



CAVES OF BARBADOS LIMITED
ANNUAL REPORT
2008

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INTRODUCTION

Harrison's Cave is a natural Karst limestone formation, featuring subterranean passages with a gallery of stalactites, stalagmites, lakes, streams and waterfalls. It is located in St. Thomas, Barbados and was developed as a show cave during the 1970s. Harrison's Cave was opened as a visitor attraction on November 28, 1981. The property is a unique part of Barbados' natural heritage and has become one of the country's most popular and most visited land-based tourist attractions.

Identification of its potential value as a show cave ignited an interest in its development and during the 1970's, a Danish speleologist, Ole Sorensen, was engaged to conduct explorations of the natural cave system. He utilised the invaluable services of Mr. Tony Mason, a Barbadian whose extensive knowledge of the cave system guided those early explorations and paved the way for development of the attraction. At its opening in 1981, projections were that 100,000 persons would visit the Cave annually. By 1996 and 1987, however, the sixteen year old attraction was hosting over 190,000 persons each year, thus signalling the need for a product review and, for a longer term strategy for development of the Cave.

Harrison's Cave operated originally under the aegis of various statutory agencies: the Caves Authority, the Parks and Beaches Commission, and, subsequently, the National Conservation Commission.

On March 19, 1999 Caves of Barbados (CBL), was established as a private limited liability company, incorporated under the Companies Act Cap 308, to assume ownership and operating responsibility for Harrison's Cave. The enactment of the Caves Act 2000-12 in August 2000, provided for the company's control and management of Harrison's Cave, and CBL assumed full management responsibility in September 2000.

The company's sole shareholder is the Government of Barbados (GOB) and Caves of Barbados Limited (CBL) is led by a Board of Directors which reports to the Minister assigned responsibility for the Cave. In 2008, the Minister of Environment and Drainage was assigned that portfolio.

•	Ms. Heather Headley-Corbin	-	Member
•	Mr. Olvin Forde	-	Member
•	Mrs. Beverley Giles-Broomes	-	Member
•	Mrs. Brenda Edwards	-	Deputy CEO
2)	The Finance Committee		
•	Ms. Sandra Walcott	-	Chairman
•	Mr. Graham Clarke	-	Member
•	Mr. David Archer	-	Member
•	Mr. Haldene Dottin	-	Member
•	Mrs. Joe-Ann Grant	-	CEO/Member
•	Mrs. Jennifer Williams	-	Finance Officer(Ag)
3)	The Marketing Committee		
•	Mrs. Paula Skeete	-	Chairman
•	Mr. Graham Clarke	-	Member
•	Mr. Olvin Forde	-	Member
•	Mrs. Heather Headley-Corbin	-	Member
•	Mr. Cardinal Clarke	-	Member
•	Mrs. Joe Ann Grant	-	Managing Director
•	Mrs. Brenda Edwards	-	Deputy CEO
•	Mr. Sam Wilkinson	-	Marketing Officer
4)	The tenders Committee		
•	Mr. Haldene Dottin	-	Chairman
•	Mr. Olvin Forde	-	Member
•	Mr. Michael Alleyne	-	Member
•	Ms. Sandra Walcott	-	Member
•	Mrs. Jo-Ann Grant	-	Managing Director
•	Mr. Scofield Clarke	-	Operations Manager

The following persons comprised the **Management Team**

- Mrs. Joe Ann Grant - Managing Director
- Mrs. Brenda Edwards - Deputy CEO
- Mrs. Jennifer Williams - Finance Officer (Ag)
- Mr. Scofield Clarke - Operations Manager
- Mr. Sam Wilkinson - Marketing Officer

PROGRAMMES, ACTIVITIES & PERFORMANCE

Cave Operations

The Cave was re-opened in January 2008 with the agreement that Mondays and Tuesdays would be made available to the Contractor to facilitate ongoing construction on the Valley Floor. The completed works provided an upgraded cave retrofitted with interactive interpretive equipment, administrative offices and temporary snack bar and facilities – an improved and marketable product which could be operated in the area adjoining the construction site, pending full completion of the facilities.

The resumption of tours marked the end of the 18 month period initially projected for redevelopment construction. Whereas the brief six (6) week re-opening from April 2nd to May 5th, had yielded 10,759 Cricket World Cup visitors, the planned re-opening offered a welcomed return to year round tours by local, regional and international visitors.

HUMAN RESOURCES

On February 1st 2008, Mrs. Joe-Ann Grant was appointed as Chief Executive Officer/Managing Director of CBL and Mrs. Brenda Edwards as Deputy CEO.

Staff training initiatives continued with the addition of a number of seminars and workshops which covered the following wide ranging areas:

Public Service Excellence

- Training in Public Service Excellence for Junior and Middle Level Officers
- Ethics in the Workplace

- Tourism awareness, safety, security and excellence for frontline security officers
- Conflict Resolution and Grievance Handling

Labour Standards

- Decent Work Issues in Tourism - The Tourism Sector through Social Dialogue
- Employment Law and ILO Standards
- The Employment Rights Bill
- National Workshop for Development of a Model Disaster Risk Management Strategy and Plan of Action for the Tourism Sector in the Caribbean

Business Leadership

- Certified Business Professional Leadership Programme

Gender

- Gender Awareness Training Parts 1 and 2
- Environmental Systems

MARKETING

The following is a table recording the 2008 visitor arrivals, together with the numbers which toured during Cricket World Cup in 2007.

Table 1: Visitor Arrivals

	2008	2007
January	2,359	—
February	5,917	—
March	7,836	—
April	6,113	9,233
May	6,321	1,526
June	6,245	
July	9,336	
August	10,447	
September	3,447	
October	5,090	
November	6,281	
December	6,269	
Total	75,691	10,759

While 2007 showed a relative improvement in the number of visitors touring the cave from 2006, the numbers nevertheless fell below the 2005 pre-closure level of 118,985. The same was true of 2008. Despite the modest recovery, 75,691 visitors toured the Cave. In fact, except for the month of August, visitor numbers recorded in 2008 were generally well below those of 2005. It should be noted that the operation of the Cave was reduced from seven days to five days a week with Mondays and Tuesdays being made available to the contractor to facilitate the ongoing construction on the valley floor.

Activities proposed in the 2008 to 2009 Marketing Plan were:-

- Special promotions to increase the number of visitors and improve business during the slow periods, (May-June & September-October). These included collaborative promotional activities with the Barbados Tourism Authority (BTA) - for example, the VIP discount programme (United Kingdom)
- Continuing exploration of opportunities for partnerships with other local attractions
- Use of the new Harrison's Cave Logo to build the brand identity as well as on souvenir items being offered for sale on site.
- Ongoing participation in BTA familiarisation visits for international travel agents

Promotional activities at the World Travel Market (WTM) U.K. provided the opportunity to network with tourism's key wholesale and travel agents, when Caves of Barbados Ltd. attended this invaluable industry gathering in November, 2008. The opportunity was also taken during the Florida Caribbean Cruise Association Conference to strengthen relationships with cruise personnel and, generally to market Harrison's Cave in this forum.

Membership for Show Cave Organisation

CBL became affiliated with a number of industry partners by applying for membership to the International Show Caves Association (ISCA), the National Caves Association (NCA) and the National Speleological Society (NSS).

The ISCA, based in Italy, is committed to the promotion, conservation and preservation of show caves and to the increasing public interest in them. The Association's programme is therefore geared to issues of economic development and to the sharing of experiences, solutions and management practices.

The focus of the NSS is on cave exploration and cave conservation, with an emphasis on promoting cave development and on the enactment of appropriate legislative safeguards.

The USA-based NCA is a non-profit organisation of publicly and privately owned show caves who come together to share concerns on matter related to cave management.

CBL's affiliation with these associations is expected to result in appreciable benefits, including improved access to information and expertise in the areas of conservation, preservation, development and the promotion and marketing.

ENVIRONMENTAL MONITORING

The company, being committed to conservation, sustainability and ongoing safety of the cave for visitors, staff and the community, placed renewed emphasis on environmental and other issues which had been incorporated into the detailed design for redevelopment. Those critical issues included health and safety, environmental monitoring within the Cave and its environs, and disaster management. Continuous testing during the year confirmed the safety of air and water quality test were performed to determine the quality of the water.

FINANCIAL MATTERS

In 1981, the Government of Barbados made an initial capital contribution of \$5,485,224 to Harrison's cave, representing the value placed on the assets formerly held by the Caves Authority and the Parks and the Beaches Commission. These assets were transferred to the National Conservation Commission on April 1st, 1982 and subsequently to Caves of Barbados Limited on April 1st, 1999.

The company maintained its share capital at 7,600,000 common shares. During the year ended December, 31st, 2008, the lone shareholder, the Government of Barbados, made a subscription of \$4,000,000 for 4,000,000 common shares, bringing the total accumulated subscriptions to \$22,209,993. Subscriptions during 2007 had amounted to \$8,344,575, with an accumulated total of \$18,209,993 subscribed up December 31st 2007.

Cave Redevelopment Project Finances

On 7th February, 2007, the company agreed to a loan of \$US\$16,866,000 (BDS\$ 33,732,000), from the Caribbean Development Bank (CDB), to assist in funding the redevelopment project. The loan was backed by a guarantee by the Government of Barbados, the lone shareholder. It bore interest at 6.25% per annum, with a condition for repayment in 56 equal quarterly instalments commencing 3 years from the date of first disbursement. That first disbursement was made on June 2nd 2008. At December 31st 2008, the company had drawn down USD\$ 9,447,316 or BDS \$18,894,632, and a sum of USD\$78.699 or BDS \$157,399 during the previous year, 2007. A commitment fee of 1% was payable on amounts not drawn down. .

The estimated cost of the re-development project had been revised to \$81,735,572, up from the previous year's \$63,700,000. During the year, project expenditure amounting to \$33,363,877 had been incurred in respect to the capital works undertaken during the year. Expenditure on the capital works programme during 2007 was \$27,455,060.

Revenue and Expenditure

Table 2: Revenue and Expenditure 2007-2008

	2008	2007
Revenue	\$	\$
Entrance Fees	2,079,834	312,121
Shop & Bar Sales	192,422	29,753
Other Income	43,392	5,050
Total Income	2,315,648	346,924
Expenditure	5,116,212	3,459,406
Net Loss	(2,800,564)	(3,112,482)

Table 2 shows the comparative earnings in 2007 and 2008. The completion of the Cave Interpretive Centre, the related administrative facilities and the commissioning of the new trams, the partial re-opening in January 2008 permitted a return to partial operation and revenue inflows.

Revenue earned during the year 2008 amounted \$2,315,648 of which \$2,079,834 was derived from entrance fees, \$192,422 from sales at the Shop and Bar Sales and other revenue amounting to \$43,392. The revenue in 2007 was limited to \$346,924.00, earned during April and May for Cricket World Cup 2007.

Expenditure, however, had increased from \$3,459,406 in 2007 to \$5,116,212 in 2008. At that time, the company was operating from rented facilities off-site and expenditure on the operation of the upgraded and technologically enhanced facilities had increased significantly.

The net result was a loss of (\$2,800,564) and, although the loss was lower than the previous year's net loss of (\$3,112,482), it reflected an increased gap between revenue and normal operating costs. The presence of this gap underscores the importance of attaining and maintaining profitability in order to minimise or eliminate this type of undesirable event. The corresponding data for 2007 showed revenue of 346,924, expenditure of \$3,459,406 and a net loss of \$3,112,482.

The bank overdraft, secured by a letter of comfort from the Ministry of Finance and Economic Affairs, was increased to \$4.5m in 2008.


The ongoing re-development process had resulted in the loss of the Cave's previously captive market. A situation not immediately rectifiable by its re-opening, Despite marketing efforts undertaken in preparation for the re-opening, the extended period of closure had impacted negatively on visitor arrivals, and even though the re-opening signalled an upturn in the business fortunes of the company, this performance appeared to confirm earlier views that profitability would not be immediate, but would be gradual, extending over a number of years, particularly in light of the effects of the international recession on Barbados' small open economy.

The company's balance sheet showed assets totalling \$45,582,711 with current liabilities of \$20,423,628, inclusive of a drawdown of \$18,894,632 on the CDB project development loan of US\$16 million.

OUTLOOK FOR 2009

A functional Cave Interpretive Centre (CIC) had afforded the company the opportunity to resume its operations in an enhanced environment offering a vastly improved visitor experience. The year 2008 had some challenges but also opened doors for the opportunity to start the company's return to a financially viable operations following re-development which increased the potential for economically sustainability. The decision to re-open the Cave in January 2008 was a measure to reverse the unsustainable drain on the company's financial resources after an 18-month closure. 2009 therefore offered the company the opportunity to earn a more reasonable return on its investment.

Chairman



Date

16/06/15
