



**CAYMAN ISLANDS
LEGISLATIVE ASSEMBLY**

**OFFICIAL HANSARD REPORT
ELECTRONIC VERSION**

2013/14 SESSION

26 June 2013

First Sitting of the First Meeting

(pages 1–40)

**Hon Juliana O'Connor-Connolly, JP, MLA
Speaker**

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PRESENT WERE:

SPEAKER

Hon. Juliana Y O'Connor-Connolly, JP

MINISTERS OF THE CABINET

Hon Alden McLaughlin, MBE, JP, MLA	<i>The Premier</i> , Minister of Home and Community Affairs
Hon Moses I Kirkconnell, JP	<i>Deputy Premier</i> , Minister of District Administration, Tourism and Transport
Hon Tara A Rivers, MLA	Minister of Education, Employment and Gender Affairs
Hon D Kurt Tibbetts, OBE, JP, MLA	Minister of Planning, Agriculture, Housing and Infrastructure
Hon Marco S Archer, MLA	Minister of Finance and Economic Development
Hon Osbourne V Bodden, MLA	Minister of Health, Sports, Youth and Culture
Hon G Wayne Panton, MLA	Financial Services, Commerce and Environment

EX OFFICIO MEMBERS OF THE CABINET

Hon Franz I Manderson, Cert. Hon, JP	Deputy Governor, responsible for the Civil Service
Hon Samuel W Bulgin, QC, JP	Attorney General, responsible for Legal Affairs

ELECTED MEMBERS

GOVERNMENT BACKBENCHERS

Mr Roy McTaggart, MLA	Second Elected Member for George Town
Mr Winston C Connolly, Jr, MLA	Fifth Elected Member for George Town
Mr Joseph X Hew, MLA	Sixth Elected Member for George Town
Hon Anthony S Eden, OBE, JP, MLA	<i>Deputy Speaker</i> , First Elected Member for Bodden Town
Mr Alva H Suckoo, MLA	Fourth Elected Member for Bodden Town

OPPOSITION MEMBERS

Hon. W. McKeever Bush, OBE, JP, MLA	<i>Leader of the Opposition</i> , First Elected Member for West Bay
Mr Bernie A Bush, MLA	Third Elected Member for West Bay
Capt A Eugene Ebanks, JP, MLA	Fourth Elected Member for West Bay

INDEPENDENT MEMBERS

Mr D Ezzard Miller, MLA	Elected Member for North Side
Mr V Arden McLean, JP, MLA	Elected Member for East End

OFFICIAL HANSARD REPORT
FIRST MEETING 2013/14 SESSION
WEDNESDAY
26 JUNE 2013
10.05 AM
First Sitting

[Hon. Juliana O'Connor-Connolly, Speaker, presiding]

The Speaker: The House is in session. May I invite the Honourable Premier to grace us with prayers?

The Speaker: I have received no notice of apologies this morning, and there will be no statement from the Chair at this time.

PRAYERS

The Premier, Hon. Alden McLaughlin, Jr.: Let us pray.

Almighty God, from whom all wisdom and power are derived: We beseech Thee so to direct and prosper the deliberations of the Legislative Assembly now assembled, that all things may be ordered upon the best and surest foundations for the glory of Thy Name and for the safety, honour and welfare of the people of these Islands.

Bless our Sovereign Lady, Queen Elizabeth II; Philip, Duke of Edinburgh; Charles, Prince of Wales; and all the Royal Family. Give grace to all who exercise authority in our Commonwealth, that peace and happiness, truth and justice, religion and piety may be established among us. Especially we pray for the Governor of our Islands, the Speaker of the Legislative Assembly, Official Members and Ministers of Cabinet and Members of the Legislative Assembly, that we may be enabled faithfully to perform the responsible duties of our high office. All this we ask for Thy great Name's sake.

Let us say the Lord's Prayer together: *Our Father, who art in Heaven, Hallowed be Thy Name. Thy Kingdom come, Thy will be done on earth as it is in Heaven. Give us this day our daily bread, and forgive us our trespasses, as we forgive those who trespass against us. Lead us not into temptation, but deliver us from evil. For Thine is the Kingdom, the power and the glory, forever and ever. Amen.*

The Lord bless us and keep us. The Lord make His face shine upon us and be gracious unto us. The Lord lift up the light of His countenance upon us and give us peace, now and always. Amen.

The Speaker: Please be seated.
Proceedings are resumed.

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

**PRESENTATION OF PAPERS
AND OF REPORTS**

**Fourth Annual Report of the Complaints
Commissioner addressing the Fiscal Year July
2007–June 2008**

The Speaker: I now call on the Elected Member for the district of North Side [the Chairman of the Complaints Commissioner Committee].

Mr. D. Ezzard Miller, Elected Member for North Side: Thank you, Madam Speaker.

In accordance with Standing Orders and as Chairman of the Complaints Commissioner Committee of this honourable House, I beg to lay on the Table of this honourable House the [Annual Report 2007/08](#) Fourth Annual Report of the Office of the Complaints Commissioner of the Cayman Islands addressing the Fiscal Year July 2007 to June 2008.

The Speaker: So ordered.

Does the honourable Member wish to speak thereto?

Mr. D. Ezzard Miller: Only to say, Madam Speaker, that it is my understanding that the tardiness in laying the report has nothing to do with the production of the report. It was a matter of being able to get signatures from staff [members] who were no longer employed.

**Eighth Annual Report of the Cayman Islands Law
Reform Commission – 1st April 2012 to 31st March
2013**

[\[Deferred\]](#)

The Speaker: The next item on the Order Paper is the laying of a report by the Honourable Attorney General, Ex-officio Member responsible for Legal Affairs. I wonder if the Honourable Premier would like to set it down for a later time on the agenda for today's sitting.

The Premier, Hon. Alden McLaughlin, Jr.: Yes, thank you, Madam Speaker. May I ask that that the

laying of that report be deferred until a later time in the current sitting?

The Speaker: The question is that the report for the Cayman Islands Law Reform Commission – 1st April, 2012 to 31st March 2013 – Eighth Annual Report of the Law Reform Commission be taken at a later stage in today's sitting.

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

Ayes.

The Speaker: The Ayes have it.

Agreed: Tabling of Report deferred.

STATEMENTS BY HONOURABLE MEMBERS AND MINISTERS OF THE CABINET

The Speaker: I have received notice that the Honourable Premier would wish to make a statement at this time, and I have granted leave accordingly.

Honourable Premier.

Interim Budget – 1 July to 31 October 2013

The Premier, Hon. Alden McLaughlin, Jr.: Thank you, Madam Speaker.

Madam Speaker, in a short while my colleague, the Minister of Finance and Economic Development, the Honourable Marco Archer, will move a Government Motion to seek the approval of this Honourable Legislative Assembly for temporary appropriations to permit the Government to incur expenditure during the period 1 July to 31 October 2013.

This interim budget is the first major fiscal policy action to be taken by this Administration and is being done under the provisions of section 11(1) of the Public Management and Finance Law, in a manner similar to that done by incoming Governments following the general elections in 2005 and 2009.

I might say, Madam Speaker, that that is because of the shortness of time between the elections held on the 22nd of May and the end of the fiscal year, which is the 30th of June.

The intent of the interim budget is to permit the continued operations of the Government while allowing sufficient time for the Cabinet, in consultation with public sector agencies, to prepare a detailed budget for the full 2013/14 financial year.

Madam Speaker, during my lifetime, the Cayman Islands has experienced incredible economic, social and environmental change which has, for the most part, improved the average Caymanian's standard of living. These changes did not come easily and

were the result of the hard work and incredible fortitude of the Caymanian men and women who had the drive, desire and discipline to improve these Islands for future generations.

So now, this Administration and this House have an enormous task, to balance the need to provide high quality services to the people of the Cayman Islands while creating an environment supportive of continued long term, sustainable economic development for these Islands.

Madam Speaker, during the week of 11 June 2013, I led a delegation which included the Minister for Finance and Economic Development, the Minister for Financial Services, Commerce and Environment, and the Financial Secretary, to the United Kingdom to meet with Minister Simmonds, the Minister responsible for the Overseas Territories, to discuss budgetary matters and the fiscal challenges facing the Cayman Islands. At that important meeting we engaged in dialogue and put forth our position regarding this Administration's vision for improving the finances of the country.

I should say, Madam Speaker, that this Administration agrees with the underlying policy principles of the Framework for Fiscal Responsibility (commonly known as the FFR) which is now set out in the Public Management and Finance Law, and which deals with:

- improving medium term planning;
- delivering value for money;
- more effective management of risks; and
- improved accountability.

That having been said, Madam Speaker, we believe that there is a significant need to review the four-year financial plan agreed last year between the United Democratic Party Government Administration and the Foreign and Commonwealth Office (FCO) as part of the 2012/13 Budget approval. That Plan has set very aggressive targets for reducing the level of Government's operating expenditure and capital investment while simultaneously growing revenues at a rapid rate in order to achieve compliance with certain prescribed financial targets by the end of the 2015/16 financial year.

We believe that these targets are overly ambitious given the short timeframe set for compliance and that unintentionally they have stifled the rebound in the Cayman economy. We believe that a more gradual, phased approach should be taken regarding the timeframe for compliance as the achievement of compliance must be balanced with the need for the Government to implement measures to stimulate sustainable economic growth and diversification.

Madam Speaker, in my opinion it makes absolutely no sense for the Government to go about improving its financial position while ignoring the economy. This would put the livelihood of our people, ed-

ucation of our children, healthcare, infrastructure development, personal safety and everything we enjoy today in great jeopardy.

During the discussions with the FCO, we notified them of our intentions to develop a revised medium term fiscal plan for the Cayman Islands and they have indicated their support of our actions in this area. This revised plan will be developed as part of the 2013/14 Budget process and presented to this House with the substantive 2013/14 Budget during the month of September.

In terms of reductions to Government's operating expenditure and capital investments, these must be carefully planned, managed and monitored. The Government is currently a major player in the economy and if expenditure reductions are not managed carefully there could be significant negative shocks to the Cayman economy which can quickly compound and create recessionary pressures—something that we want to avoid as best we can and certainly not bring upon ourselves.

The Foreign and Commonwealth Office has called for a quick reduction in the size of the Civil Service and the wider public service. We have accepted that there is scope for some reduction, but we cannot just cut the number of civil servants with the stroke of a pen in order to meet some arbitrary target. Any reduction must be managed so that we do not negatively impact services to the public or add to the social ills of the country. We have agreed to manage down the size of the Civil Service through natural attrition and strict review of all contract renewals. This is a policy that has been applied by the Honourable Deputy Governor over the past year and has stemmed the growth in the civil service.

Everyone needs to recognise that public servants play a critical role in the Cayman society by providing the services that many take for granted: they teach our children; treat us when we are sick; protect our borders; collect the trash; provide policing; provide vital air transportation; protect our environment; operate our legal and judicial systems; preserve our culture; take care of the most vulnerable among us; care for our elderly; manage our public finances; build and repair our roads; ensure that good governance systems and policies are in place; support and regulate businesses in all economic sectors; rescue and protect us from hazards, and the list goes on. But, Madam Speaker, these are but just a few services provided by public servants and the country depends on these.

We are going to be supporting the entire public service in its efforts to restructure and improve operational efficiencies while reducing operational costs. Clear targets and timelines will be agreed along with regular monitoring and reporting of progress to Cabinet.

As we look for ways to reduce Government expenditure we will be critically examining the various statutory authorities and government owned companies to see how best to improve the financial performance of this sector and achieve greater operational efficiencies. We are not ruling out possible divestment or restructuring of these entities, but will make sure that any decisions in that regard are done properly with the necessary transparency, consultation and appropriate analysis.

The management of public debt and achieving sustainable revenue flows are key elements of the Government's long-term financial strategy. We believe that our existing debt portfolio should be refinanced in a way that creates a clear path to pay down and extinguish debt in a structured and affordable manner.

Where possible, and financially feasible, we will implement a strategy to move away from interest-only bullet bond type borrowing instruments. For any remaining non-amortising debt we will establish a sinking fund to enable us to pay off those debts in full when they mature. Doing so will create a greater level of comfort and certainty in terms of the country's ability to meet the debt obligations when they become due.

Revenue measures implemented by the Government must be done in a manner that achieves the goal of generating cash for Government operations but also does not unnecessarily burden private society to the point where it discourages investment and economic growth. We stand behind the Cayman model of taxation and do not support the introduction of: income tax; payroll tax; property tax or value added tax.

Economic growth and diversification form a key part of the Government's policy agenda, as we believe in creating an environment where business can flourish and generate the jobs needed to employ Caymanians. We must have an economy that allows each and every Caymanian the opportunity to obtain employment with an appropriate level of remuneration that they can support themselves and their families.

This Administration has a mandate to introduce minimum wage legislation and we will do so as soon as practicably possible.

Looking at the medium to long term, this Government has identified two critical and significant infrastructure development projects which need to be done as quickly as possible: the Grand Cayman Cruise Ship Berthing Facility and the Owen Roberts International Airport Redevelopment. Both of these projects are crucially important to the continued viability of the very important tourism sector of our economy and will positively impact the wider Cayman economy in both the short and long term, once implementation gets underway.

Additionally, recently the Government has been approached about the development of another major infrastructure project which would be structured

as a public/private partnership and if it comes to fruition will serve as a catalyst for economic development in the Eastern Districts of Grand Cayman.

The Cabinet is committed to following all due processes to ensure proper design, planning, financing, procurement and implementation of these projects to ensure that value for money is maximised and the desired economic outcomes are achieved.

Looking at the short term, just yesterday the Cabinet approved a further six month extension on the import duty concession of 15 per cent on imports of building materials to Grand Cayman and the 12.5 cents per gallon import duty concession on imports of motor gasoline to Cayman Brac. We believe that these measures help to reduce the cost of doing business and encourage economic activity by creating jobs and opportunities for our people.

This interim budget provides funding for the renewal of property insurance on the assets of core government and statutory authorities and government owned companies along with the renewal of the [Caribbean] Catastrophe Risk Insurance Facility (also known as CCRIF). Last year the United Democratic Party Government made the decision to eliminate or significantly reduce these programmes without implementing alternative risk transfer mechanisms.

This Administration has taken the decision to reinstate these protections as they are necessary to help safeguard the Country from the financial risks associated with the unpredictable loss or damage to our assets by hurricanes and other natural disasters. We must not forget the lessons of Hurricane Ivan or Paloma. Many individuals and businesses are still dealing with the financial impact of these events and the current state of public finances with low cash reserves and prohibitions on borrowing does not leave much ability for the Government to deal with the aftermath of such events.

Madam Speaker, in today's modern world, the prudent management of our finances is of great importance. We must find a way to ensure that future generations have the financial resources required for future development.

This Administration has taken up this challenge. And as we develop the full budget for the 2013/14 financial year we face the enormous task of balancing the need to provide a high quality of services to the people of the Cayman Islands while creating an environment supportive for continued long term, sustainable economic development for these Islands. We all have a responsibility to future generations to leave them a Cayman Islands that is better in all respects than we were handed by our forefathers.

Later today, as we seek approval for the interim budget, I ask for the full support of all Honourable Members of the Legislative Assembly so that we can continue the operations of Government over the next four months during which time we will prepare a re-

vised medium term fiscal plan and the detailed budget for the 2013/14 financial year.

Thank you Madam Speaker.

The Speaker: Thank you, Honourable Premier.

GOVERNMENT BUSINESS

Suspension of Standing Order 24(5)

The Speaker: Honourable Premier.

The Premier, Hon. Alden McLaughlin, Jr.: I move the suspension of Standing Order 24(5) to enable a Government Motion to be dealt with during this Meeting as we have not met the five clear days' notice that is normally required under the relevant Standing Order.

The Speaker: Thank you.

The question is that Standing Order 24(5) be suspended. All those in favour please say Aye. Those against, No.

Ayes and one audible No.

The Speaker: The Ayes have it.

Agreed: Standing Order 24(5) suspended.

MOTIONS

GOVERNMENT MOTION

Government Motion No. 1/2013-14—Authorisation of Executive Financial Transactions for the 2013/14 Financial Year

The Speaker: I recognise the Honourable Minister of Finance and Economic Development.

Hon. Marco S. Archer, Minister of Finance and Economic Development: Madam Speaker, I requested the lectern.

The Speaker: Could I ask the Honourable Minister to proceed by reading the content of the Motion?

Hon. Marco S. Archer: Thank you, Madam Speaker.
WHEREAS the 2013/14 Budget needs to reflect the policies of the Government and, Government was established on 29 May 2013 following the 2013 General Elections, and there is not sufficient time to prepare a detailed budget and enact an Appropriation Law for the 2013/14 financial year before the 1 July 2013 commencement date of the 2013/14 financial year;

AND WHEREAS section 11(1) of the Public Management and Finance Law (2012 Revision) states that “the executive financial transactions in respect of a financial year may be authorised by a resolution of the Legislative Assembly in advance of a law making appropriations for those transactions if:

- (a) the resolution is arranged according to each of the appropriation types specified in section 9(3); and**
- (b) the resolution provides that it shall lapse after a period of four months from the date of the resolution.”**

AND WHEREAS the Government, pursuant to section 11(1) of the Public Management and Finance Law (2012 Revision), is seeking the approval of the Legislative Assembly for the attached Schedule of Appropriations for the four-month period from 1 July 2013 to 31 October 2013;

BE IT NOW THEREFORE RESOLVED that for the period 1 July 2013 to 31 October 2013 the Cabinet be authorised to incur executive financial transactions not exceeding the limits specified for each of the following appropriation categories, further details of which are provided in the attached Schedule to this Motion:

Output Groups:	\$153,568,586;
Transfer Payments:	\$13,652,925;
Financing Expenses:	\$7,919,000;
Other Executive Expenses:	\$6,616,342;
Equity Investments:	\$8,937,024;
Executive Assets:	\$2,256,000;
Loans Made:	\$448,700;
Borrowings:	\$30,000,000
(temporary overdraft facility)	

Thank you, Madam Speaker. I shall take my seat and wait for you to invite me to speak to the Government Motion.

The Speaker: Thank you, Honourable Minister of Finance and Economic Development.

The question is: **BE IT NOW THEREFORE RESOLVED** that for the period 1 July 2013 to 31 October 2013 the Cabinet be authorised to incur executive financial transactions not exceeding the limits specified for each of the following appropriation categories, further details of which are provided in the attached [Schedule](#) to this Motion:

Output Groups:	\$153,568,586
Transfer Payments:	\$13,652,925
Financing Expenses:	\$7,919,000
Other Executive Expenses:	\$6,616,342
Equity Investments:	\$8,937,024
Executive Assets:	\$2,256,000
Loans Made:	\$448,700

Borrowings: \$30,000,000
(temporary overdraft facility)

The Motion is now open for debate. Does the Honourable Minister of Finance and Economic Development wish to speak thereto?

Hon. Marco S. Archer: Yes, Madam Speaker.

The Speaker: Please proceed.

Hon. Marco S. Archer: Thank you, Madam Speaker.

The government's financial year starts on 1 July and ends on 30 June in the following calendar year. The preparation for Government's annual budget normally begins in October of each year and culminates in the presentation of the Annual Plan and Estimates document to this honourable House, usually during May of the next year, followed by the approval of an accompanying Appropriation Bill.

The timing of the recent general elections in May 2013 has made it impractical to prepare the substantive 2013/14 budget and to have the legislative process completed before the start of the 2013/14 financial year on 1 July 2013. Hence, as occurred in 2005 and 2009 following general elections in those years, the Government has now presented for Members' approval an interim budget for the four-month period from 1 July through 31 October 2013. Before the expiry of the interim budget on 31 October, the Government will bring to the House a budget for the full year to 31 July 2014.

Madam Speaker, section 7 of the Public Management and Finance Law (PMFL) makes it very clear that Government cannot incur any expenditure without an appropriation being in place for that intended expenditure. Normally, this authority to incur expenditure is provided by the Legislative Assembly approving an Appropriation Law at the end of the normal budget process. That is not the situation that is being presented to the House at present.

Madam Speaker, section 11 of the PMFL permits the Government to incur expenditure in advance of an approved Appropriation Law if such expenditures are included in a resolution that is subsequently authorised by the Legislative Assembly. This is the approach being used by the Government and the resolution takes the form of the Government Motion now before the House.

Section 11 of the PMFL was intended to be used in a year where circumstances within that year make it very difficult to enact the Appropriation Bill into law prior to the start of the next financial year. Hence, the procedure of seeking authority for the Government to incur expenditures via a Government Motion is in accordance with the PMFL.

Section 11 of the PMFL also provides that, first, the resolution seeking authority for the Govern-

ment to incur expenditures has to be arranged by appropriation types. Second, the resolution will expire after a period of four months. And, finally, the resolution will be subsumed by the amounts respectively provided in the Appropriation Law for the full year when that law is brought into operation.

The purpose of this Government Motion, Madam Speaker, is to seek the approval of the Legislative Assembly under section 11(1) of the PMFL for the Cabinet to undertake the various types of executive financial transactions necessary to finance the ongoing operations of the government in advance of an Appropriation Law for the 2013/14 financial year. The approval is being sought for the four-month period from 1 July through 31 October, during which time the Government will prepare the substantive 2013/14 budget and present it to this honourable House for review and consideration.

Madam Speaker, Members will see in the schedule attached to the Government Motion the amounts relating to the various appropriation categories, specifically output groups, transfer payments, financing expenses, other executive expenses, equity investments, executive assets, loans made and borrowings. The appropriation categories are in the schedule in accordance with the new ministry, portfolio, and office structure implemented by the Government and will take effect on 1 July 2013.

Madam Speaker, in developing the amounts shown on the schedule to the Government Motion the Ministry of Finance and Economic Development used as its base position the original 2012/13 Annual Plan and Estimates Figures and then adjusted that base position by removing certain items which were not expected to occur in the interim budget period, and by adding any new items that were not included in the 2013 budget but which would occur during the interim budget period.

For instance, Madam Speaker, in the 2012/13 financial year there was a referendum held in July 2012 to address the question of "one person, one vote". That will not be an expense in the interim budget period from 1 July to 31 October 2013. So, that expenditure was removed in arriving at the amounts included in the interim budget for 2013/14.

Madam Speaker, this Government takes a different approach to the concept of nation building, and so provisions for expenditures that are not supported by a proper framework have not been included in the interim budget. That does not mean that students that have been awarded scholarships to study overseas under the promotion of nation building appropriation will lose financial support. To the contrary, Madam Speaker, I can confirm that provisions have been placed in the interim budget to continue in these areas where the Government is already committed.

Madam Speaker, the Government must also be grounded in the reality and take a measured ap-

proach to our moral, safety and other obligations. Therefore, items which were not adequately provided for in the 2012/13 budget, such as the provision of medical care at overseas institutions for indigents, had to be adjusted in this year's interim budget to ensure adequate levels of coverage.

When the Ministry of Finance and Economic Development completed the review and adjustment process the interim budget was then sent to each agency of the government and consultation meetings were held to ensure that the interim budget was realistic and would not entail any disruption to critical services. I should also point out that in accordance with section 9(1) of the PMFL, the appropriation amounts shown in the schedule to the Government Motion are on an accrual basis. This means the level of expenditures incurred does not equate to the same level of cash pay-outs.

Madam Speaker, I will cite the following two examples which illustrate what I have just said with respect to accrual accounting. In the schedule to the Government Motion, approximately \$8.5 million is included for depreciation. Depreciation spreads the cost of a fixed or long-term asset over its useful life, thereby affecting more than one financial year. And it is an important part of accrual accounting. The \$8.5 million, while recognised as an expense, does not represent a cash outflow during the interim budget period. The second example is the annual insurance premium. The Government pays its annual insurance premium during the last quarter of each financial year, that is, between April and June of each year. However, while the first cash pay-out occurs during this quarter, in line with accrual accounting the expense is recognised evenly each month during the financial year where the insurance coverage applies.

This means that while the cost of the outputs in the schedule would have an element of insurance expense contained, there would be no cash outflow for such expense during the interim period, as this outflow would have occurred during the previous financial year.

Madam Speaker, the important point being made by citing these two examples is that there is not an equal match between the accrual based expenditures that are shown on the schedule to the government motion and the cash flows.

Madam Speaker, I wish to provide a greater level of detail on the basis of the expenditure figures that resulted in the amounts shown in the schedule to the Government Motion. The Government stance for the development of the interim budget is that there should be no significant net increase in personnel costs above the level the Government inherited when it took office in May. This means the personnel cost forecast in the interim budget is based on a constant policy assumption.

Supplies and consumables: A category of expenditures has been included in the interim budget at a level that results from consultation between the Ministry of Finance and government ministries, portfolios and offices. This position is augmented by a Government policy which places restrictions on all discretionary expenditures. Additionally, I have asked personnel within my ministry to carefully scrutinise any request for payments to ensure that the policy is being observed. These costs are based on existing contracts and obligations.

Depreciation, as previously stated, has been included in the interim budget in accordance with the accrual based accounting and government's financial regulations. The depreciation figure of approximately \$8.5 million has been increased partially on the basis that the Clifton Hunter High School is operational and is now being depreciated.

Financing expenses are based on the existing debt servicing requirements of the government with additional amounts included for the temporary overdraft facility which will be necessary during the interim budget period.

Outputs from statutory authorities and government owned companies are based on the normal levels of services provided by these public entities for which government pays these public entities. I can say, Madam Speaker, however, this is one of the areas that will be under enhanced scrutiny as the Government develops the full year budget.

Outputs from non-governmental suppliers have been included in the interim budget at levels which the Government considers will be necessary to meet the existing short term obligations. And this category of expenditure is subject to changes in policy when the full year budget is being compiled. In many instances, Madam Speaker, these amounts are prudent provisions which allow for possible, though uncertain, eventualities. For instance, \$250,000 has been included in the interim budget for services for refugees. This is based on the possibility that there could be refugees arriving in the Cayman Islands during the interim budget period, and those individual will need to be catered to. It is also possible that refugees will not arrive in the Cayman Islands during the interim budget. However, the interim budget makes provision for such a possibility.

Transfer payments, another category of expenditures, was developed by taking into account normal monthly payments such as those for poor relief as well as seasonal obligations such as the increased funding required for scholarships before students begin the new school year in September. Again, Madam Speaker, the Government has sought to meet its moral obligations while keeping a tight hold on the public purse as we develop the full budget.

Other executive expenses represent various known obligations largely based on a constant policy

assumption. However, there is an increase in this category of expenditure due to the additional three Members of the Legislative Assembly and the further two Ministers in May 2013. Except for that provision, Madam Speaker, there are no additional amounts proposed for this category in the interim budget.

Madam Speaker, I have spoken on personnel costs, supplies and consumables, lease costs, depreciation, outputs from statutory authorities and government owned companies and outputs from non-governmental suppliers. All these categories have been combined and shown on the schedule to the Government Motion as a single-line description of output groups for an amount of \$153,568,586.

Madam Speaker, I wish to point out that the forecast expenditure in this interim budget is meant to establish limits to the levels of expenditure the Government can incur during the four-month period of the interim budget. All efforts will continue to ensure that the Government not only remains within those limits, Madam Speaker, but actually spends less than the amounts shown in the schedule to the Government Motion.

Madam Speaker, for the 1 July to 31 October period, the Motion seeks approval for a total of \$173.8 million in operating expenses in the following appropriation categories: Output Groups: \$153.6 million; Transfer Payments \$13.6 million; Other Executive Expenses \$6.6 million.

The appropriations for these categories represent the indicative core government's operating expenditures for the four-month period and should not be taken for granted as being one-third of the amount that the Government will spend over the 2013/14 financial year.

All government agencies are expected to exercise fiscal constraint and prudence during the coming financial year. While the Government is upbeat and positive about the prospects for growth in the economy, there is still a long way to go before we can truly say that the economy has rebounded to a full employment level. During the preparation of the full year budget for 2013/14, government agencies should be mindful that it is very likely that their budgets may be decreased below the levels for appropriations in the 2012/13 financial year. In this current economic environment, Government must innovate and deliver services at a reduced cost.

An appropriation of \$7.9 million in financing expenses is sought to cover the interest payments on the outstanding public debt during the July to October period. Appropriations for equity investments into ministries, portfolios and statutory authorities and government owned companies amounts to \$8.9 million. The main items included in this appropriation category are as follows: \$2.5 million to Cayman Turtle Farm to enable it to meet its debt obligations; \$2 million to the Ministry of Home Affairs to establish a new holding

area for persons arrested and held in custody by the police. The cells currently used by the police are not fit for purpose, Madam Speaker. In addition to this, funding is also being requested to start the youth custody area at Northward Prison. All efforts are being made to complete this prior to November 2013, which is when the Government needs to be compliant with the Bill of Rights as enshrined in the Constitutional Order 2009 with respect to the segregation of juveniles and adult prisoners.

Madam Speaker, \$1.8 million to the Ministry of Education for the purposes of carrying out minor capital works and purchasing equipment and furniture; \$1.7 million to Cayman Airways for the purposes of meeting its debt obligations; and \$0.6 million for the National Housing Development Trust in respect of its debt obligation.

Appropriations for executive assets total \$2.3 million, the main items of which are: \$0.75 million is sought to fund miscellaneous road surface upgrades; \$0.25 million to settle on-going gazetted land claims arising from road developments; \$0.35 million to fund continued road development on Cayman Brac; \$0.35 million to fund further development of the Bluff playing field in Cayman Brac; and \$0.25 million to fund further development of the emergency shelter in Cayman Brac.

Madam Speaker, appropriations totalling \$0.4 million are also sought to fund loans made by the Government to civil servants and to qualified persons needing assistance with expenses related to overseas medical care.

An appropriation of \$30 million is sought in respect of an overdraft facility that the Government will need during the July to October period. Government's expenditures are greater than its revenue during the July to October period and, thus, an overdraft facility is required, Madam Speaker.

Madam Speaker, honourable Members of the House, the media and the listening public will naturally query in their minds what is the financial impact of the budget now being presented to the Legislative Assembly. I have previously commented on the expenditures and how they derived for inclusion in the interim budget. The expenditures stated in the Government Motion are those items that the Cabinet requires be provided and is willing to pay for out of the revenues accruing to Government.

Madam Speaker, the Government Motion clearly shows the following operating expenditure classifications:

Output Groups:	\$153,568,586
Transfer Payments:	\$13,652,925
Financing Expenses:	\$7,919,000
Other Executive Expenses:	\$6,616,342

These operating expenditure classifications total \$181,756,853 for the four-month period of July 1 through October 31.

In addition to those services that the Cabinet pays for and for which appropriations are sought via this Government Motion, the public also requires services for which fees are paid to government agencies for the provision of these services. These are referred to as third-party expenditures, examples of which include the licensing of drivers and vehicles, the provision of garbage collection services, the provision of national mail service and the sale of agricultural products to the public.

Importantly, Madam Speaker, because third party expenditures are not services that the Cabinet itself requires of government agencies, appropriations are not required to be sought for these services via the Government Motion. Nonetheless, the cost of providing such services has to be included in deriving the total operating expenditure and the payment for the provision of such services also forms a part of government's operating revenue.

Third party expenditures are expected to total \$12 million in the four-month period. Therefore, the overall operating expenditure figure for the period 1 July to 31 October 2013 is \$193,756,853.

Madam Speaker, let me explain to the House how the revenue estimates were derived for the four-month period. Staff within the Ministry of Finance examined the actual revenues that have been received by Government during 1 July through 31 October period in the four years from 2009 to 2012. And in preparing the estimate of revenues during this period in 2013, Ministry staff would have taken into account the fact that some revenue lines of government would have been impacted by revenue measures that were implemented during the 2012/13 fiscal year.

The estimate of total operating revenues to be earned by government during 1 July to 31 October period is \$137.8 million. Therefore, the estimated operating deficit during the four-month period to 31 October is \$55.9 million, approximately. The query will arise as to whether an overdraft facility of \$30 million is adequate in light of the just stated deficit for the period of \$56 million, approximately. A simple explanation will make it clear that the \$30 million overdraft facility is adequate for the four-month period.

The Government expects to have an operating bank account balance of approximately \$15 million as at 1 July. When this is added to the requested \$30 million overdraft facility the total operating bank account balances available to the Government during the four-month period is \$45 million. The possible deficit of \$56 million includes \$8.5 million of non-cash items, as we spoke of earlier, that being the depreciation. The depreciation amount needs to be removed from the deficit figure because it does not have a cash impact.

When this \$8.5 million is removed from the deficit figure, the possible resulting outflow of cash during the four-month period is \$47.5 million. Therefore, if one compares the cash resources available to the Government during the period of \$45 million with a possible cash outflow of \$47.5 million, the gap is only \$2.5 million, Madam Speaker.

The Government can easily address this \$2.5 million with active hands-on management of its resources. It should therefore be clear, Madam Speaker, that a requested overdraft facility of \$30 million is adequate to cope with a possible deficit of \$56 million when the other details I have just provided are taken into consideration.

It is also important to make explicitly clear that the Government is determined to keep the temporary overdraft balances to a minimum. Hence, only \$30 million is being sought as an overdraft facility as opposed to a larger amount. Moreover, Madam Speaker, even though the House may approve an overdraft facility of \$30 million, if the Government can utilise a lower value facility it will certainly do so.

Madam Speaker, a likely deficit during the four-month period should not cause alarm. That there is expected to be a deficit for the four-month period is perfectly normal since during the period of 1 July to 31 December each year, government's operating revenues are less than its operating expenditures. In the period from January to March each year, which is when government receives revenues in respect to financial services fees, the situation is reversed and revenues during this period far outstrip operating expenditures.

It is of utmost importance, Madam Speaker, for me to state very clearly on behalf of the Government, that the full year budget for the fiscal year that will end on 30 June 2014 will show a significant operating surplus.

Madam Speaker, in concluding, I will say that the Government has much work to do in the next two months in order to prepare the substantive 2013/14 budget and I ask all honourable Members of this House for their full support of this Government Motion which will allow for the continuity of government operations while the 2013/14 full year budget is being prepared.

Thank you, Madam Speaker.

The Speaker: Thank you, Honourable Minister of Finance and Economic Development.

Does any other Member wish to speak? [pause] Does any other Member wish to speak? Last call, does any other Member wish to speak?

I recognise the Honourable Leader of the Opposition.

Hon. W. McKeever Bush, Leader of the Opposition: Madam Speaker, thank you very much. And I want to

thank the Honourable Minister of Finance for his delivery of what was expected today.

Madam Speaker, when we were sworn in to this honourable House, I said, and I said in the campaign just completed, that I would not be an opposition as I had had to contend with over my years in Government.

Madam Speaker, I am going to close this off so that I can't get blamed for this as well.

The Speaker: Perhaps this is an opportune time for all Members, who still have their cell phones on, to put them on silent. Thank you.

Hon. W. McKeever Bush, Leader of the Opposition: Madam Speaker, while I can thank the Minister for his delivery of what, as I said, is the usual procedure, I will have to wait to see if all that they say will come to pass. I am not one of those who likes to, as much as some might think, jump the gun, but, Madam Speaker, these are uncertain times for the world, much less for the Cayman Islands that only has a financial services industry and only has a tourism industry as a main economy for these Islands; no other seriously money making industry. The world has come down hard in the loss of financial institutions since 2007, and they continue to pound places like the Cayman Islands into oblivion.

Madam Speaker, for any new Government . . . if we had to be there we would have to face the challenges that the Government faces. And so, Madam Speaker, I am not going to blow things out of proportion. We all have to live here, and I have been here long enough to recognise that the ball is round. Today they are the Government; we are the Opposition. The ball is round. And, Madam Speaker, I know that very well.

I said in my acceptance on swearing-in day that I was not going to be an Opposition [like] I had to contend with. And so I plan to give the Government the widest berth. There are things that concern me as Leader of the Opposition, things that I have to do constitutionally, as the Leader of the Opposition, and things that I must do as an Elected Member for my district of West Bay.

I could have done what I was used to getting, Madam Speaker, because of how we had to operate in an uncertainty this morning. I did not know that a Business Committee [meeting] had been called and I only got the Government's recommendation for what they were going to do at seven o'clock last night. For all of that, as I said, I plan to give the Government the widest berth possible. Had it been the other way around, no doubt the Premier (who was leading the Opposition) would have been on his feet complaining. Madam Speaker, all of us know that.

[Inaudible interjection]

Hon. W. McKeeva Bush, Leader of the Opposition:

No I am not complaining. Madam Speaker, I am, again, setting the course that I don't plan to do that.

There are things that can't just be bypassed or let go. But we had to go through this as well. I have the [Hansard](#) for the 26th June 2009, when we had to do the same thing. So, it is not new. I would have liked to have gotten more time, but I am not going to belabor that point.

Madam Speaker, what I want to do, because of all the issues that we face, even unemployment which is, as I said, the number one problem for our people, this morning, Madam Speaker, I will not going into any of those areas, I could, for instance, complain about the things said about expenditure, because I remember quite well taking the blows about the expenditure for the policy advice and service of the Premier (as they used to call me). I could; but I won't.

I looked at the paper this morning and saw the expenditure for advice for the Premier and other Ministers. Madam Speaker, as you know, my responsibilities have been split between three different persons now. So, they should be all right. Shouldn't be any problems! They will have a lot of time. I say that also, Madam Speaker, I confess, with a bit of tongue-in-cheek. Because what the world needs to know and our people need to understand just what Elected Members have to put up with. And if we do not say so here, Madam Speaker, then people will continue to believe what they want to believe and people's names will continue to be dragged through the mud, and people's children will continue to be pounced on by people who do not care.

I'm not talking about people in this House, I am talking about people outside that we have to contend with; all of us as elected Members. And whose spouses have to contend with the darts and the pestilences at noonday.

We need to be saying to the public, *You believe what you want, but these are the facts.* That is what we have to do. And all of us as Elected Members should understand too well that there is a press in this country that looks for stories, and they are only too willing to carry those stories. And, that we have people in the length and breadth of the public service who do not support us. You will find that as I had to find that. And still we have to do what we have to do to work with them, to treat them right, to do the right things by law, by constitution, by convention.

So, more than ever, particularly when you are moving on, as I plan to do, you do not . . . not only particularly but, in fact, we have to at all times make sure that what we are telling the public are the facts and not what the public wants to hear or what people think is okay for them to say (and I am talking about ourselves), okay for us to say as long as we are beating up on somebody.

And so, looking at it, Madam Speaker—Policy Advice to the Premier—\$637,996. Four months. Policy Advice and Ministerial Services on Home Affairs matters—\$765,987. This rings clear; same thing for every elected Minister!

Madam Speaker, I listened and I had to wonder that accountants, lawyers, people of knowledge and other business people would get on a platform and say that the Premier should not have that. Oh, he shouldn't, eh? These shoes are on the other foot now. And he who wears the new shoes will understand the pinch of the new shoes as beautiful as they might look. So no, those expenses, Madam Speaker, and expenditures, are not the expenditure of the Premier, for him. It is for all the civil servants that service him. That's what this is all about.

So, those of you who are new and who got on that platform and carried on that kind of skulduggery, you know better or you ought to know better, because accountants and lawyers and businesspeople who claim that they are coming in here to represent people ought to very much understand that if they did not come here and sit in the Gallery and look and listen and learn a bit (they should have), they should have gotten the budget and understood the processes before making the people of this country believe that somebody was doing something so radically wrong as that kind of expenditure.

So, Madam Speaker, I am not going down that road. Now I am mindful that others can come behind, and I know what devastating remarks can be made and when people say things and who wants to take it out of proportion and how the media can carry it. But there are more and more people . . . I hope it is being carried live still. There are more and more people looking on and learning for themselves on what is said and done, and how, in this Legislature. So, say what you have to.

Madam Speaker, I'm only going to draw attention to, and I think speak for some while on the matter of our financial services. Because of all the things, as I said earlier, that are important to us, this financial services industry is key. And [what is being] proposed and being agreed to is of great import to where we head from here. Produce what budgets you like, say that you do not agree with what the last Government proposed, say whatever you want. The facts are that that is the greatest issue that we must deal with, and that this country will ever see in recent times.

Madam Speaker, the financial services industry and the Cayman Islands as an international business centre are seriously threatened. That is in spite of tremendous strides made in enhancing our regulatory regimes and the work done by CIMA [Cayman Islands Monetary Authority] and the Government in that regulatory regime.

I want to preface my remarks on the work and the impending negative consequences of the pro-

posed new multilateral agreement that the new Government has just committed these Islands to. It seems, Madam Speaker, that this new-found phraseology being used by the would-be champions of good governance and transparency is their willingness and race to please their handlers by signing away the very backbone and life blood of the Cayman Islands, our country's financial services industry.

Madam Speaker, a tremendous amount of work has been done over the years by people on the other side, people on this side. Madam Speaker, we can give thanks and appreciation to those in the public sector as represented by CIMA and those in the private sector, the various organisations in the country. No doubt, Madam Speaker, everybody's objective was to enhance the economic wealth and reputation of the Cayman Islands by fostering a thriving and growing competitive and internationally recognised financial services industry through appropriate responsive cost effective and efficient supervision, and, as I said, the introduction and safeguard of a regulatory regime that protected the Cayman Islands.

Madam Speaker, if I look back on the term that I became the Minister of Finance under the Constitution, it was not a pretty year, Madam Speaker, for the world had just begun to see the crash and thunder of the financial crisis around the world—the largest institutions having failed—floundered. Cayman, I must say, still rode out the storm well. But the financial year 2009/10, as I recall, was a period of intense activity for the Islands for the Monetary Authority and others as they carried out responsibilities as Cayman's financial industry regulator. Factors impacting the regulator and the jurisdiction, Madam Speaker, included the continued work of the world's leading economies to reverse the dislocation, as I said earlier, of the global financial crisis, and to maintain the momentum of the developing new standards, legislation and policies, to prevent a repeat of the events of 2007/08.

Madam Speaker, people speak of those years thinking that that is when it started, but anybody paying attention to what was taking place in the United States, when you saw houses drastically priced, you know, six and seven bedroom houses and four and five bedroom houses with prices drastically dropping and you paid attention to MSNBC and the other talk shows and television shows and look at the *Economist* and the world's leading magazines, you knew that that bubble was going to burst. Something was radically wrong, no matter what the political machinations were on that side of the world.

However, we all know, and we have said over the years that when America catches a cold, Cayman sneezes. When they catch a cold now, we get something worse—pneumonia sets in sometimes.

But those situations, accompanied by an economic downturn here, and the continued international focus on the role and regulation of financial centres

such as our Islands, demanded concentrated attention and heightened resources. In discharging the function of regulating and supervising financial services, providing international regulatory assistance and co-operation, and advising the Government on related matters, we can say that CIMA is obligated to balance a number of imperatives. And these included acting in the best economic interest of the Islands, promoting and maintaining a sound financial system, promoting and enhancing market confidence consumer protection and the reputation of the Islands and recognising the necessity of Cayman maintaining its competitiveness while confirming to International Standards which are appropriate to this jurisdiction's circumstances.

So, Madam Speaker, during 2009/10 all of those priorities took centre stage. In the wake of the financial crisis, and in line with the mandate to keep the industry sectors and practice under review, the Monetary Authority began on the policy, a comprehensive assessment of the local regulatory framework. The work resulted in our implementation of added measures to align Cayman with new international standards and requirements, as well as to address our local needs.

Some examples I could give are the regulatory policy establishing the criteria for [CIMA's approval](#) of stock exchanges, and the introduction of rules, conditions and guidelines for banks to calculate minimum capital requirements under the Basel II Capital Advocacy Framework; the Guidance Notes on the Prevention and Detection of Money Laundering and Terrorist Financing in the Cayman Islands was amended; the changes in corporate guidance for the recently created regulatory category of private trust companies and additional guidance for mutual funds and fund administrators.

The independence and authority were enhanced through the amendments to the Monetary Authority Law passed in the Assembly in March 2010. The changes now allow CIMA to issue rules, statements of guidance, statements of principle to licencees without the approval of the Cabinet and brought registrants into the net of authorised entities to which these measures can be issued.

Among its other modifications, Madam Speaker, the Monetary Authority (Amendment) Law, 2010, also gave CIMA power to enter into memoranda of understanding without Cabinet approval. Strengthening CIMA's independence, however, was among changes recommended by the International Monetary Fund (IMF) in its report on the assessment of Cayman's financial supervision and regulation released in December 2009. These changes, Madam Speaker, were making progress before the IMF stepped in to review.

There were other recommendations requiring legislative changes which the Government was still

considering, or which were in the process of legislative drafting at the end of the fiscal year. Among them were proposed amendments to the Securities Investment Business Law, the Mutual Funds Law, and Private Trust Companies Law, to allow CIMA to refuse registration of or impose conditions on an entity that has been the subject of criminal conviction or sanctioned by an overseas regulatory authority or self-regulatory body. This provision would be consistent with our regulator's existing power to refuse or impose conditions on licensees. And these were some areas, such as the review of the Securities Investment Business Regime in consideration of expanding the public information provided on funds which required more extensive analysis.

Madam Speaker, several of the anticipated international standards and directives that would affect the Cayman Islands were not finalised during that period, though they were the subject of much (I would say) deliberation and, in some cases, publicity. To keep abreast of these, however, and to ensure that as far as possible Cayman had a voice in the development, the Monetary Authority took every opportunity to engage with the bodies initiating, implementing, or affected by the initiatives. These included the European Commission with respect to the alternative Investment Fund Managers Directive (IFMD) and the Auditor Oversight Initiative. The British Caribbean Overseas Territories Regulators Group and the offshore Group of Banking Supervisors on hedge fund regulation, and the International Association of Insurance Supervisors on the Solvency II initiative, particularly, as it relates to captive insurance.

Assistance to the Government was provided by CIMA in responding to the various international initiatives impacting the financial services industry, and providing representation on various bodies. Madam Speaker, Cayman was well in tune, on top of things. Cayman's officials were members of the Cayman Tax Information Exchange Agreement (TIEA) negotiating team which was led by CIMA's Chairman, Mr. George McCarthy, as well as part of this jurisdiction's representation and the Organisation for Economic Co-operation and Development (OECD) global forum and transparency in exchange of information for tax purposes. And, Madam Speaker, the Attorney General was part and parcel of that group.

In addition, CIMA was heavily involved in the preparatory work for the OECD peer review which was launched in March 2010.

As part of the more routine co-operative activity, CIMA received and dealt with, probably 50 per cent year-on-year increase in the number of requests for assistance from overseas regulatory authorities. These requests came from most regions with whom Cayman does business.

During 2009 and 2010, the market conditions continued to challenge business; domestic and inter-

national. This was reflected in a contraction in the number of regulated entities in some categories at 2010 from June 2009. The number of banks was reduced by 3 per cent; captive insurance companies by 3 per cent, registered and administered funds by 3.5 per cent, combined licenced trust companies by 6 per cent, and fund administrators by 8 per cent. The captive insurance and fund administrative categories included cancellations by CIMA in an administrative clean out of entities that had ceased business but had not been removed from the system.

The decline in numbers, Madam Speaker, should not be taken in isolation as it marks some positive trends in the Islands in these various categories. For example, in the year 2009 the Islands reversed the decline in captive insurance company formations, with a total of 40 formations in industries which included health care, financial services, manufacturing, and transportation. Those new entities represented a 25 per cent increase in captive formations over the calendar year 2008.

Although, the total number of captive insurers as at June 2010 was smaller than at June 2009, the combined value of assets for captive insurers at June 2010 still represented a 5 per cent increase over the previous June. The number of insurance managers also increased with the addition of seven new licences. The reduction and trust licences were outstripped by 178 per cent growth in registrants (that is, private trust companies and control subsidiaries). In fact, Madam Speaker, most of the holders of restricted trust licences that surrendered their licence at that time, did so, but not to close down their Cayman operations, as some people were beginning to say, but to become private trust company registrants.

Other areas that either grew, or held their own, included insurance brokers and agents, which increased by 10 per cent and 26 per cent respectively. Securities investment, business licences remained unchanged while registrants grew by 6 per cent. Company managers certainly held steady ground and one additional corporate service provider was also licensed.

At that time CIMA contributed some [S\$]74 million to government's revenue in the form of fees by the Authority on government's behalf during the 2009/2010 fiscal year.

Madam Speaker, while most entities operated within the terms of their authorisation, there were a few against which the Authority had to take formal enforcement actions. Among them, two external insurers operating in the domestic market were placed in controllership after the financial difficulties of their parent companies rendered them unable to comply with the terms of their licence and with subsequent conditions imposed by CIMA. Not, as was said, imposed by the Government—imposed by the financial services regulator—by CIMA; not Cabinet. A primary

objective for CIMA, though, in taking these steps was to protect the interests of local policyholders and creditors. This was accomplished in one case by assisting and enabling the sale of the business to two companies preventing any substantial loss to the policyholders. Subsequent to the end of the financial year the sale of the second company was also finalised.

Madam Speaker, the Government was adamant and had the co-operation of CIMA that had to do the work for strategic planning. Given the turbulent environment for the financial services industry in early 2010, a new strategic planning exercise was begun aimed at updating the framework for the Authority's development and work for the next three years. Four strategic priorities were identified:

1) to 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 our business;

2) to intensify our regulators international co-operation and involvement to ensure that the Authority did its part in ensuring the safety and sound regulation of the international financial system that Cayman can contribute to the development of international rules and standards that affect this jurisdiction, and to enhance the jurisdiction's reputation;

3) to facilitate the efforts of Government and the private sector to further develop the Cayman Islands as an international financial centre;

4) to increase the effectiveness and cost-efficiency with which Cayman operates (meaning within which CIMA would operate).

The creation of that strategic plan was ongoing, Madam Speaker. However, as evidenced by the activities I described earlier, much of the work in line with these priorities was already in progress.

One of the ongoing areas of work was CIMA's effort to increase operational efficiency, productivity and effectiveness. A major focus was the assessment and organisation of the onsite supervision programme. Though this restructuring was still ongoing at the end of the year, the changes implemented during 2009/10 led to an increase in inspection and reduction in time for issue of the inspection report to the licensee.

Madam Speaker, the automation of manual processes was continued, reaching the final stages of testing of two new web-based submission systems: One for the online submission of applications for CIMA approvals, and the other for submission of financial reports by banks. Phase 1 of the in-house design Monetary Authority Regulatory System (MARS) was implemented. This replaced the supervisory and regulatory functions of the former licensee or registrants' database system CIISMA as the main reference and storage point for entity information at the Monetary

Authority. A comprehensive upgrading of information systems hardware, software, and procedures, also took place.

At that point, Madam Speaker, CIMA was increasing its staff. People complained about it, but the fact is that CIMA, I think, is still somewhat understaffed with all the work that they have to do in regulating our finance industry. I can tell you they carry heavy workloads. But those initiatives, building on enhancements of past years, improved both oversight of regulated entities, and service to new and existing clients. They also solidified the foundation from which to achieve CIMA's mission during the 2010/11 period.

So, Madam Speaker, 2009 to 2010 was about dealing with the various challenges that we found coming off our usual world position to coming on to a completely changed world position because of the financial state of the world. But, Madam Speaker, we still did not seem to get the full appreciation (although you would hear so in the margins of meetings) appreciation of just how much we had improved our regulatory position. We did not get the appreciation of the UK body, and, of course, the other G8 countries, for their own purposes, of course. They had their own agenda as we are now evidencing.

Madam Speaker, the Islands, nevertheless, achieved a number of positive milestones in its development as a competitive well regulated and recognised international financial services centre during the 2010/11 fiscal year.

In carrying out the role as a jurisdiction's main financial services regulator, the [Cayman Islands Monetary Authority](#) contributed significantly to that process. Despite the lingering global recession and the challenges this brought internationally and locally, institutions and individuals from across the world continued to demonstrate their confidence in the Cayman Islands through high levels of financial business activity. The continued strength of the financial services industry and its importance to global economic activity can be seen in several sectors indicators.

Madam Speaker, as global banking institutions continued to consolidate, the number of Cayman-licensed banks stood at 250, and that was at the 30th June 2011—6 per cent below the number of banks under licence at the same date in 2010. Nevertheless . . . and I should say here that people were saying that the banks were closing down, the banks were going but it was a matter of consolidation. That is what was taking place.

Nevertheless, with the banks' international liabilities totaling [\$]1.697 trillion as at June 2011, our Islands still ranked as the fifth largest banking centre (measured by international liabilities) among the 42 jurisdictions reporting statistics to the Banks for International Settlements. In terms of international assets, Cayman still ranks sixth with these assets standing at [\$]1.656 trillion.

And what the onshore centres, the governments of the metropolitan countries, the G8, where England is at now, where they do not want to recognise, or what they do not want to recognise is just how much international business centres, the onshore business centres (I should say), are assisted by centres like Cayman. That is what they would not recognise. They will find out in the end because I think there is a lot of chat by some of them. Although, with all of the power they have they still chat, and that is why some of the countries are saying no to what the UK is proposing. They know full well how the money comes back in their countries and are spent. Let's see what happens. Sometimes people do cut off their nose to spite their face.

Madam Speaker, some 94 per cent (or US\$1.59 trillion) of the banks' liabilities were used to provide capital to develop countries (\$1.5 trillion) and Latin America ([\$]87 billion), revealing more clearly the role of the Cayman Islands, as I said, as an intermediary facilitating the provision of capital for cross border investments. They know! They full well know! We said so at every meeting that we attended. They were told so at every time I could speak. They know. The financial services industry here told them. The large accounting firms told them. Everybody told them. Every cat and dog told them so. They still come up with these cockamamie ideas that they are going to control every little cent.

[Inaudible interjection]

Hon. W. McKeeva Bush, Leader of the Opposition:
Eh?

[Inaudible interjection]

Hon. W. McKeeva Bush, Leader of the Opposition:
You got my back?

[Inaudible interjection]

Hon. W. McKeeva Bush, Leader of the Opposition:
Y-e-a-h

[Laughter]

Hon. W. McKeeva Bush, Leader of the Opposition:
Madam Speaker, it is always good to get a light moment, because what I am discussing here is serious stuff. But it is always good to get a light moment. I am glad that there are others who got my back besides the three here.

[Laughter]

Hon. W. McKeeva Bush, Leader of the Opposition:
Madam Speaker, it is a fact, and yet they still talk

about Cayman being a detriment to them. The question is: How are we going to stand up to them? That is the question.

Madam Speaker, Cayman retained its long-established place as the second largest domicile worldwide for captive insurance companies, and the largest for health care captive with a total of 725 and 254 such companies, respectively, under licence at June 2011. And while the total number of captives declined 4 per cent over the trial year, the assets of these companies reached [\$]57.4 billion; a 36 per cent jump over the prior fiscal year-end figure. And our regulator, CIMA, issued 36 captive licences in 2010/11, eight more than in 2009/10, underscoring the continued demand for the use of Cayman captives, especially for medical malpractice and workers compensation coverage.

The number of regulated funds, Madam Speaker, (registered, administered and licenced) totalled 9,409 at the 30th June 2011, which kept the jurisdiction far ahead of other fund domiciles. As was the case in most fund jurisdictions, the number of Cayman regulated funds at June 2011 was less than the number at June 2010. However, this was a marginal decline that (totalling 0.8 per cent) and was considerably smaller than a 3.5 per cent reduction recorded the previous year.

The Cayman Islands, Madam Speaker, also remained the leading jurisdiction from which trust and company management services are provided. The number of trust licences and registrations in effect showed a net growth of 2.5 per cent, from 362 to 371. Company managers and corporate services provided licence increase by 8 per cent to 91.

In the local market the number of insurance providers remain stable, Madam Speaker, with 29 domestic licences in effect at the end of the year. This followed one cancellation and one addition. Madam Speaker, premiums stood at 226.4 million audited for calendar year 2010, and an estimated net income of 76.9 million for the same period. Seventy-six million for domestic insurance licences—76 million net income that is.

The number of banks remained unchanged at seven. Total credit from the retail banks to the local market increased by 2.6 per cent with [\$]3.57 billion, and this was comprised mainly of credit to the public sector while credit to the commercial private sector remained steady and credit to households decreased.

Madam Speaker, the efforts of the jurisdiction over the past several years to adapt [to], and adopt, new and evolving standards governing cross border financial services to increase engagement and co-operation with the international community and to be acknowledged as a jurisdiction of quality, I believe bore useful fruit as the Cayman Islands gained increasing recognition among leading international standard setters. As a result, additional doors were

opened during 2010/11 to allow Cayman deeper involvement and influence in the work of these bodies.

That's where I say the work of Mr. McCarthy and the work of the AG (Attorney General) were strongest, and as far as CIMA's work was concerned.

In September 2010, the Global Forum on Transparency and Exchange of Information for Tax Purposes adopted the report on its peer review of the Cayman Islands. The Phase 1 review carried out in the first half of 2010 assessed the quality of the jurisdiction's legal and regulatory framework for the exchange of information for tax purposes. Cayman was found to have in place all but one of the nine essential elements assessed. A year later the Global Forum would acknowledge in its supplementary report on Cayman that the jurisdiction now had all nine elements in place. Again, Madam Speaker, thanks to the push of the AG on this matter to Cabinet.

Preparations for the peer review were spearheaded by Cayman's International Tax Corporation Team, which also piloted the activities to implement recommendations from the exercise and the preparation of Cayman's supplementary report (submitted in July 2011). That formed the basis of the revised assessment adopted by the Global Forum in September 2011.

During 2010 and 2011, the team also added four new bilateral tax information exchange agreements to the 20 already in place, and continued to represent the Cayman Islands and the Global Forum Steering Committee and Peer Review Committee. This included involvement in the process of revising the peer review methodology and preparations to host the Peer Review Group meeting in Cayman in 2011, which we did.

Madam Speaker, the regulator, CIMA, maintained its involvement on several international regulatory bodies and participated in international forums and initiatives. Our aim was to ensure that Cayman's perspective could be heard, to contribute to standard setting and to demonstrate the high quality of regulation. Included in this work was our continued participation in several teams organised within the International Association of Insurance Supervisors (IAIS) to develop revision to the core principles of insurance supervision and the revised core principles were formally adopted in September 2011. In June 2011 we also acceded to the IAIS.

Madam Speaker, these are important milestones for the country that the House needs to know about and to remind the world of where we are and where we came from. And, as I said, I want to report on these as part of my presentation this morning because it is so important to the financial services industry to what I want to say at the end.

Many multilateral memorandums of understanding (one of six that we concluded during the fiscal year that year) had continued to serve as assess-

sors for other MOUs applicants. But in November, Madam Speaker, 2010, we began the second year of a two-year appointment as the Caribbean Group of Banking Supervisors as representatives on the Board the Association of Supervisors of Banks of the Americas (ASBA).

Madam Speaker, the work of the Islands on the international stage during 2010/11 resulted in several appointments that became effective shortly after the fiscal year end. Among those were, the Cayman's appointment as a member of the Financial Stability Board, Regional Consultative Group of the Americas, CIMA's appointment to the new created post of Deputy Chairman of the Group of International Financial Centre Supervisors, and to the IAIS Executive Committee.

In August 2010, CIMA's Board of Directors formally approved and adopted a set of medium-term strategic priorities to guide CIMA's work for the next two to three years. And these priorities, which have been in development for some time, were determined within the context of existing statutory functions of the financial sector regulation and supervision currency management international corporation, and the provision of advice to us as a Government, as well as CIMA's obligation as listed in the Monetary Authority Law. They also came out of an assessment of the prevailing global and local economic challenges and the importance of the financial services industry to Cayman's all-round development threats Cayman's international reputation and CIMA's own operations supervisory processes and the use of resources.

The priorities adopted were:

1. modernise regulation;
2. to enhance supervision;
3. to intensify international co-operation and involvement;
4. to facilitate further development of the Cayman Islands as an international financial services centre; and
5. to increase CIMA's effectiveness.

Madam Speaker, what I am saying is that no one can question the work done by our authorities here in the government structure and the private sector. And that has been evidenced one step after the other, right down to recently when we became peer review team ourselves. We now go out and can review our peers because we have done so well.

So, Madam Speaker—

The Speaker: Honourable Leader of the Opposition, you have one hour remaining.

Hon. W. McKeever Bush, Leader of the Opposition: One hour. I won't need that, Madam Speaker.

As I said earlier, a lot of work has been done, and I here record my thanks to all those as they con-

tinue to focus on fulfilling a mission of enhancing the Cayman Islands economic wealth and reputation by fostering and thriving growing competitive internationally recognised financial services industry through appropriate supervision, making us a well regulated regime.

I used to say whenever I got the chance to tell them—*better than the United States, better than Delaware, for certain, as good as New York; and, in many instances, better than London.* Are they recognising it?

The proposal by David Cameron that the Cayman Islands and other jurisdictions are to create an information flow of all Americans and Europeans to the Treasury Department in the United Kingdom to transmission to the US Treasury, which will contain all information relating to persons' accounts, investments, trusts, companies, their names, addresses and the names and addresses of their children, and beneficiaries, appears to have been rejected by most European countries—including Russia, Germany and others. They seem to have rejected that proposal.

The Cayman Islands seems to have taken the lead in agreeing to such a sweeping proposal, which is more than likely—might be, could be—a breach of an individual's right to privacy, for we know that the Bill of Rights in most democratic countries—and certainly in the United States and other countries with written constitutions—is more than likely to be somewhat unconstitutional. But let's wait and see. It is unlikely, and almost impossible under present United States Law and their Constitution, that they will be able to reciprocate, but let's wait.

They are all having a big talk. Maybe they want Cayman to jump there. Let's see what they do. But it doesn't seem like they are going anywhere.

This type of information-gathering and exchange, will, I think, exceed the revelations in relation to the prison operation conducted by the NSA (National Security Agency) and will contain significantly more data than the prison operation. If we look at it, the personal data of Americans with any investments abroad will be sent to a third party country in a database which is more than likely to be leaked and hacked by various persons who will target those individuals. Possibilities! There will now be two classes of citizens, as I understand it: one who will invest abroad and whose personal data will be provided to the Treasury Department in the United Kingdom, and the other who does not invest abroad and whose personal data is not available.

Let me say offhand right away, Madam Speaker, that I agree with the Conservative Party on many, many things in the UK (and I have said this many times over there and many times to them and many times internationally), but I don't agree with them in these areas. I can't! Because they are looking out for their interest! Theirs! Not ours. Never will.

The Cayman Islands already has tax information exchange agreements with numerous countries—what now? Thirty?—which allows information to be obtained in specific cases. This is the international normal way, and the Cayman Islands should not consider entering into agreements for the wholesale release of personal data unless the G20—it's not G8, the G20—agree that all of its banks and financial institutions will deliver all of the citizens' data to their treasury departments. If that is done, then Cayman would be on a level playing field.

Cayman is being singled out for experimental work an experimental system. To bring into force this type of disclosure, as I am told, is very likely to irreparably damage the Cayman Islands and put it at a distinct disadvantage to all other countries. We should not lightly enter into these types of arrangements, and certainly, we should not be leading the way to our own detriment. There are things that Cayman has led the way in that was good for us; not this one, I don't think. There have been things that we have done to lead the way to show the other four or five regional territories, our territories—British Overseas Territories, if you may. We have led the way to co-operate with the UK and no matter how many times we do that, how many times we co-operate, how many times we give up, how many times we bend backwards and say, *You take it, you fly with it, you do what you have to do, we are going to back you UK*, they still come at some point wanting more and more and m-o-r-e.

It's any wonder that they would come and lock me up because I say no. Oh no! No wonder! They don't want anybody to stand up to them. They don't want me to stand up to them. It was an all-out effort to get me out in this last election, and they still haven't stopped yet.

Anyway, Madam Speaker, we should not lightly enter into these types of arrangements, and certainly, we should not be leading the way to our own detriment. These types of arrangements have been promoted by various governmental agencies and governments for years. For years and years we have been hearing about these things, and they have always been denied. The Cayman Islands should not—without ensuring that all other countries are going to do the same—agree to enter into this type of arrangements in the hope of pleasing the United Kingdom. For nothing!

Where is the level playing field that they keep telling us that we are going to get? Every time you meet their demands as . . . I had to think just now, Madam Speaker, listening to the Premier when he talked about some of them being harsh, the plans put together, we told the UK that. Didn't we? Yes, we did. We told them: *Look, this nigh impossible in a small economy.* But would they listen? Would they help? No. Because I was not doing everything they wanted. *[Sound of a lick or slap]* They do what they want; to

lick me and lash me as hard as they can! They got away with some of it too.

Where is the level playing field? Where?

Where? Where? That's what we need to answer. That is the answer that the UK has to provide to this country. That is what must be said to the Government of the day. You are going to do this and this is what we are going to do. We, UK, are going to do it, we . . . all the other countries of the G20 are going to do so, but Germany is saying no. The US is saying no. So, where and why are we jumping into it now?

Don't be scared. For what can they do? They can only say, *You used government's credit card and we are going to search your house*, that's all—as hard as that is.

Madam Speaker, I think it is shortsighted and destructive, and, as can be seen from the last meeting of the developed countries, the proposals were not accepted by any country that I know of or I haven't seen it. It should be noted and be taken as a serious warning that Bermuda also reserved their position as they were concerned at the extent and legality of the proposal.

Responsible government? Openness and transparency? Well, that requires leadership and the type of leadership that will stand up for the people of the Cayman Islands and for the so-called human rights that we all preach now, and the privacy of citizens whom we have invited to do business here; whom we have made it possible to do business here; who have brought their companies, their names, their families here, and who have made us the country we are today, the standard of living that we [have] today. Put aside all other feelings; put aside who didn't get work, who didn't get this, who didn't get that. Put aside all of that and recognise what made us when the Bahamas went down, and where we are.

So, we must stand up. As I said, in doing so we may have to face certain indictments, like myself, and a coordinated effort to remove you from office, but you don't have to worry you got 15 . . . you even got C4C with you now, who swore they were not going to work with you. Look how convincing you have been. Mighty God, in one day, two days, one was on this side and the next day he was on that side! A lawyer, an accountant, knowledgeable! So, be not afraid. Stand up to them and tell them this here land was not just come about so.

We didn't steal anything from anybody. They made their own bed. They raised taxes to 60 per cent and 75 per cent on their people—them!—where the business could not make it. They are to blame for their own failures, not any other jurisdiction. Nobody else! Them! Tell the UK that. Let them know. Mind you, I know telling them don't mean anything. You say that to them and by the time you turn your back in Lancaster House, they are laughing at you. You think I don't

know them? Too well! But tell them all the same. Put it on record.

We offer a sound jurisdiction. Very regulated—complying with everything that they have asked us to do. My God, they are every stopping the very projects that we should have been going ahead with here. We finally give up and say, *Okay, I've had enough, I can't take anymore accusing, I can't take any more pounding, we are going to agree with you now*. And, still, they come with these. I knew it from the day the bunch of um walked into my yard I knew what they were going to do. Didn't agree with them. They show you what they can do. Maliciously so! Even when you see, Madam Speaker, the very statements out in the papers, you wonder how they got there.

Madam Speaker, this is important, as I said in the beginning. It's the life blood of our country. We talk about unemployment. If you believe that we signed this with them, and that all is going to be well, you are going to see serious devastation here. I hope not. Pray I am wrong. But from what we know, what made this country, we give it away, then what else are people going to come here?

Why are they going to bring their money? Why are they going to bring their securities? Why are they going to be registered here? And no matter what cross-border we do and how much we give back to them they are not looking at that. No! We are talking about lawyers not being able to get moved up, not being able to get a job; talking about secretaries not being able to get jobs, if this comes to pass the way that they are saying, 'dog eat our supper.' It's only then.

Madam Speaker, I don't think that I can overstate this, this afternoon. I don't think so. Prior to making the commitment that we heard on the radio on behalf of the Cayman Islands Government, who actually, or exactly, did the new Government consult or discuss the terms of the Multilateral Agreement or Proposal with? The Premier . . . let's say luminaries, on the opposite side, Madam Speaker: the Premier, Minister Panton, the Minister of Financial Services, Minister Rivers, the Government Backbench Members, Mr. McTaggart, Mr. Connolly. Do we conclude that Cayman should be the jurisdiction to be used in a pilot project that has the potential to kill our financial services industry? Is that the good governance and the "country first" mentality?

Have you asked yourselves why our competitors, like Bermuda, Bahamas and BVI, have not volunteered to be the FCO guinea pig and risk damaging their financial services industries by rushing along to sign up to this agreement? I know that you must understand that clients, former clients, and other prospective business, will go elsewhere.

Madam Speaker, I hope that they did seek the views and advice from groups like Cayman Finance (I

think I have heard them saying something), the Chamber of Commerce (if they can tell you anything), the Bankers Association, CISPA, the Law Society, Cayman Bar Association, and experienced industry leaders, like Mr. Travers, Mr. Ridley, Ian Wight and others. Get as many luminaries as I said that well know of the situation or believe that the situation is not in the best interest. Where is the level playing field?

Madam Speaker, I am glad to see that some of the areas are continuing . . . as I said, I have not had time to go through this. I got up this morning at four [o'clock] to try to go through it to see where it is, and as I said, is this to be expected? The only thing I expected [was] to have a few days to go through it. Nevertheless, we know what obtains after a general election and we want to give Government the widest berth possible. They will find, Madam Speaker, in all the things that they talked about in their campaign, all the things they promised, will not be able to be done in the way they talked about.

Madam Speaker, they are going to revise the plan. Well, while they can say that we put things in the budget plan for the country to try to get things done for the country, divestments and so on, the Foreign Office always wanted more. So, if they are agreeing now, where they did not agree before, I want to see how the Foreign Office will explain it. But maybe they do not have to. They are the administering power.

Madam Speaker, to believe that some of these targets are overly ambitious, given the short timeframe set for compliance, I don't think the Premier is far off. But I hope he understands that is what the FCO wanted. Four and five times we went to them, up to the last minute. Let's see what they say! You are saying that they are going to help you. They are going to change their cloak; they are going to do something else. Let's hope so.

Madam Speaker, I agree because we agreed . . . I see where the Premier has said the policy in the reduction side of the civil service and the wider public service could not agree. Well, we couldn't either. In 2009 they told me, *cut 500!* I told them to go home! I wasn't doing that. That is what I told them. Five hundred they wanted cut. And besides that, Madam Speaker, the former Deputy Governor and the then Governor (I think it is still him today) said that I must do it! I don't have the room to do that. That is their job! We either agree or don't agree, but we can't make that move as elected people. Contracts are in place, the law is in place—it is their job.

But we had agreed there was scope for reduction but we could not cut what they wanted. And if you cut them the way they wanted, what was going to happen then? So, all he has said here, we said the same thing. We said the same thing, Madam Speaker. We have managed to downsize through natural attrition and contract renewals.

Now, there's one point, Madam Speaker, which I want to say: My understanding is that there are people who are being let go—and not just now, it has been happening. And we have been complaining about it but it is still going on and we were promised that a hard look would be at it—where people reach 60 [years], in fact, teachers, reached 60 and they are Caymanians, Cayman status or whatever, and they have commitments here, there are no serious complaints, they are made to go while others have been brought in who are older. That, Madam Speaker, is going to land the Government in some serious lawsuits too—you watch—if that does not stop. I say it, Madam Speaker, as I have had complaints, not directly, but from people who are in the know. So, I would hope that that aspect will be closely monitored, better than it has been in the past.

I am glad to hear that they are not going to rule out possible divestment. The UK had agreed. You wonder at that kind of agreement though, because as soon as you got to some place where things were done, were even done through Cabinet, we still did not get anywhere with it. So, who was opposing I don't know. But, of course, they used the whole transparency issue. I know they can't say it was not consultation. They can't say analysis because, opposers put all sorts of analysis forward as to how to do it and get it done. And they can't say it was not consultation. Christ Almighty, it took four years to talk about the Water Authority. Still haven't gotten it done.

Transparency? Boards were appointed by Cabinet. Matters went to the public tenders and it got stopped. Why? Somebody didn't agree. Yet, they say transparency. Well, they might blame me because it is a good thing to blame McKeeva, you know. Blame him! He is at fault for everything. Pregnancies!

[Inaudible interjection]

Hon. W. McKeeva Bush, Leader of the Opposition: Everything!

[Laughter]

Hon. W. McKeeva Bush, Leader of the Opposition: You would be surprised.

[Inaudible interjection]

Hon. W. McKeeva Bush, Leader of the Opposition: No you wouldn't. But anyway . . . Madam Speaker, they blame me for everything.

I agree with . . . no, I am going to finish here, Madam Speaker, in a few minutes.

I am pleased that they are standing by the model of taxation. Well, all I say to that is: If the UK goes ahead, and they follows the UK's advice and agree with the UK, you would not have anything to

tax. That's all I will tell you . . . except for us—our little homes, our little properties. We don't support that and we are going to stand by that.

Madam Speaker, having glanced at what is put forward, as I said, the few points I have made I think are the strongest ones today—mainly the issue of the financial services industry. But just in case, Madam Speaker, how much time I have left?

The Speaker: About 30 minutes.

Hon. W. McKeeva Bush, Leader of the Opposition: All right, take the lunch break, Madam Speaker, and I will see if I have anything to say afterwards.

The Speaker: The House will now take its luncheon break. We will reconvene at 2.00 pm sharp.

Proceedings suspended at 12.31 pm

Proceedings resumed at 2.07 pm

The Speaker: Please be seated.

The House is now resumed.

Prior to taking the luncheon break the Honourable Leader of the Opposition was conducting his debate. I believe it is his intention to continue. There are 32 minutes remaining, Honourable Leader of the Opposition.

Government Motion No. 1/2013-14—Authorisation of Executive Financial Transactions for the 2013/14 Financial Year

[Continuation of debate thereon]

Hon. W. McKeeva Bush, Leader of the Opposition: Madam Speaker, thank you very much.

Just one other area, Madam Speaker, before winding up: There has been much criticism about Nation Building over the time I introduced it. It wasn't this last term that I sought to give underachievers in this country an opportunity to get somewhere. On top of that, Madam Speaker, we added . . . and when I say "underachievers" I am talking about students who were not the top graders and this last time I added other programmes to it.

I do believe that giving churches assistance is a good thing to do. It is the right thing to do, Madam Speaker. We have to be careful about what we can give, at times, but I do not think it is the wrong thing to do. But that was not the only part of the Nation Building Fund. I expected that as time went on, the giving to churches to assist them that had incurred problems in their buildings after the hurricane, that that would gradually go away because those who could renovate this year and fix their problem would not have to do so

next year so we would not have to budget for them the next year.

But that was not the only important part of the Nation Building Fund. In my opinion, and I have said this many times and am going to put on record here again, it is the right policy to ensure that young people be given an opportunity to secure their future with a scholarship in whatever field or training that they can excel in.

Madam Speaker, my idea was (and still is) that even if they only have a 1.7 GPA, they should be able to go to UCCI or ICCI, or some other college, to improve themselves, upgrade their skills and go on to a better university of their choice and train for their career. If they had to go to a community college overseas to do that, fine, to bring themselves up and then they could get into the University of Miami or Florida International University, or whatever. But that they are given an opportunity to bring themselves up to that level. Or, Madam Speaker, they might have a good talent and need an opportunity to train and develop it, like the young man from West Bay, Ricco Ebanks, who one day, I believe, will bless this country by being an internationally known artist, because of his voice. He has been able to develop it. Sent him overseas to develop it and now he got a scholarship to go to the University in Boston.

That is the perfect example, from Wesleyan Christian Academy to a school in British Columbia, all funded by the Nation Building Fund, He could win a scholarship to Berkeley University in Boston. And there are others, Madam Speaker, who did their masters in accounting and could receive funds through the nation building studying for their CPA.

Madam Speaker, we spend over \$50,000 per year on a prisoner's incarceration. And we spend millions on a court system to put them in Northward. And I know that this didn't get the support of certain sections of the civil service. I know that. I could hear it. They didn't hear them complaining about the millions that we have to spend elsewhere. But this was something that the Cabinet and the Assembly approved. And so I do not think we should berate anyone to spend that kind of money on our youth. I think it is much better to educate and spend our money on young people to help keep them out of trouble and give them an opportunity in life. I think so.

Madam Speaker, I did see \$1 million . . . and I was not in here when the Minister of Finance was speaking. But I see \$1 million for the four-month period. Now I know they had some 140 children on overseas scholarships in this programme. But there are other programmes, Madam Speaker, locally—heritage arts—that is not a scholarship programme, as such, for children going to university, but what that does is teach our children certain arts in a programme that some 400 (I think it is) young children at primary school level in every district are engaged in. Over 400!

So, I would hope that the Government would have that included and is not going to do away with it. I hope that the programmes that Mr. Alan Moore does and the one that is done for mechanics (I can never remember the name of that company)—

[Inaudible interjection]

Hon. W. McKeeva Bush, Leader of the Opposition: That's how the programme will continue.

As I said, if they take umbrage with what I and others did about the churches, well, let them take umbrage. I certainly believe that we needed to assist the churches where those churches could prove that they needed assistance. So, I would hope, Madam Speaker, that—

[Inaudible interjection]

Hon. W. McKeeva Bush, Leader of the Opposition: Well, I don't know what they call "fly-by-night". I hear them talking about "fly-by-night" but I believe most churches fulfill their mandate to try to save souls, and by doing that they are working in the community somehow or another. Now, we can't fund every one, and we certainly did not attempt to do that. But I am going to tell you this; it is not only the United Church or the Chapel Church, or any of those so-called main-line churches that are the only churches in this country. And I say Chapel but I make no distinction when I go to give. I don't care who it is, I don't care who they support, I don't care who it is. I don't care where they come from. If they are in need and that goes with me, it goes with people, don't care where they come from or who they support. If they need help I try to help.

[Inaudible interjection]

Hon. W. McKeeva Bush, Leader of the Opposition: Oh Arden, just behave yourself now. Leave me alone for a little bit. Remember what I told you the other day.

Mr. V. Arden McLean, Elected Member for East End: But I tell you I got your back.

Hon. W. McKeeva Bush, Leader of the Opposition: Rest me!

The Speaker: Order!

Hon. W. McKeeva Bush, Leader of the Opposition: Rest me man!

You got my back—yeah. I laugh every time I hear that, Madam Speaker.

Madam Speaker, so I would hope that the Government takes that sort of consideration on board.

Madam Speaker, as I said in the beginning, I focus on the facts and in doing so I try to keep an eye

on the clock because I remember still there will be much work tomorrow. Today don't end it.

Madam Speaker, I closing, I remember well in November 2011 that I had to sign an agreement called the "Framework for Fiscal Responsibility," a document that we have heard much about designed to help the Overseas Territories strengthen public financial management and economic planning. Mr. Bellingham, the UK Minister with responsibility for the Overseas Territories, at the same time felt that this document would assist Cayman in putting its public finances on a sustainable footing.

I had no problem with it. The only thing I wanted in it was a commitment from the United Kingdom that if they caused any damage, reputational or otherwise, that they would stand responsible for it. Ooh, why would I ever say such a thing to them? Yep, Madam Speaker, they would not hear of it. I had to take that section out and the Bill was passed. But signing the agreement became necessary, primarily because of the state of our economy in 2009. And in the world!

Madam Speaker, we had debt in the country and, until then, no Government in the Islands had ever had the need to sign an agreement to keep our financial housekeeping under British scrutiny to that extent. Today before any Government can undertake any major financial decisions this will require approval from the United Kingdom. Thus (I have said so in the past; we had had discussions, and we have heard the current Government, the current Premier talk about it as well), we have to get their approval.

Madam Speaker, I divert briefly in history because it is important that we clearly understand how this agreement affects any decision to put this country on a path to prosperity. Madam Speaker, in spite of all the things that have been said over the period of time, we are still . . . according to Moody's credit rating agency, it has credited the Government for management of our economy and our finances and confirmed Cayman's AA-3 government credit rating with a stable outlook. Not even the UK, or our neighbours to the North, France and other countries in Europe, were able to do this in spite of Cayman being dependent on two small industries.

But any attempt to create job opportunities that will require significant spending will also require UK approval. And so this will require conversations with the FCO and the UK Government to reach any such agreement, even though with us, as I said, they had agreed for divestments. And they won the Government Building. The Governor himself said to me: *Why did you pull that off the table?* And I said: *I pulled it off the table because your civil servants did not support it.* Simple! Couldn't get anywhere with it, so we did not go. Even though the UK says this, there are people here with the own ideas. So, trying to create the job opportunities that the Premier spoke about and

we have been talking about, will require significant spending.

Madam Speaker, I heard some people say that there is a need to restore the relationship between Cayman and the United Kingdom. Madam Speaker, I am reminded of a speech made shortly after opening the Cayman Office in London by Mr. Thomas Russell, a former Governor, who said that: "Since the 1980s evidence of the divergent interest between the Cayman Islands and the UK have become obvious. This is accepted and acknowledged at both ends. It is because of this, and because we cannot expect the UK Diplomatic Service to promote the Cayman Islands in areas where these conflict with the UK interests or in preference to any other territory, that the Government has had to establish its own office in London." [UNVERIFIED QUOTE]

Madam Speaker, any governor that enters our shores will always be conflicted. He or she will be concerned about the UK image at home, the UK taxpayer and their exposure or significant liabilities in the Overseas Territories. Madam Speaker, the UK Government will also try to ensure that it does not have to underwrite any of our debt while we remain a dependent [Overseas] Territory. And, in fact, we have been told that the contingent liabilities do not mean that. They told us that in the Overseas Territories Meeting in London. It does not mean that they will take over our debt. Uh-uh!

Madam Speaker, in terms of the direct relationship the UK Government, through the governors, is usually reluctant to use its full powers, even in areas where the governor has responsibility, in the past that was, and so they had consensus and persuasion is preferred because the UK is aware, or should be aware, of the importance of maintaining good relations with democratically elected governments. And this is particularly true where the Overseas Territories do not receive UK Government funding. And Cayman has never been granted aid. Never got anything, not even in hurricane Ivan—a few horse blankets and a few water tablets, nothing else.

When I went there, I will never forget Bill Rammel telling me: "Listen, Cayman is not Montserrat", in a time when we had \$3.5 billion damage. Madam Speaker, you will well remember because you were there, and the Financial Secretary was there. We remember when we told to go there, when we were begged to go there, when we were given the wherewithal to go there, that's what we were told.

Madam Speaker, when I examined past records and looked back . . . and I look back now, and when I look back I know what has exacerbated the conflict in recent times (if we call it that). I believe it originated from the state of our economy. But, Madam Speaker, no governor is democratically elected to office, but politicians are. And this is what the new Members of this House and the Government . . . I

know that at least a few sitting on the front Bench here, the elected Members, the Premier, Deputy [Premier], Minister of Infrastructure and even the Minister of Health know some of this. The younger Members might not know. I say 'might' because as well they might. Because this all boils down to us—us!

No governor is democratically elected to office, but politicians are! And when the voters provide the politicians with a mandate to deliver certain goods to the community, no governor is required to respect that mandate. The persons who received the blame and are always on the receiving end is us—the elected politicians. It is the politician who gets blamed when the economy is floundering, not the Governor. It is the politicians who get the blame when the cost of living is too high—that we cannot pay light bills, water bills, gas for our cars, and for our children. It is the politicians who are blamed when we hear of recommendations from the UK to cut and already demoralised civil service.

Politicians get the blame. I got it! I stood in their way. I didn't do what they wanted, but I still got the blame. The Governor is not required to be concerned about families that will suffer when civil servants are laid off—it is the politicians or family members or friends that we go to, to get short-term financial relief, not the Governor. When our families are sick, we don't call the Governor, we call the politicians. That is who are called. You know it! I know you know it because I know you must be experiencing it right now, like all of us. Politicians then get frustrated when their hands are tied and they are unable to deliver on the promises made to the voters—the people who elected us into office.

And so, Madam Speaker, this dichotomy and relationship that we have to put into perspective when we think of promises made by us, our manifestos, the ability, or inability, of the politicians to make good on those promises, and the nature of our democracy. I want to examine for a minute where we are in this, all of us. All of us!

We have a system of democracy, the Westminster competitive, combative (or whatever you want to say) democracy which has disfigured many of the English-speaking Caribbean countries. What we have seen up close and personal in Cayman for the past couple of years, the Opposition sits in-waiting for four years, accuses the existing Government of being venal and inefficient, and more, and then the Governor laps that up. The intention is to undermine the sitting Government and make promises to restore order and good governance once in office.

We are not told what can be done about some of the difficulties involved when trying to make decisions that affect the lives of people and how they intend to rectify it. Emotions, I would say, Madam Speaker, are played on. Emotions are played on. This is the system that we have and we live in. All of us!

That is what we have! No good of anyone getting up here and saying it is not 'I'. All of us!

But it is not good enough, Madam Speaker. The system of competitive and predatory politics hurts us. And I see how it is now moving and can divide. And it is not the Party system as some people try to make people believe that is dividing.

I had to say to my good friend Mr. Truman: *If it was party, why did [you] and Mr. Kurt fight so hard?* There were no parties then. It was politics!

[Inaudible interjection]

Hon. W. McKeever Bush, Leader of the Opposition: There were not any parties; it was politics! Mr. Tibbetts, First Elected Member for George Town, on one side, and Mr. Truman Bodden, the Leader of Government Business, on the other side—no parties. But they fought. Phew! One day they had to stop the House, Madam Speaker. Mr. Tibbetts, I had to take him outside and they asked me to talk with him. I told him he should beat um properly.

[Laughter]

Mr. V. Arden McLean: What about Alden and Frank?

Hon. W. McKeever Bush, Leader of the Opposition: I don't want to talk about the good Premier. We are going to leave him alone.

Madam Speaker, It's not good. I don't like it and it is not healthy for our society when we differentiate between each other. And the side of the street we come from, it is not healthy when we differentiate between each other based on social status, whether we are rich or poor. And in the truest sense, Madam Speaker, we have to tear down barriers that have divided us for too long. And this is really a time for us to rally around everyone and focus on our common cause. We are too small to do otherwise. Madam Speaker, that is why I take this position in Opposition.

The system is equally problematic because it expects that our civil servants will serve governments with neutrality regardless of their political affiliation, and they are humans. A former politician from the Caribbean said to me that the word "neutral" connotes the idea of a car whose gear is in neutral; that it is cautious to commit. It is very important that we understand these dynamics when we think about the work that this set of leaders will have to do—this Government and all of us—to put all of this into perspective.

I say this because this is important. And so it must be our responsibility as politicians to communicate with the public, to keep them engaged and encouraged [about] what is best about us, like our diversity; what is beautiful about us, like our welcoming spirit and compassion; and provide them with the infrastructure framework and policies that are needed to

be successful and lead happy, enriched and fulfilled lives.

The Speaker: Honourable Leader of the Opposition, permit me, please, to remind you that you have two minutes remaining.

Hon. W. McKeever Bush, Leader of the Opposition: We have to live as though we are complementary parts of the same whole.

So, Madam Speaker, no! I bring the attention of these matters to the Government, not to oppose but to bring them face to face with where we are at. I understand because I have been here in this position. I don't have to do all that was done. I think I have made my case, and, Madam Speaker, I wish the Government well in succeeding with this part of the funding because this is our country.

Thank you, Madam Speaker.

The Speaker: Does any other Member wish to speak? Does any other Member wish to speak? Last call, does any other Member wish to speak?

I recognise the Elected Member for East End.

Mr. V. Arden McLean, Elected Member for East End:

Thank you, Madam Speaker. I see what the Premier is teaching his new Government—wait um out!

[Laughter]

Mr. V. Arden McLean: But I expected that from him; he's very good at that.

Hon. W. McKeever Bush, Leader of the Opposition: We should give way to the Minister.

Mr. V. Arden McLean: The Minister is like yours; not allowed to speak.

[Laughter]

Hon. W. McKeever Bush, Leader of the Opposition: That's not so. You know that too!

Mr. V. Arden McLean: Madam Speaker, I promise you and this honourable House that I will not be as long as the Leader of the Opposition.

I rise to make a short contribution to the Appropriation Motion before this honourable House. But before doing so, Madam Speaker, I recognise that the scope of this debate has gone fairly wide.

The Premier, Hon. Alden McLaughlin, Jr.: Bring it back on track.

Mr. V. Arden McLean: The Leader of the Opposition says to bring it back on track. I think I should just fol-

low how it has gone. If *unna* want neutrality, that is neutral.

The Speaker: That's the Premier, Member.

Mr. V. Arden McLean: Just coast along; leave it as it is.

Madam Speaker, let me say first of all that in my four times coming to this honourable House over the last 12 years, this is the first time that I do not have the tools necessary to debate this Appropriation Motion, in that there are a number of things that I had at my desk initially that have been removed, which included some of the budget documents from last year. I have requested that they be replaced to no avail. So, I make my appeal to you as Speaker to assist me in that regard. I don't know if they have been burnt, or sent to the dump, but someplace they are.

I also take note that from the papers, the reports in the media, that the Auditor General has made some statements, and made public some reports as well. I thought on the 22nd day of May the people of East End had duly elected me as their representative. He reports to parliament, and he is making statements on those reports, and I am yet to receive them.

I don't know who is to blame, Madam Speaker. God forbid if I say who is to blame. But, certainly, from what I have read in the papers I understand that some of the recommendations, observations are extremely relevant to a new budget coming on line. And, in the absence of having those, I can merely ask the Government how they intend approaching those reports, albeit I am very aware that PAC [Public Accounts Committee] will scrutinise those reports and make recommendations to the Government who, in turn, would respond. However, as a Member of Parliament, I believe it is fair, it is reasonable, it is required that I be given copies of those in order that I can prepare myself for responses to the people of the district of East End and this country in general.

Madam Speaker, I have entered these honourable halls for the fourth time.

The Speaker: Honourable Member, before you move on to the next topic, let me just respond by saying that I have consulted with the Clerk and I can confirm that I also do not have a copy of Auditor General's report. I have made inquiries as to why the documents that are deemed necessary at this particular point are not in the vicinity of your desk. I understand that decisions were made to remove them. I have instructed her to ask those persons to kindly return them.

Mr. V. Arden McLean: Thank you, Madam Speaker. I am glad I am not the only one that doesn't have a copy of that AG's report.

[Inaudible interjections]

Hon. W. McKeeva Bush, Leader of the Opposition: Nice transparency. Never mind!

Mr. V. Arden McLean: I guess Ray Charles would see that transparency!

[Laughter]

Mr. V. Arden McLean: Madam Speaker, I am noticing that my colleagues, the other . . . how many of us are there? Eighteen of us now?

Hon. W. McKeeva Bush, Leader of the Opposition: Seventeen.

Mr. V. Arden McLean: Memory, boy, gone! The other 17 are indicating that they don't even have it either. Well, the other 16, because you already did, Madam Speaker.

Madam Speaker, that is serious.

Hon. W. McKeeva Bush, Leader of the Opposition: Yes, but we know what he is doing. *[inaudible]* He got a new contract now.

Mr. V. Arden McLean: Now, obviously, Madam Speaker, this is precisely how we are treated in this Parliament. That is how we are treated and the people outside need to know. It is an absolute disgust; it is disrespectful. It needs to change. It is disgusting to think that the Members of Parliament are not even given reports which must be sent to the Speaker prior to being made public.

Madam Speaker, I would implore you to ensure that someone be told that it must be given to you prior to it being made public. At least the Speaker needs to get it. At the very least! If you consider me n-o-t-h-i-n-g (what Connor was in Mobile), then at least the Speaker needs to get it.

Now, I hope . . . and the Chairman has indicated that he hasn't received it either. Wow! What a day. The more things change, the more they remain the same—or worse!

But, Madam Speaker, talking of that, my vehicle is out on the sidewalk. I'm waiting for the police to drag it away. No, Madam Speaker, that's the kind of stuff that is practiced by certain individuals in this country, or in these chambers, or in this department. Now I am leaving my truck there until the police carry it away, or somebody gives me access to these premises. I can walk through the front door. The next one, the truck will be in front of the gate. No one will get in. I'm coming good and early, Madam Speaker. That's how this works. You scratch my back, I'll scratch yours. You step on my toe, I'm covering your foot.

I trust that everybody is duly notified of all of those things. This is the only place, Madam Speaker,

where I have the right to speak. I have no right to speak anywhere else in the precincts of this honourable House. I keep telling people that this real estate belongs to the people of East End, I just happen to occupy it now. Someone else will in time, but from here is where the voice of the people of East End will be heard—for at least the next four years. So, all those who need to be warned of that should now be fully warned.

Madam Speaker, like the Leader of the Opposition, I too believe that it is necessary for the Government to be given the opportunity to have its way, particularly a new Government. I have been there, I have seen the challenges. I have suffered the hardship, I have rejoiced with the successes and I have lost with the rest.

Madam Speaker, you know, I jotted down here that the good grass is never green on the other side. It may seem to be greener, but once you get there you find it is not. Or you find that the greenness wears off if you don't maintain it and it turns brown the same way. I say all that, Madam Speaker, because on Friday, the 26th of June 2009, exactly four years ago today, we had quite a bit of sabre rattling going on in here between the now Premier and the then Financial Secretary on the same things that we all talk about; on the same things that the Minister of Finance delivered this morning.

Madam Speaker, I understand during that period the political atmosphere was a little different. Not a little, it was much different, because of the new accusations and the like that were coming out from the newly elected Government. I don't see that now. However, Madam Speaker, one of the things that was of great concern to us as the Opposition at the time, was that in the delivery from the then Financial Secretary we were not given the financial position of the country. I believe the Member went so far as to call it a dereliction of duty.

Of course, in the then Financial Secretary's winding up he explained why the law did not call for an update on . . . why it was not done was because the law did not call for an update. And you can't help but agree with him because I think it is section 11(1) and . . . is it section 5 of the Public Management and Finance Law? Or [section] 7, I think it is—yes, Madam Speaker—where there is appropriation required for various transactions. And then section 11, which does not require a report, a financial status of the country to be reported.

However, the argument at that time was that at the very least we should have been updated precisely on what the position of the country was. And I call for that now, too, because I believe the previous Government had projected some \$81 [million] or \$80 million in surplus. And this Government, when it came in, spoke of some \$50 million (or just under \$50 million), I believe. But, of course, that was the newspaper

reporting, the media reporting. And it is said, especially in the Cayman Islands, you don't believe everything you hear. So, I believe that at the very least the Minister of Finance, since he hasn't done it before, can update us on the position of the country as of four days from now, it is that close. I am hopeful that we should be able to project, albeit the actuals would be from the last quarter.

Madam Speaker, it was also during that period . . . and, Madam Speaker, I am referring to the [Official Hansard Report of Friday, 26 June 2009](#). If I may quote from page 15 of that, when the now Premier said: **“I say this to my colleagues on both sides of this honourable House, and I say this to the nation: If we do not do something about the basis on which we are able to predict government revenues and expenditures, I do not care who sits on that side of the House, this country is going to Hades in a hand basket!**

Madam Speaker, it is four years hence, and I am imploring the Premier to update us on what they are doing. I know the Government is new in its position. I recognise that. But there is need for us now to move forward and to ensure that his predictions do not become a reality.

Madam Speaker, he went on further to say, **“One of the real problems, one of the reasons why I, in particular, have pushed so hard over the course of the last eight years for constitutional change is so that responsibility can be matched with authority right throughout government. The elected government is held responsible in many situations where they have little authority over what actually occurs.”**

Madam Speaker, I am not saying he was wrong. I am supporting his position. I am supporting it in its entirety. But now we have the responsibility lying squarely on the shoulders of that Member of the then Opposition, now the Premier.

Madam Speaker, I cannot quote from the Auditor General's report (which I said earlier), but certainly what I heard and read is, I suspect, the worst part of the Auditor General's report that the press would pick out. We need to get some kind of understanding from this Government as to where we need to go.

Madam Speaker, in the interest of being fair to the Financial Secretary at the time (because this went on until the 29th of June, which was a Monday), he did clarify a number of positions which were debated and questioned. A number of those I now question, too, in comparison with a number of ones being proposed for this four-month period of the Appropriation for the period 1 July through 31 October. I question them in comparison, and I trust that the Minister of Finance will be able to answer them to the satisfaction of us all in his winding up.

Madam Speaker, the first one that I took note of that the Financial Secretary at the time (in 2009) . . . the one that I want to pay attention to is the CCRIF, wherein the Minister of Finance has \$136,667 for the first four months of this year, where, in contrast, the Financial Secretary said on 29 June 2009, and I quote from the *Official Hansard Report* [page 38], “**There was also a question on CCRIF, Caribbean Catastrophic Risk Insurance Facility, an amount included in the pre-appropriation Schedule of \$560,000. Madam Speaker, this being placed on the schedule is simply an accounting entry. The payment for the premium was approximately US\$2 million, and that occurred very late in this current year. But what obviously needs to happen is that the year that starts on 1 July 2009 needs to reflect the vast majority of that particular payment. So the amount appearing on the Schedule here is simply an accounting entry to set up an appropriation so that a portion of the US\$2 million that applies to the four-month period can be charged to this four-month period. In the end, Madam Speaker, the majority of the amount will be applied to the year that starts 1 July 2009.**”

Now, I think for the benefit of those of us who are not in Government, we need to know what the premium is and if this is being paid on a quarterly basis, or what the \$136,000 is for.

Madam Speaker, I recognise that there are times when these things can be done in different proportions. I believe when we started it, it was done in different proportions. So, maybe the Minister of Finance can explain that to us and the country, because I support the CCRIF. It started under us. We had our own problems, as the PPM Government, with it. But the UDP Government continued it because they saw the need to ensure that we had catastrophic insurance. But from \$560[,000] over four months, two years ago, and only \$136[,000] now makes me wonder what has happened. Maybe the premium has gone down. I doubt that, but I just wonder how it is going to be paid. That’s all.

Madam Speaker, let me move on to another section. Under QE86, compensation: Now, Madam Speaker, I know we have, over my 12.5 years in this honourable House as a representative of East End . . . I have been extremely receptive to the request of Government (before I was part of a Government, as Government and since) that we don’t disclose compensation. Madam Speaker, I have had my own nightmares about whether that is right or wrong.

Madam Speaker, I have concluded in my own mind . . . and I told the young Members of this Parliament recently that they must be true to themselves and not let anyone define their political career. And whilst I practice that to a greater extent, this is one that I feel guilty about. It is time the country knew who they were paying and why they are paying them. If

they have settled out of court the country needs to know. There are too many rumours in this country about settling out of court amounts that, legally, we don’t believe would have been successful in a court of law, and it is hidden from the people.

Madam Speaker, the people have a right to know what caused their hard-earned tax money to be paid to individuals out of court. The last Government had to pay the construction firm for the dock. It was highly publicised. We knew exactly how much it was. Now the time has come to pay the piper. The people of this country need to know what their money is being spent on and why.

For four months in this year, financial year coming, Madam Speaker, we have \$375,000 in this interim budget. If we multiply that by three (if that’s how it works), if this is instalments, that means we are looking at a million dollars. Madam Speaker, if the Minister of Finance does not disclose it here, I am not voting just on that alone—just on that alone, what that compensation is. There are too many rumours in this country that people are being paid money. And the same way the Leader of the Opposition said that we hold the responsibility, we are held responsible for it. I want to know.

For too long there has been one line item in this budget (for twelve and a half years, so that is some 11 budgets now) for compensation. And as soon as we try to question it we are taken into a private room and asked not to disclose it. It is time the people knew. I have succumbed to this for too long. I have been party to it. All of us have been party to it, except the new ones. I don’t want to call them young.

[Inaudible interjection]

Mr. V. Arden McLean: Ossie, you are the last person to laugh about that, you *nah*, about young.

[Inaudible interjection]

Mr. V. Arden McLean: But, Madam Speaker, I saw it during the last administration. The last budget was [\$]600,000, and when we asked questions on it we were told . . . I can’t say I was told to zip it, but we were told it was too sensitive a matter. Well, if it is too sensitive a matter, then we should not be paying it!

[Inaudible interjection]

Mr. V. Arden McLean: No, Madam Speaker.

I don’t know if this thing is going to be paid quarterly or monthly or . . . I don’t know. But there is an amount of \$375,000 for four months, and, you know, and if it is done quarterly you are looking at \$1 million. I have a fundamental problem with it, Madam Speaker.

I know that whilst I was a Minister in the PPM Administration, the Privy Council ruled on a particular case that was caused eight years prior to that and the Government had to pay. I think they are still paying the individual. But, Madam Speaker, this goes as to what the old people talk about, *beyond the realm, man*. We've gone too far!

We like to talk about transparency and FOI? Is that one of those that will be hidden by FOI when the people have the right to know? It is time that we allowed people access to these things. And maybe, Madam Speaker, I am getting older, and that is what is causing this. But trust me, if older it is, then you have a long time to put up with me.

Madam Speaker, I have my serious concerns about it, that we can expend public funds and not give account for it. I have a problem, in the interest of transparency, when the Auditor General sends out these [reports] and PAC is not up to date and people don't know exactly what is going on with their own monies in a timely manner. I was a member of the PAC too during the 2000/01 and then 2001 to 2005 Governments. And our objective was to ensure that we had everything up to scratch. And by and large we were up to scratch. There were just a few reports left when I demitted that office.

But, Madam Speaker, we need to be more timely in getting our information out. I know the PPM Government has promised that they will be efficient and effective. I trust we understand that that should not just be lip service. It is absolutely necessary that these things get sent out to the public.

You know one of our biggest problems in this country, Madam Speaker? Familiarity breeds contempt. Because we are friends, colleagues, we don't want to say what we have to say.

Madam Speaker, I know the Premier this morning, in his statement on the interim budget . . . it is but a statement. However, I take it that it should form part of this Interim Budget, as it is entitled, and in the interest of fairness I think I would like to touch on a few of the things that the Premier spoke about. And I take it that this is the position of the party moving forward.

An Hon. Member: It's the Government.

Mr. V. Arden McLean: Madam Speaker, I hear that it is the Government. Well, without the party the Government won't survive. You have three C4C people too? Wow, you're doing good! That's commendable. I hope you keep um.

Madam Speaker, on page 8 (of 10) of that statement this morning, the Minister said “. . . **recently the Government has been approached about the development of another major infrastructure which would be structured as a public/private partnership and if it comes to fruition will serve as**

a catalyst for economic development in the Eastern districts of Grand Cayman.”

“Eastern” says to me that East End is involved. Obviously, I was not consulted by the Government. They get their way, I get my say.

Madam Speaker, I do not know what the Premier was talking about, but I do know that I had been talking to some people long before the elections about a particular public/private partnership as well. And since the Premier did not say it, I won't say what that was either. However—

[Inaudible interjections and laughter]

Mr. V. Arden McLean: Madam Speaker, I trust that it is what I hope, or I am thinking it is. And yes, if that is the case then I can support that. However, I hope it ain't anything about any quarry in East End.

[Inaudible interjections and laughter]

Mr. V. Arden McLean: Because, Madam Speaker, I promise you . . . I p-r-o-m-i-s-e the Government that that is not going to happen. That one won't happen!

[Inaudible interjection]

Mr. V. Arden McLean: Madam Speaker, you know my good friend the Minister of Agriculture is telling me that I am mischievous.

Madam Speaker, have you ever heard more mischievousness than this? “[R]ecently the Government has been approached about the development of another major infrastructure . . . in the Eastern districts”—and I am just hearing it now?

Hon. W. McKeever Bush, Leader of the Opposition: That's right, they are mischievous. I agree with you.

Mr. V. Arden McLean: That is mischievous!

Hon. W. McKeever Bush, Leader of the Opposition: Tell the House what it is.

[Laughter]

Mr. V. Arden McLean: That is mischievous!

Hon. W. McKeever Bush, Leader of the Opposition: Tell the House what it is. All two of you are mischievous.

[Laughter]

Hon. W. McKeever Bush, Leader of the Opposition: Tell the House what it is.

[Inaudible interjections and laughter]

Mr. D. Ezzard Miller, Member for North Side: I hope it is not the garbage dump in North Side.

Mr. V. Arden McLean: And I hope, Madam Speaker, I really hope that this is not one of those public/private ones that the UDP Government had for Bodden Town.

[Laughter]

Hon. W. McKeeva Bush, Leader of the Opposition: What it was you said? Which one it is?

Mr. V. Arden McLean: Because it has been—

Hon. W. McKeeva Bush, Leader of the Opposition: Don't talk anything you don't know.

Mr. V. Arden McLean:—talked, mentioned, discussed about that old quarry pit in East End.

[Inaudible interjection]

Mr. V. Arden McLean: *Unna* stop right there at North Side road. *Unna* can turn left if *unna* want, but don't come forward.

Mr. D. Ezzard Miller: Turn right, not left.

Mr. V. Arden McLean: Not East End! Because I shall be there to welcome you; and it is not going to be very hospitable.

Hon. W. McKeeva Bush, Leader of the Opposition: Oh my God.

Mr. V. Arden McLean: That's not the place for it.

[Inaudible interjection]

Mr. V. Arden McLean: Madam Speaker, you see how the Premier can start these wars?

Now I can understand what the Leader of the Opposition kept saying, while he was over on the other side. Now he says the Government is going to help East End, despite me. Despite me about what? is the question.

Hon. W. McKeeva Bush, Leader of the Opposition: No he didn't say "despite," he said "to spite you."

[Laughter and inaudible interjections]

Mr. D. Kurt Tibbetts: Oh, my Lord.

[Inaudible interjections]

Mr. V. Arden McLean: Madam Speaker, I understand that there's relevance.

Madam Speaker, my colleagues and my friends must understand that I have been here long too. They must understand that. And they know that as much as they know, I know. And I am going to represent the people of East End despite their interruptions. That's how this is going to go.

[Inaudible interjection]

Mr. V. Arden McLean: And everyone who thinks that I am going to just rollover and play dead has made a big mistake. That must not even be considered. Do not take kindness, or friendship, for weaknesses.

[That] goes for you too, because I have been in this business long enough too. I know how to work the system too, Madam Speaker. I know how to do that. It may be to the chagrin of others as much as it is to mine.

Let me move on, Madam Speaker. I see where the Premier has also said that ". . . **just yesterday the Cabinet approved a further six months extension on the import duty concession of 15 per cent on imports of building materials to Grand Cayman and the 12.5 per cent per gallon import duty concession on the imports of motor gasoline to Cayman Brac.**"

Now, Madam Speaker, I know these are tough times in this country and tough times for the Government, but it is also tough times for the people. And earlier in his statement he talked about ensuring that we assist with the economy. Well, I don't know, maybe the Minister of Finance can tell us, since Grand Cayman has 75 cents per gallon, why we could not at least drop that to 50 cents as well, or thereabouts, I would like to think. Cayman Brac has it at 12.5 cents per gallon on gasoline, but Grand Cayman has it at 75 [cents]. Maybe that would be a very good gesture of support for the people of Grand Cayman, and on diesel, as well, to try to stimulate the economy.

Or, since they are going to help East End—despite me—maybe I can suggest that they drop it to 25 cents for the district of East End.

Mr. D. Ezzard Miller: And North Side.

Mr. V. Arden McLean: And maybe North Side too, since we have the furthest to drive. So, all gasoline stations in East End and North Side go down to 25 cents. I think it would be reasonable, since the purpose of it in Cayman Brac is to stimulate those two Islands.

We need stimulation in East End as well, especially on the eastern end of the Island. Bodden Town, East End . . . and we have . . . what is it, four Members over there from Bodden Town? Maybe they can get up behind me and say if they are going to

support that, because, really, our people on that end of the Island are under some serious hardship driving all the way from East End, North Side, and the east end of Bodden Town, at least, to George Town.

Now, West Bay we do not have to worry too much. There is a new highway. They get in real quick. But for us, it is either you have the time or the distance. They have neither the time nor distance to travel from West Bay. We have both. And that translates into added expenditure through gasoline and hardship on our people.

So, since the Government is being generous in their first 30 days to Cayman Brac and those who are building, I am asking for their generosity. Despite me, they can help the people of East End. And they do not have to say that I initiated it, they can say it is on their own initiative and assist the people of East End with having a few more disposable dollars in their pocket to assist with their children and food on the table.

Madam Speaker, if I can just move on to one other area, because in time we will get the full budget where we can go into Finance Committee and question it. Under the Ministry of Education I see the Young Nation Builders' Scholarship. Now, Madam Speaker, I really do not have a problem with it. I personally do not. But at the very least a PPM Government could have renamed it.

Hon. W. McKeeva Bush, Leader of the Opposition: No! Why? Why are you going to rename it for?

Mr. V. Arden McLean: Especially the amount of abuse the former Premier took on it.

[Laughter]

Hon. W. McKeeva Bush, Leader of the Opposition: No, no, he would not rename that.

Mr. V. Arden McLean: But I really believe—

Hon. W. McKeeva Bush, Leader of the Opposition: I don't expect that out of them.

Mr. V. Arden McLean: —that we could have renamed it to something else. My only hope is that we can give more scholarships to Caymanians because Caymanians are deserving of them.

[Inaudible interjection]

Hon. W. McKeeva Bush, Leader of the Opposition: I hear the Leader of the Opposition saying that is right. That is so true. And they turned mine down.

Hon. W. McKeeva Bush, Leader of the Opposition: They did?

Mr. V. Arden McLean: But such is life.
Madam Speaker—

Hon. W. McKeeva Bush, Leader of the Opposition: We didn't turn it down. I didn't know you wanted one. If you had told me you wanted one I would have helped you to get one.

Mr. V. Arden McLean: Madam Speaker, I just want to go on to some of the Executive Assets under the Ministry of Works, which is under Planning, Agriculture, Housing and Infrastructure.

I see where the Government is proposing for four months of road surface upgrades for \$750,000. I trust that despite me East End will get a little more out of this one because the last Government made the people of East End suffer for road works. And I noted that just prior . . .

You thought you were not going to be a part of this or what?

I noted that just weeks prior to the general election they came in and started paving the roads; a few side roads which were needed. Now, Madam Speaker, of course, I took the blame for that. My opponent said that I was trying to win the election. I don't know if the Government of the day tried to make me lose it by coming in at that time, after four years. But I do know absolutely nothing was done in the district of East End regarding roads. [For] four years!

The opposite was true when I was the Minister for four years prior to that. Even West Bay I went and did roads when it was nothing but UDP Members down there. But punishment was the order of the day. I hope they see it didn't stop me, though.

Hon. W. McKeeva Bush, Leader of the Opposition: They *nah* punishing you. Hush!

Mr. V. Arden McLean: Oh? You were the prime one then.

[Laughter]

Hon. W. McKeeva Bush, Leader of the Opposition: Right!

Mr. V. Arden McLean: I tell *unna* this four years and *unna* going to have to answer.

Hon. D. Kurt Tibbetts: You heard what he said under his breath, right?

Hon. W. McKeeva Bush, Leader of the Opposition: Not when you write that as your [INAUDIBLE]

[Inaudible interjection]

Mr. V. Arden McLean: Madam Speaker . . .
Yes. He tried to get my opponent elected.
You were a part of it too.

[Laughter]

The Premier, Hon. Alden McLaughlin, Jr.: [Inaudible]

Mr. V. Arden McLean: Yes. I am glad you are going to be transparent from here on in, because you were not before.

[Laughter]

Hon. W. McKeeva Bush: No.

Mr. V. Arden McLean: Madam Speaker, despite me, I hope . . . I will be writing to all Ministers concerning the needs of the district, because I see that we are finishing off the Cayman Brac part of it with \$350,000, I believe. Yes, with \$350,000 over the next four months.

Madam Speaker, I am not trying to criticise. I am merely pointing out that in all democracies the Government must have its say. It has a responsibility for the distribution of the resources of that country in an equitable manner. I do not think we are going to get dollar for dollar, but justice must not only be done, it must be seen to be done.

I have always said that politics is defined by three words: tangibility, measurability and visibility. The only visibility I had in East End in the last four years was the fact that it was there. I trust that despite me this Government will not treat the people of East End like that. Forget about me. It has nothing to do with Arden McLean. It has to do with the equal distribution of the resources of this country.

You stop, because you orchestrated a lot against me.

Hon. W. McKeeva Bush: Never done enough it seems like. You stop now. You are going too—

Mr. V. Arden McLean: Madam Speaker—

Hon. W. McKeeva Bush, Leader of the Opposition: Don't blame me for your sins now. Okay? Beat up on Alden.

Mr. V. Arden McLean: Madam Speaker, I understand that the Government has to operate. I understand how difficult it is to operate a Government, especially when there are many, many challenges. I have never subscribed to the belief or the idea that countries are broke. I believe countries experience challenges, and we need to work through those challenges.

I believe this country is facing some financial challenges, unless, of course, the Minister tells us that there are no challenges and that there is a surplus large enough to sustain us over the interim.

Madam Speaker, I heard the Minister say that this interim budget was put together after consultation with the Public Service and the different statutory bodies and the likes. Madam Speaker, I hope that is information which is accurate. I really hope so, because, Madam Speaker, we have been challenged with the lack of methods over many years, for whatever reason, of financial projections in this country, budgets, revenues. And that is not an easy thing to do. At no time are you going to get it accurate. Absolutely not! We have been challenged with it.

The Minister of Finance is now the first economist. I trust he will try to get it a little bit closer than we have been getting it over many, many years. It's not today, Madam Speaker. I can't blame anyone in particular about it. But it is time we got it a little bit closer in order that Ministers can make proper decisions and Members of this honourable House can make proper decisions in the interest of this country.

The Speaker: Member, you have 54 minutes remaining.

Mr. V. Arden McLean: You mean, I have gone over an hour already? Wow!

Madam Speaker, I am not going to take all that time. I just want to say that I want to hear from the Minister on this compensation as to why we continue to pay out compensation and there is no explanation. I want to hear from the Minister as to whether or not, or when, he is going to give this country a proper update on the financial position of the country. And that may very well come whenever. But he has constitutional responsibility. He is the only Minister over there that can claim constitutional responsibility. And in so doing he has a responsibility to this country.

He alone! He alone has that responsibility, no one else—not the Premier, not any of the other five Ministers—he alone has the absolute responsibility. But, more importantly, he alone has the absolute authority on finances in this country. And I expect it from him. I don't expect the Premier to get up in here and talk about numbers, just like I don't expect Members from this Opposition to get up here on this side of the House and talk about numbers. The responsibility lies squarely on the shoulders of the Minister of Finance. He's is the [only ministerial position] protected by the Constitution. It is the only one, wherein it says there shall be a Minister of Finance, styled the Minister of Finance. That's it. No other one is there. Therefore, he has full responsibility to tell this country, and he must be held accountable on whether or not this country is in a financial position. No one else!

Madam Speaker, I will certainly await to hear the position of those things. And before I close, let me touch briefly on a subject that I have taken my beatings for in this country, directly and indirectly, but which I have always supported and defended, and that is the John Gray High School. And, Madam Speaker, for that matter, the proposed Beulah Smith High School as well.

Madam Speaker, it is interesting (I didn't see it, and it may be there) but I haven't seen anything in this Interim Budget about the John Gray High School. I don't know what the Government is doing, whether they are going to continue or not. But, Madam Speaker, if something has to suffer, then I would prefer if I suffer, or the rest of this country suffers, to ensure that those two schools are built. Whether or not we want to change the design matters not to me. It is of utmost importance that this Government looks at building these schools.

I know the current Premier has taken the tamarrind switch on his back many times. So have I. But I believe in the concept of enhancing the education system in this country that the PPM started. I know the last Government finished the Clifton Hunter High School, after being beaten many times about the same Premier not making it get done fast enough or not completing it fast enough. But now that the PPM is back there, by and large in the same place, they must commit to finishing these schools. Somewhere we need something else to suffer. If the roads don't get done our children are more important.

I know during the campaign this time we had some UDP candidates saying that I took money from Education to build roads. But, you know, I didn't get into a debate with those because I was going to tell them that that wasn't true, Madam Speaker. I did not deprive the children of this country of an education, or monies to enhance their education or continue their education. I took the capital monies to go build roads so that the Leader of the Opposition could get out of West Bay. That's what I did.

The four of them were in West Bay, stuck, and couldn't get out!

Hon. W. McKeever Bush, Leader of the Opposition: Couldn't get out!

Mr. V. Arden McLean: And I built the road out of capital expenditure that we were not going to spend.

Hon. W. McKeever Bush, Leader of the Opposition: That's right!

Mr. V. Arden McLean: For West Bay!

Hon. W. McKeever Bush, Leader of the Opposition: That's right! I agree with you.

Mr. V. Arden McLean: And it's the same UDP being led by the First Elected Member for West Bay, and it was his underlings that were saying I took the money. But they didn't go on and say that I took it and built a road for him!

Hon. W. McKeever Bush, Leader of the Opposition: [Inaudible] but anyway you built it. I'm happy about that. You carried out as planned.

Mr. V. Arden McLean: I know he's happy about it, but he must stop his little underlings about me taking the money, unless they go on and say that we built the road for the Honourable McKeever Bush.

Hon. W. McKeever Bush, Leader of the Opposition: Oh, stop now. Stop!

Mr. V. Arden McLean: Madam Speaker, that was a lie.

Nevertheless, I believe that this Government, regardless of what criticism they have had . . . I can assure this country that those who haven't gone to Clifton Hunter, they should. I am not saying it is perfect, Madam Speaker, but it has enhanced the educational opportunities and experiences for our children on the eastern end of this Island. And it was thanks to the now Premier that started it, and then the Minister thereafter, after pulling many teeth, got it finished.

Madam Speaker, I believe it needs to be done in George Town and West Bay. Sometimes we have to do these things, cost it what it may. Just do it! I did the road in West Bay. I did it! And I didn't go to East End to relieve the traffic from East End until a year and a half afterwards. You have to make some decisions! We need to do it. Let the potholes get bigger. This is our children we're talking about.

Hon. W. McKeever Bush, Leader of the Opposition: [Inaudible] six million dollars.

Mr. V. Arden McLean: You stay out of this.

Hon. W. McKeever Bush, Leader of the Opposition: All right.

Mr. V. Arden McLean: This is our children's future. Every one of them is cramped up in that middle school up there now. It's wrong!

We can have the benefit of everything once we become adults in this country. Why do we put our children through all this hardship so they never experience that higher learning; that understanding of it. That's how we fight our children down. That's what we do. We are good at it! We are very good at it! We should be ashamed of ourselves! That's what we need to do, go home tonight and get on our knees and

beg for mercy for not doing what we are supposed to do for our children.

Nevertheless, we spend money. We spend the parents' money so that we can build everything else *BUT* the schools to enhance their lives. And then we go out at campaign time and say: *O—o—h, they are our assets; that's the future of the Cayman Islands.* How are they going to be the future if we don't give them the opportunities? How many hypocrites do we have on this campaign trail? We like to talk it. Now walk the walk. Go back and build the schools. Stop worrying about what the Leader of the Opposition is going to say. He has said enough. He has nothing more to say! Build the schools!

Hon. W. McKeeva Bush, Leader of the Opposition: Better watch what you say, not me.

Mr. V. Arden McLean: I watch what I say, but I'm watching what you say too.

Hon. W. McKeeva Bush, Leader of the Opposition: You *ga* watch what you say.

Mr. V. Arden McLean: Build the schools. There's nothing more to be said about it. We have exhausted all the English language on those schools. Now is the time to build them.

Madam Speaker, if we don't do something for our people, our reason for being here will be for naught. Yes, Madam Speaker, we have to be prudent. The Premier talks about prudent management support? *Nah!* But in our prudence we must ensure that we get our priorities right. Priority number one must be those schools. If the Government comes tomorrow and says there won't be any dock, won't be any airport, we will just have to live with it, because we go and build the schools. That's how this needs to work. Somebody needs to suffer.

But we are making our children suffer because of the former Minister of Education. That's what we have done! Do not let it happen to you! That's what we did! Because of Alden McLaughlin, the now Premier, we made *um* suffer! Don't make it happen to you, Minister of Education. Don't allow them to do it! Go down in towering infernos. And do you know what happens? You know the mythical phoenix? You rise anew. That's how this works. I did what I had to do when I was doing it. They tried to consume me in fire too. You notice? I'm back! Don't let them define your political career; go and build the two schools for our children and let them, the people of this country, remove you from office. Not them. They can't remove you!

Your legacy will be whether or not you did something for the children of this country. That's where it comes from, not from the Opposition. They are going to flap their lips—all of us. Do what you

have to do. If you know it's right, do it. PPM knows it's right. I know it's right.

The Premier is talking about dock and airport terminal; that's \$300 million. Put it in those schools. And if you only can build one dock and half a boat shed up there for the people to go under at the airport, then they will have to suffer.

[Inaudible interjection]

Mr. V. Arden McLean: That goes for you too, Mose[s] (the Deputy Premier).

That is what is needed in this country now. The PPM got the opportunity to finish what they wanted to do with the schools. Obviously, the people have spoken and want those schools finished. Stop talking about the dock and the airport terminal. Let's put our schools together.

[Inaudible interjections]

Mr. V. Arden McLean: Hear *ya* now about this argument; whether I belong to Opposition or them.

Hon. W. McKeeva Bush, Leader of the Opposition: No, no, come on. Madam Speaker, you know that he can't discuss what's not being said—

Mr. V. Arden McLean: You can't discuss things on the floor either, because I'm going to pick it up.

Hon. W. McKeeva Bush, Leader of the Opposition: But you should be debating the budget.

Mr. V. Arden McLean: You and the Premier.

Anyway, Madam Speaker, I believe that I can finish off here.

Hon. W. McKeeva Bush, Leader of the Opposition: Yes.

Mr. V. Arden McLean: I thank Members and I thank you, Madam Speaker, for the Opportunity. Thank you.

Hon. W. McKeeva Bush, Leader of the Opposition: Oh God, thank you Lord!

The Speaker: Does any other Member wish to speak? Does any other Member wish to speak? Last call!

I recognise the Honourable Minister responsible for Financial Services.

Hon. G. Wayne Panton, Minister of Financial Services, Commerce and Environment: Thank you, Madam Speaker.

I hope to be relatively brief. I would like to confine my comments to some of the contribution of

the Leader of the Opposition when he was reliving his former Ministry of responsibility for financial services. Let me say that I think he did a good job in articulating the good work that is being done by a lot of the regulatory bodies and, in particular, the Cayman Islands Monetary Authority, being the Cayman Islands.

He talked about a lot of the challenges that the industry has faced over the last four years. He talked about the strategic priorities which the Cayman Islands Monetary Authority identified and committed to in 2010. One of the items of that was that they wanted to intensify the cooperation and consultation. Now, Madam Speaker, he went on to discuss several issues of concern and asked several questions. Before responding specifically on the questions, I thought I would just go through a brief summary of the activities of the Government over the last few months.

Madam Speaker, you will know, of course, that on the 25th of April the Government committed to join the G5 pilot on automatic exchange of information. That pilot seeks to create a common approach to multi-lateral automatic exchange of information based on the model developed by the US for the implementation of the Foreign Account Tax Compliance Act which is commonly referred to as FACTA. In fact, tomorrow there will be a specific conference, I think at the Westin (if I am not mistaken), on the issue of FACTA and what we have to do to prepare for that.

Now, our interest in joining that pilot was to promote the creation of a single standard in which all jurisdictions participate. That is just another way of saying a level playing field. Clearly, it's one of the concerns identified by the Leader of the Opposition in his contribution. A common approach will ensure efficiencies of cost and resources and avoid the risk of multiple competing standards; clear rationale for a level playing field.

On the 7th of June, Madam Speaker, the Cayman Islands Government announced its commitment to the Convention of Mutual Administrative Assistance in Tax Matters. The Convention provides for all forms of exchange of information, including exchange of information on request, as well as automatically, as well as spontaneously. Now, for the benefit of Members, I recall that the Leader of the Opposition referred to the number of Tax Information Exchange Agreements which the country has signed up following the OECD model. I think it's probably 31 at this point. But that provides for an exchange of information on request through the bilateral agreements. When the other party to the agreement requests information it is provided. And I believe I am right in saying that no request has ever been denied, provided it follows the agreement.

So, the Convention deals with that issue as well, but it also deals with the automatic exchange of information. It provides for assistance as well in the collection of taxes and the service of documents,

though we have the ability to issue reservations against these areas of the Convention, and we have expressed our position in relation to that. Clearly, we do not have the mechanism or the machinery to collect taxes. We do not do that ourselves, we are, therefore, not able to afford that mechanism or opportunity to any other signatory to the Convention.

Now, all Overseas Territories and Crown Dependencies have made commitments to join that Convention. I believe there were statements made by representatives from Bermuda that they had committed to nothing, had signed nothing, and had considerable reservations in relation to that. I think the following day it was announced that they had been misquoted, and that they were, in fact, committing to the Convention. And, yes, they have reservations; the same reservations, meaning the reservations in respect of assisting tax collection.

Now, both the G5 pilot and the Convention represent the continuation of Cayman's global commitment to the exchange of information for tax purposes. Cayman has been engaged in automatic exchange with EU member states for the purposes of the European Union Savings Directive since 2005. So, the concept of automatic exchange is nothing new, certainly not to us.

In addition, the Cayman Islands have committed to the implementation of the FACTA via a Model 1 Intergovernmental Agreement with the United States and a similar agreement with the United Kingdom. Again, Madam Speaker, I am certain you will recall that it should be noted that all Crown dependencies; that is, Jersey, Guernsey, the Isle of Man and the Overseas Territories, have also committed to support the same G5 agenda to ensure a global standard. Again, the commitment is in respect of a level playing field. While Cayman was the first Overseas Territory to commit, and I do not know offhand whether all the others have, but certainly I know some others have, they have nevertheless committed to the concept.

There was a recent OECD report entitled, "[A Step Change in Tax transparency](#)," and our commitment in relation to this outlines the steps that are being put in place for a global, secure and cost-effective method or model of automatic exchange of information. The Ministry has continued to keep industry up to date in the development in the shift from exchange of information on request, which exists under the Tax Information Exchange Agreements right now, to the new standard of automatic exchange in relation to tax and transparency. Given our existing commitments our financial industry in Cayman was supportive in the Government joining this pilot to ensure a level playing field.

With regard to the Convention, extensive consultation took place with Cayman Finance, which, as Members may know, is the organisation that represents industry. This consultation took place on several

different occasions. Madam Speaker, we have the support of industry in relation to the commitment which was made, both in relation to the G5 pilot, as well as a commitment to the Convention on Mutual Administrative Assistance in Tax Matters. So, there was broad consultation there.

Madam Speaker, we have demonstrated a commitment over the years to engagement in the process of international discussions with various national and super-national authorities to help, to influence, to mould, to establish standards which are fair, appropriate, address the level of risk, cost effective, and we have seen the results. We have anecdotal evidence at this point, Madam Speaker, of the results of our cooperation on issues such as this. We are probably not going to get much more than that because there are always competing agendas.

The experts, the technocrats, those who understand the issues deeply, work within those and contribute, understand the significance of the Cayman Islands and understand the importance of our role in the global financial architecture. Unfortunately, there is sometimes this disconnect between the political agenda. But I think that is changing and it will change. We have already seen some anecdotal evidence of this.

Because of the level of engagement we have through the OECD [Organization for Economic Cooperation and Development] Global Forum, the Peer Review Group, the Steering Group, we are engaged and we sit with a lot of the individuals, a lot of the groups that help to determine what sort of activities and actions are being directed towards us.

I appreciate the Leader of the Opposition returning, since he had raised these issues and complained about what the Government was doing.

Hon. W. McKeeva Bush, Leader of the Opposition: Don't you worry, I was listening to you.

Hon. G. Wayne Panton: I'm happy to hear that.

Hon. W. McKeeva Bush, Leader of the Opposition: Oh, I'm listening to you. And if I don't listen to you, you can believe I am going to read what you've said. I haven't been here for 28 years for nothing.

Hon. G. Wayne Panton: Well, as long as you don't misinform, or misconstrue what is being said, I am happy to hear that, sir.

But what we have been hearing and the anecdotal information is such that it is always a very subtle change. People no longer have . . . there has been a discernible change in the way the Cayman Islands are discussed at the technocratic level, particularly in European Union circles. The level of commitment, the level of engagement, the level of activity that we have engaged in has demonstrated a level of

credibility for the Cayman Islands, which I think is having a positive effect. But it is going to be subtle.

We are not going to get any ringing endorsements of the Cayman Islands, unfortunately. Not while most of the world is engaged in discussions about austerity and how to increase revenues. Not while they refuse to consider that a lot of the issues are their domestic tax policies which have created the imbalance and are stifling a lot of the cross-border and global investments, which, if it were not for the Cayman Islands, and it were not for the fact that we are part of the global architecture, we are part of the utility wiring which makes this imbalance between these economies function which allows and facilitates cross-border transactions, if it were not for that we would not get the credit.

Now, for the benefit of Members of this honourable House, I would like to refer to and just read the intervention which the Honourable Premier made on behalf of the Cayman Islands Government at the recent (what was referred to as) Three Ts—Trade, Tax and Transparency—pre-G8 summit conference in the UK that we attended. We were allowed a brief intervention. I will just read it so that Members who probably haven't had the opportunity to read it will have the benefit of it.

It reads: "First, let me acknowledge that the Cayman Islands commend the UK's leadership in advancing developments in global tax and transparency to the next logical phase. We would not have reached this very important juncture without many years of continuous commitment and effort in global tax and transparency in which Cayman has played a significant role as an early adopter of these initiatives.

"Significant milestones occurred in 2008 with our advanced commitment to the international standards and our participating partner status in the original Global Forum on Taxation in 2002 as a member of the working group on Effective Exchange of Information which assisted in developing the now widely used OECD model and Tax Information Exchange Agreement in 2005. Our implementation of the European Union's Savings Directive via our 27 agreements with European Union member states and our membership since 2009 in the Global Forum's Steering Group and Peer Review Group.

"On 15 March this year, Cayman announced it would adopt a Model 1 inter-governmental agreement approach for the implementation of the US and UK FACTA. We were the first Overseas Territory to make this commitment. Shortly thereafter, we committed to joining the pilot multi-lateral automatic exchange of information. And eight days ago we announced that we are prepared to commit to the Convention for Mutual Assistance in Tax Matters." (Eight days ago, would have been 7 June then.) "Based on this information which, in the main has not been publicised, Cayman has clearly made great strides in relation to

international tax matters. Our achievements are on par with those of the G8 and the Crown Dependencies and, as such, it is a fact that Cayman already is in step with the objectives set out by the United Kingdom for the G8 meeting.

"Cayman has been an early adopter of these initiatives because we recognise that global tax issues require global solutions and a genuine global level playing field. We therefore welcome the UK's intention that international tax and transparency standards continue to reside and develop under the auspices of the relevant super-national bodies. This will ensure inclusive and equitable treatment which will support economies, create jobs, and protect public revenue in all countries whether developing or developed.

"Finally, and importantly, as the most recent indicator of our commitment to advancements in global tax and transparency, the Cayman Islands will publish an action plan that will include an assessment of our beneficial ownership regime. Notably, our action plan and the plans of those G8 countries that are prepared to take this important step will be simultaneously published next week following the conclusion of the G8 summit." [UNVERIFIED QUOTE]

Madam Speaker, as I said, that was the intervention. Those were the comments from the Honourable Premier at the Three Ts conference, and, in particular, on the segment dealing with taxation.

Madam Speaker, following that event and our return to the Cayman Islands, an action plan was finalised and it was issued as promised, the day following conclusion of the G8 summit. In fact, on the same day that the Crown Dependencies issued their action plans. I think a number of the G8 countries issued action plans at the same time.

Again, Madam Speaker, just for the benefit of the House and the listening public, I would like to comment on the specific points of the action plan. The first item was that we would:

"1. Conduct, and share the findings of, a national assessment of money laundering and terrorist financing risks by 2015, through co-ordinated action by the public and private sectors to assess risks, apply resources and mitigate those risks.

"2. Further evaluate established policies and legislative measures to ensure that information on the ownership and control for companies and express trusts continues to be effectively and accurately maintained, and that this information continues to be readily available to the appropriate authorities."

On that point, Madam Speaker, I will remind Members and the listening public that we have had a regime in place for over a decade, 12 or 13 years now, in fact, which already collects information on the ownership and control of companies and expressed trusts. That information is maintained and available to

authorities. It is maintained by the supervised and regulated corporate service providers within the financial industry in the Cayman Islands.

Moving on, the third point was:

"3. Conduct an assessment of whether a central registry of the beneficial ownership and control of companies is the most appropriate and effective way to improve transparency in support of domestic legal compliance and the implementation of cross border assistance in accordance with internationally adopted and implemented standards during 2015."

So that's the timeline within which we would conduct that assessment. The fourth point was:

"4. Continue the longstanding supervision of those who execute company formation in the Cayman Islands, and keep the regulatory regime under review.

"5. Conduct a review of supervision and regulation of the financial services sector, including category A and B banks, by 2015 to establish effectiveness of supervision and enforcement of existing rules on beneficial ownership.

"6. Further review corporate transparency including the use of bearer shares (all of which are already immobilised and subject to regulation in the Cayman Islands) as recommended in the Phase 2 Peer Review Report by the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes, by 2014."

Now, the practice here, Madam Speaker, within the industry, while bearer shares are not prohibited, they have to be immobilised in the sense that they have to be held by a recognised or authorised custodian. So it is impossible to transfer ownership by delivery. And that is the mischief that people are concerned with. In fact, the practice which has developed is to avoid the use of bearer shares altogether. I think most corporate service providers probably have removed references to bearer shares from their standard documents that they utilise.

The seventh point was:

"7. Maintain our high standards of international cooperation, including the timely and effective exchange of basic and beneficial ownership information on legal persons and arrangements.

"8. Continue to negotiate and enter into international tax cooperation agreements and arrangements under the entrustment of the United Kingdom, where appropriate, including tax information exchange agreements and double taxation agreements; intergovernmental agreements in support of automatic exchange of tax information (such as under the United States Foreign Account Tax Compliance Act); and the Convention on Mutual Administrative Assistance in Tax Matters."

That was a list of the action points that we agreed to take. Those action points reflect essentially

what we already do. We have a regime which is by and large a great deal ahead of what is implemented, what exists in many of the G8 economies; certainly, the G20 economies.

Madam Speaker, we also included in the release in relation to the action plan what is referred to as third party endorsements, which I think I would like to summarise as well for the benefit of the Members of the House and those listening. The first was (which industry will know this extremely well) research conducted by professor Jason Sharman last year (2012), of Griffiths University in Australia, which was very extensive. It covered just about all of the world's perceived financial centres, including those in the G8 and G20 countries.

The conclusion drawn by Professor Sharman was that Cayman had a perfect compliance record in terms of collecting the information required by the Financial Action Task Force Anti Money-laundering Regulations. So, not only do we have standards which are considerably in excess of many countries, Madam Speaker, but here we have an objective, independent academic assessment of the effectiveness and implementation of those standards, with a conclusion that Cayman has a perfect record of compliance.

Similarly, Madam Speaker, there was a review done by the International Monetary Fund in 2009 which concluded that the Cayman Islands legal framework is comprehensive, the money-laundering offence is in compliance with the requirements of the UN Convention and the Terrorist Financing Offences in line with the FATF standard. They concluded that law enforcement and the prosecutorial authorities are adequately empowered and competent to investigate and prosecute money laundering terrorist financing offences. And the system for confiscation, freezing and seizure of the proceeds of crime is comprehensive, Madam Speaker.

Moment of interruption—4.30 pm

The Speaker: Honourable Minister, we have reached the hour of interruption. I will call on the Honourable Premier to move the relevant motion.

Suspension of Standing Order 10(2)

The Premier, Hon. Alden McLaughlin, Jr.: Madam Speaker, as we wish to conclude the debate and the vote on this important Motion this evening, I would move the suspension of Standing Order 10(2) to allow the business of the House to continue beyond the hour of interruption.

The Speaker: The question is that Standing Order 10(2) be suspended to enable the House to continue proceedings beyond the hour of 4.30 pm.

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

Ayes and one audible No.

The Speaker: I believe the Ayes have it. The House will continue its business beyond the hour of 4.30 pm.

Agreed: Standing Order 10(2) suspended.

The Speaker: I will ask the Honourable Minister responsible for Financial Affairs to continue his debate.

Hon. G. Wayne Panton: Thank you, Madam Speaker. I probably don't have much more to go on this.

Madam Speaker, the final point I was making was that the Caribbean Financial Action Task Force, in 2007, did a third round evaluation of the Cayman Islands Anti Money-laundering and Counter Financing of Terrorism Regime and assessed the jurisdiction as compliant or largely compliant with 38 of the 40 FATF standards (40 plus 9 FATF standards). They found that Cayman was fully compliant with recommendation 33, which was in relation to legal persons and beneficial ownership, and recommendation 34 which was legal arrangements.

Madam Speaker, there has been quite a bit of overlap on some of the things I have said in terms of the statements read and what I have been referring to. But going back to the comments by the Leader of the Opposition, firstly in relation to the Convention, he asked who the Government discussed entering into the Convention on Mutual Tax Assistance with. He also asked who approved the G5 pilot project. Presumably, in relation to all of those, he's looking to confirm whether there was consultation with industry, with our industry.

As I said earlier, Madam Speaker, there has been consultation with Cayman Finance, which is representative of industry in the Cayman Islands. There has also been consultation, I am sure, and Madam Speaker will know, in relation to the G5 pilot on automatic exchange of information, and I can certainly confirm that there was consultation and debriefing given to Cayman Finance as a representative of industry prior to the issue of Government's action plan.

In fact, at all points throughout the process of the discussions in the UK in relation to Cayman's potential commitment on the Convention, and what our action plan would reflect, there has been consultation with industry. It has been fairly broad based. It has included the regulatory authority, which is the Cayman Islands Monetary Authority.

And let me say, Madam Speaker, that we have a level of knowledge, a level of understanding, a level of engagement and, more importantly, a willingness to engage in this country between the private sector and the Government on issues like this be-

cause it is an imperative for Government to understand what issues and what concerns industry may have in discussing matters such as this.

We must understand whether there are significant cost implications, whether there are issues that we may be overlooking in terms of practical issues. So the policy of the Government is to engage. It has been to engage, and it will continue to be a policy of engagement on many of these issues. And I would like to say that the Ministry staff are extremely capable, very knowledgeable because of Cayman's involvement, its cooperation, and its engagement in the process for such a long time. Our staff individuals within the Ministry, as well as those in the Cayman Islands Monetary Authority, and, indeed, the Honourable Attorney General, Mr. Bulgin, are well recognised as being competent, knowledgeable, extremely credible, and there is always a willingness to listen to what they have to say. And that's the way it should be.

I will say that the decisions which have been taken in the past weeks in relation to some of the issues which the Leader of the Opposition commented on during his contribution, have been fully supported by that same credible, competent, excellent staff. In fact, my Chief Officer is currently engaged in a meeting of the one of the OECD group meetings in Europe at this point. Cayman's perceived credibility at that level is very high because of the level of knowledge, level of commitment, and the level of engagement that we have. And that will serve us extremely well, Madam Speaker. It will enable us to contribute, to help, to mould, to influence, to direct, to help create this global standard of global application which will provide that level playing field that we all understand is essential to our successful financial services industry to our economy.

So, Madam Speaker, while there have been questions, there have been issues, there have been concerns raised in a similar vein to those raised by the Leader of the Opposition, I can say that they do not reflect the views of the vast majority of those who are involved. One of the main concerns expressed was in relation to the question of whether the Cayman Islands would commit to a central registry for beneficial ownership. Members of the honourable House will recall earlier statements which clearly indicate, and indeed the action plan, which clearly indicated in point three that what we were committing to was the conduct of an assessment of whether a central registry of beneficial ownership is the most appropriate and effective way to improve transparency.

Now, Madam Speaker, very few countries—I dare say none of the G8 countries—have a central register. It is unlikely that we will see that any time soon unless there is considerable movement by various member states of the G8. Nevertheless, we will conduct an assessment in good faith to ascertain whether it adds to our regime where we already col-

lect information, we already maintain that information and we already share that information with relevant authorities. We have gone no further than agreeing to do the evaluation. We think, Madam Speaker, that that is what is right and fair for the Cayman Islands to do at this point.

All of our statements, everything we have said, Madam Speaker, clearly has been on the basis that this needs to be a global standard. It needs to be a level playing field, and, in fact, the Prime Minister's own words in his letter in early May (I think it was) to the Overseas Territories and Crown Dependencies used the language "a standard right across the world." That is what we advocate, that is what we support, that is what we think is fair. We do not think that a small country such as ours, with an economy that is highly dependent on the financial services industry as we have at the moment, should implement standards which are far in excess of what other countries are prepared to implement, and thereby create, even on a short-term basis, a competitive disadvantage for the Cayman Islands.

Again, the Prime Minister noted in his letter that we must have a global standard. We cannot have business simply shifting from one jurisdiction to another. We believe that is right. We share that view. We are comfortable that the Prime Minister shares that view. And we are comfortable that within the context of that, the Cayman Islands has again stepped forward, demonstrated its willingness to commit to engage to help identify and assess and mitigate some of the risks that the G8 and G20 economies are concerned with.

I hope those comments allayed the concerns of the Leader of the Opposition, Madam Speaker, as to whether or not there has been consultation and who has committed. I think it is fair to say that all of the jurisdictions which we regard as our competitors have committed, certainly to the Convention in relation to the G5 pilot, certainly to the agenda supported by the G5 pilot.

I will leave it there, Madam Speaker. And I thank you very much for the opportunity.

Hon. W. McKeeva Bush, Leader of the Opposition: Time will tell my son. Time will tell.

The Speaker: Thank you, Honourable Minister.

Does any other Member wish to speak?
[pause] Does any other Member wish to speak?
[pause] Last call, does any other Member wish to speak?

If no other Member wishes to speak, I will call on the Honourable Minister responsible for Finance and Economic Development to render his reply.

Hon. Marco S. Archer, Minister of Finance and Economic Development: Thank you, Madam Speaker.

I rise to respond to the queries raised by the Member for the district of East End. It is unfortunate that he is not in the Chamber at this time, Madam Speaker, but I believe it is my duty to respond, so, thank you.

Thank you, sir.

Hon. W. McKeeva Bush, Leader of the Opposition: [Inaudible] respond anyhow.

Hon. Marco S. Archer: Madam Speaker, looking at output OE-86 with respect to compensation, the amount of \$375 [sic] represents the Government's obligation—

Hon. D. Kurt Tibbetts: [Inaudible] \$375,000.

Hon. Marco S. Archer: Sorry, \$375,000, Madam Speaker (it's getting late in the afternoon). The amount of \$375,000 represents the Government's obligations under the terms of different settlement agreements which were made by the previous administration for legal claims made against the Government by multiple parties for various matters.

These settlement agreements represent out of court settlements and were done in order to bring resolution to these long-outstanding legal matters. During the 2012/13 financial year, the Government made compensation payments totalling \$530,510. Payments made under this appropriation are different and unrelated to payments made under output EA-9, Land purchase gazetted claims, which represents payment to compensate for land acquired by the Government for the purpose of road development.

And, Madam Speaker, I will now turn to output OE-54. With respect to output OE-54, Caribbean Catastrophe Risk Insurance facility, the amount of CI\$136,667 included in the 2013/14 Interim Budget, represents four months' expense of the annual premium of CI\$410,000 for the renewal of the coverage. Back in 2009, the Interim Budget appropriation in the amount of CI\$560,000 represented four months' expense of the 2009 annual premium, which at the time was CI\$1,680,000.

The premium for the 2013/14 fiscal year is the result of a significant discount offered by the Caribbean Catastrophe Risk Insurance facility and that reduction is offered for this year, Madam Speaker. However, that discount was not available in 2009 which is why we have the significant difference in the premium. Therefore, there is no error in the calculation in the 2009 or the 2013 premium as they both represent four months' of premium expenditure. The difference is because of the rates in the premium.

Turning now to respond to the queries concerning the cash positions, earlier today I said in my contribution to the Government Motion that the Government expects to have an operating bank account balance that totals approximately \$15 million as at 1 July, which is the start of the 2013/14 financial year. Madam Speaker, you will recall that the original budget for the 2012/13 financial year forecast an operating surplus of \$82.3 million for the entire public sector. I believe it has been well articulated by the media and everyone else, Madam Speaker, as well as the previous administration, that approximately \$33 million of revenue measures that the previous Government planned to introduce during this current financial year were not actually implemented at all. This obviously has the impact of reducing the original forecast operating surplus for the year that will end on 30 June 2013.

Fortunately, Madam Speaker, the operating expenditure is forecasted to be less than the original budgeted amounts of \$567.2 million. This will temper some of the effect of the revenue measures that were not implemented during the current year. Most of the Members of the House will recall that a pre-election economic and financial update was produced on 24 April 2013. That document indicated that the net operating surplus of the entire public sector would be approximately \$51 million, and not the \$83 million that was previously forecasted.

So, Madam Speaker, the Government prefers to wait to the end of the present financial year, being 30 June 2013, before making definitive pronouncements on the operating surplus for the core Government and the entire public sector.

I can say confidently that there is expected to be a significant operating surplus for the year that will end on 30 June 2013, notwithstanding that it will be less than the \$82.3 million that was shown in the original budget document that was presented in the honourable House for the present financial year.

In conclusion, I ask all honourable Members to support the Government Motion before the House. Thank you, Madam Speaker.

The Speaker: Thank you, Honourable Minister of Finance and Economic Development.

The question is: BE IT NOW THEREFORE RESOLVED that for the period 1 July 2013 to 31 October 2013 the Cabinet be authorised to incur executive financial transactions not exceeding the limits specified for each of the following appropriation categories, further details of which are provided in the attached Schedule to this Motion:

Output Groups:	\$153,568,586
Transfer Payments:	\$13,652,925
Financing Expenses:	\$7,919,000
Other Executive Expenses:	\$6,616,342

Equity Investments:	\$8,937,024
Executive Assets:	\$2,256,000
Loans Made:	\$448,700
Borrowings: (temporary overdraft facility)	\$30,000,000

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

Ayes.

The Speaker: The Ayes have it.

Agreed: Government Motion No. 1-2013/14 passed.

The Speaker: Earlier this morning we deferred the paper for the Cayman Islands Law Reform Commission 1 April 2012, to be dealt with at a later stage. I will ask the Clerk to call for that report at this stage.

PRESENTATION OF PAPERS AND OF REPORTS

Eighth Annual Report of the Cayman Islands Law Reform Commission – 1st April 2012 to 31st March

The Speaker: I recognise the Honourable Attorney General.

Hon. Samuel W. Bulgin, Attorney General: Thank you, Madam Speaker.

Before I move the motion to table the report, may I just apologise for my tardiness in arrival this morning. I had a meeting that over ran a little bit and, of course, I did not communicate to the Clerk the possibility of my being late. So I do apologise to yourself and honourable Members of this House.

Madam Speaker, I beg leave of this House to lay on the Table the [Law Reform Commission Report for the period 1st April 2012 to 31st March 2013](#).

The Speaker: So ordered.

Does the Honourable Member wish to speak thereto?

Hon. Samuel W. Bulgin: Madam Speaker, only to say that the report itself is very self-explanatory. It details the work of the Commission during the relevant period, sets out projects that have been completed, projects that are entrain, and those that they are looking at, at the moment. I certainly commend it to honourable Members of this House and to the public in general.

Thank you.

The Speaker: Thank you, Honourable Member.

There being no further business on the Order Paper, I now call on the Honourable Premier for the adjournment.

ADJOURNMENT

The Premier, Hon. Alden McLaughlin, Jr.: Thank you, Madam Speaker.

Before I move the adjournment of the House, I wish to say a few things in relation to upcoming business of the House so that Members can be better informed and hopefully be able to plan their lives.

Madam Speaker, there are outstanding supplementary appropriation bills to deal with appropriations made by Cabinet under section 11(5) of the Public Management and Finance Law—the bits that are called “exceptional expenditures.” No supplementary appropriation bills have been done in respect of these things for the years 2009, 2010, 2012 and for the current year. So, what we are proposing to do is, in advance of bringing the full year budget in September, and we are hoping for somewhere around the middle of September for that, that we would convene a meeting of Finance Committee to deal with these supplementary appropriation bills to clean up the previous term, essentially.

So, Members can look out for a notice in relation to that in the upcoming weeks. We are not in a position where we can say precisely when it is going to be, but it certainly is not going to be next week or the week after. It will be sometime in August, we expect. So, I wanted to make Members aware of that.

The other thing I wish to say in respect of the management of the legislative calendar is that we are working to develop a proper calendar so that we can indicate to Members when ordinary or regular meetings of the House will be scheduled to be held. Obviously, if there are extraordinary meetings necessary because there is urgent business, then we will have to fit those in. But we are going to try to revert to the old practice (which was the case when I first came here almost 13 years ago), where we knew in advance that there was a meeting scheduled, essentially every quarter. So, I hope to have that developed, Madam Speaker, and approved by yourself in the upcoming weeks, and then we can circulate it to Members and the media so that we are all better able to organise our lives and plan our vacation breaks or whatever it is we need to do in the ordinary course of life.

And so, Madam Speaker, with that, I just want to thank all Members of the House for being able to attend today. I do apologise that things were a bit rushed in the sense that Members were not able to get the Schedule and the Motion in advance of yesterday evening. But those who have been involved before, particularly the Leader of the Opposition and your good self, Madam Speaker, will know the challenges that are a part of getting the necessary ap-

provals from the United Kingdom Government and that often, as is the case here, things are very much last minute.

So, I thank all Members for attending, for their participation and their contributions today. And I move the adjournment of this honourable House sine die.

The Speaker: I recognise the honourable Member from the district of East End.

Mr. V. Arden McLean: Thank you, Madam Speaker.

Madam Speaker, it is customary that Parliament takes a recess during summer to facilitate Members and their families, especially those with young children on vacation. And I heard the Premier mention that, but he also said that sometime in August would be the Finance Committee. Can he give us an undertaking that it will be the latter part of August in order to facilitate Members and their vacations over summer and that would be considered the recess?

The Premier, Hon. Alden McLaughlin, Jr.: Madam Speaker, I hear the plea of the Member for East End, and I entirely empathise. But there is always something. I believe there is a CPA overseas conference the last week in August. But what I can say is that we will do our best to accommodate the majority of Members. And once we have an idea of how long we will actually need, it will be easier to fit it in. If we can do it in the first week of September, then, that's fine as well.

The Speaker: The question is that this honourable House be adjourned sine die.

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

Ayes.

The Speaker: The Ayes have it.

At 5.05 pm the House stood adjourned sine die.

