



MINISTRY OF
DISTRICT ADMINISTRATION,
TOURISM & TRANSPORT
CAYMAN ISLANDS GOVERNMENT

2016 Budget Contribution
Delivering on Our Promises



Delivered by
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Delivering on Our Promises

Madam Speaker, I rise to offer my contribution to the 2016-2017 Budget. Before I begin, I would like to congratulate the Governor, Her Excellency, Mrs. Helen Kilpatrick, CB, on her Throne Speech; the Premier, Hon. Alden McLaughlin, on his Budget Policy Statement, "Delivering on Our Promises"; and the Minister of Finance, Hon. Marco Archer, on his Budget Address, "Securing Cayman's Future."

Tourism Overview/ State of the Industry

It is 3 years since the people of the Cayman Islands afforded me the privilege and responsibility of providing stewardship over the Ministries of District Administration, Tourism and Transport; and in particular, oversight for the growth and development of the tourism portfolio in these Islands.

In my final budget address in this government's current term of office, I would like to take this opportunity to review the progress that we have made; the challenges that we have faced; and outline the clear direction we have taken since 2013

I am using 2013 as the benchmark because it is not my intention to take credit for results or achievements that my team and I did not directly influence, and therefore cannot justifiably make claim to.

To accurately paint a picture of how far we have come, it is necessary to briefly recount where we were, particularly with respect to the tourism industry, when I assumed responsibility for the Ministries of DATT.

Where we were 3 years ago

As this House may recall, when the Progressives took over the reins of government, concerns over a variety of issues and problems of economic mismanagement were widespread.

- Public confidence was at an all-time low
- Dialogue with the UK was adversarial and unproductive
- An interim government was appointed until the next scheduled elections.
- And with respect to the tourism industry, while stayover arrivals had increased, cruise passenger arrivals were in decline.

When this government came into power bold promises were made to this country.

We pledged to stabilize the economy, to restore trust and confidence in Government, and to put our country back on a path toward sustainable growth and development.

And we have delivered.

By holding true to those commitments, confidence in the political leadership has been restored. The path to economic prosperity has been redefined and we have returned our beloved Cayman Islands to a destination that is attractive to both visitors and investors alike.

Finance Sector Threatened

But while the local economy is now more resilient and better able to absorb external shocks and pressures, our financial services industry – the first pillar to our economy – is facing increased scrutiny and attacks.

- Global pressures are being felt more so now than ever before.
- The release of the Panama Papers has amplified calls for the automatic sharing of beneficial information.
- Threats of blacklisting abound for non-compliance.

We are very fortunate to have the Minister and Counselor of Financial Services, supported by the Premier, constantly taking advantage of every opportunity to define the key features of our financial services model to address the inaccuracies that exist in international circles.

Minister Panton's recent presentation to the European Parliament's TAXE2 Committee on how the Cayman Islands financial services industry supports the global economy is an important example. We all also recall the Premier pointing out the American hypocrisy on beneficial ownership. And as was noted in his budget statement, successful negotiations with the United Kingdom on beneficial ownership and the positive outcome at the Anti-Corruption Summit are helping to provide clarity regarding our financial regime, as well as the various mechanisms through which Cayman collaborates with other countries in international tax matters.

While this government is proactively tackling these issues, concerns remain, with the Global pressure on our financial services industry. Against this backdrop, it is critical to our economic well-being that the tourism sector – both stayover and cruise - continue to overperform.

Since taking office our policy has been to implement policies and programmes that support sustained growth in stayover as well as cruise tourism.

And we have delivered.

Both sectors remit vital contributions which help to keep the wheels of our economy turning.

In my budget address to this House in 2013, I outlined that the *“the focus of my Ministries, would be centered on **growing job opportunities** and **improving the quality of life for all Caymanians.**”*

Those priorities have not changed. The programmes and policies implemented by my Ministry continue to be evaluated against those same goals. Because at the end of the day, if the people of these islands are not benefitting from the work that we are doing, then who and what are we doing it for?

Current Situation/ Where we are today

As Tourism Minister I am extremely pleased with the strong growth and record breaking arrivals that have been registered between 2013 and the present day.

Despite facing challenges beyond our control such as storms that closed airports for weeks at a time and global health concerns such as the Ebola and Zika viruses, stayover and cruise tourism have maintained impressive growth.

Tourism is making a huge impact in our country.

Tourism is the driver, ensuring that other industries: from retail to recreation are receiving more people through their doors, spending money, improving bottom lines, and generating profits for businesses.

Stayover Arrivals 2013-2015

Actual Arrivals	2013	2014	2015
Air Arrivals	345,380	382,816	385,378
Cruise Arrivals	1,375,872	1,609,555	1,716,812
Total Visitor Arrivals	1,721,252	1,992,371	2,102,190

2013 Stayover arrivals recap:

To briefly recap, arrivals in 2013 were the highest recorded since 2001 and were 7.4% higher than 2012.

2014 stayover arrivals recap:

In 2014, visitation continued to soar and several months exceeded their highest on record in 14 years.

- Visitor arrivals topped three hundred and eighty two thousand (382,000), which represented an 11 percent increase over the previous year.
- This was more than double the Regional average of 5%.
- In terms of actual numbers, 2014 arrivals exceeded 2013 by approximately thirty seven thousand visitors.
- Rounding out the year of unprecedented increases, Cayman Airways transported a record total of 412,546 passengers, an increase of over 25,000 passengers over the year before.
- All areas of the airline's core operational areas saw increases in 2014, including those strategic services purchased by the Cayman Islands Government for tourism routes.

2015 Stayover arrivals recap:

Madam Speaker, while 2014 was a remarkable year in terms of visitation and growth in tourist arrivals, the story for 2015 was even more impressive.

- Stayover arrivals exceeded 385,000 - our highest in recorded history.
- Arrivals in March exceeded 45,000 making it the highest record breaking month in the history of Cayman's tourism.

- 6 out of the 12 months in 2015, namely (Jan, Feb, Mar, Apr, Aug, Nov) were the best ever in our recorded history. And you will note the month of August which is typically considered 'slow season' is included among the record breakers.

CRUISE PASSENGER ARRIVALS:

2013 – 2014

Turning now to cruise passenger arrivals, in 2013 just over 1.3 million cruise passengers were welcomed to our shores. Admittedly, this represented a decrease of 8.72% over 2012 but due to a coordinated effort between Government and our cruise partners, passenger arrivals jumped to 1.6 million in 2014. This translated to an increase of 17% over 2013 or 233,683 more passengers.

2015 Passenger Arrivals

For 2015 the target was stretched to 1.7 million passengers and by year end the numbers did not disappoint. Not only was the goal met, it was exceeded by more than 16,000 passengers, making it our highest year-end total in twenty years.

Tourism Economic Contribution:

Tourism arrivals statistics are generally viewed as a barometer of the industry's success. But perhaps a more illustrative indicator of tourism performance is its contribution the Cayman Islands economy:

Between 2013 and 2015, stayover visitation increased by **40,000** year over year and cruise passenger arrivals increased by **341,000**, making a combined increase of **381,000** more visitor arrivals to our shores. This combined increase (381,000) contributed almost **\$90M US dollars into our economy. (\$88,698,000).**

INCREASE FROM 2013 to 2015

40,000 Stayover visitors x average stay **6.76** days x **\$183** U.S. per day= **US\$49,483,000**

341,000 Cruise visitors x **\$115** per day= **\$39,215,000** US Dollars

Tourism taxes: 2013 - 2015

These increases are also reflected in the Tourist accommodations taxes which have grown year on year making a greater contribution to Government coffers.

- Tourist Accommodation Tax collection for the calendar year 2013 was CI\$15.4M, yielding a 26.58% increase over 2012
- In 2014 government collected CI \$19.8M – an increase of 28.38% over the previous year
- In 2015 accommodation taxes amounted to CI \$20.8M – representing a 5.05% increase

Comparing apples to apples, between 2013 and 2015 the increase in stayover arrivals of 40,000 visitors resulted in a 34.87% increase in accommodations taxes received by Government. This significant level of growth is the result of increases in three key areas: an increase in room rates, compounded by an increase in stayover arrivals compounded by an increase in tourism accommodations tax.

HEAD TAX, PORT AUTHORITY CHARGES

With respect to Government taxes collected from cruise ship passengers, government collects C.I \$6.00 per passenger which contributed an additional C.I\$2M to the Port Authority's bottom line from the increase of 341,000 cruise passengers.

(341,000 Cruise visitors x C.I \$6.00 per passenger = \$2,046,000 C.I Dollars)

ACCOMMODATIONS, ROOM STOCK

New Rooms and New Hotels

This impressive growth in tourism arrivals didn't happen by accident. Rather, this success is the result of careful planning and decisive action. It is due to the proactive efforts of my Ministry working together with the Department of Tourism, Cayman Airways and the private sector, to win as much sustainable tourism business for our Islands as possible.

I have said many times that there are no magic formulas to drive visitation to the Cayman Islands. There are no one-size-fits-all solutions that automatically bring growth.

Rather, it takes a sound understanding of the opportunities and challenges, and a willingness to do something about them.

Very early on in our term of office we forecast the need for additional accommodations to keep pace with increased arrivals. We currently have a total of 5449 rooms. We are nearing maximum capacity. If infrastructure does not keep pace with growth in arrivals, the investment made to market our Islands will be wasted.

Current Room Stock: (as of Q1 2016)

Category	GCM	CYB	LYB	Total
Condos	2460	68	34	2562
Villas	584	104	23	711
Hotels	2024	64	88	2176
Total	5068	236	145	5449

FACILITATING INVESTMENT, INFRASTRUCTURE, NEW HOTELS

Government is not the business of building Hotels but we recognize that a successful tourism industry is a powerful stimulus for development. We therefore pledged to create a more welcoming and lucrative business environment to encourage investors to choose the Cayman Islands.

And we have delivered.

Existing Hotels have expanded their operations and new Hotel properties are in the pipeline for development. By 2019, these sizeable capital investments will boost our accommodations capacity by 20% and will provide jobs and other growth opportunities for the tourism industry over the short, medium, and long-term.

To give this Honourable House an idea of the scale of these hotel developments, they include:

The Kimpton Seafire Resort + Spa:

In November 2016, Kimpton Hotels & Restaurants will unveil its first Caribbean resort along Seven Mile Beach. This boutique property will offer 266 guest rooms and 62 residential suites along with a spa, restaurant and retail promenade. I have no hesitation in saying that this resort once opened will provide guests with a premier, resort experience.

St. James Point:

In 2018, Beach Bay Land Limited (BBLL) will add a \$250 million luxury resort, St. James Point, to Bodden Town. This multi-use property will feature 200 rooms with more than 90 residential units, in addition to several restaurants and a spa.

Ironwood Cayman:

For golf enthusiasts traveling to the destination in 2018, Arnold Palmer, in conjunction with Ironwood Cayman has announced the development of a PGA championship golf course and resort, which will be designed by Palmer himself.

Health City Hotel:

Health City continues to progress its plans for an on-site 185-room hotel that will further enhance destination healthcare in the Cayman Islands. The development plans around Health City also include a new supermarket, bank, gas station, pharmacy and restaurant.

Treasure Island Resort Acquisition:

Earlier this year the Howard Hospitality Group acquired Grand Cayman's Treasure Island Resort. The property is now undergoing a major transformation and will rebrand to a Margaritaville Beach Resort that is expected to debut in December 2016. The resort will feature 280 guest rooms, a spa, a two-story water slide and several restaurants and bars.

5-Star Hotel by the Dart Group:

Dart have revealed plans to construct a five-star hotel along the Seven Mile Beach corridor. The international brand is not known as yet but we can safely assume that the addition of another 5 star property in the Cayman Islands will lift our tourism accommodation product to new heights.

Old Hyatt Resort:

The Dart group also recently acquired the old Hyatt Hotel which has been standing derelict for more than a decade. No indication has been provided as yet regarding future plans or potential number of rooms.

As well as adding hundreds of millions of dollars into our economy, these projects are an indication of the level of confidence investors have in this government and this jurisdiction.

When they see infrastructure projects like the redevelopment of ORIA which has been talked about for over a decade, and the revitalization of George Town actually happening because this government made a commitment to that effect, investors are reassured. Government is keeping its word. It is following international best practice and is corruption free. That is the kind of business environment investors look for. And invest in.

From an industry standpoint, new Hotels and international Brands will add interest and diversity to our product base. This in turn will expand our ability to market a high-end, cosmopolitan and sophisticated tourism product.

It is worth noting that increased visitor arrivals are also encouraging the development of small boutique properties, guest houses, businesses, and restaurants, as well as attractions such as the recently opened Crystal Caves in the District of Northside.

DESTINATION MARKETING

Looking ahead

With all of that as the backdrop, you will see Madam Speaker that the 2016/17 budget which my government presented today is designed to build on the encouraging tourism performance that has been recorded between 2013 and present.

In a global environment where tourist dollars are hotly contested, maintaining our competitive position means marketing to travelers in a way that stands out in an overcrowded international marketplace.

Consequently, a yield driven approach has been adopted to ensure that as much of our marketing spend as possible translates into increased arrivals. This method is strategic, targeted and measured, and places the traveler at the centre of marketing initiatives.

RESEARCH, KNOW YOUR CUSTOMER

Market intelligence capabilities have also been enhanced so that more informed decisions can be made about our target demographic. Having identified the level of income required to visit and really enjoy what the Cayman Islands has to offer, we can be assured our promotional efforts are reaching the right market. Even so, marketing tactics are continually being reviewed and sharpened to deliver the right message, at the right time, to the right audience, to drive demand for travel to the Cayman Islands.

Even in the face of outstanding results, the Ministry and Department of Tourism are working hard to capitalise on the 'top of mind' awareness being generated. And we are working even harder to convert that awareness into sales and revenue.

And it is paying dividends.

For example, according to the **Integra Realty Resources (IRR) Caribbean Market Update for 2016**

- For the first three quarters of 2015, the average Daily Rate (ADR) in Cayman increased by 14.3% to \$364.29. (This speaks to capacity. When no rooms are available, prices go up)
- This brings us back in line to where we were before the financial crisis
- Cayman has the highest ADR of any destination in the Caribbean
- 2nd highest is USVI , whose ADR increased by 5.65% to \$323.36
- 3rd highest is Barbados whose ADR is \$289.11 (down 0.2%).

Stimulating Growth

In terms of where we are today, because this Government continues to create the right kind of environment for our industry partners and businesses to be successful, 2016 promises to be another year of solid growth.

This means more jobs for our people. More business for our operators. And more revenue for our economy.

We pledged to the people of this Country that our multi-faceted approach to stabilize, stimulate and grow the economy would result in more jobs.

And it has.

WHAT WE SEE ON THE HORIZON - NEXT THREE YEARS

Over the next few years we see tremendous opportunity ahead. Managing that growth opportunity means striking the right balance between marketing, airlift, room stock, attractions, transport and managing customer experiences. This is being accomplished through several channels.

The CI Department of Tourism for example are looking at new business development opportunities in the Midwest and Westcoast of USA, Canada, and Latin America.

They continue to work very closely with Cayman Airways and other partners, providing support and direction through research, marketing and route development.

The new tourism properties Kimpton and Margaritaville are being introduced to markets to drive demand ahead of their opening.

The Department of Tourism is also helping to create Private sector industry opportunities to deepen tourism and travel business knowledge, for example with TripAdvisor, Search Engine Optimization and Destination Weddings and Honeymoons workshops.

The development of new infrastructure is also a key part of that equation because more growth places more demand on infrastructure. A good example of this is the redevelopment of George Town. We can all see that the George Town Revitalization program is moving forward; with new roads and new business opportunities.

NRA AGREEMENT

Madam Speaker, prior to taking office, the PPM party pledged in our manifesto that we would seek to re-negotiate aspects of the For Cayman Investment Alliance agreement that had been entered into by the previous administration with DART. In our view, the agreement set precedents that created an un-level playing field for existing tourism stakeholders.

On that basis we sought to re-examine the deal and derive an outcome that was not only more equitable, but also more beneficial to the people of the Cayman Islands.

Once again Madam Speaker. This government has delivered.

As the Premier noted, the third amendment to the DART/NRA agreement is now signed. This revised agreement removes the controversial room tax concession which was one of the major bones of contention for the tourism industry. In addition, it commits the DART organisation to completing roadworks such as the construction of two additional lanes along the Esterley Tibbetts Highway along the approach to Camana Bay.

Madam Speaker, the DART group of companies has made a significant investment in the Cayman Islands over the years and their long term plans include development of at least two more Hotel properties along the Seven Mile Beach corridor. Camana Bay is also expanding and will benefit from several million dollars in additional investment.

Based on these few examples Madam Speaker, DARTS financial strength is clearly evident, but so too is the Company's commitment to these Islands. I believe the Country can be satisfied that the new terms are more evenhanded and I thank all parties involved for their hard work throughout the consultation process.

ORIA, INTERIM SOLUTIONS,

Airport Expansion and Redevelopment

With the increase in passenger arrivals interim improvements at the Owen Roberts International Airport were put into effect to ease congestion while the redevelopment takes place. Still focusing on the period from 2013 to the present day, these improvements have included:

- A covered walkway which was installed airside (along the apron length), to protect passengers from sun and rain.
- A 'temporary' departures area consisting of a steel framed structure designed for airport use. The new departures hall adds 3,600ft of extra space and accommodates up to 229 passengers. It is also equipped with four restrooms, air

conditioning and a PA system. Additionally, it provides ORIA with 8 departure gates (one for each parking apron) and has significantly reduced the congestion experienced at peak travel times.

- An intransit area was also constructed enabling passengers to be screened and processed separately from stayover passengers arriving into Grand Cayman. Having the ability to process passengers in separate areas has greatly improved efficiency. Wait time in the main hall has been reduced, and the arrivals and processing experience has been significantly improved for all travellers.
- Additional border control officers were also added to process arriving passengers more timely and reduce the overspill that backs up outside of the arrivals hall building.
- Customs officers also worked to process more passengers during peak travel periods by adjusting their scheduling.
- A passenger concierge service was also established to provide a seamless transition for passengers willing to pay for expedited services.

ORIA PHASE ONE

While these are just some of the temporary solutions to provide more comfort to passengers, I am pleased to note that progress continues to be made with respect to the redevelopment and expansion project itself. Phase 1 broke ground in September of last year and will be completed on time and on budget.

ORIA PHASE TWO

The contract for Phase 2, worth \$42.5M has just been signed with McAlpine and will include the renovation and expansion of the arrival area, departure lounge, and check-in lobby.

Work will be carried out in several sub-phases so that the terminal can remain fully functional, safe and secure throughout the construction period. The entire project is expected to be completed in Summer of 2018.

Runway extension

In addition to the redevelopment at the airport, discussions are also taking place to see how best the airport's runway can be extended. A longer runway would be better able to accommodate different aircraft and loads, and opens up opportunities for more long haul flights from various gateways, such as West Coast USA and Canada (LA, Seattle, Calgary,)

The West Coast and Midwest United States are important growth markets that we are looking to expand into. The Department of Tourism will be looking at developing a capacity management plan and further decisions will be made once this assessment has been completed.

CRUISE BERTHING DEVELOPMENTS,

While on the subject of infrastructural developments I am pleased to provide an update on the cruise berthing facility.

A Strategic Outline Case started by the last Government led to PwC's Business Case that was completed in the 4th quarter of last year. That report concluded that *"the estimated economic benefits to be derived from the piers exceeded the environmental costs associated with the damage to the reef."*

Notwithstanding, the Cayman Islands Government agreed to have the pier designs reviewed to identify a more environmentally friendly outcome, such as moving the piers to deeper waters to minimize dredging.

Throughout this entire process, Governments overarching objective has been to arrive at an outcome that will deliver maximum economic benefit to the people of the Cayman Islands, with the least environmental impact to the George Town Harbour.

Consequently, Government agreed to rework the designs for the cruise ship piers and conceptually, the reworked designs indicate that this is possible. On this basis, the Public Works Department carried out a bidder pre-qualification process for the civil engineering aspects of the new designs. This resulted in 4 companies becoming pre-qualified. An RFP for the civil engineering design works was subsequently issued to the prequalified firms in May 2016.

In the meantime, the Ministry of Tourism has been in discussions with cruise industry partners to arrive at a funding model that will deliver the best possible outcome for the Country. The Ministry will report to the FCO and Cabinet once this has been achieved.

I would like to add Madam Speaker in response to those who believe the piers are unnecessary, that we should be mindful that today's cruise passenger is usually tomorrow's stay over guest.

We should also remember that approximately three months of cruise travel brings roughly the same number of visitors to our shores, as one year's worth of stay over guests. (i.e. about 300K visitors).

In saying that, I can assure you that Government is aware that the pursuit of cruise tourism should not be at the expense of stay over visitors. Rather, we are working towards achieving a balance for the two sectors to co-exist with ease, to benefit all who depend on both areas for their jobs and livelihood.

We believe that constructing cruise berthing piers will provide great economic benefit to the people of the Cayman Islands and will help our Islands maintain our competitiveness as a cruise port destination. It will also provide other opportunities. I am optimistic that Cayman's proximity to Cuba will create mutually beneficial opportunities for our Islands to be included in new Western Caribbean Itineraries. This would be a desirable option

for cruise lines to pursue. The Cruise Berthing Facility will put us on a level playing field with our competitors when the new routes are being considered.

As Cuba is a new destination cruise passengers will be more inclined to overlook the inconvenience that comes from not having Piers in order to experience the destination. But they are unlikely to accept an itinerary that includes two Ports back-to-back where tenders are the only means of disembarkation.

It is also worth noting that the Cruise berthing project will not only help to safeguard our vital cruise business, but it will also give us the ability to expand the cargo port which is long overdue.

The current configuration of the port is severely limited and at present, our cargo facilities are essentially constrained on both sides by cruise operations at the Royal Water Cruise Terminal and the North Terminal. The Port's capacity to grow to meet increasing demand for cargo and aggregate will be exhausted within a few years if we do not take the opportunity to remedy the situation while the cruise piers are being constructed. It therefore makes most logical and financial sense to address both needs in tandem.

Job Creation:

It is clearly evident that Government continues to take bold steps to position tourism as a cornerstone of economic growth and job creation. And for good reason. Increasing

visitation translates into the delivery of greater economic benefits for a wider cross section of our people.

The knock on effect multiplies throughout the community creating jobs and entrepreneurial opportunities for Caymanians. More visitation means:

- more taxis and tour operators in a sector reserved for Caymanians.
- The Ministry has issued 65 more taxi licenses and increased the number of tour operators.
- More crafts and souvenirs being sold,
- More Hotels and restaurants operating at capacity. This fuels the need for yet more Hotels and infrastructure, leading to more inward investment coming into the Country.

Beach Vending

More visitation also places stress on some of our public areas, such as beaches during times when higher numbers of people are using the same area at the same time. The subject of beach vending, particularly on public beach has become a topical issue of late and complaints have been received by the Ministry. To put this into its proper context, the problems surrounding vending at Public Beach are multi-faceted and have arisen, and escalated, largely because of the unprecedented growth in visitor arrivals.

The Ministry is aware of the issues at Public Beach and we are working on implementing solutions. An intra-Ministerial committee led by this Ministry (DATT) and including the Department of Commerce and Investment, the Ministry of Planning, the RCIPS and Immigration Department has been established and the team is collaborating to manage the issues as we speak.

The Ministry is taking a balanced approach whereby the needs and expectations of our visitors are balanced against the needs of the vendors. Rather than disenfranchise the vendors who depend on these sales to support their families, our objective is to ensure that vendors who are properly licensed in accordance with the law are empowered to provide the best experience possible to our guests.

With this objective in mind, we are working closely with all of the relevant agencies to find the right balance.

HOSPITALITY SCHOOL

School of Hospitality Studies

Moving now to the Hospitality School, The Ministry of DATT also remains committed to encouraging young Caymanians to pursue promising career opportunities in tourism. We pledged to support the Hospitality School for Caymanians to become trained and qualified.

And we are immensely pleased with its success.

During the 2014-15 academic year, 26 students registered for the programme. 18 completed the City and Guilds certificate and 5 completed the UCCI Hospitality certification. Of those students, 12 had confirmed jobs in the industry.

9 are still employed and 5 others are pursuing higher education. 8 students dropped out of the programme.

For 2015-16, 28 students enrolled in the programme. 23 that are current and there are 18 students on rotation in the industry. The other students that are not on rotation are currently being 'groomed' for the industry and will be on rotation soon.

The School of Hospitality Studies is proving to be a viable stepping stone for assisting young Caymanians to get a foot in the door of the hospitality industry, armed with an internationally accredited qualification.

The school is a partnership between CITA/Private Sector, the Ministries of education and Tourism and the Department of Tourism. This provides a hybrid model of a very successful vocational school.

J&W scholarships

In addition, the Ministry has succeeded in securing a scholarship programme with Johnson and Wales University. The School will offer up to \$15K for students that are able to maintain a 3.5 GPA. This offer will include housing and meals and taken in partnership with the government scholarship of CI\$20k, students will be able to afford the full scholarship.

Ready 2 work

We are also empowering our Caymanian work force through the Ready 2 Work Program, which encourages Private sector companies to provide jobs and training.

Madam Speaker, as you can see from that brief synopsis, various channels are being provided to improve the lives of Caymanians through education and training, and provide a clear channel for entry into the service and hospitality industry.

NATIONAL AIRLINE

Cayman Airways

Turning our attention now to Cayman Airways, the Ministry and Department of Tourism have a strategic responsibility to grow and drive visitation to the Cayman Islands. One way this is accomplished is through ongoing business relations with the National Flag Carrier, Cayman Airways, as well as with the major legacy carriers that transport visitors to our shores.

It is a pleasure to advise this Honourable House that Cayman Airways has maintained the strong financial standing that first emerged last year. This turnaround in fortunes is a manifestation of the policies of this government taking effect, leading the airline to growth and prosperity.

Projections indicate that the airline is in its strongest position ever, and is currently ahead of the last Fiscal Year. It expects to finish this fiscal year at the end of June with a net profit of over US \$4M.

Year over year, the **Northeast** region continues to account for the largest visitor arrivals to the Cayman Islands, delivering more than 25% in overall visitation.

Additionally, since expanding the Southwest market with Cayman Airways in 2012 and American Airlines in 2015, we have seen a positive increase in visitation from this area also. At the end of 2015 arrivals from the Southwest registered over 8% growth and the region is positioned to remain as a very strong market for Cayman.

The additional air seat capacity from the Southwest region to the Cayman Islands will impact our economy through an increase in multigenerational and family travel, along with a consistent flow of business travelers. Diving, leisure getaways, weddings and honeymoons are also some of the top reasons Southwest travelers are attracted to the Cayman Islands. Given more air capacity the Cayman Islands Department of Tourism will provide promotional support to increase destination awareness and bookings.

Additional seat capacity from a modernized Cayman Airways fleet, along with the expanded year round service from American Airlines is set to drive visitation levels from Dallas; particularly over the summer months when it is most needed to flatten the effects of seasonality.

The growth of Dallas airlift through Cayman Airways creates a dual opportunity to promote the Cayman Islands in Texas, and to develop new business.

First, research has shown that the catchment areas for persons who travel via Dallas Fort Worth airport include the surrounding cities, with some travelers willing to drive up to three hours.

Secondly, the Dallas airlift serves as a direct connection point to the West Coast and Midwest. At present, this route is predominantly led by American via their existing network.

Dallas also offers more opportunities for travelers to connect to the Cayman Islands which will help to realize increased feeder market traffic. **I am pleased to say that Cayman Airways is analyzing the opportunity to add year round flights 2 days per week to Dallas starting this winter season.**

NEW CAL FLEET

Cayman Airways recently announced that it would be investing in a new fleet of aircraft which will enhance the travel experience from beginning to end. The new planes will offer inflight entertainment and Wi-Fi access for passengers. It will also facilitate opportunities to service new Gateways.

Ultimately, the modernization of the Cayman Airways fleet will position the airline as a leader with the newest fleet in the region.

MODERNISATION BENEFITS

From an operational perspective, the benefits of CAL Modernization include:

- These are brand new planes.
- The fleet will be more fuel efficient allowing for longer distances and increased passenger capacity.
- Boeing 737-Max offers 8% lower operating costs and increases fuel efficiency by 18%

TOURISM BENEFITS

- Updated, more modern fleet will enhance travel experience from start to end
- Increased efficiency for local visitors
- Increased seat capacity
- More route options
- Improved in-flight experience
- Investment supports increase in room stock
- Increased benefits for the economy through increased visitation

LONG TERM BENEFITS

- Increase in visitation boosting tourism growth
- New gateways for consideration
- Help to sustain the future of tourism in the Cayman Islands by better connecting us to the world!
- More Caymanian jobs at CAL as it grows

FILM FESTIVAL, SPORT TOURISM, NICHE MARKETS

Madam Speaker, still on the subject of growing our markets, having established ourselves as a leisure destination, the Ministry of Tourism is also seizing opportunities to boost arrivals by developing and strengthening strong niche markets. This includes providing support to grow areas such as meetings and incentives, and weddings and honeymoons which already occur on a fairly consistent basis. It also includes laying the foundation to facilitate development of other niche areas such as Festivals and sports tourism.

FILM FESTIVAL

By way of example, the annual Cayman International Film Festival, or CayFilm which debuted in 2015 is an annual multi-day event that has been designed to showcase the Cayman Islands as a world-class filming destination. As well as the customary screenings and celebrity gala, CayFilm also incorporates workshops, panel discussions and Q&A sessions with filmmakers, which connects with the audience on a much deeper level.

Showcasing the Cayman Islands as a movie destination is part of the overarching marketing strategy to heighten awareness of the Cayman Islands brand. Movie production in Caribbean destinations is a fast-growing and lucrative niche market that can potentially attract millions of dollars, and serve as a catalyst for temporary employment.

Even small budget films typically spend upwards of \$1 million on location and must by necessity, hire locals, rent accommodations and transportation throughout the duration of production. The knock on effect would also spill over into a number of other associated areas such as catering, props, security, etc.

As well as supporting the development of CayFilm for the obvious benefits it can provide, it is hoped that by opening up our Islands to the film industry, Cayman's young and aspiring filmmakers would also have the opportunity to practice their craft here at home, rather than being forced to seek opportunities outside of our borders.

SPORTS TOURISM

Sports tourism is another example of a niche market area that serves as a seamless addition to our Islands tourism product. It fits well within the typically slower travel months of May, June, September and parts of November. And it is also a key element in Government's multi-level strategy to build traffic in the shoulder season and eliminate

the peaks and valleys of high and low season by keeping a steady flow of visitors year round.

SPONSORED EVENTS

Events that would fall under this category would include the recently held Cayman Invitational Track Meet,

- The Cayman Airways U15 football tournament,
- The NORCECA volleyball tournament,
- The Legends Tennis event
- And fishing tournaments such as the Cayman Islands International Fishing Tournament, the Swordfish Challenge, and the Barcadere Classic, to name a few.
- Carnival- Batabano, Bracanal and Pirates Week would also fall into this niche market opportunity.

These, and other similar events attract International media coverage on broadcast TV, pay-per-view and online media streaming sites, which helps to increase brand awareness and visibility of the Cayman Islands. In addition, sponsoring events which include household names such as Usain Bolt, or Manchester City's under 15 squad, enhances our reputation as a sports tourism destination and places us ahead of other competitors in the region.

From an economic perspective, the influx of visitors provides immediate revenue to service providers and is widely disbursed within the tourism and hospitality sectors.

Cayman Turtle Farm: Island Wildlife Encounter

Still on the subject of driving visitation I turn our attention to our Islands number one land based attraction – the Cayman Turtle Farm: Island Wildlife Encounter

As Members of this Honourable House would be aware, the Turtle Farm is principally engaged in various aspects surrounding the conservation and research of sea turtles, captive breeding and farming of Green Sea turtles to supply the local market with turtle meat products. It also provides a high-quality land-based visitor attraction featuring sea turtles and other island wildlife. As part of the attraction and to earn revenue, the company also operates a restaurant and gift shop on-site.

Madam Speaker, Members of this Honourable House are aware that the company operates in North West Point, West Bay, in close proximity to several other visitor attractions such as a Dolphinarium, a Motor Museum, a Rum Cake outlet, Hell, a couple of other restaurants and several popular dive operations and shore dive sites.

CTF BUDGET

The Budget for 2016-2017 includes line item EI49 for the operation of Cayman Turtle Farm (1983) Ltd. trading as Cayman Turtle Farm: Island Wildlife Encounter. (12.7M)

Madam Speaker to preface the discussion on this Company's budget I should mention that for the first time in a great many years, the Company's Financial Statements for the Year Ended 30th June 2015 received an Unqualified Audit issued jointly by KPMG and the Office of the Auditor General. The Company's Board and Management are to be congratulated for a job well done in the governance of this Government owned Company.

The Turtle Farm's Budget is in keeping with fulfillment of the Strategic Policy Statement for 2015/17 and specifically aligns in several respects. For example with SPS Broad Outcome 10: *"Conservation of our biological diversity and ecologically sustainable development"*:

CONSERVATION

Madam Speaker, The Turtle Farm greatly contributes to the conservation of sea turtles in the wild around the Cayman Islands, as well as to sustaining local culinary traditions. I'm sure most, if not all members of this House have dined on turtle meat, as its consumption has been a part of Caymanian history and culture for generations. By making a stock of green sea turtle meat derived from self-sustaining, closed-cycle farming available for consumption, the Turtle Farm is significantly reducing the poaching of turtles from in the wild.

DARWIN STUDY

Undeniable evidence of that fact has now been presented in a recently published 'Darwin Plus' funded research project overseen by our Department of Environment. This study, on the socioeconomics of turtle meat production, revealed that the farm, and more specifically its production and sale of turtle meat, is a major and vital factor in sustaining sea turtle populations around the Cayman Islands.

A subsequent Darwin Plus funded study due to be published by 30th June 2016 will reveal that a significant percentage of our present Green Sea turtle population is comprised of either turtles released from the farm, or descendants of released turtles.

As a result of this exercise, the Board and management of the Cayman Turtle Farm, in collaboration with a scientist from North America, have come to the realization that opportunities exist to expand the Turtle Farms impact in the field of sea turtle research, conservation, and education.

In addition, the Turtle Farm is committing to continue participation in research on sea turtles in-house and in collaboration with overseas researchers, and to continue hosting students and graduates from local and overseas schools, educating them on sea turtles and other island wildlife.

EQUITY INJECTION

Madam Speaker, for the fiscal year 2012/13 the CTF received an equity injection of CI\$10.5M from the Cayman Islands Government. In every ensuing year, this has steadily decreased and will decrease by half a million dollars from 9.5M to 9M in the 2015/16 fiscal period. I am happy to highlight this decrease continues the downward trajectory in the Company's dependence on cash injections from Government.

Specifically, the company has received the following injections of equity from Government since the 2012/2013 fiscal year:

- 2012/13 – CI\$10,500,000
- 2013/14 – CI\$10,290,000
- 2014/15 – CI\$9,500,000
- 2015/16 – CI\$9,000,000
 - Of this 9M, a total of 5.4M goes to service the loan payment.

I would also like to highlight and commend the Board and Management of the Cayman Turtle Farm for their commitment to the employment and development of Caymanians. Madam Speaker I am happy to report that within its workforce of over 90 people, over 95% are Caymanians.

The Turtle Farm is the anchor for West Bay employment. Every visitor to the Turtle Farm also visits another attraction and has to arrive by tour bus, taxi or rental car.

CAYMAN ISLANDS PORT AUTHORITY

Cargo Performance

For the current year ending April (2016) actual cargo volume was 5.4% above budget, and 7% above 2015.

Cargo income increased by \$1.6M or 14% for the ten month period due to steady monthly increases in cargo import volume. Cargo volumes processed during this period was in excess of 223,000 tons, compared to 207,774 tons handled for the comparative period ending April 2015.

This amounts to an increase of 15,524 tons. In addition to performing 7% better than last year cargo movement is 5% better than expected so far this year.

PORT DIRECTOR, SUCCESSION PLANNING, UPWARD MOBILITY

The Port Director is a young Caymanian, Clement Reid who took over the role in November last year. Judging by the results, Mr. Reid is positively effecting change and is a fine example of how critically important succession planning is to business continuity.

Mr. Reid, who holds a Bachelors of Science Degree in Civil Engineering, and has over 10 years' experience, was an existing employee at the Port Authority and was promoted in 2001 from Assistant Port Director to Deputy Director and subsequently to his current position. By rising through the ranks, Mr. Reid has become well versed in the Port's operations and his appointment has meant a seamless transition for the Company.

Tourist Attractions Board

Turning our attention now to the Tourism Attractions Board, the Administrative Office has recently moved from leased accommodation to the Pedro St. James Site.

In an effort to grow business, Pedro St. James has been added to new cruise line tours and expressions of Interest have been requested for the lease of the onsite Café.

It is anticipated that a lease should be signed next week to commence operations with effect from 1 October 2016.

A Strategic Marketing Plan covering initiatives for Pedro St. James and the Queen Elizabeth II Botanic Park has been completed and accepted by the Board. The remaining TAB entities are to be added to the Strategic Marketing Plan. Outside of this, a TAB Strategic Plan is to be completed by 30 July 2016. It should be noted Madam Speaker that the growth of Pedro and the Botanic Park will bring more tourists to the Eastern Districts.

National Weather Service

Turning our attention now to some of the other Departments under the remit of the Ministry of District Administration, Tourism and Transport, I would like to provide a brief update on the current priorities of the National Weather Service.

- Completion of the analysis and processing of the Water Authority's rainfall data.

This will greatly assist with the provision of an Island wide rainfall prediction product, which will be particularly beneficial for use in agriculture.

- Madam Speaker, the Members of this House will be pleased to note that succession planning, training and the upward mobility of Caymanians are important areas being addressed during this fiscal period.
- As such, Mid-Level Technician Training will be provided for an existing technician for future promotion to a Mid-Level tech position. Once trained, the technician will be able to take on more responsibility for climatology, enabling another staff member to become better trained in weather forecasting.
- The Administrative Manager is currently receiving training from the University of Portsmouth to assist her in supporting the HR function within the CINWS.
- At the completion of her studies, in addition to enhancing the services provided to the NWS, the HR Manager will also be able to support the Ministry's HR function as well.
- Two members of staff are currently pursuing Masters Degrees, one being the Director. This qualification is a requirement for the post and the course will be completed by the end of the 2017 fiscal
- Outside of the HR and operational focus, the National Weather Service is also endeavouring to become more visible to the general public. This will be achieved by providing stories to media for publication and potentially working with TV and Radio stations to add NWS forecasters to their weather broadcasts.

DISTRICT ADMINISTRATION: CAYMAN BRAC:

Turning our attention now to the Sister Islands and District Administration, Cayman Brac and Little Cayman are in the early stages of their development life cycles compared to Grand Cayman. Government has remained mindful that extra stimulus is required to create a sustainable economy and we are addressing the deficiencies, and taking advantage of the opportunities.

We pledged to bring more opportunity to the Sister Islands.

And we have delivered.

To help grow the economy of Cayman Brac and Little Cayman, government has focused its attention on attracting more visitors to the Islands. This has entailed:

- Upgrading and expanding the airport.
- Introducing direct international flights to the USA and Cuba.
- Facilitating back office jobs in the public and private sectors, for example the Cayman Airways ticket office.

Perhaps the most visible recent change to take place in Cayman Brac is the introduction of the Saab 340B aircraft. This larger aircraft increased the number of seats into the Sister Islands and as a result, passenger arrivals have increased by over 20%.

Boosting inter-Island and international travel to and from Cayman Brac is having a direct economic impact. But that's not the only thing we've done. We have also created jobs.

- Jobs in the fire service
- Jobs in the tourism industry

- Jobs in District Administration
- Jobs at CAL,
- Jobs at the airport (CIAA) including customs, immigration and security.

As the economy strengthens and visitor arrivals increases, Hotels expand in response. As we saw with the Brac Reef Resort which recently upgraded its accommodations and added a new free form pool and multi-level food & beverage area. Le Soleil D’Or also added a boutique Hotel to its cottage accommodations. I trust that the success of our policies, particularly with respect to the increase in tourism, will encourage small business development and investment in infrastructure to support tourism’s growth.

BACK OFFICE SERVICES

As well as facilitating growth in tourism, government has also been focused on stimulating growth in the private sector through the provision of incentives to investors. While Cayman Brac does not have all of the necessary infrastructure to support big business, it is well suited as a location for the provision of back office support services. It is envisaged that these could include back office support for HR, Accounting, Administrative or IT functions to businesses established either in Grand Cayman or further afield.

Government is therefore in the process of finalizing the details and criteria for the provision of a **Certificate of Direct Investment** to eligible applicants. In addition to successfully creating jobs in the tourism and hospitality industry, attracting specific

types of investment to Cayman Brac will lead to the creation of administrative jobs and will expand the employment pool.

CARGO TO CAYMAN BRAC

Another manifestation of growth can be seen in the increase in the number of cargo containers transported from Grand Cayman to Cayman Brac and Little Cayman between 2013 to 2015.

- In 2013 there were 1,293 units or 1,505 (TEU) twenty foot equivalent units.
- In 2014 this rose to 1,441 units or 1,736 TEU’s
- In 2015 this increased again to 1,507 units / 1,862 TEU

Madam Speaker, this Administration has worked hard to bring about growth, opportunities and benefits. Projects that are not fully complete are on their way to completion. While there is still much to be done, much has been accomplished to give Brackers the confidence to look forward to the future with renewed optimism.

DISTRICT ADMINISTRATION - Budget Allocation

	2016	2015	2014	2013
DAT 2	6,143,596	3,924,283	3,846,932	3,259,890
DAT 3	6,465,938	4,185,822	4,200,087	4,487,563
	12,609,534	8,110,105	8,047,019	7,747,453

8,406
Approx 4%

I am pleased to repeat the Premier's announcement that Civil Servant will receive a 2.2 percent gratuity to recognize their contributions over the last Budget year.

For example a Civil servant earning 30,000 per year will receive 660 dollars extra in their June pay. "Mr. McLaughlin said there would also be targeted salary raises in certain civil service departments – which he did not identify – to address historical pay inequity issues. These arise in situations where the annual pay for civil service employees who have been in jobs for a number of years has been "frozen" due to budget constraints."

With respect to the budget allocation for District Administration, once again through careful management in other areas, the budget for **DAT2 and DAT3** budget remains strong and all of the core government initiatives have been protected. Specifically, these include:

DAT 2- Government Services Cayman Brac and Little Cayman

Provision of Government services in Cayman Brac and Little Cayman which includes:

- o Passports and Other Travel Documents
- o Processing of registration applications for corporate and vital information registers.
- o Organizing official visits and ceremonial events
- o Develop, implement and support Tourism and Business Initiatives to help energize the economy and create jobs.

- o Vehicle, Electrical and Other Miscellaneous Inspection and Licensing Services
- o Child Daycare and Pre-School Services
- o Customs and Immigration Services and Controls
- o Treasury Services: Processing Account Payable and Receivable Transactions
- o Sports Coaching, Community Sport Programmes and Recreational leagues and events

DAT 3 – Management of Executive Assets in Cayman Brac and Little Cayman

- o Disaster management, preparedness and response services
- o Construction and maintenance of public facilities and infrastructure
- o Collection, preservation and display of material evidence significant to our culture, history and heritage, including:
 - o Collection, documentation and preservation of material
 - o Providing exhibitions and displays and general public access to them and museum facilities
 - o Preservation of historical sites

Multipurpose Hall

The Ministry of District Administration will continue through 2016/17 to work on the interior of the Multi-purpose Hall on the Bluff. The interior of the building has now been rendered and primed.

The next step is the design of the hall to meet a multi-purpose function for the Cayman Brac community, which will also include the future transition to a school hall. To oversee this process a Steering Group has been formed, which consists of both Ministry of District Administration and Ministry of Education staff.

A contract has been awarded to DDL Studio Ltd. in order to provide design modification and project management.

The Ministry of Education, combined with the Ministry of DATT will also embark on producing an Outline Business Case to analyze the merger of Cayman Brac Schools, as a part of the Project Futures initiative.

SISTER ISLANDS SPORTS PROGRAMS

Moving now to sports programmes in the Sister Islands, all over the world participation in sport is a great unifier and popular recreational activity. This holds true for the Sister Islands which has 300 active participants in Cayman Brac and 65 in Little Cayman.

I am therefore pleased that the Cayman Brac Playing field project will continue with the construction of a 25M Pool which will be able to facilitate local and International meets.

The investment to upgrade the playing field provides benefit across the community and supports a number of sports programmes in a variety of disciplines ranging from football, basketball and volleyball to swimming and track and field. Specifically, these include activities such as:

Football

- Day Care Football Program
- Grassroots Football Program
- Youth Football Program
- Men's Football Program
- Little Cayman Community Program

Swimming

- Learn-to-Swim Afterschool Program

Basketball

- Junior Basketball Program
- Youth Basketball Program
- Little Cayman Community Program

Volleyball

- Brac Community Program
- Little Cayman Community Program

Track & Field

- Brac Athletic Club Program

Weight Training Program

- Youth Weight Training Program
- Community Weight Training Program
- Power Training Program with Elite Athletes

Tennis

- Junior Tennis Program
- Youth Tennis Program

TALENT DEVELOPMENT PROGRAM - Footballers in Holland.

I am very pleased to note that the sports programme is also helping players from the Brac to further develop their talent and sharpen their skills. In turn, this is leading to other opportunities. For example:

- Thomas Jackson-Dilbert was chosen by Dutch Football Scout Roy Wilhelm for trials with four Semi-Pro and Professional Football Clubs in Holland and Belgium.
- Thomas Jackson-Dilbert spent three-weeks in Europe
- Ronaldo Morrison is conducting trials with the Cayman Islands U-20 Football

MARINE POLICE UNIT

Turning our attention now to the Marine Unit. At the close of 2014, law enforcement agencies in the Sister Islands received a boost to their ability to deter criminal activity and improve safety and security through the extended presence of the Joint Marine Unit (JMU). From its base of operations in Cayman Brac, the unit's primary purpose is to provide search and rescue, maritime security and border protection operations specifically for the sister Islands.

The Joint Marine Unit (Cayman Brac) detachment, or JMU-CYB as it has been designated, consists of a dedicated patrol vessel and a team of officers from the Immigration Department, HM Customs & Excise, the RCIPS and Department of Environment.

The presence of the Joint Marine Unit in Cayman Brac enhances the border protection and search and rescue capabilities in the Sister Islands and is an important part of a coordinated effort to mitigate other risks and threats. In addition, from a tourism perspective, the unit is also able to provide a fast and efficient response should an incident occur with a diver, for example, or in instances where timing is an important factor.

AFFORDABLE HOUSING

- Affordable Housing – 2 in progress and 2 to break ground

Madam Speaker, in 2014 the Sister Islands Affordable Housing Development Corporation oversaw the construction of four affordable homes in the West End, giving moderate income families the opportunity to become home owners.

The West End site is conveniently located close to amenities, schools and shops and is adjacent to 12 previously built affordable residences in the immediate vicinity. The contracts to build the homes were awarded to locally based Cayman Brac contractors following an open tender process. Funding for the project was approved in the Ministry's budgetary appropriations for that fiscal year.

The demand for well built, affordable homes is growing in Cayman Brac and I am very pleased that through the prudent management of public funds, Government has been able to provide the Sister Islands Affordable Housing Development Corporation with funding to construct four more homes. 2 homes are in progress and 2 are waiting to break ground.

As well as meeting a very real need for moderate income housing, these homes are changing lives, by giving our ordinary citizens the means to become homeowners. This is something they would not have been able to accomplish otherwise and is indicative of government's commitment to doing all that we can to improve the quality of life for our people.

FAITH HOSPITAL

- Replacement of ultrasound machine which is now linked via the PACS so Radiologists can view the images in Grand Cayman
- Training of 6 young Caymanians in EMS (5 were hired)
- Speech and Language therapist
- Collaboration with RCIPS ...trained helicopter team in emergency rescue so we can now use helicopter for air vac. Continuing discussions re helipad
- Air marked land on bluff for future expansion of Faith Hospital
- Helipad prepared and used as recently as the 28 of May
- New hospital grade laundry equipment

In this budget year a new ambulance and new storage building will be provided.

Brief updates on other initiatives include:

- 26' Jupiter – Customs Boat (due to arrive in 30 days)
- Customs Dog – expected 6 months ago.
- New Equipment for Public Works
- Continuation of piped water – this is a great success for the Island as it continues to move Easterly.

LITTLE CAYMAN

The situation in Little Cayman is also encouraging. With the increase in air service occupancy remains high. The priorities during this fiscal year will include:

- Infrastructure enhancement with the continuation of the road resurfacing on Little Cayman;
- Road surfacing on Little Cayman's north coast road, along with other road maintenance and resurfacing on the island's south coast road;
- Dock on Northside of Little Cayman
- First Sports Programme in little Cayman
- The Home Repairs/improvements for the Senior citizens of Cayman Brac & Little Cayman will continue over the next 18 months with the objective being - Keep Dry, Safe and Sanitary.
- Cayman Brac and Little Cayman increase Tourism, Increase Government Budget and working on Private sector

LITTLE CAYMAN SPORTS

- Hosted the first ever Little Cayman Sports Awards Banquet in April 2016
- Little Cayman now have three active sporting programs and sporting tournaments annually
- Basketball, Volleyball, Football

TEN ISLAND CHALLENGE

This is a new initiative for Little Cayman:

The Cayman Islands Government is of the view that the goal of the Challenge, which is *“To accelerate the transition of Caribbean island economies from a heavy dependence on fossil fuels to renewable resources”* is in line with the Government’s broad outcome to develop a strategic plan to diversify the sources of energy available.

1. Consequently, in January 2016, the Cayman Islands Government wrote formally to the Ten Island Challenge requesting to formally join the initiative.
2. In April 2016, the Ministry of District Administration and Ministry of Planning participated in a conference call with a team from the Ten Island Challenge. This call discussed the following:
 - a. The regulatory environment for electricity in the Cayman Islands
 - b. The private sector companies involved in power generation and distribution
 - c. Ongoing renewable energy initiatives in the Cayman Islands

- d. Ability to promote the Cayman Islands as transitioning to using renewable energy
3. In May 2016, members of the Ten Island Challenge met with stakeholders on Grand Cayman, during the CARILEC Conference.
4. Following the meetings on island, the Ten Island Challenge team is to respond with next steps.

SISTER ISLANDS SCORECARD, RECAP

Madam Speaker, the scorecard with respect to the promises government has kept to the Sister Islands is an impressive one.

- Jobs have been created through tourism development
- We are working on creating back office jobs
- Work is ongoing on the sports complex
- Inter-Island air services have been improved
- Piped water continues to be installed throughout the communities
- Air arrivals are up. Cargo is up

ACCOLADES

Madam Speaker, much has been said about the fact that visitor arrivals are up and it is worth taking a moment to reflect on why this is. In addition to the strategies and policies of this government to drive growth, our Islands have also been blessed with outstanding natural beauty, which visitors come to see.

I am happy to inform this Honourable House that the Cayman Islands continues to be recognized for having a superior tourism product and our tourism product continues to receive accolades from a variety of sources. To name just a few, given that our dive industry is world renowned, I would like to mention the following:

Scuba Diving Magazine – 2016 Top 100 Readers Choice Awards Caribbean/Atlantic

1st Place:

- Best overall destination
- Best underwater photography
- Best marine environment
- Best wall diving
- Best visibility
- Best advanced diving

2nd Place awards

- Best overall diving
- Best macro diving
- Best cave/cavern/grotto diving

3rd Place:

- Best shore diving

4th Place:

- Best big animals

5th place:

- Best value for diving
- Best snorkelling

For 2015, the *Caribbean Journal* named:

- Cayman Airways as the best Caribbean Airline of the Year
- Ritz-Carlton Grand Cayman as the Caribbean Hotel of the Year
- Little Cayman Beach Resort took first place as the Best Dive Resort and Sunset House placed 8th

At the risk of sounding immodest, I was also recognized as the Caribbean Tourism Minister of the Year 2015. I mention this Madam Speaker not to give myself a pat on the back or boast of accomplishments, but rather to highlight that the rest of the world and other tourism stakeholders in the Caribbean region in particular are paying attention to the developments taking place here in the Cayman Islands.

WRAP UP

Madam Speaker, from my presentation today it can be seen that the year has been both satisfying and dynamic. A lot of gains have been made since 2013 and we have worked hard to make them. The Tourism industry is growing and our strategies and policies are ensuring that it is growing **in the right way**.

Outside of the financial services industry, Tourism is the number-one service that we export. Consequently, we **must** be committed to ensuring that every visitor to our Islands, whether for business or leisure, sport or conferencing, leaves with a positive lasting impression and firm plans to return soon.

From the outset of this administration, we have taken the approach that our growth and development **must** be inwardly driven, by unearthing our people's spirit of entrepreneurship, talents, and capabilities. Ultimately, everything that we do **must** give our youth hope and confidence of an even brighter future when they inherit this Country.

Madam Speaker, despite the tremendous gains, there is still much work to be done. More challenges ahead, more strategies to be articulated, more issues to confront, more targets to be achieved and more citizens to benefit.

And to do all this, we have an administration that represents all of the interests in our Country.

An elected Government that is not afraid of hard work.

And a population that expects Best Practice from its Government.

No-one can doubt the resolve of this Government to grasp the difficult issues of the day. Many are complex matters and the decisions are never easy. During this past year, we have never been fearful of the size of the challenge nor have we shirked our responsibilities to the people of the Cayman Islands. We did not seek an easy way out and we did not skimp on our efforts.

We have met the challenges head on.

And we have delivered.

The Cayman Islands is stronger today than it has been in years, and we are achieving the goals that will benefit our people for generations to come.

Madam Speaker, it would be remiss of me not to offer a word of thanks to my Chief Officer, the Director of Tourism, all of the hard working staff of the District

Administration, Tourism and Transport; as well as to our industry partners in the private sector whom we have worked closely with over these past years.

I also wish to commend the Civil Servants and Members of the various Government Boards and private citizens who have supported this Ministry by freely giving of their time for the benefit of this Country.

Finally, I would like to close by thanking my Ministerial colleagues for their support and collaboration, and the Premier for his leadership of this country.

Thank you.