. The total value of our industry today is approaching \$700 million dollars. Tourism is now worth more to the provincial economy than the landed value of the fishery, the pulp and paper industry and it is about to displace the fishery as the most important economic generator for rural Newfoundland and Labrador.

Tourism industry promotion and development is HNL's goal, and for 20 years the association has made significant strides to ensure that our industry continues to develop in a progressive and professional manner. One of the most significant milestones for HNL and the tourism industry will be taking place in 2003 with the creation of a Provincial Tourism Marketing Council. The implementation of this industry-led partnership will allow industry and

government, in a more cooperative manner, to move tourism to the next level. HNL has been working toward this goal since its inception.

In the past year, as president of your association, I have grown to believe one unequivocal truth - without the dedication, commitment, initiative and perseverance of tourism industry operators and partners, we would not be experiencing such success in our industry.

Quality improvements, policy changes and a heightened awareness of the value of tourism to the provincial economy have come about because industry operators see the big picture and strive to advance tourism to an equal footing with all other industries in this province. For these industry leaders, being a part of the developing tourism industry in Newfoundland and Labrador has been a journey and a reward.

The Journey Continues

It would be very easy to look back on the growth in tourism visitation or the achievements in tourism policies and think that the hard part is over. It's true that we have reached a certain level of success, but there is still work to be done before we can rest - if that time ever comes.

The journey must continue if we are to overcome significant barriers to future tourism growth and long-term sustainability. Marine Atlantic rates,

capacity and ferry replacement are issues that, without proper planning and an understanding by the federal government of the importance of this link, will come to the forefront in the next two to three years.

The high cost of air travel and the exorbitant add-ons to airline tickets create deterrents to leisure travel to and within our province. Strategies must be put in place that will result in value and convenience in the airline industry.

“Tourism industry promotion and development is HNL's goal, and for 20 years the association has made significant strides...”

In order for our industry to expand its operations in a professional, business-like manner, we must have accurate information, based on solid evidence and research. Accurate and up-to-date information about our tourists is key to making sound business decisions. Who are our tourists? What are their needs? Where are they from? The need to update our market research has been identified as a priority for the Department of Tourism, Culture and Recreation for 2003.

Charting a Course

The commitment and dedication of tourism operators giving freely of their time, resources and expertise shape policies and decisions concerning tourism. No one in Newfoundland and Labrador works harder for our industry than those with vested interest: tourism business owners and operators.

We must continue to be vocal and to provide input into key issues facing our industry. We should do so in a united voice under the banner of Hospitality Newfoundland and Labrador. It may be easy to ignore one, two or ten voices separately, but it is not easy to ignore 750 tourism industry leaders working toward common goals. I encourage each of you to get involved and be a part of the journey.

There is strength in numbers. We must keep our numbers solid for improvements in our industry and for sustainable, continued growth into the future.

Sincerely,



Sheila Kelly-Blackmore
President of HNL

Advocacy

Tourism Marketing Council A Reality

Tourism industry operators will have greater input into the tourism marketing strategies of the province in years to come as the Department of Tourism, Culture and Recreation and industry establish a Private/Public Tourism Marketing Council. The mandate of the council will be to help prepare strategic marketing plans and to monitor their implementation. The industry-led council will also assist the Department of Tourism, Culture and Recreation with industry marketing partnership programs.



HNL's Push For More Tourism Marketing Dollars Pays Off

HNL has aggressively advocated that an increase in the core tourism marketing budget was vital

for Newfoundland and Labrador to compete with other tourism destinations. In presentations to government, HNL convinced government that investment in tourism marketing pays back ten-fold in provincial tax revenue. In March 2002, the provincial government announced a one million dollar increase to the core provincial tourism-marketing budget.

HNL Pushes For Co-operation From Air Canada

Another Air Access concern for HNL in 2002 was the

announcement of a reduction in air service within Newfoundland and Labrador by Air Canada Jazz. Visitors to this province seek convenient air connections at reasonable prices. HNL has strongly recommended that Air Canada Jazz work co-operatively and expeditiously to bring about interlining, joint fares and code sharing agreements between the main carrier and the airlines that operate in this marketplace - Provincial Airlines and Air Labrador.

HNL Says "No" To Air Travellers Security Charge

One of the biggest issues facing the tourism industry in Newfoundland and Labrador is the high cost of air travel.



The Air Travellers Security Tax and additional charges such as NavCan fees, fuel surcharges, airport improvement fees and insurance, which raise the cost of air travel, are deterrents to leisure travel. HNL has called for the removal of the Air Travellers Security Charge. In early November, the federal Finance Department announced that it was seeking public input, by December 31st, 2002, into possible changes to the Air Travellers Security Charge. The government claimed it could not afford to reduce the tax at that time, but is looking ahead to the 2003 budget, expected in February. HNL has continued to lobby the federal government to intervene with the incredible cost burden air travel has become to the consumer.



HNL Calls For Vessel Replacement Strategy

HNL urged Marine Atlantic to develop a strategy to deal with the anticipated growth in traffic in the next few years. This includes the development of a meaningful replacement strategy for their ferries. HNL is working now to ensure that in two to three years,

the measures will be put in place so the lack of capacity is not reflected in the bottom line figures of tourism businesses in this province.

HNL Applies For Intervention In Marine Atlantic Hearings

HNL applied for and received interior status from the Canadian Industrial Relations Board on behalf of tourism stakeholders - industry operators, employees and tourists travelling to and from Newfoundland and Labrador - as persons affected by the decision of whether or not Marine Atlantic is an essential service for this province. As the leading advocacy group in Newfoundland and Labrador tourism, HNL is a critical stakeholder to the gulf ferry operation.

HNL Nets Equity On Marine Atlantic Board Of Directors

Due to a lobby effort by HNL and other stakeholders in Newfoundland and Labrador, the Federal Minister of Transport Canada reversed some of the inequity

that existed on the Marine Atlantic Board of Directors by appointing five individuals from this province, representing the primary user groups of tourism, trucking and Newfoundland and Labrador residents.

HNL Initiates Coalition Of Business Groups To Address Transportation Issues

HNL joined forces with several business groups to work in a united voice for improvements in the transportation systems to the province. The Coalition, made up of HNL, Canadian Manufacturers and Exporters Association, Carriers Association of Newfoundland and Labrador, St. John's Board of Trade, Conception Bay South Chamber of Commerce and the Canadian Federation of Independent Business, sought a meeting with Transport Canada Minister, David Collenette, in November when he attended the Official Opening of the St. John's International Airport. Minister Collenette was unable to meet with the Coalition at that time but has committed to meeting with them early in 2003.



Labrador Issues On The Table

In the past year, due to concerns brought forward by members, HNL organized a Labrador Issues Committee. The Labrador Issues Committee was organized to develop policies, for the consideration of the Board of Directors, on all significant tourism issues relating to Labrador. The newly formed Labrador Issues Committee

Advocacy *cont'd*

met in October in Happy Valley-Goose Bay to develop strategies to address some of the issues facing the development of the tourism industry in Labrador.



HNL Initiates Labrador Tourism Forum

Based on a strategy session and meeting with the Department of Tourism, Culture and Recreation, the Labrador Issues Committee, along with the acting Board of Destination Labrador, HNL initiated the concept of a Labrador Tourism Forum which was held in Labrador in January 2003. The forum provided an opportunity for tourism operators in Labrador to learn the details of the Destination Labrador plan - A Tourism Development Plan for Labrador. Then, based on accurate, up-to-date information, industry formed an interim Board of Directors to proceed with the start-up of Destination Labrador.

HNL Reacts To Marine Liability Act

The Marine Liability Act (MLA) was designed to provide a uniform system for establishing liability that balanced the interests of ship owners and passengers. The MLA covers all commercial or public marine vessels on all bodies of water, which includes adventure tourism water crafts.

When the MLA came into effect in 2001, a large portion of adventure tourism operators were not informed about it and were not consulted during the development of the legislation. HNL learned that consultations into the possibility of adding a compulsory liability insurance regulation to the MLA were underway with marine-based industries across Canada ending in Halifax. HNL demanded not only that consultations take place in this province but urged Transport Canada to attend the sessions to explain why the tourism industry was not consulted during the development stage and clarify how the MLA affects this industry. At the consultation in St. John's in June, Transport Canada officials clarified a number of concerns and stated their regret that the adventure tourism industry was not informed or consulted about the MLA. The group was assured that measures would be taken in the future to include industry in any consultation processes.

HNL Participates In Labour Standards Forum

HNL spoke on behalf of the tourism industry at the Labour Standards Forum. At the forum, HNL spoke out on a number of Minimum Employment Standards, which will come into effect in 2003 and will have a negative effect on tourism businesses. In the joint meeting with industry and labour groups, the Department of Labour agreed to organize a committee to develop recommendations for changes to the new regulations concerning overtime. HNL sits on that committee.

New Initiatives

HNL Hits The Small Screen

One of the most significant projects that HNL has ever initiated is the production of a television series which will profile unique attractions and amenities of Newfoundland and Labrador's tourism industry, elevate awareness of tourism and its value to the province's economy and encourage tourism travel.

Beyond your Backyard offers valuable marketing opportunities for HNL members. HNL has received financial support from ACOA, HRDC, Transportation Canada, Parks Canada and the Department



of Tourism, Culture and Recreation and from members, whose initial commitment provided the seed money for this show. Each show will focus on a different region of the province and will profile some of the various tourism-

related businesses in that area. Well-known movie and television actor Gordon Pinsent, will host the show along with Sharon Snow, Stan Cook Jr. and Paul Parsons.

New Web Site A Hit

Through the use of technology, HNL has found an avenue to provide an immediate and current flow of information to members. HNL built a new interactive Web site, which was launched in November and received over 3000 visits in the first three weeks.

With the new site, members have 24 hour access to information, HNL policies, activities and events. The new

site is state-of-the-art, with such features as current information and news, press releases, frequently asked technology questions and monthly polls. The Web site was designed with members' needs in mind and will be heavily promoted to the membership as one more avenue from which members may gather important information and provide input into future HNL initiatives.

HNL Begins Business Retention And Expansion (BR&E) Project

In partnership with the Department of Industry, Trade and Rural Development (ITRD), Human Resources Development Canada (HRDC), and the Atlantic Canada Opportunities Agency (ACOA), Hospitality Newfoundland & Labrador will conduct The Business Retention and Expansion (BR&E) research for tourism in early 2003.

The initiative is an economic development tool that will promote job growth by helping tourism industry leaders identify the barriers to survival and growth facing local businesses. It is a formalized, action-oriented, volunteer-driven process for learning about the issues and concerns of tourism businesses and setting priorities for projects to address these needs.

Visits to businesses by the BR&E team are at the heart of this initiative. During these visits, short surveys about the business's opportunities and threats are completed. The visits and the analysis of the survey results allow tourism leaders to determine appropriate measures for enhancing the region's business base. In the longer term, BR&E can make local tourism businesses more competitive by evaluating and addressing their broader needs and concerns. Businesses that stay competitive are more likely to remain in the community and expand.