

PORT AUTHORITY CAYMAN ISLANDS

# Annual Report 2021

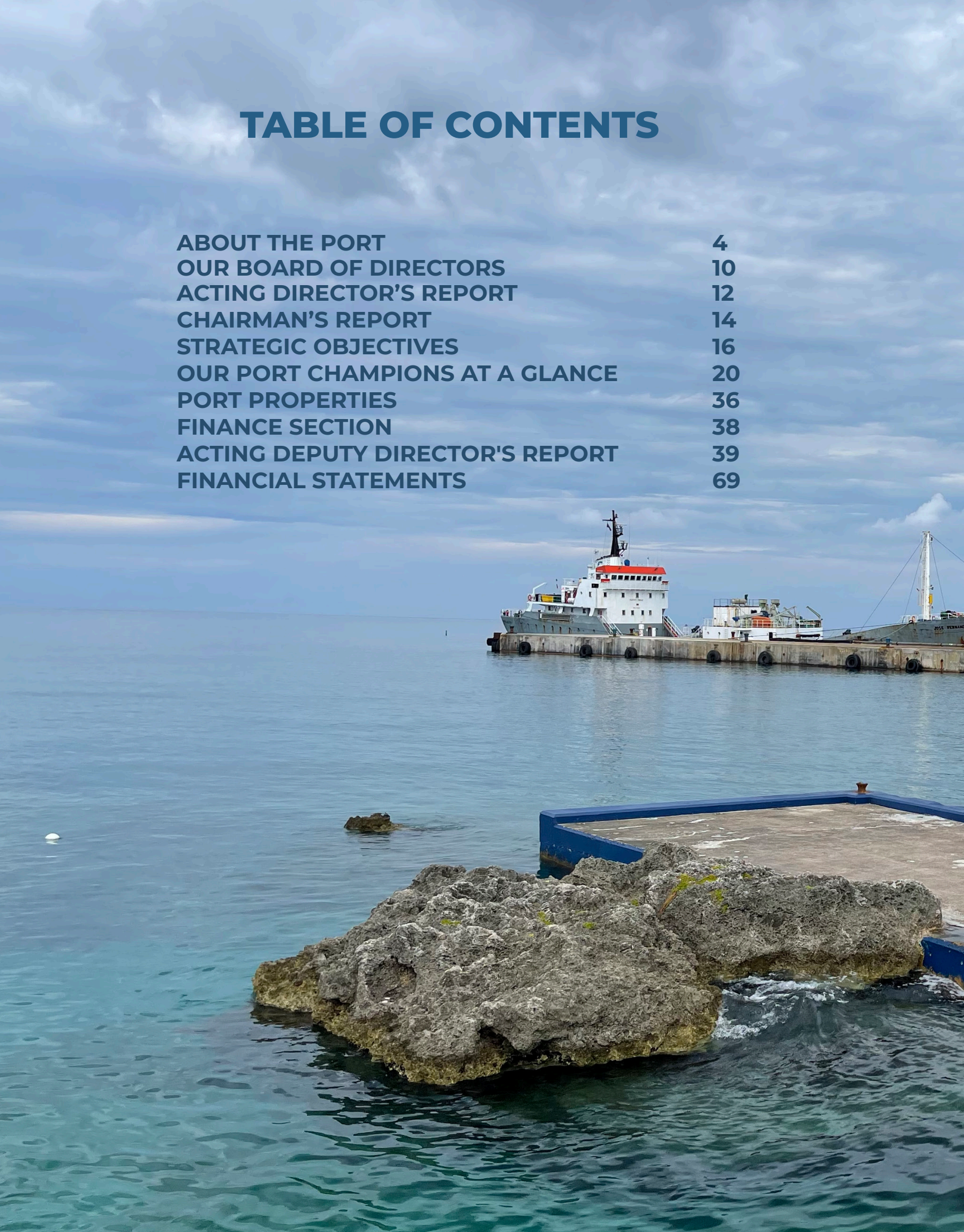


CAYMAN PORT



# TABLE OF CONTENTS

ABOUT THE PORT	4
OUR BOARD OF DIRECTORS	10
ACTING DIRECTOR'S REPORT	12
CHAIRMAN'S REPORT	14
STRATEGIC OBJECTIVES	16
OUR PORT CHAMPIONS AT A GLANCE	20
PORT PROPERTIES	36
FINANCE SECTION	38
ACTING DEPUTY DIRECTOR'S REPORT	39
FINANCIAL STATEMENTS	69









# OUR ROLE









# ABOUT THE PORT

The Port Authority has a presence in all three Islands. On Grand Cayman, we operate at Harbour Drive, Portland Road, Spots and a Marina at Safe Haven. In Cayman Brac, the Admin Office and Distribution Center are located on the same premises on Creek Road and a distribution point in Little Cayman.

The Port Authority of the Cayman Islands (the “Port Authority”) is a statutory body established on September 15, 1976 under the Port Authority Act. This Act was revised in 1999.

The Port Authority is also governed by the Port Regulations (2020 Revision). The Port Authority is engaged in the management of the maritime affairs of the Cayman Islands.





# OUR PORTS

## GRAND CAYMAN



## CAYMAN BRAC



## GOVERNANCE

The Port Authority is governed by the Port Authority Act (1999 revision) and the Port Regulations (2020 Revision). In addition, the Authority complies with the Public Management and Finance Act and the Regulations, the Labour Act, Pensions Act, The Public Authorities Act, the Procurement Act and Regulations, The Freedom of Information Act, and the Insurance Act.

The Board of Directors provides strategic leadership to the Authority, and reports to the Minister through the Ministry of Tourism & Transport.



## VISION

The elite Port of excellence in the Caribbean setting the standard on efficiency, safety and customer focused operations.

## MISSION

To foster a culture of excellence in service and care coupled with collaborative efforts that focus on sustainability through the provision of innovative, safe, efficient solutions which will stimulate and facilitate waterborne commerce, trade and leisure travel resulting in the continued economic development of the Cayman Islands.



## CORE VALUES

### HONOR

We will honor the importance of family, and our Peoples' need to balance work life and family.

### OUR PEOPLE

We will value the contributions and support the growth of our greatest assets, our people.

### COLLABORATION

We will work together in unity to achieve our vision.

### EMBRACE CHANGE

We will be prepared to continually drive change to stay ahead of competition.

### SERVICE EXCELLENCE

We will serve our customers and visitors courteously and proficiently to offer the most memorable Caribbean experience .

### SUSTAINABILITY

We will manage our affairs with the financial viability of the Cayman Islands and the port at the forefront

### ACCOUNTABILITY

We will take ownership of our decisions and actions.

### FORWARD THINKING

We will continue to strive to be proactive and innovative.

### EFFICIENT

We will aim to work efficiently to minimize the impact on the Port and the community's resources.

### COMMITMENT

We will commit to the development of the Port to facilitate our community's growth.





# BOARD OF DIRECTORS

The Board of Directors are appointed by the Cabinet of the Cayman Islands. The Ministry of District Administration, Tourism and Transport holds responsibility for the Port Authority. The following are the members of the Board of Directors:



**CLINE GLIDDEN JR.**  
CHAIRMAN



**RICHARD PARCHMENT**  
DEPUTY CHAIRMAN



**EDGAR A. BODDEN**  
MEMBER



**MICHAEL NIXON**  
SENIOR ASSISTANT FINANCIAL  
SECRETARY (EX OFFICIO MEMBER)



**IRMA ARCH**  
MEMBER (SHIPPING AGENT)



**MATTHEW ADAM**  
MEMBER





**JACQUELINE SCOTT-RANKINE**  
MEMBER



**CARILEE GIOVANI BOLEN**  
MEMBER



**CHARLES CLIFFORD**  
COLLECTOR OF CUSTOMS  
EX-OFFICIO MEMBER



**STRAN BODDEN**  
CHIEF OFFICER  
EX-OFFICIO MEMBER



## ACTING DIRECTOR'S REPORT

**AS 2021 DAWNED UPON THE WORLD STRUGGLING TO DEAL WITH A PANDEMIC, IT WAS OBVIOUS TO ME THAT WE WERE UNLIKELY TO SEE THE RETURN OF THE CRUISE TOURISM INDUSTRY AND THIS MEANT TWO THINGS FOR ME; 1) ANOTHER YEAR OF REDUCED REVENUES AND 2) AN OPPORTUNITY TO RISE TO THE OCCASION AND ENSURE THAT PACI SURVIVED TO THE BENEFIT OF ITS SHAREHOLDER AND STAFF.**

To achieve this, I had to continue to closely monitor and manage PACI's expenditure to keep it within our revenues so as to accomplish the Organization's goals and objectives, while at the same time maintaining a healthy financial position and sufficient reserves to deal with any other unforeseen disaster. I also had to keep management and the organization focused and informed so that they clearly understood the challenges facing us and the goals that we were striving for. There would be opportunities to continue with improvements that were either within our financial means to do, or which didn't carry a financial cost. To this end, each department, at the beginning of 2021, agreed a list of departmental goals and objectives to work towards achieving for the year.



I am happy to report that each and every month between January and September, 2021, we successfully achieved our financial goals ensuring the viability of the organization with operational surpluses ranging from \$138,000 to \$443,000 per month. The accumulated operating surplus for those nine months was approximately \$2.44 million. PACI currently has no loans or debts and up to September 2021, had more than enough cash to cover at least 6 months' worth of operational expenses. With reference to opportunities for improvements, during the first 9 months of 2021, the finishing touches were completed on the CDC Phase 2 development, a new standby generator was installed to power the expanded Refrigerated Container

Rack, new anodes were installed on the underwater pilings along the cargo dock and Royal Watler Cruise Pier, two new vehicles were purchased for the Facilities Maintenance Dept, the roadway surface at the exit of CDC replaced, a new expanded truck entrance designed and paved at CDC in collaboration with Customs and Border Patrol and refurbishments on Cayman Brac's pier continued.



On the non-financial side, some departments wrote Standard Operating Procedures for some of their main functions. This was the first step needed towards establishing quality assurance and key performance indicators within the organization, a goal still to be completed.

Other goals still outstanding are the revision of the Staff Manual and the establishment of a separate HR Policy Manual and Procedures as well as the remainder of the outstanding departmental SOPs, the adoption of a reasonable and acceptable salary scale for the remuneration of PACI's employees and the filling of positions that are key to improving PACI. Operationally, cargo importation has continued to rise with tonnage for the first nine months of 2021 exceeding that for the same period in 2020 by 8.7%. Total cargo imports for the first nine months of 2021 exceeded 572,000 tons. Containerized cargo for the same period was up by 9.4% and the number of containers of goods imported was up by 14.5%; breakbulk cargo was up 34.8%; cement was up 28.6% and aggregate was up by 4.4% over 2020.

While the Covid-19 pandemic has seriously slowed PACI's investment in modernizing and preparing for the future, it is critical that PACI and the Government consider the implications that the current shallow draft port poses to the future of the Cayman Islands. PACI's ability to meet the ever-growing needs and expectations of an economy and population that is totally dependent on it for fast and efficient access to goods will only continue to decline going forward, as it no longer has sufficient capacity to

serve both the demand of cargo and cruise in an efficient and effective manner. And reducing the number of calls from cruise lines will have no impact whatsoever on the shrinking cargo handling capacity as long as there are ships calling every day, because there just isn't enough pier space availability for cargo calls at night time alone. In addition, there is no ability to handle deeper draft vessels, no ability to handle wider vessels and no storage area on the dock to handle the increasing volume of containers and cargo.

Those are but just a few of the impediments PACI will be facing. Add to that, the fact that any new port will take between five and ten years to become operational when one considers the time it takes to identify the site, conduct the necessary studies, acquire the property, draft plans, obtain the necessary approvals, engage the contractors/developers, deal with any litigation that may arise, construct the port and supporting infrastructure, acquire and commission the necessary equipment and hire and train personnel.

In closing, I wish to express my sincere gratitude to PACI's staff and management team. Together we successfully maneuvered through the biggest challenge in modern history and achieved our mandate of facilitating commerce for the people of the Cayman Islands while operating PACI in a responsible financial manner. It has truly been an honour to serve as the Acting Port Director for the past three years and four months.

**JOSEPH WOODS**  
ACTING DIRECTOR



# CHAIRMAN'S REPORT

The Port Authority plays a pivotal role in the continued development of the Cayman Islands and the everyday life of our people. The three sea ports that service the Islands are responsible for the majority of goods imported into the country and greeting millions of visitors who travel by sea to our beautiful Islands.

We commenced 2021 with the hope of a reduced impact



from the global pandemic and a return to normal. Plans had to be placed on hold as the entire world had to cope

with the challenges brought about by the pandemic for much of 2021 and early 2022.

Cruising and tourism generally were the most impacted as no revenue was earned from cruise passengers between April 2020 and March 2022. Tourism resumed slowly in late 2021, so the absence was felt for practically the entire year.

Cargo movement continued to perform well, with a 13% improvement from last year. This momentum was a recovery from 2020 and contributed a much-needed boost to our earnings, given the absence of cruise tourism. The Board and the Management of the Port Authority maintained a positive outlook despite the challenges and stayed on a path of fiscal prudence. This ensured that we remained financially sound while building capacity for future growth. PACI remains debt-free while slowly building reserves to meet distant liabilities and replace our aging assets. Our long-term strategic plan will inform the next steps in the growth and development of the Port to meet the needs of future generations and an expanding community.

I thank our loyal and dedicated staff, our stakeholders, and our shareholder, the Government of the Cayman Islands, for your continued support. We look forward to being of greater service to you and supporting your plans and efforts for the continued growth and success of the Cayman Islands.











# STRATEGIC OBJECTIVES

KEY STRATEGIC PRIORITIES IN FOCUS FOR THE  
2021 FISCAL YEAR

01

Improve the image of the Cayman Islands and the experience of the cruise tourist, by maintaining and upgrading the existing cruise ship arrival facilities in George Town and at Spotts. >>>

## ACHIEVEMENTS

Maintaining the cruise berthing facility at George Town and at Spotts.

02

Fine tuning of the computer system to meet management's need for more useful management reports and to serve the customer needs more efficiently. >>>

Ongoing implementation of new accounting software package with reporting systems which enabled the efficient and timely production of reports and processes.

03

Improving operations through the continued upkeep of existing equipment as well as the purchase of new and efficient equipment. >>>

Acquisition of assets in accordance with the Asset Replacement Plan and maintained the capital development fund to replace retired assets.

## SUCCESSSES

Implementation and monitoring of new Organizational Structure to ensure effectiveness

Completion of CDC yard development phase II

Ongoing implementation of Microsoft Dynamics GP

## CHALLENGES

Resources needed to respond to organizational changes

Limited staff resources; teething pains with software implementation







# STRATEGIC OBJECTIVES

## CONTINUED

Each new budget allows space for reflection on short and long-term targets and amendments can be made to the pace of implementation of strategic initiatives and infrastructure plans. The approved budget becomes a blueprint for the implementation and continual review of expenditures to ensure that they align with statutory, contractual, and other commitments of the Authority and the policies and financial decisions of the Board and Cabinet through the portfolio ministry. Internally developed forecasting models are used to assess the Authority's projected medium-term financial condition; determine the financing needs and attendant feasibility of future capital investment; and perform financial tests to measure fiscal risk. This comprehensive approach to planning, budgeting, and forecasting enables the Port Authority to identify, track, and take corrective action with respect to the funding requirements needed to deliver the projects that enhances the services that the Port Authority provide, in line with the priorities and policy framework of Cabinet.

The Port Authority not only takes a long-term view of the infrastructure needs; we take a holistic approach to planning for the Port. In this vein, our human capital needs to deliver the services to the economy are equally important. Our human capital planning is multifaceted, focusing on training and development, health and safety, performance management and succession planning. These are geared to maximize the efficiency and improve the overall effectiveness of our human capital assets. We have identified gaps in our current organizational structure and in unison with the Board, designed and developed an appropriate framework that can deliver on the medium and long-term strategic priorities being pursued.





# OUR PORT CHAMPIONS

## AT A GLANCE



*Cargo Distribution Center Day Operations Team*





PORT AUTHORITY OF  
THE CAYMAN ISLANDS  
**DOOR 3**

**HANDICAPPED  
PICKUP  
AREA**



# OUR MANAGEMENT TEAM



**JOSPEH WOODS**  
ACTING PORT DIRECTOR



**WILL JACOBS**  
DEPUTY DIRECTOR,  
OPERATIONS



**DON HUTCHINSON**  
ACTING DEPUTY DIRECTOR,  
FINANCE & FACILITIES



**KEISHA YATES**  
FINANCE MANAGER



**ROYLEE MOORE**  
ACTING MANAGER,  
CRUISE & SECURITY



**COURTNEY WISDOM**  
FACILITIES MANAGER





**CHRIS KHON**  
IT SERVICES MANAGER

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**DALE CHRISTIAN**  
MANAGER, CAYMAN BRAC

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**JULIUS JACKY**  
SAFETY & CRISIS MANAGER

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**BRUCE REYNOLDS**  
CARGO DISTRIBUTION CENTER  
MANAGER

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# CRUISE & SECURITY

DEPARTMENT PROFILE  
AND ACTIVITIES



8 DEDICATED EMPLOYEES





## HIGHLIGHTS

During 2021, with cruise operations on a pause, all taxi dispatchers received on the job training in several other departments.

Mark Williams was seconded to the facilities dept and assisted with many projects such as:

- casting cement blocks to use for channel markers and buoy anchors;
- constructing new fencing along the harbour;
- painting various buildings

### **Jany Ebanks got to experience working with Port Security.**

- Duties included welcoming vessels to the Cayman Islands
- Passing along information from CBC to arriving vessels
- Reporting weather information to vessels

### **Marva McPherson learned about how to connect with customers on the PABX**

- Answering queries for customers over the phone
- Helping visiting boat captains make arrangements for fuel and water
- Assisting with preparations for meetings and events

### **Noel Chisholm, Waldo Parchment, Jr., Terry Ebanks, Noel Conolly & Roshad Goff were posted to the Cargo Distribution Center and:**

- Provided customer service at the Billing Office & Warehouse Customer Entrance
- Ensured that customers complied with current Covid-19 safety protocols to access the building
- Conducted preventative security checked on containers
- Checked BOL list to ensure customers received the correct goods
- Ensured that vehicles departing CDC had a secured load
- Delivered cars to customers at CDC
- Help develop new system to check and record if containers are pinned at the entrance gate

### **In December 2021 the taxi dispatch team prepared for the return of cruise operations.**

- The terminals were cleaned and tents were replaced.
- The grounds of the Royal Watler Terminal (RWT) was set up with Covid-19 safety markers – to keep each set of passengers 6 feet apart. Caution signs and hand sanitizers were placed throughout the RWT.

An operation was conducted to simulate the arrival and handling of cruise ship passengers. All the covid-19 safety protocols were utilized to ensure we would be able to safely work and minimize the health risk.





# HARBOUR PATROL

## ABOUT THE DEPARTMENT

Harbour Patrol Team consists of five persons with an extensive background and certification in and the know-how to secure and enforce by-laws and statutory instructions which protect Port Authority and the Cayman Islands sites and properties.

In the course of their duties, the Port Authority Harbour Patrol team will check water users who approach the restricted and protected areas. The team consists of Dive Master, Search and Rescue Divers, Nitrox divers, First Aid &

CPR certified, IYT certified Captains, Oil spill, Fork Lift, Security, Search and Rescue, and the list goes on.

We are also tasked with the responsibility of Receiver of Wrecks, to which we have to remove sunken and derelict vessels around the island. We also do Vessels Safety Inspections for all water sports vessels and conduct onsite Mooring inspections for all Mooring applications around the Island.





## MAJOR MILESTONE

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We Have assisted at CDC during the Covid 19 Pandemic for the last two years in security, car deliveries, and container inspections.

We assisted a host of Governmental agencies, CBC (Customs & Immigration), Agriculture, D.O.E, Tourism, D.E.H, Police, and Coast Guard.

## TRAINING & DEVELOPMENT



Two team members have just returned from Florida from training on a Tactical Marine Course.

## BUOY MAINTENANCE

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One of our responsibilities is the maintenance/repairs of the Channels and Safety buoys around the three Islands.





# INFORMATION TECHNOLOGY

## ABOUT THE DEPARTMENT

The Information Technology (IT) Department has overarching responsibility for planning, installing, maintaining and reporting on all of PACI's digital information and infrastructure and strives to provide creative and innovative uses of technology to achieve PACI's objectives.

Additionally, the IT Department is responsible for much of the data reporting which includes statistics (both internal and external) and audit reports. The department currently employs the IT Manager, Chris Krohn; Systems Administrator, Clifford Moiten; Programmer Analyst, Nivedita Ghosh; and IT Technician, Stefan Bodden. Together, the department ensures that PACI's IT infrastructure and data is secure, reliable and resilient.





## IT INFRASTRUCTURE MAJOR MILESTONE

In 2021, the ongoing Covid-19 pandemic pushed PACI and the IT Department to become more flexible and responsive to both our staff and customers. We improved our responsiveness to our staff by implementing a ticketing system and deploying a single IT contact number. The ticketing system allows us to better track staff and customer issues and ensure that they are tracked to completion in a timely manner. The single contact number gave our staff a quick way to contact IT at any time day or night. We helped enhance the flexibility of PACI to respond to mass quarantines by ordering and configuring enough equipment to ensure that staff would still be able to assist our customers from home. Finally, we worked to reduce physical interaction and improve communications with our customers. We reduced physical interaction by improving our website and assisting our customers to get signed up (with the help of various user guides) so that they could do their cargo clearances online. We also improved communications with our customers by developing systems to send them electronic statements and cargo availability notifications.



*Picture of new switches and WiFi access points:*



## EMPLOYEE DEVELOPMENT



With our ticketing system also comes a knowledge base which we are using to document systems, procedures, and issue resolutions. This gives all of the IT Department staff members an opportunity to learn about areas of the company that they don't normally deal with in their roles.

## TRAINING & DEVELOPMENT



IT Department staff training has centered around the new ticketing system and the new WiFi system. Staff members received comprehensive training on using, maintaining and even modifying the ticketing system. We also attended an online training course for the implementation and management of the HPE Aruba WiFi network.

## HUMAN RESOURCE FACT



Did you know that the IT Department is also responsible for producing all of the statistical reporting for PACI? These reports are posted to our website and are used both internally by the Board of Directors and PACI management and externally by organizations such as the CIG Economics & Statistics Office, Auditor General and Department of Environment.

# ADMINISTRATION & HUMAN RESOURCES



The Port Authority had 159 employees at the year ended December 31, 2021. The distribution and other demographics are highlighted in this section.

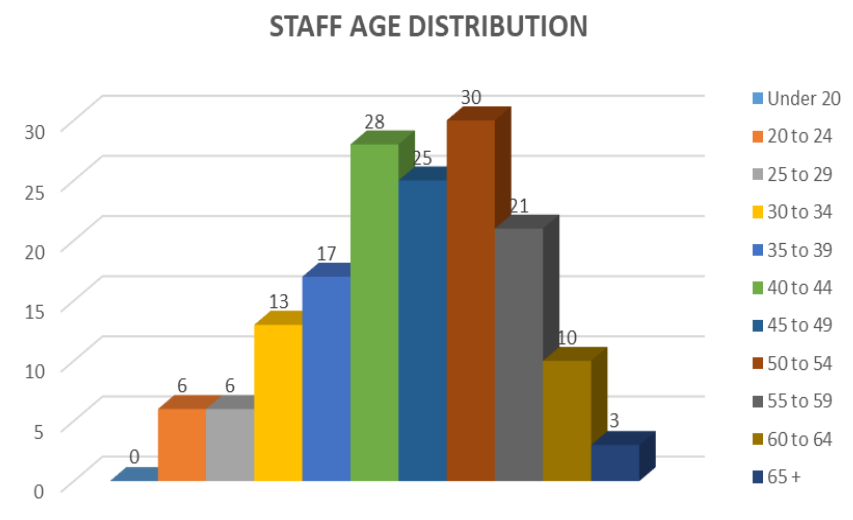
Description	2021	2020	2019	2018	18 MONTHS	
					2017	2016
Salary and Wages	11,265,118	11,036,719	10,650,771	10,906,165	15,598,629	10,003,436
Medical Insurance	1,488,885	1,513,867	1,482,623	1,418,382	1,856,774	1,169,576
Pension	1,121,744	1,079,520	1,060,302	1,106,840	1,583,549	977,072
Other staff costs	107,613	100,584	168,919	122,198	226,944	154,969
<b>Total Staff Costs</b>	<b>13,983,360</b>	<b>13,730,690</b>	<b>13,362,615</b>	<b>13,553,585</b>	<b>19,265,896</b>	<b>12,305,053</b>

Employee demographics	2021	2020	2019	2018	18 MONTHS	
					2017	2016
Staff complement***	159	161	158	157	158	158
Average income earned per staff	140,173	136,644	168,160	169,605	218,386	218,386
Average expense per staff	162,357	210,832	189,595	130,949	215,013	215,013
Average salary paid to staff	70,850	69,329	68,551	69,466	98,726	98,726
***Includes retirees on contract	3	4	4	4	4	4

The Port Authority's staff comprised of predominantly men. This has traditionally been the case. The Port looks forward to a more gender balanced workforce in the future, where women are more represented at all levels in the organization.

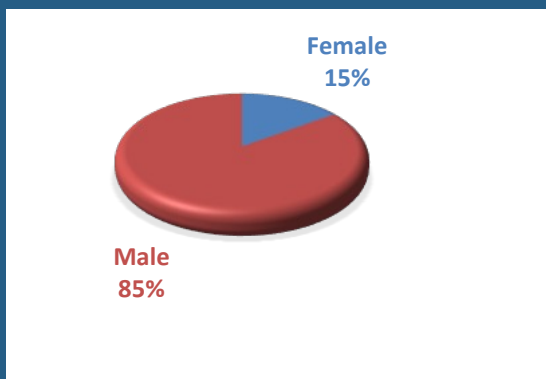


## STAFF AGE DISTRIBUTION

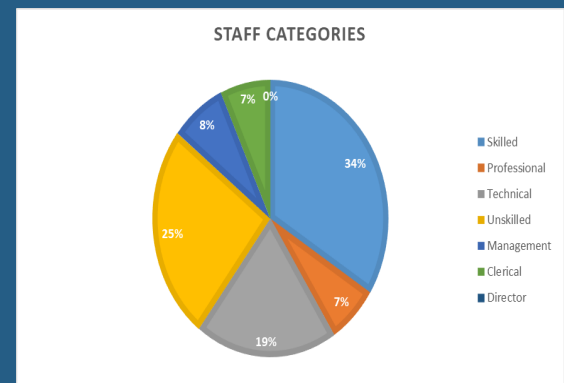


- The staff profile indicates an aging workforce, as 74% of the staff complement is over 40 years old.
- 21% of the staff will reach retirement age within 10 years.
- 76% of the staff have more than 10 years' experience at the port.
- The staff statistics offers opportunities for maintaining stability and building for the future.

## GENDER



## STAFF CATEGORIES



# OUR DEPARTMENTS IN ACTION



## MECHANICS



## FINANCE





# MECHANICS





# CARGO DISTRIBUTION CENTER

DAY OPERATIONS





# CARGO DISTRIBUTION CENTER

NIGHT OPERATIONS







SAFE HAVEN

TAXI DISPATCH



# PORT PROPERTIES AT A GLANCE



SPOTTS DOCK





**ROYAL WATLER CRUISE  
TERMINAL**



**CAYMAN BRAC**

**HEAD OFFICE  
WATERFRONT**





# FINANCE SECTION

## ANNUAL REPORT

for the Year Ended December 31, 2021



# DIRECTOR OF FINANCE & FACILITIES

## REPORT



**DON HUTCHINSON**

The Financial Statements of The Port Authority of the Cayman Islands for the year ended December 31, 2021 is enclosed. This includes the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Cash Flows, and the Statement of Changes in Equity.

The Chairman, Port Director and Deputy Port Director Finance & Facilities are responsible for the accuracy of the data and the completeness and fairness of the presentation in the Financial Statements.

An analysis of the financial statements is provided in the Management Discussion section of this report, where the financial performance of the Authority is explained in detail. Selected statistical information is also presented at the end of this report to assist in understanding the overall performance of the Port Authority.

The Port Director is also responsible for establishing and maintaining adequate internal controls over the financial systems that produce the numbers presented in this report.

Internal control over financial reporting is designed to provide reasonable assurance that the financial information presented in the reports are free of material misstatement, and the performance of the Authority and related context is properly reflected for the reporting period in accordance with International Financial Reporting Standards.

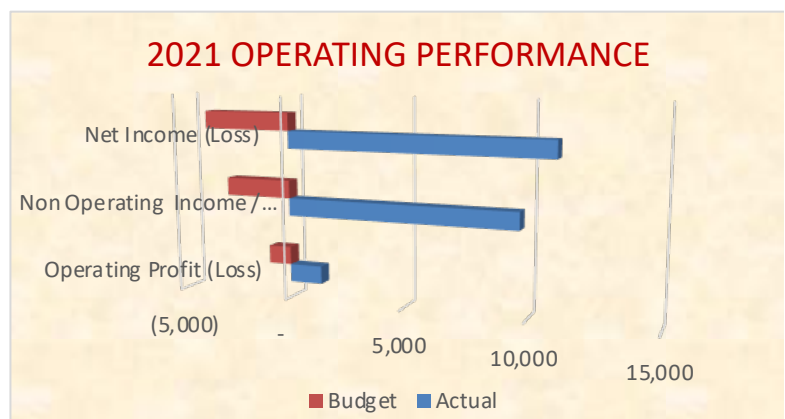
The Port Authority is required to, and has established a comprehensive framework of internal controls that includes maintaining records that accurately and fairly reflect the transactions of the Port Authority and that the necessary controls are in place and have been faithfully adhered to, which provides assurance that the financial statements are free of material errors and bias. Due to inherent limitations, our internal control system over financial transactions and reporting cannot provide absolute assurance that a misstatement of the financial statements would be prevented or detected.

However, the Chairman, Acting Port Director and I have certified that to the best of our knowledge and belief, the financial statements are free of material misstatement, which would change the opinion of an informed reader on the results as reported.

The Port Authority recorded a surplus of \$11M for the financial year ended December 31, 2021. This was \$14.9M better than what was budgeted. The Port Authority budgeted a deficit of \$3.8M for the 2021 financial year. The 2021 results were also \$23M better than the 2020 results. The 2020 financial year had a deficit of \$12M.

Operating revenue underperformed by 10% or \$2.3M vs budget. It was also 1.95% or \$0.4M better than last year. The total expense was less than budget by \$2.6M but was only \$17K less than last year. The 2021 financial year also realized a gain from the revaluation of land and building of \$10.3M and a positive \$4.2M from the remeasurements of defined benefit obligations, resulting in the \$11M surplus achieved at year end. The remeasurement of defined benefit obligations in 2020 had a negative \$8M which contributed to the \$12M deficit in 2020.

Net worth increased by \$5.3M or 15% against budget and \$11.2M or 38% greater than last year. The increased asset values due to new acquisitions and revaluation of assets, higher cash balance at 2021 and the increase in health care liability were the major contributors to the overall higher net- worth at December 31, 2021.



## ACTING DEPUTY DIRECTOR, FINANCE & FACILITIES REPORT

While the revenue was worse than expected, some recovery in cargo revenue was made following the COVID-19 fallout in the last two quarters of 2020 and in the fiscal year 2021, where cargo volumes increased by 13%.

The Port was able to maintain a strong liquidity profile while continuing its capital development plans.

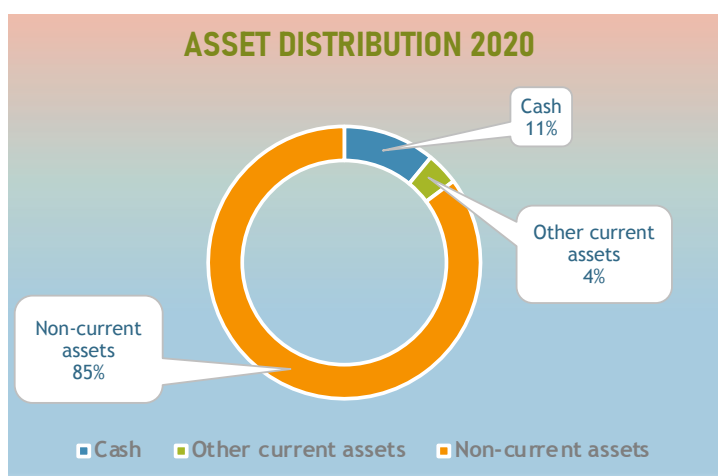
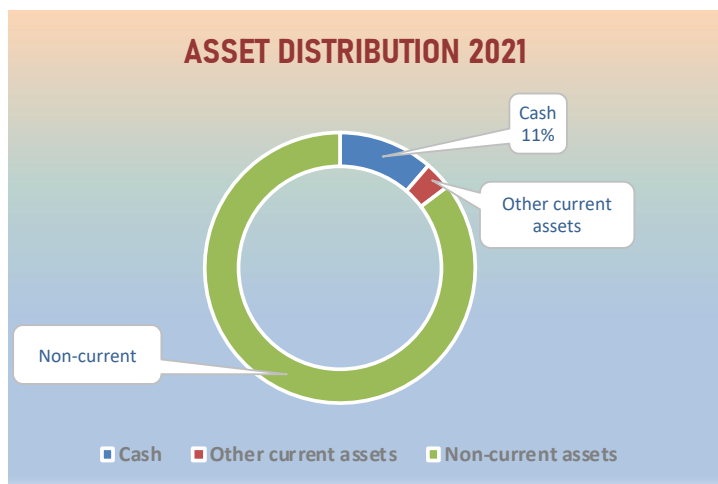
The pandemic disrupted the revenue flows at the Port Authority in 2021. While cargo inflows continued, cruise and tourism related income flatlined.

improvements going forward.

The Port Authority enjoyed positive operating performance over the last five years. The Authority's liquid assets have also seen measurable growth due to increase in cargo imports over the past 5 years and growth in cruise tourism over the period 2017 to 2019. Income from cruise tourism fell significantly in 2020 and was completely wiped out in 2021 due to the COVID-19 pandemic. A total of \$18.7M was used to invest in our infrastructure during the 2017-2021 period, funded entirely from operating profits.

When the global norm returns, the projected increase in economic activity in the Cayman Islands in the medium to long term is expected to resume its upward trajectory. To support that growth, the Port Authority will need continual investment in our infrastructure and human capital to build and maintain capacity to facilitate the needs of our stakeholders.

The current year's performance was negatively impacted by the contraction of the economy and the absence of cruise for the 2021 financial year. Most of PACI's operating expenses are fixed and thus not heavily influenced by a reduction in services. As such, the absence of cruise revenue in 2021 did not give rise to lower operating cost in the proportionate amount in 2021. The business model of the port is built on cargo and cruise contributing an average of 95% of total revenue.



The cash reserve that the Port has built up over several years of operations cannot sustain the levels of recurring investment required in our infrastructure. As such, the Port may be unable to finance significant capital im-





PORT STAFF GETTING TESTED FOR COVID-19 AT CDC FACILITY

With the cruise contribution gone, the risks to our operations materialized. In the short to medium term, our fortunes will be tied to the recovery in the local economy and the global cruise market conditions. Other risks include increased outlook for natural disasters, 'black swan' events such as COVID -19 or other global crises, which can be both unpredictable and devastating. Given the age and condition of our sole cargo facility, the Port Authority may be faced with significant costs to renovate or replace the cargo dock in the short to medium term. Funding will have to be secured to achieve this outcome.

The Port Authority remains resolute in our commitment to continuous improvement, to build capacity and increase efficiency to satisfy the needs of our stakeholders and to evolve with the changing landscape. We will continue to seek creative solutions for the challenges ahead to the benefit of the people of the Cayman Islands.

**Don Hutchinson FCA FCCA**  
**Acting Deputy Director – Finance & Facilities**



BILLING PERSONNEL OF THE FINANCE DEPARTMENT AT THE PORT AUTHORITY

# MANAGEMENT DISCUSSION & ANALYSIS

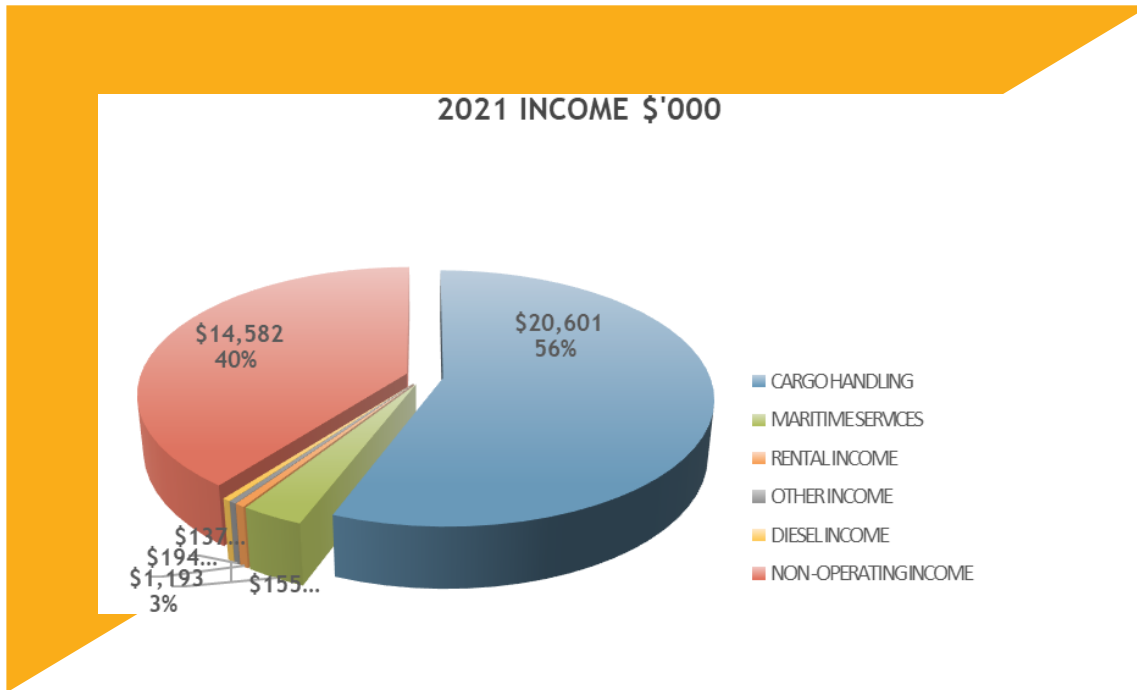
The ensuing section is management's commentary on the financial statements for the 12-month period ended 31 December 2021. It sets the context of the results reported, and highlights important information that is useful to the readers of the financial report. This is meant to be read in conjunction with the full set of financial statements and note disclosures which follow.

## 2021 FINANCIAL PERFORMANCE

Equity increased at the end of the year by \$11.2M due to an operating profit of \$1.4M, which was increased by net non-operating income of \$9.7M, and reduced by defined benefit payments of \$192K.

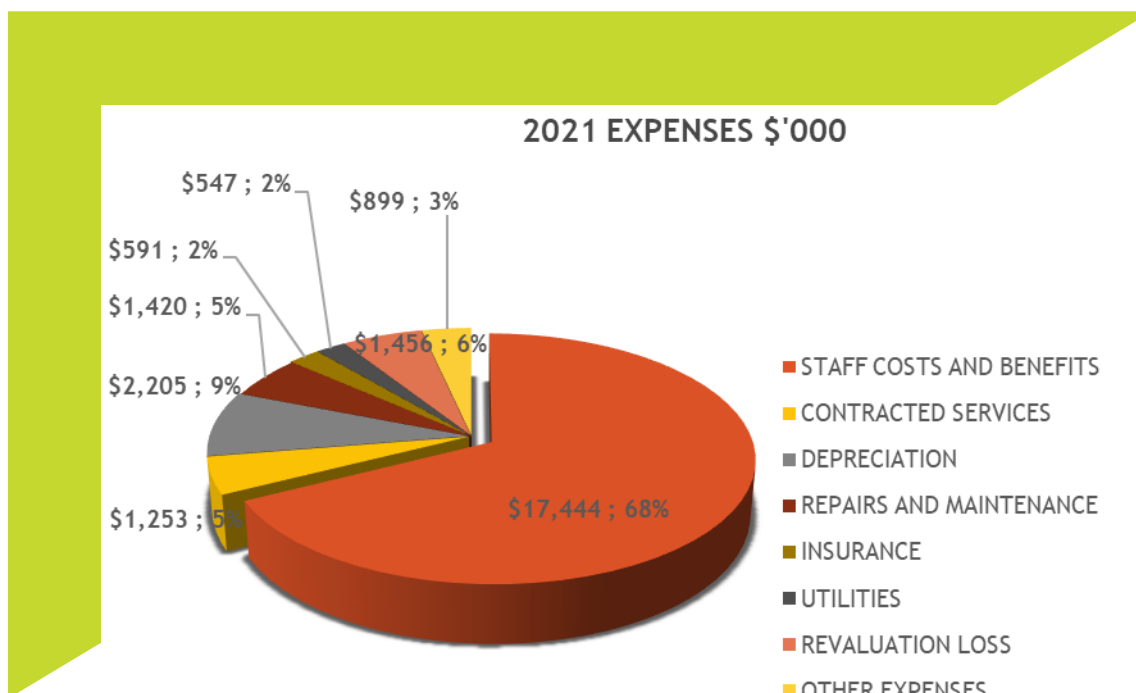
Description	2021
Gross operating revenue	22,280,219
Operating expenses	(20,897,508)
Income from operations	1,382,711
Net gain on revaluation of investment property / land & building	8,914,032
Interest income	7,325
Defined benefit expense	(3,461,000)
Remeasurement of health care obligation	4,212,000
Net Profit / (Loss)	11,055,068
Defined benefit payments for current retirees	192,000
Increase in equity	11,247,068





The pie chart shows that the top three income sources were Cargo handling, Non-operating income (Revaluation gains) and Maritime services. These accounted for 99% of total income.

There was no cruise revenue in 2021 due to the COVID-19 pandemic.



On the expense side, the top three items were staff costs and post-retirement benefits, depreciation and revaluation loss. These accounted for 82% of the total expenditure.

## STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position shows the assets, liabilities and equity of the Port Authority. The following is a summary of the relative positions at the end of the last five (5) fiscal years, bearing in mind that the 2017 fiscal year has 18 months financial results.

	Dec 2017 (18 months)	Dec 2018	Dec 2019	Dec 2020	Dec 2021
<b>ASSETS</b>					
Current assets	\$10,912,375	\$10,733,910	\$15,335,968	\$12,489,786	\$13,788,909
Non-current assets:					
Property plant and equipment	55,212,837	60,135,933	60,308,939	64,841,791	72,606,949
Right of use land & warehouses			196,509	194,020	107,315
Investment property	8,356,461	9,055,000	9,150,000	7,300,000	7,300,000
<b>Total assets</b>	<b>\$74,481,673</b>	<b>\$79,924,843</b>	<b>\$84,991,416</b>	<b>\$84,825,597</b>	<b>\$93,803,173</b>
<b>LIABILITIES</b>					
Current liabilities	\$1,560,824	\$2,316,065	\$2,104,565	\$2,851,184	\$1,643,649
Non-current liabilities:					
Bank loan	-	-	-	-	-
Lease liability	-	-	204,960	203,458	115,337
Health care liability	34,694,000	33,105,000	41,525,000	52,389,000	51,446,000
<b>Total liabilities</b>	<b>\$36,254,824</b>	<b>\$35,421,065</b>	<b>\$43,834,525</b>	<b>\$55,443,642</b>	<b>\$53,204,986</b>
<b>EQUITY</b>	<b>\$38,226,849</b>	<b>\$44,503,778</b>	<b>\$41,156,891</b>	<b>\$29,381,955</b>	<b>\$40,598,187</b>

The financial position shows a steady improvement in total assets over the five-year period. This is due to higher assets value following the revaluation of investment property and acquisition of fixed assets between 2017 and 2019. There was also an increase in current assets in 2019, due to higher cash balance as at that date. In 2020, there was a marginal decline due to COVID-19 factors. Total assets at 31 December 2021 increased by \$9M over 2020 due mainly to the revaluation of land and building in 2021. Over the past 5 years, there was a 5% increase in current liabilities and a 26% or

\$2.9M increase in current assets. The current liabilities balance comprised payables and year end accruals.

The liquidity position in 2021 improved to 8.4 from 4.4 in 2020, which indicates an increased ability to meet our obligations. Since 2017, the Port has had strong working capital due to solid revenue performance and favorable gearing ratios, given the absence of commercial debt.

The Port has been debt free since 2017, and continues to channel surpluses to fund capital investment in our infrastructure and other assets.

Despite the growing cash balance, the Port needs to replace critical assets that require resources beyond our ability to generate with our current business model. Our fee structure gets reviewed every ten years or more, resulting in dated charges for services whose costs are impacted by inflation and other industry cost increases every year. We will have to rely on external financing to address our major infrastructure needs such as development of an expanded cargo facility, increase in our distribution space and enhancements to accommodate staff and provide excellent customer service.



The Port purchased equipment and other assets as well as upgraded property and revalued land and building during the five-year period costing \$18.7M, an average of \$3.7M per annum.

In addition, the Port paid out cash totaling \$3.1M since 2017 as debt repayment and other financing costs.

Over the past 5 years, the Port generated cash from its operations totaling \$26.2M. Of this amount, \$23.7M was used for purchased of fixed assets and investments

and debt repayment, leaving a net cash inflows balance of \$4.4M. The cash balance increased over the five-year period by \$3.8M.

Equity has increased over the five-year period by 6%, or \$2.4M due largely to a 48% or \$16.8M increase in the defined benefit liability and \$19.3M increase in total assets.

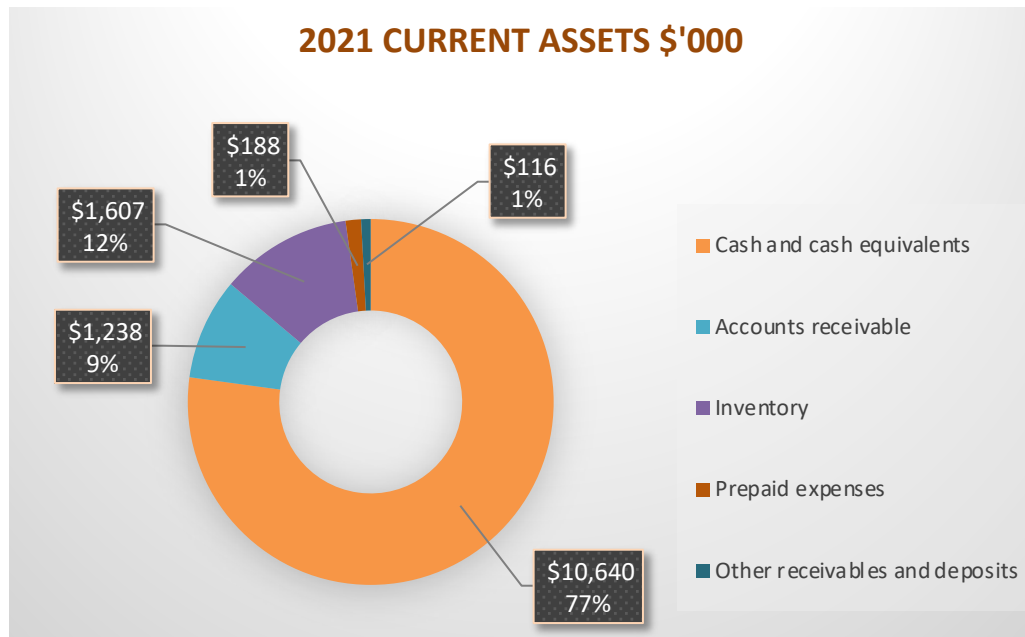
The \$16.8M increase in the health care liability over the last five years has reduced the impact of the gains made in assets value (\$16.3M) and Current assets (\$2.9M) respectively. The uncertainty of the an-

nual movements presents significant risk to the equity of the Port Authority going forward.

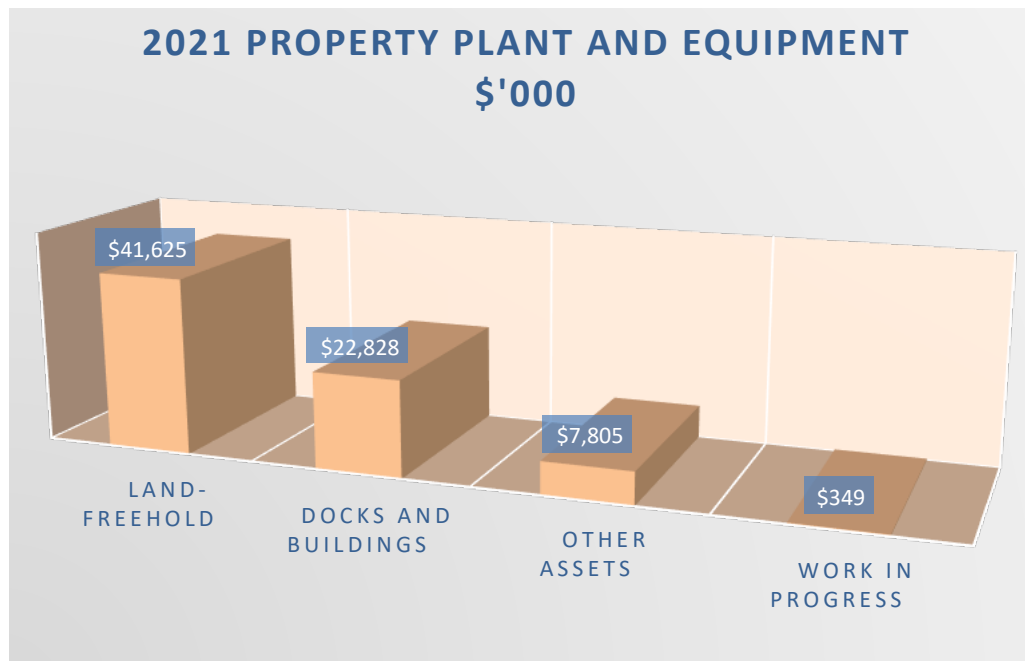
The notion that this health care liability represents a potential expense that will be due in the future is formidable, given the massive increase over a five-year period which saw limited growth in staff numbers.

In recognizing that this is currently unfunded, the Board approved a savings plan to begin to address this. At 31 December 2021, this savings plan had accumulated a balance of \$1.5M.





Cash dominated current assets covering 77% or \$10.6M. Receivables closed at \$1.2M and inventory at \$1.6M.



The Port invested \$0.96M in asset replacement and improvement during the 2021 financial year. These include improvements to CDC facilities, computer equipment, furniture, office equipment, vehicles and heavy equipment.



## 2021 MOVEMENT

Total assets at the Port Authority at December 31, 2021 is \$9M more than last year. This is due mainly to the following factors:

- Cash increased by \$1.3M due largely to increase in revenue. Cargo handling revenue increased by \$2.2M and cruise ship passenger fees reduced by \$1.3M.
- Reduction in accounts receivable(\$228K) due to improved collection efforts.
- \$583K lower deposits on capital projects as these were curtailed due to COVID-19 concerns.
- Revaluation of land and building which net an increase of \$4.9M.
- Additions to fixed assets totaled \$963K which included other capital items in progress of \$453K, docks and buildings \$215K and vehicles, office equipment & computer equipment \$296K.

Total liabilities of the Port Authority was \$53.2M, which is a \$2.2M or 4% decrease over 2020. This was due mainly to a reduction in the defined benefit liability.

## 2021 CONSOLIDATED ACTUAL VS BUDGET

Financial Position	2021 Actual \$	2021 Budget \$	2021 Variance \$	Change %
Assets	93,803,173	79,144,183	14,658,990	19%
Liabilities	53,204,986	43,880,667	9,324,319	21%
Net Worth	40,598,187	35,263,516	5,334,671	15%

Total assets performed 19% better than expected with a \$14.7M increase over target. This was driven by the \$8.6M PPE movement due to revaluation and \$6M increased cash than expected.

Liabilities closed higher than budgeted with a \$9.3M or 21% increase. The unfavorable movement in the discount rate applied to long term health care benefits is the reason for the movement in the health care liability.

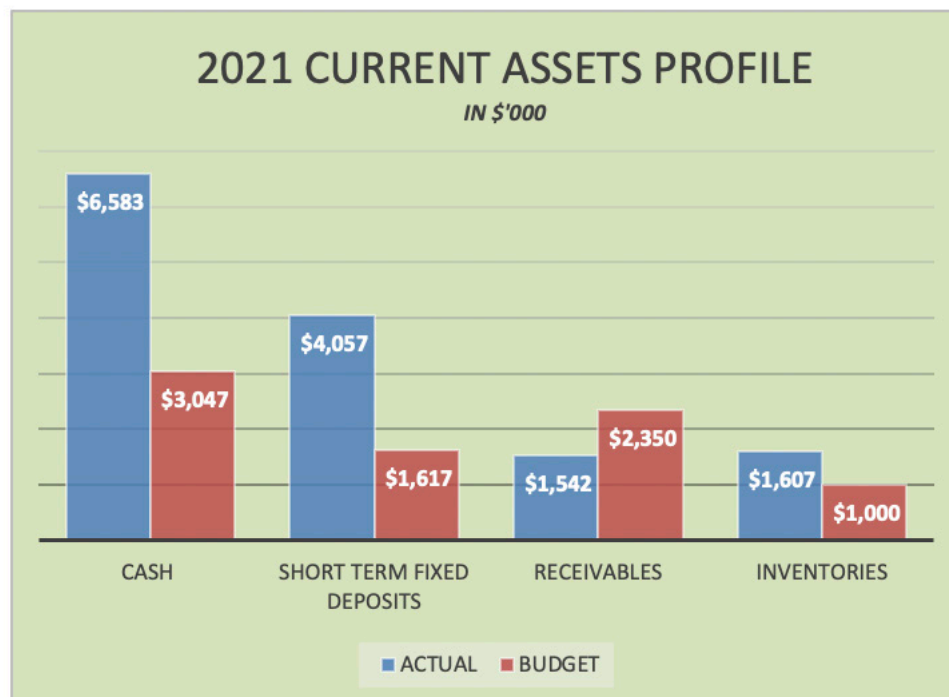
The summarized actual vs budget for the 2021 fiscal year is as follows:

	Actual Dec 2021 \$	Budget Dec 2021 \$	Variance Dec 2021 \$	Variance Dec 2021 %
<b>ASSETS</b>				
Current assets	13,788,909	8,013,698	5,775,211	72
Non-current assets:				
Property, plant and equipment, net	72,606,949	63,976,254	8,630,695	13
Right of use land & warehouses	107,315	0	107,315	100
Investment property	7,300,000	7,154,231	145,769	2
Total assets	93,803,173	79,144,183	14,658,990	19
<b>LIABILITIES</b>				
Current liabilities	1,643,649	2,200,000	(556,351)	(25)
Non-current liabilities:				
Lease liability	115,337	0	115,337	100
Defined benefit liability	51,446,000	41,680,667	9,765,333	23
Total liabilities	53,204,986	43,880,667	9,324,319	21
<b>EQUITY</b>	40,598,187	35,263,516	5,334,671	15

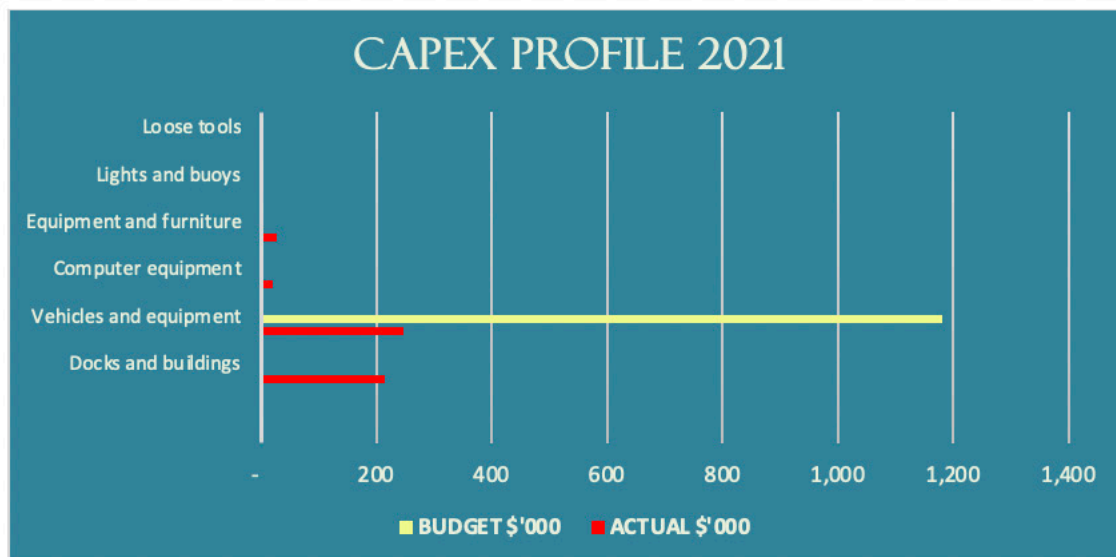
The net assets for the 2021 fiscal year performed better than budget by \$5.3M or 15%, due mainly to a 72% or \$5.8M increase in current assets, 13% or \$8.6M increase in property plant and equipment coupled with a \$9.3M increase in liabilities. The increase in property plant and equipment was as a result of higher asset values than budgeted following the revaluation of land and building during the 2021 financial year.

The increase in liabilities is due mainly to the fact that the defined benefit liability was 23% higher than the budget given the unfavorable discount rate movements.





Current assets had a positive variance of \$5.8M. The profile shows cash variance of \$3.5M and fixed deposits variance of \$2.4M were crucial to the overall variance position. Receivables' adverse variance of \$808K was due to lower revenue in 2021. The positive inventory variance is due to higher inventory items on hand to service new equipment acquired.



New assets booked for 2021 was \$0.51M. This contrasts with the \$1.18M budgeted, a positive variance of \$0.67M.

Less capital items were acquired in 2021 than initially planned in the budget.

## STATEMENT OF COMPREHENSIVE INCOME

The statement of comprehensive income shows the income and expenses of the Port Authority for the period, and the net effect of the financial performance on equity.

Comprehensive Income	2021 Actual \$	2021 Budget \$	2021 Variance %
Revenue	22,280,219	24,619,464	(10)
Operating Expenses	20,897,508	25,582,989	(18)
Non-Operating Expenses, net	4,909,885	2,847,000	72
Other Comprehensive Income / (Expense)	14,582,242	-	100
Net Surplus/(Deficit)	11,055,068	(3,810,525)	(390)

## PROFIT PERFORMANCE

The Port Authority earned revenue of \$22.3M or 10% below the \$24.6M budget for the 2021 fiscal year, and incurred operating expenses of \$20.9M or 18% less than the \$25.6M budget for 2021. This is due to lower staff cost and less repairs and maintenance expense incurred in 2021 than budget. The net Non- operating expenses was 72% or \$2.1M higher than expected due to higher defined benefit expense and loss on revaluation of investment property. The positive defined benefit adjustment of \$4.2M coupled with the gain on revaluation of land and building gave rise to other comprehensive income of \$14.6M which was not budgeted for in 2021. This resulted in a net surplus of \$11M for the 2021 fiscal year, which is \$14.9M or 390% more than the (\$3.8M) deficit envisioned in the approved budget.

## FUTURE OUTLOOK

There was increased confidence that the Port would continue to build on the strong revenue performance seen over the last five years. This was based on the high planning approvals, construction boom in hotels, condos and industrial developments and ongoing and planned infrastructure projects. In addition, future cruise bookings were strong, the population and stayover visitors were increasing - all of which increase demand for goods and services. There was also the possibility of medium-term growth in cruise revenue based on projections.

The Port Authority was then faced, like the rest of the world with COVID-19 in early 2020 and the resulting fallout across multiple sectors also affected the 2021 results. Consequently, our outlook for the next two to three years is not very optimistic.

The Port Authority is projecting significant reductions in the defined benefit liability valuation in the next two fiscal years given the current trend in rising interest rates. This will result in the Port reporting high overall profits. Operationally, economic conditions will determine the growth of revenue and cash flows as well as government priorities for the Port Authority in the next budget cycle.



Twelve (12) Months ended 31 December 2021	Actual \$	Budget \$	Variance \$	Variance %
<b>REVENUE</b>				
Cargo handling	20,601,493	18,633,464	1,968,029	11
Cruise ship passenger fees	-	4,449,146	(4,449,146)	(100)
Other revenue	1,678,726	1,536,853	141,873	9
<b>TOTAL REVENUE</b>	<b>22,280,219</b>	<b>24,619,463</b>	<b>(2,339,244)</b>	<b>(10)</b>
<b>EXPENSES</b>				
Staff costs including defined benefit costs	17,444,360	19,678,104	(2,233,744)	(11)
Repairs and maintenance	1,420,120	1,874,250	(454,130)	(24)
Contracted services	1,252,898	2,205,000	(952,102)	(43)
Insurance	591,220	685,000	(93,780)	(14)
Other operating expenses	1,445,336	1,546,236	(100,900)	(7)
Depreciation	2,204,574	2,294,397	(89,823)	(4)
<b>TOTAL EXPENSES</b>	<b>24,358,508</b>	<b>28,282,987</b>	<b>(3,924,479)</b>	<b>(14)</b>
Interest income	7,325	3,000	4,325	144
Net Gain on revaluation of land and buildings	8,914,032	-	8,914,032	100
Remeasurement of defined benefit obligation	4,212,000	(150,000)	4,362,000	(2,908)
	13,133,357	(147,000)	13,280,357	-
<b>COMPREHENSIVE PROFIT / (LOSS)</b>	<b>11,055,068</b>	<b>(3,810,524)</b>	<b>14,865,592</b>	<b>(390)</b>

### Key insights from the 2021 results:

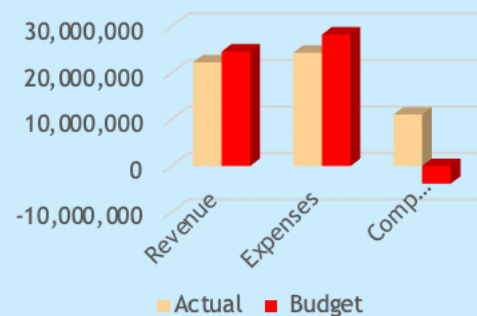
- Revenue missed expectations by 10% - this was due to 100% contraction in cruise actual vs budget and \$2M or 11% improvement in cargo actual vs expectations
- Cruise passenger fees reduced by 100% since there were no cruise passengers in 2021 due to the Covid-19 pandemic.
- Other revenue streams over performed, ending at 9% above budget.

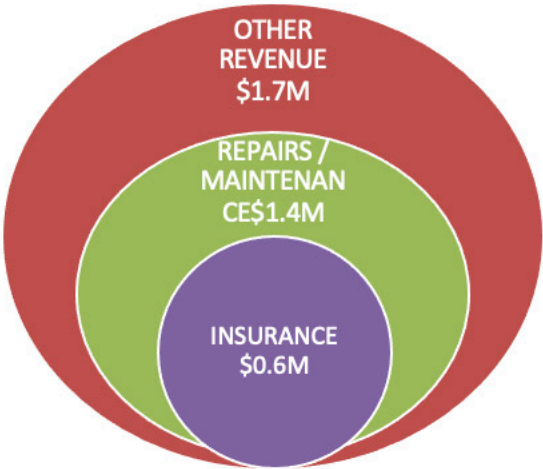
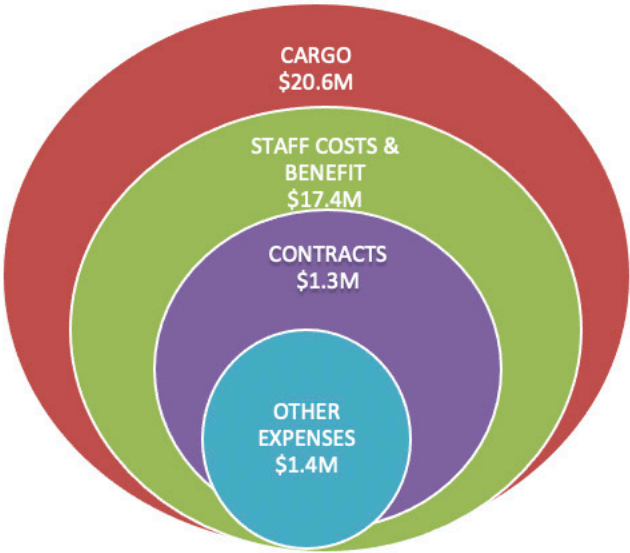
- Staff costs ended at 11% below budget. Planned recruitment was not completed
- There was a 24% underspend on budget for repairs and maintenance as COVID 19 curtailed some operations
- Other operating expenses was 7% less than budget due mainly to reduction in some activities
- Contracted services were \$952K or 43% below budget as professional fees, security and other expenses decreased in response to lower business volume.

- Operating surplus was \$14.9M better than expected due to decline in expenses being greater than the reduction in revenue. There was also a net gain on the revaluation of land and building in 2021 of \$8.9M and gain on the remeasurement of defined benefit obligation of \$4.4M.

### Actual vs Budget

Twelve Months ending Dec 2021







- The income earned from cargo handling is adequate to cover staff costs including the annual health care benefit cost, contracted services for the period and other expenses.
- There was no cruise income in 2021 hence no expenditure could be funded by this revenue stream.
- Repairs and maintenance expenses were funded by other revenue sources and insurance expense was partially funded by this revenue stream as well.
- There was a positive non-cash income and expenses totaling \$10.9M for 2021.
- The Port is able to slowly build cash reserves by delaying capital spending and operating with minimal sinking fund for depreciation. PACI's business model does not allow fees that reflect the full cost of delivering the services being rendered. If this persists, the Port Authority will continue to face challenges to fund infrastructure development and investments to build and enhance our human capital.



## HISTORICAL PERFORMANCE

The financial performance for the last five years shows the susceptibility of the Port to variables that cause huge disparities in the net results from one year to the next. The 2017 financial results reflected an 18-month transitional financial period and in 2018 net defined benefit revenue was \$1.3M.

The 2019 and 2020 fiscal years had large swings of \$8.6M and \$11M respectively in the defined benefit cost due to external factors which affected the discount rate resulting in increases of the defined benefit liability. The defined benefit costs have had a detrimental impact on the results of the Authority since being brought on the books in 2014. The defined benefit expense of \$22.3M from 2017 to 2021 has erased the combined operating surplus of \$17M for the last five (5) fiscal years.

The 2020 fiscal year had the impact of the global COVID-19 pandemic which caused cruise activity and much of tourism to flatline from April 2020 and this continued into 2021, which had no cruise passenger arrivals in that year. The Port has however, benefited from the positive movement in defined benefit expense remeasurement in 2021 due to the favorable movement in the discount rate given the increase in the global interest rates.

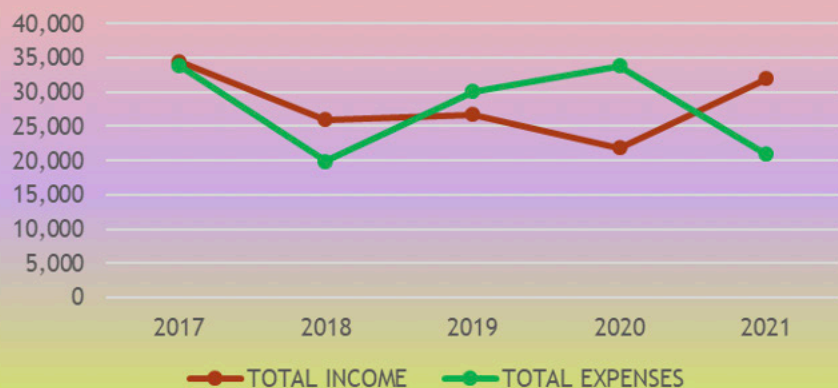
The five-year operating income chart shows that up to 2019, PACI was improving in revenue generation, as dictated by activities in the economy. Cargo volumes and cruise passengers, which accounts for about 94% of PACI's revenue at the time, had meaningful annual increases- cargo by double digits and TEU's and cruise by an average of 6.5% per annum over the period. These were chiefly responsible for generating \$14.6M operating profit from 2017 to 2019.

In 2020 the impact of COVID-19 was evident with a \$4.7M reduction in income, and deterioration of the defined benefit position, resulting in a deficit of \$11.96M, the largest in the history of the Port Authority. The negative effects of the COVID-19 pandemic continued into 2021, however the marginal increase in overall revenue and the positive defined benefit remeasurement expense of \$0.75M and gain from the revaluation of land and building totaling \$8.9M resulted in a surplus at 31 December 2021 of \$11M.

	(18 Months)					
FIVE (5) YEAR HISTORICAL PERFORMANCE	2017	2018	2019	2020	2021	TOTALS
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cargo income	26,482	18,422	20,596	19,641	21,795	106,936
Cruise income	6,070	4,726	4,504	1,323	-	16,624
Rental income	1,562	1,050	1,061	350	194	4,217
Other income	391	359	415	549	299	2,013
<b>Total Operating Income</b>	<b>34,505</b>	<b>24,557</b>	<b>26,576</b>	<b>21,863</b>	<b>22,288</b>	<b>129,790</b>
Staff costs	(19,266)	(13,554)	(13,363)	(13,731)	(13,983)	(73,896)
Contracted services	(2,098)	(1,766)	(2,184)	(1,655)	(1,253)	(8,955)
Repairs and maintenance	(2,947)	(1,701)	(1,446)	(1,462)	(1,420)	(8,977)
Insurance	(789)	(559)	(604)	(600)	(591)	(3,124)
Other operating costs	(2,317)	(1,517)	(1,994)	(1,484)	(1,445)	(8,758)
Depreciation	(1,664)	(1,462)	(1,840)	(1,991)	(2,205)	(9,162)
<b>Total Operating Expenses</b>	<b>(29,061)</b>	<b>(20,559)</b>	<b>(21,430)</b>	<b>(20,924)</b>	<b>(20,898)</b>	<b>(112,871)</b>
<b>Operating Surplus</b>	<b>5,445</b>	<b>3,999</b>	<b>5,146</b>	<b>939</b>	<b>1,390</b>	<b>16,918</b>
Gain / (loss) on disposal of fixed assets	(124)	-	36	-	-	(88)
Defined benefit annual expense & remeasurement	(4,787)	1,382	(8,648)	(11,052)	751	(22,354)
Net Gain (loss) on revaluation of plant and equipment	-	-	-	-	-	-
Net gain on revaluation of land and building	-	-	-	-	8,914	8,914
Loss on revaluation of plant & equipment	-	-	-	-	-	-
Gain/ (loss) on revaluation of investment property	-	689	79	(1,850)	-	(1,081)
<b>Total Comprehensive Income</b>	<b>533</b>	<b>6,070</b>	<b>(3,387)</b>	<b>(11,963)</b>	<b>11,055</b>	<b>2,309</b>

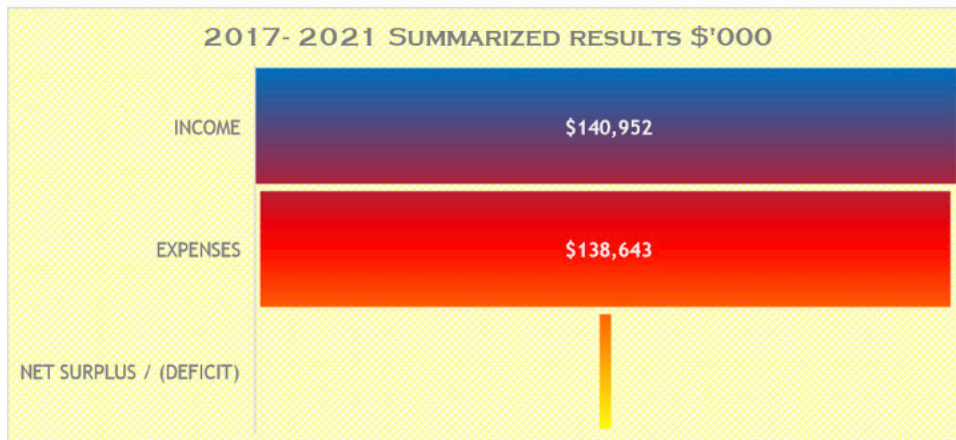


## FIVE-YEAR HISTORICAL INCOME VS EXPENSES

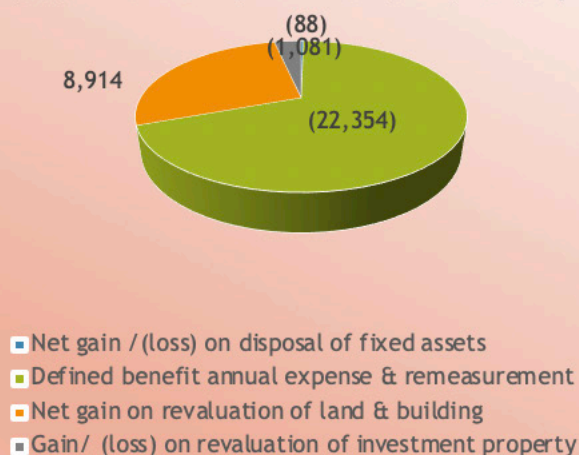


- Total expenses did not trend in line with income due mainly to the effects of COVID-19 in 2020 and 2021. The high expenses in 2020 resulted in significant loss in that year. The Port returned to profitability in 2021 due to revaluation gain and DBE remeasurement effects
- The last five years saw operating surplus averaging \$3.3M. This is insufficient for a capital-intensive operation
- The low operating profitability reduces the ability to invest in human resources, infrastructure and other capital assets.

- ✧ Annual growth in operating income except 2020.
- ✧ In 2021, DBE changed from a negative \$11M to a positive \$0.75M and gain on revaluation of assets revalued was \$8.9M.
- ✧ Total income for the five-year period was \$141M
- ✧ Total expense was \$138.6M
- ✧ Net profit for five-year period was \$2.3M



## 2017- 2021 NON OPERATING EXPENSES \$'000



- \$22M defined benefit net expense
- Non-recurrent gain of \$8.9M from revaluation of land & building
- Net loss on disposal of fixed assets of \$88K
- Net revaluation loss on investment property \$1M

The Port had a 5% average annual operating income growth from 2017 to 2019 and was trending with an average growth in cargo volumes of 8%. Container movements had a 6% average annual growth between 2017 and 2019. In 2019, cruise arrivals dropped by 5% when compared to 2018 and declined by a further 71% in 2020 due to the effects of COVID-19. Cruise income was completely wiped out in 2021 due to the intensity of the COVID-19 pandemic. The pandemic is somewhat under control, and it is anticipated that the Port annual operating income growth will be restored in the next 2 to 3 years.

ACTIVITY STATISTICS	2017	2018	2019	2020	2021
Annual Cargo Volumes	284,981	311,612	344,001	337,658	382,482
Cruise Passenger Arrivals	1,728,444	1,927,185	1,831,011	538,140	-
TEUS (In and Out)	58,579	61,427	66,854	64,130	70,740

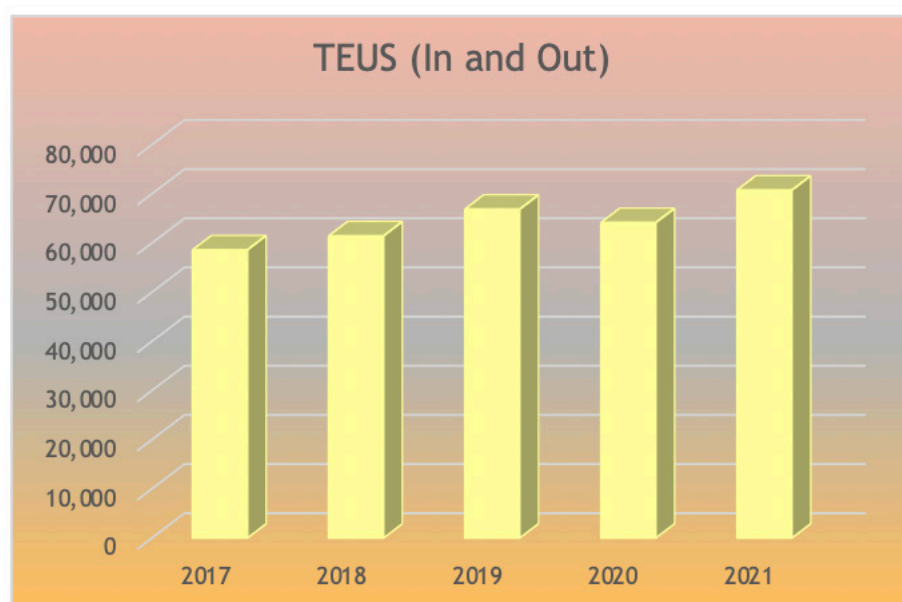


As seen by the graphs, we have been having consistent yearly growth of both Cargo and TEU's between 2017 and 2019, however these volumes declined in 2020 due to the adverse impact of the COVID-19 pandemic. Both cargo and TEU's volumes went back up in 2021 due to increased imports as a result of various economic activities on the islands. This trend is set to continue based on Cayman's macroeconomic variables. COVID - 19 may have impacted cargo growth in the short term, but the extent and severity are unknown at this time. PACI feels confident that once the global norm returns, the performance and growth trajectory will resume.



- Cruise arrivals has performed well over the last three financial years preceding 2020.
- Cruise arrivals declined by 71% in 2020 and 100% in 2021 due to the COVID-19 pandemic.
- Cruise income provided \$14.8M over the last 5 years to PACI,
- Cruise accounted for 6% of operating revenue for 2020, in comparison with the 17% contribution in 2019. There was no cruise revenue in 2021.





- TEU recorded 12% increase from 2017 to 2019 and declined by 4% in 2020
- TEU subsequently went up by 10% in 2021
- Cargo volumes increased by 21% from 2017 to 2019
- Cargo volumes declined by 2% in 2020 and recovered to 13% increase in 2021.

### Actual vs Budget

Cash Flows	Actual 2021 \$	Budget 2021 \$	Variance %	Reason
Net cash flows from operating activities	2,555,387	1,230,873	208	Favorable expense performance
Net cash flows from investing activities	(963,231)	(1,180,000)	82	Revised capital plans
Net cash flows from financing activities	(284,539)	-	-	Payments for retirees and lease obligation

### Cash Flow Five-Year Trend Analysis

In \$'000	2017	2018	2019	2020	2021	TOTALS
Opening Cash	6,233	6,821	7,445	11,305	9,332	6,233
Net cash earned from operations	5,354	7,371	6,192	4,738	2,555	26,210
Purchase of fixed assets and investments	(2,732)	(6,540)	(2,022)	(6,438)	(963)	(18,695)
Debt repayment	(2,034)	(207)	(310)	(273)	(284)	(3,108)
Closing Cash	6,821	7,445	11,305	9,332	10,640	10,640

The strong operating performance shown in the Statement of Comprehensive Income is reflected in the improved operating cash

flow over the five-year period. Actual closing cash balances improved by 56% over the five-year period. The Port Authority invested an average of \$3.7M per annum in its asset portfolio, and repaid its debt and reduced liabilities by \$3.1M or an annual average of \$622K for the last five years.

FINANCIAL PERFORMANCE RATIO	2021	2021	Explanation
	Actual	Budget	
CURRENT ASSETS: CURRENT LIABILITIES	8.39:1	3.64:1	Less expenses were incurred in 2021 than budgeted giving rise to a higher-than-expected cash balance at year end
TOTAL ASSETS: TOTAL LIABILITIES	1.76:1	1.80:1	Within expectations

HUMAN CAPITAL MEASURES	2021 Actual	2021 Budget
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	159	185
STAFF TURNOVER (%)		
SENIOR MANAGER	-	-
PROFESSIONAL AND TECHNICAL STAFF	2	-
ADMINISTRATIVE STAFF	-	-

PHYSICAL CAPITAL MEASURES	2021 Actual \$ 000'S	2021 Budget \$ 000'S	Explanation
VALUE OF TOTAL ASSETS	93,803	79,144	Asset purchased and land & building revalued giving rise to higher values
ASSET REPLACEMENTS: TOTAL ASSETS	0.01:1	0.01:1	Within expectations
BOOK VALUE OF ASSETS: COST OF THOSE ASSETS	0.86:1	0.81:1	Within expectations
DEPRECIATION: CASH FLOW ON ASSET PURCHASES	2.29:1	1.94:1	Less assets purchased than budgeted
CHANGES TO ASSET MANAGEMENT POLICES	None	None	None

MAJOR CAPITAL EXPENDITURE	2021 ACTUAL \$'000	2021 TARGET \$'000	EXPLANATION
Infrastructure upgrades	696	-	Plan changes
Technology	21	-	Plan changes
Fleet Purchases	246	1,180	Plan changes



FINANCIAL PERFORMANCE MEASURE	2021 Actual \$ 000'S	2021 Budget \$ 000'S	Explanation
REVENUE FROM OTHER PERSONS OR ORGANISATIONS	36,869	24,622	\$14.5M more non-operating income due to revaluation gains on fixed assets and defined health care benefit valuation, and loss of \$4M in cruise revenue
OTHER EXPENSES	25,814	28,433	Less expenses incurred due to reduction in cruise and curtailment of spending in other areas
NET SURPLUS / (DEFICIT)	11,055	(3,810)	More income and less expenses when the above variables are combined
TOTAL ASSETS	93,803	79,144	Higher cash balance than budget & increased assets value due to revaluation of land and building
TOTAL LIABILITIES	53,205	43,881	Impact of defined benefit health care revaluation
NET WORTH	40,598	35,264	Higher revaluation reserve

## RISK MANAGEMENT

Key Risks	Mitigation strategies
<b>Strategic risks</b> <ul style="list-style-type: none"> <li>• Lack of long-term planning</li> <li>• Capital Structure</li> </ul>	<ul style="list-style-type: none"> <li>• Master Plan developed</li> <li>• Better cash management</li> </ul>
<b>Compliance risks</b> <ul style="list-style-type: none"> <li>• Risk of breach of Port Laws &amp; Regulations</li> <li>• Risk of breach of PMFA and Regulations</li> <li>• Risk of non-compliant financial reports</li> <li>• Risk of breach of security protocols</li> </ul>	<ul style="list-style-type: none"> <li>• Keep professional staff updated</li> <li>• Continuing training and development of staff</li> <li>• Regular reporting to strategic levels</li> <li>• Continual training &amp; regular reporting</li> </ul>
<b>Operational risks</b> <ul style="list-style-type: none"> <li>• Inability to efficiently discharge cargo</li> <li>• Personal injury or fatality during operations</li> <li>• Terrorism</li> <li>• Breakdown of equipment</li> <li>• Lawsuits for negligence</li> <li>• Hurricanes &amp; Storms</li> <li>• Risk profile increased due to price volatility</li> </ul>	<ul style="list-style-type: none"> <li>• Trained personnel; rotated staff</li> <li>• Safety procedures; adequate insurance</li> <li>• Security protocols; trained security staff</li> <li>• Backup equipment; maintenance programs</li> <li>• Hurricane plan practiced continually</li> <li>• Price negotiations</li> <li>• Operational efficiency</li> <li>• Manage risk value within \$750,000</li> </ul>
<b>Reputational risks</b> <ul style="list-style-type: none"> <li>• Damage to the Cayman Tourism Brand</li> <li>• Loss of confidence in Port's ability to deliver</li> </ul>	<ul style="list-style-type: none"> <li>• Manage key relationships in cruise sector</li> <li>• Training; capacity maintenance; upskilling of technical staff</li> </ul>

## INTERNAL & EXTERNAL AUDIT UPDATES



*NEW OUTDOOR SHELTER AT CARGO DISTRIBUTION CENTER*



## SCRUTINY BY PARLIMENT & PUBLIC

The Port Authority's 2019 and 2020 audited accounts and annual reports have been tabled in Parliment; however, the 2021 audited accounts and annual report have not yet been tabled in Parliment.

## SELECTED STATISTICAL DATA



**Cruise Passengers Arrivals**

Month	Actual 2021	Budget 2021	Variance-Actual to Budget	% Change	Actual 2020	Variance 2021 vs 2020	% Change
January	-	222,471	(222,471)	(100)	242,908	(242,908)	(100)
February	-	207,901	(207,901)	(100)	207,959	(207,959)	(100)
March	-	213,626	(213,626)	(100)	87,273	(87,273)	(100)
April	-	148,175	(148,175)	(100)	-	-	-
May	-	82,894	(82,894)	(100)	-	-	-
June	-	95,130	(95,130)	(100)	-	-	-
July	-	85,318	(85,318)	(100)	-	-	-
August	-	95,218	(95,218)	(100)	-	-	-
September	-	94,560	(94,560)	(100)	-	-	-
October	-	82,954	(82,954)	(100)	-	-	-
November	-	109,703	(109,703)	(100)	-	-	-
December	-	126,665	(126,665)	(100)	-	-	-
<b>Total</b>	<b>-</b>	<b>1,564,615</b>	<b>(1,564,615)</b>	<b>(100)</b>	<b>538,140</b>	<b>(538,140)</b>	<b>(100)</b>

Cayman Port has seen a decrease of 100% in cruise passenger arrivals over last year and 100% lower when compared to the budget. This is because no cruise ship was allowed in Cayman during the period due to the Covid-19 pandemic. Income from cruise passengers moved by the same percentage



## SELECTED STATISTICAL DATA



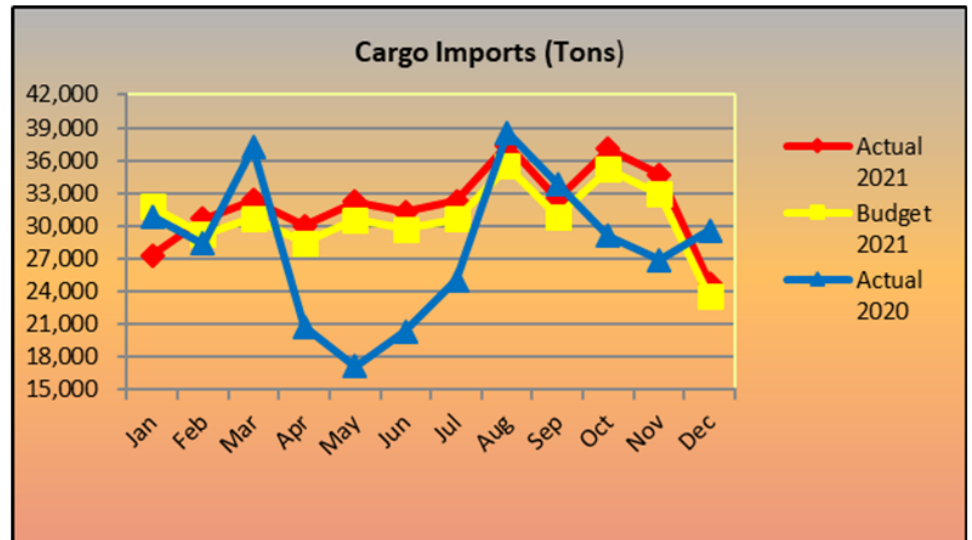
The graph at left shows the calendar year cruise passenger arrivals for the last five years.

Passenger numbers started to decline from 2019 (5%), then flatlined during COVID-19 decline in 2020. There were no cruise passenger arrivals in 2021 due to the continued impact of the COVID -19 pandemic.

<i>Five-Year Passenger Arrivals</i>							
<i>Month</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2017-2021</i>	<i>5 yr % change</i>
<i>Jan</i>	181,765	218,430	271,111	242,908	-	(181,765)	(100)
<i>Feb</i>	189,704	220,603	197,234	207,959	-	(189,704)	(100)
<i>Mar</i>	199,844	232,902	172,700	87,273	-	(199,844)	(100)
<i>Apr</i>	125,284	151,716	154,983	-	-	(125,284)	(100)
<i>May</i>	94,523	123,203	107,900	-	-	(94,523)	(100)
<i>Jun</i>	90,809	115,122	104,527	-	-	(90,809)	(100)
<i>Jul</i>	101,513	134,926	118,453	-	-	(101,513)	(100)
<i>Aug</i>	96,309	126,275	116,806	-	-	(96,309)	(100)
<i>Sep</i>	103,287	92,592	88,445	-	-	(103,287)	(100)
<i>Oct</i>	115,077	139,982	113,418	-	-	(115,077)	(100)
<i>Nov</i>	208,695	169,997	173,373	-	-	(208,695)	(100)
<i>Dec</i>	221,634	201,437	212,061	-	-	(221,634)	(100)
<b>ANNUAL TOTALS</b>	<b>1,728,444</b>	<b>1,927,185</b>	<b>1,831,011</b>	<b>538,140</b>	<b>-</b>	<b>(1,728,444)</b>	<b>(100)</b>
<i>Annual growth rate</i>		<b>11.50</b>	<b>(4.99)</b>	<b>(70.61)</b>	<b>(100.00)</b>		<b>(32.82)</b>
<b>CRUISE INCOME</b>	<b>4,251,972</b>	<b>4,740,875</b>	<b>4,504,287</b>	<b>1,323,824</b>	<b>-</b>	<b>14,820,959</b>	<b>2,964,192</b>

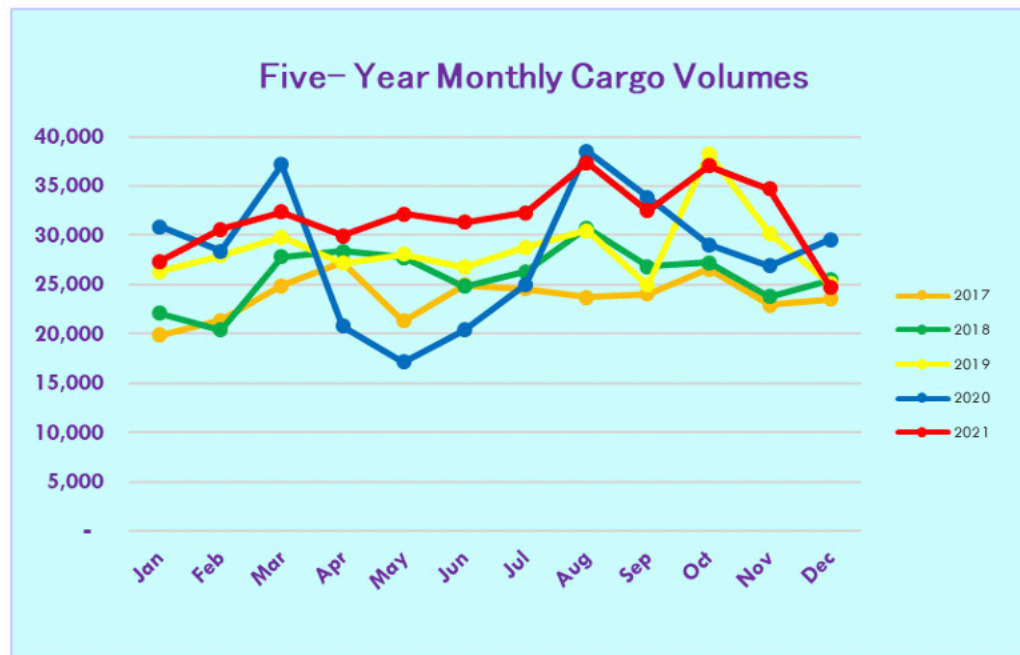
Cargo Imports (Tons)							
Month	Actual 2021	Budget 2021	Variance - Actual to Budget	% Change	Actual 2020	Variance 2021 / 2020	% Change
January	27,337	31,789	(4,452)	(14)	30,863	(3,526)	(11)
February	30,635	29,226	1,409	5	28,375	2,260	8
March	32,352	30,734	1,618	5	37,183	(4,831)	(13)
April	29,988	28,489	1,499	5	20,803	9,185	44
May	32,192	30,582	1,610	5	17,131	15,061	88
June	31,314	29,748	1,566	5	20,370	10,944	54
July	32,291	30,676	1,615	5	25,020	7,271	29
August	37,392	35,522	1,870	5	38,550	(1,158)	(3)
September	32,485	30,861	1,624	5	33,840	(1,355)	(4)
October	37,037	35,185	1,852	5	29,080	7,957	27
November	34,691	32,956	1,735	5	26,882	7,809	29
December	24,768	23,530	1,238	5	29,561	(4,793)	(16)
<b>Totals</b>	<b>382,482</b>	<b>369,300</b>	<b>13,182</b>	<b>4</b>	<b>337,658</b>	<b>44,824</b>	<b>13</b>

Actual cargo volume (excluding aggregates) ended 2021 at 4% above total projections and 13% more than prior year. Cargo activity has exceeded expectations in the past five years. Despite COVID-19 cargo recovered some lost gains in the third quarter of 2020 and 2021 due to infrastructure development and construction.





## Selected Statistical Data (continued)



The five- year cargo volume trend showed steady annual growth between 9% and 10% until 2020 when it dropped by 2% due to the emergence of COVID-19. In 2021 cargo volume went back up by 13%.

Historical cargo Volume imports (FIVE YEARS ) January to December						
Month	2017	2018	2019	2020	2021	2021/2017
Jan	19,858	22,085	26,318	30,863	27,337	38%
Feb	21,392	20,382	27,934	28,375	30,635	43%
Mar	24,867	27,832	29,856	37,183	32,352	30%
Apr	27,321	28,406	27,162	20,803	29,988	10%
May	21,303	27,722	28,097	17,131	32,192	51%
Jun	24,958	24,843	26,772	20,370	31,314	25%
Jul	24,577	26,328	28,807	25,020	32,291	31%
Aug	23,689	30,761	30,501	38,550	37,392	58%
Sep	24,031	26,810	24,954	33,840	32,485	35%
Oct	26,569	27,214	38,284	29,080	37,037	39%
Nov	22,916	23,747	30,218	26,882	34,691	51%
Dec	23,500	25,482	25,098	29,561	24,768	5%
<b>TOTALS</b>	<b>284,981</b>	<b>311,612</b>	<b>344,001</b>	<b>337,658</b>	<b>382,482</b>	<b>34%</b>
<b>YTD Growth</b>		<b>9%</b>	<b>10%</b>	<b>-2%</b>	<b>13%</b>	

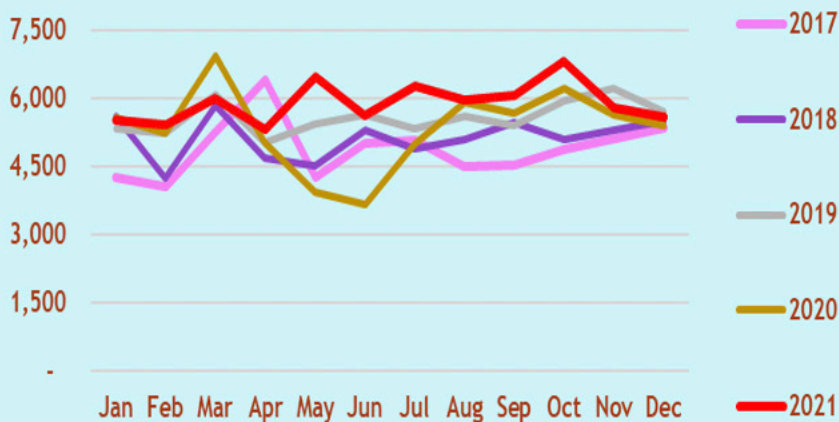
### TWENTY- FOOT EQUIVALENT UNIT (TEU) MOVEMENTS

Month	Actual 2021	Actual 2020	Budget 2021	Variance% 2021 vs 2020	Variance% Actual vs Budget
Jan	5,519	5,568	5,735	(1)	(4)
Feb	5,420	5,229	5,386	4	1
Mar	5,988	6,937	7,145	(14)	(16)
Apr	5,310	5,030	5,181	6	2
May	6,479	3,914	4,031	66	61
Jun	5,630	3,640	3,749	55	50
Jul	6,265	5,000	5,150	25	22
Aug	5,942	5,893	6,070	1	(2)
Sep	6,063	5,659	5,829	7	4
Oct	6,789	6,213	6,399	9	6
Nov	5,768	5,639	5,808	2	(1)
Dec	5,567	5,408	5,570	3	(0)
<b>Total</b>	<b>70,740</b>	<b>64,130</b>	<b>66,054</b>	<b>10</b>	<b>7</b>



The Port processed 70,740 equivalent 20-foot containers for the 12-month period ended 31 Dec 2021, in comparison with 64,130 last year. This is a 10% increase and is trending in line with the cargo volume imports.

### FIVE-YEAR CONTAINER MOVEMENTS



The five-year container movement was trending positive between 5% & 9% annual growth until COVID-19 caused a 4% decline in 2020. It was subsequently increased to 10% in 2021.



Five-year TEU movements January to December					
Month	2017	2018	2019	2020	2021
Jan	4,243	5,603	5,325	5,568	5,519
Feb	4,037	4,242	5,225	5,229	5,420
Mar	5,240	5,832	6,065	6,937	5,988
Apr	6,404	4,679	5,029	5,030	5,310
May	4,257	4,505	5,437	3,914	6,479
Jun	4,986	5,298	5,621	3,640	5,630
Jul	5,062	4,866	5,319	5,000	6,265
Aug	4,482	5,090	5,584	5,893	5,942
Sep	4,540	5,447	5,406	5,659	6,063
Oct	4,878	5,101	5,928	6,213	6,789
Nov	5,093	5,278	6,210	5,639	5,768
Dec	5,357	5,486	5,705	5,408	5,567
<b>TOTALS</b>	<b>58,579</b>	<b>61,427</b>	<b>66,854</b>	<b>64,130</b>	<b>70,740</b>
Annual Growth		4.86%	8.83%	-4.07%	10.31%

## CAYMAN BRAC PORT





# FINANCIAL STATEMENTS



**for the Year Ended December 31, 2021**











**PACI**

**PACI**

**Tropical**

**Tropical**

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