

**OFFICIAL HANSARD REPORT**  
**STATE OPENING AND BUDGET MEETING**  
**2010/11 SESSION**  
**TUESDAY**  
**15 JUNE 2010**  
**9.53 AM**  
*First Sitting*

**The Speaker:** I will ask Reverend Donovan Myers to say Prayers for us this morning.

**PRAYERS**

**Reverend Donovan Myers:** Please join with me as we pray.

Let us pray: *Loving and Eternal God, ingenious in creation and effectual in our salvation, help us to be intimately mindful of your available presence with us as a nation, especially today as we celebrate the freedoms and the good heritage that is ours in these Islands.*

*We pray that you might bless our Sovereign Lady, Queen Elizabeth II; Philip, Duke of Edinburgh; Charles, Prince of Wales; and all the Royal Family.*

*We pray that you might give grace to all who exercise authority in the Commonwealth, that peace and happiness, truth and justice, religion and piety may be established among us.*

*And especially we pray for the Governor of our Islands, the Speaker of the Legislative Assembly, the Honourable Premier, Honourable Leader of the Opposition, the Official Members, Ministers of Cabinet and Members of the Legislative Assembly.*

*We ask, Lord, that you might grant them a deep sense of their obligations as representatives of the peoples of these Islands in the laws that they enact and the direction in which they lead your people. May they govern by laws and policies that promote justice instead of inequity, that promote peace and adhesion instead of animosity and division, that promote trust in a wise and enabling God instead of living by chance, that promote hard work and ingenuity, instead of craftiness and the sleight of hand.*

*We pray for our leaders that they may demonstrate honesty, integrity and grace in their behaviour, both within and outside of these walls. And we pray too that you might grant them the assurance of your mercy and the enabling of your Spirit when the issues are complex, the journey is lonely.*

*Almighty God, we pray in particular for the challenges that we face as a people, for we recognise your wisdom and ask for the courage that it might take to make right decisions as we face the challenges of the present state of our economy, as we seek to restore a sense of safety and peace as we seek to be true to our heritage as a people who live by the principles of godliness and of love.*

*So, with one voice may all the peoples of these Islands commit anew to our unity of purpose that we might promote liberty, prosperity and peace for all so that earth may be filled with the glory of God as the waters cover the sea.*

*Through Christ we pray. Amen.*

**The Speaker:** Good morning everyone. Please be seated.

**READING OF PROCLAMATION NO. 2  
SUMMONING THE NEW 2010/2011 SESSION OF THE LEGISLATIVE ASSEMBLY**

**The Clerk:** "Proclamation No. 2 of 2010 by His Excellency Mr. Duncan Taylor, Commander of the Most Excellent Order of the British Empire, Governor of the Cayman Islands.

"WHEREAS section 83 (1) of the Constitution of the Cayman Islands provides that the sessions of the Legislative Assembly of the Cayman Islands shall be held at such places and begin at such times as the Governor may from time to time by Proclamation appoint: NOW, THEREFORE, I, Duncan Taylor, CBE, Governor of the Cayman Islands, by virtue of the powers conferred upon me by the said section 83 (1) of the Constitution of the Cayman Islands HEREBY PROCLAIM that a session of the Legislative Assembly of the Cayman Islands shall be held at the Legislative Assembly Building in George Town, in the Island of Grand Cayman beginning at 10:00 a.m. on Tuesday, the fifteenth day of June, 2010.

"GIVEN UNDER MY HAND AND THE PUBLIC SEAL OF THE CAYMAN ISLANDS AT GEORGE TOWN IN THE ISLAND OF GRAND CAYMAN ON THIS 3<sup>rd</sup> DAY OF JUNE IN THE YEAR OF OUR LORD TWO THOUSAND AND TEN IN THE FIFTY-NINTH YEAR OF THE REIGN OF HER MAJESTY QUEEN ELIZABETH II."

**READING BY THE HONOURABLE  
SPEAKER OF MESSAGES  
AND ANNOUNCEMENTS**

**The Speaker:** Proceedings of the first Sitting of the first Meeting of the 2010/2011 Session of the Cayman Islands Legislative Assembly will now begin.

I want to say a special welcome to all who have taken the time to come here this morning to witness this auspicious occasion.

I want to thank especially the Honourable Chief Justice [Mr. Anthony Smellie] and his wife, Mrs. Smellie, for gracing us with their presence here this morning representing the Courts of the Cayman Islands.

I want to thank the Reverend Donovan Myers for serving as Chaplain today.

And I want to extend a very special welcome to the school children who are here with us. There are 60 children from the Cayman Islands Preparatory School, and I am really, really proud that they are here.

We enjoy a very special privilege in the Cayman Islands. We have an open-door Parliament. No-where else would you go and find you can enter the door of Parliament and take a seat to witness its proceedings unless you are invited or unless you have a special appointment to do so. This is a unique Parliament and this is a unique privilege in the Cayman Islands.

### **Congratulatory remarks**

**The Speaker:** I also want to extend my congratulations to the Honourable Leader of the Opposition, Hon. D. Kurt Tibbetts, OBE, JP, and to Mr. Alden M. McLaughlin, MBE, JP, Third Elected Member for George Town, on receiving their honours from the Queen this week.

Now, I am going to call on Honourable Premier, the Honourable Minister responsible for Finance, Tourism and Development.

**The Premier, Hon. W. McKeeva Bush:** Madam Speaker, before I read the motion, [we] would like to associate ourselves with your remarks. This is a historic time when two Members of the Opposition front bench were honoured by Her Majesty the Queen. Indeed, the former Speaker [Hon. Edna M. Moyle, OBE, JP], also a Member of the Opposition front bench, was also honoured.

It is a great time for these Islands. And we certainly want to congratulate the past Speaker, Mrs. Moyle, the Honourable Leader of the Opposition, and, indeed, the Third Elected Member for George Town.

### **MOTION FOR THE SUSPENSION OF THE HOUSE**

**The Premier, Hon. W. McKeeva Bush:** Madam Speaker, I am pleased to move the following Motion: That this honourable House do rise to await the arrival of His Excellency the Governor to receive a gracious message from the Throne.

**The Speaker:** The question is that this honourable House do rise to await the arrival of His Excellency the Governor to receive a gracious message from the Throne.

All those in favour please say Aye. Those against, No.

**Ayes.**

**The Speaker:** The Ayes have it.

This honourable House will be suspended to await the arrival of His Excellency the Governor.

**Agreed: That this honourable House do rise to await the arrival of His Excellency the Governor to receive a gracious message from the Throne.**

**Proceedings suspended at 9.56 am**

**House resumed at 10.04 am**

**The Speaker:** Please be seated.

I now invite His Excellency the Governor to deliver a gracious message from the Throne.

### **THE THRONE SPEECH**

**Delivered by His Excellency the Governor  
Mr. Duncan J. R. Taylor, CBE**

**His Excellency the Governor:** Madam Speaker, Members of the Legislative Assembly, it is with humility and a real sense of honour that I present my first Throne Speech to you today. This will be the first Throne Speech under the new Constitution and, therefore, the first in the presence of a Premier and Deputy Premier of the Cayman Islands.

I will come back to the Constitution in a moment. But first, I would like to thank you, Madam Speaker, Members of the Legislative Assembly, and all the people of the Cayman Islands, for the warm welcome that my wife, my son and I have been given since our arrival. We have been in the Cayman Islands five months today. In that time we have tried to get out and about around all the Districts and communities as much as possible. We have been made to feel very welcome by everybody we have met, from all walks of life throughout the Cayman Islands.

Talking to people across the islands has, however, also made me understand clearly the anxiety and concern that people feel about the challenges we face, particularly with regard to crime and to the economic situation. Madam Speaker, Members of the Legislative Assembly, we live in challenging times, with continuing uncertainty in the world economy and crime levels, in part because of that economic uncertainty, rising across the Globe. But challenges often bring out the best in us. Indeed, sometimes we need a challenge to be able to understand and realise our potential. I believe that we in the Cayman Islands, God willing, can overcome the challenges we face and move on to make Cayman a better and a stronger place for all. To do so, we will all need to work together.

Let me return to the Constitution. Adopted in a historic referendum last year, the new Constitution gives more responsibility for the running of the Territory's affairs to the Cayman Islands Government; and a greater say to the people of the Cayman Islands. Its key themes are the promotion of human rights and of good governance. We have much to do if we are to ensure the efficient functioning of the Constitution for the good of the Cayman Islands. Much has already been done. We have set up a Human Rights Commission, a Commission for Standards in Public Life, a Constitutional Commission, and a National Security Council.

The Electoral Boundary Commission has concluded its work and has submitted its report to me and to this Assembly. But there is much, also, still to be done. We need to establish the Judicial and Legal Services Commission, the Advisory Committee on the Prerogative of Mercy and the Advisory District Councils. We also need to set up a separate office of Director of Public Prosecutions.

And, over the next two and a half years, we need to prepare for the introduction of the Bill of Rights, Freedoms and Responsibilities, rightly referred to in the Constitution as "a cornerstone of democracy in the Cayman Islands." You will hear reference to some of these bodies when I turn in a moment to the plans of the various Ministries, Portfolios and Departments.

The Constitution provides the core foundation and structure for our society. We need to draw strength from it to build a better and stronger Cayman Islands.

I would pick out three key themes for the coming year.

We need to adapt public finances to the new reality, and you will hear later the presentation of a cost-cutting budget, part of a three year plan to bring public finances back on to a sustainable track.

We need to provide security for our people, ensuring a safe and supportive environment for all and especially our children. The Royal Cayman Islands Police Service has a lead role in this regard; but other law enforcement agencies have important contributions to make, as does the wider community. I attach importance to the work of the National Security Council. We have met several times and will do so again shortly. The Council will agree a crime reduction strategy, pulling together the ideas, experience and commitment of Ministries, Departments and Agencies across Government and of the wider community to provide a roadmap to help make our streets safer. Everyone has a role to play in this; every member of the community can contribute.

We need constantly to work to promote and ensure good governance and respect for human rights: to ensure the independence of the judiciary; and to ensure that the many checks and balances established in the Constitution and referred to earlier can operate freely and independently. I have no doubt

that this will help ensure we build a better and stronger Cayman Islands over the longer term.

In a moment I will turn to the plans of the various Ministries, Portfolios, and offices. Before I do so, I would like to say how delighted I am to see so many of our young school children in the gallery today. I welcome their interest in joining us today and hope they find the experience interesting and enjoyable.

I turn now to the Government's detailed plans:

Auditor General's Office: The Auditor General's Office will continue to carry out its mandate to provide information, advice and assurance on whether government's activities have been carried out and accounted for, ensuring value-for-money and the avoidance of waste. The United Kingdom has a strong Audit Office and as a Government we support such a model.

Office of the Complaints Commissioner: The Office of the Complaints Commissioner will continue its efforts, through public education and outreach, to be fully accessible to all residents of the Cayman Islands.

It will also encourage Government departments and agencies to serve the public better. The Office will achieve this by carrying out fair, thorough and independent investigations; and by setting standards for, and monitoring, the effectiveness of internal complaints processes throughout government.

Information Commissioner's Office: The Information Commissioner's Office will promote the public's understanding of the Freedom of Information Law. This will encourage wide participation from the public in exercising their rights to information. The Office will:

- hear, investigate and rule on appeals filed under the Freedom of Information Law, and conduct own-initiative investigations, to ensure all applicants and public authorities are treated fairly.
- It will review the Freedom of Information Law, within the deadline set down in the law with a view to improving its consistency and effectiveness.
- And it will expand the Information Commissioner's Office website, to provide guidance and information to public authorities and the public at large.

In addition, the Information Commissioner will, as legally required, provide an analysis to the Legislative Assembly of the Freedom of Information Law's first year of operation.

The Information Commissioner's Office will also continue to strengthen its independence, through the establishment of reporting lines to the Legislative Assembly, as provided for under the law, putting in place arrangements to manage its own budget.

Judicial Administration: Turning to Judicial Administration, the courts building project has been suspended because of budgetary constraints. But the Government remains committed to taking this project

forward preferably using a Private Finance Initiative (PFI) model.

The work of the Grand Court will be facilitated, in part through the recent increase in judges for the Financial Services Division, and the soon-to-be completed court for this division.

The Drug Rehabilitation Court will seek the community's support in the area of job provision, and will seek dedicated funding in order to optimise the programme's benefits.

Cabinet Office: With increased Constitutional responsibilities, the Cabinet Office will focus more attention on improving the monitoring of policy implementation, and prepare for the eventual increase in the size of Cabinet. The Cabinet Office will place particular attention on ensuring that its departments and units improve service delivery, based on the principle of doing more with less.

Within the Cabinet Office, the Protocol Office will promote greater understanding of the interdependent relationship between protocol and diplomacy, through civil service workshops. Another key focus will be identifying and drafting protocol procedures in line with the provision of the Constitution and in consultation with the offices of Premier and Deputy Premier.

The Freedom of Information Unit will offer public-sector training and support on requirements arising from the Freedom of Information Law. It will also work on the eventual introduction of data-protection legislation.

Computer Services will extend an electronic content management system to core Government Agencies for personnel management as implemented by the Portfolio of the Civil Service and for the newly approved Financial Management File plans.

Government Information Services Marketing and Communications will launch a radio version of the award-winning *GIS Spotlight*. It will also make available communications training for Government officials and civil servants, in order to improve the flow of information to the public. Government Information Services will build a new *Cayman Islands Gazette* website, to expand availability, and allow e-commerce transactions.

In addition, the department's graphics, electronic media, and strategic communications sections are working with Economics and Statistics to promote the 2010 Census.

Portfolio of the Civil Service: The Portfolio of the Civil Service will introduce e-learning and undertake amendments to the personnel laws, in order to enhance efficiency and accountability.

Its Civil Service College will embark on blended learning by adding web-based courses to complement existing classroom training. The numerous benefits of this programme include cost reductions, an expanded curriculum, and automated means to link learning and performance management.

Portfolio of Internal and External Affairs: Within the ambit of the Portfolio of Internal and Exter-

nal Affairs, the Royal Cayman Islands Police Service will continue to strengthen its crime-fighting capabilities by hiring suitably qualified staff, by training and developing personnel, and by ensuring that officers have the necessary equipment to carry out their functions, complementing existing resources, including the helicopter and marine assets.

The Royal Cayman Islands Police Service will develop its intelligence capabilities in order better to secure our borders against the illegal entry of persons, guns, and drugs.

The Immigration Department will also work to secure our borders and reduce immigration-related crime. The Advanced Passenger Information System will identify undesirable persons prior to their arrival in these Islands and speed up processing for legitimate passengers.

The fingerprinting of all work-permit holders will begin in late 2010. The department will also work with the Immigration Review Team to process work permits and key employee applications more efficiently and quickly.

The Prison Service will encourage inmates' involvement in educational courses, including adult literacy; and it will expand rehabilitative opportunities for drug and alcohol abusers in order to address recidivism. At the Department of Community Rehabilitation staff will implement services to address domestic violence.

The Legislative Assembly has five main initiatives. It will establish a Legislative Assembly library; staff will replace historical records destroyed during Hurricane Ivan, while preserving and cataloguing existing records and photographs; the Legislative Assembly's website will be improved; Standing Orders will be brought in line with best practice; and the method by which laws are sold to the public will be reviewed. This year the Legislative Assembly will be made to function more autonomously.

The Judicial and Legal Services Commission will be established. It will be supported by the Commissions Secretariat.

Hazard Management Cayman Islands will focus on capacity building, public awareness, and policy development, together with the maintenance and further development of a seismic monitoring network.

And in support of the Alternative Sentencing Law, 911 Emergency Communications will expand its electronic monitoring function, to provide the option of tagging as a condition of bail determined by the courts, police, Immigration or Customs. The department will also implement a closed-circuit TV monitoring centre for the National CCTV Programme.

Portfolio of Legal Affairs: In the Portfolio of Legal Affairs, the Attorney General's Chambers will work with other key departments on a comprehensive crime-reduction strategy, including modernising legislation where required.

The Portfolio will also continue sensitising civil servants to the introduction of the Bill of Rights. It is

anticipated that the new office of the Director of Public Prosecutions envisaged in the Constitution will be established in fiscal 2010.

Ministry of Finance, Tourism and Development (Public Finance): The Ministry of Finance, Tourism and Development will bring a holistic approach to its three areas of responsibility in order to strengthen our financial and tourism industries while developing the country at a sustainable pace.

To promote fiscal management, the Ministry will oversee the Accounting Task Force, as it assists ministries and portfolios in completing annual financial reports. Internal Audit will continue evaluating compliance with the Public Management and Finance Law and Financial Regulations.

Customs will implement its Total Revenue Integrated Processing System, which will accommodate the new harmonised tariff codes while providing comprehensive statistics on imported goods. The department also plans to acquire scanners, to help detect contraband.

Risk Management will deliver programmes aimed at reducing Government's loss exposures. And the Maritime Authority will promote its consultancy services and expertise globally in order to increase ship-registration revenue and to reduce equity injections from Government.

Lastly, in its finance sector, a key objective for the Ministry is preparing and conducting the 2010 Census.

In the area of tourism, initiatives include educating tourism service providers and public servants, and institutionalising the "Go Green" initiative, to promote the Cayman Islands. Developments to the airport and seaport facilities will feature safety and security enhancements for both visitors and locals.

In an effort to bring more visitors to our Islands, in 2010 the Ministry also plans to set up sport and medical tourism programmes by supporting team and individual games as well as medical services that are technologically advanced and financially accessible.

Social agencies with strong connections to Cayman's maritime culture will be supported administratively and partially to assist them to become self-sustaining and profitable.

Furthermore, it is expected that Government expenditures for prestigious events such as the Cayman Jazz Fest will be reduced, as Government seeks to initiate a quasi private-public sector sponsorship arrangement.

In the area of development, the Ministry will initiate an infrastructural development plan that encompasses a new cargo facility in East End, the improvement of the North Sound Channel, to accommodate mega yachts; and the development of new cruise berthing facilities.

The Government will arrange a vote to give people a chance to reject or accept gaming as part of economic development.

Both the Planning Department and a newly established National Scientific Research Council will work alongside other agencies to ensure that our natural resources are preserved and protected. These initiatives will generate hundreds of jobs that will contribute to Cayman's gross domestic product, and diversify Cayman's maritime industry.

In addition, the Department of Investment and Commerce, working with the financial sector, will be heavily involved in fomenting ministerial plans to attract new business to the country and to strengthen Cayman's global competitiveness as a well-regulated, international financial services centre.

The Government will move lead responsibility for gender affairs from the Ministry of District Administration, Works and Gender Affairs, to the Ministry of Community Affairs and Housing. As a result, the former will now be known as the Ministry of District Administration, Works, Lands and Agriculture; and the latter, the Ministry of Community Affairs, Gender and Housing.

Ministry of District Administration, Works, Lands and Agriculture: The Ministry of District Administration, Works, Lands and Agriculture will focus on three areas:

It will support the economic and social development of the Sister Islands by:

- expanding the affordable housing programme;
- continuing the asphalt road programme, and chip-and-spray, in Cayman Brac and Little Cayman; and
- increasing shelter capacity, as it continues with Hurricane Paloma recovery efforts.

The Ministry will restructure entities and create innovative ways to:

- manage solid waste and water;
- increase food sustainability and security;
- improve mosquito research;
- develop the Doppler early-warning radar system for the region; and
- develop a comprehensive energy policy.

This year the completion of the divestment of the Water Authority will take place and the plans for a new National Sewerage System will become a reality.

In addition, the Government Office Accommodations Project, or GOAP, will be completed. It is on schedule and within budget and is expected to open in January 2011.

Lastly, the Ministry will review and update the laws governing traffic, roads, and environmental health.

Ministry of Education, Training and Employment: The Ministry of Education, Training and Employment's primary goals include working to achieve a world-class education system; supporting the development of a national culture of lifelong learning with opportunities for retraining and retooling; enhancing the labour regulatory regime; and developing a better

prepared workforce, with increasing employment opportunities.

Key strategic objectives include:

- Implementing a new governance model for the education system and the Education Stabilisation Plan.
- Introducing a restructured secondary education system, with two all-through high schools and enhanced graduation criteria.
- Launching an innovative Year 12 programme, to provide a bridge between high school and employment, and/or higher education.
- The recommencement of phased construction of the new high school campuses and critical improvements to the physical plant at the primary level.
- Enhancing interventions for at-risk students in partnership with other ministries and agencies.
- Supporting persons with additional educational needs and disabilities through better legislation, facilities and programmes, including the redevelopment of the Sunrise Centre.
- Enhancing careers assessment, guidance and counselling services both for schools and job seekers.
- Restructuring the Department of Employment Relations and the National Pensions Office, to create two new agencies: a Human Capital Development Agency, and a one-stop Inspectorate dealing with pensions, labour and health compliance issues.
- And continuing the implementation of the National Employment Passport Programme, with the expansion of Passport2Success for unemployed youth, and the development of employment initiatives for other target groups.

Ministry of Community Affairs, Gender and Housing: The Ministry of Community Affairs, Gender and Housing will protect and empower vulnerable persons, by helping them to improve their living conditions and reduce substance abuse. Programmes and services will be strengthened and enhanced, in order to support the wellbeing of youth, families and communities. Key legislative initiatives are:

- commencing the implementation of the Children Law and Regulations; and
- approving amendments to the Children Law and Regulations (2003 Revision).

The Ministry's broad strategic goal is to develop a holistic approach to addressing human needs. It will achieve this by:

- promoting the development of supportive and collaborative community action groups;
- developing a national plan for the elderly and programmes and services to meet their unique needs;
- development of a national housing policy;

- enhancing youth rehabilitation by developing a therapeutic community facility with appropriate programmes and services so that youth who are experiencing difficulties can have their needs met on-island; and
- developing a comprehensive community-based, preventative approach that is tailored to address the identified needs of our youth.

In its new area of responsibility for gender affairs, the Ministry will improve gender-mainstreaming efforts by:

- providing gender awareness training in the Civil Service;
- putting forward the Prevention of Gender Discrimination Bill (2010); and
- requesting the extension of the Convention on the Elimination of all Forms of Discrimination against Women, to the Cayman Islands.

Ministry of Health, Environment, Youth, Sports and Culture: The five top objectives in the Ministry of Health, Environment, Youth, Sports and Culture, are:

- formulating a national strategic plan for health. The goal is to ensure that our healthcare system meets the needs of residents, and that there is equitable, affordable access for all.
- Continuing to working on relevant legislation—in particular, putting forward and implementing a National Conservation Law, in recognition of the critical importance of a legislative and policy framework that responds to today's natural environment challenges, ensuring that it complements the country's growth plan.
- Preparing and implementing action plans for the updated National Youth Policy, including a comprehensive approach to the delivery and evaluation of youth programmes.
- Reviewing all strata of sports programmes—from community to elite levels—in order to ensure they are receiving appropriate support, and are being delivered effectively.
- And finally, establishing a National Cultural Council. The council will advise on a policy that will encourage both residents and visitors to take advantage of the many opportunities to explore and embrace our Caymanian history and culture.

Madam Speaker, Members of the Legislative Assembly, in conclusion, I would like to thank the members of the public service who have helped to draw up these plans and who will be charged with implementing them. I am particularly grateful to them for their continued hard work and commitment at this difficult time for public servants, who face a rollback in pay of 3.2 per cent from next month and a reduction in some allowances.

The Premier has informed me that Members of the Legislative Assembly salaries will be affected by

the same 3.2 per cent rollback, but that his salary and that of the Leader of the Opposition will be cut by 10 per cent.

I would also like to thank those who are contributing and will contribute through their work on the Boards of Statutory Authorities and Government Companies, on the Commissions, Committees and Councils set up under the Constitution and all those many volunteers who selflessly give so much of their time to support church and community groups.

I pray that God will provide wisdom and guidance to the Members of this Assembly and that He will continue to bless and protect the Cayman Islands.

Thank you.

## DEPARTURE OF HIS EXCELLENCY THE GOVERNOR

[Procession departed in the following order:

*Serjeant-at-Arms*  
*The Speaker*  
*His Excellency the Governor*  
*Mrs. Taylor*  
*Aide-de-Camp*  
*The Honourable Chief Justice*  
*Mrs. Smellie*  
*Pastor]*

**Proceedings suspended at 10.27 am**

**Proceedings resumed at 10.30 am**

**The Speaker:** Please be seated.

Proceedings are now resumed in the Cayman Islands Legislative Assembly.

## MOTION OF THANKS TO HIS EXCELLENCY THE GOVERNOR

**The Speaker:** Honourable Premier, the Honourable Minister responsible for Finance, Tourism and Development.

**The Premier, Hon. W. McKeever Bush:** Madam Speaker, I am pleased to move the following Motion: Be it resolved that this honourable Legislative Assembly record its grateful thanks to His Excellency the Governor for the Address delivered at this Meeting.

**The Speaker:** The question is: Be it resolved that this honourable Legislative Assembly record its grateful thanks to His Excellency the Governor for the Address delivered at this Meeting.

Those in favour please say Aye. Those against, No.

**Ayes.**

**The Speaker:** The Ayes have it. Thanks are accordingly recorded.

**Agreed: Resolved that this honourable Legislative Assembly record its grateful thanks to His Excellency the Governor for the Address delivered at this Meeting.**

## MOTION FOR DEFERRAL OF DEBATE ON THE THRONE SPEECH

**The Speaker:** Honourable Premier, the Honourable Minister responsible for Finance, Tourism and Development.

**The Premier, Hon. W. McKeever Bush:** Thank you, Madam Speaker.

The following Motion: Be it resolved that the debate on the Address delivered by His Excellency the Governor be deferred until Friday 18 June 2010 and be debated together with the Budget.

**The Speaker:** The question is: Be it resolved that the debate on the Address delivered by His Excellency the Governor be deferred until Friday 18 June 2010 and be debated in conjunction with the Budget.

Those in favour please say Aye. Those against, No.

**Ayes.**

**The Speaker:** The Ayes have it. Debate is accordingly deferred until Friday.

**Agreed: Resolved that debate on the Address delivered by His Excellency the Governor be deferred until Friday 18 June 2010, and be debated together with the Budget.**

## PRESENTATION OF PAPERS AND OF REPORTS

**Annual Plan and Estimates for the Government of the Cayman Islands for the Financial Year ending 30 June 2011**

**Annual Budget Statements for Ministries and Portfolios for the financial year ending 30 June 2011**

**Purchase Agreements for Statutory Authorities, Government Companies and Non-Governmental Output Suppliers for the year ending 30 June 2011**

**Ownership Agreements for Statutory Authorities and Government Companies for the year ending 30 June 2011**

**The Speaker:** Before the Honourable Premier speaks, I have given him permission to lay two additional documents on the Table of the Legislative Assembly, a letter written to him by Mr. Henry Bellingham, MP, responsible for the Cayman Islands, and Cayman Islands Government's three-year Budget Forecast (2010/2011 to 2012/2013), which was presented to the Foreign and Commonwealth Office on 24 May 2010.

Honourable Premier.

**The Premier, Hon. W. McKeever Bush:** Thank you, Madam Speaker.

I beg to lay on the Table of this honourable House the following documents in respect of the Government's financial year that will end on 30 June 2011:

- The Annual Plan and Estimates for the Government of the Cayman Islands;
- The Annual Budget Statements for Ministries and Portfolios;
- Purchase Agreements for Statutory Authorities, Government Companies and Non-Governmental Output Suppliers; and
- Ownership Agreements for Statutory Authorities and Government Companies

**The Speaker:** So ordered.

**Letter to Premier of the Cayman Islands from Mr. Henry Bellingham, the Parliamentary Under Secretary of State, Foreign and Commonwealth Office**

**The Premier, Hon. W. McKeever Bush:** Madam Speaker, I would also like to take this opportunity to lay two further documents on the Table of this honourable House because they are budget related. These are:

A letter to me, as Premier of the Cayman Islands from Mr. Henry Bellingham, the Parliamentary Under Secretary of State, Foreign and Commonwealth Office. Mr. Bellingham has responsibility for the Overseas Territories and his letter to me is dated 10 June 2010.

Madam Speaker, with your permission, I beg to read the letter so that the public can know its contents.

*[inaudible]*

**The Premier, Hon. W. McKeever Bush:** Thank you, Madam Speaker.

The letter reads:

**"Dear McKeever,**

**"It was a pleasure to meet you again on Tuesday. I felt we had a useful, positive and constructive meeting. I look forward to working with you to develop a more dynamic and positive relationship between the UK and the Cayman Islands.**

**"Your presentation of the challenges and opportunities facing the Cayman Islands' Gov-**

**ernment was extremely helpful. This provided essential context and allowed me to appreciate the tough decisions you have already made to begin to reduce your deficit, and underlined the importance of delivering on the commitments in your plan to restore stability to public finances over the next three years.**

**"I mentioned in my previous letter of 7 June my concern over the level of borrowing that was being proposed at a time of continuing uncertainty in the global economy. I am pleased that in our meeting you were able to commit to reduce the amount required by looking again at the capital projects you have planned for next year. I am therefore prepared to agree to the Cayman Islands Government borrowing an additional CI\$155m to allow you to implement your plan over the next financial year and beyond.**

**"You expressed confidence in your Government's ability to implement the measures set out in the three year plan, which are, rightly, ambitious. We therefore agreed that there would be no further requests for borrowing over the next financial year. We also agreed that:**

- **The measures contained within the 3 year plan must be fully implemented. I hope that you will decide to publish the plan alongside the budget—and provide progress reports annually—to help give confidence to investors;**
- **The proceeds of divestment activity would be used to establish a dedicated "sinking fund" within the next year to rebuild reserves and offset debt attached to the recent bond issue. I welcome your commitment to include this in your budget speech;**
- **You would seek to restructure your existing loans to put in place arrangements to pay down the debt (including the recent bond issue) over the longer term; and**
- **You would ensure that the Cayman Islands have a full, up to date, set of audited accounts by the end of the next Financial Year.**

**"I welcome your determination to restore sustainable public finances to the Cayman Islands and believe that these undertakings demonstrate your commitment to the challenge. I should be grateful if you would keep me updated on progress as you implement the measures we agreed. I look forward to seeing you again soon**

*[signed]* Henry Bellingham, MP

**"Once again, I was delighted to meet you again."**

Madam Speaker, I lay this letter on the Table of this honourable House.

**The Speaker:** So ordered.

**Cayman Islands Government Cayman Islands  
Government's Three-year Budget Forecast  
(2010/2011 to 2012/2013) presented to the Foreign  
and Commonwealth Office on 24 May 2010**

**The Premier, Hon. W. McKeeva Bush:** And also, Madam Speaker, the Cayman Islands Government Cayman Islands Government's three Year Budget Forecast (2010/2011 to 2012/2013), presented to the Foreign and Commonwealth Office on 24 May 2010.

**The Speaker:** So ordered.

## **GOVERNMENT BUSINESS**

### **BILLS**

#### **FIRST READING**

##### **Appropriation (July 2010 to June 2011) Bill, 2010**

**The Clerk:** The Appropriation (July 2010 to June 2011) Bill, 2010.

**The Speaker:** Honourable Premier, the Honourable Minister responsible for Finance, Tourism and Development.

**The Premier, Hon. W. McKeeva Bush:** Thank you, Madam Speaker.

On behalf of the Government, I beg to move the second reading of a Bill that is shortly entitled The Appropriation (July 2010 to June 2011) Bill, 2010.

**The Speaker:** I am sorry; I missed out the First Reading of the Bill, and the Premier has now read it for the second time.

**The Premier, Hon. W. McKeeva Bush:** Madam Speaker, out of an abundance of caution, I think the Clerk should take the First Reading.

**The Clerk:** First Reading: The Appropriation (July 2010 to June 2011) Bill, 2010.

[pause]

**The Speaker:** I need some help.

[pause]

**The Speaker:** The Bill is deemed to have been read a first time and is set down for second reading.

#### **SECOND READING**

##### **Appropriation (July 2010 to June 2011) Bill, 2010**

**The Clerk:** Second Reading: The Appropriation (July 2010 to June 2011) Bill, 2010.

**The Speaker:** Honourable Premier, the Honourable Minister responsible for Finance, Tourism and Development.

## **BUDGET ADDRESS**

### **PARTNERSHIP FOR RECOVERY**

**Delivered by the Honourable Premier, the Honourable Minister responsible for Finance, Tourism and Development**

**The Premier, Hon. W. McKeeva Bush:** Thank you, Madam Speaker.

Madam Speaker, it is truly an honour to be the first Minister of Finance to deliver a Budget Speech in this august Assembly. The privilege is humbling and signals a Better Way Forward for us as a legislature and certainly for us as a people.

I wish to recognise the role of Almighty God and thank Him for bringing us thus far as a country. Notwithstanding our current challenges, He has bestowed several blessings on this country and our people. Our people enjoy a way of life that goes beyond sustaining their economic wellbeing to fulfilling their social and spiritual needs in an environment of free choice.

This freedom to choose is at the heart of our democratic right to change governments when the people see fit. This is why I have the privilege to stand before you today in this capacity.

The right to choose and the freedom to praise Almighty God are guaranteed rights which Caymanians and those living here with us exercise every day. Let me thank those who continue to send up prayers for this new administration.

This piece of history is the coming together of two sets of principles that form the basis of the budgetary process as we know it. As I identified in the debate to amend the Public Management and Finance Law, the two sets of principles have to do with management and leadership. The people of our beloved country have entrusted my Government, not only with the management of our public and financial affairs, but with the leadership of our economic, social and political way forward. Madam Speaker, it will be a better way!

The journey started in the midst of a world economic recession that is still being described as the worst since the economic depression of the 1930s. As I speak, there is gathering evidence that the world economy is past midnight and heading to dawn. More encouragingly, the short days of winter are apparently behind the advanced economies and the long days of summer are ahead of them.

But we must not forget that the light reaches us with a delay.

If we liken the current recession to darkness, then our faith may be reinforced by the words in Romans, chapter 13, verse 12. It says: "The night is far spent, the day is at hand: Let us therefore cast off the works of darkness, and let us put on the armour of light."

There is really no simple way of defining faith, but it includes both belief and hope. Caymanians expressed belief in a "Better Way Forward" with their vote, notwithstanding the difficult times. It is for us to provide the hope that adds value to the faith of our people. The better way to provide such hope is to recognize the tough challenges which confront us, and face them and fix them!

In this vein, let us face the state of the country's finances that was left behind by the last government. Let us face the economic hand that has been dealt to us. Let us face the social conditions which we inherited. But let us not despair because it is now our duty to fix the wrongs. It is our duty to restore balance to our country's finances. It is our duty to re-position the economy and it is our duty to rectify the social conditions, and, God willing, we will make a good start at it.

We have a history of stability, be it economic, social or political. Our stability was founded on the backs of hard-working people, the freedom to allocate our limited resources and the resultant distribution of the benefits of our collective efforts.

In these times, our friends may ask us to lend them a hand; and we must persuade ourselves to open our hearts. More than ever, we have to become our brother's keeper. Let us then draw inspiration from the psalmist that "weeping may endure for a night, but joy cometh in the morning."

Martin Luther King [Jr.] wrote: "This faith adjourns the assemblies of hopelessness and brings new light into the dark chambers of pessimism." This Assembly—this House—must inspire hope through rigorous but fair debate in setting the agenda for our country's future.

Therefore, in a spirit of optimism, and in spite of the threatening clouds, my Government is focused on strengthening the economy of these Islands, pursuing responsible financial management that will pave a better way forward for the citizens of these Islands; and leading Caymanians and residents to safer and calmer waters, no matter what the season.

In every sense, Madam Speaker, it is a new dawn. The night is half spent. The dawn is marked by the presence of something new, that some may see as an impediment but we see it as an opportunity for change. For sure, the challenging international environment imposes its own brand of change and this creates the need for change at the domestic level here at home.

The change which we envision is reflected in the theme of this speech "Partnership for Recovery." There must be a new emphasis on the public/private sector partnership to drive our economic recovery.

There must be a renewed emphasis on the partnership between the Government and the people to deliver social cohesion. And there must be a greater emphasis on a stronger partnership between the Government and institutions to secure our political stability.

These are all essential partnerships for recovery!

### Strategic Approaches

The budgetary process for us started on day one, as we immediately faced the prospect of fiscal problems. Declining revenues were the order of the day and there were no reserves to draw on.

There was approximately \$13.4 million in Government's main bank operating account to start the coming fiscal year and in the great scheme of things, Madam Speaker, this was pocket change.

To put the country in fiscal recovery mode, we had to bring a temporary budget to bridge the fiscal gap for the first four months of the year. This required us having to grapple with the issue of borrowing money, the pressure to introduce direct taxation and immediate government expenditure reduction.

The degree of management and leadership of our fiscal recovery demanded public and private consultation and listening to internal and external advice.

By October of 2009, we brought a budget and on the other side of the aisle only the Member for North Side supported it.

The budgetary process nevertheless continued as we negotiated with the Civil Service, sat with Chief Officers to identify cuts in expenditure and worked with the United Kingdom Government's Foreign and Commonwealth Office (FCO) who required us to develop a three-year financial plan.

The process for fiscal recovery demanded hard work, involving long hours and lots of negotiation.

It is in this spirit of recovery that the Government's three-year Budget Forecast (2010/2011 to 2012/2013) rests upon five strategies which the Government is committed to implementing over the medium term. These strategies include: (1) public sector reform; (2) limits on new public sector borrowing; (3) broadening of the Government's revenue base; (4) Government expenditure reduction and (5) private/public financing initiatives.

These strategies underpin the various economic initiatives which inform our initial three-year economic recovery plan. This plan focuses on re-positioning the finances of the public sector such as to enable the recovery to be driven by the private sector.

The five key strategies constitute the major pillars of the Government's short-term policy stance of deficit-reduction for the financial year 2010/11 and beyond. This follows on two previous difficult financial years. In 2008/09, the Financial Secretary entitled his address, "Maintaining Fiscal Prudence in Challenging

Economic Times.” In 2009/10, he referred to the budget as a “barebones” budget. It provided for the basic operational and capital needs of the Government.

Having inherited the economy in a recessionary environment or, alternatively, amidst threatening clouds, we immediately sought to restore some balance or light to Government finances with the introduction of revenue measures. Although implemented in January 2010, and not November 2009 as intended, the new measures are contributing to a recovery of the financial position of the Government.

A forecast made in February this year estimated a deficit of CI\$57 million for the year ending 30 June 2010. The most recent forecast indicates a revised deficit of CI\$45 million. Government’s total cash balances at 30 June 2010 is expected to be CI\$77 million, which is a significant improvement from the CI\$53 million forecasted in February.

While the Caymanian economy is expected to contract in 2010, there is already some evidence of improvement in the Government’s financial position initiated by the policy action of this Government. Madam Speaker, I said and we intend to face it and fix the problems we have!

However in order to fix it, we must be able to put the current environment into context!

### **Foreign and Commonwealth Office Involvement**

Madam Speaker, as I have said, the bad financial situation we found meant that the Foreign and Commonwealth Office, for the first time in our history, had to give us permission for our budget. Madam Speaker, for a Country that always boasted financial independence, and was proud of it, this put us in a very embarrassing position. Nevertheless, as was and is our duty, we worked hard and the new Government in the United Kingdom has offered full support in our plan for national recovery.

And the people of these Islands had better give thanks. For those that wanted income tax, there will be none. For those that did not want it, there will be none. For those that wanted property tax, there will be none. Those that did not want it, there will be none. I hope that is absolutely clear.

Madam Speaker, I wish to speak briefly on this matter, which I believe is key to our continued success, and that is the nature of this country’s relationship with the United Kingdom.

This relationship has been somewhat renewed recently with the election of a new Government in the United Kingdom. I think it is very safe to say that there is a world of difference between the nature of that relationship over the past 12 months as compared to the one recently established over the past 4 weeks.

In connection with this budget and the need for the Cayman Islands to seek the UK’s approval, I met in the Foreign and Commonwealth Office, with

the Honourable Henry Bellingham, the UK’s newly appointed Under Secretary with responsibility for the Overseas Territories.

This honourable House will already be aware of the fact that as a result of my Government’s three-year plan and our discussions with Mr. Bellingham, we have indeed received this approval. And I want to thank my colleague who attended that meeting with me, the Deputy Speaker, the Third Elected Member for West Bay [Hon. Cline A. Glidden, Jr.].

However, I wish to focus on a point separate and apart from the approval itself. During those discussions it became clear to me, Madam Speaker, that we have entered a period of a more positive partnership with the United Kingdom; certainly more positive than we have had with the previous administration in the UK.

I had made it no secret that given the previous relationship, I was hoping for some change in the administration that would provide an opportunity to improve our relations with the United Kingdom, who I wanted to treat the commonwealth our Overseas Territories and indeed the wider Caribbean more favourably, and it appears, thus far, that we have got that.

I have tabled a letter from Mr. Bellingham in relation to our meeting and this letter clearly demonstrates this change. In his letter Mr. Bellingham agrees with my own assessment that the meeting was extremely constructive. And in his own words, Madam Speaker, he is looking forward to a more dynamic and positive relationship between the UK and the Cayman Islands.

In his letter and our meeting Mr. Bellingham agreed to and offered support to the Government in its initiatives as laid out in the three year plan. This included ensuring that the plan was fully implemented and that there was an annual progress report on its implementation.

The United Kingdom also supported our plans to examine and execute, where feasible, a number of divestments and expressed its wish to see the proceeds of that divestment utilized for a sinking fund to rebuild reserves and pay off existing debt.

The United Kingdom agreed to, and also fully supported the Government’s plan to restructure existing loans to improve our cash flow and reduce interest costs.

Madam Speaker, over the past year my administration has been working hard to improve the Government’s fiscal crisis and restore prudent financial management to this country. The new United Kingdom administration appears to have an appreciation of our efforts, and Mr. Bellingham expressed his appreciation for our determination to restore sustainable public finances to the Cayman Islands.

I bear in mind, Madam Speaker, that this country has never asked for anything from the United Kingdom aside from their understanding and support for policies that improve the lives of all our people.

We are more than grateful for this improved partnership and look forward to working with the new administration in the United Kingdom and I certainly hope that we can now move forward with a renewed and more positive partnership.

We had come to a situation where last year we were told that we would have to cut the number of civil servants. I made a sincere effort to cut salaries, I announced it in this House, instead of laying off people. I believe in that. But this was not accepted. The 3.2 per cent was offered by the Civil Service management. When the economy turns in a more robust generation of income we will revisit with a desire to reinstate the 3.2 per cent.

Madam Speaker, I would hope that within the three year period that all of us—Opposition, Government, Civil Service, Private Sector—work hard to turn the economy around in a much faster state than we are going to say. I believe we can do it if we put our minds to it. And in that way we would not have to wait on the United Kingdom to say yea or nay; we would have met all the grades by law. That is what we must strive to do. And I speak to all of us as Members in this honourable House, and I speak to the Civil Service and ask them not to delay, to become more business friendly and to recognise that this is a difficult time. And the only way that we are going to change the situation is if we do it ourselves. That is the Caymanian way.

### **Macroeconomic Overview**

Now moving on to the macroeconomic overview: Between late 2001 and 2003, the Cayman Islands' real gross domestic product (GDP) expanded on average by 1.3 per cent per year; however, this was reduced to 0.9 per cent in 2004 due to the impact of Hurricane Ivan. The local economy rebounded from the devastation to record an average growth of 5.2 per cent for the succeeding three years which can be attributed to major reconstruction works which had begun in 2004, along with the resilience of the financial services and tourism sectors that had been prepared between 2001 and 2004.

However, in 2008 the rate of economic growth slowed dramatically to 1.1 per cent, and this minimal growth was largely due to accelerated government spending, as the effects of the global economic downturn were still in evidence on the financial services sector and tourism-related industries. Large government expenditure growth beginning in 2006 was, however, paving the way for rising fiscal deficits, as government revenue showed signs of contracting as early as the 2008/09 financial year, if not before.

The signs of fiscal difficulty had emerged. Indeed, in the 2008/09 budget presentation, prior to my Government assuming office, the operating revenue was projected to be "approximately \$11 million less than was forecast in the 2008/09 SPS (Strategic Policy Statement). This downward revenue projection is

the direct result of the current economic environment we find ourselves operating in, and it also reflects lower economic growth forecasts."

The full impact of the global downturn was felt with no meaningful preparation for 2009 when the domestic economy was estimated to have contracted by 6.6 per cent. Financial services, which account for 53.5 per cent of GDP, was estimated to have declined by approximately 4.1 per cent in 2009.

Similarly, real estate, renting and business activities, which account for 20.7 per cent of GDP, are estimated to have declined by 4.8 per cent. Declines were also experienced in the construction as well as hotels and restaurants sectors.

While many of the advanced economies are on their way to recovery in 2010, mainly due to fiscal stimulus programs which are unprecedented in size, there is evidence of recovery for the Cayman Islands. But this is not the result of lack of fiscal stimulus; rather it is the result of fiscal prudence. In fact, in 2009 total spending by central government in the Cayman Islands was cut by 5.1 per cent in nominal terms.

Over the last thirteen months, we have managed the Government's finances effectively to achieve a reduction in the fiscal deficit from CI\$81.0 million left to us in May of last year, to CI\$45.0 million forecasted at the end of this month. The reduction of deficit between the 2008/9 year and the 2009/10 year was achieved primarily through operating expenditure reduction of approximately CI\$23 million. Total operating revenue increased by only CI\$4.2 million notwithstanding the introduction of new revenue measures in January of this year.

The recovery in the Government's finances started with the more effective and efficient allocation in the category of supplies and consumables in the public sector. This allocation was reduced substantially from the initial \$116 million in the 2010/11 Budget submission for this category without compromising the sector's delivery.

The Government has therefore moved to restore fiscal prudence to the affairs of managing the public sector as part of its partnership for recovery.

### **Labour and Inflation**

Last year, the depressed activities in the production sectors led to a fall-off in labour demand. Demand for foreign workers, as reflected in the numbers for work permits, shrunk by 11.3 per cent. It must be emphasised that labour supply in Cayman is essentially demand driven, with over 50 per cent of the demand comprising of expatriate workers.

A fall-off in the demand for expatriate labour is reflected in the drop in the population from approximately 57,009 in 2008, to 52,830 in 2009. However, the fall in population numbers had some negative effects on GDP in 2009 which are expected to continue over the medium term.

The decline in economic activity in 2009 was accompanied by a rise in the unemployment rate to 6.0 per cent. The number of unemployed persons, however, rose by approximately 630 as the labour force declined by approximately 3,000. This change in the size of the labour force was a direct consequence of the fall in the total population for the year 2009 occasioned by movement in transient labour.

Given the decline in population and its implications for the local demand for goods and services, the country experienced deflation in 2009. This was primarily as a result of housing which is the largest component of the local consumer price index basket. Since the demand for housing rentals declined significantly, the rate of inflation in the sector averaged -5.1 per cent in the last three quarters of 2009. This was largely responsible for the overall inflation rate of -1.3 per cent for the whole of last year.

### **2010/11 Forecast Financial Performance**

For the 2010/11 financial year, the Government is forecasting to earn approximately \$510.33 million, of which \$460.1 million will be in form of coercive revenue and some \$50.1 million in entity revenue.

These forecasts are based on the existing fees and charges levied by the Government along with the introduction of only one new revenue measure in this budget—increased import duty on gasoline and diesel imports—which is expected to generate some \$10.3 million in 2010/11. Effective 1 July 2010, import duty on gasoline and diesel will each increase by 25 cents per gallon and be applied to all such imports to Grand Cayman and Little Cayman. There will be no increase on fuel imports to Cayman Brac.

Overall, the 2010/11 revenue forecasts of \$510.3 million are quite conservative when compared to the 2009/10 forecasts of \$491.6 million. After you separate out the \$10.3 million expected to be generated by the increase import duty, this represents a 1.7 [per cent] increase in revenue over the 2009/10 forecasts. This very conservative increase reflects the current economic realities and the expectation that over the course of the 2010/11 financial year the Cayman Islands economy is expected to remain stable.

For the 2010/11 financial year the Government is forecasting a net operating deficit of \$31.8 million. This deficit is a \$13 million improvement over the estimated \$44.9 million deficit expected at the end of the current financial year.

The forecast operating deficit is calculated by taking the forecast 2010/11 operating revenue of \$510.3 million then subtracting operating expenditures of \$507.7 million, financing and other non-operating expenses of \$32.8 million, and a \$1.5 million net loss in statutory authorities and government companies.

The forecast operating expenses of \$507.7 million detailed in this budget are some \$68.2 million

less than the \$576 million which was presented to the Government during the initial rounds of the 2010/11 Budget process in March 2010. This process required the Government to make some very difficult decisions to reduce operating expenses across the public service; these cuts affect all agencies and will significantly challenge managers to deliver much needed and valuable public services more efficiently.

As a sector, statutory authorities and government owned companies are forecast to make a net deficit of \$1.5 million this is a \$0.95 million improvement over 2009/10 and is the result of a concerted effort by the Government and the respective boards of directors to reshape these organizations and improve their overall financial performance.

Financing and other non-operating expenses of \$32.8 million represent the interest expense on the debt of the core Government. The Government has received permission from the United Kingdom Government to borrow up to \$155 million in 2010 this will bring the public debt balance at 30 June 2011 to some \$623.7 million. Madam Speaker, and honourable Members, this is not where I want to be and I will take steps to rectify this dangerous path this year. And I trust that the House agrees with us.

In terms of capital investments, the Government is forecasting to spend a total of \$127.3 million in 2010/11. Of this amount, some \$108.8 million will be spent on various continuing capital projects such as the John Gray High Schools along with the new Government Administration Building. A further \$18.5 million will be invested into statutory authorities and government companies.

Total cash and cash equivalents at 30 June 2011 are forecast to be \$66.6 million which is approximately \$10.4 million less than that expected at 30 June 2010.

### **Three-year Outlook**

The performance of the Caymanian economy is inextricably linked to the vagaries of developments in the international economies and, consequently, the international markets. This is readily evident in the fact that financial services account for 53.5 per cent of our Gross Domestic Product (GDP), while tourism and tourism-related services account for another 30 per cent to 40 per cent of GDP.

The demand for these services is predominantly externally driven and explains why we are able to compete in a class above our weight. In a sense, as a Government we are expected to provide social services for a population that is not all permanent, and because of its transient nature the challenge of doing so is emphasised during times of downturn in the economy. In other words, they help make money for us. When they are gone, the money is less, and, therefore, Caymanians get less. I hope, Madam Speaker, that we all understand that when we get up on our soapboxes.

It is apparent in this period of economic recovery that there is an optimum size for the public sector which has to be achieved in the pursuit of economic stability and sustainability. This explains the concentration on the public sector in the key strategies supporting the three-year plan and is consistent with our partnership for recovery.

As a partner in the recovery plan, the Government is committed to further reducing the fiscal deficit. Having achieved a reduction of CI\$36.2 million for the current year, we are forecasting a further reduction of CI\$13.0 million for the next fiscal year—2010/11. The focus is once again on effective and efficient management in the public sector.

Over the course of two years, we would have presided over a fiscal deficit recovery of almost CI\$50 million that is moving the deficit from CI\$81.0 million, which we found when we assumed office in May of last year, to CI\$31.89 million by June next year, God willing.

We have worked assiduously to trim operating expenses in Government, fully conscious of the need to maintain morale among staff while choosing the path of least negative impact on the Gross Domestic Product. This is why the non-wage components of expenditure have been tackled more vigorously than the components which have an immediate human face.

Investment in our human capital is very important, but can be very costly if not planned properly. In that vein, we see the building of the two high schools and the Government Administration Building as far too grandiose, and we will now seek to manage it in such a manner in our partnership for recovery as to allow us to complete the buildings in a phased construction program.

We do recognise, however, that it was foolhardy to have built them so expensively in a time when local revenue was declining and the world was entering a state of fiscal decline. That was denied, Madam Speaker, but the proof of the pudding is in the tasting. That is the reality today. But we as a Government are committed to doing the right thing and complete them as economically as possible in a phased manner.

We are, therefore, involved in partnership with the private sector in laying the foundation for the country's future educational needs, but in a more sustainable manner.

### **International and Regional Outlook**

The investment in human capital is necessary to reposition the country to take advantage of the global economic recovery which has begun and is expected to accelerate in 2011. The link between our economy and the international economy is evident in the fact that the financial and tourism sectors and their related sectors account for almost 90 percent of our GDP.

Our link with the regional economies is primarily through access to some of our transient labour force. In addition, we compete for the demand for international services and in this sense we have to remain competitive.

With the exception of very few countries, most governments have had to introduce fiscal stimulus packages to help to restore economic growth with varying degrees of success or failure. Our industrialised partners in the north, the United States, the United Kingdom, and Europe embarked on the journey in a spirit of cooperation which has not as yet given rise to robust economic growth, lower unemployment rates, and reassuring rates of inflation.

Economic growth in the United States has been positive since the second quarter of 2009, but the rate has fluctuated between 2.3 per cent and 5.6 per cent for the period up to March 2010. In the United Kingdom, the performance has been less encouraging. In the meantime, the US unemployment rate has hovered just below 10 per cent, while that of the United Kingdom has been persistently between 7 per cent and 8 per cent.

In the region, recession is still in vogue, unemployment rates range from low double digits to high double digits, and the rate of inflation is on the rise. Unemployment among CARICOM countries runs from about 10 per cent to as high as 35 per cent. So no country has experienced two consecutive quarters of positive economic growth which is required to be able to declare the recession officially over.

### **Domestic Outlook**

Over the next three years of economic recovery, the outlook for the labour market is linked to the moderate growth prospects for construction, particularly in the 2010/2011 fiscal year and a flat to moderate growth outlook for the financial services sector.

The deficit-reduction policy stance for the fiscal year 2010/11 along with the shrinking population size suggest that the economic recession would persist for the calendar year 2010, and GDP is therefore forecast to fall at half the rate as that of 2009. The deceleration in economic decline in the first half of 2010 is expected to continue such that by the last quarter of the year the rate of growth turns positive.

Gradual economic recovery is expected to start in 2011 as two consecutive quarters of positive growth are required to make the recovery official. And this is premised on a strong rebound of tourism-related services, the start of a number of new construction projects and a modest recovery of the financial services sector.

The three year budget forecast reflects a small fiscal surplus of about CI\$9 million in the year 2011/2012, followed by a healthy fiscal recovery in 2012/2013 when the surplus reaches CI\$60 million.

Apart from pursuing fiscal prudence, the projected international economic recovery is expected to

fuel our local economy. In addition, the private sector led investment strategy is forecasted to bear fruit in the medium term, and this, in combination with external driven demand, would boost Government revenue.

The fiscal recovery is achieved by expenditure control and revenue growth stimulated by increasing economic activity.

A return to the unprecedented numbers in the labour force recorded in 2008 is certainly not expected in the short term and, indeed, a return to those numbers may take longer than the three-year budget span submitted to the Foreign and Commonwealth Office.

A strategic employment policy among central government offices and the statutory authorities is another potential driving force for a reduction in the demand for labour. This makes putting the emphasis on a private-sector led economic recovery all the more important.

However, although the labour market is essentially demand driven, there exist opportunities to improve the efficiency of the recruitment process by easing the current backlog of work permit applications. As at March 10, 2010, there were approximately 1,500 new 'Full' work permit applications (that is, those lasting 12 months or more) held up in a backlog to be processed.

While a large percentage of these applications relate to workers currently on island with 'Temporary' permits who are waiting on the processing of full permits, there are likely several hundred new workers who would probably be brought into the labour force if this backlog in processing were addressed. This would give a boost to the local consumer market and aggregate demand. At the same time, Madam Speaker, the paradox is that we must also balance this by making sure our people who are able and willing are employed.

The good aspect of this is that some of those people waiting on work permits will need people to work and, therefore, will address that paradox—if given the chance!

The policy-driven improvements in economic activity suggest that the unemployment rate would decline from 6 per cent in 2009 to 4 per cent in 2010, and to an average of 3.2 per cent in the succeeding three years.

Population growth is expected to be cut further by 3.5 per cent in the 2010 calendar year. A census planned for October 2010 will provide a definitive population count. Assuming a modest improvement in expatriate labour employment beginning in 2011, as key industries show signs of recovery, the current estimate is that the population size may settle at 53,436 by 2013.

The forecast inflation path for the medium term will be influenced by the dampening impact of a shrinking population on local demand for goods and services. As identified earlier, housing, which comprises the largest component of the local consumer price index basket, experienced declining prices at an

average rate of -5.1 per cent in the last three quarters of 2009.

With the outflow of foreign workers not expected to reverse in the 2010 calendar year, a downward trend in housing rentals is also likely to continue, albeit at a slower rate. On the other hand, higher prices on gas and other imported items are likely to impact on local inflation in 2010. This along with the increase in local import duty by 2 per cent would bring the average inflation rate to 2.0 per cent in 2010 from -1.3 per cent in 2009.

The average inflation forecast for 2011-2013 is 2.2 per cent. This is premised on the gradual recovery of local demand, underpinned by slow population growth. The slow rate of population growth will not provide the impetus for any desired strong rebound in housing rentals. It is also assumed that US Federal Reserve policy will be consistent with the return of the US inflation rates to the pre-crisis average.

### **Key Strategies Supporting the Three-year Plan**

As mentioned in the introductory remarks, the three-year plan is based on five key strategies that the Government is committed to implementing over the medium term. These strategies undergird the economic recovery initiatives, which support the specific policy action that is outlined later in my presentation. The strategies include: (1) public sector reform; (2) limits on new borrowing; (3) broadening the revenue base of government; (4) reducing operating expenditures and (5) creating public/private finance initiatives.

#### **Public Sector Reform**

The Government is committed to a major public sector reform initiative over the medium term. This reform is based on the following:

1. Implementation of some of the recommendations of the Miller Commission Report, where these are reasonable, and, in particular, with a view to securing a sustainable reduction in the Government's operational expenditures and improving efficiencies in various departments.

2. Completion and implementation of recommendations resulting from the review of various Civil Service departments.

I will be proposing a formal framework to the Cabinet for the effective implementation of the various recommendations in the Miller Commission Report, the Civil Service Review and any other studies that look at improving our efficiency in the public sector. The framework will include appropriate monitoring and accountability structures, as well as overall management of this important initiative.

The objective of formalising the public sector reform process is to ensure that the targeted reform benefits are achieved in the three-year plan and beyond.

### **Limits to New Borrowings**

As part of a strategy to return the country's national debt to more sustainable levels, we will pursue a low borrowing policy over the next three years. In particular, the Cabinet has agreed to limit new capital expenditures to a nominal amount that is not to exceed CI\$25 million (approximately 1 per cent of GDP) in any of the three years. The borrowing proposed for the current year is principally to fund major projects started by the previous Government.

### **Broadening the Revenue Base**

We are cognisant of the narrow nature of the current revenue base. The Government has considered the introduction of direct taxes, such as payroll, income and property tax, but aided by the analysis contained within the Miller Commission Report, we have concluded that introducing these forms of taxes would be very damaging for the Cayman Islands economy. That is why I say, Madam Speaker, that we are not going to introduce any of them. We have told the United Kingdom that, and they have understood that.

However, we feel that any consideration of consumption-based fees is an area that requires further examination also. This type of fee has the benefit of spreading the burden across the wider community while minimizing the impact on businesses.

The Government will therefore be examining the full list of tariffs under the Cayman Islands Customs Law with a view to adjusting some of these rates. The Cabinet feels that introducing a VAT would require significant administrative costs and therefore the alternative of restructuring the current import duties would be a more efficient and cost-effective way to achieve the result of broadening the revenue base.

My Government is therefore committed to carrying out a comprehensive review of consumption-based and other fee options in search of better ways of broadening the revenue base of government, while making us more competitive.

No doubt, Madam Speaker, that this will entail maybe some going up a little and removing some of them altogether.

### **Reduce Operating Expenditures**

The Government has already made a challenging but encouraging start to the process of reducing its operational expenditures. Early gains in this area have been made with significant cuts, achieving an 11 per cent reduction to the appropriations initially planned for the 2010/2011 fiscal year. The various Civil Service departments and statutory bodies have already been directed to identify expenditure cuts within the past two months. The latter exercise has also served to reduce the projected deficit for the 2009/2010 fiscal year.

This new policy approach on operational expenditures underpins the forecasts in the three-year plan and will also drive implementation of the recommendations emanating from the public sector reform exercise as an essential part of the process of economic recovery.

### **Public/Private Finance Initiatives**

My Government feels that prudent non-traditional approaches to financing major capital projects should be considered as part of its wider strategies; and as such the utilisation of private finance initiatives is one of these approaches. However, the Government agrees with the FCO that each such opportunity should be thoroughly reviewed to establish its business case before proceeding.

The process of identifying the five key strategies must now be supported by initiatives to ensure a recovery that makes the Caymanian economy more resilient because of its structure, more robust because of its size and more ready because of its institutions.

### **Economic Initiatives Supporting the Plan**

Medium Term Divestment Opportunities: The Miller Commission Report identified a number of divestment opportunities which the Government feels may be feasible in the medium term once more detailed analyses and feasibility studies are carried out. The Government's objective is to privatise some entities, and in other cases to reduce the level of subsidies gradually, but deliberately over time.

In addition, there are a number of areas for which the Government is giving consideration to improving the efficiencies and therefore lowering the cost to the Government by outsourcing the provisions of services to the private sector. The Miller Commission Report identified some potential areas that the Government will consider.

These initiatives speak to enhancing the economy's resilience through changing the structure of the public/private participation.

### **Minimising New Revenue Increases on Businesses**

Given the observations of the current fiscal year, it is evident that the economy is at a point where additional taxation will compromise the competitiveness of businesses. Such an outcome would have implications for the economy's capacity to grow its way out of the recession. There is an awful tendency, though, here to say raise taxes and let business pay. That is shouted from nearly every housetop and benches in some places in this House. But the harsh reality is that if that is the case, we will run away businesses, and lose more jobs. The only ones then to really suffer, Madam Speaker, are Caymanians, particularly those who can't help themselves. And if we

haven't been taught our lessons in the last couple of months, then, Madam Speaker, I don't know if we will ever recognise how our economy works.

Therefore, one of the key tenets upon which government policy would revolve during the fiscal year 2010/11 is the minimisation of any new revenue measures on businesses, especially when it becomes a burden.

By not compromising the ability of the private sector to grow, the Government is facilitating the creation of a more robust economy in its recovery plan.

The Government is cognisant of the fact that, if a payroll or income tax were to be introduced on a labour force that comprises 50 per cent transient workers, we would lose more business all around. All the more reason then why there must be a reset of our economic base and investment which will allow new revenue sources to emerge. This we must do.

### **Strengthening the Economy through Development of the Financial Services Sector**

The Ministry of Finance continues to be proactive in changing its policy, legislative and communications infrastructure to ensure that we are in the best possible position to manage our interests with the international community. The Ministry and its agencies have identified the following opportunities within the global environment:

1. Cayman's continued relative stability in financial services sends a strong message internationally about the jurisdiction's resilience and relevance in the future.

2. Cayman's financial services sector has broad and deep capabilities (evidenced by our leading position in funds, banking, insurance and corporate services) and unmatched by other jurisdictions our size.

3. The changing global environment provides a chance for Cayman to secure a seat at the table in helping to define global standards in regulation moving forward.

4. The private sector is mobilised in a way it has never been and this united front will be invaluable in addressing legislative/regulatory and reputation issues.

5. Investor interest in the Cayman Islands is strong evidenced by the successful Bond Issue offering by the Government in November 2009, the Memorandum of Understanding, now a signed contract with Dr. Shetty to establish a major new hospital in the Islands which will start medical tourism in a real way in these Islands; the "road show" visits conducted in November 2009 to London, San Francisco, Boston, New York and Singapore to promote these Islands; and, other major initiatives such as the MOU with Dart Enterprises Construction Company Limited (DECCO) to develop a cruise berthing facility. This interest needs to continue to be harnessed.

In the context of these opportunities, the following challenges have also been identified for the coming year:

1. International initiatives will continue to require diligence, but we are fully engaged; OECD peer review Phase One, outcomes will require immediate and decisive action. These actions, however, will be pursued in consultation with our Financial Services Industry, as appropriate.

2. Changing political landscapes in the U.S. (possibly arising from its mid-term elections) and the United Kingdom (as the new coalition government settles down), Cuba as it prepares to open, European Union and other locations will mean Cayman has to consistently reinforce our international relationship building and public affairs programmes.

3. Cayman will need to integrate all its resources and thinking to transition from the financial services centre that we are today, to the vision of an international business centre that we want to realise; the work of the various public-private partnership committees and others is essential to this and will require leadership, compromise and mutual understanding domestically to facilitate this transition internationally.

4. There is still increased international scrutiny of our regulatory, supervisory and anti-money laundering and combating terrorism finances crime framework, and increased external pressure for the Cayman Islands to conform to other economic models. In this regard, my Ministry is actively keeping abreast of these developments. Cayman Islands Monetary Authority (CIMA) and the Financial Services Secretariat are taking leading roles in seeking to contribute to the development of standards and to decision-makers' understanding of Cayman's financial services regime, and are certainly working closely with my Ministry and consulting with the private sector to ensure that the country meets the requirements that are relevant to this jurisdiction.

With these opportunities and challenges in mind, the Ministry of Finance is pursuing a number of strategic priorities over the next two years. These include to:

1. Further modernise and enhance regulation and supervision to ensure that Cayman keeps on par with the evolving international regulatory standards and best practices that are relevant to its various types of business.

2. Intensify international cooperation and involvement to ensure that the Government does its part in ensuring the safety and sound regulation of the international financial system. This allows Cayman to contribute to the development of international rules and standards that affect this jurisdiction, and to enhance the jurisdiction's reputation.

3. Increase the effectiveness and cost-efficiency with which our regulatory agencies operate.

4. Facilitate the efforts of Government and the private sector to further develop the Cayman Islands as an International Financial Centre.

5. Be more Business friendly.

To elaborate on these strategic priorities, I will highlight the key initiatives and activities of the various financial services agencies under my Ministry. I will first deal with CIMA, the Tax Information Authority, and the General Registry given their roles in regulation and international cooperation, and then deal with the Financial Services Secretariat, the Department of Commerce and Investment and the London Office given their roles in promoting and facilitating the growth of this important industry.

### **Cayman Islands Monetary Authority**

Starting with CIMA (Cayman Islands Monetary Authority): there are a number of key initiatives that are planned for the 2010-11 fiscal year which are as follows:

First, there will be the enhancement/automation of business processes. Online submission will not only improve the efficiency and speed of the application process for industry but, along with the information management system and electronic reporting, will allow CIMA to more effectively monitor licensees and registrants, both off-site and on-site, and to generate more accurate industry data.

Other information technology solutions to be pursued in 2010-11 include online payments. CIMA will continue the expansion of automation across the Authority to make it easier for industry to do business with CIMA.

Second will be the facilitation of new classes of business. Once proposed changes to the Insurance Law and regulations are passed, CIMA will implement a new class of licence to facilitate reinsurance business. This new reinsurer licence is intended to attract large international reinsurance companies to Cayman. This new initiative will necessitate the training of staff in the supervision of this class of business.

Third, CIMA will be assuming new regulatory responsibilities. It will be given regulatory responsibility for the following two areas during the upcoming fiscal year:

1. Supervision of pension plans and plan administrators. It is planned that the Authority will assume responsibility for the licensing, regulation and supervision of pension plans and administrators under its mandate for regulating financial services and providers. Oversight of employer/employee compliance will remain outside of CIMA's remit.

2. Oversight of Auditors. During 2010-11 the Authority will be finalising the administrative and legal structure for CIMA to become the formal oversight body in respect of auditors as required under the EU 8<sup>th</sup> Council Directive on Company Law. That directive requires foreign auditors carrying out audits of entities

listed on EU markets to be subject to a system of independent public oversight that is equivalent to that of the EU in order to be exempted from the registration and regulation requirements of the individual member states. CIMA's taking on this role, will ensure that Cayman auditors will continue access to business in EU markets without the onerous task of meeting individual EU country registration and regulation requirements.

Fourth, CIMA will be implementing new standards. In addition to implementing the EU auditor oversight requirement, other initiatives to implement new standards and enhance the supervisory regime during 2010 will include:

1. Completing the implementation of Pillar I of the Basel II Capital Adequacy Framework for banks in December this year, and implementing Pillar 2 of the Framework during 2011.

2. Strengthening the regulatory framework with regards to fitness and propriety of persons governing regulated entities;

3. Completing a review of the regime for hedge funds and administrators in light of financial crisis recommendations and to ensure equivalency with the International Organisation of Securities Commissions (IOSCO) standards, EU Alternative Investment Fund Managers (AIFM) proposed directive and other relevant requirements.

Fifth, CIMA will be enhancing On-site Inspection. Over the last year CIMA has made it a major priority to enhance its inspection programme. This will continue into 2010 with the objective of increasing on-site inspections of licensees and registrants. This will include overseas inspections, which are necessary as a significant number of CIMA-regulated entities are managed from other locations. Across the Authority there will be continued focus on enhancing the consistency, fairness, quality and timeliness of inspections and the resultant reports issued to the inspected entities. CIMA aims to reduce the timeframe for the issuing of inspection reports to 35 business days by the 2010-11 fiscal year.

Sixth, CIMA will be strengthening the failure resolution framework. Initiatives to enhance the framework for dealing with regulated institutions that fail include developing a crisis management plan and drafting and submitting amendments to the regulatory laws to allow for crisis resolution and prompt corrective action.

Seventh, CIMA will be enhancing the monitoring of Anti-Money Laundering and Combating the Financing of Terrorism compliance. During 2010 CIMA will be undertaking a comprehensive review and assessment of the Anti-money laundering/Combating the financing of terrorism regime, with the aim of making recommendations for strengthening it. The Authority will also update inspection guidelines and increase focused inspections of Anti-money laundering.

Eighth, CIMA will be improving supervision of international entities (home-host supervision) and in-

ternational cooperation. Initiatives for 2010-11 to strengthen supervision of entities that are regulated both by CIMA and in other jurisdictions include:

1. Expanding memoranda of understanding (MOUs) with jurisdictions that have a significant number of licensees in the Cayman Islands;

2. Reviewing and if necessary amending and renegotiating existing MOUs to ensure that they adequately address communications in times of crisis and that they clearly outline both regulators' responsibilities for supervision of entities; developing Authority-wide pre-licensing procedures to determine whether home country supervision is adequate, and

3. Developing and formalising practices to ensure CIMA and counterpart regulators exchange appropriate information.

Madam Speaker, CIMA will continue to participate in and organise joint supervisory meetings (supervisory colleges) with regulators of Cayman entities regulated in other jurisdictions. CIMA will also maintain participation in international forums and initiatives by organisations such as the OECD, G20, FATF, and industry-focused regulatory groupings such as the International Organization of Securities Commissions (IOSCO), International Association Insurance Supervisors (IAIS), Offshore Group of Banking Supervisors (OGBS), and Associations of Supervisors of banks of the Americas (ASBA) to enhance international cooperation and supervision.

### **Tax Information Authority**

The partnership role of the Tax Information Authority has increased in importance with the number of signed Tax Information Exchange Agreements (TIEAs) increasing from, I think it was one as of 1 April 2009, to 18 currently, with over 20 anticipated during the upcoming budget year. Additionally, the Authority is tasked with the challenge of establishing competent authority agreements/working protocols with counterpart competent authorities in new treaty partner jurisdictions.

The Tax Information Authority will also be participating in the OECD Global Forum Peer Review Process both as it affects the Cayman Islands and in connection with Cayman's role as a peer review assessor. The Authority will also implement and manage possible changes to the savings income reporting requirements in line with proposed changes to the EU Savings Directive. The launch of an e-reporting system for savings income reporting will be of significant benefit in automating and streamlining the reporting process.

### **General Registry**

In September 2009 the General Registry introduced electronic filing of annual returns and directors and officers information. This was the first time the department had introduced any form of electronic

document filing. The Department also launched its website and through this medium has introduced to the public the facility to conduct online searches of the companies and partnerships registers.

The Department is pleased and encouraged by the level of response to the system and continues to work towards introducing additional functionalities. During the first quarter of this year, the Department accepted thousands of annual return forms filed electronically.

The search feature has also been well received, especially by international organisations seeking confirmation of the existence of entities purporting to be registered in the Cayman Islands. This feature also allows the convenience of maintaining an online account for frequent users.

Furthermore, the results of such searches are instantly available and downloadable.

### **Department of Commerce and Investment**

The Ministry of Finance wishes to encourage Caymanians and residents to be aware of the recent changes at the Department of Commerce and Investment. Not only has the organisation undergone a name change but there has been a renewed focus on the investment facilitation aspect of their operations and an expansion in their mandate to include areas of commerce such as the processing of LCCL applications and trade and business licensing.

This Department as part of the partnership for recovery is responsible for stimulating and facilitating appropriate, long-term, inward and local investment in the Cayman Islands. It is also charged with providing technical assistance to local entrepreneurs and small businesses as well as linking investors with potential customers, suppliers and other business partners.

First, with respect to developing entrepreneurial capacity in these Islands, the Department is exploring the creation of a Small Business Development Centre that will offer an expanded range of services and programmes to be of benefit to small and micro businesses. This programme will be created in partnership with the University College of the Cayman Islands and other private sector partners who will contribute valuable expertise to guide and mentor our local entrepreneurs.

With respect to pursuing economic growth through inward investment, the Department has created a policy framework that will support the development of a national investment strategy.

It has also commissioned a thorough review of our trade and business license and local companies control laws to identify loopholes and recommend areas for improvement.

The policies and procedures governing the establishment of local and foreign owned businesses in a jurisdiction are key factors influencing economic growth and development. The Department of Commerce and Investment is therefore ensuring that it is

positioned to minimise risks associated with certain types of business; and at the same time is able to maximise the economic outcomes possible from the facilitation of a vibrant private sector.

The Ministry of Finance has also created the National Investment Council (NIC), with public and private sector participation, which is to spearhead the national strategy for retaining current business and attracting new investment to the country. The NIC is working to develop a proactive position for our inward investment initiatives so that they may lead to positive medium- to long-term economic development.

The council's ultimate goal is the attainment of economic growth that is sustainable and creates a better quality of life for our people for years to come. My administration is astute enough to know how crucial it will be to balance the desired growth from inward investment with local linkages so that everyone shares in the prosperity—small businesses, medium sized businesses, big businesses and all citizens.

This is a partnership for economic recovery and sustainability!

### **Promoting Physical Presence Financial Services Operations**

The Financial Services Secretariat in coordination with the Department of Commerce and Investment are combining their resources to enhance the physical presence of financial services firms and to create the resulting influx of new mid to high salary jobs that will serve as an important stimulus to the local economy. This stimulus, it is believed, will be a key component in repositioning our financial industry for decades to come.

Madam Speaker, this partnership is strengthened by two key advisory boards that work with these two departments—the National Investment Council and the Financial Services Council. These committees are comprised of key private sector stakeholders who in partnership with my Ministry and the departments are providing me with policy advice on creating the right business climate to allow further local and inward investment to thrive.

The Government's initiative announced late last year to promote the relocation of firms to the Cayman Islands has already resulted in a number of approaches from international financial services firms interested in setting up in the Cayman Islands. Recognising that there are a number of international initiatives that may affect the success of this initiative, the Ministry of Finance will be stepping up our presence in London and in the European Union. We already have in Washington the team Sidley Austin as our lawyers. And we are looking at the appropriate PR people.

In this regard the London Office, and a soon to be established EU Office, will seek to continue to promote the Cayman Islands through all available UK and European channels, helping to increase awareness of steps which the Cayman Islands has taken in

respect of compliance with international standards and the ongoing effort to maintain the highest standards of integrity for our financial services industry.

Last week I led a delegation on a trip to Brussels to discuss the EU Alternative Investment Fund Manager's Directive. Meetings were held with members of the European Parliament, the Council and the Commission.

These Meetings confirmed the need for the Cayman Islands to engage with Europe. Though the discussions were in relation to this specific Directive, it is clear that this is just the first of many initiatives that the EU will be dealing with in the coming years, which will have implications for these Islands.

The EU markets are important to our financial industry and therefore we must ensure that we engage the various EU states both bilaterally and as a Union. It is therefore critical for us to ensure that the Cayman Islands have a full time representative in the EU, in Brussels, and that our London Office be staffed to deal with these ever increasing and complex financial initiatives. Therefore, funds are in this Budget to put the appropriate persons in place.

### **Targeting New Sources of Business**

The Cayman Islands currently relies heavily on North America as the primary source market for its financial services industry, however, we must consider opportunities in other regions to help in the diversification of the financial services industry in these Islands.

A marketing road show to Asia by the Government late last year indicated that there are opportunities for financial services from Singapore and Hong Kong. Some of the Cayman Islands competitors are having tremendous success with these countries and the Government, with the help of the private sector, is now devising strategies to realise these opportunities.

### **Overseas Offices**

Following on from the success of establishing a presence in Dubai, with many queries coming forward, we are exploring the possibility of another such office in Asia. Hong Kong is one consideration as it is a global financial powerhouse with a sophisticated financial and business infrastructure that supports business. It is a gateway to China and other markets in Asia with a collective economy estimated at \$215 billion, and which the IMF (International Monetary Fund) projects will grow by 5 per cent in 2010. It is a great travesty, Madam Speaker, that we now have to go back and start all over since the Hong Kong office was closed down by the last government in 2005, within months of taking office. Where there is no vision, people perish.

We are receiving strong interest from high net worth individuals in markets such the UAE (United Arab Emirates) and China, and will seek to take full

advantage of the opportunities this presents. High net-worth individuals tend to be prolific in their investments ranging from real estate, property development to the financial markets, as such, we will re-open our Hong Kong office on October 5<sup>th</sup> this year. The date has been set, a place has been found, staff have been identified and we are moving forward.

Overseas offices . . . Madam Speaker, not matter what people complain about those of us who have to travel and do work at that kind of level, they put us on the frontline along with many other jurisdictions that have adopted a similar strategy, and Cayman's absence has made us fall behind. My Government's approach enhances our ability to attract investment for these Cayman Islands.

### **Facilitation of Major Projects which have Significant Economic Impact**

In addition to the initiatives that I have already mentioned, the agencies under my Ministry are actively involved in facilitating several major investment projects. This is reflective of our renewed partnership with the private sector, where Government's role is to ensure that appropriate economic growth can be achieved through value-adding projects led by the private sector.

There are several major projects that have significant economic impact that are at varying stages of implementation and completion. These projects are critical to the forecasts of the economy over the medium term. These projects have a total value of \$1.9 billion over the next five years.

Of the ten projects, two are each valued at \$500 million. They are the Camana Bay and the Ritz Carlton at Dragon Bay. These are ongoing.

Two others, including various high-end condo developments along the Seven Mile Beach area and the Cruise ship Port, are valued at \$200 million or more. The condo developments include The Waterford, Watercolours and Cypress Pointe.

Four other projects account for \$600 million of the total investment, at a value of \$150 million each. These are the new sewerage system, the Waste to Energy facility, which is led by the private sector, the new hospital project and the cargo facility in East End. That is led by the private sector. In the case of the first two, the Expression of Interest documents have been done. While the Memorandum of Understanding has been signed in respect of the new Hospital and the Paper for the Cargo facility is soon to go to Cabinet for discussion.

There are also a number of commercial developments being carried out and the government's own housing project, which involves building affordable homes around the Island, will occur. These account for a total of approximately \$41 million and are ongoing.

The projects listed above do not require any supporting infrastructure which will need to be pro-

vided by the Government. Each of these projects is already part of an existing area which has sufficient infrastructure. Where necessary, any additional infrastructure will be built by the private investor as part of the self-contained development area.

There are no concessions to the projects apart from the Watercolours condo development and the new hospital. In the case of Watercolours there is a 5 per cent concession on import duties, leaving a 17 per cent import duty charge on all imports for the project. This is considered negligible and will be compensated by the wider economic impact of this project.

I know we get criticised, Madam Speaker, about concessions. But anyone realising the current state of play in the economies around us, recognise that this country has to be more business friendly; offering some concessions is part of that. If you count the cost, if we give 5 per cent to Watercolours, which is approximately one point something million dollars, but we are receiving 17 per cent of import duties of \$17 million or \$19 million, which is better? To have let it go? To have refused the 5 per cent duty [concession]? Or to get the \$19 million to help us pay the bills and feed the people?

In the case of the new hospital the concessions are in the form of duty concessions for medical equipment and a reduction in work permit fees. However, these concessions will have limited impact in the period of the three-year plan as the main source of Government revenues for this project during the development phase is in the area of construction, and there will be no import duty concessions for construction materials.

Madam Speaker, I want to take the time to say that there is much grumbling about people giving away concessions. I already said how I feel about that. But, the constant talk that Caymanians do not get it is just not true. I went on the radio and outlined the millions of dollars that are given from various governments over the years, including mine, to various people and small people, not the huge businesses that some people like to get up and say we are only pandering to the large business—small people, millions of dollars.

So, Madam Speaker, if a Caymanian wants duty concessions and presents his/her case, it will receive due consideration and be given top priority by the Cabinet.

The facilitation of these projects is indicative of the way forward in accommodating private sector investment as a catalyst for our future economic growth and development path.

### **Journey with People**

This journey also requires us to build a channel to open up new pathways for our people. The initiatives mentioned demands us to partner with the environmentalists, investors and the people. This is a time to challenge conventional wisdom. This is a time

to grab opportunities. And this is certainly a time to recognise threats without being crippled by them. A channel, for instance, for the North Sound, is an absolute necessity if the country is going to ever get business from the mega yacht industry. Bearing this in mind, my Government will be seeking investors to do a necessary channel. Public discussion will take place [and] environmental impact adhered to so that any agreed work can keep damage to the minimum.

### **Enhancing the Tourism Sector**

The Cayman Islands Department of Tourism (DoT) has been working closely with organisations such as Cayman Airways, the Cayman Islands Tourism Association, the Sister Islands Tourism Association and other private sector stakeholders to develop and implement strategies designed to increase visitor arrivals. The objective has been to strike the right balance between price and value and to offer incentives and promotions that influence consumers to choose the Cayman Islands when making their decision to travel.

This is all part of the economic recovery programme, Madam Speaker.

As part of this programme, the Government has charged Cayman Airways and DoT to work more in partnership to ensure that we are using the national airline in the most efficient and effective way possible as an economic tool.

DoT and Cayman Airways continue to work strategically together and co-operation exists at all levels of both organisations. While each organisation has a unique business purpose with its own set of goals and objectives, the working relationship between the two entities continues to advance and strengthen.

DoT currently provides marketing, promotions and PR services for CAL in the visitor source markets, which is enabling the benefit from significant economies of scale and cost savings to be realised at a national level.

The new Board and Management Team at Cayman Airways quickly commenced an intensive strategic review of the airline's activities, with emphasis on the financial and operational challenges facing the airline. Several positive changes have been implemented at Cayman Airways, which have resulted in a significant reduction in operational expenses and an improved ability for the airline to be sustainable over the period of recovery and beyond.

From its inception, Cayman Airways has received funding annually from the Government, with the intent to cover the airline's operating costs. The level of funding has always been less than what was actually required to cover the airline's operating costs.

In the last ten years, this funding shortfall from the Government has forced the airline into just over \$50 million in debt, with \$19 million of this debt owed to non-bank counter parties. The debt owed to banks

has grown to a level that demands approximately a half-million dollars each month to service.

The level of bank debt combined with the additional level of non-bank debt is now of a magnitude which is unsustainable and severely threatens the continued operations of the national airline.

This is one of the issues that we, as a Government have to face and fix!

In this regard, the airline has managed to reduce its expenditure in fiscal year ending June 2010 by between ten and twelve million dollars. The final number will depend largely on fluctuations in fuel prices when compared to what obtained in the fiscal year ending June last year.

Amongst the measures taken, Cayman Airways proactively commenced reductions in staffing levels in August last year and has achieved an 11 per cent reduction, from just over 400 employees in mid-2009 to 355 in April this year.

The annualised cost savings of this staff reduction, along with other staff related cost reductions, such as work permit fees and overtime payments, is currently projected to be near two million dollars.

Other examples of significant cost reduction include the successful re-negotiation of aircraft leases, which have resulted in annualised savings of over \$1.2 million. Strategic reductions in scheduled flying have also been implemented to better align capacity with demand, without any negative impact on revenue.

Significant cost reductions have been achieved in almost every expense category and will be permanent in nature. This assures Cayman Airways a solid and effective cost structure as the airline continues to improve its revenue management processes.

The valued staff of Cayman Airways has also demonstrated a renewed level of pride and enthusiasm in the national airline through a vast improvement in the delivery of service. Let me recognise the staff for their efforts in working with the new Board and Management Team to achieve the airline's recent success.

Whilst the Government commits its support for the national airline through the tabling of the budget for the year ending 2011, I would like to ask the staff of Cayman Airways and the people of the Cayman Islands to recognise that Rome was not built in a day.

Let us not forget that many of the problems facing Cayman Airways today are the same problems that faced Cayman Airways 40 years ago. Cayman Airways cannot be all things to all people, and all its problems cannot be rectified overnight, neither are they to be left alone. We must fix it!

It is known and accepted that Cayman Airways is an important lever in our economy, and is critically important to achieving our national priorities in the tourism and financial services industries. Cayman Airways is now poised to go where it has never

gone before. Let us embrace and use the opportunity wisely.

I want to thank Mr. Jude Scott, Chairman of the Board, and Board members for their very hard work. This is a board that is not paid by Government; they give of their time freely, and we have to thank them for, I think, the milestone they reached this year, and also, as I said earlier, to thank the management of Cayman Airways.

Now, this leads us to the role of tourism in the way forward.

### **Growth and Development in Tourism**

The sustainability of our hospitality industry remains a top priority and DoT is working assiduously to continually develop our existing products and infrastructure.

Tourism in the Cayman Islands provides a distinct, high quality experience that attracts more than 270,000 air arrivals and 1.5 million cruise passengers to our shores per year. Since November 2009, visitor arrivals have been consistently growing. This growth persisted in 2010 at rate of some 8.3 per cent over the same period in 2009. And we are cautiously optimistic that this trend will continue throughout 2010.

DoT is changing the way it does business in order to align with various consumer behaviours and attitudes and as a consequence, marketing decisions are being developed to address three important concerns:

1. Consumers, even the most affluent ones, are continually searching for a better deal that is more value for money orientated.

2. The type of business that the Islands now attract has changed, and the emphasis has shifted from business travellers and meetings and incentive groups to domestic visitors that are being lured by attractive offerings in the marketplace.

3. Competition from other tourism destinations is becoming more aggressive as countries fight to retain or increase their market share.

Throughout the recession the Department carefully monitored the indicators and redoubled its efforts to reinforce messages that resonated with smart and sophisticated travellers. Research shows that in spite of the downturn in the US, our targeted consumers are not only still committed to travel, but they are also seeking more life-enhancing experiences for themselves and their families.

Consequently, a number of initiatives have been or will be implemented to capture our target consumers:

Promotional offerings, such as free companion flights, free nights, upgrades, resort credits, discounts.

A comprehensive Customer Relationship Management system is being put into place to more efficiently speak to our customer groups.

With more than 80 per cent of prospective visitors using the Internet to plan their vacations, the Department is looking to completely redevelop the official tourism website in order to incorporate new features, such as user-generated content, e-based marketing tools, multimedia and interactivity capabilities.

DoT is re-launching a cruise conversion programme this summer which is aimed at providing cruise guests with compelling offers to return to the Cayman Islands for a land based vacation.

On-Island Promotions are being developed using a collaborative and results driven approach. These include Cayman Summer Splash, a co-branded marketing campaign with Nickelodeon. Engage! 10, the luxury wedding business conference held earlier this month was also an example of this partnership.

A continued push to increase the level and quantity of customer service through the PRIDE Programme.

DoT in conjunction with the Port Authority will also be working to raise the level of visitor experience at the cruise ports.

The Apprenticeship Program will continue by trying to generate a greater supply of highly qualified Caymanian workers who will not only raise the level of professional competency in the tourism workforce, but can bring a distinct cultural flavour to local tourism products and services.

DoT and the Department of Environment are formulating policies and incentives to encourage businesses in the tourism sector to adopt more environmentally friendly practices and to minimise their impact on the environment. The Cayman Islands Environmental Project for the Tourism Sector (CEPTS) has been successfully launched and two dive resorts (Cobalt Coast and Compass Point) have become Green Globe Certified. Earlier this year, the Queen Elizabeth II Botanic Park was the first botanic park in the Caribbean region to gain this noted certification. The CEPTS team is also reviewing the requirements for attaining Green Globe Certification for the entire Island of Little Cayman.

As a result of the pressure to reduce costs and effect greater efficiencies, DoT will be realigning its resources and streamlining its operations in order to better service the unique and evolving needs of consumers and industry partners. This repositioning of services is expected to bring about greater operational efficiencies and will enhance the Department's ability to successfully deliver on its established goals and objectives for the 2010/11 fiscal period and beyond.

### **Air and Sea Port Enhancements**

#### **Cayman Islands Airports Authority (CIAA)**

In October 2009 plans for the Authority's proposed redevelopment of Owen Roberts International Airport (ORIA), Grand Cayman, was cancelled be-

cause of a downturn in the world economy and subsequent restrictions placed on borrowings needed to fund the development of a terminal and runway expansion project.

Notwithstanding this, the CIAA has recognized that some short-term redevelopment will be necessary to meet current and future airport facility capacity demands. Therefore, the Authority will re-evaluate the 2009/2010 redevelopment plan with a view of implementing an affordable strategic plan with clear objectives that will address current infrastructure needs, enhance services and facilities and meet future capacity demands.

Current Authority regulations, which are outdated, will be reviewed and revised to bring them in line with current international and local requirements.

One specific initiative in the tourism sector relates to the country's airlift capacity and this requires the expansion of the airport to accommodate long haul flights. But, in general, capacity at the airport has to be expanded.

I am again exploring the prospect of obtaining US pre-clearance inspection for customs and immigration as part of the airport expansion project. This will enable us to enhance the service and visitor experience as part of our push to develop tourism.

Madam Speaker, this is already in hand through our lawyers in London. They are investigating this matter.

### **Increased Airlift**

Delta Airlines has confirmed its intention to introduce non-stop service to Grand Cayman from New York's JFK, this month. The service will be once a week, on Saturdays, and is timed to allow for European connections. This weekly service will complement the non-stop service that our national carrier Cayman Airways has been operating for the past several years and is a positive sign and a vote of confidence in the Cayman Islands by one of the world's leading airlines.

This is another example of partnership with the private sector.

### **Cruise Berthing Facility**

In November of last year, the Cabinet approved the selection of DECCO as the Country's development partner that would finance, design and build the much needed cruise-berthing facility in George Town. Since then, steady progress has been made, and last month the MOU between the Cayman Islands Government, the Port Authority and DECCO was signed for the construction of two cruise ship berthing finger piers—of which at least one will be able to accommodate the Oasis Class ship.

The berthing facility, like the airport, is a critical lever in our economy. And we have been repeatedly advised that the Oasis Class ships will not place

destinations on their itineraries that don't have adequate berthing facilities. Every country in the region is doing so, Madam Speaker. The Cayman Islands is the only significant destination in the region without one.

Most of our Western Caribbean competitors such as Roatan, Montego Bay and Ocho Rios already have walk-on cruise facilities. Compounded by the fact that Cuba is opening, our Islands are at a competitive disadvantage the longer we delay in addressing this issue. The Bahamas has the same. And they have just re-opened their channel to cope with the larger vessels.

The establishment of the cruise berthing facility will not only ensure that the mega ships will include the Cayman Islands as a port of call, but it will provide a seamless disembarkation experience for visitors, which in turn will improve their overall view of these Islands.

This is the kind of experiential difference that influences whether those visitors will choose to return to the Cayman Islands as stay-over guests in the future.

### **Education and Workforce Development as Key Drivers for the Future Success of our Economy**

Madam Speaker, when all is said and done, the real test of economic recovery is going to be measured by the capacity of our people to share in the common good. More importantly, the recovery must be sustained to the extent that we give our youth hope that they can inherit this country in a state that offers promise of an even brighter future.

Our pursuit of economic growth and development demands us to help every child succeed in our education system. That is how we will truly build a strong nation of caring, confident and competent individuals.

In 2010/11, the UDP will continue to invest heavily in the enhancement of our education system. Here are some of the key strategic objectives that will be pursued this year:

1. The implementation of a new governance model and stabilisation plan for the education system. This initiative establishes a new governance structure which will pay more attention to how our education system is being managed, provide a clear and effective focus on support for school improvement, efficiencies and strong teacher morale and participation in decision-making on changes within our education system.

2. The implementation of a National Qualifications Framework. It will answer questions such as: Do CXC and IGCSE qualifications have equal value? How does a B-Tech qualification compare to an IGCSE pass? What kind of qualifications fall under COEA and what skill levels do persons with these passes possess?

3. The introduction of restructured secondary education system, with two all-through high schools

and enhanced graduation criteria. The Minister and his team inherited a system in transition, but without clear guidance as to how this would be implemented, no comprehensive plan for the programmes that would be available or funding or staffing for these programmes.

In September 2010 students and teachers will enter two all-through 7-11 high schools with a new curriculum model and timetable that will ensure equity and access for all students. The DES and Ministry will focus on supporting these new developments in 2010/11, as well as on the development of new graduation criteria that will, for the first time, include an academic component.

4. The launch of an innovative Year 12 Further Education programme, to provide a bridge between high school and employment and/or higher education. In September 2010, for the first time, students who have sat their external examinations will have access to an entirely new programme of academic, technical and vocational and further education options.

5. The implementation of a range of enhanced interventions for At-Risk students in primary and secondary schools. The Ministry for Education is in the process of completing a plan which will provide a range of much needed interventions for students who are in danger of becoming educationally disabled because of conditions surrounding their birth or home environment. This will form part of a cross-ministerial National Strategic Planning initiative for children deemed to be At-Risk, which is being led by the Ministry of Community Affairs and Housing.

6. This financial year will see the commencement of work on the construction of the new high school campuses. In addition, the UDP Government has also allocated some 10 million dollars for critical improvements to the physical plant at primary level. Madam Speaker, the needs of our primary schools are critical, and they have been neglected for far too long.

7. Despite our financial challenges, the UDP Government has also remained committed to investing in the potential of our young people through our national scholarship programme.

8. We need better ways of career counselling, interest assessment and educational planning for both young Caymanians and those who need to retool to remain current in the workforce of the future. We will therefore be investing carefully to strengthen our capabilities in this area with the launch of a new careers assessment, guidance and counselling centre.

9. I note with much pleasure the strong beginnings of turnaround we are enjoying at the University College of the Cayman Islands (UCCI) under the new President, Mr. Roy Bodden, and the Chairman, Mrs. Berna Thompson-Cummins. The selection of President Roy Bodden has proven to be effective, not only in distancing the institution from the dubious dealings of its former President, Mr. Syed, but in laying a foun-

ation for better Ministry oversight in partnership with the Board of Governors, better attention to student needs, and better progress toward alignment of UCCI offerings with programmes and projects in our compulsory education facilities.

And what we must do going forward is institution-building at UCCI. We need to strengthen UCCI to fulfil what it does with greater vigilance and care concerning its standards, its programmes, and its output—the graduates. We must do that without regard to any one person or set of personalities—it must be truly institutional.

Overall, we must plan a future for higher education that allows for local professional scholarship of a high standard, but also for acquisition of life-long learning and especially vocational and technical education skills.

10. My Government remains committed to the introduction of new legislation for the more effective supervision and regulation of education in the jurisdiction. In the first year of this administration, the Minister of Education, Training and Employment has consulted widely with stakeholders in our education system; advanced the secondary transition in the government system; put in place preparations for a variety of post-16 options; and is in the process of reorganising the management of education.

The Minister for Education will elaborate on these initiatives.

### **Training and Employment**

The protection of employees under the National Pensions Law has failed and it is high time we admit it. Given the manner in which this system is structured Government would require a small army to carry out the mandate under the current law. Labour has been a vexing issue for many years and the Department of Employment Relations has been the target of much criticism for not delivering to a high standard. No tweaking will address the fundamental issues underlying these critical areas of governance, wholesale change is required and must take place.

In this regard, the Ministry has already secured the services of a very experienced Caymanian lawyer to carry out the complex legislative reform agenda outlined by the Minister and approved by the Cabinet. In broad terms the National Pensions Law and the Labour Law will be revised to produce:

1. a revised Pensions Law to focus on regulating pension plans and administrators.

2. a revised Labour Law creating a single inspectorate to deal with all labour related matters (including non-payment of pension contributions) with a fixed ticket penalty system to more efficiently bring delinquent/unscrupulous employers to account for labour, pension or health insurance infractions.

3. a new Human Capital Development Agency to focus on work placement and national training, including the scholarship secretariat. This will provide

for greater clarity of roles and a more efficient regime surrounding these very important aspects of our labour market.

Madam Speaker, the high social and economic costs of the current large numbers of unemployed youth in the Cayman Islands are all too clear to us. Our employment statistics tells us that there are increasing numbers of unemployed Caymanian young people. However, any solutions must seek to understand why our youth are not employed. Feedback from employers regularly cites that Caymanian young people lack workplace readiness skills. They tell us these barriers include basic workplace skills, poor interpersonal skills, lack of motivation and attitudes of entitlement.

This year, the Minister and his team responded to this challenging issue by piloting an innovative and timely programme called Passport2Success for unemployed youth. Through this programme, 25 of our young Caymanians have been given second chances at success. In 2010/11 the Ministry will be seeking to apply the learning from this pilot programme to enhance this initiative, with a view to making it available to other youth. I understand there is already a long waiting list.

This brings me to another important partnership for recovery, that is, the Young Nation Building Programme (YNBP).

### **Young Nation Building Programme (YNBP)**

A productive, caring, engaged and entrepreneurial young generation is necessary if we are to realise the future we have identified for ourselves. That is why funds have been allocated again in this year's Budget to continue to assist with physical plant, civic and religious programmes, the arts, history and culture that will contribute towards our children becoming Nation Builders—a society where we are each others' brothers and sisters; a just society that recognises country above self; a society where criminal activity is a rarity; a society where its members are prepared to confront each challenge with optimism that they are equipped to face the challenge. That is what the YNBP will contribute towards being Caymanian.

### **Improvements to Immigration Policy**

Focusing on education and workforce development would come to naught without a robust policy with respect to Immigration.

The immigration laws and policies of any country are vital to the economic and social well being of that country and all those who reside there as residents and citizens. In 2003 this Government brought to the Legislative Assembly a new Immigration Law which modernised and recognised much of what had been recommended by Vision 2008 and the original Immigration Review Team as being much needed changes in our immigration policies and laws.

The new law created a new system of progressive rights which recognised the rights and aspirations of long-term residents to move forward to security of tenure through the grant of permanent residency based on a stringent point system and the opportunity for those permanent residents to eventually move on to citizenship and Caymanian status.

This system of progressive rights was also in line with international norms for recognising a state's obligation to offer security of tenure to those long-term residents who had lived here, contributed to our community and to our economy and wished to remain here for the long term.

Whilst recognising such security was only fair, right and reasonable for persons working here under our work permit system for lengthy periods, the law also recognised that as three small Islands we could not offer such security to all our work permit holders and, therefore, the law also created a fixed-term policy of seven years for all work permit holders not exempted from it by definition in the Law and at the discretion of the various immigration boards.

The Law also recognised the need to ensure that our own Caymanian people were being trained, mentored, and promoted to the best of their ability by creating the requirement to file a business staffing plan for all employers who held more than 15 work permits for any one business.

It also recognised the need to attract both wealthy retirees and new entrepreneurs and investors for whom a 25 year certificate was being offered for a one-off fee of CI\$20,000.

As with any new law, there have been issues arising from its implementation, and this Government has since its election a year ago sought the input from the private sector and the Department of Immigration as to the difficulties being experienced by businesses and those resident here.

It became apparent from very early on that turnaround time in the granting of work permits and the difficulties in obtaining key employees who would be exempted from the seven year fixed-term policy were two of the major complaints that businesses had.

In addition, it became clear that if we wanted to attract new overseas investors we would need to offer a new direct investment certificate, as the original Entrepreneur and Investor Certificate has been removed from the Law.

Another pressing need was the suffering being experienced by our elderly, the long term ill, the handicapped, when helpers and other special cases that they were familiar with and who were familiar with their care were forced to leave under the fixed-term policy leaving many Caymanian families with no one they knew to care for the most venerable in our society. And I should add, causing our country to be a revolving door—more new people in to do this work, and more and more, and more people that we do not know into our homes.

We have sought to address these immediate concerns whilst appointing a new review team to review the entire process of work permit applications policies and procedures and to make recommendations for the long term improvement of the entire immigration system.

In January the Cabinet issued the Immigration (Financial Services Sector) Directions to the Immigration Boards. These directives directed the Chief Immigration Officer to give priority to the processing of all work permit applications from the financial services sector or, where necessary, to refer such applications to the relevant board or committee.

It was also directed that the Chair of the Business Staffing Plan Board to create a subcommittee to include himself or his deputy and at least two members with expertise in the financial services sector to hear all applications from the financial services sector and to make recommendations to the Business Staffing Plan Board for the designations of key employees to that sector.

It created a presumption of key for certain top positions in the financial services sector, provided the company was accredited, and provided no Caymanian was available for the post.

The Directives also directed the Boards to consider granting longer work permits of three to five years for domestic helpers, teachers, doctors, nurses, ministers of religion and workers for positions authorised in business staffing plans.

Finally they directed the Immigration Review Team to work in collaboration with the subcommittee to establish an accreditation system for employers based on certain key criteria.

The Immigration Review Team have been diligently working on the accreditation system because we recognise that whilst quicker turnaround time for work permits, the red carpet treatment for existing and new businesses, and the retention of key staff is important to all businesses on the Island, it cannot be done at the sacrifice of our own Caymanian people and there are certainly those who are unemployed or underutilised under motivated or under paid in some corporations.

Good corporate citizens are always welcome in the Cayman Islands, and those who maintain a high standard of business ethics, encourage talent development programmes, have good employment practices, participate in community programmes and train and promote our growing Caymanian workforce must and will be given preferential treatment by our work permit system. If we can't do that, Madam Speaker, what kind of people would we be?

The accreditation system will begin as a pilot project with the financial services sector before it is rolled out across all industries.

Whereas this Government recognises and cannot afford to ignore the competition for our financial services providers we also recognise the contribution being made by all other sectors of our economy

including small businesses who will be assessed for accreditation based on a different criteria and one more appropriate to their role as small business owners with limited resources but just as much demand for good workers who give high levels of service.

It is hoped that once the accreditation system is implemented both employers and employees will feel better protected and that it will provide an accurate and quantitative measurement of a company's performance and its ability to train and promote our local talent.

This Government is committed to attracting high net-worth investors from overseas and in order to do so incentives will have to be offered, as there is much competition out there for their funds.

The Government has, therefore, introduced a Certificate of Direct Investment which will permit businessmen who invest \$2.6 million in employment generating businesses in the Islands to receive a 25-year Certificate for them and their families with a right for the investor to work in the businesses in which he has invested. The type of businesses that we are hoping to attract will diversify our economy, increase development, add to our financial services, and will have a positive effect on the economy as a whole as more funds are invested locally.

Needless to say, Madam Speaker, such investors will be closely scrutinised before being issued with such a certificate and only those with a proven track record and of good character will be awarded such privilege.

We will also be introducing an annual certificate for special caregivers which would allow them to remain in the Islands on a year-to-year basis beyond the normal seven years where the needs of a family to have that caregiver continue to care for an elderly, handicapped, long-term sick patient, or other special cases justify it.

Whilst we understand and appreciate the need for workers on work permits to take a break in stay, we remain committed to reviewing the length of that break in stay and to providing some flexibility in the system for those in most need of care and protection.

### **A Better Way in Terms of Strategic Planning**

If we set ourselves the task of providing a better way forward, we must be able to plan our way. This is why we must engage in strategic planning.

The partnership for recovery needs an anatomy that tolerates a well managed immigration system. The system must reward the most community responsible and Caymanian friendly businesses. This allows for the harmonious existence of Caymanians, residents and expatriates in a way that appreciates their inter-dependence on each other.

The Islands' first ever 20 year national strategic plan, a result of the National Planning Initiative, will be presented to this honourable House by the end of

the 2010/11 fiscal year. As mentioned, the Plan will be the first official document to holistically address the Islands' economic, socio-cultural, physical and environmental opportunities and challenges from a long-term perspective.

It will be the first time we embrace and learn from the future. The Plan will be the blueprint of a future full of hope and opportunities and void of challenges for present and future generations. The Plan will detail the steps necessary for us to backtrack from the future to the present in order to build that future that we as a nation have agreed upon. None of us has a crystal ball to see 20 years hence, and that is why the Plan will be designed to allow for modifications based on changing situations.

An important part of the strategic plan is to give Cayman a chance to properly discuss the opportunity of whether we embark on a sensible plan of public transport for this country, and that includes involving those who are now the operators of the business as true partners in the business. This could be a chance for us as a country to set the future right. Can we afford to build as many roads? Does everyone here need to own two cars? Does every maid need to have a car? These are valid questions that must be assessed and answered. It should not be, Madam Speaker, a tool for a whipping horse. These are questions that it is time for us in this House to address and for the country to realise that we just can't keep going the way we used to where everybody just did as they pleased.

I just visited Bermuda, Madam Speaker. With all the problems they have and the challenges, I still marvel at how they have planned. It took 40 years and more, but how they have planned! And here we are . . . we don't want anybody to tell us anything; we don't want to do anything; then we complain about everything. It is time! We cannot, Madam Speaker, continue building the roads the way we have been building.

We must utilise our funds better. We must come to grips with the reality that we cannot continue to build new roads at a rate that challenges our availability of funds. Built roads three or four years ago and today we still have not been able to pay the owners for the land. Is that good planning? It is not! And we can do better. And all of us in this House have to do better or our grandchildren are going to suffer.

As we embark on the journey to this bright new future, a future with a 21<sup>st</sup> Century educated workforce to take advantage of full employment opportunities, a future with minimal crime so that public funds can be spent more wisely; a future where the natural environment is empowered to protect our biodiversity; a future where Caymanians' identity is appreciated socially and culturally; a future where the physical environment is the envy of the region, all of these futures can simply be amalgamated into one—the future of the Common Good.

That is the future that my Government envisions for its people. And even though we have had

some setbacks, we still have much to save—the Plan will provide us with the tools to enable and facilitate this bright new future.

I invite each and every person living here to join the Government on this exciting journey into the future of the Common Good. This is not a future of the unknown. We as a people have decided what future we want, so the road is clear. But there will be hills and valleys that we have to navigate carefully.

### **Safety and Security**

Madam Speaker, while we must be concerned about economics, our Government has also been concerned about our safety and security in that regard. The Governor spoke about it and our plans in the Throne Speech. In the face of the challenges our Islands are experiencing, steps taken by the Commissioner are moving in the right direction in some areas.

There is much work to be done; but let no one feel that this administration will be lackadaisical. We found a bad situation and call upon our community to continue to do their part in giving any information to the authorities.

We have funds in place to put the CCTV system in operation and while our strategies will take some time to implement, we are sure it will strengthen safety and security in these Islands. There are too many challenges in that regard.

### **Conclusion**

In concluding, Madam Speaker: In the introductory remarks, I spoke of this occasion being a piece of history, given that it is a first for a Minister of Finance from amongst the elected Members of this House. This comes just after our first year in office. And, as mentioned, the journey began in the midst of a world economic recession that persisted longer than expected. But our focus is on economic recovery that is predicated on the back of a home-grown programme through partnerships for recovery.

The growing optimism is strengthened by gathering evidence of a world economy that is past mid-night and heading for dawn. We welcome the light, but we must enhance the conditions for that light to create life in our economy, to reflect change in our society and to inspire hope in our politics.

This budget presentation is another step in the process of informing the people and to inspire them to work with the Government to make a better way forward in pursuit of the common good.

Given the economic recovery mode we are in, the Government is fully prepared to face problems and fix them in a spirit that invites greater partnership with the private sector and the people generally.

The shift in emphasis will not compromise the short or medium-term economic objectives. Indeed we are advocating that as the economy is driven by private sector-led growth—which we must enhance—the

Government's relative share of the economy would naturally decline. This would leave the Government to concentrate on doing what it does best in the provision of services to the public.

As part of the better way forward, the United Democratic Party Government successfully had the Cayman Islands removed from the OECD's grey list and onto its white list by negotiating and signing Tax Information Exchange Agreements (TIEAs) as the OECD required for us to be on the white list.

Since coming into office just over a year ago, we have signed 10 TIEAs which is more than the 8 signed before. To date, the number of agreements is 18. We have most recently signed a TIEA with Germany, and we have concluded negotiations with Japan. Next week, the Government is scheduled to sign an agreement with another major country—Canada.

Madam Speaker, it should be made clear that these agreements are immensely important to our financial industry. Information did come to us from the private sector that while we were on the grey list, this Island lost business, so now each agreement that is signed means an increase in business for our financial industry.

We have worked tirelessly into the long hours of the night and wee hours of the mornings, Madam Speaker. And I confess I was discouraged at times as we were pounded by Opposition and those who were supposed to work with us found time to put obstacles in our path. Throughout this year, though, we did well in the face of those troubles.

My Government worked hard. We have issued directives to the Immigration Department that make the Cayman Islands a more competitive financial centre and emphasised the need for our immigration regime to be more business friendly.

We issued a directive that certain businesses are reserved for Caymanians only. Examples of such business are: trucking, commercial fishing, painting, auto repair, radio stations, electrical and plumbing, air conditioning, water sports, office supplies, beauty salons and real estate businesses, security companies, and transportation, to name just a few. The directive awaits a revision to the Trade and Business Licensing Law, but the board has been made aware of this directive and will not grant any such licence at this time. We are, therefore, protecting small Caymanian businesses.

We have promoted inward investment in the Cayman Islands and now a major Chinese company is looking at investing here. And we have had talks with a firm interested in the former Hyatt Hotel property.

We established the National Investment Council and the Department of Commerce and Investment to facilitate more business investment.

An agreement was signed for the construction of two cruise ship piers.

A multi-destination tourism partnership with Cuba was re-established. This partnership is going to prove important to the future of our tourism industry.

We re-established the defunct Tourism Advisory Council.

There is now new management at the Turtle Farm.

We signed an agreement that will facilitate the establishment of medical tourism and provide tertiary medical care for Caymanians. And, Madam Speaker, if they only do half of what they say, this country will be much, much better off.

Madam Speaker, an HPV vaccine programme was launched.

A Cancer Registrar was appointed. We made an agreement with the HSA for a resident cardiologist to join their staff complement. And, Madam Speaker, we had none. We needed a cardiologist in this country. And the Minister got that done. I am thankful for his work and his drive, although sometimes I expect much more from my Ministers because I sometimes feel like I am a slave driver! But it must be done. The work has to be done!

Public Consultation began on the proposed National Conservation law.

Financial, and in some cases logistical, support was provided to a number of international sporting events such as CARIFTA; support was also provided to the Cayman Open 2010 Squash Tournament, Cayman Islands Sailing Club's Race Cayman 2010 and the NORCECA beach volleyball championships.

We restructured secondary education to all-through high schools.

The first initiative of the National Employment Passport programme was launched with Passport to Success for young people.

A health check of the education system was conducted.

Educators' Appreciation Month events were held.

The University College of the Cayman Islands was stabilised and a new college president appointed.

We established the Principals' Consultative Council that will channel feedback from educators and recommend initiatives to the Ministry of Education.

We managed the crisis surrounding the unplanned, unfunded, and unfinished high schools.

We began the restructuring of the National Pensions and Labour Relations offices.

We fully started the low cost housing programme in East End and West Bay.

We have completed the expansion and renovation of the Golden Age Home for senior citizens.

The Young Parents' Programme, the National Parenting Programme and Women's Resource Centre were integrated as the Family Resource Centre which has eliminated duplication of some services.

A Youth Therapeutic Programme was established at Bonaventure House for young people with behavioural problems.

The construction of the Government Offices Accommodation Project continues and is due to be completed in the first quarter of 2011.

The method of damage assessment under our Caribbean Catastrophe Risk Insurance has changed to a per square kilometre basis—which mean, in effect, that each of our three Islands will be assessed individually, which increases the likelihood of a payout if we were unfortunate to suffer disaster. In other words, Madam Speaker, we cannot be caught the way we were caught with Hurricane Paloma. The Members for Cayman Brac can take some comfort that this is a new plank in this insurance plan.

A nation-building programme was started that assists children and youth programmes.

The Government assisted the economic recovery effort with a small \$10 million injection into the Cayman Islands Development Bank. We did stimulate some economic activity by facilitating the construction of condos on Seven Mile Beach.

We employed over 700 people with the Pride Clean Up Programme.

We reimbursed small Caymanian businesses that lost money in the Matrix fiasco.

A new scrap metal programme was started. We contracted to remove over 6,000 tons of baled scrap metal from the George Town landfill and tendered for all remaining scrap in the three Islands, cleaning up 15 acres at the landfill.

We acquired property to house the Watering Place (I think it's the Creek) Post Office that was destroyed by Hurricane Paloma.

We resurfaced 90 district roads.

We commenced construction of the MRCU hangar.

We acquired road-building equipment for Cayman Brac and Little Cayman.

We upgraded public beaches including Smith Cove and CoeWood Beach.

Public consultation of the Draft Prevention of Gender Discrimination Bill, 2010, was undertaken. I wonder if we'll ever have a bill that prevents discrimination against politicians.

We completed the East End retaining wall; created the Cayman Islands National Weather Service; and we set up Ministerial Councils for Tourism and E-business, Waste Management, Telecommunications. And we are utilising two of our backbenchers and making them work, the Deputy Speaker, the Third Elected Member for West Bay [Hon. Cline A. Glidden, Jr.], and the Fourth Elected Member for George Town [Mr. Ellio A. Solomon].

Madam Speaker, yet they say we haven't done anything. A year wasted, they said. Well, all can say, Madam Speaker, is thank God we got some things done.

Madam Speaker, I would like to take this opportunity to offer a special word of thanks to His Excellency the Governor, Mr. Duncan Taylor, for his great assistance in organising meetings, in particular those which took place last week, and for having accompanied me to meetings with the FCO in London.

Madam Speaker, this is something to speak about because what I have observed with this new Governor I have not observed with anyone who came here as Governor. When he went to the United Kingdom, he did not sit on the side of the United Kingdom; he sat on my side. And he talked for us. That's what he did. So, we are off to good relations, I think. I must say so publicly.

I want to especially thank the Financial Secretary for his hard work during these difficult times. Madam Speaker, that man worked day and night, weekends and holidays to help try and sort out the financial affairs of the Government, and we must thank him.

Mention should also be made of the work of the Budget and Management Unit (BMU) and the work of Mr. Ronnie Dunn, who sat with me and went through (the two of us) various departments. We called them in and went through and worked with them and told them they have to cut. And we did get some.

Madam Speaker, it would be remiss of me not to offer a word of thanks to the hard working members of the Ministry of Finance, Tourism, and Development; also to the members of the various Government Boards. Several come to mind, Mrs. Bodden-Cowan, who worked on immigration and spoke on immigration matters for us, without pay.

There are others: members of the various boards, immigration boards, members of the investment boards, private citizens who have given up their time for the good of this country without pay. Tourism Advisory Council, members of the PFI Committee, members of the Financial Services Council and of the National Investment Council, just to name a few.

I want also to personally thank my elected colleagues, as I said earlier, who have worked extremely hard over the past months, through the days, nights and weekends and public holidays to help bring us to this point.

Madam Speaker, I want to thank our chief officers for their efforts in the past year, and to thank the service clubs. I often say, Madam Speaker, that this Government could never afford to pay for the work that the service clubs do in this country—Lions, the several Rotary clubs, and at least two or three Lions' clubs.

Madam Speaker, we can't thank our churches enough for the moral guidance they give, and some of the load that they take on, although some people believe that they do not take on a load, but they do.

So, Madam Speaker, from the Government's budget and the financial services industry to tourism to the needs of our children and our elderly, the

United Democratic Party Government is taking care of the people and protecting the interests of the Cayman Islands.

The UDP Government continues to move forward on a path of economic recovery to achieve sustainable growth in which businesses can flourish and people have decent jobs. What I can say, Madam Speaker, is that the time for talk is over. There will have to be some debate, but I can tell one and all—Opposition, Civil Service, newspapers, anyone that wants to offer opposition rather than a helping hand—the Government's programme is now started and will be completed. And we have to complete it for the good of the people of this country.

If you want to criticise, criticise! But those of us who are responsible for doing the work, the work must be done. I am not asking anybody to like me as Premier. My people elected me. I have a job to do. And if not now, when? If not us, who?

So, let's keep our heads up high. Let's put our hearts and minds to recovery. Let's work together to secure our children's future. And in the spirit of unity, "Let us climb towards the peak in search of the light, knowing that our destiny will be determined by our foresight, a partnership for recovery would bring the sense of unity we seek."

I am reminded of one quote from His Majesty the late King George 6<sup>th</sup> in his famous 1939 New Year's message, and is appropriate, and I quote: "And I said to the man who stood at the gate of the year: Give me a light that I may tread safely into the unknown. And he replied: Go out into the darkness and put your hand into the hand of God. That shall be to you better than light, and safer than a known way."

For me, Madam Speaker, *I have miles to go; many, many miles to go before I sleep.*

Madam Speaker, let us start a true "Partnership for Recovery."

I want to thank you, Madam Speaker, for your indulgence in this long speech. We thank honourable Members for their patience and those who have come to listen and be our guests today. I thank them. May the good Lord bless all the people of our Islands from East End to Cayman Brac, George Town to West Bay, North Side, East End, and Bodden Town.

There are many, many more miles to go.

**The Speaker:** Thank you, Honourable Premier.

And we have an additional statement from the Honourable Premier, the Honourable Minister responsible for Finance, Tourism and Development, which he has my permission to deliver.

## **STATEMENTS BY HONOURABLE MEMBERS AND MINISTERS OF THE CABINET**

### **Payment to Matrix Sub-Contractors**

**The Premier, Hon. W. McKeeva Bush:** Thank you, Madam Speaker.

I would like to take this opportunity to [respond] to comments made in the 11 June 2010 edition of the *Caymanian Compass* entitled, "Scrap over Matrix payments."

It is hoped that this response will clear up some of the misconceptions portrayed in the article, primarily that the Ministry of Finance did not adequately scrutinise the invoices that were paid.

Madam Speaker, the Government made the decision to pay the subcontractors hired by Matrix in order to protect these small business owners involved in the removal of scrap metal from the George Town landfill after Hurricane Ivan. The Government was not legally obliged to pay these subcontractors, but it was reasonable that the subcontractors were reimbursed.

Madam Speaker, on more than one occasion the Ministry of Finance met with representatives of Matrix, Mr. Billy Bodden and Mr. Andrew McLaughlin, to obtain an understanding of the debts owed by Matrix. In addition to these meetings, there were numerous telephone calls with Mr. Andrew McLaughlin for Mr. McLaughlin to answer queries that the Ministry had in respect to the invoices.

During these meetings, the Matrix representatives handed over invoices that Matrix confirmed were in the possession of the company and which were still owed by Matrix. In addition, the Ministry of Finance obtained copies of Matrix US and CI cheque registers and accounts ageing summary as at 22 January 2008. The payments made to the subcontractors were confirmed as owing by reference to Matrix records.

Where there were discrepancies between invoice balances provided by Matrix and invoice balances provided by subcontractors, both parties were consulted further. Balances were agreed and the invoice balance adjusted accordingly. As a result of the review of the invoices, the Ministry of Finance was confident that payments for 19 invoices totalling \$280,533.45 could be made. These cheques were processed and paid out in April 2010.

Mr. Lyons' invoice: In regard to the invoice of subcontractor, Mr. David Lyons, on 11 January 2010, the Ministry of Finance spoke to his mother. She told the Ministry that Mr. Lyons was off island getting medical treatment and that she would make contact with him to determine if the invoice was still outstanding. On 12 February 2010, the father of Mr. Lyons informed the Ministry that he contacted his son, and his son confirmed that the invoice was still outstanding.

From the review of Matrix CI dollar and US dollar cheque registers, however, the Minister of Finance confirmed that on 11 October 2007, with cheque No. 106, Matrix had paid Mr. Lyons \$4,000, which is the equivalent of [CI]\$3,280. The Ministry of Finance therefore deduced the \$3,280 from the \$20,525 invoice, and it was agreed with Matrix that

the balance of the \$17,245 should be paid to Mr. Lyons.

Madam Speaker, regardless of the fact that Mr. Lyons is currently in prison, as evidenced by the US\$4,000 payment to Mr. Lyons by Matrix on 11 October 2007, Mr. Lyons did provide trucking services to Matrix and Matrix acknowledged the services that Mr. Lyons provided by writing him a cheque for \$4,000.

Therefore, Madam Speaker, Mr. Lyons is entitled to be paid for the balance of the cost of the trucking services that he provided before he was incarcerated.

Madam Speaker, the late Mr. Harold Bodden also provided trucking services to Matrix. And even though he has passed on his estate is still entitled to be paid for those services that he provided. Therefore, the Government honoured those services by paying the outstanding invoice to the estate of the late Mr. Harold Bodden for the services he provided to Matrix.

Invoices that were not paid by the Government: Madam Speaker, when the Minister of Finance was scrutinising the invoices that Matrix had provided the Ministry, and which Matrix stated were still outstanding, there were a number a invoices that were not paid as the Minister discovered that either they were previously paid by Matrix or they were not directly related to the removal of scrap metal from the landfill, or that contact could not be made with the subcontractor in order to verify the amounts outstanding.

Examples of the invoices that were not paid included:

- An invoice totalling \$10,678.99 from a local law firm for legal fees for processing Matrix's work permit applications. The Minister felt that the legal fees of Matrix were not directly related to the removal of scrap metal and, therefore, were not paid.
- An invoice from a quantity surveyor for estimating the amount of cargo loaded on the barges for \$550. The Ministry did not pay this invoice as a representative from the quantity surveying company indicated that the invoice was previously paid.
- An invoice from a subcontractor for \$1,200 for welding work on an excavator. The Minister of Finance did not pay this invoice as the invoice did not contain contact information and, therefore, contact could not be made with the subcontractor.

Madam Speaker, I should also note that there were invoices that the Minister of Finance subsequently received from some subcontractors which the subcontractors are stating are still outstanding by Matrix. Although the Matrix representatives cannot confirm that their invoices are legitimate, as the invoices were not in the possession of Matrix, the Government is requesting copies of delivery slips and affidavits to verify that these subcontractors did indeed provide services for Matrix.

Madam Speaker, I hope that this statement has cleared up any misconceptions that were made in the article in the 11 June 2010 *Caymanian Compass* regarding the payments Government made to Matrix subcontractors.

Madam Speaker, I assure this House and this country that the Government has scrutinised requests for payment in a diligent and careful manner before payments were made. Furthermore, as I stated earlier in this statement, some requests for payments were actually declined. The Government acted on good conscience and performed due diligence appropriately.

I hope the *Caymanian Compass* gives this statement equal treatment as they gave their *Anancy* story.

[Continuation of Government business]

**The Speaker:** Honourable Premier, the Honourable Minister responsible for Finance, Tourism and Development.

### **MOTION FOR THE DEFERRAL OF DEBATE ON THE BUDGET ADDRESS**

**The Premier, Hon. W. McKeever Bush:** Thank you, Madam Speaker.

I move: Be it resolved that the debate on the Budget Address be deferred until Friday, 18 June 2010.

**The Speaker:** The question is: Be it resolved that the debate on the Budget Address be deferred until Friday, 18 June 2010.

Those in favour please say Aye. Those against, No.

**Ayes.**

**The Speaker:** The Ayes have it.

**Agreed: Resolved that debate on the Budget Address be deferred until Friday, 18 June 2010.**

### **MOTION FOR THRONE SPEECH AND BUDGET ADDRESS TO BE DEBATED SIMULTANEOUSLY**

**The Speaker:** Honourable Premier, the Honourable Minister responsible for Finance, Tourism and Development.

**The Premier, Hon. W. McKeever Bush:** Madam Speaker, I would suspect that this is already agreed; but out of an abundance of caution, let the House vote on it: Be it resolved that the Throne Speech and Budget Address be debated simultaneously on Friday, 18 June 2010.

**The Speaker:** The question is: Be it resolved that the Throne Speech and Budget Address be debated simultaneously on Friday, 18 June 2010.

Those in favour please say Aye. Those against, No.

**Ayes.**

**The Speaker:** The Ayes have it.

**Agreed: Resolved that the Throne Speech and Budget Address be debated simultaneously on Friday, 18 June 2010.**

### **STATEMENTS BY HONOURABLE MEMBERS AND MINISTERS OF THE CABINET**

**The Speaker:** I have no record of any further statements from Ministers or Members of the Cabinet.

### **ADJOURNMENT**

**The Speaker:** Honourable Premier, the Honourable Minister responsible for Finance, Tourism and Development.

**The Premier, Hon. W. McKeeva Bush:** Madam Speaker, before I move the adjournment of this honourable House I am reminding Members that there will be a tight work schedule, that we intend to work late every night until we complete the Budget.

Before I move the adjournment, I want to thank staff. I think I missed them earlier, for preparation in this Chamber and in this Assembly for the State Opening.

Madam Speaker, I move that the House be adjourned until Friday, 18 June [2010] at 10 am.

**The Speaker:** The question is that the House be adjourned until Friday, 18 June [2010] at 10 am.

Those in favour please say Aye. Those against, No.

**Ayes.**

**The Speaker:** The Ayes have it.

**At 1.41 pm the House stood adjourned until 10.00 am Friday, 18 June 2010.**

