



CAVES OF BARBADOS LIMITED
ANNUAL REPORT
2006

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INTRODUCTION AND HISTORICAL BACKGROUND

Harrison's Cave is a natural phenomenon comprising a series of subterranean passages, some developed as a visitor attraction featuring a gallery of stalactites, stalagmites, lakes, streams and waterfalls. The cave, which is located in the parish of St. Thomas, ranks as the country's premier visitor attraction. It is a property of inherent natural heritage value, which was developed for the long term benefit of Barbados as well as for the enjoyment of its local, regional and international patrons. Responsible environmental stewardship has been and continues to be a major principle guiding its operations.

Harrison's Cave was developed as a show cave during the 1970s and opened as a visitor attraction on November 28, 1981. Recognition of its potential value as a show cave was the major stimulus for subsequent exploration of the natural cave system by Ole Sorenson, a Danish speleologist, and Barbadian, Tony Mason, whose invaluable knowledge of the cave system guided those early explorations. Those explorations confirmed the economic and social potential of such development. Throughout the period of its operation, the Cave has been one of Barbados's most popular and most visited land-based tourist attractions. At its 1981 opening, it was projected that 100,000 visitors would, in time be touring the Cave annually. This anticipated target was soon surpassed, and by 1996 and 1997, in excess of 190,000 persons were touring the cave annually. An assessment of the long term viability of the then existing Cave facility, its carrying capacity and product offering, prompted a strategic review in order to guide its future development, growth and sustainability.

The Cave operated originally under the aegis of statutory agencies mandated to manage its operations—the Parks and Beaches Commission, the Caves Authority and subsequently the National Conservation Commission. On March 19, 1999 Caves of Barbados Limited (CBL), was established as a private limited liability company, incorporated in Barbados under the Companies Act Cap 308 to assume ownership and operating responsibility for this major attraction. The Caves Act 2000-12, was enacted in August 2000, to provide for the company's control and management of the cave, and CBL assumed the full management responsibility in September 2000.

The company's sole shareholder is the Government of Barbados (GOB) and CBL is led by a Board of Directors which, in 2006, reported to the Minister of Housing and Lands, the Minister assigned constitutional responsibility for Harrison's Cave.

MISSION STATEMENT

To ensure the sustainable development, promotion and display of the National Caves of Barbados for the economic and social benefit of the people of Barbados, while providing a high quality experience for the recreational and educational enjoyment of all patrons.

OBJECTIVES

- a) To manage the operation of the Cave so as to attain a reasonable return on investment.
- b) To provide a high quality visitor experience through innovative approaches to the cave experience as well as through educational and interpretative offerings.
- c) To integrate the operation of the Cave into the surrounding communities by dealing quickly, effectively and fairly with community concerns and by ensuring that local residents are given the opportunity to benefit financially from the operation of the Cave.
- d) To develop and maintain a system to monitor and manage visitor flows and the uses of the Cave and surrounding gullies.

BOARD OF DIRECTORS

The following members of the Board of Directors served for the period January 1st, 2005 to June 30th, 2006. Mr. Anthony Carter's appointment as the acting Chairman covered the period 16th August 2005, to 30th June 2006.

Mr. Anthony Carter	-	Acting Chairman
• Mrs. Brenda Edwards	-	Managing Director
• Miss Julie-Anne Burrowes	-	Representative-Barbados Tourism Authority
• Mr. David Lashley	-	Representative- Barbados Port

	-	Authority
• Mr. Steve Devonish	-	Board Member
• Dr. Harold Gibbs	-	Board Member
• Mrs. Jeanne Gittens	-	Board Member
• Mr. O'Neil Graham	-	Board Member
• Mr. Wendell Knight	-	Board Member
• Mrs. Jennifer Lynch	-	Board Member
• Mr. Geoffrey Ramsey	-	Board Member
• Mr. Rupert Sargeant	-	Board Member
• Mr. Ian Stewart	-	Board Member

Mrs. Denise Depradine served as Finance Officer/ Board Secretary.

A reconstituted Board of Directors was appointed with effect from July 1st, 2006. The membership was as follows:-

• Mr. Selwyn Smith	-	Chairman
• Mr. Anthony Carter	-	Deputy Chairman
• Mr. Patrick Bryan	-	Board Member, Representative, Town and Country Planning Department
• Mr. Ronald Bullen	-	Board member
• Ms. Mya Daniel	-	Board Member
• Mr. Steve Devonish	-	Board Member
• Dr. Harold Gibbs	-	Board Member
• Mr. O'Neil Graham	-	Board Member
• Mrs. Jennifer Lynch	-	Board Member
• Mr. Anthony Proute	-	Board Member
• Mr Geoffrey Ramsey	-	Board Member
• Mr. Ian Stewart	-	Board Member

Ms Debra Howard was appointed to act as Board Secretary after the former Finance Officer and Board Secretary, Mrs Denise Depradine, resigned with effect from January 5th, 2006. Ms. Howard's appointment became effective on February 6th, 2006.

SUB-COMMITTEES OF THE BOARD

Five Sub-committees of the Board of Directors were appointed, and operated in that capacity until closure of the Cave on July 7th, 2006. Those sub-committees were as follows:-

1) The Establishment Committee- with responsibility for all matters pertaining to staff and specifically, for:-

- a) The Production of a Staff Manual
- b) Recruitment and selection of staff
- c) Disciplinary matters
- d) Promotion and Training of staff

The Membership of the Sub-Committee was as follows:

- Mrs. Jennifer Lynch - Chairman
- Mr. David Lashley - Member
- Mr. Rupert Sargeant - Member
- Mrs. Brenda Edwards - Member

2) The Finance Committee, exercised responsibility for:-

- a) Monthly Financial Reports
- b) The Annual Budget
- c) Major Purchases

The Membership of the Sub-Committee was as follows:-

- Mr. H. Anthony Carter - Chairman
- Mr. Wendell Knight - Member
- Mr. O’Neil Graham - Member
- Mrs. Jennifer Williams - Finance Officer (Ag) / Member
- Mrs. Brenda Edwards - Member

3) The Marketing Committee held responsibility for:-

- a) Promotional Sales Activities
- b) Advertising
- c) Public Relations Activities

The Membership of the Sub-Committee was as follows:-

- Mrs. Brenda Edwards - Chairman
- Ms. Julie-Anne Burrowes - Member
- Mrs. Jeanne Gittens - Member
- Mr. David Lashley - Member
- Mr. Sam Wilkinson - Marketing Officer/Member

4) The Technical Committee was responsible for:-

- a) Re-development Activities
- b) Environmental aspects of the Cave

The Membership of the Sub-Committee was as follows:-

- Mr. Steve Devonish - Chairman
- Mr. Geoffrey Ramsey - Member
- Mr. Ian Stewart - Member
- Mr. Scofield Clarke - Operations Manager/Member
- Mrs. Brenda Edwards - Member

5) The Tenders Committee, held responsibility for:-

- a) Engaging the Re-development Contractor
- b) Sale of equipment
- c) Sale of vehicles
- d) The evaluation of tenders relating to the purchase and sale of equipment over \$10,000 (BDS)

The Membership of the Sub-Committee was as follows:-

- Mr. Ian Stewart - Chairman
- Mr. Scofield Clarke - Operations Officer/Member
- Mr. O'Neil Graham - Member
- Dr. Harold Gibbs - Member

The following persons constituted the management team:

- a) Mrs. Brenda Edwards - Managing Director
- b) Mrs. Jennifer Williams - Finance Officer (Ag)
- c) Mr. Scofield Clarke - Operations Manager
- d) Mr. Sam Wilkinson - Marketing Officer

PROGRAMMES, ACTIVITIES AND PERFORMANCE

Cricket World Cup – April 1st- May 5th, 2007

The Government of Barbados Planning and Priorities Committee, at its meeting held on May 24th, 2006 directed that Harrison's Cave be accessible to touring members of the public for a period of six weeks during Cricket World Cup 2007. An accelerated phase of the re-development was implemented in order to facilitate the temporary re-opening for Cricket world Cup. The re-development works included upgrades of the valley floor facilities, with the addition of a new cave interpretive centre.

Harrison's cave development programme

Background

A study was commissioned in March 1998 to determine the feasibility of further developing Harrison's Cave. The administrative, technical and financial review considered the ramifications of expanding the viewing area and surface facilities in order to accommodate a larger number of visitors, improve visitor experience and increase revenue generating and employment opportunities. The study also examined the feasibility of

establishing an Integrated Nature Tourism Area (INTA)—incorporating Harrison’s Cave, Welchman Hall Gully, Cole’s Cave and Jack-in-the-box Gully—all essential for protection of the ecology of the Cave and its environs.

The re-development project eventually approved in 2005 addressed offering viable long-term solutions. The decision was subsequently taken, in November 2005, to close the Cave in 2006 for a period of one year, (later extended to 18 months), to facilitate the re-development construction.

Project Scope

The approved re-development project involved major civil works and plant upgrades, including:-

- Excavations, upgrading surface facilities - including retrofitting of the Cave Interpretive Centre and landscaping on the valley floor,
- Cliff top construction of administrative and visitor reception facilities, tram storage, car parking and other facilities
- The installation of cliff side elevators connecting the two levels
- The upgrading of the environmental management facilities and systems.

The project scope also included other administrative components managed in house by the staff—visitor management, branding and marketing, land use, signage and social and community initiatives within the extended integrated tourism development area.

Award of Contract

Approval was granted on February 23rd, 2006, for award of the civil works contract for the re-development project to China State Construction Engineering Corporation, in the sum of BDS \$24,652,078.

Caribbean Development Bank (CDB) loan funding was approved in 2005, to assist with the re-development project. The negotiated loan agreement addressed wide ranging terms and conditions, including conditions relating to the establishment of a Project Implementation

Team (P.I.T) and institutional strengthening requirements for recruitment and of the key personnel and training of staff.

In July 2006, the CDB Board of Directors approved a Government of Barbados guaranteed loan to Caves of Barbados Limited for an amount not exceeding the equivalent of \$33.73 million, with Government of Barbados and Caves of Barbados Limited jointly responsible for financing counterpart funding of BDS \$17.99 million. By the end of the year 2005, the total estimated cost of the project had been revised to BDS \$81,735,572.

Harrison's Cave was closed to the public from July 07th, 2006, for execution of the re-development project. The re-development capital works programme commenced on July 17th, 2006. The land acquisition process however prevented immediate legal access to the entire property for construction purposes. China State Construction Engineering Corporation was granted partial possession of the site, namely the valley floor and a portion of the cliff top.

On the valley floor, work commenced on the scheduled upgrade, which provided for the new Cave Interpretive Centre (CIC), retrofitted with multimedia and interactive technology to enhance the visitor experience, as well as related accommodation for administrative personnel and, vendor kiosks which would provide an avenue for community participation.

The Project Implementation Team

A Project Implementation Team (PIT) was established in August 2006, under the leadership of the Chairman of Caves of Barbados Limited who assumed overall responsibility for the execution of the project. The Director, Natural Heritage Department, a member of the Board of Directors, was appointed as Project Co-ordinator with responsibility for the day-to-day management of the Capital Works Project.

HUMAN RESOURCE MATTERS

In January, 2006, the staff was apprised of the content and implications of the decision to close the Cave for the re-development construction. That is:-

1. The Cave would be closed for approximately one year to facilitate construction.
2. Those members of staff who were hired directly by Caves of Barbados Limited were to be severed and compensated in accordance with the Severance Payment Act, Cap. 355A.
3. Those members of staff who were former employees of the National Conservation Commission were offered the option of attachment to the National Conservation Commission or another entity, as well as undergoing training during the construction phase which would prepare them for work at the re-developed Harrison's Cave.
4. The employees of Caves of Barbados Limited who were attached to the National Conservation Commission during closure would be re-assigned to Caves of Barbados Limited after the re-opening of Harrison's Cave.

Training

A draft training plan was developed for Harrison's Cave, which was designed to equip the staff with the knowledge and skills necessary to meet the organisation's required level of service and visitor experience following the re-opening. The cost of the training programme was estimated at \$292,000.

The training plan focused on the basic skills necessary to equip staff members for effective performance of their respective jobs. The plan hoped to provide staff with a better understanding of the organisation and the environment in which they work, and also on instilling in them an appreciation of the vision, mission, goals, strategy and expectations of the Organisation.

The identified training courses were:

- Basic Computer Application
- Caves of Barbados Limited (Operational Basics)
- Personal Development
- Customer Service & Telephone Etiquette
- Basic Computer Application
- Occupational Health and Safety
- Basic First Aid/CPR
- Environmental Health and Safety
- Caves and Karst: Understanding the Basics
- Cave Emergency Response Plan
- Cave Rescue
- Interpretation Service Delivery (Level 1B)
- Interpretation Service Delivery (Level 2)
- General Conservation: French and Spanish
- Basic Security Procedure
- Basic Landscaping: Identification and Maintenance of Flora
- Electronics and Mechanics
- Maintenance of New Trams

Staff Attachments

During the period of closure some members of staff were deployed to various private and public sector agencies for relevant practical training this included National Conservation, Hilton Barbados and Sandy Lane.

Members of staff assigned to the workshop and ground maintenance departments were attached to the National Conservation Commission.

Members of staff also visited a number of local visitor attractions, to observe their standards for interpretation and service delivery— Hilton Barbados, Atlantis Submarine, the Mount Gay Visitor Centre, Ocean Park, Banks Brewery and the Graeme Hall Nature Sanctuary.

MARKETING**Table 1. Visitor Arrivals**

	2006	2005	VARIANCE
January	9,106	13,961	-4855
February	8,697	12,719	-4022
March	10,408	15,637	-5229
April	10,569	13,435	-2866
May	7,300	6,919	+381
June	9,071	8,199	+872
July	2,580	9,023	-6443
August	—	10,698	-10698
September	—	5,172	-5,172
October	—	6,471	-6471
November	—	7,250	-7250
December	—	9,475	-9475
TOTAL	57,731	118,958	-61227

The visitor arrivals for the year 2006 together with comparative data for 2005 are provided in Table 1 above. During the period dating from January 2006 to the closure in July, 2006, a total of 57,731 persons visited Harrison's Cave. This represented a 26.38% reduction in visitors recorded for the same period during 2005, when 118,958 persons visited the Cave. It seemed increasingly evident that the impending closure had prompted tour operators, cruise companies, hotels, taxi operators and other stakeholders to identify alternative activities for their clientele. This made it incumbent on the Cave to take all necessary steps to expedite the re-development process and to plan for the uphill task of recapturing market share.

Caves of Barbados Limited continued its marketing efforts abroad through participation in the promotional tours organised by the Barbados Tourism Authority and

events organised by the Florida Caribbean Cruise Association, the Caribbean Tourism Origination and the Caribbean Hotel Association.

The company was also committed to maintaining the relationships with stakeholders, particularly in order to disseminate information on the status of closure and re-development of the Cave.

FINANCIAL SUMMARY

Table 2. Comparative Revenue 2006/2005

	2006	2005
	\$	\$
Entrance fees	1,199,107	2,539,544
Shop & Bar sales	105,251	259,245
Other Income	15,846	1,102
Interest Income	12,833	11,427
Other Income	—	861
	1,333,037	2,812,179
Expenditure	3,746,185	3,419,173
Net Loss	(2,413,148)	(606,994)

Table 2 represents income derived from sources. The audited report approved by the Board of Directors showed that the total revenue for 2006 was \$1,333,037.

The income earned during the six and a half months of operations immediately preceding the closure in July 07th 2006 represented 47.4% of the 2005 revenue. The year was characterised by declining revenue, since earnings actually fell below the previous year's earnings in every month except June and July. The situation was further exacerbated by the fact that the closure in July forced the company to forego the potential earnings during the traditionally peak month of August. The anticipated effect of closure was therefore evident even before the scheduled closure. This apparent trend of declining visitor numbers during the pre-closure months had been observed as early as 2005 when the company recorded a 26.38% reduction in the number of visitors. Whereas there had been a 35.8 % increase in

revenue from 2004 to 2005, the imminent closure appears to have precipitated a 47.4% reduction in visitors as well as a 23.8 % reduction in revenue. The closure in fact deprived the company of tour related revenue for the remainder of the year. This absence of revenue forced the company to resort to overdraft financing.

Expenditure for the year was \$3,746,185, an increase of \$327,012 over the previous year. The increased expenditure did not reflect any significant escalation of administrative costs, but rather the additional sum of \$474,684, which had been recorded as the cost of depreciation and severance payments which became due during the year.

The net loss for 2006 was (\$2,413,148) as opposed to a net loss of (\$606,994) during 2005, the Cave's last full year of operation prior to the closure.

OUTLOOK FOR 2007

The year 2006 had proven to be extremely challenging. The closure, a strategic developmental initiative, inflicted grave financial hardship on the company. In order to accommodate Cricket World Cup 2007, all efforts were being made to ensure a successful temporary re-opening. Marketing activities were directed towards attracting World Cup visitors in Barbados for this special event, this was expected to be the only opportunity for revenue generation during 2007. Cricket World Cup 2007, provides an opportunity to capitalise on the anticipated influx of international visitors, and consequently on the potential for spin-off marketing by satisfied customers.

Chairman



Date

16/06/15
