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**SMALL STATES IN TRANSITION – FROM VULNERABILITY TO COMPETITIVENESS**

## **MAKING TOURISM SUSTAINABLE**

**Environmental Incentives for Sustainable Tourism:  
A Renewed Strategy For Tourism Development in Small Island Developing States**

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## **Key Words**

Environmental Incentives, Environmental Management, Environmentally Sound Technologies, Hotels, Sustainable Tourism, The Bahamas.

## **Preface**

Further to the 1992 Earth Summit in Brazil, the United Nations Commission on Sustainable Development (UNCSD) has urged governments to:

*"advance sustainable tourism development, inter alia, through the development and implementation of policies and national strategies or master plans for sustainable tourism development based on Agenda 21, which will encourage their tourism industry, assist in attraction foreign direct investment and appropriate environmentally sound technologies, and also provide focus and direction for the active participation of major groups, including national tourism councils and, as appropriate, tourism agencies and organisations, and the private sector as well as indigenous and local communities"*

Since 1992, although some positive actions in this regard were noted, there is still considerable scope for clear and comprehensive policy and national strategy directives that more effectively support the competitiveness and long-term development of tourism in Small Island Developing States (SIDS) such as those in the Commonwealth Caribbean.

Such directives are of paramount importance given that tourism, the single most common industry in the Commonwealth Caribbean SIDS, is by no means a frivolous industry but a powerful force in export and development. Tourism, for example, has the ability, inter alia, to earn foreign exchange (upwards of US \$19 million in visitor spending in the Caribbean) and to create employment (in cases up to 1 in 4 jobs is linked to Tourism). Most significantly, however, such directives are needed to safeguard the environment, which is the base on which tourism is built and which is, as recent UWI et al studies have revealed, being negatively impacted in the development of this export industry.

A key area for strategic development, therefore, is Sustainable Tourism. Within Sustainable Tourism, the need to safeguard the environment, while remaining internationally competitive lends itself to the development of strategies that, in keeping with the urge of UNCSD, attract the widespread use of appropriate environmentally sound (or green) technologies by the tourism industry. The proposition, therefore, is that in stimulating the sustained development of tourism as a viable export and means of advancing development, Commonwealth Caribbean SIDS must attempt to effectively attract the use of environmentally sound technologies by providing specific environmental incentives to the tourism sector for this.

## **Abstract**

In the context of Sustainable Tourism, which stresses the co-existence of development and environmental management, this paper questions the general nature of the Commonwealth Caribbean SIDS traditional tourism investment incentive stimulation strategies for tourism resort and hotel development and expansion projects.

Using The Bahamas as the case, the paper focuses on hotels as major investments in tourism. It notes the importance of this sector as an export in development along with the key environmental management challenges and limitations it faces in being competitive. It draws on empirical data from a Bahamas Hotel Sector 2001/2002 Survey and Focus Group Meeting. Covered are the views of over 53% of Nassau/Paradise Island and 15 Family Island hoteliers on their environmental management practices, government environmental policies and incentives and other related issues.

The empirical data supports that hotels mainly in the small locally owned category made use of little environmentally sound technologies and operated in parts at low levels of environmental

soundness. The major limiting factor to this was the cost involved in making use of green technologies both perceived and actual. In addition, it was found that existing investment strategies are usually with an absence of specific incentives for environmental competitiveness. In fact, hoteliers revealed that existing incentive directives do not specifically indicate a preference for the use of green technologies, which is a contributing factor for hotels not making full use of such items.

Based on the finding, this paper supports that in today's environment the Commonwealth Caribbean SIDS must renew their tourism stimulation strategy to ensure that incentives are granted specifically to encourage environmental promotion and protection by hotel and tourism businesses. In particular, the paper recommends that specific government and or other funding, incentives and technical assistance be provided to the small locally owned hotel to maximise their environmental efforts and their role in sustaining tourism. Specific incentives encouraging the use of environmentally sound technologies by the tourism sector should, therefore, be placed high on governments' agendas and form part of a national Sustainable Tourism Development strategy as the way forward in the continued growth and sustainability of tourism.

## **1. Introduction**

In the last decade there has been a paradigm shift in tourism to one of Sustainable Tourism where efforts are placed on achieving tourism development through conscious management of the environmental resources of the destination in such a way that minimises any negative effects. The destination's environmental resources in turn encompasses, not only as the natural resources of land, air, water, flora and fauna, but also more holistically people resources including the social, cultural and economic conditions that affect their lives and future generations. These resources actually make up a destination's core product, which attract and is sold to visitors and which is also used by the industry and local community alike, making it a requirement that they be sustained.

Within Sustainable Tourism, the hotel sector has come under close scrutiny as this sector is not only pivotal to tourism growth but, more importantly, this sector has significant implications for both development and environmental conservation. In fact, there is increasing acceptance that hotels, large or small, must adopt an environmental management or "Greening" approach to their operations so that they positively contribute to the sustainability of tourism.

By reviewing the hotel sector's functions in economic development and in environmental conservation and by analysing relevant empirical data from The Bahamas hotel sector, this paper seeks to shed some light on the issue of sustainability and the development of tourism as a major export requiring specific environmental incentive strategies.

## **2. The Case Country in Brief**

The Commonwealth of The Bahamas is an archipelago of approximately 700 coral islands and about 2,500 islets or cays located 80 km. (50 ml.) off the south-eastern US Florida coastline and stretching south-east for 1,352 km. (840 ml.) to 80 km. (50 ml.) off the north of Cuba and Haiti. This nation of islands, which gained its independence from Britain in 1973, has a population of 304,913 (2000 National Census) concentrated mainly on the island of New Providence (67% of total population). New Providence consists of the capital city of Nassau and the resort Paradise Island (PI) that is connected to mainland Nassau by a toll bridge.

The Bahamas is considered a stable, upper-middle income-developing nation with a GDP estimated at US\$3.06 billion or approximately US\$11,600 per head. The country's average household size is 3.5 (2001) with each household earning an average annual income of Bahamian dollars B\$34,769.00. Households in New Providence, however, records a higher annual average income at B\$35,600.00. The B\$ is on par with the US\$, which is widely used throughout the country.

Currently there is no personal tax in The Bahamas. Individual incomes are, therefore, not subjected to any direct governmental taxes. Prices in The Bahamas, however, include custom duties that average out at 35% but range between zero and 300% on the CIF value of the item, plus stamp taxes ranging from 2-7 % for everyday imported items. Stamp taxes can go as high as 20% and even 50% on some otherwise duty-free luxury items.

With little arable land and no mineral deposit, except salt, tourism, as an export industry and development opportunity, was first encouraged by the government in 1950 in an effort to generate revenue and to create employment (BMOT u/d: 1). At that time, The Bahamas were little more than a few small colonial settlements that, in the four years prior to 1950, attracted about 32,000 tourists. Since that time, foreign arrivals have increased to now more than 3.6 million of which stopover visitors, number 1,438,887 and cruise passengers 2,209,404 (1999).

Tourism turned out to be the powering force in the development of the country with this nation's economy being tourism based. Tourism, for instance, generates approximately 50% of total GDP and produces 70% of the government tax revenue. It also directly or indirectly employs about 50% of the total employed workforce with estimation that 1 in every 4 jobs in the country is directly or indirectly linked to tourism. Foreign exchange earned by visitor spending is estimation by The Bahamas Ministry of Tourism (MOT) US\$1.8 billion (2000).

Today, The Bahamas is a leading tourism destination in the Caribbean and continues to show an "above average growth" rate in comparison to other top Caribbean destinations. Based on its growing capacity to create jobs, earn foreign exchange and generate income, the country expects tourism to remain the dominant industry for the foreseeable future (BIA u/d: 1).

### **3. The Hotel Sector in Tourism Development**

The Bahamas hotel sector holds particular significance in the nation's development, as the history of tourism development in the country since 1950 is synonymous with the development of hotels. In its decision to fulfil its development goals through tourism, one of the first government legislation passed by government was hotel related. This legislation, the 1954 Hotel Act clarified that it aimed:

*"to encourage the construction of Hotels in The Bahamas by providing for the refund of Customs duties and Emergency Taxes and Certain Other Concessions, and for the Exemption of such Hotels from Certain Taxation, and to Relieve Existing Hotels from Certain Taxation."*

This legislation was supported by the Hotel Encouragement Act of 1965 that specified additional fiscal and other investment incentives. In addition since 1992 the 1965 Hotel Encouragement Act was amended to reduce the number of rooms required for new hotels to access the investment incentives from 10 rooms for All Bahamas to 5 rooms in the Family Islands- Small hotel development particularly those of 25 rooms is being encouraged by government for local investment.

With an estimated 15,067 rooms in 263 hotels, The Bahamas hotel sector stands at the very core of the nation's Tourism Industry's economic success as hotels generate close to 70% of tourism revenues and by extension, is a major generator of foreign exchange- the hotel industry in the region actually grosses annual tax revenues of over US\$2 billion. It collects for government a guest tax of 4% of their daily room rate. Room rate averages in 2000 stood at \$150.00 per night with occupancy rates averaging 67.2%. Given that 90% of the stopover visitors stay at hotels, hotels are a very significant means of tax revenue for the government. A far more substantial tax revenue is generated for the government by the duties and taxes that hotels are required to pay on the capital goods and consumables that they are obliged to import for daily use- estimated as often more than 50% on a typical basket of goods. Hotel guests in turn contribute further in airport departure taxes.

The hotel industry is additionally recognised both as the largest investor within tourism and as the country's largest investor. Major foreign investments, for example, have been represented in The Bahamas hotel sector and have benefited from the incentives of the Hotel Encouragement Act. Hotel properties, for instance, have been purchased by Italian, Danish and Swiss investors and by a consortium of American, British and South African investors. Other major foreign investors include the French chain Club Mediterranee, which operated up to three vacation villages including the crown of their entire chain, the Columbus Isles Village on San Salvador Island. Other major owners and operators of resorts include Princess Hotels, Forte/Meridian Hotels, SuperClubs and Sandals. Major franchise operations also represented include Marriott, Radisson, Clarion Hotels, Holiday Inn, Hilton, Comfort Suites, Quality Inn and Best Western Hotels. These investments contribute to the hotel sector being the biggest private sector provider of jobs and an essential factor in tourism training and education through its own programmes and through linking with other institutions.

The hotel sector has clearly manifested itself as the key catalyst in the achievement of The Bahamas development goals. Together with the promotion of the country as an investor friendly one, the incentives under The Hotel Act will continue to be a factor in stimulating the nation's hotel investment and tourism development efforts. The development of tourism will in turn, continue to be linked to the development and prosperity of hotels. Hotels in tourism, therefore, must be given their rightful place as an export deserving incentives to ensure their competitiveness on an ongoing basis.

#### **4. Hotels & The Environmental Management Challenge**

##### **4. a. The Hotel/Environment Relationship**

While its contribution to development is evident, the second area under Sustainable Tourism, that is, Environmental Management, poses a challenge for The Bahamas hotel sector. Under Sustainable Tourism, the hotel's environment covers the surroundings in which it operates including air, water, land, flora and fauna, people and their interrelations. Accordingly, the environmental aspects of a hotel to be examined when looking at its environmental relationship should include the elements of its activities, products and services, which can interact with its environment. A hotel's environmental impacts are consequently, any changes to the environment, whether adverse or beneficial, wholly or partially resulting from that hotel's activities, products or services. This includes the prevention of pollution which is the use of processes, practices, materials, products or energy that avoid or reduce the creation of pollution and waste on the environment and covers recycling, process changes, control mechanisms, energy and resource efficiency and material substitution (Van Wie 1995).

All hotels then, no matter how small, affect the environment with the four most critical environmental resource areas that can be affected by hotels being "Energy", "Water", "Solid Wastes" and "Effluents & Emissions". Hotels individually and in aggregate use substantial amounts of energy in the form of heat and power for mainly lighting, heating, air conditioning and refrigeration. This energy comes primarily from fossil fuels (coal, gas and oil), which is the principal contributor to global warming, acid rain, and other air pollution problems (UNEP/IE 1995 No. 31).

Hotels can additionally consume large quantities of water- based on international standards from 60-220 cubic metres per bedroom per year depending on the facilities provided and the conservation practices in place. The main uses are guest-rooms (accounting for about 47% of all water used); housekeeping; cooking; laundry; watering gardens and for swimming pools. Water is a scarce resource particularly in The Bahamas where fresh water is found in limited supply and where tourism-related uses can critically affect supply for other local needs.

Most hotels generate and dispose of large quantities of solid waste. Solid waste is a huge environmental problem world-wide both because it takes energy and materials to produce it in the first place, and because it leads to pollution problems when disposed of to landfills. A typical 35-

unit resort averaging two people per room with a 75% annual occupancy rate generates as much waste as a small hamlet or 20,000 visitor days (OAS 1994: 43). The task for hotels is, in the first place, to reduce to a minimum materials used, to then recycle and reuse waste materials where practical and finally to safely dispose of residual wastes.

Hotels also release effluent and air emissions, which may pollute the atmosphere. This covers releases to land, water, or air of liquid or gaseous substances, which are potentially a hazard to health or bad for the general environment. The main sources of such effluents and emissions in hotels include discharges of untreated sewage to fresh or sea water sources; emissions from fossil fuel boilers; discharges of hazardous chemicals down the drain; CFCs from refrigeration and air-conditioning systems and odours from kitchens and laundries.

#### **4. b. The Hotel/Environment Challenge**

Its relationship with the environment necessitates that hotels actively adopt an environmental management approach to their operations and contribute to the promotion of Sustainable Tourism. The challenge is clearly for hotels to contribute positively to Sustainable Tourism by enhancing the environment rather than detracting from it while remaining internationally competitive.

This challenge is heightened by the high property, operating and maintenance costs faced by the hotel sector, which emphasises the need to realise the cost savings that environmental management can bring due to more efficient operations. Based on a 1995 Panel Kerr Foster study of Hotel Performance in the region, these high costs contributed to net losses per room of US\$2,358.00. The average cost for property, operation and maintenance, for example, at \$3,270.00 per available room is actually 70% above the global average. CTO estimates that \$529 million is spent just on operations and property maintenance by regional hotels. In addition, research has revealed that the cost of fuel, electricity and water in these hotels, at an average of \$3,045.00 per available room, is 95% above the global average.

The challenge is additionally heightened by the increasing world-wide trend of tour operators offering site-sensitive accommodations that are not wasteful of local resources or destructive to the environment. Both TUI, the largest tour operator in Europe, and British Airways Holidays, for instance, require their contract partners meet the environmental standards set by the company.

Another feature in the Hotel/Environment challenge is the intensification of international and regional private sector-led voluntary environmental programmes and certifications. Programmes such as the International Hotel Association's International Hotels Environmental Initiatives (IHEI) formed to promote the continual improvement in environmental performance in the Hotel Industry world-wide and GREEN GLOBE 21 certification are now more readily being adopted by the hotel sector world-wide. Hotels with such internationally recognised environmental certification have a marketing edge over those not certified and are able to capitalise on the growing tourist market for environmentally sound accommodation.

Other environmental programmes and certification available include those of the International Hotel and Restaurant Association, the Caribbean Hotel Association and most recently the Quality Tourism for the Caribbean programme. It is predicted that non-environmentally certified hotels or hotels without environmental program would be less competitive in the future.

With the increasing concerns for the environment globally and the WTTC prediction of worldwide tourism expansions in the years ahead, a complex challenge arises in the Hotel/Environment issue. There is no doubt, for example, as to the need to provide more accommodation for the increasing number of tourists as tourism expands. At the same time, however, there is a need to ensure that these developments, both existing and planned, have a minimal impact on the environment.

## **5. Key Questions**

While the past and present contributions to economic development in The Bahamas of hotels are considered to be one of success, the hotel development/environment challenge raises numerous questions. Are hotels, for example, meeting these challenges? Are they facing any limitations in meeting these challenges? Are they being encouraged by government to meet these challenges? In fact, should government play a role and if so, what? These questions are set against the stance that the sector must be viewed as a powerful export and development opportunity to be strategically developed for long-term success and be encouraged to use environmentally sound technologies by being granted specific environmental incentives in this regard.

## **6. Data Collection Overview**

The main findings of this paper were based on a November 2001 to February 2002 environmental management survey of hotels on Nassau/PI in The Bahamas. The information gathered included details on hotels' existing environmental management practices particularly in the critical areas of Energy, Water, Solid Wastes and Effluents & Emissions and the limiting factors to their adoption of environmental management practices. The hotels surveyed ranged from facilities with 5 rooms to 2,400 rooms and included both hotels currently receiving incentives under the country's Hotel Encouragement Act as well as those that were not. The information was obtained by personal interviews of the owner/operator, general manager or senior management staff at these hotels.

The findings were additionally based on discussions of a focus group meeting with Bahamas hotel officials during January 2002. For trend analysis purposes, findings of relevant studies carried out by the author between 1997 to present were included as required. Together these surveys covered a total of 15 Family Island hotels including Grand Bahama and 33 Nassau/Paradise hotels (i.e. approximately 53% of all Nassau/Paradise Island hotels). The chi square tests of significance in the form of frequencies, percentages, proportions and cross tabulations were the main means of analysing the results and examining patterns and relationships in the data. The IHEI scoring system was also used to rate the environmental soundness of hotels in the areas examined.

## **7. Key Findings**

### **7. a. Environmental Management Performances of Hotels**

#### **7. a. i. Energy**

70% of hotels surveyed revealed that energy use and costs limited the hotel's profitability to a very high extent. It is not surprising, therefore, that there have been improvements across the board in the environmental management performances of hotels in the last 5 years in energy. Today, for example, the majority of hotels monitor energy use (85%) and currently implement energy-saving measures (60%). In addition, more than half the number of hotels (53%) purchase energy efficient equipment as a matter of policy whereas in 1997, as much as 60% of all hotels were not adamant in terms of the energy efficiency of the equipment purchased for use at their hotel.

A popular energy saving measure is the use of low energy light bulbs. While in 1997, 50% of all hotels were making extensive use of low energy light bulbs such as florescent lighting, this percentage increased by 30% to 80% in 2001/02. In fact, more than half of the hotels reviewed (58%) implemented one or more energy saving measures 1997. Air condition efficiency (16%) was one of the most implemented energy saving measures in hotels between 1997-2002.

Hotels in The Bahamas, however, have not made as much use as they could of alternative energy sources to assist in lowering costs. Only three hotels (all large) made efforts in this direction with the installation of solar panels for water heating. In fact, since 1997 there was little change in terms of the percentage of hotels (21% 1997, 25% 2001), using alternative energy sources. The general view is one whereby investments in environmentally sound technologies such as, solar systems is a major capital outlay which is beyond the financial capability of hotels particularly in the short-term and particularly for small hotels. In fact, a small hotel owner felt that "government

should provide some sort of incentive or assistance to small hoteliers who wish to pursue alternative energy source and even to have energy audits done, as the financial costs for such ventures are extremely high".

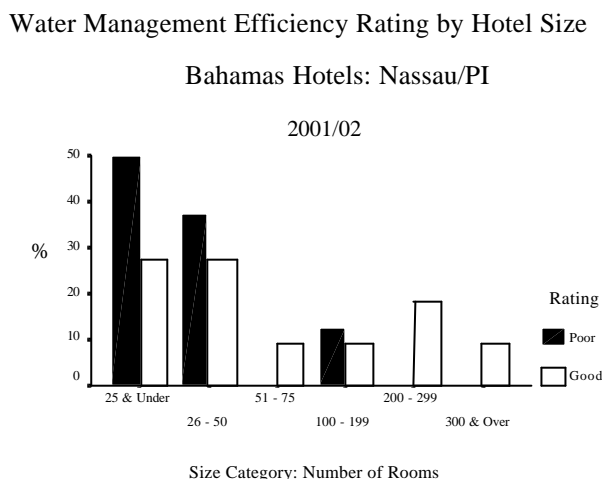
**7. a. ii. Water**

Sensitive management of water takes on even greater significance in The Bahamas where, due to the limited availability of fresh water, water has been subjected to rationing since 1969 by government and continues today in the form of pressure reduction during the year. In this area, 65% felt that should it be used efficiently it can contribute to a high extent and above to the hotel's profitability.

The finding reveals that Bahamas hotels were generally lacking in sound environmental management practices in water (59%) and that they have not maximised the use of water saving measures. Only 42% had a towel and linen reuse programme in place, 37% made use of Gray Water, 32% encouraged guests to save water and 26% used pipes with flow restrictors. Of note too is that a higher percentage of large hotels have implemented water saving measures than small hotels as well as train staff in water conservation - 57% large, 46% small.

**Figure 1** shows the water efficiency rating found for the various hotel sizes and indicates that the smaller the hotel the less the water environmental management efficiency.

**Figure 1**



**7. a. iii. Solid Waste**

Little waste reduction measures were implemented in both small and large hotels on the whole. The view of small hotels that due to their size little solid waste is generated so no action is required, is a misguided one as, in aggregate, small hotels can have a major impact on the solid waste generation of the hotels sector. Only three positive solid-waste management measures were in place by over 50% of all hotels:

1. Small or no use of Disposable Produces 64%
2. Bulk Dispensers for Detergents 63%
3. Reusable Cutlery (Total/Large Extent) 53%

Hotels expressed a willingness to participate in solid waste separation programmes but believe that it is useless as all waste is still dumped at the same official site where no sorting is carried out for recycling purposes. The non-existence of recycling facilities for commonly generated solid wastes was viewed as a drawback to effective solid waste management by hotels.



**7. a. iv. Effluent & Emission**

Although aerosol cans and chlorine bleaches were used at all hotels, the extent of use was minimal 74%. (This and other results are summarised in **Table 1**). Hoteliers noted that they are moving away from the use of vendors of non-environment friendly products and chemicals, and in one case, operated a "smoke free" hotel.

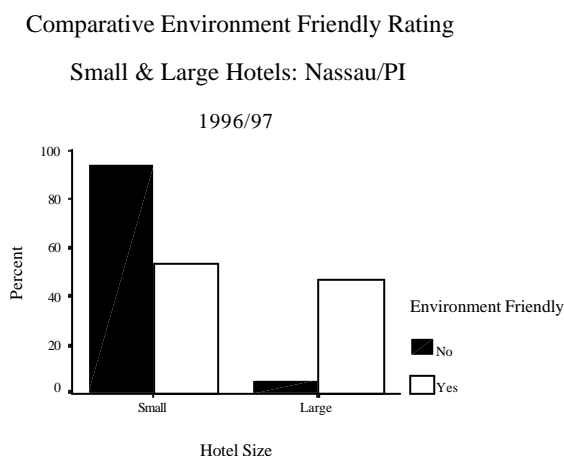
**Table 1 Results Summary: Effluent & Emission Management Practices**  
With Small and Large Hotel Comparisons  
Bahamas Hotels: Nassau/PI, 2001/02

Practice/Measure	% of YES Responses All Hotels	% of YES Responses Small Hotels	% of YES Responses Large Hotels
<b>Use of Non-CFC Refrigerants</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Use of Aerosol Cans (Small Extent only)</b>	<b>74</b>	<b>65</b>	<b>100</b>
<b>Use of Chlorine Bleach (Small Extent)</b>	<b>63</b>	<b>50</b>	<b>100</b>
<b>Use of Environment Friendly Detergents</b>	<b>63</b>	<b>71</b>	<b>40</b>
<b>Eco Friendly Product Purchasing Policy</b>	<b>53</b>	<b>57</b>	<b>40</b>
<b>Recycled Products Purchased</b>	<b>32</b>	<b>29</b>	<b>40</b>

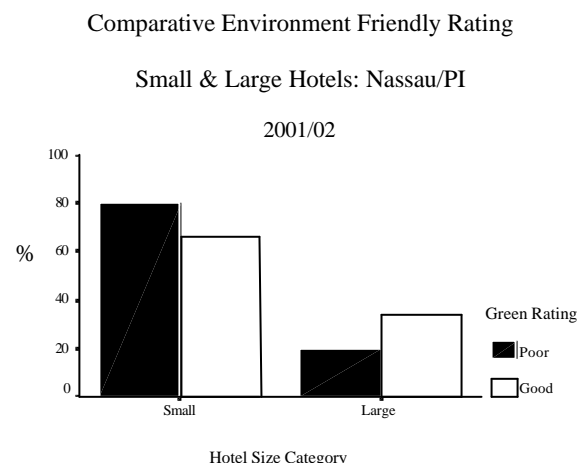
**7. b. Small vs Large Hotels Environment Soundness**

On the whole small hotels, based on the examined indicators of Energy, Water, Solid Wastes and Effluent & Emissions, were not seen, in aggregate, to be performing as well as large hotels in terms of their environmental soundness. This is noted in **Figure 2** and **Figure 3**, which respectively summarises the environmental soundness rating of large and small hotels in 1996/97 and 2001/02. While improvements were noted over 1997/2002, more small hotels continue to perform below acceptable standards than large hotels in 2002. Of all the hotels that fell in the "poor" category in 2001/02, 80% were small hotels and 20% large.

*Figure 2*



*Figure 3*



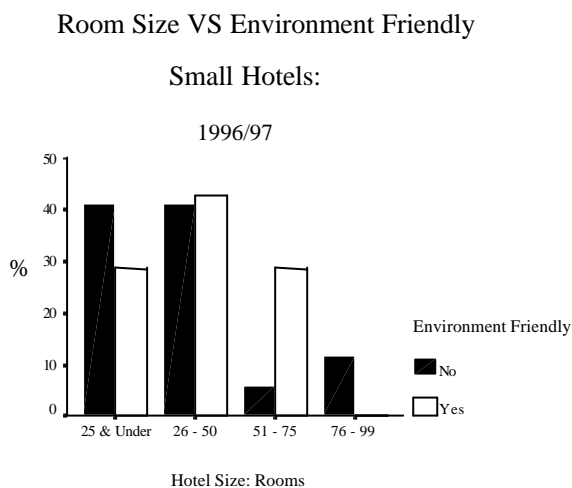
Two additional areas of significance cover firstly the fact that the majority of hotels that are not environmentally sound fell, as seen in **Figure 4**, within the smallest size categories of 25 rooms and under, which is the category targeted by government for local investment. Secondly locally owned as opposed to foreign or joint investments as indicated in **Figure 5** were also the hotels with the least levels of environmental soundness.

## 7. c. Environmental Management Performances and Government Incentives

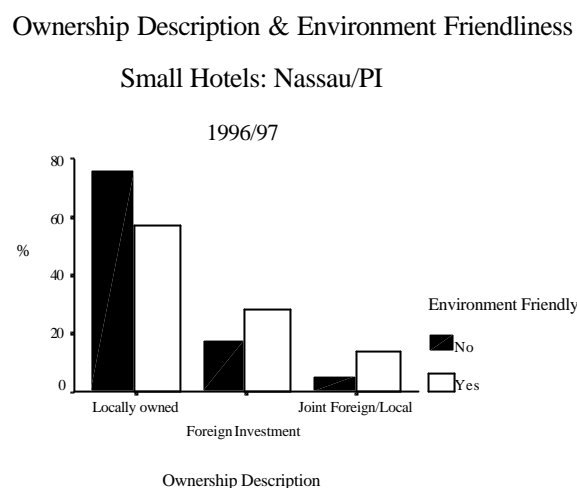
### 7. c. i. Governmental Environmental Incentives/Policy Rating

On a 0 - 5 Scale Rating on government's hotel environmental policies and incentives where 0 implies an absence of specific policy or incentive, 1 the lowest rating and 5 the highest, the results reflected an extremely poor rating by The Bahamas hotel sector.

**Figure 4**



**Figure 5**



**Table 2** reveals that the majority of hoteliers (up to 65%) hold the perception that there is an absence of specific government policy or incentive in the areas of Water, Energy, Solid Waste and Emissions for hotels in the country. In fact, no hotel gave a 4 or 5 rating for government green incentives particularly for established hotels with the overall rating falling below the average of 3.

**Table 2** **The Bahamas Hotels 2001-2002**  
**Rating of Existing Government Policy/Incentives for the use of Green Technologies**

(0 - 5 Scale Rating where 0 is an absence of specific policy or incentive and where 1 implies the lowest rating and 5 the highest)

Use of:	Absence of Incentives	1 - 5 Rating by Hotels				
	0	1	2	3	4	5
Energy Saving Technologies	60%	20%	10%	10%	0%	0%
Water Saving Technologies	50%	20%	5%	25%	0%	0%
Waste Reduction, Reuse, Recycling	65%	10%	5%	5%	10%	5%
Environment Friendly Products & Equipment	50%	15%	20%	15%	0%	0%

Hoteliers believe that while new or expanding hotel projects could make use of incentives under the Hotel Encouragement Act, this Act does not specifically indicate a preference for the use of green technologies and hence, hotels have not make full use of such items. In addition, while existing hotels could obtain concessions under the new Hotel Encouragement Act for the import of environmentally responsible technology, restrictions apply in terms of the investment capital required for the project and the type of hotel set-up. The view, in fact, was that there are too many pre-requisites, particularly for existing hotels to access benefits under this Act making it only useful for a restricted number of hotels. Access to these benefits generally reflects a bias for the larger, traditional types of hotels.

### 7. c. ii Types of Incentives Suggested

The survey results revealed an overwhelming consensus that government should have an official incentive policy to encourage environmental responsible practices in the areas of Energy, Water, Solid Waste and Effluent & Emissions. Key areas in which government should provide incentives within these areas were additionally identified in the survey and are indicated in **Table 3**. These ranged from incentives to encourage the use of Solar/Alternative Energy Saving Technologies (90%) and Low Flush Toilets (90%) to the use of Bulk Dispensers (95%) and Sprinkler Timers (80%).

**Table 3 Specific Types of Government Environmental Incentive Needed  
The Bahamas Hotels 2001-2002**

(% of hotels supporting the need for incentives to support the use of:)

<b>ENERGY</b>		<b>SOLID WASTE</b>
Solar/Alternative Energy Saving Technologies.....90%		Recycling.....95%
Energy Efficient Lighting Fixtures & Bulbs.....85%		Composting of Organic Waste.....75%
Energy Efficient Equipment, Machinery, Appliance...80%		Bulk Dispensers.....95%
<b>WATER</b>		<b>EFFLUENTS &amp; EMISSIONS</b>
Low Flush Toilet.....90%		Environment Friendly Products.....95%
Sprinkler Timers.....80%		Environment Friendly Equipment...95%
Rain Water Storage Tanks & Water Pumps.....50%		Non-CFC Based Refrigerants.....80%

The study findings also revealed a variety of fiscal and non-fiscal green incentives that hoteliers would like to see specified by government. The most popular ones were fiscal in nature and covered:

- Reduction of Import Taxes/Duties for the importation of green technology, and
- Duty-free concessions particularly for the importation and use of solar panels and generators

Other incentives covered:

- Energy Costs Reduction (provided in 2003)
- Support Funding and Long-term Repayment
- Joint venture on projects that have mutual benefits
- Government Funding
- Soft Loans
- Staff Training

### 7. d. The Bahamas Hotel Sector Environmental Initiatives & Limitations: 1997-2002

The initiatives of The Bahamas hotel sector through its Hotel Association has played a role in the increased environmental soundness, though moderate, of hotels in the country. In 1996, BHA established an Environmental Committee as part of its organisation structure to demonstrate its seriousness in environmental matters. This Committee, apart from developing the overall environmental policy within which The Bahamas hotels should operate is very instrumental in increasing the environmental awareness of the sector and encouraging environmental stewardship among its membership. Annual joint CAST workshops and seminars organised includes "Greening Your Business" which covers low cost measures for reducing the consumption of energy, water and materials in hotel and "Go Eco" designed to raise the environmental awareness of hotel line staff.

Although the attendance at these workshop have not been maximised especially by small hotels, Bahamas hotels have been recipients of various CHA's Environmental Awards in the last 5 years and a few are working towards GREEN GLOBE certification. In fact, hoteliers support the view that, like the rest of the Caribbean, The Bahamas hotel sector, would have to respond to the pressure from tour operators for environmentally sensitive accommodation if they are to remain competitive. They believe, for example, that not only can they increase their cost savings by being environmentally responsible, but they can also cash in on the ready market for environmentally

friendly accommodation especially by Europeans. This in turn can only help in expanding the hotel and tourism industry of the country.

The most limiting factor in the environmental soundness of Bahamas hotels identified by hoteliers is cost. While there are activities and practices that require very little or no investment costs, for the majority of hotels that were not built in the first place with certain green technologies, some level of investment costs is required. Cost becomes of an even greater issue for hotels that are interested in going after certification such as GREEN GLOBE where a full-time environmental person is needed. 75% of all hotels noted, for example, that they would be involved in a green certification programme if given special incentives for this. One of these hoteliers informed of the large capital investment recently spent in retrofitting light bulbs to the energy efficient type and explained that the hotel now has to recover from that before it can get into any other major programmes as required by green certification boards.

Given that the majority of hotels in The Bahamas are small usually family run hotels, hoteliers believe that funding is needed to assist hotels in The Bahamas in their environmental efforts. Government assistance by way of fiscal and non-fiscal incentives is also viewed as being necessary.

## **8. Conclusions**

In today's heightened level of environmental awareness coupled with the world-wide trend of sustainability, environmental management by the hotel sector takes on even higher levels of importance. Within this trend, Bahamas hotels have responded positively with various environmental initiatives. While these initiatives have been translated into some increases in environmental management performances of hotels particularly in the area of Energy, environmental management efforts are still to be maximised and there is considerable scope for improvement.

It is evident that cost is a major limiting factor in the environmental soundness of the hotel sector and clear that assistance is needed by way of fiscal and other incentives to attract the widespread use of environmentally sound technologies by the sector. In the main part, incentives specifically for the use of such technology are lacking. This is significant in that the majority of hotels in this sector are small, usually family owned and operated that generally operate on smaller budgets and requires longer periods to invest in any types of project. In The Bahamas this priority is even more urgent in small hotels of sizes with 25 rooms and under, which are the sizes targeted by government for investment by locals and which currently are the least environmentally sound hotels in the country.

The hotel sector, being a major generator of foreign exchange, a major private sector provider of jobs and a substantial tax revenue generator for government is significant both as an export and as a development opportunity. This sector should, therefore, play a major part in sustainable tourism and should be facilitated as far as possible to operate in an environmentally sound manner.

## **9. Recommendations: The Way Forward**

To date, The Bahamas has had an advantageous position in Hotel and Tourism but, like all Commonwealth Caribbean SIDS, needs to proceed on a sensible course to ensure that this advantage continues into the long-term (Edwards, 2002.). In this vein the following is recommended:

1. A National Sustainable Tourism Development Strategy is required as the way forward in the continued growth and long-term competitiveness of tourism in The Bahamas. More emphasis policy-wise at government level should, therefore, be placed on Sustainable Tourism throughout the country (not only on eco tourism in the Family Islands), and by all sector of the tourism economy. It is the aggregate successful performance of the individual components of the Hotel and Tourism Industry, which contributes to the environmental soundness of Tourism.
2. Specific incentives for the use of environmentally sound technologies by the tourism sector should be placed high on governments' agendas and form part of the National Sustainable Tourism Development Strategy.
3. As the use and costs of "Energy" is the greatest factor in limiting the profitable operations of hotels, highest priority must be given to enable hotels to make use of alternative energy sources. Funding or special tax exemptions should, therefore, be provided to small hotels to assist in the implementation of alternative energy sources such as solar panels.
4. In the case of small hotels, a special environmental assessment or requirement rule should be developed and implemented. Special guidelines must be developed for these hotels if they are to be the focal point in the future expansion of the Hotel Sector.
5. As government must licence hotels in The Bahamas to operate, stringent and more specific environmental management practices could be outlined as a licensing requirement (Environmental Issues under the Hotel Encouragement Act are at most very general).
6. Increased effort should be directed towards sensitising hotel operators of the cost savings and international marketing benefits involved in adopting environmental management practices and having a good environmental standing. Their positive environmental actions in contributing to the current and future success of the Hotel and Tourism Industry, in which they operate, should also be stressed.
7. The Bahamas (and other Commonwealth Caribbean SIDS) must renew their tourism stimulation strategy to ensure that incentives are granted specifically to encourage environmental promotion and protection by hotel and tourism businesses.

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