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CAL may need more \$ because of fuel
 By Clodhna Doherty, clodhna@cfp.ky

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Tourism Minister Charles Clifford noted in Finance Committee last Thursday that a \$9 million appropriation for Cayman Airways will probably not be sufficient for the forthcoming budget year because of the oil crisis.

On questioning from Leader of the Opposition McKeever Bush, Mr. Clifford explained the \$6 million difference between the 2007/08 and 2008/09 budgets.

Mr. Clifford explained that a supplementary appropriation of \$4 million requested in Finance Committee recently for fuel for Cayman Airways had been included in the \$15.5 million budget for 07/08 year. The \$4 million amount had been entered in the books prior to it being formally approved in Finance Committee, he said. He was not sure why it had ended up in the 07/08 budget year, he said.

He said that the \$9 million requested for the 08/09 year probably would not be sufficient, noting that OPEC has said the price of oil could rise to \$200 a barrel before it comes down.

He said Cayman Airways fuel costs have continued to climb and the amount being requested will not be sufficient despite the airline continually looking into cost cutting measures such as consolidating flights.

Because of the rising costs of fuel, he said, it's difficult to estimate what the costs will be in the coming year.

Mr. Clifford said when the \$4 million for fuel was requested in Finance Committee he had cautioned that this would not be the end of the matter. "It's likely that the \$9 million is not enough, but if we need to come back to Finance Committee for additional money for fuel, we will," he said.

Mr. Bush said he did not think it was realistic budgeting.

Chairman of Cayman Airways Angelyn Hernandez noted some of the efficiencies that had come from the airline's contract with Lufthansa Consulting. She said benefits could be seen in a \$2.17 million cost savings in comparison to the year before, along with a revenue increase of over \$5.3 million in comparison to the year before.

They had made savings in areas such as office supplies, in-flight amenities, booking fees, software maintenance and insurance.

"The tools we've put in place will have more monetary and realistic value as time goes on," Ms Hernandez said.

"If we do not do these things in-house then we can't counter balance against those things we have no control over from external forces such as fuel," she said.

In general, the airline is really moving in the right direction, she said, with record passenger revenue over the past few months. "The one outside factor we can't control is fuel," she said.



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