

**GOVERNOR LINDA LINGLE'S REMARKS  
O'AHU VISITORS BUREAU ANNUAL LUNCHEON**

**Wednesday, October 22, 2008**

Aloha everyone.

Well you certainly didn't need me to be here to tell you that we're in challenging times. I think everyone is aware of it. I think John (Monahan, president and CEO, Hawai'i Visitors and Convention Bureau) has just done a good job of highlighting some of the challenges that we face.

But, perhaps, it is most important for me to be here today to remind everyone that we've been here before. I can remember back in the 1980s, we had a major airline strike in the state. We had the Asian financial meltdown. We had SARS. When I had just become Mayor of Maui in 1990, the very month I became mayor was the last time we had gone into Iraq in 1991. You could shoot a cannon through the Kahului Airport and not hit anyone at that time. Of course, we also had 9/11.

We have faced tough times before and there are a lot of reasons to be optimistic about our long-term future. All of them are sitting here, in this room. We are the best-of-the-best at what we do. You are the most professional at what you do. We have the best destination anywhere in the world – that's been proven over and over again.

As John has been traveling, I've been traveling a lot as well. I've been in many states in the country and people are quick to ask me about the economy, about the tourism impact. After I give them a realistic analysis of the impact of the oil crisis, the impact of the subprime, the credit freeze that has gone on and is still going on, when I'm done they look at me and they say, "yes, but Hawai'i will always be Hawai'i." And that is our strength.

So my first message is: regardless of these outside factors which are completely beyond our control, we can feel good about those things that are within our control. We do better than anyone else in the world; and we have the best destination because we have the very best people anywhere in the world. That's not painting a rosy picture on a tough situation, that's giving you the facts as I see them.

Yes, I am biased because I'm the Governor of this great state and I think we are the best anywhere in the world and I think our people are the best. Having said that, I want you to know that as far as your government is concerned, just as you are not sitting around waiting for things to get better; likewise, we are not sitting around hoping that things get better.

We're certainly aware that there are things happening that are outside of our control, but we are going to focus on the things we can have control on and we have an obligation to do that in the short-term and long-term. These are both obligations that we recognize.

In the short-term, I want you to know that the items in the five-point plan that I'll outline are things that we were doing; but we are certainly intensified our efforts and will continue to do so.

First, we have always been focused on doing whatever we could to lower the cost of living through tax relief and lowered business fees. Since I've been in office, our Department of Commerce and Consumer Affairs has cut business fees by \$45 million. The Legislature worked with us a year ago and we cut the unemployment insurance rate. That is saving businesses \$151 million over the three-year period that that law covered.

Last session, the Legislature passed a new fee on shipping cargo into the state. I'm going to go down and talk with them about it because I want them to back off on that law. They had good intentions; it was for a good purpose. It was to raise money to deal with the invasive species issue, but it's not the right time to increase the price of shipping into the state because it affects every business and it affects every person.

Just recently, California tried to push this fee, and the Legislature there also passed this new fee on containers coming into the State of Hawai'i. I had to go to Governor Schwarzenegger and the Chamber of Commerce did as well. We had to talk, and write letters, and ask the Governor to veto a law that our own Legislature had just passed, that I had vetoed, and they had overridden my veto. I made that argument that, "yeah, I know we did it; but please don't do it to us."

Fortunately for us, Governor Schwarzenegger did veto that bill. It was not overridden and so at least we escaped an additional charge on our cargo. And as I said, I'll go in and try to get that removed in the next session and I could use your support. Any dollar saved is a dollar for all of us because everyone ships things into the state.

The second part of the five-point plan for the immediate future is to invest heavily in the infrastructure of the state. To keep the construction industry working we have assembled a strike force within the government. We have approximately \$1 billion in the pipeline ready to go. These are the same kinds of improvements to our basic infrastructure that you have made in the hotel renovations that occurred recently in Waikīkī. All of us appreciate the investment that you made. It was very forward-looking and it does position us for the long term. We have the same challenge with our infrastructure – for our airports, harbors, highways, our state parks, our small boat harbors and the modernization of our energy system. So continuing to move our construction projects as fast as we can is critically important and a part of our plan.

Another part is that the state and counties need to work in collaboration to ensure that private projects and private investments move forward as rapidly as possible. We've got the major Disney construction project set to go in Ko Olina – they'll break ground next month, we've got the DeBartolo project and the Department of Hawaiian Home Lands out in the Kapolei area, and we have Forest City – a major housing project in Kona on the Big Island. In order for these investments to continue to come to our state, private companies need to know they are going to get cooperation from the government. That doesn't mean one part of the government. That means the coordinated cooperation of government.

Next, we have to maximize the federal dollars that we get in this state. So far this year, just in the area of energy, we have attracted more than \$30 million in grants for our projects. We need to continue to attract this outside investment, especially in the area of renewable energy to meet the goals of the Hawai'i Clean Energy Initiative that we launched in January so that our state would have 70 percent of its energy come from clean energy sources within one generation.

You may have heard yesterday that we signed a historic agreement with the Hawaiian Electric Companies and the State Consumer Advocate. This agreement is a one-of-a kind in the nation –

certainly a new path for our state. It commits us to integrate more than 1,100 megawatts of renewable energy. That's enough to power one-third of the island of O'ahu. We're getting 700 of that online within the next five years. It includes the construction of undersea cable linking Maui to Moloka'i and Lāna'i with O'ahu so that energy can be sent in both directions. We can receive the wind energy from Moloka'i and Maui as well as Lana'i and in times of trouble, we can send electricity back to those islands.

Those of you who have been around a while, you remember the talk about undersea cable decades ago linking the Big Island to O'ahu to bring geothermal. That was bold thinking. It was perhaps a little bit ahead of its time. This is not. This is very much of its time and we have private investors who are interested in this project. The federal government is interested and we are interested here in the state and Hawaiian Electric is committed as well.

These are giant steps forward and we've done it without passing a new law, by coming to a consensus and collaboration between the government and the utility. You've already seen several major advancements in these public private partnerships on Maui and Lāna'i. You've seen us partner up with Hoku Solar to install solar panels at the airports and other transportation facilities across the state so that we generate our own energy at our government facilities. And, this is very important to your industry, we have begun discussions between my Tourism Liaison Marsha Wienert, the U.S. Department of Energy and your hotel leadership in Waikīkī to find a comprehensive approach to dealing with the escalating cost of energy.

The hotels have been leaders in the area of reducing the amount of energy you use, reducing the amount of water, reducing the amount of trash that goes to our landfill. You truly have been "green" leaders. But having said that, because the price of energy has increased, no matter how much you save, you continue to see high energy costs. This collaboration between the U.S. Department of Energy and your industry is going to look at some comprehensive, collaborative, integrated projects such as the seawater air conditioning that might be the kind of thing that would work so perfectly here in Waikīkī where we have a small land area, a lot of land energy being used for air conditioning purposes.

The final piece of the five-point plan and the immediate future is to increase our tourism outreach and marketing. I appreciate hearing the report from John. I know it's not easy to go from city to city – especially during these times and to make our case. When someone on the mainland gets their quarterly 401K statement, just as we get our 401K statement; and they see the drop that has occurred, it doesn't put them in the mood to want to go on a vacation anywhere, let alone come to Hawai'i. That's where the \$4.5 million HVCB (Hawai'i Visitors and Convention Bureau) campaign emphasizing good value is so important.

The HTA (Hawai'i Tourism Authority) has approved an additional \$2 million for marketing this month and I know that the industry – you as individual properties – has also contributed. We are pushing along with the industry for additional funding; but we're certainly moving in the right direction.

Now, another good sign is that since the ATA and Aloha announcements of their bankruptcies and the impact on the number of seats at that time, our airline seats have remained constant to the islands. Airlines have not cut flights to Hawai'i at the same levels as other destinations. About a month ago, I had a good telephone conversation with Glenn Tilton (chairman, CEO and president) at United Airlines to talk about the importance of that airline's relationship over the long-term with our state. He was bullish on Hawai'i – letting me know they had no plans to take seats out of our state. Thirty minutes ago in my office, I was meeting with West Jet – and you've all heard about their new plans to bring another thousand people into state each week by adding flights out of Canada. That's also very good news.

So in the immediate term, the five-point plan is not to sit around and wait for things to get better; but to increase our marketing, lower our cost of living however we can in the government, increase our construction projects, encourage the private investment in the state and attract additional federal funds.

Over the long-term, we also have an obligation, specifically to the tourism industry. We need to be positioning ourselves for the new Asian markets that are growing and will continue to grow – the most obvious being China and Korea.

You all know that the President has recommended Korea for the visa waiver program. That's an exciting development – something many of you have worked a long time for. You also know that China for the first time is allowing leisure travel between their country and the United States.

In November, I will be traveling to China and to Taiwan to promote tourism in China and to deal with energy partnerships in Taiwan. I'll be visiting with the airlines to discuss service to the islands. I'll attend the China International Travel Mart in Shanghai and meet with CNTA and tour operators to encourage increased travel to Hawai'i. I will discuss our support of the continuation for the MOU between the United States and China for tourism. In the same month, Lt. Governor Aiona will be traveling to Korea and to Japan – Korea in advance of the visa waiver start to encourage additional flights into the island.

You can see that our short-term and our long-term plans are very integrated and they have to be if we're going to transform our economy into one where innovation plays a bigger and bigger role and where clean energy is our preferred future.

Through all of our efforts, the visitor industry will remain critical and a mainstay of our economy. We believe that everyone benefits from our efforts to diversify, but the visitor industry will always be important to Hawai'i.

Your industry and business leaders in our state have not been recognized often enough for the charitable work that you do every single day – beyond the charity walk that the visitor industry puts on; every one of your properties is helping our non profit organizations every single day. You don't get the recognition you deserve and I want to publicly thank you for all the contributions you make as corporations and all your employees make to the State of Hawai'i. Mahalo for that.

Together, this industry represents some of our state's very largest employers. As Dr. Richard Kelly, chairman of Outrigger Enterprises always says, "tourism is everybody's business." Those words should always ring true; but they certainly are truer now, more than ever.

This is a unique opportunity for us to express how we can best work together to achieve our common vision of a competitive and a prosperous industry. Having talked about a competitive industry, I want you to know that not only are you the very best at what you do; but your approach at working together – the ‘ohana spirit that we talk about in our individual relationships – you have exhibited it in how you deal with each other and I think that’s another advantage we have always had over other destinations. Here, we’re all in it together and thank God we’re in it with you.

Mahalo.