



# **REPORT OF THE PARLIAMENTARY STANDING COMMITTEE ON THE PUBLIC ACCOUNTS ON: BERMUDA TOURISM AUTHORITY 2021 RECOVERY PLANS**

**TO HIS HONOUR THE SPEAKER AND THE MEMBERS OF THE HONOURABLE  
HOUSE OF ASSEMBLY:**

The Parliamentary Standing Committee on the Public Accounts has the honour of submitting the following Report:

## **1 INTRODUCTION**

Your Public Accounts Committee (PAC) is pleased to report to the Honourable House of Assembly that we have had concerns raised by Members about the impact of the COVID-19 Pandemic on the economy and Tourism industry of Bermuda and particularly the Bermuda Tourism Authority's strategic plans and objectives for recovering and restoring the vitality of our hospitality and visitor sectors in 2021 and beyond. The Chairman also wanted the Committee to examine value for money on the grant funding that the BTA has received over the last few years.

Your PAC held a number of discussions on this subject during in camera meetings, and also received extensive information and input from the new Chief Executive Officer of the Bermuda Tourism Authority (the BTA), and the Director of Finance for the BTA. The Committee also had benefit of information and input provided to the previous PAC by the former Acting CEO of the BTA, and the former Chief Operating Officer of the BTA.

In light of the information presented, your Public Accounts Committee is satisfied that the Government and people of Bermuda are getting good value for money in regards to the governance and administration of the BTA during these trying circumstances of the pandemic.

Your Committee was also very satisfied with the austerity measures implemented by the Authority, and we believe that these measures were balanced to an extent such that they did not cripple the organization and its effectiveness.

And it should be noted that the BTA has also received a clean bill of health on its financial reporting and internal controls, with an unqualified opinion issued by the Auditor General of Bermuda on her audit of the Authority's Consolidated Financial Statements for the Year ended 31<sup>st</sup> December 2020.

Your Committee now looks forward to eventually meeting with Officers from the BTA once again for further updates on their strategies and plans for moving forward.

Meetings involving discussion and examination on this subject were held on the following dates:

- 28<sup>th</sup> July 2020
- 9<sup>th</sup> February 2021
- 23<sup>rd</sup> February 2021
- 29<sup>th</sup> April 2021
- 13<sup>th</sup> May 2021
- 27<sup>th</sup> May 2021
- 2<sup>nd</sup> September 2021

## **2 WITNESSES**

The list below identifies the persons who appeared before the PAC at in camera meetings and provided information and assistance to the Committee:-

Oral Testimony:

- Mr. Charles H. Jeffers II – Chief Executive Officer – Bermuda Tourism Authority
- Mr. Duncan Beveridge – Director of Finance – Bermuda Tourism Authority
- Mr. Glenn Jones – Former Acting CEO – Bermuda Tourism Authority
- Ms. Karla Lacey – Former COO – Bermuda Tourism Authority

### 3 FINDINGS

Your Committee has had numerous findings on the devastating impact of the COVID Pandemic on Bermuda and her people through most of 2020 and well into 2021; as well as the impact on the Bermuda Tourism Authority, its work and marketing activities, its finances, budgeting and revenue from tourism fees and taxes.

Executive Summary 2020 Statistics (change from 2019):-

- Total Air Visitors                      Down 84.4%
- Leisure Air Arrivals                    Down 86.6%
- Air Seating Capacity                  Down 70.6%
- Cruise Arrivals                        Down 98.3%
- Total Leisure Spending                Down 88.7%
- Average Leisure Length of Stay      Up 50%.

The world and Bermuda went on lockdown in March 2020. All scheduled airline service to Bermuda was stopped from late March until the end of June; and all Cruise visits were cancelled until further notice. Hotels were forced to close and tourism workers were out of work. Bermuda's economy was effectively shut down, with consequent negative effects on employment and our social well-being, and on Government's finances. Bermuda's borders were reopened and scheduled Air Service resumed in July 2020, and has slowly but gradually grown since then. COVID surges internationally and particularly in Bermuda in late 2020 and March/April 2021 caused hick-ups in our recovery, but measures undertaken by the Government were successful in getting us back on track to tourism and economic recovery.

Your Committee took note of the BTA's '2020 Visitor Arrivals Report' Executive Summary observations that the Government's aggressive COVID-19 testing and restriction protocols for all persons arriving in Bermuda were a major factor in visitors choosing Bermuda as their destination in the last half of 2020, with exit surveys showing that 98% of travellers said that they felt "safe" or "very safe" from Covid while in Bermuda between July and December 2020. And this also prompted the organizers and promoters of major sporting events such as the PGA Tour's Bermuda Championship, the Bermuda Gold Cup and World Match Racing Tour sailing regattas, and the Rugby World Tens Series events to have the

confidence that they could safely conduct their events in Bermuda in the Fall of 2020. The BTA also foresees more potential for growth in superyacht arrivals and extended stays in Bermuda waters, and the charter of luxury yachts by visitors. The economic activity and social media hits generated by the successful Work From Bermuda Certificate programme for digital nomads was also highlighted, and offers fertile ground for the BTA's marketing strategy. The BTA is also pivoting on a more active role in generating economic development in Bermuda.

Your Committee also reviewed the BTA Executive Summary Report on First Quarter 2021 (presentation by CEO Jeffers), which spoke to the following matters:-

#### Visitor and Financial Impacts

- Cancelled Cruises 190 in 2020
- Cruise Spending Lost \$120million in 2020

#### BTA Income over 2019, 2020 and 2021 Q1

- Grant Funding
- BTA Hotel Fees
- Cruise Passenger Fees
- Vacation Rental Fees

#### Government Budget Losses over 2020 and 2021

- Cruise Passenger Tax
- Infrastructure Tax
- Hotel Occupancy Tax

#### Other Findings

**Like any prudent organisation, the BTA implemented a number of austerity measures because of the economic impact of the pandemic.**

#### **Bermuda Tourism Authority Austerity Measures undertaken in 2020/21 –**

- Budget Cuts/Reduced Grant Funding
- Curtailed Sponsorships
- Paused Paid Advertising – keeping marketing and advertising down to minimum
- Cancelled Events

- Vendor Contract Pullbacks – BTA sought 20% reductions
- Salary Reductions/Work Week Reductions – Sought 1 Day per Week reduction
- BTA Executive Salary Reductions – 20% reductions for Executives and Directors
- Some Staff Level Reduction
- Experience Investment Grants Reduction
- Travel Reductions
- Closely Monitoring Finances/Income - Continuing uncertainty about Cruises.

### **National Tourism Plan**

The National Tourism Plan is expected to be the guiding light for the BTA and Bermuda Tourism going forward.

The BTA is also looking for more social media engagement and an active presence in the digital space.

The new CEO intends to focus on our customers/our visitors, and make sure visitor experience is authentic.

The BTA and new CEO are anticipating hospitality industry growth and jobs improvement, and more fee revenues, with a tourism rebound.

They also plan to focus on business visitors and to host more business events/activities in Bermuda.

The BTA has placed emphasis on the following areas:-

- Wants to engage more with Tour Operators who can steer more people to Bermuda.
- More focus on attracting long-term stay visitors.
- CEO sees a lot of pent-up demand for visitors wanting to come to Bermuda.
- Working to change the culture of the BTA and to make it more inclusive and diverse, with plans to be much more community-minded in its work and programmes.
- Wants to engage Bermudians, both here on island and those living/working abroad, in the BTA's programmes and marketing.
- Looking to Re-Brand Bermuda Tourism – An RFP is to be advertised to help with the re-branding; CEO is hopeful that a Bermudian company can secure the contract for this.

- BTA in talks to bring back Sail GP event in 2022 and beyond, as well as other sailing events.
- Superyachts home-porting in Bermuda is being explored.
- The PGA Tour Bermuda Championship, as well as an associated Special Black Golfer event, is on for October 2021.
- Bermuda is expected to host a World Triathlon event later in October 2021.  
(Unfortunately, this event has now been cancelled by the local Organising Committee and World Triathlon due to COVID concerns.)

### **Current Financing**

The BTA currently has an \$8million Five Year loan facility for the Channel Dredging project with Butterfield Bank. The BTA had a 6 month deferral on repayments in 2020. The BTA has resumed loan repayments, but will defer more repayments if necessary. As the tourism recovery continues, the BTA will be able to manage the loan repayments.

### **Future Strategies**

The CEO stressed the importance of playing the long game with our tourism marketing. He emphasised that he would not recommend reducing marketing to zero dollars; and advised to continue with a presence in the market place.

There were concerns about Bermuda being too expensive for some visitors, but the CEO stressed that it's all relative and it is Important for Bermuda to provide value for money to our visitors. High quality service levels, visitor experiences and top flight guest facilities are key.

It was recommended that all-inclusive type vacation packages for the whole on-island experience could be devised.

The CEO noted that a missing element is a wide availability of night-life and entertainment options for visitors.

## 4 RECOMMENDATIONS

Given the findings above, the PAC makes the following recommendations:-

That the BTA positions Bermuda to capitalize on pent-up demand for visitors from the U.S. East Coast.

The PAC endorses the CEO's recommendations for the long game strategy on tourism marketing.

That the Government supports the National Tourism Plan as a living document.

That the BTA continues with implementation of austerity measures, while finding a balance that will not inhibit long-term tourism growth.

That there be on-going analysis of marketing spends to ensure value for money and effective return on investment.

That the BTA work to provide marketing strategies to address the perception that Bermuda is too expensive and prices itself out of the market.

That more resources be directed to marketing Bermuda's mid-range and moderately priced properties.

That Bermuda consider providing all-inclusive visitor packages in our hotels, and in some cases a whole-Island experience.

That the BTA, in collaboration with the Bermuda College and the Bermuda Hotel Association, could do more through proper training, to improve the service level and experiences, in our hotels, restaurants, guest houses and retail establishments.

That the BTA must embark on a programme for better tracking our repeat visitors.

That the BTA should continue to financially support our cultural, lifestyle and sporting activities and events which attract our visitors.

That the BTA should try to capitalize on sports tourism and Bermuda's elevated profile coming through the success of Flora Duffy at the Tokyo Olympics and other Bermudians' outstanding success in the international sports arena.

That the BTA should capitalize on the fact that Bermuda now has direct airlift from London Heathrow Airport.

That the BTA actively take up the opportunity to bring together Bermuda's thought leaders from different sectors to share ideas on improving service levels in our tourism industry.

That the BTA work to promote the greater involvement of locals in the hospitality sector, and seek the participation of Bermudians at all levels of the BTA Tourism Experience Investment programme.

That the BTA embark on a cost-efficiency review within the organization.

That the BTA devise a clearly defined strategy for eliminating debt and reducing dependency on third party financing.

That a road map be provided for enhancing effective governance, productivity and accountability at the Board level.

## 5 CONCLUSION

The PAC would like to acknowledge the advice and assistance provided by the Auditor General, Mrs. Heather Thomas, and her professional staff during our deliberations; as well as the sterling work done on behalf of the Committee by Deputy Clerk to the Legislature Mr. Clark W Somner and Assistant Clerk Ms. Kara A. Beale.

Your Committee requests that this Report be forwarded to the Ministry of Finance for consideration and response on the Recommendations made by the Committee.

### ALL OF WHICH IS RESPECTFULLY SUBMITTED.

Hon. N.H. Cole Simons, J.P., M.P. – Chairman \_\_\_\_\_

Mr. Neville S. Tyrrell, J.P., M.P. \_\_\_\_\_

Ms. Susan E. Jackson, J.P., M.P. \_\_\_\_\_

Mr. Dennis J.R. Lister, M.P. \_\_\_\_\_

Mr. Vance M.E. Campbell, J.P., M.P. \_\_\_\_\_

Mr. Jache A. Adams, M.P. \_\_\_\_\_

Mr. Jarion C. Richardson, M.P. \_\_\_\_\_

**Dated: 24<sup>th</sup> September 2021**