



Tourism  
Enhancement  
Fund



# ANNUAL REPORT

2018-2019

# CONTENTS



*Restoration of the Naval Hospital, Port Royal*

1

## About Us

Vision/Mission Statement - **pg. 02**  
Board of Directors - **pg. 04-06**

2

## Reports

Tourism Minister's Message - **pg. 07**  
Chairman's Message - **pg. 08**  
Board of Director's Report - **pg. 12**  
Executive Director's Report - **pg. 18**

3

## Projects

Projects & Funding - **pg. 24**  
Outlook & Priorities 2019 -2020 - **pg. 31**

4

## Financials

Budget for Financial Year 2019-2020 - **pg. 32**  
Projected Income and Expense Statement - **pg. 33**  
Senior Executive - **pg. 33**  
Director's Compensation - **pg. 34**  
Appendix I & II - **pg. 35**  
Financial Statement - **pg. 36**



*Emancipation 2018, Montego Bay Cruise Pier*

# ABOUT US

The Tourism Enhancement Fund (TEF) was established in 2005 to implement recommendations emanating from the Master Plan for Sustainable Tourism Development (2002).

The Tourism Master Plan provides the framework in which TEF will fulfil its mandate of promoting growth and development in the tourism sector, encouraging better management of environmental resources in Jamaica, enhancing the country's overall tourist experience, and providing for the sustainable development of the tourism sector.

In 2018, TEF was restructured to operate as a centre for innovation for tourism with responsibility for strategic and targeted projects that support key activities aimed at realizing growth targets. The new model will see TEF expanding to include three new divisions.

## Vision Statement

'For Jamaica to be the most sought-after tourist destination because of its natural beauty, warm and friendly people, well-designed and attractive resort towns, rich culture, diverse attractions and commitment to the management and protection of the environment.'

## Mission Statement

'To facilitate the implementation of the Tourism Master Plan through prompt collection of fees, prudent management of funds, research and innovation and deployment of resources, in sustainable development toward the strengthening of Jamaica's tourism industry.'



## **Registered Office**

60 Knutsford Boulevard, Kingston 5

## **Auditors**

PriceWaterhouseCoopers  
Scotiabank Centre  
Duke Street, P.O. Box 372, Kingston

## **Bankers**

National Commercial Bank Jamaica Ltd.  
1 Knutsford Boulevard, Kingston 5

First Global Bank Ltd.  
28-48 Barbados Avenue, Kingston 5

Sagicor Bank Jamaica Ltd.  
17 Dominica Drive, Kingston 5

# Board Members

Hon. Godfrey Dyer, OJ, CD, JP - Chairman  
Mr. Joseph Issa - Deputy Chairman  
Mr. Ian Dear - Director  
Mr. David Dobson - Director  
Mrs. Beverley Russell - Director  
Mr. Jordan Samuda - Director  
Mrs. Judy Schoenbein - Director  
Mr. Marc Williams - Director  
Miss Alicia Bish - Director  
Mr. Donovan White - Director  
Mr. Omar Robinson - Director  
Mr. Howard McIntosh - Director  
Dr. Carey Wallace - (Ex Officio) Executive Director

## SUB-COMMITTEES

Projects Committee: Joseph Issa (Chairman), David Dobson, Ian Dear, Judy Schoenbein, Omar Robinson, Dr. Carey Wallace (Executive Director).

Audit and Finance Committee: Jordan Samuda (Chairman), Joseph Issa, David Dobson, Marc Williams, Alicia Bish, Howard McIntosh, Dr. Carey Wallace (Executive Director).

Human Resources Committee: Marc Williams (Chairman), David Dobson, Joseph Issa, Jordan Samuda, Dr. Carey Wallace (Executive Director).

## SENIOR MANAGERS

Mrs. Francine James-Prince - Director, Finance  
Mr. Johan Rampair - Director, Projects  
Mrs. Carolyn McDonald-Riley - Director, Tourism Linkages Network  
Miss Carol Rose Brown - Director, Jamaica Centre of Tourism Innovation



*Artist Nardia Davidson of Frazer's Ceramic discusses production of pottery items with (l-r) Chairman of the Tourism Linkages Council, Adam Stewart; Permanent Secretary in the Ministry of Tourism, Jennifer Griffith; Tourism Enhancement Fund (TEF) Executive Director Dr. Carey Wallace; and Executive Director of the Jamaica Hotel & Tourist Association (JHTA), Camille Needham.*

*The occasion was the fourth staging of the Tourism Linkages Network's 'Christmas in July' trade show on July 19, 2018, at the Jamaica Pegasus Hotel. Some 115 local producers took part in the one-day trade show under the theme "Tropical Wonderland".*

# Board of Directors



**Hon. Godfrey Dyer, OJ, CD, JP**  
- Chairman



**Joseph Issa**  
- Deputy Chairman  
Chairman, Projects  
Committee



**Mr. Ian Dear**  
- Director



**Mr. David Dobson**  
- Director



**Mrs. Beverley Russell**  
- Director



**Mr. Jordan Samuda**  
- Director  
Chairman, Audit &  
Finance Committee



**Mrs. Judy Schoenbein**  
- Director



**Mr. Marc Williams**  
- Director  
Chairman, Human  
Resources Committee

# Board of Directors



**Miss Alicia Bish**  
- Director



**Mr. Donovan White**  
- Director



**Mr. Omar Robinson**  
- Director



**Mr. Howard McIntosh**  
- Director



**Dr. Carey Wallace**  
- Ex Officio



*Ras Jeremiah (left) explains how he prepares his signature Coffee infused Fried Dumplings to (from second left) Minister of Tourism, Hon. Edmund Bartlett; Member of Parliament for East Rural St. Andrew, the Most Hon. Juliet Holness, Chairperson of the Tourism Linkages Network, Nicola Madden-Grieg and Permanent Secretary in the Ministry of Tourism, Jennifer Griffith. The occasion was the inaugural Blue Mountain Coffee Festival Marketplace, hosted by the Ministry of Tourism at Newcastle, St. Andrew on March 24, 2018.*



**Hon. Edmund Bartlett, CD, MP**  
- Minister of Tourism

# Tourism Minister's Message

Next year, May 1, 2020, will mark 15 years since the establishment of the Tourism Enhancement Fund (TEF), to implement recommendations emanating from the Master Plan for Sustainable Tourism Development, 2002. The recommendations as set out then had a ten-year cycle.

It cannot be denied that during that decade, much was accomplished in keeping with the mandate “to promote growth and development in the tourism sector, encouraging better management of environmental resources in Jamaica, enhancing the country’s overall tourist experience, and providing for the sustainable development of the tourism sector.”

Looking back at the last ten years, TEF’s contribution to the maintenance and enhancement of the environment has exceeded \$5 billion and more than \$1 billion has been spent on the preservation and promotion of our culture. This must be seen in the context that worldwide tourism has been growing and taking on new features as it adapts to the evolving demands of discerning visitors.

Ensuring sustainability of tourism therefore required taking a critical look at where we are, where we want to go and how we will get there. That is why last year (2018), TEF was restructured to operate as a centre for innovation for tourism with responsibility for strategic and targeted projects that support key activities aimed at realizing growth targets.

We have therefore seen a broadening of TEF’s scope as it plays a critical role in the Ministry’s agenda to develop human capital with the establishment of the Jamaica Centre of Tourism Innovation (JCTI); a partnership with the Ministry of Education Youth and Information for the infusion of tourism in the curriculum of high schools;



*Christmas in July – Artisan Village*

among several other initiatives geared towards achieving growth and sustainability in this very important tourism industry.

And for that, I extend appreciation to the Board of Directors, under the very capable leadership of the Honourable Godfrey G. Dyer, OJ, CD, who was recognized for his outstanding contribution to his country. Thanks also to Executive Director Dr. Carey Wallace and his staff who have been dutifully implementing and executing projects and programmes approved by the board.

The year ahead is going to demand their continued commitment as the Ministry relentlessly pursues programmes and strategies, with the support of partner agencies and stakeholders, directed at ensuring that Jamaica holds the position of the tourism destination of choice in the region. In doing so this will ensure growth in arrivals, increased earnings and a greater contribution to Gross Domestic Product (GDP). Innovation in reimagining our destination is the focus for the year ahead and beyond.

**Hon. Edmund Bartlett, CD, M.P.**  
**Minister of Tourism**





**Hon. Godfrey Dyer, OJ, CD, JP**  
- Chairman

## Chairman's Message

The 2018/2019 reporting period represents the first full fiscal year of operations at the Tourism Enhancement Fund (TEF) since restructuring under the Central Treasury Management System of all public funds available to the Government of Jamaica. This arrangement, reflective of a more consolidated approach to fiscal flows and tight management of Government's resources, signalled a new era for the TEF and reinforced its ability to adapt, innovate and add value in the on-going 're-imagining' of Jamaica's tourist industry for broad-based growth and development.

The organizational and operational restructuring of the TEF during the Review Period was pursued in the context of creditable and in some instances, outstanding performances recorded in Jamaica's tourist industry. Between January and December 2018, stopover arrivals to the island numbered 2,472,727 an increase of 5.1% over the comparable period in 2017. Arrivals from the dominant United States of America (USA) region with market share of 65.9% increased 7.8% to 1,628,402 with other major as well as emerging source markets generally yielding good results.

Cruise passengers visiting Jamaica between January and December 2018 totalled 1,845,873, representing a decline of 4% from the particular spike of the previous

year when the island benefited from cruises diverted as a consequence of severe weather conditions in parts of the Region.

For the first quarter, January to March 2019, the uptick in tourist arrivals was marked with the island welcoming 625,002 stopovers representing an increase of 13.3% over the comparable period in 2018.

Of the major supplier markets, the USA grew by 20.1% during the period, Canada by 4.6% and Europe by 0.9%. Cruise visitors in the period January to March 2019 showed a 6.7% decline, 45,230 cruise passengers having visited our shores.

The generally strong performance by Jamaica's tourist industry was in step with growth patterns internationally.

The United Nations World Tourism Organization (UNWTO) reports an increase in 2018 of 6% to 1.4 billion in tourist arrivals worldwide, overall results being driven by a favourable economic environment and strong outbound demand from major source markets. Of particular note, the USA with a 7% increase in outbound expenditure was among the world's top ten spenders.

Locally, real GDP growth of 1.8% for the calendar year 2018 represented the sixth consecutive year of economic growth reflective of the sustained efforts of

the Government of Jamaica to lay the foundation for increasingly robust and inclusive growth. In the near-term, the outlook for the economy remains positive with projected growth for Financial Year 2019-2020 in the range of 1.0% to 2.0%.

## MANAGEMENT OF TEF FUNDS

In the course of the review period, there was continued focus on enhanced efficiency in the TEF's collection and monitoring of fees from airline and cruise passengers, such funds being lodged to the Consolidated Fund as designated by the Ministry of Finance and the Public Service.

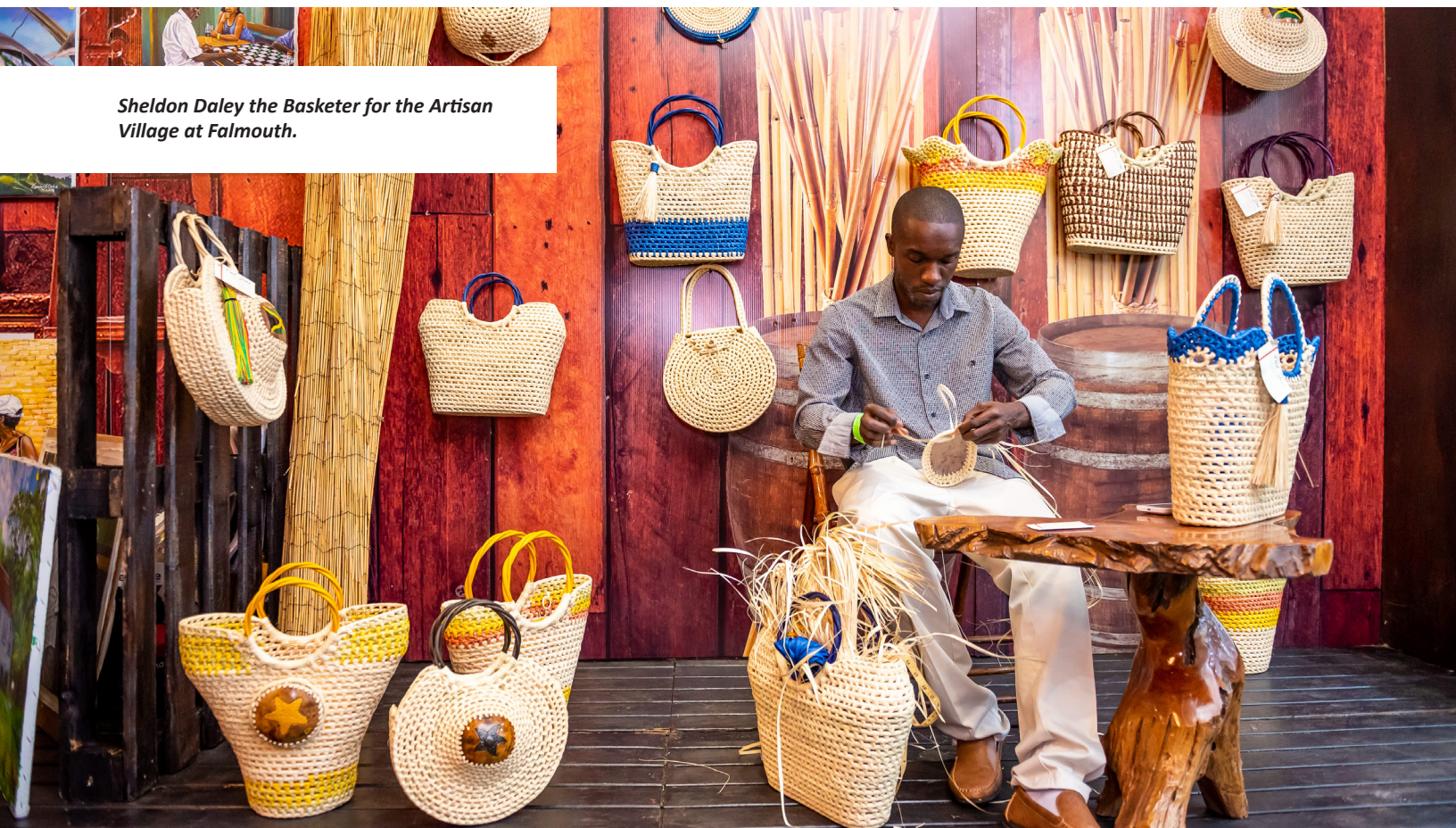
In the restructuring of the management of TEF funds, there were early reassurances of the TEF's continued ability to maintain its resources earmarked for activities approved by the Board and of the legal foundation under which TEF was formed being unaffected. Access to funds via monthly cash flow requests made through the Ministry of Tourism ensured continuation of TEF's integral role in funding and monitoring the execution of major projects for structured development of the island's tourist industry.

In keeping with national and international objectives for sustainable growth there was also attention to local communities to improve opportunities for employment through the enhancing of skill sets and strengthening of a culture of entrepreneurship.

The TEF pursued its partnerships with a range of Government and Non-Governmental Organizations, seeking always to provide oversight of budget allocations as well as projects implementation with efficiency and transparency.

The addition of a number of Departments to the TEF's organizational structure speaks directly to the vision for the TEF as a transformative agent within Jamaica's tourism and its more direct role in capacity building for the future of the industry.

The Tourism Linkages Network (TLN) mandated to develop and strengthen sustainable linkages between the tourism sector and other productive sectors of the economy and the Jamaica Centre of Tourism Innovation (JCTI), a professional development 'pathway' being created for workers in the industry, were transferred from Ministry



*Sheldon Daley the Basketer for the Artisan Village at Falmouth.*

of Tourism and Tourism Product Development Company (TPDCo) respectively, effective May 1, 2018.

The Research and Risk Management Department developed by the Ministry of Tourism to assume responsibility for expansive tourism data management and analysis, was also in place at the TEF by the end of the reporting period.

This closely accords with the TEF's central role in facilitating 'resilience building' for tourism at the national, regional and global levels through support for the establishment by the Ministry of Tourism and the University of the West Indies (UWI) of the Global Tourism Resilience and Crisis Management Centre located on the Mona Campus of the UWI. Indeed, these and other developments have been indicative of the TEF's response to an expanded vision and Mission to sustain and build on

our tourist industry's traditional strengths while seeking opportunities to position Jamaica as a nimble player and respected innovator in the global marketplace.

The TEF has been positioned as having a key role in facilitating innovation in the tourism sector by driving new approaches and processes that will define the tourism of the future and its long-term capacity to deliver on developmental goals for Jamaica and its citizens.

I should like to express my appreciation to my fellow directors, the management and staff of the TEF for their continued commitment to fulfilling this mission.

**Hon. Godfrey Dyer, OJ, CD, JP**



*Minister of Tourism, Hon. Edmund Bartlett (left) explains details of upcoming plans to restructure the Tourism Enhancement Fund (TEF) as a Centre of Tourism Innovation, during a staff meeting at the Ministry's New Kingston offices on Tuesday (April 10). Joining him in the discussions is Chairman of the TEF, Godfrey Dyer.*



**CAPTIONS:**

**Photo 1** - Executive Director, Dr. Carey Wallace (second left) hands over cheque to Chef of the Year 2018, Chef Steveray Smith, the event was Taste Jamaica held at the Montego Bay Convention Centre, St. James. Sharing the moment are (from left) Andrew Allen, Relationship Manager, Best Dressed Chicken; (second right) Lorraine Kemble, Brand Manager, Best Dressed Chicken and Chef Dennis McIntosh, President, Jamaica Culinary Federation. **Photo 2** - Style Jamaica, Shoppes at Rose Hall, Montego Bay; **Photo 3** - A.L.E.X Call Centre Opening at the RADA Office in St. Andrew. **Photo 4** - Tourism Minister, Hon. Edmund Bartlett (left) participates in the ribbon cutting ceremony for the Tourism Agri-Linkages Exchange (ALEX) Centre, housed at RADA's St Andrew office on Wednesday December 12, 2018. Sharing in the moment are (from second left) Executive Director for the Tourism Enhancement Fund, Dr. Carey Wallace; Jamaica Agricultural Society (JAS) President, Lenworth Fulton; RADA's CEO Peter Thompson; RADA Chairman Michael Stern and Director of the Tourism Linkages Network, Carolyn McDonald-Riley. The Ministry of Tourism, through the Tourism Enhancement Fund renovated the ALEX Centre and contracted a developer for the website at a cost of \$7,728,400. Through this exchange centre, farmers will have access to a physical space dedicated to calling or emailing the produce they have available to supply the tourism sector. **Photo 5 & 6** - Jamaica Blue Mountain Coffee Festival, New Castle, St. Andrew.



*Tourism Linkages Network Speed Networking at the Montego Bay Convention Centre, St. James*

## Board of Directors' Report

The Tourism Enhancement Fund (TEF) was established under an Act of Parliament in 2004 and currently functions on the basis of a fee of US\$20.00 and US\$2.00 respectively being paid by each visitor travelling by air or sea into Jamaica. The TEF has played a significant role in Jamaica's ability to meet and surpass its tourism growth and development targets. The island welcomed 4.3 million visitors in 2018, recorded as having spent US\$3.3 Billion.

Historically, the administration of funds collected, spent and accumulated as well as the coordination of TEF-funded activities took place in the context of a hypothecated tax, ring-fenced for a particular expenditure purpose.

In 2017, in keeping with the Government's public financial management reform measures, the inflow of revenues to the TEF was redirected to the Consolidated Fund as opposed to the TEF's continued operation of separate accounts in commercial banks. This change was given effect in legislation passed in July 2017 and with the requisite Amendment of the Tourism Enhancement Act signed into law on August 4, 2017.

The change in the financial management of the TEF had far-reaching implications for the structure and operation of the entity and ushered in a period of review of the accounting and administrative systems to enable continued access to funding in keeping with the raison

d'être of the TEF, that is facilitating the strengthening and sustainable development of the island's tourist industry. Mechanisms were also required to enable continued monitoring of TEF-funded projects and programmes.

At the commencement of Financial Year 2018-2019, the following arrangements were in place with the Ministry of Tourism and the Ministry of Finance and the Public Service:

- TEF would receive income from the Consolidated Fund and not airline fees;
- Approvals for budgetary expenditures would be given by Parliament after review of the budget submitted by the TEF;
- The TEF would be required to spend within budget on projects that were approved;
- There would be limitations for reallocation of funds during the year. This would require a request to be submitted to the Ministry of Tourism.

The new operational procedures for the TEF required balancing of monthly warrants for funding requested by the TEF from the Ministry of Finance & the Public Service submitted through the portfolio Tourism Ministry and submission of project claims.

The Board can claim overall success in the TEF's management within the constraints of budgetary categories, of the approved 2018-2019 budget of J\$4.04 Billion and accompanying measurable advances in project outcomes.

During the review period, policy direction for Jamaica as a mature and powerfully branded visitor destination reflected the island's being in step with significant international trends and business models while pursuing the peculiar development needs of Jamaica and its people.

On the world scene, visitor arrivals have been outstripping forecasts with 1.4 billion international tourist arrivals recorded in 2018, a figure not anticipated by the UNWTO until 2020. In recognizing the tourist industry as an important driver of economic development, the UNWTO has stressed as imperatives, sustainable growth, expanded educational opportunities, job creation and the benefits of the industry being felt in local communities.

The TEF has been pleased to work with policy makers and its industry partners in pursuing these very ideals with development plans for the local industry reflective of such global emerging trends as wellness and sports tourism, multigenerational travel and 'digitalisation' in the crafting of new marketing strategies.

## **TOURISM LINKAGES NETWORK**

The defining of a new organization structure for the TEF took centre stage in the course of this financial year, incorporating closely related but hitherto disparately managed areas targeted for accelerated development within the industry.

The Tourism Linkages Network (TLN), transferred from the Ministry of Tourism, saw a slew of activities to develop and strengthen linkages between the tourism sector and other productive sectors of the economy, notably agriculture and manufacturing.

The objectives to increase consumption of competitive, locally produced goods and services, facilitate efficient marketing, improve communication and provide technical support through 'Working Groups' were advanced with each 'Network' receiving an allotment from a budgetary approval for the 'Linkages' of approximately J\$210 Million.

'Networks' identified as offering competitive advantage

for Jamaica's tourism and reflective of robust international growth trends include gastronomy, health and wellness, shopping, knowledge, sports and entertainment.

Activities facilitated through the TLN in the course of the Financial Year included enhancing of the Agri-Linkages Exchange Platform, the Taste Jamaica website and mobile App and the Tourism Suppliers Directory. In addition, there was the commissioning of a Tourism Demand Study to determine the demand of the hotels thus guiding farmers in their production efforts. Through the development of the berry programme, strawberry farmers from St. Andrew, Manchester and Trelawny were provided with irrigation systems and greenhouses to better meet the demand of the hotels.

The Tourism Linkages Network hosted the 4<sup>th</sup> staging of the Christmas in July corporate gifting showcase and invited corporate Jamaica and purchasing managers for the hotel sector. Another successful staging of Speed Networking was executed, once again giving local manufacturers the opportunity to do business with the hotel sector.

Conferences, expositions and festivals showcased Jamaican gastronomy, Blue Mountain coffee and a range of Jamaican-made goods providing opportunities for Small and Medium Tourism Enterprises (SMTEs) to more fully engage in providing an authentic experience of destination Jamaica. A National Herbaceutical Project sought to explore and locate areas of opportunity in the exponentially growing area of Health and Wellness. The Tourism Linkages network further sought to create opportunity for local designers with the first staging of the Style Jamaica event. A digital transformation event sought to enhance and strengthen linkages between the local 'tech' industry and SMTEs. With human resource development high on the agenda, the Tourism Linkages Network in collaboration with various entities provided training in areas such as backyard farming, natural skincare product development for spas and entrepreneurial coaching. The Tourism Linkages Network also sought to develop, deliver and manage a capacity-building programme for Disk Jockeys (DJs) currently employed in the tourism industry in Jamaica.

## **JAMAICA Centre of Tourism INNOVATION**

Another key Department added to the enlarged ATEF structure was the Jamaica Centre of Tourism Innovation (JCTI). The JCTI was established to implement

the Government's Human Capital Development Strategy which has two parts:

- Certification programmes in hospitality, tourism and culinary arts
- Support for entrepreneurs in the craft sub-sector

**Certification:** The JCTI was established to facilitate:

- The certification and licensure of Jamaicans working in tourism,
- The certification of college students studying hospitality, tourism and culinary arts,
- The certification of faculty delivering these courses, and
- Innovation in tourism.

Training programmes executed through the JCTI during the Review Period included supervisory management, bartending, customer service certification and Spanish language training and certification.

These certification programmes were delivered in association with the American Hotel & Lodging Educational Institute (AHLEI) and the American Culinary Federation (ACF) and are aligned to the National Council for Technical, Vocational Education & Training Institute (NCTVET), ensuring that successful candidates have both local and internal accreditations.

In addition, the JCTI worked closely with the Ministry of Education, Youth & Information (MEY&I) to establish a Hospitality and Tourism Management Programme (HTMP) targeting high school students interested in tourism. The HTMP is a two year programme which gives successful candidates an AHLEI Certificate in Customer Service, an Associate Degree in Customer Service, NCTVET certification and recognition by the local customer service organization.

Spanish Language training was also a focus of the JCTI. In light of the fact that many hoteliers are Spanish speakers, it was important to help customer service staff increase their ability to communicate with Spanish speaking guests, as well as support individuals wanting to move up in the management ranks. To that end the JCTI collaborated with the Embassy of Spain and the Instituto Cervantes to pilot a Spanish language programme. Five hotels participated as did staff from the Ministry of Tourism. The candidates are scheduled to take their certification exams in May 2019 and thereafter the results will be evaluated and next steps suggested.

Bartender Certification also started in the year under review. The JCTI works with HEART-NTA, NCTVET and JWN Academy to develop a programme to deliver the critical skills to persons serving as bartenders in restaurants or hotels, or who want to set up their own bar. The training covers sanitation, supervision, inventory management and mixology among other things. Here again successful candidates must complete a written and practical exam. Finally, during this first year of operation the JCTI has spent considerable time preparing and certifying tutors to deliver the aforementioned programmes. Indeed, several faculty members and trainers have received these certifications.



*Team presiding over ACF Certification Examinations May 2019.*

## CRAFT DEVELOPMENT INSTITUTE

**Entrepreneurship:** The development and support of entrepreneurs is the goal of this aspect of the Human Capital Development Strategy. Specifically, the first deliverable is the roll-out of the Artisan Village at Falmouth, intended to provide artisans and craftsmen with access to the tourism value chain.

Artisan Villages are the newest attractions in Jamaica, intended to offer visitors and Jamaicans with a unique experience to include food, drink, music, art and craft.

**These activities are to be completed under the umbrella of the Craft Development Institute (CDI). In addition to the development of five Artisan Villages, the CDI is tasked with:**

- Working with partners to develop a craft certification programme
- Facilitating the development of innovation in craft to advance Jamaica's heritage in craft
- Developing a programme to recognise and reward excellence in craft

## RESEARCH & RISK MANAGEMENT

Also added to the TEF structure was the Research and Risk Management Department encompassing, in collaboration with the Jamaica Tourist Board, data collection and management to better guide decision-making on the build-out of competences and facilitating real-time response to trends in tourism. In a related development, the TEF is playing a historic role in funding the establishment of the Global Tourism Resilience and Crisis Management Centre launched in the course of the Financial Year by the Ministry of Tourism and the University of the West Indies (UWI) at its Mona Campus. The Centre will be central to building resilience against disruptions to global tourism; to research and develop the capacity to understand, mitigate and manage recovery after climatic and weather events, cyber-crime attacks, epidemics, terrorism and other threats to the industry nationally, regionally and globally.

## RESORT DEVELOPMENT

The upgrading of Jamaica's major resort towns has been central in pursuing the TEF's objective of implementing projects and programmes which impact the growth of the tourism sector, which enhance the overall tourist experience and provide for sustainable development. Indeed, 'iconic' projects to advance these goals have become synonymous with the TEF.

During the course of the Review Period, the Turtle River Park Redevelopment and Main Street projects in Ocho Rios progressed as did the lighting component of the Ocho Rios Elegant Corridor. The completion of the Promenade in the town was celebrated even as upgrading works, beautification, cleaning and maintenance continued with TEF partners notably the Urban Development Corporation

(UDC), Tourism Product Development Company (TPDCo) and St. Ann Municipal Corporation.

In Montego Bay, underground mapping of the Hip Strip was completed in the course of the year and development plans by the UDC for the city's waterfront were among those being advanced. There was substantial national interest in the erection of a 'Welcome to Montego Bay' sign funded by the TEF through the TPDCo and implemented by the St. James Municipal Corporation. The completion of the structure and complementing landscaping constituted a major upgrade at the entrance/exit point to the resort city. This region was also enhanced by TEF's funding of the supply and installation of directional signs leading to the Sangster International Airport in Montego Bay.

In historic Falmouth, work by the Port Authority of Jamaica (PAJ) on the Hampden Wharf advanced which, inclusive of the inaugural Artisan Village, represents a new chapter in the positioning of this Georgian town and cruise port as unique to destination Jamaica.

Cleaning and Beautification of the western town of Negril and funding support for a recycling programme for the resort were in keeping with the TEF's ensuring that maintenance and beautification of the island's resorts meet the expectations of visitors and citizens alike. By the same token, there was substantial consideration given to the rehabilitation of roads providing access to long-established as well as novel attractions islandwide. Other infrastructural works, community initiatives, projects for enhanced security and environmental programmes all contributed to Jamaica's tourism package improving its competitive position as a global player and the sector's impact as an economic driver for the island.

## TOURISM WORKER WELFARE

The growth proximate to resort areas of squatter settlements, home to substantial numbers of tourism workers has long represented an indictment against the industry. The development of human resources and promotion of the welfare of industry workers have been increasingly pursued as central to any plan for sustainable growth. This has been manifested in the TEF providing funding support of J\$963 Million to the Housing Agency of Jamaica (HAJ) for resort squatter settlement upgrade in the Grange Pen Community of St. James over four financial years – 2018/19, 2019/20, 2020/21 and 2021/22.

The TEF has been integral to the establishment of the Tourism Workers' Pension Scheme, with the provision



of J\$1 Billion in seed funds allowing the accrual of immediate benefit to qualified pensioners. At the close of the reporting period, the long-anticipated Tourism Workers' Pension Bill was set to be tabled in the House of Representatives within days, representing a major step in the programme of human capital development for Jamaica's tourism.

The TEF's historical support of Small and Medium Tourism Enterprises was further demonstrated in the Review Period during which EXIM Bank Jamaica received the final TEF disbursement of J\$350 Million making a total disbursement of J\$1 billion for on-lending to the sector. Amendments to the Loan Administration Agreement with the EXIM Bank in the Review Period will allow the current loan facility to be converted to a Revolving Loan Scheme with the EXIM Bank retaining both principal and interest for on-lending in perpetuity.

## MONTEGO BAY CONVENTION CENTRE (MBCC)

As of April 2019, the Montego Bay Convention Centre (MBCC) will be an agency of the Ministry of Tourism. Consequently, the MBCC will receive a subvention from the Ministry of Finance and the Public Service (MoFP) with attendant changes to TEF provision of grant funding to the MBCC as of 2019-2020. With the shift in portfolio management, MBCC receivables of J\$151 Million would similarly be subject to change.

In Financial Year 2018-2019 the TEF budget was reduced by J\$2 billion and this amount placed directly in the MBCC budget. Operational support provided for the MBCC in the review period included funding for the purchase of laptops and the upgrade of the Centre's server software and hardware as well as funding approval for the purchase and installation of air curtains with requisite door switch and control panel thereby reducing energy consumption. The TEF also facilitated payment of the MBCC's insurance premium.

It is expected that going forward, operational support for the MBCC will be provided via the Consolidated Fund.

## LOOKING AHEAD

The TEF has embraced the challenge of a new dispensation with requisite organizational changes, close management of budgetary allocations and continued efforts to work with its implementing partners for timely, quality deliverables. The engagement of an Audit Consultant will further enhance TEF's internal processes. The emphasis on enhanced communication and collaboration between respective TEF departments as well as with sister agencies augers well for cohesive planning in keeping with development objectives for the industry.

The TEF has been pleased to facilitate major research-driven projects as well as respond to immediate social needs particularly in tourism centres. The TEF looks forward to its expanded role in building economic resilience and human capital development, in facilitating entrepreneurship and innovation and in being on the ground floor in mapping touristic assets with potential for expanding the industry with attendant widely dispersed benefits.



**Minister of Tourism, Hon. Edmund Bartlett, describes the Tourism Workers' Pension Scheme, which will receive \$1 Billion in seed funding from the Tourism Enhancement Fund (TEF), as a critical component of the Ministry's human capital development plan to enhance Jamaica's tourism workers. Listening intently are (l-r) Jhanelle-Rae Bowie, Economist in the Ministry of Tourism; Camille Needham, Executive Director of the Jamaica Hotel and Tourist Association; and the Hon. Daisy Coke, Chair of the Tourism Workers' Pensions Oversight Committee. Minister Bartlett was speaking to tourism workers at a Kingston sensitization and awareness session for the pension scheme July 11, 2018, at the Knutsford Court Hotel in New Kingston. The pensions scheme covers all workers ages 18-59 years in the tourism sector, whether permanent, contract or self-employed. Benefits will be payable at age 65 or older.**

**Dana Baugh, Potter for the Artisan Village at Falmouth.**



**Lennox Coke, Artist for the Artisan Village at Falmouth.**





**Dr. Carey Wallace,**  
- Executive Director

## Executive Director's Report OVERVIEW

I have the pleasure of presenting the Financial and Operational Report on the Tourism Enhancement Fund (TEF) for the period April 1, 2018 to March 31, 2019.

Government revenue earned from TEF fee income totaled J\$7.3 Billion, of which \$7.1 Billion was earned as fee income from visitors to the island travelling by airlines, and J\$204.2 Million as fee income from cruise passengers.

In keeping with the financial instructions from the Ministry of Finance and the Public Service, J\$6.9 Billion (US\$53.7M) was transferred on a Year-To-Date basis to the Consolidated Fund. This represents total amounts collected as at March 28, 2019. Amounts transferred to the Consolidated Fund are net of fee collection expense.

### TOURISM ENHANCEMENT FUND

Income for the Financial Year ended March 31, 2019 shows a significant variance compared to the year ended March 31, 2018, this being due to the change in governance of the TEF whereby fees collected are no longer recorded as income but sent directly to the Consolidated Fund.

The TEF closed the 2018-2019 Financial Year having received the total approved subvention of \$4.04 Billion from the Consolidated Fund. An additional \$155 Million was received as subvention in March 2019 from the Ministry of Tourism to fund outstanding statutory payments for the Montego Bay Convention Centre (\$105 Million) and for the Global Tourism Resilience and Crisis Management Centre (\$50 Million). This brought the total subvention for the year to \$4.19 Billion.

Project expenditure totaled \$3.45 Billion, representing a 46% increase over the \$2.4 Billion in the previous year. During the year, \$350 Million was disbursed to the Exim Bank Jamaica on November 20, 2018, although a project of TEF, this expenditure is reflected in the long term receivables, since the facility with Exim is a revolving loan.

Operating expenditure accounted for \$304.2 Million. This amount is a 102% increase in operating expenses for 2017-18. Staff cost is one of the primary contributors to this variance, and is explained by the addition of three new departments to the Tourism Enhancement Fund, namely Jamaica Centre of Tourism Innovation, Tourism Linkages Network and Research & Risk Management. For the year the tourism enhancement fund made provisions of \$173 Million, to capture impairment losses for Montego Bay Convention Centre of \$151 Million and impairment losses on the loan portfolios with JN Small

Business Loan and the Exim Bank totaling \$22 Million. The Tourism Enhancement Fund had a surplus of \$312.6 Million as at March 31, 2019.

## PROJECT MANAGEMENT

The format of reporting on projects was updated to reflect categories as stated in the Budget with the related approved budgetary amounts, expenditure and balances. The Projects Department intensified its on-site presence and monitoring of projects with routine visits, meetings and appraisals.

The ongoing aim has been to forge optimum partnerships with executing entities stressing stakeholders' agreement on timelines, schedules and plans to ensure that project scope and objectives are clear and understood. The TEF Board's conducting of site visits further enhanced clarity regarding the scope of projects and attendant issues.

The TEF pursued its programmes within the objectives outlined for the tourist industry, maintaining developmental activity in the resort areas while supporting a wide range of projects consistent with an expanded vision for the industry such as providing new experiences of the destination, empowering small operators and encompassing communities while ensuring that funds allocated are optimally spent.

## PROJECT OVERVIEW

Major redevelopment activities undertaken with the UDC in the resort town of Ocho Rios, saw the completion of the keenly anticipated Promenade. The project, valued at approximately J\$133 Million, commenced in May 2017 and involved the creation of a stamped concrete walkway extending some 400 metres from the Ocho Rios Marina to the entry gate of the Ocho Rios Bay Beach. Featuring multi-coloured interlocking pavers, areas for seating and shopping kiosks, the Promenade is part of a multi-billion dollar redevelopment programme in this resort town. At year end, all works were progressing on the Ocho Rios Main Street and the Post Office renovation projects. The consolidation of plans for the Turtle River Redevelopment and beautification projects encompassing the famed Fern Gully leading into the town were among the highlights of the review period.

In Montego Bay, the TEF facilitated the TPDCo's erection of a welcome sign and accompanying landscaping in keeping with the resort area's reputation as "Jamaica's

tourism capital". The TEF has been supportive of development plans for the waterfront and 'Hip Strip' in Jamaica's second city while further east in Falmouth, at year end, work was well advanced on the Hampden Wharf and much-anticipated Artisan Village being executed by the Port Authority of Jamaica. The Falmouth Streetscape project and the Tharpe Street Sewage Disposal System were among the initiatives in continued redevelopment and branding of this historically significant cruise port.

Cleaning and Beautification projects took place in Negril with the National Solid Waste Management Authority. Rehabilitation of roadways in the San San area of Portland, assistance with the design of the sewage system upgrade for the famous 'Rafters Rest' attraction and other infrastructure and beautification works in Portland have been part of redevelopment efforts in this cradle of Jamaica's tourism.

On the south of the island, project development plans are being drawn for improvement works to the humming bird route from the roundabout at Harbour View to South Camp Road. Research into the potential for substantial tourism development in the parish of St. Thomas and beautification works in the parish of St. Elizabeth were among the projects supported as worthy investments in an increasingly diverse tourism product for the island.

"Encouragement of better management of environmental resources in Jamaica" one of the central objectives in the establishment of the TEF, continued to find expression through support of a number of projects. These included creation of the Mammee Bay/Old Fort Bay/Laughing Water Fish Sanctuary, coral planting projects, operational support for the Montego Bay Marine Park, various recycling programmes and participation in International Coastal Clean Up Day 2018.

The TEF Public Beaches Programme under which beaches islandwide are being redeveloped and upgraded, was pursued in collaboration with the UDC, Parish Municipal Corporations and the TPDCo. The clear value of the programme in enhancing recreational centres for citizens and visitors has been such that the list of beaches targeted in the course of the review period was expanded from ten to twenty five with generic scope of works and the tender process being undertaken for each.

# TEF Summer Internship Programme

2018 Highlights



Registration orientation day 1



SIP Orientation – Interns enthusiastically engaged



Summer interns at orientation day 1.



SIP Coordinator, Diane Brown-Allen attends to interns at the Orientation of the TEF Summer Internship programme held at the Knutsford Court Hotel, Kingston.



Minister of Tourism, Hon. Edmund Bartlett, poses with (left) Jared Braham and (right) Kerone Ross, the event was the TEF Summer Internship Programme Closing Awards Ceremony held at the Courtleigh Auditorium, Kingston. Jared and Kerone copped the awards for Top Boy and Top Girl respectively.



The Hon. Edmund Bartlett, Minister of Tourism shares a light moment with a participant in the TEF Summer Internship Programme. The event was the TEF Summer Internship Programme Closing Ceremony held at the Courtleigh Auditorium, Kingston.

## HERITAGE, CULTURE & SPORT

Also at the heart of the TEF mandate, carefully upheld over the years and in the current review period has been collaboration with other agencies to achieve growth and development of the tourism sector in the areas of heritage, entertainment, culture and community-based tourism.

The TEF supported renovation works at the Natural History Museum and the establishment of Museums/Exhibition galleries at institutions such as the GC Foster College and the Alpha Mercy Historical Centre. These initiatives will contribute to highlighting the island's global reputation in sports and music as the tourist industry seeks to capitalize more aggressively on Jamaica's cultural assets. The annual Jamaica Visual Arts Competition received support through the Jamaica Cultural Development Commission as did the staging of Emancipence Expo 2018 at historic Devon House in St. Andrew. Looking ahead, there has been considerable interest generated by a Concept Plan and Design Brief supported by the TEF for the establishment of a Campus and Performing Arts Centre in western Jamaica.

The TEF's commitment to playing its role in the preservation of Jamaica's built heritage continued with rehabilitation work funded in the area of the Bedward Church, August Town, renovation of the Hanover Parish Church established in the 1720s and re-roofing of the Calvary Baptist Church established in the 1840s.

The CONCACAF Caribbean Club Championship was among sporting events funded during the period of review.

## INFRASTRUCTURE

The application of TEF funding for substantial rehabilitation work on roads and infrastructure has significantly improved access to attractions, places of entertainment and communities island-wide with the advantage of helping to open up opportunities for development of the wider tourism product with the attendant spread of benefits.

A sampling of the roads for which rehabilitation funding was provided in the Review Period would include:

- Airy Mount Roadway leading to Stokes Hall Great House, St. Thomas
- Inverness to Cairnie Road in St. Ann
- Roadway from Bull Savannah to Lovers Leap via Tryall
- Sections of Roadway Leading to Reach Falls, Portland
- Roadway from Little Bay to Spring Head leading to Fire Fly Estate attraction, St. Mary

- Endeavour roadway to White River Valley/Chukka Adventure leading to Spanish Bridge
- Folly Road to Long Bay Beach at Drapers Beach and roadway leading to Blue Hole Road in Portland
- Camrose Road in St. James leading to Ras Natango Gallery and Garden
- Roadway leading to Zimbali Culinary Retreat
- Rehabilitation of the Coyaba Residence Access Road.

The TEF supported such initiatives as the unveiling of the renamed "Jimmy Cliff Boulevard" (formerly Gloucester Avenue) Montego Bay by the renowned Jamaican actor and singer of that name. This was at the request of the Ministry of Culture, Gender, Entertainment and Sport.

## MEETINGS/CONFERENCES

The TEF contributed to Jamaica's visibility in the marketplace as hosts for international Conferences/Meetings including Jamaica Invest Forum 2018, the 2<sup>nd</sup> UNWTO Government of Jamaica Global Conference on Jobs and Inclusive Growth: Small and Medium Tourism Enterprises (SMTEs), the International Institute for Peace through Tourism (IIPT) International Community Tourism Conference and launch of the Tourism Crisis Management and Resiliency Centre.

## SOCIAL WELFARE

The social welfare of citizens in resort centres is often viewed as an immediate measure of how beneficial the industry is to the host population and reflective of citizens' aspirations. The TEF's support of initiatives to this end has been consistent. A high point of the review period was the commitment to support the Resort Squatter Relocation Project in the Grange Pen Community, St. James for which the Groundbreaking Ceremony was held on March 29, 2019. The project is expected to start May 2019 and has a two-year construction duration.

There was support for programmes in health, notably funding provided for a Dialysis Machine for the Cornwall Regional Hospital, for enhanced security with stand-by generators approved for a number of police stations. There were educational and training programmes, including funding for the conducting of sexual harassment workshops for the Ocho Rios, Montego Bay, Negril and South Coast Resort Areas as well as Team Jamaica Training for community residents. A more comprehensive listing of TEF supported projects in the Review Period is found elsewhere in this Report.

## ORGANIZATIONAL RESTRUCTURING

The review period was dominated by the continued organizational restructuring of the TEF, notably the incorporation of Departments reflective of bold initiatives being pursued by the Ministry of Tourism/Government of Jamaica with the accompanying changes in personnel, reporting protocols, sheer breadth of activities and expanded partnerships.

In accordance with plans announced by the Hon. Minister of Tourism, the process of integrating the Tourism Linkages Network and the Jamaica Centre of Tourism Innovation (JCTI) commenced as at April 1, 2018. Both departments' budgets were previously financed through TEF project expense, enabling a smoother transition from an operational perspective.

At the same time, the new divisions within the TEF brought with them wide-ranging programmes, partnerships and perspectives in the pursuit of their specific missions, that of the Tourism Linkages Network (TLN) being to increase consumption by the industry of locally produced goods and services and the Jamaica Centre of Tourism Innovation being charged to facilitate certification of Jamaican tourism workers and innovation in the industry.

Organizational changes and the recruitment of additional staff were carried out in keeping with government policy. Among the new members of staff welcomed by the TEF were Mrs. Carolyn McDonald-Riley, Head of the Tourism Linkages Network and Miss Carol Rose Brown, Head of the Jamaica Centre of Tourism Innovation. The recruitment process to fill vacant positions was on-going at Year End by which time the expanded TEF had relocated to nearby, more spacious offices in the Pan-Jam Building at 60 Knutsford Boulevard, Kingston.

## HUMAN RESOURCES

Members of the TEF team were afforded opportunities for training in a number of areas during the year. Courses included professional project management, Procurement Laws and Regulations and the Spanish language, this being a pilot of JCTI training in language. Staff members at the TEF also participated in 'Emotional Intelligence' Training.

## STAFF AND OUTREACH

Once again, the TEF and TPDCo each managed a Summer Internship Programme (SIP) funded by TEF, under which young persons are placed in summer jobs across the island and exposed to training in various areas. Now in its eleventh year, the TEF programme places approximately four hundred interns in two batches each

over a six-week period while that managed by TPDCo places some eight hundred interns in batches over a three to four-week period starting in July.

As part of its commitment to corporate social responsibility, each year TEF organizes a treat for a worthy institution. In the review period, the University Hospital of the West Indies (UHWI) Paediatric Ward was selected and the TEF team was pleased to present the institution with much needed intravenous (IV) pumps.



*Executive Director, Dr. Carey Wallace addresses Interns at the TEF Summer Internship Programme Orientation held at The Knutsford Hotel, Kingston.*

## CONCLUSION

The Review Period was one in which operations at the Tourism Enhancement Fund reflected the changing dynamics of global and local tourism and intentional positioning of the Agency in meeting the objectives of product expansion, strengthening of linkages with other economic sectors, human capital development and enhanced use of technology.

The TEF has been responsive to requirements for organizational changes and keenly anticipates meeting and exceeding expectations in managing its approved budget categories and projects in the new Financial Year.

I should like to thank the members of the Board of Directors of the TEF for their wise counsel, staff members for their professionalism and focus particularly during periods of adjustment, as well as the partners and implementing agencies with whom we work to achieve optimum deliverables for tourism and Jamaica.

**Carey Wallace, PhD**

[\*NOTE: The members of the Tourism Linkages Network Council are listed in APPENDIX I and members of the Jamaica Centre of Tourism Innovation – Board of Management are listed in Appendix II].



Shaneil Currie (centre) was the first hospitality supervisor to officially graduate from the Jamaica Centre of Tourism Innovation (JCTI). To commemorate that fact, she had Minister of Tourism, Hon Edmund Bartlett pinning her after Permanent Secretary in the Ministry of Education, Youth & Information, Dr. Grace McLean (left) had presented her with her certificate. Ms. Currie was one of the over 150 hospitality workers receiving certification from JCTI, at the Montego Bay Convention on Sunday, April 8, 2018 having successfully completed a truncated course in their respected areas.



Tourism Minister, Hon. Edmund Bartlett (left) delivers remarks during the 2019 launch of Carnival in Jamaica at the Spanish Court Hotel on October 23, 2018. During the event, the Minister lauded the initiative for its economic value to the country as it generated record earnings in 2017, and called for greater investments to be made, to further develop the industry.





*Prime Minister, the Most Hon. Andrew Holness (C) and Tourism Minister, Hon Edmund Bartlett (4<sup>th</sup> L) participated in the official ground breaking ceremony for the Closed Harbour Beach project in Montego Bay on Friday, February 23, 2019. Joining the moment are (L-R) Executive Director of the Tourism Enhancement Fund, Dr. Carey Wallace, Chairman Montego Bay Advisory Council, Mr. Winston Dear, Acting General Manager of the UDC, Ms. Heather Pinnock, Attorney General Mrs. Marlene Malahoo Forte, Chairman of the UDC, Senator Ransford Braham, Chairman of the TEF, Hon. Godfrey Dyer, Minister of National Security, Hon Dr. Horace Chang, and Minister of Culture, Gender, Entertainment and Sport, Hon Olivia Grange. Closed Harbour Beach Park will include the creation of a beach futsal and multipurpose court, basketball and netball courts, kids play area, food kiosks and outdoor dining area as well as a waterfront rehabilitation component.*

# Projects & Funding

## “Tourism Dollars Working For You”

### RESORT DEVELOPMENT

Redevelopment activities in the Resort areas included the following projects:

#### Ocho Rios

- The Promenade and Main Street projects were completed and the Ocho Rios Turtle River Redevelopment plans advanced;
- Renovation of the Ocho Rios Post Office was funded in response to a request from the Post and Telecommunications Department and plans approved for restoration of the Ocho Rios Town Clock as requested by the St. Ann Municipal Corporation;
- Christmas Beautification Project – Discovery Bay, Runaway Bay & St. Ann’s Bay- at the request of the St. Ann Municipal Corporation;
- Rehabilitation of Buckfield Craft Shops and Multipurpose Entertainment Facility at the request of the St. Ann Municipal Corporation- funding support of J\$14,063,268.49 to retrofit the Community Centre as well as installation of craft shops and development of a multipurpose entertainment facility.

#### Montego Bay

- Underground Mapping of the “Hip Strip” will determine approaches to upgrading of this popular entertainment spot in the Resort town;
- Directional signs leading to the Sangster International Airport in St. James;
- Construction of a Welcome Sign located at the Montego Bay Roundabout, a major entrance/exit point of the resort town - funding support to the Tourism Product Development Company Limited (TPDCo);
- Remedial Electrical Works for the Elegant Corridor- Montego Bay;
- Montego Bay Animal Haven – procurement of equipment, educational and training campaigns for the care of animals and assist with the removal of stray animals from the streets of resort areas across the island.
- Greater Montego Bay area- Barrett Town Integrated Infrastructure Project with Jamaica Social Investment Fund (JSIF).

## Falmouth

- Hampden Wharf and Artisan Village development in collaboration with the Port Authority of Jamaica (PAJ);
- Falmouth Streetscape and Tharpe Street Sewage Disposal System as requested by the National Works Agency (NWA);
- Falmouth Tour Guides Initiative whereby funding to the Tourism Product Development Company (TPDCo) provided wages for ten tour guides for the Falmouth Tour Guides Initiative over one year.

## Negril

- Cleaning and Beautification of Negril as per request of the National Solid Waste Management Authority;
- Renovation of the Negril Fire Station.

## Portland

- Rehabilitation of Roadways in Western Portland;
- Port Antonio Property and Infrastructure Beautification Works at the request of the Portland Municipal Corporation;
- Rafter's Rest Sewage System- Upgrade at Rio Grande Rafter's Rest attraction;
- Dengue/Rodent/Bulky Waste Clean-up for Portland as requested by the National Solid Waste Management Authority.

## Kingston

- Adopt a Round-a-Bout Project – the establishment of Phoenix Square as requested by the Trench Town Polytechnic College;
- Kingston Elegant Corridor project - work scheduled to commence August 2019 and be completed by February 2020.

## Special Allocations for Resorts

- Winter Tourist Season 2018- Approval of request from the Tourism Product Development Company Limited for the routine maintenance and beautification of verges islandwide during the winter tourist season.

## ENVIRONMENTAL PROJECTS SUPPORTED

- International Coastal Clean Up Day 2018 in partnership with the Jamaica Environment Trust (JET);
- Installation of Garbage Receptacles – (handed over to the Kingston and St. Andrew Municipal Corporation for distribution);
- Creation of Old Fort Bay/Laughing Water Fish Sanctuary – funding request from the Steer Town/Mammee Bay Fishing and Recreation Beach Association;

- Coral Coverage Project – funding request from the White River Fish Sanctuary to execute a coral planting project within the White River Fish Sanctuary;
- Operational Support for the Montego Bay Marine Park;
- Operation Clean Sweep – funding support for the Sunflower Environmental Foundation to implement a public education and collection and recycling programme in resort areas;
- Clean Coast Project Phase 4 project- funding support to the Jamaica Environment Trust;
- Enhancing Protected Area Management through Institutional Strengthening of the Negril Area Environmental Protection Trust (NEPT) - to include purchase of Toyota Hilux Pickup, a boat, capacity building and extension of the coral gardening project;
- Cleaning and beautification of Mountain View Avenue to Hope Road Kingston, through the National Solid Waste Management Authority.

## BEACHES PROGRAMME – DEVELOPMENT AND UPGRADE

- Fantasy (Priory) Beach- St. Ann;
- Salem and Closed Harbour Beaches;
- Walter Fletcher, Success and Lyssons Beaches;
- Funding allocated for design services for upgrade of: Watson Taylor Beach Park in Hanover, Guts River in Manchester, Alligator Pond and Crane Road Beaches in St. Elizabeth.



*Tourism Minister, Hon. Edmund Bartlett (left) tests out the tap in the newly renovated restroom at the \$49 Million upgraded Lyssons Beach in St. Thomas. Sharing in the moment are Member of Parliament Eastern St. Thomas, Dr. Fenton Ferguson (right) and Councillor Michael McLeod. The occasion was the ribbon cutting ceremony for the upgraded facility on November 15, 2018. During the event, Tourism Minister, Hon Edmund Bartlett said plans are underway by his Ministry, to develop the parish of St. Thomas as Jamaica's newest tourism destination. The initiative is being funded by the Tourism Enhancement Fund.*

## INFRASTRUCTURE

- Rehabilitation of Road leading to Johns Hall;
- Rehabilitation of Gold Smith Road, Water Works, Westmoreland;
- Rehabilitation of Parochial Road – Kent Avenue, St. James;
- Rehabilitation of the Airy Mount Roadway leading to Stokes Hall Great House, St. Thomas;
- Rehabilitation of Inverness to Cairnie Road in St. Ann;
- Rehabilitation of roadway from Bull Savannah to Lovers Leap via Tryall;
- Rehabilitation of roadway from Pedro Crossing to Pedro Plains Police Station;
- Rehabilitation of roadway from Spice Grove to Hill Top;
- Rehabilitation of Sections of roadway Leading to Reach Falls, Portland;
- Rehabilitation of Endeavour roadway from White River Valley, Chukka Adventure to Spanish Bridge;
- Rehabilitation of roadway from Little Bay to Spring Head, St. Mary leading to Fire Fly Estate attraction, St. Mary;
- Rehabilitation of the Norse Hill – Geejam Alligator Road (San San Roads);
- Sidewalk repair and landscaping along Sunset Boulevard, Montego Bay, St. James;
- Rehabilitation of a section of the Steer Town Main Road;
- Rehabilitation of Thornton and Windsor Roads - St. Elizabeth;
- Rehabilitation of Sections of Milford Road and Shaw Park Road, Ocho Rios;
- Rehabilitation of roadway from Folly Road to Long Bay Beach at Drapers Beach and roadway leading to Blue Hole Road in Portland;
- Rehabilitation of Camrose Road, St. James leading to Ras Natango Gallery and Garden;
- Rehabilitation of the Success to Spot Valley Main Road in Barrett Town, St. James;
- Rehabilitation of Rockland Roadway- St. James;
- Construction of a concrete U-drain and cover adjoining the Alligator Pond Road at the request of the Manchester Development Committee;
- Repair of roadway leading to Zimbali Culinary Retreat – effected through the Westmoreland Municipal Corporation;
- Rehabilitation of the Somerton roadway: funding at the request of the St. James Municipal Corporation (2018/2019 and 2019/2020 Financial Years);

- RIU Mammee Bay Taxi/Bus Lay-by Installation - National Works Agency (NWA) construction of a lay-by on the Northern Coastal Highway along the frontage of the Riu Mammee Bay Hotel to provide a safe drop-off area particularly for Riu Hotel staff and customers whilst alleviating obstruction to the general motoring public;
- Lucea Entrance Signs- Tourism Product Development Company Limited- funding for rehabilitation and fabrication of Welcome Signs for the town of Lucea;
- Christmas Beautification Project – Brown’s Town, St. Ann- St. Ann Municipal Corporation;
- St. Elizabeth South Road Cleaning Project - St. Elizabeth Municipal Corporation.



**Minister of Tourism, Hon. Edmund Bartlett (centre) handed out books to some of the teachers who will be teaching the Hospitality and Tourism Management Programme (HTMP) at the official launch on Monday (September 24). The teachers are, from L-R, Fayonie Sawyers McFarlane from Anchovy High School, Nickiesha Fraser Gordon and Vice Principal Roan Green, both from Spot Valley High School, and Kris-Ann Taylor from Rhodes Hall High School.**

**The HTMP is the first certification programme of its kind for high schools developed by the American Hotel & Lodging Educational Institute (AHLEI) and will allow students to gain entry-level qualification in tourism. The programme is coordinated by the Ministry’s educational arm, the Jamaica Centre of Tourism Innovation (JCTI).**

## MEETINGS/CONFERENCES/ EXHIBITIONS

- Inaugural Caribbean Bamboo Conference - Bamboo Industry Association of Jamaica hosting of the Inaugural Caribbean Bamboo Conference at the Jamaica Conference Centre over the period November 6-8, 2018;
- Jamaica Invest Forum 2018: support to JAMPRO for sponsorship of the Jamaica Investment Forum hosted by the Prime Minister of Jamaica June 12-14, 2018 at the Montego Bay Convention Centre;
- Invest Mobay Forum: Montego Bay Chamber of Commerce & Industry- 3rd staging, July 27, 2018;



*Under Construction - Artisan Village at Falmouth.*



- Japex 2018 Trade Show -Funding support to the Jamaica Hotel and Tourist Association;
- Tourism Resilience Summit of the Americas- funding support;
- 2nd UNWTO Government of Jamaica Global Conference on Jobs and Inclusive Growth: Small and Medium Tourism Enterprises (SMTEs);
- World Town Planning Day Conference- November 8, 2018 support of hosting by the St. James Municipal Corporation;
- Launch of the Tourism Crisis Management and Resiliency Centre;
- Caribbean Hotel & Tourism Association – Marketplace - funding support to offset cost incurred for logistics and ground work by the Jamaica Hotel and Tourism Association;
- Jamaica Rum Festival - sponsorship of event March 9-10, 2019;
- Hague Agricultural Show – support funding for the renovation facilities for staging of the show;
- Taste Jamaica App and Web Content Marketing Programme - the request from Tourism Linkages Network (TLN) was for expenditure to develop and execute a digital marketing campaign to promote the Taste Jamaica mobile app and website;
- SOBE Wine and Food Festival – funding of TLN partnering with the JTB to mount a display showcasing Jamaica’s food at the Wines Festival, South Beach Florida.
- Dialysis Machine for the Cornwall Regional Hospital - request from the National Health Fund for funding support for the purchase of a dialysis machine for the Cornwall Regional Hospital;
- Beautification works along the south road leading to Frenchman Bay Beach, St. Elizabeth;
- Beautification works across the Island - notably the parishes of St. James, St. Mary, Portland, Kingston and St. Andrew - Ministry of Local Government and Community Development;
- Beautification in the Town of Lucea - request from the Hanover Municipal Corporation for funding to undertake drain cleaning, de-bushing and desilting works in Lucea, Hanover;
- Community Partnership Fair - request from the Jamaica Baptist Union was for sponsorship support for hosting a community partnership fair in Montego Bay;
- Trucking of Water to communities in St. James - St. James Municipal Corporation –support for trucking water to several communities in Montego Bay following prolonged water shortage in the parish;
- Funding support for the purchase and installation of generators for selected police stations in Trelawny;
- Construction of a chain link perimeter fence to secure the Treasure Beach Sports Park, developed for recreational use by communities in the area- support at the request of Breds Treasure Beach Foundation;
- Guys Hills High School- funding support for expansion of the technical room and fabrication and installation of burglar bars;

## HEALTH/EDUCATION/SECURITY/ COMMUNITY

- Southern Parks and Markets Bulky Waste Clean-up 2018: National Solid Waste Management Authority funding support for the removal of illegal dump sites and bulk waste from various communities in Clarendon, Manchester and St. Elizabeth;
- Sensitization Workshop for Court Judges - support provided to the Tourism Product Development Company Limited to assist with hosting of a Sensitization Workshop for Parish Court Judges who preside in the parishes of St. Ann, Trelawny, St. James, Hanover and Westmoreland;
- Support to the National Solid Waste Management Authority - to purchase two pickup trucks to assist with enforcement operations in the Negril Resort Area;
- Dengue Eradication and Prevention Programme – 2019 – request through the Tourism Product Development Company Limited for support of Dengue Eradication and Prevention programme in Hanover, St. James, Trelawny, St. Ann, Portland, St. Thomas, Kingston and St. Andrew;



*Tourism Enhancement Fund (TEF) Executive Director Dr. Carey Wallace (second right) pauses for a photograph with Jamaica Environment Trust (JET) CEO Suzanne Stanley (centre); Executive Director for the Recycling Partners of Jamaica, Winnie Cummings (second left); and Ministry of Tourism volunteers Lorraine Lewis (first left) and Sheryll Lewis (right) before disposing of plastic bottles collected. The occasion was the 2018 International Coastal Clean Up Day activities at JET's flagship site at the Palisadoes Go-Kart Track on September 15. The annual event is coordinated internationally by Ocean Conservancy (USA) and locally by JET.*

- Repair of Ambulance assigned to the Negril Fire Station;
- Beautification of the May Pen Town Centre for Jamaica's 56<sup>th</sup> Independence Celebration - support through the Clarendon Municipal Corporation;
- Cleaning and Beautification - St. Ann select areas - request from the National Solid Waste Management Authority;
- Retirement Disposal Site Covering - request from the National Solid Waste Management Authority;
- Beautification works in several communities in the parish of St. Andrew – to be undertaken by the National Solid Waste Management Authority;
- Labour Day 2018 Activities – Installation of Garbage receptacles in various locations in the Negril Resort Area; Beautification projects in St. Andrew East Rural, South East, St. Elizabeth, Eastern Hanover, St. Ann South West; funding of construction of Chain Link Fence – Mountain View Avenue, St. Andrew Eastern in area to be developed for community recreational activities; Grateful Hill Primary School Building Rehabilitation; Lethe Infant and Primary School “Ramps for School to provide access to physically challenged; National Health Project, Spanish Town;
- Funding support to replace stolen electrical wiring and restore electricity to affected areas of the St. James Parish Library;
- Cleaning, de-bushing and removal of rubble at the Armadale Juvenile Facility at the request of the St. Ann Municipal Corporation;
- Design and Publication of Guidebook for Jamaica's Trails and Beaches in a strategic push to expand the country's health and wellness products;
- Funding support for the Governor General's Programme for Excellence 'I Believe Initiative 2018 National Consultative Conference';
- Peace Management Initiative Western (PMI) Western Staff and Board Luncheon- sponsorship support;
- Kingston Marathon 2018 - the Jamaica Hotel and Tourism Association (JHTA)- funding support for the staging of the 2018 Kingston Marathon, March 17, 2019;
- Team Jamaica Training for Denham Town Community Residents – funding support at the request of the Premier Tourism Training Institute (PTTI) to provide Team Jamaica Training for 75 residents of the Denham Town Community, part of the Zones of Special Operation (ZOSO) social intervention programme;
- National Tourism Debate 2019 - Funding support of

One Luv Television and the Ministry of Tourism to facilitate hosting of the National Tourism Debate organized through the Ministry of Education;

- Sexual Harassment Training for Resort Areas – support of the Jamaica Hotel and Tourism Association's conducting of sexual harassment workshops for Ocho Rios, Montego Bay, Negril and South Coast Resort Area targeting Human Resource Managers with the objective of formulating manuals for their hotels;
- Tourism Services Excellence Awards - funding support for staging of the 2019 event recognizing tourism service excellence at the individual level and corporate levels;
- Caribbean Baptist Fellowship - funding support for participation in training of Conflict Transformation Trainers, Nairobi Kenya, November 11-20, 2018.



*(L-R) His Worship the Mayor Councillor Paul Thompson, Baroness Francesca Von Habsburg founder of Alligator Head Foundation, Tourism Minister Edmund Bartlett, and Canada's High Commissioner Laurie Peters, about to enjoy a boat ride during the opening of the Community based Dive and Non-Motorized water sport facility opened in Portland on Thursday July 26, 2018. This project was established through a collaborative effort between the Alligator Head Foundation and the Tourism Enhancement Fund (TEF).*

## HERITAGE, CULTURE, SPORT

- Jamaica Visual Arts Competition 2018- request from the Jamaica Cultural Development Commission;
- Nationwide News Network – partial sponsorship of the “Passport to Paradise” series over one year;
- John Dunkley – ‘Neither Day Nor Night Exhibition’: request from the National Gallery of Jamaica;
- Emancipendence Expo – Devon House- sponsorship at the request of Devon House Development Limited;

Taste of the Caribbean 2018 competition – funding of a delegation to this premier culinary arts competition in Florida;

- Museum/Exhibition gallery establishment at the GC Foster College;
- Jamaica’s First Walking Museum Attraction – funding approval to the Kingston Restoration Company for refurbishment of Duke Street, downtown Kingston as part of the Walking Museum Attraction;
- Constitutional Hill Wine Festival and Sports Extravaganza- request from the Social Development Commission;
- Bedward Church Tourism Project - rehabilitation of the roadway leading to Bedward Church inclusive of signage and beautification works;
- Re-roofing of the Calvary Baptist Church;
- Renovation of the Hanover Parish Church - Request from Diocese of Jamaica and the Cayman Islands was for funding support of four million five hundred forty two dollars to refurbish damaged structures of the church building;
- Video Surveillance and Video Analytics Proposal for Devon House - request from Devon House Development Limited (DHDL) for support of video surveillance and video analytics equipment for tracking, quantifying and recording of visitors to this heritage structure;
- Devon House - Emancipence Expo 2019 - 2<sup>nd</sup> staging of the Emancipence Expo to be held at the Devon - declared by the Hon. Minister, Edmund Bartlett, as a Gastronomy Centre of Jamaica;
- Alpha Mercy Historical Centre – support for the Sisters of Mercy Corporation of Jamaica to develop a museum, tour and interactive classroom;
- Emancipation Jubilee- The Jamaica National Heritage Trust (JNHT) funding to assist with staging of the annual Emancipation Jubilee at Seville Heritage Park, St. Ann;
- Fireworks for Resort Areas - funding support for fireworks in the resort areas of Montego Bay, Negril, Ocho Rios and Kingston;
- Fireworks at the Waterfront 2018- support for the Urban Development Corporation of the annual “Fireworks on the Waterfront” in Kingston December 31, 2018;
- CAMFEST – funding support for staging of Camfest 2018;
- Jamaica Visual Arts Competition & Exhibition 2018 - support for the Jamaica Cultural Development Commission for the 2018 staging of the Jamaica Visual Arts Competition and Exhibition;
- Kingston Now Magazine – facilitating advertisement in the Kingston Now Magazine;
- Western Government Campus and Performing Arts Centre, St. James - Concept Plan and Design Brief - support at request of the Urban Development Corporation for funding support to develop a concept plan and design brief for the creation of the Western Government Campus and Performing Arts Centre;
- Unveiling of the Jimmy Cliff Boulevard - the request from the Ministry of Culture, Gender, Entertainment and Sport was for funding support and costs associated with the unveiling ceremony and concert for the Jimmy Cliff Boulevard, Montego Bay.
- Regional Americas High Schools Netball Championship – support of event hosted in Jamaica - July 15-21, 2018;
- Caymanas Golf Cart Path project;
- Social Development Foundation - rehabilitation and improvement to the grounds of the Tivoli Gardens Football Club;
- CONCACAF Caribbean Club Championship 2019: sponsorship of the Caribbean Club Championship in Jamaica scheduled for June 2019;
- Annual Volleyball International Invitational Tournament- event endorsed by the Kingston Chapter of the JHTA.



**Tourism Minister, Hon. Edmund Bartlett (3rd left) holds the \$350 Million cheque presented to the EXIM Bank from the Tourism Enhancement Fund (TEF) to facilitate a loan facility for these local Small and Medium Tourism Enterprises (SMTEs). Joining in the official handover are (l-r) Acting Permanent Secretary in the Ministry of Tourism, David Dobson; TEF Executive Director, Dr. Carey Wallace; loan beneficiary and operator of ESB Hotel and Restaurant Supplies, Mr. Eric Stubbs; Managing Director, EXIM Bank, Ms. Lisa Bell; loan beneficiary from the Shirley Retreat Hotel, Ms. Ingrid Chambers; and loan beneficiary and operator of ESB Hotel and Restaurant Supplies, Mrs. Patsy Stubbs.**



*Tourism Minister, Hon. Edmund Bartlett (left) shares a light moment with Carol Robinson of Salisbury Cosmeceuticals after she presented him with samples of her products at the Tourism Linkages Network's fifth staging of their Speed Networking event. The business-to-business initiative took place on March 20, 2019 at the Montego Bay Convention Centre. The Ministry's Tourism Linkages Speed Networking event has resulted in local Small and Medium Tourism Enterprises (SMTEs) negotiating contracts valued at over \$630 million over the past three years.*

## Outlook and Priorities 2019-2020

### INDUSTRY PROJECTIONS

The United Nations World Tourism Organization (UNWTO) forecast is for international tourism in 2019 to grow by 3-4%. This is more in line with historical growth trends following accelerated global arrivals in recent years based, the UNWTO states, on stronger economic growth, more affordable air travel, technological changes, new businesses models and greater visa facilitation around the world.

The continued positive outlook for international arrivals is predicated on stable trends in fuel prices and attendant affordable air travel as well as improving air connectivity facilitating the diversification of source markets. Strong outbound travel from emerging markets, notably India and Russia also figure in forecasts for world travel over the next year.

Analysts do caution of global economic slowdown, uncertainty related to the Brexit, and trade tensions possibly dampening activity among investors and travellers. Strong trends in areas such as health and sport tourism, increasing international concern for “responsible tourism”, changing demographics and business models are all highlighted as demanding “reimagining” in destinations and business entities alike.

### ECONOMIC CONTEXT – JAMAICA

Growth targets and priorities for Jamaica’s tourism and the TEF in the Financial Year 2019-2020 will be pursued within the context of projected GDP growth in the range of 1.0%-2.0%. This positive outlook follows real GDP growth for calendar year 2018 of 1.8%, representing the sixth consecutive year of economic growth and the highest annual growth rate recorded in 12 years. The sustained efforts of the Government of Jamaica to achieve improved macroeconomic stability has been reflected in relatively low inflation, the lowering of interest rates and record low unemployment rate.

The outlook for Jamaica’s tourism continues to be positive with over 2,000 new hotel rooms anticipated over the next five years in Trelawny, Hanover, St. Ann, Montego Bay and Kingston collectively. The destination also continues to benefit from the introduction of new flights into the island from both traditional and emerging markets as well as increased seating capacity, anticipated to be in excess of 8% for summer 2019. Indications are for quantum increases in both scheduled and charter services notably out of the USA in the months ahead.



# BUDGET FOR FINANCIAL YEAR 2019-2020

For the Financial Year 2019-2020, Parliament has ratified a budget of J\$3.57 Billion for the TEF. The new Financial Year will see new restraints within budget categories, as unlike the 2018/2019 Financial Year, where the TEF could vire monies to different line items, TEF will have to ensure that expenditures for the respective categories do not exceed the amount allotted.

Project Categories as determined by the Ministry of Finance and the Public Service are outlined in **TABLE 1**.

<b>TEF's 2019/20 Budget showing MOFPS Project Categories</b>				
		(J\$,000)	(J\$,000)	(J\$,000)
<b>Tourism Product Enhancement</b>				
	Direction and Administration	542,609		
	Capacity Development	251,629		
	Rehabilitation, Maintenance and Repairs	2,004,341		
	Tourism Investment	552,273		
	<b>Total Tourism Product Enhancement</b>		<b>3,350,852</b>	
<b>Tourism Business Development</b>				
	Linkages Network	169,600		
	Local Supply Chain Intergration	54,500		
	<b>Total Tourism Business Development</b>		<b>224,100</b>	
	<b>Total TEF Budget 2019/20</b>			<b>3,574,952</b>

TEF will continue contributing to strategic positioning of the industry through support of product development, marketing and development of human capital. The TEF will continue to participate in initiatives to expand markets for the destination as was done in 2018 – 2019, for example, with support of the Visa Waiver Programme whereby at the request from the Passport, Immigration & Citizenship Agency (PICA) funding support of J\$10,700,000.00 was granted to offset the shortfall in revenue resulting from visa waivers granted for visitors from six Eastern European countries namely, Russia, Poland, Hungary, Czech Republic, Slovak Republic and Ukraine.

On the ground, the TEF's partnership with the Tourism Product Development Company Limited to build out

a market infrastructure through the establishment of artisan villages island wide is one example of many streams being pursued in enhancing the capacity of Jamaicans to provide new and exciting experiences for visitors.

The support of research such as the Business Research and Economic Advisors (BREA) Economic Impact Study will continue to ensure access to information most beneficial in defining development strategies, in this case for the cruise ports of Montego Bay, Falmouth and Ocho Rios.

# PROJECTED INCOME & EXPENSE STATEMENT

Year Ending 31 March 2020

<b>Income &amp; Expenditure Forecast</b>	
<b>Year Ending 31 March 2020</b>	
	<b>J\$M</b>
Government Subvention	3,575
Projected Interest & Other Income	23
<b>Total Projected Income</b>	<b>3,598</b>
Project Financing & Support	3,078
Operating Expenses	453
<b>Total Projected Expenses</b>	<b>3,531</b>
<b>Total Capital Expenditure</b>	<b>44</b>
<b>Total Expenditure</b>	<b>3,575</b>
<b>Projected Surplus</b>	<b>23</b>

## Senior Executive Compensation

Year Ending 31 March 2020

Senior Executive Title	Name	Salary	Gratuity/Incentive/ Vacation Leave	Travelling Allowance/ Value of assigned Vehicle	Pension or Other Retirement Benefits	Total
		(J \$)	(J \$)	(J \$)	(J \$)	(J \$)
Executive Director ***	Dr. Carey Wallace	\$ 9,922,840	\$ 4,976,335	\$ 5,455,774	\$ -	\$ 20,354,949
Director, Projects	Johan Rampair	\$ 6,355,220	\$ -	\$ 1,542,864	\$ -	\$ 7,898,084
Director, Finance	Francine James Prince	\$ 6,355,220	\$ -	\$ 1,542,864	\$ -	\$ 7,898,084
Director, Jamaica Centre of Tourism Innovation	Carol Rose Brown	\$ 5,945,398	\$ -	\$ 1,414,292	\$ -	\$ 7,359,690
Director, Tourism Linkages Network	Carolyn McDonald Riley	\$ 5,945,398	\$ -	\$ 1,414,292	\$ -	\$ 7,359,690
<b>Total</b>		<b>\$ 34,524,076</b>	<b>\$ 4,976,335</b>	<b>\$ 11,370,086</b>	<b>\$ -</b>	<b>\$ 50,870,497</b>

\*\*\* Gratuity paid for 2 years on contract beginning March 2017

Net Book Value of Motor Vehicle Assigned

# Directors' Compensation

Year Ending 31 March 2020

Name of Director	Position of Director	Fees	Motor Vehicle Upkeep/Travelling or Value Assigned Motor Vehicle	Total
		(J \$)	(J \$)	(J \$)
Godfrey Dyer	Chairman	\$ 331,200	\$ 987,671	\$ 1,318,871
Joseph Issa	Deputy Chairman	\$ 243,300	\$ 113,862	\$ 357,162
Ian Dear	Director 1	\$ 137,100	\$ 109,660	\$ 246,760
Judy Schoenbein	Director 2	\$ 237,000	\$ 172,227	\$ 409,227
David Dobson	Director 3	\$ 209,000	\$ 32,630	\$ 241,630
Omar Robinson	Director 4	\$ 216,100	\$ 247,662	\$ 463,762
Marc Williams	Director 5	\$ 118,900	\$ 27,918	\$ 146,818
Alicia Bish	Director 6	\$ 167,800	\$ 50,054	\$ 217,854
Barbara Russell	Director 7	\$ 112,000	\$ 90,024	\$ 202,024
Jordan Samuda	Director 8	\$ 135,000	\$ 58,054	\$ 193,054
Howard McIntosh	Director 9	\$ 146,900	\$ 16,030	\$ 162,930
Donovan White	Director 10	\$ 70,000	\$ 11,750	\$ 81,750
		<b>\$ 2,124,300</b>	<b>\$ 1,917,542</b>	<b>\$ 4,041,842</b>

## APPENDIX I

Tourism Linkages Network- Council  
Mr. Adam Stewart, Chairman  
Mr. Kevin Hendrickson, Deputy Chairman  
Mrs. Jennifer Griffith CD, JP (Permanent Secretary – Ministry of Tourism)  
Mrs. Nicola Madden-Greig, Chairman – Gastronomy Network  
Dr. Derrick Deslandes, Chairman – Agriculture Network  
Dr. Henry Lowe, Chairman – Health & Wellness Network  
Mr. Kamal Bankay, Chairman – Sports & Entertainment Network  
Mr. Metry Seaga, Chairman – Manufacturing Network  
Mr. Anup Chandiram  
Dr. Andrew Spencer  
Mrs. Makeba Bennett- Easy  
Ms. Diane Edwards  
Mr. Lenford Salmon  
Miss Lisa Bell  
Mr. Mauricio Pulido  
Mr. Lenworth Fulton  
Mr. Omar Robinson  
Ms. Pamela Folkes  
Mr. Peter Thompson  
Dr. Lloyd Waller  
Mr. Donovan White  
Mr. Darragh Fitzgerald-Selby  
Ms. Andrene Collins  
Ms. Christine Cohen

## APPENDIX II

Jamaica Centre of Tourism Innovation – Board of Management  
Dr. Andrew Spencer, Chairman  
Dr. Janet Dyer  
Ms. Rayhana Wright  
Mr. Ative Ennis  
Prof. Paul Golding  
Mrs. Carolyn McDonald-Riley  
Dr. Kim-Marie Spence  
Dr. Sheriday, Powell



Tourism  
Enhancement  
Fund

# 2018-19 Financials



## **Tourism Enhancement Fund**

**Financial Statements  
31 March 2019**

# Tourism Enhancement Fund

Index

31 March 2019

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	<b>Page</b>
<b>Independent Auditor's Report to the Board of Management</b>	
<b>Financial Statements</b>	
Statement of comprehensive income	1
Statement of financial position	2
Statement of changes in equity	3
Statement of cash flows	4
Notes to the financial statements	5 - 26

## ***Independent auditor's report***

To the Members of Tourism Enhancement Fund

### ***Report on the audit of the financial statements***

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#### **Our opinion**

In our opinion, the financial statements give a true and fair view of the financial position of Tourism Enhancement Fund as at 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

#### ***What we have audited***

The Fund's financial statements comprise:

- the statement of financial position as at 31 March 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Independence***

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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#### **Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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*PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica  
T: (876) 922 6230, F: 876) 922 7581, [www.pwc.com/jm](http://www.pwc.com/jm)*

L.A. McKnight P.E. Williams A.K. Jain B.L. Scott B.J. Denning G.A. Reece P.A. Williams R.S. Nathan C.I. Bell-Wisdom G.K. Moore T.N. Smith DaSilva



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## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink, appearing to read 'P. Watson'.

Chartered Accountants

19 July 2019

Kingston, Jamaica

# Tourism Enhancement Fund

## Statement of Comprehensive Income

Year ended 31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 \$'000	2018 \$'000
<b>Income</b>		4,199,667	2,874,615
Other income	6	41,384	42,928
Project expenditure	7	(3,451,234)	(2,364,428)
Operating expenses	8	(304,194)	(150,730)
Net impairment losses		<u>(173,012)</u>	<u>-</u>
<b>Operating Surplus</b>		312,611	402,385
Taxation	11	<u>-</u>	<u>-</u>
<b>Net Surplus, being Total Comprehensive Income for the Year</b>		<u><u>312,611</u></u>	<u><u>402,385</u></u>

# Tourism Enhancement Fund

Statement of Financial Position

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 \$'000	2018 \$'000
<b>Non-Current Assets</b>			
Property, plant and equipment	12	19,347	15,131
Long-term receivables	13	1,314,498	952,017
Related parties	17	-	151,097
		<u>1,333,845</u>	<u>1,118,245</u>
<b>Current Assets</b>			
Receivables	14	23,097	11,027
Cash and cash equivalents	15	115,218	12,215
		<u>138,315</u>	<u>23,242</u>
<b>Current Liability</b>			
Trade and other payables	16	<u>44,267</u>	<u>26,205</u>
<b>Net Current Assets/(Liability)</b>		<u>94,048</u>	<u>(2,963)</u>
		<u>1,427,893</u>	<u>1,115,282</u>
<b>Accumulated Funds</b>			
Accumulated surplus		<u>1,427,893</u>	<u>1,115,282</u>

Approved for issue by the Board of Directors on 19 July 2019 and signed on its behalf by:

  
Hon. Godfrey Dyer, OJ, CD Director

  
Jordan Samuda Director

# Tourism Enhancement Fund

Statement of Changes in Equity

Year ended 31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	<b>Accumulated Surplus</b>
	<b>\$'000</b>
<b>Balance at 1 April 2017</b>	3,995,049
Appropriation to the Consolidated Fund	(3,282,152)
Net surplus, being total comprehensive income for the year	402,385
<b>Balance at 31 March 2018</b>	1,115,282
Net surplus, being total comprehensive income for the year	312,611
<b>Balance at 31 March 2019</b>	<u>1,427,893</u>

# Tourism Enhancement Fund

## Statement of Cash Flows

Year ended 31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 \$'000	2018 \$'000
<b>Cash Flows from Operating Activities</b>			
Net surplus		312,611	402,385
Depreciation	12	4,970	3,906
Interest income	6	(42,149)	(100,331)
Gain on disposal of property, plant and equipment		(301)	-
		<u>275,311</u>	<u>305,960</u>
Changes in operating assets and liabilities			
Receivables		(12,070)	919,042
Trade and other payables		18,062	(142,624)
Net cash provided by operating activities		<u>281,123</u>	<u>1,082,378</u>
<b>Cash Flows from Investing Activities</b>			
Purchase of property, plant and equipment	12	(9,485)	(846)
Proceeds from disposals		600	-
Interest received		42,149	97,666
Long-term receivables, net		(211,384)	(392,543)
Net cash used in investing activities		<u>(178,120)</u>	<u>(295,723)</u>
<b>Cash Flows from Financing Activity</b>			
Appropriation to the Consolidated Fund		-	(3,282,152)
Net cash used in financing activity		<u>-</u>	<u>(3,282,152)</u>
Increase/(decrease) in cash and cash equivalents		103,003	(2,495,497)
Cash and cash equivalents at beginning of year		<u>12,215</u>	<u>2,507,712</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	15	<u><u>115,218</u></u>	<u><u>12,215</u></u>

# Tourism Enhancement Fund

## Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

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### 1. Identification and Activities

The Tourism Enhancement Fund (the Fund), was established under the Tourism Enhancement Act (the Act), and commenced operations on 1 May 2005. It is a body corporate governed by section 28 of the Interpretation Act.

The main objects of the Fund are to implement projects and programmes which impact the growth and development of the tourism sector, enhance the tourism experience in Jamaica, provide for sustainable development in the tourism sector and encourage better management of environmental resources.

In 2018, the Fund was restructured to operate as a centre for innovation for tourism with responsibility for strategic and targeted projects that support key activities aimed at a realising growth in the tourism sector. With this new mandate, the Fund was expanded and now includes three new divisions as follows:

- Tourism Linkages Network (TLN), which aims to increase the consumption of goods and services that can be competitively sourced locally. It also seeks to create employment while generating and retaining the country's foreign exchange earning potential;
- Jamaica Centre of Tourism Innovation (JCTI), which aims to facilitate the certification and licensure of Jamaicans working in tourism and to encourage innovation in the sector; and
- The Craft Development Institute (CDI), aims to encourage growth in the craft sub-sector. CDI provides training and certification of craft skills, supports the development of artisan villages wherever authentic Jamaica craft items are available to visitors and locals.

Under the directives of the Ministry of Finance & the Public Service, the Fund is responsible for managing and collecting the tourism enhancement fee payable by each traveller to Jamaica (subject to certain exceptions) as follows:

- (i) US\$20 in respect of travel by air;
- (ii) US\$2 in respect of travel by sea.

The Fund should transfer all monies collected in respect of airline and cruise ship passengers directly to the Consolidated Fund and access funds for its operating requirements by submitting a monthly cash flow request to the Ministry of Finance & the Public Service.

# Tourism Enhancement Fund

## Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

#### **Standards, interpretations and amendments to published standards effective in the current year**

At the date of authorisation of these financial statements, certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. Management has assessed the relevance of all such new standards, interpretations and amendments and has determined that the following are relevant to its operations:

**IFRS 9, 'Financial Instruments'** (effective for annual periods beginning on or after 1 January 2018). The standard introduces new requirements for the classification, measurement and recognition of financial assets and financial liabilities, in order to ensure that relevant and useful information is presented to users of financial statements. It replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL). The determination of classification is made at initial recognition, and depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. A debt instrument is measured at amortised cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and b) the contractual cash flows under the instrument solely represents payments of interest and principal.

IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The impairment model reflects past experience of losses incurred due to default on financial instruments as well as forward looking information in arriving at the impairment. The model includes operational simplifications for lease and receivables.

There is no expected impact on the Fund's accounting for financial liabilities, as the new requirements only impact financial liabilities that are designated at fair value through profit or loss, and the Fund does not currently have any such liabilities.

Changes in accounting policy resulting from adoption has been applied retrospectively as at 1 April 2018, but with no restatement of comparative information for prior years. See detailed discussion of the adoption of IFRS 9 and the impact on the Fund's operations in Notes 2(k) and 18.



# Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Summary of Significant Accounting Policies (Continued)

### (a) Basis of preparation (continued)

#### ***Standards, interpretations and amendments to published standards effective in the current year (continued)***

***IFRS 15, 'Revenue from Contracts with Customers'***, (effective for the periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Fund has reviewed the main types of commercial arrangements used with customers under the model and has determined that the adoption of IFRS 15 does not have a financial impact on the results or financial position based on the nature of the Fund's operations. See note 2(d) for minor changes to the accounting policy.

***IFRIC 22, 'Foreign Currency Transactions and Advance Consideration'***, (effective for annual periods beginning on or after 1 January 2018). The interpretation clarifies how to determine the date of transactions for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple payments or receipts for one item, a date of transaction should be determined as above for each payment or receipt. The adoption of this interpretation did not have any significant impact on the operations of the Fund.

There are no other IFRS or IFRIC interpretations effective in the current year which are expected to have a significant impact on the accounting policies or financial disclosures of the Fund.

#### ***Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Fund***

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are not effective at the date of the statement of financial position, and which the Fund has not early adopted. The Fund has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

***IFRS 16 'Leases'***, (effective for annual periods beginning on or after 1 January 2019). This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. It replaces the guidance in IAS 17, which made a distinction in classification between leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset (finance leases) and those that do not (operating leases). For a lessee, finance leases were recognised as an asset that was depreciated over the lease term and the amount due to the lessor recognised as borrowings while operating leases were recognised as a periodic rental payment that was treated as a current expense in the statement of comprehensive income.

# Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Summary of Significant Accounting Policies (Continued)

### (a) Basis of preparation (continued)

***Standards, amendments and interpretations to existing standards that are not yet effective and have not been effective and have not been early adopted by the Fund (continued)***

#### ***IFRS 16 'Leases' (continued)***

IFRS 16 introduces a single lease accounting model for lessees. It requires lessees to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. The standard includes an optional exemption for certain short-term leases and leases of low-value assets. For lessors, the accounting remains significantly the same. The Fund is considering the implications of the standard, the impact on the Fund and the time of its adoption.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Fund.

### (b) Foreign currency translation

#### ***i) Functional and presentation currency***

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates ('the functional currency'). The financial statements are presented in Jamaican dollars which is the Fund's functional and presentation currency.

#### ***ii) Transactions and balances***

Foreign currency transactions are translated in the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

### (c) Income taxes

The Fund is exempt from taxation on normal operating activities.

Deferred taxation is not recognised in these financial statements as a result of the Fund's exemption from taxation on normal operating activities and no significant temporary differences in respect of income subject to taxation.

### (d) Income recognition

From 1 April 2018, the Fund adopted IFRS 15. There was no significant impact to accounting policies or amounts recognised in the financial statements.

Revenue is recognised as performance obligations are satisfied, that is, over time or at a point in time. Where a customer contract contains multiple performance obligations, the transaction price is allocated to each distinct performance obligation based on the relative stand-alone selling prices of the goods or services being provided to the customer. A contract liability, representing amounts payable to customers, is recognised for advance consideration for which the related performance obligation has not yet been satisfied.

The Fund's income represents subventions received from the Ministry of Finance & the Public Service. Income is recognised on the accruals basis.

# Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Summary of Significant Accounting Policies (Continued)

### (e) Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation.

Depreciation is calculated on the straight-line basis at rates estimated to write off the carrying value of property, plant and equipment over the period of their expected useful lives. The expected useful lives are as follows:

Furniture and fixtures	10 years
Computers and equipment	3 years
Office equipment	10 years
Motor vehicles	5 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains or losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating surplus.

Repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Fund. Major renovations are depreciated over the remaining useful life of the related asset.

### (f) Impairment of non-current assets

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

### (g) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise balances with maturity dates of less than 365 days from the dates of acquisition including cash at bank and in hand and deposits held at call with banks.

### (h) Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and are subsequently measured at amortised cost.

### (i) Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

# Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Summary of Significant Accounting Policies (Continued)

### (j) Leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

### (k) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

#### Financial assets

The Fund's financial assets comprise cash and cash equivalents, long-term receivables, related party balances and other receivables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

#### Financial liabilities

The Fund's financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method. Financial liability on the statement of financial position comprise trade and other payables.

### Accounting policy applied from 1 April 2018

#### (i) Classification

Classification of the Fund's financial assets depends on the Fund's business model for managing such assets and the contractual terms of the cash flows. From 1 April 2018, subsequent to initial recognition the Fund classifies its financial assets as:

- those measured at fair value (either through other comprehensive income or profit and loss); and
- those measured at amortised cost.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt securities, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Fund has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

#### (ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Fund commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all the risks and rewards of ownership.

# Tourism Enhancement Fund

## Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Summary of Significant Accounting Policies (Continued)

#### (k) Financial instruments (continued)

##### Accounting policy applied from 1 April 2018 (continued)

##### (iii) Measurement

At initial recognition, the Fund measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

##### Debt securities

Subsequent measurement of the debt securities depends on the business model for managing the assets and the cash flow characteristics of the assets. There are three measurement categories for classifying debt securities:

- Amortised cost - Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other operating income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the statement of comprehensive income.
- Fair value through other comprehensive income (FVOCI) - Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other operating income using the effective interest rate method. Foreign exchange gains and losses are presented in other operating income and impairment expenses are presented as separate line item in the statement of profit or loss.
- Fair value through profit and loss - Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

##### Equity instruments

Equity instruments are measured at FVPL, unless the asset is not held for trading purposes and the Fund makes an irrevocable election to designate the asset as FVOCI. This election is made on an instrument-by-instrument basis. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends from such investments continue to be recognised in profit or loss as other operating income when the Fund's right to receive payments is established.

# Tourism Enhancement Fund

## Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Summary of Significant Accounting Policies (Continued)

#### (k) Financial instruments (continued)

##### Accounting policy applied from 1 April 2018 (continued)

(iv) Impairment

From 1 April 2018, the Fund assesses on a forward looking basis the expected credit losses associated with its financial instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The assessment of credit risk of cash and cash equivalents, long-term receivables, related party balances and receivables requires estimations as to the likelihood of defaults occurring, of the associated loss ratios and of defaults correlations between counterparties. The Fund measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

(v) Financial liabilities

The Fund's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method.

##### Accounting policy applied until 31 March 2018

The Fund has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Fund's previous accounting policy.

(i) Classification

Until 31 March 2018, the Fund classified its financial assets as loans and receivables. The classification depended on the purpose for which the investments were acquired. Management determined the classification of its financial assets at initial recognition and re-evaluated this designation at every reporting date. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date, in which case they are classified as non-current assets.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables include cash and cash equivalents, long-term receivables, related party balances and receivables.

(ii) Recognition and de-recognition

Purchases and sales of financial assets are recognised on trade-date – the date on which the Fund commits to purchase or sell the asset. Financial assets are de-recognised when the rights to receive cash flows from the assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

(iii) Measurement

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Loans and receivables financial assets are subsequently carried at amortised cost using the effective interest method.

# Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Summary of Significant Accounting Policies (Continued)

### (k) Financial instruments (continued)

#### Accounting policy applied until 31 March 2018 (continued)

#### (iv) Impairment

The Fund assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired.

Debt securities are considered impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event or events has an impact on the estimated future cash flows that can be reliably estimated. The amount of loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate. For debt securities carried at amortised cost, the asset's carrying amount is reduced and the amount of loss is recognised in arriving at net profit or loss. If a loan financial asset had a variable interest rate, the discount rate for measuring any impairment loss was the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreased and the decrease could be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's rating), the reversal of the previously recognised impairment loss was recognised in profit and loss.

#### (v) Financial liabilities

The Fund's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method.

# Tourism Enhancement Fund

## Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

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### 3. Financial Risk Management

The Fund's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk). The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance.

The Fund's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits. The Fund regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Fund's risk management framework. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. The Board has established departments/committees for managing and monitoring risks, as follows:

(i) Finance Department

The Finance Department is responsible for managing the Fund's assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Fund. The department identifies, evaluates and hedges financial risks in close co-operation with the Fund's operating unit.

(ii) Audit Committee

The Audit Committee oversees how management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund.

The most important types of risks are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk and interest rate risk.

(a) **Credit risk**

The Fund takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the Fund by failing to discharge their contractual obligations. Credit risk is the most important risk for the Fund's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the Fund's receivables from counterparties. The Fund structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties.

***Credit review process***

Management performs ongoing analyses of the ability of borrowers and other counterparties to meet repayment obligations.

(i) Long-term Receivables

Receivables mainly consist of outstanding loan repayments receivable from third parties. The Fund's exposure to credit risk is influenced mainly by the individual characteristics of each borrower.

Counter party credit risk is monitored according to their credit characteristics such as aging profile.



# Tourism Enhancement Fund

## Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

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### 3. Financial Risk Management (Continued)

#### (a) Credit risk (continued)

(ii) Cash and cash equivalents

Cash transactions are limited to high credit quality financial institutions; each account must be approved by the Ministry of Finance & the Public Service. There are no specific policies with regards to limits at financial institutions holding operating cash balances. Management does not expect any counterparty to fail to meet its obligations.

(iii) Related party balances

Related party balances mainly consist of amounts arising from the managing the Montego Bay Business Convention Centre (MBCC). The Fund's exposure to credit risk is influenced mainly by the capability of MBCC of meet its contractual cash flow obligation.

The Fund assesses on a forward looking basis and historical data the expected credit losses associated with its financial instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk receivables.

#### **Maximum exposure to credit risk**

The Fund's maximum exposure to credit risk at year end was as follows:

	2019 \$'000	2018 \$'000
Long-term receivables	1,314,498	952,017
Other receivables	18,369	7,636
Related parties	-	151,097
Cash and bank	<u>115,218</u>	<u>12,215</u>
	<u>1,448,085</u>	<u>1,122,965</u>

#### **Impairment of financial assets**

The Fund financial assets that are subject to IFRS 9's new expected credit loss model:

(i) Debt instruments carried at amortised cost

#### **Other debt instruments at amortised cost:**

Financial assets at amortised cost include cash and cash equivalents, long-term receivables, related party balances and other receivables.

The Fund's debt instruments at amortised cost that are considered to have low credit risk are cash and cash equivalents, long-term receivables and other receivables. The loss allowance recognised during the period on those deemed to have low credit risk was therefore limited to the 12 month expected losses. Management considers these instruments as having low credit risk when there is a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

The Fund's financial assets, which has indicated an increase in credit risk exposure, are amounts receivable from related party and long-term receivables.

### 3. Financial Risk Management (Continued)

# Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

## (a) Credit risk (continued)

### *Impairment of financial assets (continued)*

#### **Other debt instruments at amortised cost: (continued)**

Loss allowance is assessed by estimating the likelihood of default, associated loss ratio and default correlation between counterparties. The Fund measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

Write-offs are made when all or part of the balance is deemed uncollectible.

No opening loss allowances were recognised on balances for cash and cash equivalents, related party balances and other receivables and there were no movements during the current year, as the amounts determined were deemed immaterial. Loss allowance for long term receivables for the current year is \$107,764,000 (2018 - \$85,849,000) and there was no impact on the opening balance based on adoption of IFRS 9 as the amount determined was deemed immaterial.

## (b) Liquidity risk

Liquidity risk is the risk that the Fund is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents.

### **Liquidity risk management process**

The Fund's liquidity management process includes:

- (i) Monitoring future cash flows and liquidity on a weekly basis. This incorporates an assessment of expected cash flows.
- (ii) Optimising cash returns on invested cash;
- (iii) Managing the concentration and profile of project obligations.

The maturities of assets and liabilities are important factors in assessing the liquidity of the Fund and its exposure to changes in interest rates and exchange rates.

### **Undiscounted cash flows of financial liabilities**

The maturity profile of the Fund's financial liabilities at year end based on contractual undiscounted payments was as follows:

	<b>Within 1 Month \$'000</b>	<b>1 to 3 Months \$'000</b>	<b>3 to 12 Months \$'000</b>	<b>Total \$'000</b>
<b>Financial Liabilities</b>				
Payables -				
31 March 20139	11,641	3,897	28,729	44,267
31 March 2018	343	3,043	22,819	26,205

Assets available to meet all of the liabilities and to cover financial liabilities include cash and other receivables.

# Tourism Enhancement Fund

## Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

### 3. Financial Risk Management (Continued)

#### (c) Market risk

The Fund takes on exposure to market risks, which is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis. There has been no change to the Fund's exposure to market risks or the manner in which it manages and measures the risk.

#### *Currency risk*

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund has no significant exposure to foreign exchange risk. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The Fund's limited exposure results from transactions, primarily with respect to the US dollars.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Fund to cash flow interest risk, whereas fixed interest rate instruments expose the fund to fair value interest risk.

The following table summarises the Fund's exposure to interest rate risk. It includes the Fund's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Non- Interest Bearing \$'000	Total \$'000
<b>2019</b>						
<b>Assets</b>						
Long-term receivables	26,926	53,489	103,162	1,007,611	123,310	1,314,498
Other receivables	-	-	-	-	18,369	18,369
Cash and bank	115,178	-	-	-	40	115,218
Total financial assets	142,104	53,489	103,162	1,007,611	141,719	1,448,085
<b>Liabilities</b>						
Payables	-	-	-	-	44,267	44,267
Total financial liabilities	-	-	-	-	44,267	44,267
<b>Total interest repricing gap</b>	142,104	53,489	103,162	1,007,611	97,452	1,403,818

# Tourism Enhancement Fund

## Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

### 3. Financial Risk Management (Continued)

#### (c) Market risk (continued)

##### *Interest rate risk (continued)*

	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Non- Interest Bearing \$'000	Total \$'000
<b>2018</b>						
<b>Assets</b>						
Long term receivables	12,745	54,836	9,936	629,651	244,849	952,017
Other receivables	-	-	-	-	7,636	7,636
Related parties	-	-	-	151,097	-	151,097
Cash and bank	12,175	-	-	-	40	12,215
Total financial assets	24,920	54,836	9,936	780,748	252,525	1,122,965
<b>Liabilities</b>						
Payables	-	-	-	-	26,205	26,205
Total financial liabilities	-	-	-	-	26,205	26,205
<b>Total interest repricing gap</b>	24,920	54,836	9,936	780,748	226,320	1,096,760

### 4. Fair Value Estimation

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. In assessing the fair values of financial instruments, the Fund uses a variety of methods and makes assumptions that are based on market conditions existing at the statement of financial position date.

The amounts included in the financial statements for cash and cash equivalents, other receivables and payables approximate fair values because of the short-term maturity of these instruments.

The fair value of the long term receivables (net of impairment) approximates its carrying value as it represents revolving loans that will again be on-lent when repaid.

# Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

## 5. Critical Accounting Estimates and Judgements in Applying Accounting Policies

### (a) Critical judgements in applying accounting policies

In the process of applying the Fund's accounting policies, management has made judgements which it believes would have a significant impact on the amounts recognised in these financial statements.

### (b) Key sources of estimation uncertainty

Management makes estimates and assumptions concerning the future. The estimate and assumption that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year is disclosed below.

The measurement of expected credit loss allowance for financial assets measured at amortised cost requires the use of complex models and significant assumptions about future economic conditions and credit behaviour such as the likelihood of borrowers defaulting and the resulting losses.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward looking scenarios;

## 6. Other Income

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Foreign exchange loss	(765)	(136,409)
Interest income	42,149	100,331
Tourism Product Development Company Limited and Jamaica Vacations Limited balances written back	-	76,156
Other	-	2,850
	<u>41,384</u>	<u>42,928</u>

## 7. Tourism Enhancement Projects

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Falmouth	329,514	151,946
Kingston and St. Andrew	260,691	142,897
Montego Bay	810,391	746,683
National projects	1,447,132	984,812
Negril	88,696	31,397
Ocho Rios	268,412	206,278
Portland	127,942	53,152
South coast	118,456	47,263
	<u>3,451,234</u>	<u>2,364,428</u>

# Tourism Enhancement Fund

## Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

### 8. Operating Expenses

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Auditors' remuneration	1,903	1,830
Board expenses	10,623	8,264
Depreciation	4,970	3,906
Directors' fees	2,124	1,734
General Consumption Tax	12,277	8,804
Information technology	4,900	2,834
Marketing	8,927	2,971
Other management fees	2,683	3,870
Professional fees	3,363	1,755
Property expenses	24,416	16,934
Provision for bad debts - airlines	-	337
Staff costs (Note 9)	193,636	85,241
Other	34,372	12,250
	<u>304,194</u>	<u>150,730</u>

### 9. Staff Costs

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Wages and salaries	109,040	54,201
Statutory deductions	6,985	3,954
Travelling allowance	28,739	12,532
Gratuity	29,165	8,855
Other	19,707	5,699
	<u>193,636</u>	<u>85,241</u>

Number of employees -

	<b>2019</b>	<b>2018</b>
Full time	<u>35</u>	<u>19</u>

# Tourism Enhancement Fund

## Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

### 10. Operating Lease Commitments

The Fund leases its office space under a non-cancellable operating lease agreement. The lease term is 5 years and is renewable at the end of the lease period at market rate. The lease agreement held in 2017 with Jamaica Property Company Limited expires on 1 April 2018. A new lease agreement for a new office space became effective 1 August 2018.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2019 \$'000	2018 \$'000
Not later than 1 year	26,420	16,568
Later than 1 year and not later than 5 years	93,057	129,554
	<u>119,477</u>	<u>146,122</u>

### 11. Taxation

As stipulated in the Act, the income of the Fund is exempt from income tax.

### 12. Property, Plant and Equipment

	Furniture & Fixtures \$'000	Computers & Equipment \$'000	Office Equipment \$'000	Motor Vehicles \$'000	Total \$'000
At Cost -					
At 1 April 2017	5,904	6,331	4,046	15,557	31,838
Additions	567	253	26	-	846
At 31 March 2018	6,471	6,584	4,072	15,557	32,684
Additions	535	7,931	1,019	-	9,485
Disposals	-	(329)	(17)	-	(346)
At 31 March 2019	7,006	14,186	5,074	15,557	41,823
Depreciation -					
At 1 April 2017	2,408	3,560	1,318	6,361	13,647
Charge for the year	534	1,106	395	1,871	3,906
At 31 March 2018	2,942	4,666	1,713	8,232	17,553
Charge for the year	570	2,141	388	1,871	4,970
Relieved on disposal	-	(46)	(1)	-	(47)
At 31 March 2019	3,512	6,761	2,100	10,103	22,476
Net Book Value -					
31 March 2019	3,494	7,425	2,974	5,454	19,347
31 March 2018	3,529	1,918	2,359	7,325	15,131

# Tourism Enhancement Fund

## Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

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### 13. Long Term Receivables

	2019 \$'000	2018 \$'000
Long term receivables	1,383,010	1,024,194
Less: Provision for impairment	<u>(107,764)</u>	<u>(85,849)</u>
	1,275,246	938,345
Interest receivable	<u>39,252</u>	<u>13,672</u>
	<u>1,314,498</u>	<u>952,017</u>

- a) Under an agreement dated 7 December 2007, as amended, with the Jamaica National Building Society Small Business Loans Limited (JNBSL), the Fund has committed to provide a maximum of \$310,000,000 to JNBSL for on-lending to entrepreneurs in the tourism industry for tourism related activities. It is intended that the loans made by JNBSL will be made on a revolving basis, with amounts repaid being made available for further on-lending.

Interest earned on the loans under this arrangement, is credited to the Fund.

The loans made by JNBSL have a repayment period not exceeding five (5) years and the Fund has accepted the credit/repayment risk on these loans. The total disbursed by the Fund at 31 March 2019 was \$257,745,000 and provision for impairment was \$105,761,000 (2018 - \$85,849,000).

- b) Under an agreement dated 19 June 2014, with JNBSL, the Fund has committed to provide a maximum of \$50,000,000 to JNBSL for on-lending to entrepreneurs in the tourism industry for tourism related activities specifically as it relates to energy saving efficiency. It is intended that the loans made by JNBSL will be made on a revolving basis, with amounts repaid being made available for further on-lending.

Interest earned on the loans under this arrangement, is credited to the Fund.

The total disbursed by the Fund at 31 March 2019 was \$20,000,000 (2018 - \$20,000,000), and provision for impairment was nil.

- c) Under an agreement dated 21 September 2017, with the EXIM Bank Jamaica (EXIM Bank), the Fund committed to provide a maximum of \$1,000,000,000 to EXIM Bank for on-lending to small and medium sized enterprises (SMTE) in the tourism industry. It is intended that loans made by EX-IM Bank will be made on a revolving basis with amounts repaid being made available for further on-lending. Under the Memorandum of Understanding and recommendations made by the Ministry of Finance & the Public Service, the interest rate is to 4.5% (2018 – 4.5%) for the EXIM loans and the accounts presented to EXIM Bank is 1.25% (2018 – 1.25%).

Interest earned on the loans under this arrangement, is credited to the Fund.

The loans made to EXIM Bank have a repayment period not exceeding six (6) years with a maximum moratorium of twelve (12) months. The Fund bears 30% of the risk relating to non-repayment of the loan to borrowers made by EXIM Bank. The total disbursed by the Fund at 31 March 2019 was \$350,000,000 (2018- \$300,000,000) and provision for impairment was \$2,003,000 (2018- nil).



# Tourism Enhancement Fund

## Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

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### 13. Long Term Receivables (Continued)

- d) A Cabinet submission relating to the variation of land divestment was done to facilitate the Shovel Ready Investment Programme (SRIP), which is a joint ministerial initiative between the Ministry of Industry, Investment and Commerce, The Ministry of Tourism and Entertainment and the Ministry of Water, Land, Environment and Climate Change. As part of this arrangement, tourism related projects are facilitated by using the Fund's cash resources for the concept packaging and the development of environmental studies, with the view of recouping funds expended by the Fund during the land acquisition process. The amount expended by the Fund to be recovered as at 31 March 2019 amounted to \$83,992,000 (2018 - \$84,611,000).

### 14. Receivables

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Warrant receivable	129	107
Ministry of Tourism	3,222	2,327
Other receivables	15,018	5,202
Taxation recoverable	2,767	2,767
Prepayments	1,961	624
	<u>23,097</u>	<u>11,027</u>

### 15. Cash and Cash Equivalents

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank and in hand	<u>115,218</u>	<u>12,215</u>

### 16. Trade and Other Payables

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Accounts payable and accrued charges	26,484	18,577
Gratuities	17,783	7,628
	<u>44,267</u>	<u>26,205</u>

# Tourism Enhancement Fund

## Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

### 17. Related Party Transactions and Balances

(a) The statement of financial position includes the following balances with government agencies:

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Due from related parties -		
Montego Bay Convention Centre	-	151,097
Other	3,222	2,327
	<u>3,222</u>	<u>153,424</u>

At 1 October 2017, the Fund undertook the responsibility of managing the Montego Bay Business Convention Centre. This arrangement has been approved by Cabinet. During the current financial year the amount due was fully provided for by management.

(b) Key management compensation:

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and other short term benefits –		
Salaries	42,907	16,531
Gratuities	4,423	1,274
Other short-term benefits	8,872	3,066
	<u>56,202</u>	<u>20,871</u>
Directors' emoluments –		
Fees	<u>2,124</u>	<u>1,734</u>

# Tourism Enhancement Fund

## Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

### 18. Adoption of New Accounting Standards

As explained in Note 2(a), the adoption of IFRS 9 and IFRS 15, from 1 April 2018 resulted in changes in accounting policies, however, there were no adjustments to the amounts recognised in the financial statements as the movements in the restated amounts over the previous year were considered to be immaterial by the Fund's management. The new accounting policies are set out in notes 2 (d) and (k). In accordance with the transitional provisions of IFRS 9 (7.2.15) and (7.2.26), the comparative figures have not been restated. There was no impact on the Fund's retained earnings as at 1 April 2018.

The Fund's adoption of IFRS 9 -

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7, 'Financial Instruments: Disclosures'.

(i) Classification and measurement

On 1 April 2018, the Fund's management assessed which business models apply to the financial assets held by the Fund at the date of initial application of IFRS 9 and has classified its financial instruments into the appropriate IFRS 9 categories. Financial assets at 31 March 2018 were classified as loans and receivables under IAS 39 and were therefore carried at amortised cost. At the date of initial application of IFRS 9, all financial assets are classified as amortised cost, therefore there is no impact on the measurement of these assets from the adoption of IFRS 9.

- **Reclassification from loans and receivables to amortised cost**  
Receivables, cash and cash equivalents, long term receivables and related party balances amounting to \$1,126,356,000 that would have previously been classified as loans and receivables were reclassified to amortised cost at 1 April 2018. The Fund intends to hold the assets for the collection of contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amounts outstanding. There was no impact on the amounts recognised in relation to these assets from the adoption of IFRS 9, with the exception of long term receivables, and there was no impact on retained earnings at 1 April 2018 as the resulting loss allowance was immaterial. The loss allowance recognised for long term receivables and related parties during the current year was \$107,764,000 and \$151,097,000 respectively, resulting in net impairment losses presented in the statement of comprehensive income in the amount of \$173,012,000.
- **Reclassifications of financial instruments on adoption of IFRS 9**  
On the date of initial application, 1 April 2018, the financial instruments of the Fund were as follows, with any reclassifications noted:

	Measurement Category		Carrying Amount		
	Original (IAS 39)	New (IFRS 9)	Original \$'000	New \$'000	Difference \$'000
Receivables	Amortised cost	Amortised cost	11,027	11,027	-
Long term receivables	Amortised cost	Amortised cost	952,017	952,017	-
Related parties	Amortised cost	Amortised cost	153,424	153,424	-
Cash and bank balances	Amortised cost	Amortised cost	12,215	12,215	-
			<u>1,128,683</u>	<u>1,128,683</u>	<u>-</u>

# Tourism Enhancement Fund

Notes to the Financial Statements

31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

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## 18. Adoption of New Accounting Standards (Continued)

The Fund's adoption of IFRS 9 – (continued)

(ii) Impairment of financial assets

The Fund's financial assets that are subject to IFRS 9's new expected credit loss model:

- Debt instruments carried at amortised cost

The Fund was required to revise its impairment methodology under IFRS 9 for its debt instruments carried at financial assets. The impact of the change in impairment methodology on the Fund is disclosed above in Note 2.

Debt instruments carried at amortised cost

Debt instruments at amortised costs are considered low risk, and therefore the impairment provision is determined as 12 months expected credit losses. Applying the expected credit risk model resulted in the recognition of no additional loss allowance on 1 April 2018 (previous loss allowance was \$85,849,000) for debt instruments at amortised cost and there was net impairment losses presented in the statement of comprehensive income in the amount of \$173,012,000 during the current reporting period.

The loss allowance adjustment as at 1 April 2018 based on adoption of IFRS 9 was immaterial, therefore, there was no adjustment made to retained earnings as at 1 April 2018.

The Fund's adoption of IFRS 15 –

The Fund has adopted IFRS 15 'Revenue from Contracts with Customers' from 1 April 2018 which replaces the provisions of IAS 18. The new accounting policies are set out in Note 2(d).

The aim of the new standard is to improve the quality and uniformity of revenue recognition and the comparability of financial statements prepared in accordance with IFRS and US accounting principles. Under the new standard, revenue recognition focuses on when performance obligations are satisfied, that is, over time or at a point in time.

The Fund assessed the revenue recognition model, as required by the new standard. Based on the analysis performed, no differences in revenue recognition were identified and consequently there was no impact on the Fund's financial results.

The Fund has applied IFRS 15 retrospectively, however, this did not result in any restatement. As mentioned above, the adoption of IFRS 15 had no effect on the opening equity at 1 April 2018.





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