

Making a Difference: Delivering Results

An address delivered by the Leader of Government Business, the Hon. Kurt Tibbetts, to the Legislative Assembly at the Budget meeting Friday, 27 April 2007.

Madam Speaker, 18th May will mark the 2nd anniversary since the People's Progressive Movement was sworn in as the government of the Cayman Islands and took up the heavy mantle of office. Given the present favorable conditions it has proven easy for many people to forget that this government assumed responsibility for the affairs of this country a mere 8 months after the devastation of Ivan - at a point when in many respects the country was at an all time low. We were still reeling from the impact of the hurricane; the country appeared to be rudderless with no real direction being taken in relation to the re-building process; we were in the grip of a crime-wave; public trust and confidence in government had been undermined; inflation was out of control; and real fear was being expressed by many people about the future of these beloved Islands.

I readily confess that it was a tough time to take up office - but I hasten to add, with considerable pride, that the team in which the electorate reposed their trust in May 2005 has been and continues to be up to the challenge. Indeed, Madam Speaker, many people, particularly visitors to these Islands, have described the transformation of these Islands over the past 23 months as nothing short of amazing. Lest I am misunderstood, I am not attempting to say that we have fixed every problem or that single-handedly, my administration is responsible for the tremendous recovery these Islands have enjoyed. I would never be so presumptuous! But what I am certain of and what many people have said to us is that the ethics, vision, initiatives and environment that this government has brought to administering the affairs of this country have renewed public trust, inspired investor confidence and engendered optimism among our people. For this government, Madam Speaker, openness, honesty, transparency and accountability are not just fine sounding words; they are imperatives, imbedded deeply in our philosophy of governance. In consequence, Madam Speaker, not only is the full recovery of these Islands now almost complete, but there are unprecedented levels of new development and a strong and vibrant economy.

Madam Speaker, the success thus far of this administration has not come about by happenstance. The PPM came to office with a plan, a team and a mandate. We have spent and continue to spend a great deal of time discussing the plan and refining the vision. And we continue to work as a team. We have proven a willingness to meet the challenges head on and to make the hard decisions - and there have been some very hard ones- even in the face of criticism. And at the same time, Madam Speaker, we have stayed true to our philosophy of consultative and responsive government; of protecting and promoting human rights; of upholding the rule of law and of observing the highest level of propriety in the discharge of our office.

We have lived true to our promise of openness, transparency and accountability by holding weekly press briefings and regular meetings of the District and National Councils of the PPM and making these meetings open to the public. We consult regularly with stakeholders in business and civil society and we uphold the rule of law. In short Madam Speaker, we have stayed the course, we have kept the faith ...and as we promised, brought a new culture of governance to these beloved Islands.

Today as we deliver the third budget of our term, we do so with a tremendous sense of pride and gratitude. I give thanks to Almighty God for his guidance and his mercy for without his divine assistance nothing would be possible. The Good Book tells us "Unless the Lord builds the house they Labour in vain that build it." And so it is with building a country. I gratefully acknowledge the efforts and achievements of my colleagues on both the Front and Back benches of this honorable House and the many hardworking members of the Civil Service, Statutory Authorities, Government Owned Companies and Boards who have worked and continue to work so hard in both the preparation of this budget and day by day in enabling this administration to achieve its vision.

We are immensely proud of this budget for a number of reasons. First and foremost, Madam Speaker, it is the third consecutive balanced budget this Government has delivered to the country - and it has a healthy operating surplus. Secondly, Madam Speaker, this budget does not propose any new revenue measures. This Government is keenly aware of the pressures on both businesses and individuals as a result of the cost of living in Cayman and among the efforts we are making to address that, we are determined not to increase the cost by imposing revenue measures which might have that effect. Thirdly, it complies with all the Principles of Responsible Financial Management as has been outlined by the Hon. Financial Secretary, the Third Official Member in his just completed Budget Address. And finally, it provides the financial basis to address the social and physical needs of the Country and to give life to the vision, plans and programmes of this PPM administration as set out in the Speech from the Throne.

Fiscal discipline is a critically important principle of a responsible and credible government and a Cayman's continued success hinges on how well we manage the Country's financial affairs. I believe it is important therefore to underscore the Hon. Financial Secretary, the Third Official Member's statement that this budget is sustainable and one that complies fully with the Principles of Responsible Financial Management contained in Section 14 of the Public Management and Finance law (2005 Revision).

- The financial statements indicate forecast total Operating Revenue of \$499.1 million and forecast total Operating Expenses of \$469.2 million. This results in a forecast Net Surplus of \$17.5 million for the 2007/8 year.
- The forecast Balance Sheet shows that as at 30th June, 2008 Total Assets will be valued at \$990.0 million while total liabilities are projected at \$504.7 million. Government's Net Worth is therefore forecasted to be \$485.3 million.
- Government's forecast debt servicing ratio for 2007/8 is 6.6%, significantly below the permitted 10%.
- Government's Net Debt ratio for 2007/8 is 61.5%, significantly below the permitted 80%.
- Government's cash reserves are being maintained at the required level of 75 days of expenditure in 2007/8 – some \$90.3 million.

Madam Speaker, as the Hon. Financial Secretary, the Third Official Member has said, this Government, while committed to major infrastructure improvements for many years, is equally committed to borrowing only what is absolutely necessary. Thus although authorized to borrow up to \$94 million in the 2006/2007 fiscal year, we have to this point borrowed only \$10 million and we expect to only require a further \$17 million of borrowings by the end of this year. We have been able to finance a number of projects from general revenue and thereby have been able to minimize borrowings.

Over the course of the 2007/2008 fiscal year we are envisaging the need to borrow approximately \$130 million. Madam Speaker, this is mainly because many of the major projects proposed will be well underway during the upcoming fiscal year. There is no question that these projects are entirely affordable as the Hon. Financial Secretary, the Third Official Member has pointed out. Equally, there is no question that they are critically necessary.

Madam Speaker, the principal objective of this Government is to improve the quality of life for all the people in these Islands - and that is what the funding in this budget is designed to do. The list of more than 20 significant capital projects that the Hon. Financial Secretary, the Third Official Member set out in his address is not isolated items: they are all aimed at that overriding objective. From roads to schools, to money invested in the Health Services Authority, the Tourism Attractions Board and the Sister Islands Affordable Housing Corporation, this Government is forging ahead with plans to make these Islands a better place in which to live, work and do business. But impressive as the list of capital projects is, this Government recognizes that significant investment directly into our people is also required and the budget also supports a significant social agenda. Increased support for the indigent, increased funding for health care, increased provision for special education needs, enhanced funding for scholarships and for early childhood care are all part of this budget.

The Ministry of Health and Human Services will work robustly to place human development at the center of the national agenda. It will continue to be guided by the broad strategic goal of ensuring a healthy resident population of the Cayman Islands through the development of policies and legislation, and access to a wide range of services which enable people to experience a state of complete physical, mental and social well being. Listed below are the Ministry's key outcomes.

Human Services

- A plan will be developed to integrate all services to ensure a holistic approach is taken to addressing the human needs of the people.
- Private-public partnerships, which strengthen civil society and thus the common good, will be pursued.
- Priority will be given to services that contribute effectively to meeting the UN Millennium Development Goals, including the promotion of gender equality and empowerment of women.
- Data from the report on the National Assessment of Living Conditions will
 - inform policy formation, and
 - affirm the further research required for in depth understanding of our social strengths and weaknesses.
- A National Plan for the elderly will be developed.
- Funds have been allocated to support the needs of the most vulnerable, in particular children and the elderly.
- Each district will be provided with purpose-built facilities to meet the unique needs of its elderly population. In some cases facilities will be residential homes, and in others they will serve as centres for social activities and programmes.
- A Community Development Unit will be reinstated, with Community Officers in each district.
- The essential needs of children and youth including the emotional, spiritual, physical, social and civic needs will be addressed through implementation of the following major initiatives and legislative reform:
 - A Policy Framework for Children and Youth
 - The National Child Protection Strategy, including The Children's Law and Regulations
 - The Adoption Law
 - These efforts will be in keeping with the requirements of the Convention on the Rights of the Child.
- A Secure/remand facility will be developed, for the rehabilitation of youth in trouble.
- Measures will be taken to support the implementation of the Alternative Sentencing and Drug Treatment Court Laws, in conjunction with the provision of treatment and probation services.

Health

- Regulatory functions will be given priority, including inspection of healthcare facilities and enforcement of the Pharmacy Law
- Close attention will be paid to controlling the escalating costs of health care, by re-examining the uses of public funding, and its complementarity with private health insurance coverage
- Evaluation, updating and implementation of the National Anti-Drug Plan will be supported
- A new model for healthcare delivery will be implemented in January 2008. As a result, the Ministry will
 - establish a Public Health Department under central government
 - implement a new governance model, and consistent management structure for the Health Services Authority
 - Implement a national strategy to promote wellness

The Government is cognizant that while the cost of living impacts all who live here, its impact on the poor is particularly harsh. In last year's budget we increased the stipend for Seamen and Veteran's to CI\$500 per month. In this year's budget we are making provision for a similar increase for those who receive Permanent Financial Assistance from Government.

Madam Speaker, the Government is keenly aware that the cost of living is on everyone's mind. This is so because the cost of living determines how much, if any, disposable income that families end up with out of their paychecks. This determines whether they are able to meet their monthly commitments, let alone save any of their earnings.

From the long term perspective, we know that it is education which will increase the earning power of our people and we have embarked on the journey to bring a standard of education to these Islands that is second to none. But we also know that it will take time before we truly begin to reap the fruits of this initiative.

In the meantime as we examine the factors which affect people's pockets most, three that immediately come to mind are interest rates on loans and mortgages, the rising cost of fuel and electricity rates. These components radically affect the price of goods on the shelf, transportation, housing costs and even our ability to support our families with the basic necessities of life, namely food, clothing and shelter. This is truly right at the top of the list of all the difficult challenges which any Government has to take on, especially in a free market economy such as ours.

We know that the issue has to be addressed, but private sector stakeholders must assist if we are really going to see any meaningful results. During this meeting of the Legislative Assembly we will be meeting with the commercial banks with a view to finding ways to not only lower interest rates, especially mortgage rates, but also to having them offer fixed rate lending.

Madam Speaker, this is not like old times. These institutions by now have as much at stake here as we do. They must now look at making certain concessions in order for us to continue our past successes.

And while what I have just said must come about, there are also harsh realities that we must face. We have watched fuel prices spiral upwards across the globe; so the truth is that there are limits to what we can actually do. When we compare average fuel prices from the pump over a six month period, with nine other countries within the region, we are somewhere just above the median.

The signage at the retail outlets is just about installed at all of them now and the strategy behind that exercise was both to make customers more conscious of prices and to make the retailers more competitive.

The Government now has the benefit of 2 consultant reports on fuel bulk distributor prices. These reports have just been received, and although I have not had the opportunity to peruse them carefully, preliminary examination tells us a tale that requires sitting at the table with the bulk distributors. Their Local Companies Control Licences run until early 2011 and the arrangements they enjoy now will not continue beyond that time if I have anything to do with it. In the meantime, armed with the knowledge of their mark-up methodology and profit margins, we will certainly engage them in discussions.

Madam Speaker, the negotiations with CUC have been extremely difficult. The Minister, the negotiating team, all of us were hopeful and confident that by now we would have had a new contract in place, one that was fair to CUC and to the consumer. While I cannot be specific because the negotiations are ongoing, let me say that I am totally satisfied that the Government team has represented the country's interest well. On May 8th Cabinet will receive a presentation from the team and the following week we will invite CUC to explain their position to us.

Madam Speaker, after that the Government will agree with the negotiating team a position to take to the table. If there is an impasse, then Government will have to do whatever it has to do and move on. Of this I am sure, there will be no more monopolies and if the negotiations are not successful, the Board of Directors of CUC will have to explain this to their shareholders. So Madam Speaker, these are but some of the challenges we face and we are facing them head on. It is just impossible to bring about results in short order. But we continue to battle and the desired results will come.

Madam Speaker, I spoke earlier about the objective of this Government to improve the quality of life for our people. In last year's budget the Government announced the reduction of stamp duty on the purchase of all real property by Caymanians to 4%. The only exception to this is in relation to certain high-end property along the West Bay corridor and certain parts of George Town where Caymanians pay 7½% like everyone else. The significantly lower stamp duty for Caymanians was designed to make the purchase of real property more affordable for them and to encourage more of our people to own property. Second, further concessions were offered to Caymanians acquiring property for the first time. First time Caymanian purchasers of raw land now pay no duty on the purchase of land valued at CI\$50,000 or less. Land valued at more than CI\$50,000 but not exceeding CI\$75,000 attracts stamp duty of only 2%.

Third, first time Caymanian purchasers of property which includes a building on it now pay no stamp duty on the purchase of such property valued at CI\$200,000 or less. Property which includes a building valued at more than CI\$200,000 but not exceeding \$300,000, attracts stamp duty at only the rate of 2%. This has worked well and many Caymanians have seized the opportunity to become home and property owners as a result of these concessions.

At the last budget meeting I spoke about the work of the National Housing and Development Trust and the role which it would play in further assisting Caymanians to obtain their own home. There has been a lot of water under the bridge since then, Madam Speaker, and I need to explain a few things.

Originally, the NHDT had planned to develop the 4 acre site on Eastern Avenue. However, the subdivision plan only allowed for 29 homes on that site. The NHDT decided to invite tenders for the purchase of the property. The highest offer received for the property was CI\$2.7 million. Madam Speaker, that would mean that each of the proposed 29 lots would have a value of some CI\$90,000, about the same value as the house to be built on it. As a result, the NHDT decided that it made more economic sense to dispose of the property and purchase a larger tract of land which would allow for more lots to be created. So the NHDT has been land hunting in each of the five districts in Grand Cayman with a view to acquired suitable property on which to begin the construction of quality affordable housing.

In the meantime we also struggled with whether to develop the site at Fairbanks because of the experience of Hurricane Ivan. Recently however, test bores have proven that a retention pond can be created and the fill excavated used to reclaim some 11 acres of the property to 6' above sea level which will allow for some homes to be built there.

A ten acre site in West bay that is Crown land is being looked at with a view to building additional homes in that district. Subdivision plans for Crown land in the districts of Bodden Town and North Side are being worked on and we have engaged in talks with a private individual for land acquisition for the affordable homes in East End.

Planning permission is now being sought for the three options of houses and we anticipate construction taking place concurrently in the various districts, including Cayman Brac. We are confident now that construction will commence within 120 days. It has taken longer that anticipated, but as the Minister responsible I was not going to rush and end up wasting the second tranche of funding of US\$14.5 million as the first tranche had been wasted. I might add, Madam Speaker that from all appearances the Government is going to have to seriously look at a strategy of repayment of the first tranche of the bond issue as the existing housing stock cannot anywhere near support the repayment schedule.

The good news is that the NHDT will be able to sustain itself in the future with a very reasonable capital injection from Government, with the land and infrastructure being Government's contribution to the scheme.

Madam Speaker, at the last budget meeting, I also said that Government was also giving serious consideration to re-introducing the Government Guaranteed Home Mortgage Scheme. We have decided to do so and in a matter of weeks this programme will allow qualifying low to middle income Caymanians to access to mortgage financing from participating banks on the strength of a Government guarantee.

The guarantee to be given by government will be in lieu of the usually required down-payment on a mortgage. Essentially, Government will guarantee up to 35% of the upper layer of the mortgage with the guarantee falling away once the equivalent amount of the principal is paid down.

The new scheme is different from the one which was in existence from 1994 -2002 in several respects. The maximum mortgage amount has increased from \$150,000 to \$200,000 while the maximum income permitted in the scheme will increase to \$75,000 per annum – the income necessary to qualify for a \$200,000 mortgage.

Madam Speaker, it has taken a while to get it right, but we will now begin to see meaningful strides in the initiative and many of our people will be helped to own their own houses. This we know is a vital ingredient for any stable and progressive society.

From the very start this Government stated that Education is one of its key priorities. Over the course of the past 18 months following the holding of the first National Education Conference, a great deal of work has been done in the transformation of the education system of these Islands and these efforts are already bearing fruit. The budget provides for \$35.5 million to commence the actual construction of three high schools in George Town West Bay and Frank Sound and a new George Town Primary. The site plans for all three high schools have been submitted to the Central Planning Authority, and subject to planning permission and following the completion of the tendering process, site works will start in September this year. Start of construction of all three high schools is slated for January 2008 with completion of all schools by April and May of 2009.

The Government is in the process of acquiring land on which to build the new George Town Primary and preliminary design work on the new school will commence shortly.

In keeping with Government's commitment to ensuring that our people are given every opportunity to grow, develop and achieve their potential attention this budget provides for increased funding to parents who need financial assistance to send their children to pre-school. Over the years assistance has been provided to children 3.9 to 4.8 years of age just prior to entering primary school. This budget provides an increase in funding for these children from \$300 per month to \$400 per month.

We believe that this age group deserves the best possible start in life and support to fulfil their potential. However, we have also identified a number of younger children - 18 months to 3.9 years - with special educational needs who would really benefit from early intervention but because of their families' financial position are unable to go to pre-school. We have therefore broadened the scope of Government's financial provision in order to include these special needs children as well. All in all, we have increased support to early childhood from \$493,724 in 06/07 to \$1,183,100 in the fiscal year

ahead. We take great pride in this increase to this area of service to our people allowing our very young increased chances to aspire to and achieve a good quality of life.

'A' level support to high school students

During the last year, we recognized that the financial level for support to A' level students of \$ 2,500 was negatively impacting many of them who were academically able but not in a position financially to make up the remainder of the school fees. We amended the policy and all Caymanian students who now apply to do their A' levels receive 80% of current year costs. This policy has seen our A' level numbers go from 10 students in 05/06 with an expenditure of \$ 25,000; to this year 55 students with an expenditure of \$152,138. We are most pleased to provide this educational support our talented young people and this support continues into the coming fiscal year.

Local and Overseas Scholarships

This government is fully committed to the development of our human capital. To this end we have increased our overall scholarship funding from \$4,450,000 in 06/07 to \$ 6,154,120 this year. We are therefore proposing to raise the amount of the grant for overseas Bachelor degree programmes from CI\$16,000 to CI\$20,000 and Masters programmes from CI\$20,000 to CI\$25,000 to take into account the significant increases in university fees overseas.

Sports Scholarships

Sports scholarships have been integrated into the scholarship program of the Education Council. This now means that our aspiring Elite Athletes no longer need to be subjected to concerns about a shortage of funding support as they did in the past where there was no clear policy for these particular types of scholarships. We intend to encourage and assist these athletes allowing them to take up their academic pursuits at highly competitive schools where they not only excel at their particular sport but also earn a degree.

As part of its exercise of improving the quality of life for all who live and visit these Islands, the Ministry of Communications Works and Infrastructure and the National Roads Authority (NRA) have undertaken one of the largest roads development programmes in the Cayman Islands, to date. Work continues on the Esterley Tibbetts Highway and the East-West Arterial: two three mile stretches of roadway, the first from Galleria Roundabout to Raleigh Quay and the second Hirst Road in Newlands to Selkirk Plaza on Shamrock Road. These two roadways will provide much needed relief for all residents and funding has been provided in this Budget to ensure the completion of these and other road works.

- Hot-mix pavement overlays have either been completed or are underway for all of central George Town; Queens Highway in East End; in North Side, Bodden Town and West Bay.
- These and other smaller, but equally important, traffic and infrastructure improvements constitute the short-term component of a long-term national roads plan. Other road safety initiatives include:
 - amendments to the traffic law and regulations to improve road safety. Ministry representatives have met with stakeholders to gather feedback on proposed changes;
 - implementation of the Graduated Drivers' Licensing Programme. Testing procedures and guidelines for driving examiners and instructors are being finalised. A tentative launch date has been set for June 2007; and
 - vehicle inspection reforms and inspection guidelines have been developed for private garages, for which inspection manuals have already been completed.

Utilities Regulation

- The ministry's negotiation team continues discussions with CUC. The aim is to replace Caribbean Utilities Company's (CUC) exclusive licence, which expires in January 2011, with a non-exclusive one that will allow other interested energy production companies to enter the market. It is expected that negotiations will be, in the main, completed by July 2007.

Coastal Road Protection and the Alleviation of Flooding in Flood-Prone Areas

- Coastal-defence walls are under construction in parts of East End and the Savannah Gully design is well underway.

The Ministry of Tourism, Environment, Investment and Commerce and its agencies will work individually and collectively to enhance the economic development of the Cayman Islands by executing sustainable strategies aimed at growing tourism and investment and enhancing the management of the islands' fragile natural resources which underpin our current and future success.

Unlike short-sighted approaches of the past the Ministry and its agencies are working on a multifaceted approach to achieve sustainable development. This approach invests in our people, anticipates and caters for future infrastructural needs, seeks strategic alliances, and puts in place the laws needed to ensure the smooth and effective governance for our local economy and the environment.

More specifically, in terms of growth strategies, the Ministry continues to focus on key aspects of our national economic development including but not limited to the following:

- Human Capital Development
 - Providing Ministry of Tourism Scholarships, Launching the Tourism Apprenticeship Programme, Expanding Business Development Training at the CIIB, Launching a National Customer Service Excellence Programme in the tourism sector
- Infrastructural Development
 - Undertaking major expansion of the Owen Roberts International Airport and creating a nationally owned airport in Little Cayman and berthing facilities at the Royal Watler Cruise Terminal.
 - Completing the redevelopment projects at Boatswains Beach, the Royal Watler Terminal and Pedro St. James.
- Legislative Framework
 - Completing Marine Conservation (Amendments) Law and Regulations for Wildlife Interaction Zones
 - Preparing dedicated legislation for public transport reform, dolphin facilities and updating legislation on Sunday Music and Dancing
- Enhancing Indigenous Ownership and Wealth
 - Successfully launched the “Go East Initiative” to facilitate improved distribution of visitors and to create opportunities for Caymanians in lesser developed districts to benefit from the tourism sector
 - Prioritising small business lending programmes in the lending policies of the CIDB
- Contributing to the Sister Islands by
 - Opening a branch of the CIDB
 - Hiring a dedicated staff member of the CIIB to facilitate small business development and inward investment
 - Facilitating dialogue on the formulation of an economic plan for the Sister Islands
 - Assisting with the introduction of scale appropriate cruise tourism in Cayman Brac and better honing niche markets such as dive and nature-based tourism
 - Providing adequate and affordable airlift
- Strengthening tourism by
 - Updating the National Tourism Management Policy to govern tourism over the next 5 years
 - Increasing environmental conservation programmes and promoting responsible and sustainable development practices
 - Implementing necessary safeguards at Stingray City and the Sandbar.
 - Improving the dive product by establishing the Kittiwake site in partnership with the private sector
 - Leveraging strategic partnerships with major US brands such as the NFL

- Strengthening the partnership between the DoT and the national airline to ensure adequate airlift to strategic tourism markets such as the recent decision to fly into New York
- Initiating policies to prepare for the eventual liberalisation of the Cuba market

Madam Speaker, I take the opportunity now to speak in some detail about the subjects for which I have responsibility. My colleagues on the Front bench will no doubt deal with all the subjects for which they have responsibility when they come to debate the budget address and Throne Speech. Hence I have not spoken extensively or comprehensively in respect of the subjects for which they have constitutional responsibility.

Cayman Brac and Little Cayman are an integral part of this country and this Government continues to give them the attention and resources that they need and deserve.

Plans for District Administration in 2007-2009

- It is now evident that the domestic tourism market has enormous potential, and to this end plans are underway to encourage more visitors from Grand Cayman. It is anticipated that this Domestic Tourism Initiative will be instrumental in stimulating an increased level of economic activity on Cayman Brac.
- Nature Tourism in the Sister Islands continues to show much promise with a 50% increase in guided tours during the past year. To this end an eco-tourism initiative will be expanded and promoted as an economic driver for the Sister Islands.
- Planned improvements to Cayman Brac's disaster management capabilities include two access ramps to the bluff in the eastern districts to help ease evacuation efforts in the threat of a storm.
- Infrastructural development is ongoing including the expansion of the Sister Islands roads network, upgrade to Cemetery Pier and related support facilities and deepening of the inner reef waterway, Cayman Brac.
- Work is underway for a FIFA certified field at the Sports Complex on the bluff, Cayman Brac to support sporting activities in the Sister Islands and inter-island competition. This facility is expected to host its first international competition in August 2008.
- Plans are also in place to transfer some of the existing overflow public service activities in Grand Cayman to Cayman Brac thus creating new jobs and enhancing the economy with minimal impact to the island.

Lands and Survey Department's plans May 2007-May 2009

- In the land registry section a new, convenient document tracking system will allow the public to track the status of their documents.
- The department will also commence the electronic scanning of all Land Registry files to add into their database.
- The Valuation office will oversee and carry out the re-valuation of all the Crown Properties (some 725 parcels) for asset management and insurance purposes. This will provide for a true asset management database for the Crown Estate.
- The department's survey office will carry out a new aerial photographic exercise of the islands to add to the country's robust geo-database and help in the development of 3-D visualization solutions for government and the private sector.
- As an important technical support for HCMI the department will complete construction of seismic monitoring equipment bases on Grand Cayman and the Sister Islands and conduct training on the equipment for HCMI. They'll also assist HCMI to further development the TAOS Storm Model to assist the government in tracking hurricanes and their impact on our islands.
- In the Geographical Information Systems (GIS) area they market the updated Street Atlas of the Cayman Islands including supplying new map pages for caymanlandinfo.ky.
- Utilizing the data gathered from the 2006 hydrographic survey of the waters and seabed around the Cayman Islands the department will produce the first detailed coastal and navigational maps. These will provide an invaluable resource for recreational boaters, and the tourism, shipping and fishing industries.

MRCU plans 2007-2009

- A new Aircraft Hangar and support facilities will begin construction in 2007 for Grand Cayman. Benefits of this purpose built hangar include proper protection for aircraft (for the first time), proper storage of aircraft parts, and pesticides, enhance workers' health & safety, compliance with CAA regulations and a fully functioning maintenance workshop.
- New Cayman Brac facility will begin construction in 2007 modeled after the new Operations Building on Grand Cayman, and will bring practical benefits such as proper pesticide storage, protection of equipment, better labs and offices. It will replace the present facility which was built in 1969 and, significantly, will relocate MRCU Cayman Brac to the bluff (to avoid hurricane flooding) away from District Administration Building.
- Government is exploring the opportunity of developing a modern approach to mosquito control for LC, with particular emphasis on protection of the environment.

Planning Department's plans for 2007-2009.

- Staffing will be obtained to implement the Builders Law and regulations.
- An updated Development Plan Planning Statement for the Cayman Islands will be tabled in mid 2008. Members of the community will be encouraged to participate and discuss land use, zoning and other issues.
- There will be ongoing implementation of the Zucker Audit recommendations. To this end (among other endeavours), more staff are being recruited, and e-government features will be instituted (such as the ability of applicants to track applications online).

Department of Agriculture Plans 2007-9

- To expand and develop the facilities at the Lower Valley Agricultural station to incorporate an Agri-Tourism complex that would strengthen Agricultural Production, research, development and marketing prospects for the Agricultural sector.
- Complete the establishment of satellite Butcher shops in districts across Grand Cayman for the sanitary and hygienic processing of meats of animal origin for human consumption.
- To continue the construction and equipping of a slaughter house and butcher shop in Cayman Brac to improve the sanitation and hygiene practices during slaughter of animals and the processing of meats for human consumption
- Expansion of main building to increase and improve accommodations for staff, storage and Laboratory facilities at the Department of Agriculture in Grand Cayman.
- To complete the construction of a new fertilizer and feed storage facility at Lower Valley in order to improve the efficiency with which sales are conducted.
- Provide greater access to farms on Grand Cayman and Cayman Brac by clearing and improving farm roads.
- Continue to develop a mission and objectives for a new strategic direction for the agricultural sector.
- To continue to train staff in the areas of veterinary medicine and surgery, general agriculture and accounting to increase capability in those disciplines.

Constitutional Modernisation

Madam Speaker, I wish to provide an update on the Constitutional Modernization process which this Government has restarted. I announced the launch of the Constitutional Review Secretariat on February 16, of this year. The Secretariat is now fully operational. It officially opened its doors on March 12 and is located at Elizabethan Square, Second Floor, Phase 3, George Town and is open to the public between the hours of 9:00 a.m. to 5:00 p.m. Mondays to Fridays. Its telephone number is 244-3603 or 949-7900.

The Secretariat falls under the Cabinet Office and is headed by the Cabinet Secretary, Mr. Orrett Connor. It is currently staffed by four persons. Mrs. Suzanne Bothwell, a Senior Crown Counsel seconded from the Legal Department is the Director.

Professor Jeffrey Jowell, QC of Blackstone Chambers has also been retained as an advisor to the Cayman Islands Government during the Constitutional Modernisation Process. He is a Research Professor of Public Law. He is also a practising barrister at Blackstone Chambers. He is a leading authority on public law (including Constitutional, Administrative, Human Rights and Planning and Environmental Law) and is co author of leading Public Law texts. In 2000 he was appointed by the Government as UK's first member of the Council of Europe's Commission for Democracy.

The Constitutional Modernization Initiative 2007 will comprise of a four part programme.

Phase 1 of the programme will consist of a review of constitutional options that are viable within the Caymanian context. Internal discussions between all elected members of the Legislative Assembly will eventually take place to determine the key options that are to be presented to the people of the Cayman Islands. Once this has been achieved a Public Discussion Paper will be presented to the Cayman Public as a basis for public discussion and consultation.

During Phase One, the Secretariat also intends to mobilize its public relations plan which will focus on the Secretariat and its role with a view to arousing an interest in people about the activities that will take place in Phase Two of the Programme. This is expected to run starting May and will continue up until the publication of the Public Discussion Paper.

Phase Two of the programme will comprise of a comprehensive public education programme and public consultation period that is also expected to last a number of months.

Phases Three and Four of the programme will comprise of a national referendum on constitutional issues and subsequent negotiations. The results of the referendum will provide the Cayman Islands Government with the basis upon which it may enter into negotiations with the Foreign and Commonwealth Office in achieving a modern constitution for the Cayman Islands.

At present the Secretariat is working very closely with Professor Jowell with a view to presenting the Government with a range Constitutional Options in June. These findings will be derived partly from comparative analyses of other BOTC constitutions, constitutions of other countries and from considerations that are driven by the Government.

Some of the areas that are being explored include:

- a) bill of fundamental human rights
- b) Clarification of the relationship with the UK so that the interests of Cayman Islands and the UK are harmoniously safeguarded;
- c) Review of all democratic institutions, their promotion of the rule of law, efficiency, fairness, transparency and accountability
- d) Review of the UK's/Governor's Reserve powers
- e) The composition of the LA
- f) Commissions and Offices

Madam Speaker, this is a critically important exercise and one in which the Government hopes all the people of these Islands will participate. The objective is to achieve the best possible constitution for these Islands, one which represents the views and aspirations of the majority of our people.

Conclusion

Madam Speaker, as I said in my delivery last year, compliance with the Principles of Responsible Financial Management continues to be a primary objective for the Government. The 2007/2008 budget fulfills that requirement.

It continues the clear message about our vision for this country. We continue to balance our priorities with the wish list within the expected level of funding. And Madam Speaker we are continuing the building blocks on the foundation which our two previous budgets have built.

The challenges keep presenting themselves and I expect this will be the case for many years to come. But we are not daunted. This PPM Government is strong and committed to the cause. We know that strength comes from teamwork. We also know that God is by our side and we thank Him for His guidance. He has been our rock throughout. And Madam Speaker we pray for His steady hand as we guide the good ship Cayman through the calm and the storm, making a difference: delivering results.