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August 22, 2022

Hon. Kenneth Bryan,
Minister for Tourism and Transport
5th Floor Government Administration Building
George Town
Grand Cayman, KY1-9000
Cayman Islands

BY EMAIL

Dear Minister Bryan,

It has been my honor to serve the country since August 2021 as the Chairman of our National Airline, Cayman Airways.

From the initial reasons our forefathers had for founding the National Airline, to the lessons contained in Cayman's history including hurricanes, pandemic, protection against excessively high prices and service reductions by international carriers experienced in other countries, and opening new strategic routes for the Cayman Islands' economic and job growth, there are many instances that have shown the Government and the People of the Cayman Islands the critical importance of Cayman Airways when it is strategically used as a key national asset.

For the past year I have had the privilege to lead the further enhancement of the Airlift Framework Model (which we developed during my previous Chairmanship in 2009-2011) and evolved it from principally an Accountability Model to also now becoming a Strategic Tool for determining the key objectives of the National Airline and guiding the decisions that achieve those objectives.

During my current tenure, the Board established the key objectives of the airline as being National Strategic Priorities that deliver value and economic benefits to the Cayman Islands economy and our People which include:

- **Guaranteed international air service** that supports the needs of the Cayman Islands economy and provides a hedge against high prices and limited service by foreign carriers, a hedge for air service before and after hurricanes, critical air services during pandemics, and
- **Strategic air service** to develop routes that provide optimum value to the Cayman Islands through leisure and business connected travel to/from the Cayman Islands and connects financial services, technology, development, trade, and other business development opportunities to expand the Cayman Islands economy and job growth for the benefit of the Cayman Islands and our People.

The airline structure and staffing have also been strategically realigned to more effectively achieve these important objectives by focusing on delivering excellence in the core areas of Safety, Customer Experience, and Priority Routes.

Over the past year we have been introducing various initiatives to strengthen BRAND Loyalty, Value, and Revenue with ENHANCED focus on:

- Communication tailored to key customer audiences, as well as CAL staff;
- Loyalty and value initiatives designed to increase demand for business class travel, Sir Turtle Club membership, Sir Turtle Lounge and CAL frequent flier points;
- Digital and social media marketing;
- Relationships with CIDOT and Tourism industry partners and associations supporting leisure travel;
- Relationships with Financial Services, Technology, Film and Entertainment and Trade partners and associations supporting business-connected travel;
- Focus on Core Strategic routes that optimize value for the Cayman Islands and revenue for CAL through development of med/long range routes aimed at leisure and business-connected travelers as well as onward international connectivity (Asia, Europe, Middle East, South America); and
- Cargo customer experience for key cargo importers.

There have been many successes achieved during the year through the efforts of the CAL Board, management team, and staff working together to maximize the strategic value and economic benefits Cayman Airways provides to the Cayman Islands. Some of these successes included the significant transition from critical air services for the country during the height of the COVID pandemic to once again being a key strategic lever leading the return of air visitation to the Cayman Islands, and opening the new LAX route in an innovative way as there was limited Government funding provided for marketing the route.

During my service as the Chairman of Cayman Airways, I have always sought to lead the Board and provide advice to you as Minister that would ensure Cayman Airways provides the greatest possible benefit to the Cayman Islands and our People.

In spite of making myself available, whether it is due to your other duties or otherwise, I have found it increasingly difficult to get access to you. In addition, you have sought to instruct other members of the Board without my knowledge and you have announced policies such as “dual destination” tourism without engaging myself and the full Board to consider and advise on the possible implications.

There are several critical areas that our advice and requests do not appear to have been properly considered or actioned in a timely manner by Government resulting in Government not giving Cayman Airways the much needed attention, support, and funding. While, on behalf of the Board, I have used the limited times you have made yourself available to me to highlight these priority areas to you for Government’s urgent attention, no proper support has been forthcoming:

- 1) **CAL’s Public Authorities Act (“PAA”) report to Ministry** on March 11th 2022 requires Government’s urgent attention to provide the approvals and funding to CAL for it to be able to compensate its

employees in compliance with the Public Authorities Act, including matching the most recently announced civil service compensation increases.

It has been particularly disappointing that Government has not acted with urgency to ensure it provides Cayman Airways with the funding required to enable the airline to compensate its staff in the same manner as other Government employees as required by law. Based on the PAA, it appears that Government may not be delivering on its responsibility, and legal obligation, to properly compensate the hardworking and loyal CAL staff who enable the National Airline to be such a valuable tool for the Cayman Islands and a point of envy by many other countries.

- 2) **Dual Destination Tourism Policy** – The CAL Board was not officially asked to consider or provide advice on this. If Government would seek to choose this as its decision, the Board would need to consider the implications to the National Airline. My strong advice is that this should not be a priority for the Cayman Islands or Cayman Airways as it will most likely lead to reducing Cayman’s overall visitor nights by shortening visits to Cayman or redirecting prospective Cayman visitors to other countries. The Cayman Islands should always focus on being “The Destination”...not a stopover hub for visitation to other countries.

Any consideration of dual destination strategies must involve an enhancement of visitation measurements from merely measuring number of visitors to measuring “number of visitor nights in Cayman.” Measuring visitor nights is critical when you consider the following example...10 visitors who each spend 2 nights in Cayman (20 visitor nights) are not as valuable to Cayman as 5 visitors who each spend 7 nights in Cayman (35 visitor nights).

A significant risk of pursuing a dual destination policy is that it is likely to have a devastating result for Cayman’s Tourism while primarily benefiting other countries’ Tourism industries at the cost of Cayman’s airlift that is underwritten by the Cayman taxpayer.

The people of the Cayman Islands have strongly invested in supporting and sustaining CAL over the years and the use of CAL should always be focused primarily on delivering value and economic benefits to the Cayman Islands economy and our People.

- 3) **Support for CAL marketing, partnerships, and value creation for the jurisdiction** – As previously discussed with you, a more joined-up approach is needed across Government to more fully leverage CAL as our national airlift tool to bring additional leisure and business connected travelers to the Cayman Islands to further expand the Cayman Islands economy and job growth. A more joined-up approach across Government will lead to increased efficiencies. For example, Government should further leverage CAL by ensuring InvestCayman is partnering with CAL to bring business-connected travelers to Cayman on strategic CAL charters designed around special events in the Cayman Islands.
- 4) **Little Cayman – Edward Bodden Airfield (LYB) is an unlicensed aerodrome** – This situation has existed for many years and starting again in March 2022, CAL has presented to Government the critical issues and recommendations relating to the LYB situation that require Government’s urgent attention.
 - a) *Little Cayman LYB Critical Issues:*
 - i) As an unlicensed aerodrome, the CAL Little Cayman air service operation must apply for and receive special temporary waivers (approval) from the Civil Aviation Authority of the Cayman Islands (CAACI) on an annual (or sometimes more frequent basis):

- (1) In the event a waiver is not granted, CAL would have to cease operations into LYB;
 - (2) In addition to operational constraints, such CAACI approval restricts service to aircraft of 19 seats or less. This restricts CAL's service to LYB to CAL's two Twin Otter aircraft which are often limited to 12 to 15 passengers per trip to accommodate the luggage demands of Little Cayman visitors which creates significant capacity and redundancy issues in providing service to LYB; and
 - (3) Government has not designated an Aerodrome (Airport) Operator for LYB - In the absence of a designated Aerodrome Operator, in order to obtain the waiver, CAL has been required to take on quasi-airport operator responsibilities.
- ii) Most of the land on which the LYB runway sits is not owned by Government - A few months ago, the Chief Officer of the Ministry reported to the CAL Board that research indicates most of the land on which the runway sits is not owned by Government and Government does not have current leases to operate an aerodrome on the properties. We understand that Government's leases with the landowners expired and have not been renewed.
- b) *Little Cayman Recommendations that require immediate action by Government:*
- i) It essential that the Minister and Ministry of Tourism and Transport participate in a meeting with CAACI, District Administration, Airports Authority and CAL to discuss and agree suitable short-, medium- and long-term plans for a proper licensed aerodrome facility for Little Cayman.
 - ii) Government needs to designate an Aerodrome Operator (not CAL) for LYB that has:
 - (1) Authority and expertise to operate and maintain an airport;
 - (2) Legal right to operate an airport on the specific property; and
 - (3) Appropriate insurance for liabilities associated with the operation of the airfield/aerodrome.
 - iii) In order for CAL to accommodate the current and growing airlift demand of Little Cayman and provide sufficient redundancy capability when a Twin Otter is undergoing scheduled required maintenance, Government needs to provide support for CAL to obtain a third Twin Otter aircraft.

As outlined above, despite my efforts to engage with you, we have not been able to make progress on these critical issues that require your attention and, as such, it leaves me with no choice but to tender my resignation as Chairman of Cayman Airways. Accordingly, please accept this as my notice of resignation with effect from today, August 22, 2022.

As always, I remain a cheerleader of our National Airline and wish it the very best success in the future.

Yours sincerely,



Jude L. Scott

Cc: Stran Bodden, Chief Officer – Ministry of Tourism and Transport
Cayman Airways Board of Directors
Fabian Whorms, Cayman Airways President, CEO and Board Secretary