

# EXECUTIVE COUNCIL

## PUBLIC

**Title:** Extension of TRIP and BFSAI TRIP Programmes

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**Report Author:** Director of Policy and Economic Development

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**Reason for paper:** This paper is submitted to Executive Council:  
  
For policy decision (including budgetary policy)

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### Reasons for Redactions

Under Executive Council Standing Order 23(2), Executive Council must have regard to the categories of exempt information in Schedule 3 to the Committees (Public Access) Ordinance when determining if information should be withheld

The categories which are potentially relevant to this paper are:

Paragraph 10: Information about contracts and negotiations

Paragraph 17: Information about budgets

**Previous papers:** Executive Council resolutions 141/20, 47/20, 48/20, 53/20, 55/20, 58/20, 107/20

**List of Documents:** None

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## **1. Recommendations**

- 1.1. Honourable Members are recommended to authorise the Chief Executive to take the necessary steps to extend until May 31, 2021, the redemption periods of the Tourism Recovery Incentive Programme (TRIP) Scheme and the BFSAI Tourism Recovery Incentive Programme (BFSAI TRIP), which are currently due to expire March 31, 2021.
- 1.2. Approve the extension, carry forward and application of unspent appropriations, if necessary, in respect of the Self-Employed Income Supplement Scheme, the Job Retention Furlough Scheme, the Unemployment Subsidy Scheme and Business Grant Scheme to the extension of the TRIP and BFSAI TRIP redemption periods for a further period up to May 31, 2021.

## **2. Additional Budgetary Implications**

- 2.1. Additional expenditures of approximately **REDACTED** will be covered by unspent allocations in existing budget appropriations, either within the existing TRIP and BFSAI TRIP allocations or the business support measures previously approved by ExCo (Self-Employed Income Supplement Scheme, Job Retention Furlough Scheme, Unemployment Subsidy Scheme and Business Grant Scheme).
- 2.2 The additional expenditures relate to extending the contract for TRIP and BFSAI TRIP administration management (Contract) which has been tendered to International Tours and Travel Ltd (ITT). **REDACTED**
- 2.3 Notwithstanding the fact that approval of the proposed extension will not exceed current budget allocations, such an approval will prevent reallocation of unspent allocations to other priorities and objectives of the government.

## **3. Executive Summary**

- 3.1. This paper recommends that the TRIP scheme and the BFSAI TRIP scheme be extended by two months until May 31, 2021.
- 3.2. The recommended extension will allow an extended period of time in which eligible voucher holders will be able to redeem their vouchers, thus helping to maximise the positive effects of the program on tourism operators.
- 3.3. TRIP program statistics<sup>1</sup> indicate that as of December 23, 2020 two thousand, three hundred and seventeen (2,317) individuals<sup>2</sup> have been registered on the TRIP scheme with the value of their total voucher allocations standing at £1,049,500. However, the value of all bookings made through to the end of the scheme (as of December 11) was £251,634.
- 3.4. These statistics support the supposition that the popularity of the TRIP scheme among the Falkland Islands population is very high but that the availability of potential

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<sup>1</sup> Does not include BFSAI TRIP

<sup>2</sup> 81% are adults and 19% children

accommodation and tourism experiences at times of peak demand up until March 31, 2021 may be a limiting factor in overall utilization of the scheme.

- 3.5. Residents may be focussing on redemption opportunities at periods of peak demand such as weekends and public holidays and, in similar vein, residents with children are much more likely to take advantage of the TRIP scheme during school holidays or weekends.
- 3.6. However, these redemption patterns results in lower levels of sales for accommodation or experience providers on typical weekdays and potentially do not provide sufficient opportunity for residents, with or without families, to take full advantage of the scheme before it is due to expire on March 31.
- 3.7. Extending the scheme until May 31 would generally provide more of a window for residents and businesses to take better advantage of TRIP and BFSAI TRIP and significantly allow the school break at Easter that occurs from April 19-30, 2021 to become available for TRIP voucher redemption.
- 3.8. The BFSAI TRIP scheme, which is running in parallel to the main TRIP scheme, suffered a delayed start to implementation with vouchers being distributed to eligible BFSAI personnel in early December. Total sales directly attributable to the BFSAI TRIP could be in the region of £200,000 if uptake is strong. Due to the delayed start there are no statistics currently in terms of scheme utilization; however it seems self-evident that extending the scheme for an additional two months will go some way to mitigating the effects of the delayed start and allow for a greater level of sales to tour operators.
- 3.9. FIG officials have consulted with both FITB and FITA in connection with the proposed extension and the concept has been received favourably.

#### **4. Background and Links to Islands Plan**

- 4.1. The Islands Plan states that the Government will work with the industry to ensure the right infrastructure and economic conditions to support growth, support the Falkland Islands Tourist Board in delivering its objectives and working with partners to enhance the visitor experience in a sustainable way.
- 4.2. In recognition of this Islands Plan objective, the introduction of the TRIP and the BFSAI TRIP schemes were one of a suite of measures by FIG to help mitigate the effects of the global Covid-19 pandemic on Falkland Islands businesses. The schemes were an acknowledgement that tourism is an increasingly important sector for the Falkland Islands: a sector that generated an estimated £16 million in annual sales in 2019/20.
- 4.3. Although tourism industry sales are a relatively low proportion of Falkland Islands GDP, the industry is an important one for the Falklands in that these expenditures support a relatively large number of jobs due to the labour-intensive nature of the tourism industry. Based on a number of sources (Census 2016; March 2020 Policy / Chamber of Commerce business survey; Tourism Satellite Accounts) it is estimated that a total of approximately 115 workers rely on a job in tourism as the primary

employment; a further 100 for which a job in tourism is a secondary source of income; and between 50 and 100 further primary jobs in sectors whose activity is, to a large extent, driven by tourism demand (hospitality, transport, and retail).

- 4.4. The industry also represents an important source of diversification for the Falkland Islands economy, effectively being an export industry that brings “new money” into the Islands.
- 4.5. While not designed to replace total revenue lost as a result of the global Covid-19 pandemic, the TRIP and the BFSAI TRIP, in conjunction with other support measures, are intended to mitigate the effects on the 2020/21 tourism season by stimulating domestic demand for businesses that derive a significant proportion of their income from tourism.
- 4.6. This will have the effect not only of helping replace some measure of lost revenue but also encouraging tourism businesses to stay open, maintain operational capacity and sustain employment levels in the 2020/21 season. It will also help to limit claims under other programmes.
- 4.7. The TRIP and BFSAI schemes have an added social benefit in that they encourage residents of the Falkland Islands to experience a variety of domestic vacation experiences that they otherwise may not have had the opportunity to do so.

## **5. Options and Reasons for Recommending Relevant Option**

### **Option 1 (Recommended)**

- 5.1. Honourable Members are recommended to authorise the Chief Executive to take the necessary steps to extend until May 31, 2021 the redemption periods of the TRIP Scheme and the BFSAI TRIP scheme, which are currently due to expire March 31, 2021.
- 5.2. That Honourable Members approve the extension, carry forward and application of unspent appropriations, if necessary, in respect of the Self-Employed Income Supplement Scheme, the Job Retention Furlough Scheme, the Unemployment Subsidy Scheme and Business Grant Scheme to the extension of the redemption periods of the TRIP and BFSAI TRIP to May 31, 2021.

### **Pros**

Extending both the TRIP and the BFSAI TRIP schemes until May 31, 2021 would provide more of a window for residents and businesses to take full advantage of the budgeted allocations already approved by ExCo and significantly allow the school break at Easter that occurs from April 19-30, 2021 to become available for TRIP voucher redemption.

The BFSAI TRIP scheme was originally intended to run for a six month period from October 2020 to March 31 2021 but was delayed by a period of two months leading to programme roll out occurring only in December 2020. Extending the redemption window

till May 31, 2021 mitigates this issue and allows for tourism operators and BFSAI personnel to take better advantage of the scheme in the manner originally intended.

### **Cons**

Extension of the TRIP and BFSAI TRIP schemes will result in additional administrative expenses resulting from an extension of the Contract. **REDACTED**

Notwithstanding the fact that approval of the proposed extension will not exceed current budget allocations, such an approval will prevent reallocation of unspent allocations to other priorities and objectives of the government.

### **Option 2 (Not Recommended)**

- 5.3. That Honourable Members authorise the Chief Executive to take the necessary steps to extend for a period of one month until April 30, 2021 the redemption periods of the TRIP and the BFSAI TRIP schemes, which are currently due to expire March 31, 2021,
- 5.4. That Honourable Members approve the extension, carry forward and application of unspent appropriations, if necessary, in respect of the Self-Employed Income Supplement Scheme, the Job Retention Furlough Scheme, the Unemployment Subsidy Scheme and Business Grant Scheme to the extension of the TRIP and BFSAI TRIP redemption periods for a further period of one month up to April 30, 2021.

### **Pros**

Extending both the TRIP and the BFSAI TRIP schemes until April 30 would provide more of a window for residents and businesses to take greater advantage of the budgeted allocations already approved by ExCo and significantly allow the school break at Easter that occurs from April 19-30, 2021 to become available for TRIP voucher redemption.

The BFSAI TRIP scheme was originally intended to run for a six month period from October 2020 to March 31 2021 but was delayed by a period of two months leading to effective implementation only in December 2020. Extending the redemption window till May 31, 2021 – for a total duration of five months- partially mitigates this issue and allows for tourism operators and BFSAI personnel to take greater advantage of the scheme originally intended to be six months in duration.

The cost of the extension to the Contract is 50% less than for the recommended Option 1 - **REDACTED** – and these funds could be targeted at other priorities and objectives of the Falkland Islands Government.

### **Cons**

Extending the TRIP and the BFSAI TRIP schemes for a period of one month instead of two would provide less of an opportunity for residents and businesses to take advantage of the budgeted allocations already approved by ExCo.

The BFSAI TRIP scheme was originally intended to run for a six month period from October 2020 to March 31 2021 but was delayed by a period of two months leading to effective implementation only in December 2020. Extending the redemption window by a one month period only would be less effective as a mitigation measure and would make it difficult for tourism operators and BFSAI personnel to take advantage of the scheme in the manner originally intended.

#### Option 3 (Not Recommended)

- 5.5. Do Nothing. Do not extend the redemption periods of the TRIP and BFSAI TRIP schemes beyond their current expiry date of March 31, 2021.

#### Pros

Extension of the TRIP and BFSAI TRIP schemes will result in a saving of the additional administrative expenses resulting from an extension of the Contract. **REDACTED**

Notwithstanding the fact that approval of the proposed extension will not exceed current budget allocations, such an approval will prevent reallocation of unspent allocations to other priorities and objectives of the government.

#### Cons

Not extending both the TRIP and the BFSAI TRIP schemes past March 31, 2021 would not help residents and businesses take as much advantage as possible of the budgeted allocations already approved by ExCo and significantly would not allow the school break at Easter that occurs from April 19-30, 2021 to become available for TRIP voucher redemption.

The BFSAI TRIP scheme was originally intended to run for a six month period from October 2020 to March 31 2021 but was delayed by a period of two months leading to effective implementation only in December 2020. Not extending the redemption window past March 31, 2021 will fail to mitigate this issue and would make it difficult for tourism operators and BFSAI personnel to take full advantage of the scheme in the manner originally intended.

## 6. Resource Implications

### 6.1. Financial Implications

**REDACTED** It is anticipated that these costs will, if necessary, be covered by unspent allocations in existing budget appropriations either within the overall TRIP and BFSAI TRIP allocations or within the business support measures previously approved by ExCo (Self-Employed Income Supplement Scheme, Job Retention Furlough Scheme, Unemployment Subsidy Scheme and Business Grant Scheme).

### 6.2. Human Resource Implications

The existing third party Contract will be extended, after discussions with the contractor, with some additional monitoring and contract payment functions for FIG staff extending over a further two month period.

6.3. Other Resource Implications

None noted.

6.4. Legal Implications

**REDACTED**

6.5. Environmental & Sustainability Implications

None noted.

**7. Significant Risks**

- 7.1. An outbreak of Covid-19 in the Islands between October 2020 and May 2021 that results in travel restrictions and the renewal of social distancing protocols within the Islands would likely result in the sudden cessation of the TRIP and BFSAI TRIP schemes.

7.2. **REDACTED**

- 7.3. Notwithstanding the differential effects on different types of accommodation provider it should be noted that experience providers are also an important beneficiary of the TRIP and BFSAI TRIP schemes and they arguably have greater flexibility to schedule trips in the April and May windows and to consequently benefit from the extension of the proposed extension.

**8. Consultation**

- 8.1. FIG officials have engaged with both FITB and FIDC with respect to the proposed extension of the TRIP scheme and the concept has been supported in principle by both organizations.

**9. Communication**

- 9.1. The extension of the TRIP and BFSAI TRIP schemes will need to be communicated publically through a media release as well as through FITB and FITA.
- 9.2. FITB, FITA and the Chamber of Commerce will be alerted prior to the media release.