Hurricane Ivan
The storm’s impact
In September 2004, when Category 4 Hurricane Ivan slammed into Grand Cayman, local residents’ perceptions of storms were forever changed.

Bringing with it 155mph (right at the Category 5 border) sustained winds and even stronger gusts, as the system careened towards Grand Cayman on 11 September, HE the Governor Mr. Bruce Dinwiddy, CMG, invoked a State of Emergency. Torrential rainfall lashed the island for two days; roofs were torn from buildings, utility poles snapped and trees were uprooted. Driven by Ivan’s monstrous winds, the sea rose an unprecedented eight feet or more above normal levels in hardest hit areas. Surging inland, it flooded all that stood in its path.

As the final winds abated, shocked residents emerged to a devastated Grand Cayman: An early damage-assessment from the National Hurricane Committee (NHC) indicated that 95% of the island’s buildings sustained damaged and 10-15% were beyond repair. In Breakers and East End, two hard-hit areas, 80% and 50% of homes, respectively, were lost, while Bodden Town’s coastal strip accounted for another 40% of destroyed homes. Several sections of road along the east and south coasts were washed away or badly eroded, virtually cutting off communities from George Town.

Across the island in the immediate aftermath, thousands of people were displaced, lacking housing, food, water and utilities. Commercial activity was non-existent and vehicles, trailer containers, power lines, buildings and vegetation were piled together in tangled masses. Grand Cayman had never before witnessed such destruction and post-Ivan, conditions were so severe that for the first time in memory, residents were subjected to a curfew that lasted into early December.

The initial appraisal—that Grand Cayman had suffered widespread devastation—was confirmed by an in-depth report from the UN’s Economic Commission for Latin America and the Caribbean (ECLAC). That report was completed in December at government’s request and with the support of the United Nations Development Programme (UNDP). According to its findings, the impact of Ivan on the Cayman Islands amounted to CI$2.8 billion, exceeding the total 2004 hurricane season damage to Grenada, Jamaica, the Dominican Republic and Bahamas combined. Cayman’s damage and losses were equivalent to some 183% of Gross Domestic Product, or an estimated $75,700 per person, the highest ever encountered by ECLAC. The report also found that damage and destruction of assets—with housing being the most significantly affected—accounted for more than 80% of the damage. The remaining roughly 20% was in the form of future losses.

However, resilient residents were fast to pick up the pieces; just one day after Ivan, airport services were restarted; some roads were cleared and basic necessities were distributed. For several days, supermarkets and other businesses donated goods. Gas stations gradually reopened, together with supermarkets and supply stores. Residents started their repairs, salvaging what they could.

Externally, the first disaster response came from the British Royal Navy ships, HMS Richmond and Waveruler, whose officers provided supplies and humanitarian assistance during the critical earliest days. Overseas, families and friends loaded planes with relief supplies, supplementing provisions sent by the Red Cross and other international agencies.

Representatives from Jamaica, Barbados, Honduras and other parts of Central and South America, the USA, Canada, UK, and South Africa arranged evacuation flights and assistance for their nationals. Many private companies made similar arrangements for their employees and numerous other residents took advantage of flights put on by Cayman Airways and other commercial and
chartered carriers. The British Government also sent two representatives to assess local needs, resulting in the shipment of additional relief supplies. The UK further assisted with security issues, funding the deployment to Cayman of 21 police officers from the Turks and Caicos, Bermuda, and the British Virgin Islands.

Hotels on Grand Cayman that could, opened their doors to local and incoming relief workers and East End’s Morritt’s Tortuga Club also arranged a daily supply of 75,000 gallons of water, as well as shower and toilet facilities for that hard-hit district. East End’s recovery effort also benefited from a substantial sum donated by one wealthy area resident.

Grand Cayman’s resilience continued to emerge; Caribbean Utilities Company (CUC) restored electricity to emergency facilities such as the airport, NHCHQ headquarters, and the government hospital within four days, despite damage to some 20% of its transmission and distribution system. Service was restored to most of the central George Town business district by the end of the first week. (However, restoring power to the rest of the island took nearly three months, with crews from affiliated companies in Canada, Belize and the USA working non-stop to support the rebuilding of CUC’s transmission and distribution lines). Piped water was restored to the capital a few days later and the crucial financial services industry resumed operations without any significant downtime. Insurance companies and agents and local clearing banks confirmed that records and data were intact, allowing the banking system to speedily resume operations.

Operational government services at the end of the first week included Immigration, Customs, the Companies Registry, Summary Court and the Health Services Authority’s general practice clinics and district health centres. Accident and Emergency and in-patient facilities had remained operational throughout, the government hospital’s infrastructure sustaining little significant damage. One week after Ivan’s passage, the CI Monetary Authority and the Grand Court had reopened and garbage collection services had resumed in many parts of the island.

In the business/financial district, resumption of activity was helped by the fact that 60% of premises were undamaged and mobile telephone, email and Internet services were restored in days (Cable and Wireless did not lose its cellular service).

Two weeks after the storm, government was able to shift priorities to aid the approximately 800 people remaining in shelters to repair their homes or arrange alternate accommodations. A National Recovery Fund was launched on 23 September 2004 with a Bank of Butterfield US$1 million donation. By June 2005 the fund had assisted over 300 families to rebuild their homes.

Uninsured Caymanians who lost their homes were also aided via the Housing Recovery Grant (HRG), administered by the Cayman Islands Development Bank. Established by government, the HRG distributed some CI$5.5 million to those most in need, particularly applicants with a total household income below CI$40,000. The HRG later merged with the National Recovery Fund.

The Sister Islands of Cayman Brac and Little Cayman, both only ‘brushed’ by Ivan, suffered minimal damage (estimated at CI$3 million). They contributed supplies and also became a haven for Grand Cayman residents. Both islands returned to normalcy within days and ended up hosting hundreds of students while Grand Cayman’s schools were under repair.

Recovery from this single disaster dominated 2004 and most of 2005. Ivan was one of the most damaging hurricanes of the 2004 Atlantic basin season and categorized as the most powerful hurricane to hit the Caribbean in a decade. It forever changed the way people viewed and prepared for storms here in Cayman. But, throughout the devastation and hardship of recovery, Hurricane Ivan also managed to turn neighbours into friends and taught residents to appreciate the basic amenities—shelter, water, food—and life itself.

Cayman’s economic recovery

Directly resulting from Hurricane Ivan’s impact, the growth of the Cayman Islands economy hit a dismal low of 0.9 percent in 2004.

Class A insurers (those writing domestic insurance) reported losses totaling CI$1.25 billion, including CI$61.78 million in motor vehicle losses. (However the former figure does not reflect total insured losses within the Islands since some properties, particularly hotels and condominiums, are insured off-island).

Overall, the ECLAC Report set damages and losses at about 183% of the 2003 gross domestic product (GDP). The total impact of the disaster on the Cayman Islands was CI$2.86 billion. Most of that amount—CI$2.37 billion or 83% —reflected damage and destruction of assets, and CI$491 million (the remaining 17%) represented losses of
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production and revenue, as well as increased cost in the provision of services. The private sector sustained most of the impact (CI$2.73 billion or 96% of the total) while the public sector suffered considerably less (CI$125 million or 4%).

But as stark as the economic outlook was in 2004, after almost a year of constant rebuilding, the 2005 figures produced by the Finance Portfolio’s Economic and Statistics Office (ESO) revealed the resiliency of Cayman’s economy. In late 2005, statistics showed that the devastating impact of Hurricane Ivan had already started to work its way out of the Cayman economy. Data emanating from the twin pillars of the Islands’ economy – financial services and tourism – as well as the usual economic indicators supported this positive news.

The expectation that the decline in stay-over visitors would reverse with the return of all existing tourist accommodation to pre-Hurricane Ivan levels was realized. There were significant increases in air arrivals during the second and third quarters of the 2005 calendar year when hotels such as the Marriott reopened.

Other indicators that the economy was recovering included the value of building permits that grew by approximately 80% in the first nine months of 2005. This reflected not only the reconstruction effort following Hurricane Ivan but also post-Hurricane Ivan developments, such as the Camana Bay project, and several other large building ventures such as several large new condominium developments on Seven Mile Beach.

The Islands’ economic growth as measured by the Gross Domestic Product (GDP) also indicated a strong rebound during the 2005 recovery period. According to estimates by the Economic and Statistics Office, the GDP grew by 3.7 percent during the 2004/5 fiscal year. Nearly all segments of the financial services sector registered growth during the 2004 calendar year and, more satisfyingly, in the first three quarters of 2005. These included mutual fund, insurance company and new company registrations, stock market capitalization and listings as well as captive insurance premiums. The one decline was in the number of bank and trust licences, which reflected a trend of worldwide consolidations.

With the Cayman Islands economy forecast to grow by 5.4 percent in 2005/6, 3.7 percent in 2006/7, and 3.0 percent in 2007/8, Cayman’s residents can look forward to a prosperous future.

A Royal Visit

The destruction wreaked on the Cayman Islands by Hurricane Ivan prompted a special visit from His Royal Highness the Earl of Wessex Prince Edward in November 2004. Focusing his attention on those people and areas of Grand Cayman that were most severely affected by the storm, HRH’s programme took him on visits around George Town, Bodden Town, East End and North Side. The Earl also toured West Bay as a guest of the Leader of Government Business, the Hon. McKeeva Bush, and attended the post-Ivan National Praise and Thanksgiving event in George Town. HRH Prince Edward also flew to Little Cayman and Cayman Brac to witness the impact of Hurricane Ivan there, and met with schoolchildren displaced from Grand Cayman.

The trip, initiated by HRH Prince Edward himself, served as a way to help draw increased international attention to Cayman’s plight.

It was the Earl’s second visit to the Islands. He previously took part in the Islands’ Quincentennial celebrations in May 2003.

General Elections

Hurricane Ivan disrupted the General Elections that were slated for November 2004. Voting was postponed until 11 May 2005, following the dissolution of the Legislative Assembly in March 2005.

The People’s Progressive Movement (PPM) replaced the United Democratic Party (UDP) as the ruling party of the Cayman Islands and the Hon. D. Kurt Tibbetts became Cayman’s new Leader of Government Business. The other ministers elected by the Legislative Assembly on 18 May 2005 as members of the Cabinet were the Hon. Alden M. McLaughlin, JP; the Hon. Anthony Eden, OBE, JP; the Hon. Arden McLean, JP; and the Hon. Charles Clifford, JP. The ministries were also re-designated at the end of the financial year on 30th June 2005: The Ministry for Planning, Communications, District Administration & Information Technology, became the Ministry for District Administration, Planning, Agriculture & Housing; the ministry for Health Services, Agriculture, Aviation & Works became the Ministry for Health and Human Services; the Ministry for Education, Human Resources and Culture became Ministry for Education, Employment Relations, Youth, Sports & Culture, and International Financial Services Policy; the Ministry for Community Services, Youth, Sports and Gender Affairs became the Ministry
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for Communications, Works & Infrastructure; and the Ministry for Tourism, Environment, Development and Commerce became the Ministry for Tourism, Environment, Investment, & Commerce.

The Swearing-In Ceremony of the new Parliament took place 18 May 2005, one week after the Elections. The new Leader of Government Business, the Hon. D. Kurt Tibbetts, JP, and his political party, the People’s Progressive Movement, formed the government. The new Parliament witnessed the election of the fifth Speaker of Parliament, the Hon. Edna M Moyle, JP, MLA, an experienced Member, to prepare the way for parliamentary reform and autonomy in light of the country’s impending constitutional modernisation.

Among the immediate needs identified by the new government were the streamlining of the post-Ivan recovery process in order to provide greater assistance to the most needy; advancing the draft Development Plan, which had been in preparation over the past two years; stimulating economic growth for Cayman Brac and Little Cayman -- including plans for a proper cruise ship anchorage to promote tourism in the Sister Islands -- while continuing efforts to preserve the natural environment and addressing needs of youth and the community as a whole for those two smaller islands. They also promised open communication and a transparent government.

More Schools for Cayman’s Children

The new Prospect Primary School, a state-of-the-art 35,000 sq. ft. school which accommodates 350 pupils, was completed in August 2004. It enrolled its first pupils early in September, days before Ivan hit. Its dual hurricane shelter purpose was thoroughly tested during the storm’s onslaught. The solid construction paid off as the school, which provided a safe haven for 590 persons during the storm, emerged virtually unscathed.

Hoping to repeat this success, ground was broken for two new high schools in early 2005. One is slated for Frank Sound, while the other one will be on Crown land in the Fountain/Birch Tree Hill area near the primary school in West Bay.

A Sporting Year

The Olympic Games:

Five Cayman athletes headed off to Athens, Greece, in August 2004 to compete against the best in the world. Dubbed the ‘Fantastic Five’, the team of young, talented athletes comprised two runners and three swimmers. In the top “A” grouping was Kareem Streete-Thompson, who met the “A” qualifying standard for both the long jump and 100-metre events, and Cydonie Mothersill, who met the “A” qualifying standard for the 200-metre event. The three swimmers, Andrew Mackay, Shaune Fraser, and Heather Roffey, all qualified at the “B” level.

Sending off five athletes to the Olympics was a spectacular achievement for the Islands. With a miniscule population compared to the other competing countries, having a group of athletes qualified in a total of eight events gave Caymanians much to be proud about. Especially commendable were the swimmers who emerged as the butterfly-stroking, freestyle-swimming champions of the region since they train in a tiny, crowded 25-metre pool.

The Cayman delegation joined some 10,000 athletes from around the world competing in 28 sports and, within those, 37 disciplines.


Olympic fever in Cayman also prompted a special stamp issue, depicting the five athletes, in honour of their participation in the 2004 Athens Olympic Games.

The Island Games:

Cayman athletes also competed in the XI NatWest Island Games in July 2005. There were two teams -- one comprising 39 athletes, competing in the Shetland Islands in track and field, men’s volleyball, swimming, and shooting. Forty others competed in basketball and tennis in Gibraltar.

Cayman’s First Complaints Commissioner Appointed

On 4 July 2004, HE the Governor Mr. Bruce Dinwiddy, CMG, swore Dr. John Epp in as the Cayman Islands’ first Complaints Commissioner. The position was established pursuant to Section 49N of the Cayman Islands Constitution, and following the passage of the Complaints Commissioner Law in October 2003.

The Complaints Commissioner’s Office’s (CCO) main task will be investigating complaints received from members of the public to ascertain whether injustice has been caused by improper, unreasonable or inadequate
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administrative conduct on the part of any ministry, department, government company, statutory board or authority.

The CCO is an independent office answerable directly to the Legislative Assembly (LA) through its Speaker, and its head, the complaints commissioner, doesn’t represent the complainant or the government administration. He will conduct an independent review of each case, and his reports are to be objective. The commission has jurisdiction to consider decisions taken in the course of maladministration by a government entity, including ministries, companies, departments, portfolios and statutory boards/authorities.

Although the CCO has far-reaching jurisdiction regarding maladministration there are, however, some matters that are not subject to its investigation. These issues are described in the Complaints Commissioner Law (2003) and include such areas as civil and criminal proceedings that are before any court of law in the Islands, or matters of national security.

The Law Reform Commission

A long-awaited and welcomed development in legal circles was the establishment of the Law Reform Commission, on 1 May 2005.

In accordance with the Law Reform Commission Law, 2005, the Commission will study and keep under constant review the statutes of the Cayman Islands with a view to their systematic development and reform.

The philosophy of the Law Reform Commission is that with Cayman being among the world’s leading financial centres, it is paramount that the Islands’ laws and legal system should remain contemporary. Commissioners will therefore be responsible for developing new areas in the law, codifying unwritten laws and examining the underlying causes of dissatisfaction with any law or its administration.

The commission will work closely with the Attorney General in promoting the development of new laws and reforming current ones. The commission represents a wide cross section within the legal profession and will fill a void for both the private and public sectors by coordinating law reform proposals from both sides.

Commission members are Mr. Nigel R.L. Clifford, QC (Chairman), Ms Cheryl Ann Neblett (Administrative Head and Senior Legislative Counsel), Mr. Andrew Jones, QC, Ms G. Eileen Nervik, and Mr. Langston Sibblies.

New Challenges for Finance and Economics

The commencement of accrual accounting (“payment on delivery”) took effect on 1 July 2004, which meant that Government’s financial transactions would be recorded and reported on that basis.

The Public Sector Reporting Unit was established to deal with the new challenges of this accounting system. In addition, the processes of the Treasury’s Cash Management Unit were redefined and enhanced to provide for the additional requirements under the Financial Management Initiative in forecasting and managing Government’s working capital.

Other notable undertakings for the Portfolio during 2004/2005 included the establishment of a Revenue Unit. This unit’s initial focus was to enhance revenue collection from existing sources. In the medium- to long-term, the unit was to examine possible new revenue sources for Government as well as develop, in conjunction with other Government agencies, revenue performance models.

Another milestone was the UK Inland Revenue’s grant of “recognized stock exchange” status to the Cayman Islands Stock Exchange in March 2004. This was significant as it would increase the number of companies wishing to list on the exchange. The exchange continued to pursue further recognition from overseas regulators in 2004/2005.

Financial Management Reform

The “Payment on Delivery” concept was introduced into the Cayman Islands Government as part of the ongoing public sector reform programme. This change meant that ministries and portfolios would no longer be receiving automatic funding from Cabinet, regardless of their performance. They would only be funded on demonstration to their Minister or Official Member that they have delivered their agreed outputs or services. The staff performance scheme applies from the top to the bottom of the organization. The Chief Secretary, Attorney General and the Financial Secretary have performance agreements with the Governor, which cascade down through chief officers, heads of departments and section heads, to every staff member.

A new concept for governments worldwide, the payment of delivery concept is normal commercial business practice, and introducing the scheme in government put the Cayman Islands amongst the world leaders in public sector reform. The civil service was given a year to practice
the new performance management system before it was made mandatory with the Public Service legislation that came into effect on 1 July 2005.

Preparations for this change were also made during a series of internal training initiatives. In the first round of workshops, arranged by the Personnel Training Unit, 130 civil service managers, including those on the Brac, were provided with management tools to establish, monitor and assess performance of their staff.

This training was important as the new budget process, and the way each ministry, portfolio, department and unit is now funded, is the main driver for a new staff management scheme to improve the performance of the civil service. The new “Payment on Delivery” concept should also act as a powerful incentive to ensure that the performance of civil servants will always be focused on the delivery of agreed outputs as non-delivery will mean no funding.

Managers will also be able to use this new staff performance scheme as a tool to ensure that outputs which Cabinet and other agencies have funded will be delivered in an efficient and cost-effective way. Although the new public service legislation will make it mandatory to have performance arrangements in place, it is still a flexible system that allows adaptability by ministries/portfolios to suit particular needs.

Civil Service Reform Programme
The Chief Secretary and new Head of the Civil Service, the Hon George McCarthy, OBE, JP, announced a programme of Civil Service Reform in November 2004.

The reform programme embodied a new vision for the Civil Service to be modern and energetic in its approach, professional in its attitude and its service, highly respected by the community, and positively contributing to the development of the Cayman Islands. The strategy for the reform was based around four broad areas: being a fair and responsible employer; empowering and supporting managers; supporting professional development and personal growth; and expecting professional performance.

The programme received the full support of the Governor, HE Mr. Bruce Dinwiddy, CMG, who also agreed a number of immediate actions to empower managers within the civil service.

The first was that, effective 3 November 2004, the Governor delegated to Mr. McCarthy, as Head of the Civil Service, the responsibility for Civil Service personnel matters. Secondly, provisions in General Orders that had unnecessarily limited a manager’s ability to manage were repealed immediately. Finally, the Governor established a new Portfolio called the Portfolio of the Civil Service which replaced the Personnel Department with effect 1 November 2004.

The role of the new Portfolio of the Civil Service is to provide policy advice and support to the Head of the Civil Service in overseeing the operation of the Civil Service. Mr. Colin Ross, MBE, JP, was appointed Chief Officer and is also Deputy Head of the Civil Service.

New Governor
It was announced that HE the Governor Mr. Bruce Dinwiddy, CMG, was to retire as governor and depart from Cayman in October 2005. Mr. Stuart Jack, CVO, was declared the governor designate and was scheduled to arrive in the Cayman Islands in November.