

# “Delivering on the Promises”

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*The Leader of Government Business' speech on the budget delivered in the Legislative Assembly, 10 October 2005.*

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## Introduction

Madam Speaker, the PPM Government campaigned on the basis of a manifesto that outlined the goals, strategies and actions that would be followed once elected to office.

Our key pledge was to be a government that the people of the Cayman Islands could trust.

To be a government that would do what it says it would do.

To be a government that would pursue the policies we promised to pursue and to do so in an open and honest way.

Madam Speaker, the Budget that the Financial Secretary has outlined to this Honorable House today delivers on those promises.

It is a budget that allocates significant funding to complete the country's recovery from hurricane Ivan.

It is a budget that properly resources the Royal Cayman Islands Police and other agencies involved in law enforcement, so that they can effectively combat crime.

It is a budget that addresses the shambles in the health sector that we inherited from the previous government.

It is a budget that actually does deliver new schools and other essential resources for the education sector.

It is a budget that invests in essential arterial roads as a first step towards addressing traffic congestion.

It is a budget that embraces Cayman Brac and Little Cayman and provides resources to address their unique economic and social needs.

It is a budget that supports the economy.

And, Madam Speaker, as the Financial Secretary has so eloquently outlined, it is a budget that is prudent and fiscally responsible.

## Overview of Policies in the Budget

### Outcome Goals

Madam Speaker, the 2005/6 Strategic Policy Statement approved by this Honorable House established eleven broad outcome goals for the 2005/6 to 2007/8. These are as follows.

Outcome 1: Deal with the Aftermath and Lessons from Hurricane Ivan.

Outcome 2: Address Crime and Improve Policing.

Outcome 3: Improve Education and Training.

Outcome 4: Rebuild the Health Services.

Outcome 5: Address Traffic Congestion.

Outcome 6: Embrace Cayman Brac and Little Cayman.

Outcome 7: Conserve the Environment.

Outcome 8: Strengthen Family and Community.

Outcome 9: Support the Economy.

Outcome 10: Open, Transparent, Honest and Efficient Public Administration.

Outcome 11: Sound Fiscal Management.

These broad outcomes reflect the Government's priorities and focus during its current term of office. They provide the yardstick by which we establish policy and prioritise expenditure.

The Budget contains a range of measures designed to support the achievement of each of these outcomes. Each is important each has been addressed.

Before outlining those measures I would note, Madam Speaker, that while the Government can play a major part in achieving the eleven outcome goals, it does not totally control them. Events outside the Cayman Islands and the actions of individual residents can also have a significant influence on whether the outcomes are achieved. Every resident of this country, not just the Honorable members of this Legislature have a part to play in the social and economic development of the Cayman Islands. Our own individual behaviour, our own attitudes and morals, can be as important to our own well-being as anything that the government can do.

## Key Policy Actions

### Outcome 1: Deal with the Aftermath and Lessons from Hurricane Ivan.

Madam Speaker, let me now turn to the key policy actions contained in the Annual Plan and Estimates, starting with Outcome 1: Dealing with the Aftermath and Lessons from Hurricane Ivan.

While all of the eleven outcomes are important, the overriding, immediate and most pressing goal of this Government is to ensure a speedy recovery from the effects of hurricane Ivan. Outcome 1 is therefore the Government's highest priority objective and the Budget includes significant financial allocations relating to this outcome. These fall into four areas.

The first is the provision of further assistance to residents to rebuild and furnish their homes. The Budget provides \$2.9 million for hurricane relief assistance and housing repair assistance through District Assistance Committees and a further \$1.6 million through the CI Development Bank.

It also allows for a further \$500,000 contribution to the National Recovery Fund, and a similar contribution to the National Cultural Foundation to assist with the cost of repairing the Harquail Theatre.

Ongoing recovery activities are also being funded. An additional \$2.5 million has been provided for further debris removal and \$225,000 for interest on post-hurricane assistance-loans to civil servants made through the Credit Union.

The second area of focus under outcome 1 is the reconstruction of essential national infrastructure damaged by hurricane Ivan. The budget provides \$4.6 million for the management and maintenance of Public Roads, of which at least \$1 million relates to the repairs of roads damaged by the hurricane. A further \$2.7 million has been budgeted for the reconstruction of roads and/or seawalls at Clarinda Bay, Colliers Road, Marina Drive, Seymour Rd, Iron Shore Gardens, Midland Acres to Breakers, the Edge, Anton Bodden Rd and Chester Watler Rd.

In relation to other infrastructure assets:

- \$771,000 has been allocated to build sea walls to prevent damage to existing cemeteries, and also to repair facilities on the eight public beaches in Grand Cayman;
- \$1.26 million has been allocated for the reconstruction of civic centres and other public buildings, to repair community sports facilities including the Truman Bodden Stadium, and to move forward with the beach renourishment project.

Madam Speaker, the third area of focus under outcome 1 involves ensuring that the relocation of Government agencies affected by the storm is completed. This also involves ensuring that essential assets are replaced and fully operational.

The Budget provides equity injections for a number of agencies who have had to relocate from the Tower building, or who need to refurbish their premises or replace destroyed assets. This includes some \$4.6 million for office fit-outs for the Lands and Survey Department, Department of Tourism, RCIP

Headquarters, 911, General Registry, Portfolio of the Civil Service, the Law School, Treasury and the Tourist Attractions Board.

In addition, just over \$3 million has been provided for the replacement of damaged fire trucks and \$4.5 million for the replacement of damaged school assets, including the provision of temporary classrooms.

Fourthly, under outcome 1, Madam Speaker, the Budget makes provision for improvements to emergency management outputs. A new \$1.3 million output group called "National Disaster Preparedness and Response" will be purchased in 2005/6. This will be delivered by the new Emergency Management Agency (EMA) which is being established within the Portfolio of Internal and External Affairs. The EMA will co-ordinate all national disaster preparedness and response activity for the country. Legislation is now being drafted to give statutory effect to this Agency.

The Budget also provides \$1.5 million for an extension to the Emergency Operations Centre, standby generators and other essential equipment for the EMA. In addition a further \$0.75 million has been provided for a secure backup IT facility for the Computer Services Department at Citrus Grove and related IT infrastructure upgrades.

In total the Budget allocates approximately \$36.5 million to measures designed to support the hurricane recovery effort. This is equal to approximately 9% of total government revenue forecast for 2005/6.

## **Outcome 2: Address Crime and Improve Policing.**

Madam Speaker, the Government's second highest priority outcome at this time is Outcome 2: Addressing Crime and Improving Policing.

Initiatives to support this outcome and reduce crime were given priority for additional funding in the 2005/6 budget process and the Budget makes provision for a series of new or expanded policy actions relating to outcome 2.

The most important of these involves a significant increase in the resources available to the Royal Cayman Islands Police including a \$4.75 million increase in outputs, and a further \$3.9 million in equity injections to fund new assets required for crime fighting activities.

Actions are being taken in other areas as well. A new \$226,000 forensic investigations output from the Portfolio of Legal Affairs will be purchased in 2005/6, together with a \$300,000 equity injection to fund capital equipment for the forensic laboratory. Additional funding of \$150,000 for enforcement outputs from the Immigration Department has also been provided for.

A number of legislative actions are also planned for 2005/6 in relation to this outcome.

These include:

- a revised Anti-Corruption Bill to reform the law of corruption;
- a Drug Court Bill to provide for the establishment of a Drug Court to facilitate appropriate sentencing;
- a Firearms Amendment Bill to provide a deterrent in the use of firearms in the commission of violent crimes;
- a Police Law Amendment Bill to bring up to date measures in the Police Law to strengthen police crime fighting capabilities.
- The Bail (Amendment) Bill, 2005;
- The Court of Appeal (Amendment) Bill, 2005;
- The Criminal Procedure Code (Amendment) Bill, 2005;
- The Evidence (Amendment) Bill, 2005;
- The Information and Communications Technology Authority (Amendment) Bill, 2005;
- The Penal Code (Amendment) Bill, 2005; and
- The Prisons (Amendment) Bill, 2005.

These will all serve to enhance and further assist all the relevant agencies in the ongoing fight against crime.

### **Outcome 3: Improve Education and Training.**

Madam Speaker, outcome 3 is improving education and training.

Improving the quality of education and, particularly, improving the educational infrastructure of the country is the third key priority for the PPM Government. Much of this will be done within existing resources, and significant reprioritisation within existing operating funding levels and outputs has been undertaken as part of the 2005/6 Budget. Further reprioritisation will occur in future years.

In relation to capital expenditure, the Budget provides \$14.9 million for the school infrastructure. This includes construction of the Frank Sound High School, the West Bay High School and a redeveloped George Town (John Gray) High School. Provision has also been made to commence the construction of a new George Town Primary School, additional facilities at Cayman Brac High School Hall and Primary Schools, and a hall at East End Primary School.

The \$14.9 million is to commence these projects. Further injections will be provided in 2006/7 and 2007/8 as the projects progress and are completed. The Government's long-run financial projections make provision for this.

## Outcome 4: Rebuild the Health Services.

Turning now to outcome 4, Madam Speaker, - rebuilding the health services.

The key policy action under outcome 4 is to put the Health Services Authority into a stable state. The Government is working with the new Board of the Authority on this objective and recognises that it will take a few years for it to be achieved. Nevertheless, the Government has tasked the Board with ensuring that the Authority's financial position is break-even by 2007/8 while still providing high quality health services. To assist this process the Budget provides for an equity injection of \$12 million to the Health Services Authority. This is a little less than twice the forecast operating deficit for the Authority for 2005/6 and is designed to allow the Authority to address outstanding accounts payable.

The very troubling matter of our Health Services has been a huge concern for the new Government. The country was aware of personnel problems at the hospital, of critical staff resignations, and of generally very low morale. We took office at a time when the HSA appeared to be adrift, with little sense of direction or purpose, and with scant short term or long term strategies to cope with the incidence of diseases. In addition, to our horror we discovered that the HSA had been operating without a budget for the last 2 years.

Faced with these concerns, a new HSA Board of Directors has been appointed with the following mandates:

- to expand and enhance the range of services the Hospital offers, and to recruit medical staff of the highest caliber to achieve this;
- to increase collaboration with the private sector to provide seamless care and treatment options for all patients; and
- to establish a partnership with St. Matthew's University to have the Cayman Islands Hospital recognized internationally as a teaching hospital.

By the end of November 2005, the HSA Board will outline what it is going to do to solve the existing financial problems and become self-sustaining by the 2007/8 financial year.

A number of other changes to the focus and priority of government expenditure within the sector are also included in the outputs documented in the Annual Plan and Estimates. These include an ongoing shift towards greater disease prevention and reduction in illicit drug use.

Some legislative actions are also planned under this outcome. These include a Public Health Law to clarify public health functions and roles, and a Pharmacy Law to update legislation to address the distribution and use of pharmaceuticals.

## **Outcome 5: Address Traffic Congestion.**

Madam Speaker, outcome 5 relates to addressing traffic congestion.

As I have said previously, Madam Speaker the Government's view is that there are no short term answers or quick fixes to the Grand Cayman traffic congestion problem. As a country we need to develop and agree upon a National Transportation Plan which will establish a long-term transportation game plan. Work on this will commence during 2005/6. In addition legislative amendments to the Traffic Law and the Roads Law to address current traffic needs are planned for this year.

In the meantime we need to continue to develop our road infrastructure.

In addition to funding allocated to address urgent road repair needs resulting from hurricane Ivan, the Government has allocated a further \$6.68 million for new roads, or road improvements. This expenditure has been targeted at projects that will improve traffic flows and reduce traffic congestion. These include:

- continuing work on Phase 3 of the Esterley Tibbetts Highway;
- the connector highway between the Esterley Tibbetts Highway and the Linford Pierson Highway;
- the Bodden Town Relief Road (Anton Bodden Road);
- the Hirst / Shamrock Rd centre turn lane and merge extension; and
- the reconstruction of the Elgin Ave/Thomas Russell Way roundabout.

The Budget also provides a \$1.3 million equity injection into the National Roads Authority to allow it, among other things, to purchase asphalt paving and transport equipment to increase the country's road paving capacity.

## **Outcome 6: Embrace Cayman Brac and Little Cayman.**

That brings me to outcome 6, Madam Speaker: Embracing Cayman Brac and Little Cayman.

The Government is fully committed to the economic and social development of the Sister Islands. However, the Sister Islands are unique and in many instances solving their problems requires a different approach than in Grand Cayman. We need to develop economic activity in the Sister Islands that reflects their unique character while benefiting the residents there.

The Budget includes a number of initiatives and allocations that reflect this. These include the purchase of a wide range of outputs relating to the Sister Islands.

In addition the Estimates make provision for \$2.1 million of capital expenditure in Cayman Brac and Little Cayman. This includes in Cayman Brac:

- a child day-care centre and pre-school facility;
- cabanas and bleachers for the community pool at Stake Bay;
- cabanas and craft vending stalls at the Heritage House grounds;
- a Slaughter House;
- continuation of the Cemetery Pier Project;
- additional street lights; and
- a series of road and farm road projects.

and in Little Cayman:

- upgrading of the airstrip and terminal building;
- rebuilding of the small boat dock facility at Point of Sand;
- a new boat ramp at Jackson's Point;
- replacement of the fence and retaining wall of the cemetery.

Also \$800,000 has been allocated for the construction of affordable housing in Cayman Brac during 2005/6.

## **Outcome 7: Conserve the Environment.**

Madam Speaker, outcome seven is “Conserve the Environment”. The natural environment is of critical importance to those of us who live in these Islands, as well as being the bedrock of our tourism industry. The Government is therefore committed to protecting the environment for both current and future generations.

Accordingly, the Budget provides funding at pre-existing levels for regulatory and protection activities undertaken by the Department of the Environment, the National Trust and other agencies. It also includes new funding for a number of environmentally important capital projects including a further \$1m acquisition for Barkers National Park, \$224,000 for the purchase of land for the Cayman Brac Parrot Reserve, and \$300,000 for completion of the beach erosion project in West Bay.

Two environment-related legislative actions are also planned. They are an Environmental Health Law to regulate environmental health services, and Solid Waste Regulations to regulate solid waste management.

## **Outcome 8: Strengthen Family and Community.**

Madam Speaker, the Government’s eighth outcome goal is “Strengthening Family and Community”.

Many of us hold the view that many of the ills of society can be traced back to the family. The Government ascribes to this view and the structure of ministerial responsibilities with the establishment of a ministry of Health and Human Services under the leadership of the Honorable Anthony Eden is a reflection of our concern.

By far the largest share of Government expenditure is dedicated to outcome 8, and rightly so. As already stated in the Budget Address, operating and capital expenditure planned on education and Strengthening Families and Communities is some \$190.6 million and this is equivalent to 50% of projected revenue for the financial year.

This includes a wide range of outputs across a significant number of government and non-governmental agencies, most of the transfer payments and the majority of the other executive expenses.

On the capital side, provision has been made for \$800,000 of new loans-made, and \$350,000 for land for the Bodden Town Public Beach.

A number of important legislative measures relating to outcome 8 are also planned for 2005/6. These include:

- a Tobacco Law to establish legislation that includes smoke free policies and addresses the marketing and use of tobacco;
- a Mental Health Law to revise legislation to address the treatment of mental health patients and establish mental health care policies;
- Regulations to give effect to the Children Law to ensure compliance with child protection and welfare policies;
- a revised Adoption Law to ensure consistency with International Best Practice;
- Food Hygiene Regulations to regulate food hygiene and safety, Drinking Water Quality Regulations to regulate drinking water quality;
- Cemetery Management Regulations to regulate the management of private and public cemeteries; and
- the Legal Aid Amendment Bill to streamline the granting of Legal Aid.

### **Outcome 9: Support the Economy.**

Madam Speaker, supporting the economy is outcome 9.

As I said during the debate on the Strategic Policy Statement, the fact that “supporting the economy” is outcome number nine does not mean that it is less important. Supporting the economy must, and will, have the utmost priority.

The Budget includes funding at previous levels for outputs to support, development and regulate the various sectors of the Cayman Islands economy, particularly the Tourism and Financial Services sectors.

As far as the tourism industry is concerned, the Department of Tourism will continue to execute the Government’s policy directives and coordinate the public sector’s role in the management of this very important industry. The two key policy objectives for this year are the implementation of the National Tourism Management Policy (NTMP) and facilitating human capital development. The implementation of the NTMP and its nine policy objectives will provide a comprehensive and coordinated approach to tourism across the three Cayman Islands and will address all aspects of the industry, ranging from marketing to physical product development, and from cruise tourism to the enhanced management of our marine resources.

Madam Speaker, in terms of human capital development, the Department of Tourism will seek to raise service levels across the public and private sectors as a competitive advantage to complement our fantastic beaches, rich heritage and excellent array of accommodations, attractions, activities and services.

The Government recognizes the economic importance of the financial services sector and is fully committed to its protection and development. The Budget therefore includes funding for a number of key action areas, including –

- The re-building of the General Registry, which is a critical service provider to the financial services sector, in secure and modern facilities;
- Enhancing the capacity of the Monetary Authority to deliver the Regulatory services required and to support the mutual funds sector effectively and efficiently;
- The implementation of a comprehensive public relations programme;
- Ensuring that the interests of the Cayman Islands are protected in relation to international tax and regulatory initiatives that may affect the financial services sector;
- Introducing legislation to implement the Cape Town Convention, which concerns the recognition and treatment of international interests in aircraft equipment, to assist Cayman in retaining its market position in relation to a significant sub-sector in the financial industry; and
- Upgrading of the intellectual property legislation to include the whole range of intellectual property rights in addition to patents and trademarks.

A number of important legislative actions are also planned in relation to outcome 9. These include:

- an Employment Bill to make amendments to reflect public feedback on the existing law,
- a Data Protection Act to provide protection for information relating to living individuals and to ensure ready transfer of data with the European Union; and
- amendments to the Development and Planning Law to effect possible changes to the Development Plan for Grand Cayman. These amendments will also positively impact the operation of the Development Control Board for Cayman Brac and Little Cayman.

### **Outcome 10: Open, Transparent, Honest and Efficient Public Administration.**

Madam Speaker, this brings me to outcome 10: Open, Transparent, Honest and Efficient Public Administration.

Outcome 10 is an important outcome for the Government because it reflects the way the PPM Administration wishes the Government to operate. It is the outcome that best reflects the philosophy and approach we wish to bring to the business of government.

Outcome ten is different from the other outcomes. It is less about a state of well being and more about an attitude, a set of behaviors that we, as a Government, want to exhibit. It is also what we expect from the civil service, and indeed everyone working in or with the wider public service. Accordingly, this outcome will be achieved by changes in attitude and behaviour rather than specific expenditures.

Nevertheless, the Government has provided for a number of policy actions in this Budget to engender and reinforce the desired behaviours. These include two important legislative measures which will be introduced to this Honourable House within the next few months.

The first is the Public Service Management Bill which will reform the Government's human resource management system to complement the Financial Management Initiative. This will include, among other things a set of Public Service Values and a Public Servant's Code of Conduct.

The second is the Public Authorities Bill. This will provide for an overarching system of governance, accountability and management for statutory authorities and government companies. In addition it will extend the application of the Public Service Values and the Code of Conduct to public authorities.

Also planned is the "Access to Information Bill" to regulate access to Government Documents. Just last Tuesday, the Cabinet approved a "Bill for a Law to give to the Public a General Right of Access to Official Documents; and to make provision for Incidental and Connected Purposes". This Bill is now being circulated in order to ensure the widest possible consultation. After a 90 day period input received will be carefully assessed and any agreed changes will be made before the final product is brought to the Legislative Assembly. This is part of the Government's freedom of information initiative.

Financial provision has also been made for outputs to support these pieces of legislation, particularly within the Portfolio of the Civil Service.

### **Outcome 11: Sound Fiscal Management.**

Finally Madam Speaker, we have outcome 11 – sound fiscal management. The Financial Secretary spoke at some length about this in his address so it is not necessary for me to labour on the point.

Suffice it to say, Madam Speaker, that in preparing this Budget, the Government has gone to considerable lengths to ensure that the levels of expenditure, capital and borrowing established for 2005/6 are affordable and sustainable not only this year, but over the long-term. This budget meets that test; it is within the targets established by the Strategic Policy Statement, and it complies with the Principles of Responsible Financial Management.

## Conclusion

Madam Speaker, when I presented the 2005/6 Strategic Policy Statement to this Honourable House two months ago, I outlined a clear, coherent and financially affordable strategy for the future development of these Islands.

I pledged then, as I do now, that the Government would pursue that strategy with vigor and dedicated commitment.

Well, Madam Speaker, as the sayings go, “words are cheap” and “actions speak louder than words”.

The Annual Plan and Estimates before the House today is proof that this government does deliver on its promises, and we will continue to do so.

It is proof that we are actively working towards the full restoration of the Islands after hurricane Ivan.

It is proof that we are serious about addressing the country’s concern about crime.

It is proof that we are building new schools and new roads just as we promised.

It is proof that we are actively rebuilding the health services of this country.

It is proof that we will support the ongoing development of the economy and manage the Government’s own financial position responsibly.

It is proof that the Government has a clear vision and plan for the sustainable development of these Islands over the next four years, and beyond.

This budget delivers on that plan.

This budget does what we said we would do - deliver on our promises to the people of these Islands.

Team PPM is real, and we are committed to the task. The entire cabinet is working well together, and our back bench are giving us wonderful support.

There are many challenges ahead, but with the steadfast commitment of all of us, the support of the people, and God’s guiding hand, we will prevail.

Thank you, Madam Speaker.