



CAVES OF BARBADOS LIMITED
ANNUAL REPORT
2007

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INTRODUCTION/ HISTORICAL BACKGROUND

Harrison's Cave, located in the parish of St. Thomas, Barbados, is a natural geological formation, developed in the 1970's as a visitor attraction. The series of subterranean passages with its gallery of stalactites, stalagmites, lakes, streams and waterfalls was carved by the action of water on Barbados' elevated coral limestone. Harrison's Cave, which is recognised as having inherent natural heritage value, was developed for the long term benefit of Barbados, and for the enjoyment of its local, regional and international patrons.

The show cave was developed during the 1970s and opened on 28th November, 1981. Except for an 18 month interruption between July 2006 and January 2010, Harrison's Cave has operated continuously as a visitor attraction. Development of the cave followed after recognition of its potential value as a show cave and subsequent exploration of the cave system by Ole Sorenson, a Danish speleologist, and Barbadian, Tony Mason, whose invaluable knowledge of the system informed and guided those explorations. The Cave is now one of Barbados' most popular and most visited land-based visitor attractions.

In 1981 the carrying capacity, was projected as 100,000 persons, but by 1996/1997, the annual number of visitors had already exceeded 190,000. After sixteen (16) years of operation, the level of demand was indicative of the cave's untapped potential, which could best be realised by further expansion and upgrading of the facility. Based on the recommendations of a feasibility study commissioned in 1998, appropriate design parameters were agreed on and a redevelopment programme conceptualised. Implementation of the construction phase of that

development programme started on 17th July 2006, when the cave was closed to facilitate an estimated 18 month period of construction. During the period of closure, the upgraded area on the Valley Floor was temporarily re-opened for six weeks, from April 2nd to 5th May in 2007, to accommodate visitors attending Cricket World Cup in Barbados.

From its opening in 1981 until August 1999, Harrison's Cave was managed by successive statutory agencies - the Caves Authority, the Parks and Beaches Commission and the National Conservation Commission (NCC). The current management company, Caves of Barbados Limited (CBL), was incorporated in Barbados on March 19, 1999 under the Companies Act, Cap 308. The private limited liability company was created to assume responsibility for the control and management of caves in Barbados, a legal responsibility fully assumed in respect of Harrison's Cave in September 2000, following the enactment of the Caves Act 2000-12 in August of that year.

CBL's sole shareholder is the Government of Barbados (GOB) and the company is led by a Board of Directors which reports to the Minister who is assigned responsibility for the Cave. During the 2007 reporting period the Board reported to the Minister of Energy and the Environment.

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, 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 persons, appointed on 6th July, 2006, continued to serve on the Board of Directors during 2007:-

- Mr. Selwyn Smith - Chairman
- Mr. Anthony Carter - Deputy Chairman
- Mr. Patrick Bryan - Board Member,
Representative, Town &
Country Planning Dept.
- 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 continued to act as Secretary to the Board.

SUB-COMMITTEES OF THE BOARD

The following five committees were assigned to provide oversight in critical areas of operations.

1) The Human Resources Committee:-

- 1. Mr. Anthony Proute - Chairman
- 2. Mr. Selwyn Smith - Member
- 3. Mrs. Jennifer Williams - Finance Officer (Ag)
- 4. Mrs. Brenda Edwards - CEO (Ag)

2) The Finance Committee:-

- Mr. Anthony Carter - Chairman
- Mr. O'neil Graham - Member
- Mrs. Jennifer Williams - Member
- Mrs. Brenda Edwards - CEO (Ag.), Member

3) The Technical Committee:-

- Mr. Ian Stewart - Chairman
- Dr. Harold Gibbs - Member
- Mr. Steve Devonish - Member
- Mr. Patrick Bryan - Member
- Mr. Scofield Clarke - Operations Officer,
Member

4) The Marketing Committee-:

- | | | |
|-----------------------|---|------------------|
| • Mr. Ronald Bullen | - | Chairman |
| • Ms. Mya Daniel | - | Member |
| • Mr. Anthony Proute | - | Member |
| • Mr. Sam Wilkinson | - | Member |
| • Mrs. Brenda Edwards | - | CEO (Ag), Member |

The Management Team consisted of the following members of staff:-

- | | | |
|--------------------------|---|----------------------|
| • Mrs. Brenda Edwards | - | CEO (Ag) |
| • Mrs. Jennifer Williams | - | Finance Officer (Ag) |
| • Mr. Scofield Clarke | - | Operations Manager |
| • Mr. Sam Wilkinson | - | Marketing Officer |

NUMBER OF MEETINGS HELD IN 2007

There were twelve (12) meetings of the Board during the period January to December, 2007.

PROGRAMMES, ACTIVITIES AND PERFORMANCE

The following major programmes were undertaken during the year 2007:-

1. The Harrison's Cave Development Project (including preparation of the Cave with its new Cave Interpretive Centre, for Cricket World Cup),
2. Marketing for World Cup and the Re-developed Cave,
3. Training,

The major component of the redevelopment project, the civil works programme, started on July 17th 2006, was accorded highest priority during 2007. Tram procurement, institutional strengthening, training, visitor management, marketing, land acquisition issues, signage, social and community outreach, environmental management and monitoring issues were all addressed in varying degrees, during the year.

The Redevelopment Project

Civil works at the Valley and tram upgrades facilitated the temporary resumption of tours during Cricket World Cup, 2007. The six (6) new trams, two (2) of them wheelchair-accessible, were procured and commissioned. This process had involved the U.K. based manufacturers and the local engineers in testing and reviewing the tram operations, effecting necessary adjustments and upgrades, and also providing comprehensive staff training, conducted by the manufacturers, Severn Lamb (UK) Ltd.

The Ministry of Housing and Lands successfully negotiated for the acquisition of a parcel of land on the Cliff Top, measuring 2.49 acres. This acquisition, by private treaty, accelerated the arrangements for the release of the Cliff Top site to the contractors in June 2007. Release of this site facilitated construction of the other major civil works project components—the car parking facilities, the Tram Storage Building (TSB) and the Visitor Reception Centre (VRC) which comprise of the administration area, exhibition space, gift shop, restaurant and bar, amphitheatre.

Specialist works were also carried out on the water treatment plant and the upgrading of the reservations/ ticketing system.

Marketing for Cricket World Cup and Re-Development

In preparation for Cricket World Cup 2007, special marketing initiatives were developed in collaboration with participating tourism partners and targeting visitors in the country for the event. The opening during the Cricket World Cup period April 2nd to May 5th facilitated tours with a commissioned fleet of new trams and a partially upgraded facility on the Valley Floor consisting of a new Cave Interpretive Centre, administrative spaces, improved washroom and a temporary kiosk for use as a refreshment bar.

An unanticipated low number of visitors, a total of 10,759, toured the Cave during the Cricket World Cup period, earning the company revenue amounting to \$312,121, which accounted for 89.97% of the total income of \$346,924, earned in 2007.

Table 1: Visitor Arrivals

	2007	2006
January	—	9,106
February	—	8,697
March	—	10,408
April	9,233	10,569
May	1,526	7,300
June	—	9,071
July	—	2,580
TOTAL	10,759	57,731

The comparative visitor figures for 2007 and 2006 are given above in Table 1. The early elimination of the Indian and Pakistani teams severely impacted on the number of visitors travelling to Barbados for Cricket World Cup and, consequently, on the numbers visiting Harrison's Cave. The initial Barbados Tourism Authority (BTA) projection of 60,000 World Cup visitors had to be revised downward, to 35,000, of whom it was estimated that approximately 17,000 would visit Harrison's Cave. The Cave fell short of this revised target by approximately 7,000 and was therefore unable to generate any appreciable levels of revenue. As a result of the small number of visitors attracted during this period of interrupted closure, the impact of Cricket World Cup was negligible, not merely falling short of the planning projections but also below the monthly figures recorded for the same periods during the lean, pre-closure period when visitor numbers were declining. In 2005 and 2006, for example, 13,435 and 10,569 visitors respectively toured the Cave, at a time when uncertainties regarding the actual date of closure appeared to have impacted negatively on visitor numbers.

MARKETING

Early in the year marketing efforts were focussed on promotions for improving visitor numbers and spend for Cricket World Cup and beyond.

Subsequent marketing efforts were directed towards attracting visitors from local, regional and international markets; primarily through participation in the BTA promotional tours to Trinidad & Tobago and Jamaica in May; and the Florida Caribbean Cruise Association (FCCA) Conference in Miami during the period 8th-12th October. Meetings with key FCCA Cruise executives, provided opportunities to update them on the Re-

development project and keep them abreast of the proposed schedules for the Cave's re-opening.

The Harrison's Cave new logo and website were also launched during the year, at the "soft opening ceremony" held on March 30th.

HUMAN RESOURCES

Pensions

The company continued its consultations on pension entitlements and terms and conditions of service for the employees transferred to CBL from the National Conservation Commission; but the issue remained unresolved at the end of the year.

Training Courses

The staff training programmes developed in 2007, were designed to equip staff to deliver the required level of service and visitor experience, with a focus on strengthening job skills, imparting or reinforcing an understanding of the organisation and environment in which staff worked and their respective roles within the organisation. The training also addressed the ethos of the organisation, including its mission, goals, strategies and expectations. Further training was also being developed to meet the following specific needs of the new facility:-

- Tram maintenance and operations
- Cave management and operations
- The environmental monitoring system
- Interpretation, signage and exhibits
- Marketing
- The electronic visitor management systems

Staff training courses, addressing issues of efficiency and service delivery, were conducted in the following areas:-

Maintenance

- Tram Maintenance
- Electronics & Mechanics
- Basic Landscaping - identification and maintenance of flora
- Braking and Final Drive Systems

Safety and Security

- Occupational Safety & Health
- Basic First Aid/ CPR
- Basic Security Procedure
- Cave Emergency Response Plan
- Cave Rescue

Environmental Management

- Environmental Health & Safety
- Environmental Monitoring System
- Electronic Visitor Management System
- Interpretive Signage & Exhibition
- Marketing

Caves Operations

- Caves of Barbados (Operational Basics)
- Caves & Karst: Understanding the Basics (level 1A)
- Basic Computer Applications

- Interpretation Service Delivery (level 1+2) Electronic Visitor Management System

Personal & Skills Development

- Personal Development
- Customer Service and Telephone Etiquette
- General Conversational French/Spanish
- Practical Supervision & Management

Staff members, mainly tour guides, tram drivers and reception staff also received training in Spanish, through a course specially designed and conducted by the Barbados Community College for the needs of Harrison's Cave.

Overseas Visit

AXYS Consultants facilitated an observation visit for tour and reservations staff, to the Columbia Ice Fields in the Canadian Rockies from June 18-30, 2007. The objectives of the visit were to:-

- Assess the visitor management capabilities of the electronic visitor management system recommended by the consultants.
- Provide them with first-hand experience of the visitor management operations.
- Review the retail operations at the relevant visitor attractions on their itinerary. which also included the following :-
 - Banff National Park, Canada's oldest National Park,
 - Canmore Caverns, an attraction renowned for its nature trails,
 - The world famous Royal Tyrell museum of Palaeontology,

- Head Smashed Buffalo Jump Interpretive Centre, the world's oldest, largest and best preserved buffalo jump, a UNESCO World Heritage Site,
- Calgary Heritage Park and Historical village, Canada's largest living history museum, where visitors experience live re-enactments of life in Western Canada during the 1860's, and
- Frank Slide Tour Interpretive Centre— the location of the 1903 Frank Slide rock avalanche, which also provides the experience of the Canadian pacific railway early underground mining and the contemporary community life of that historical period.

FINANCIAL SUMMARY

Initial Capital Contribution

The Government of Barbados made an initial contribution of \$5,485,224 to Caves of Barbados, on its incorporation in 1999. This represented the value of assets then owned by its predecessor agencies, and transferred to CBL from the National Conservation Commission (NCC), on 1 April 1999.

Share Capital

The audited financial statement for the year 2007 indicated that the shareholding remained fixed at 7,600,000 common shares, to be issued and, that a further contribution of \$9,865,418 was made during the year, as subscription for an equal number of shares (9,865,418). The subscription in 2006 had been \$8,344,575.

Revenue and Expenditure**Table2: Revenue 2005 to 2007**

	REVENUE 2007		
	2007	2006	2005
	\$	\$	\$
Entrance Fees	312,121	1,199,107	2,539,544
Gift Shop & Bar Sales	29,753	105,251	259,245
Interest Income	N/A	12,833	11,427
Rental Income	N/A	N/A	861
Other Income	5,050	15,846	1,102
TOTAL	346,924	1,333,037	2,812,179
Expenditure	3,459,406	3,746,185	3,419,173
Net Loss	(3,112,482)	(2,413,148)	(606,994)

The comparative earnings over the three year period 2005 to 2007 are shown in Table 2 above. Revenue earned during the year was limited to \$346,924, the proceeds of tours and sales during the Cricket World Cup opening period, April 2nd to May 5th, 2007. Revenue as recorded in the 2006 audited Financial Statements was \$1,333,037. resulting in a \$986,113 or 74% decline in revenue for the year 2007.

Contrary to expectations, Cricket World Cup attracted a disappointingly low number of visitors, 10,754 resulting in CBL recorded its third year of declining revenue and its second year of drastically reduced revenue owing to the closure

Expenditure during 2007 was reduced from the 2006 figure of \$3,746,185 to \$3,459,406 in 2007—a difference of \$286,779 or 7.66%. This indicated that the company had managed, to some extent, to contain spending during the year. Despite the slump in revenue, the company had been committed to ongoing management and project execution and strategic planning programmes for the Re-developed Harrison's Cave. The company's expenditure was therefore maintained at relatively unabated levels during the closure, and, inevitably, in those circumstances, the non revenue earning period resulted in annual net losses. In the first year of Re-development construction, 2005, the net loss was \$606,994. The net loss rose to \$2,425,981 in 2006 and to \$3,112,482 in 2007. The company continued, in the circumstances, to operate with a bank overdraft of \$4.5m during 2007.

Re-development Project Financing

The loan agreement was signed on 14th February, 2007. The loan provided for the Government guaranteed CDB loan of USD \$16,886,000 BDS \$33,732,000, repayable in 56 equal quarterly instalments. The loan was subject to interest at the rate of 6.25% with a commitment charge of 1% on funds not drawn down. Up to 1st December 2007, the company had drawn down US\$78,699, BDS 157,399.

At December 31, 2007, the total Re-development costs, which had been estimated at \$63,700,000 in 2006, had risen to \$81,736,572. Expenditure on capital works in progress amounted to \$27,455,060 in 2007 comprised of cost incurred and includes buildings constructed on lands owned by the shareholder which had not yet conveyed to CBL.

OUTLOOK FOR 2008

By the end of the year, the major works were concentrated on the Cliff Top with Valley Floor construction virtually completed. It had looked possible to open the cave as the winter season looked promising. A decision to re-open the Cave in January/February 2008 looked promising as it was thought to offer the relief from pre-closure closure decline and the enforced overdraft financing.

Chairman



Date

