



CAYMAN ISLANDS  
GOVERNMENT

# STABILITY THE ROAD MAP TO PROSPERITY

**2014/15 Policy Statement**

**Delivered Monday, 26 May, 2014**

**Premier Hon Alden McLaughlin, MBE, JP, MLA**

Mister Speaker,

Three days shy of the first anniversary of this administration assuming the helm of government, it is once again my duty and privilege to present to this Honourable Assembly the details of the Government's policies, which along with the pre-existing requirements of the FCO, have shaped the budgetary proposals for the coming financial year. The past 12 months have been eventful and challenging and filled with significant achievements and successes. On Thursday coming I will have the honour to lay on the Table of this Honourable House, the Government's first year report and to speak to those achievements in some detail. But today is about the year to come.

Last year we told the Country that this Government's goal was to put the Cayman Islands back on course, basing our plans on economic growth through fiscal prudence. Our mission has been to stabilise, prioritise and energise.

Our goals through the budget being presented today are the ongoing commitments by the Progressives-led Government to

make no supplementary budget expenditure appropriations; to continue to enhance the financial management framework; to keep to our stance of no new borrowing and, I am happy to say, we have made such progress with government finances that this year we no longer need a temporary overdraft facility as we did last year.

Mister Speaker, the Progressives-led Government realises that the economy is key to everything else Government can and should do. And we also recognize that the confidence of investors and business people is critical to the recovery of the Cayman economy.

Because of our fiscal prudence and good governance, which will be evident when the Minister of Finance presents the budget shortly, confidence in the Cayman Islands has been restored.

That restored confidence comes from the fact that Government finances are once again stable and the government is conducting its affairs with integrity and in an open and transparent manner. This is inspiring investment, getting the economy moving and putting our people back to work.

Many will recall that when we took office a year ago, Cayman's relationship with the United Kingdom was rancorous. Thankfully, the Progressives-led Government has been able to mend fences mangled by the last administration and I have personally devoted a great deal of time and energy to building good relations with Her Excellency the Governor, the Overseas Territories Minister Mark Simmonds and the team at the Foreign and Commonwealth Office. We have an excellent working relationship and I wish to especially thank Her Excellency for her support and guidance over the past 9 months.

I have striven to and will continue to promote the Cayman Islands internationally and to seek out opportunities on the global stage to tell our good story as I did this past year at Chatham House and on BBC's HardTalk in London and in New York at the opening bell of NASDAQ.

Despite the claims of our detractors to the contrary, what this Government has been doing is working. We've achieved a remarkable increase in Government revenue in our first year in office and our intention now is to keep that momentum. Mister Speaker, my

Government set ambitious but realistic budgetary targets in 2013/14, which have been surpassed both with respect to collecting revenues as well as cutting costs. It would, therefore, be remiss of me, Mister Speaker, not to acknowledge the hard working men and women in the Civil Service who have diligently pursued the Government's policies and helped to deliver such notable financial results.

As with private businesses, Mister Speaker, the Government relies upon its human resources to succeed. And like a private business would seek to do, it is important that the Government's leadership acknowledge and reward positive results. The forecasted surplus in 2013/14 is set to exceed CI\$100M, personnel costs are forecasted to be below budget and the Government's cash position is even stronger than originally forecasted. Having taken all that into consideration, I am therefore pleased to announce that the Government has taken the decision to award its staff a one off gratuity payment equivalent to 2.5 per cent of annual salary.

This amount, which will be payable along with Civil Servant salaries at the end of June, is in recognition of the fact that the consumer price index has steadily risen and that with the help of its staff, this

year the Government has the means to provide compensation in the form of this one-off payment. To clarify, the proposed payment is for the Civil Service only and does not apply to elected representatives or Statutory Authorities and Government Owned Companies that pursue their own remuneration strategies, which typically include regular cost of living adjustments and/or performance bonuses. It will be calculated on the basis of the 2013/14 fiscal year.

Mister Speaker, I wish to again thank our employees within the Civil Service for not only meeting but exceeding the Government's financial targets. I implore them to keep up the good work. The past year's financial performance has only been possible through shared sacrifice as many departments have had to cope with fewer resources to meet the same or increased demand for services. However, this award proves that when our staff succeed in the challenge 'to do more with less', not only does the organisation succeed but its staff can share in the fruits of that success.

Mister Speaker as our economic circumstances continue to improve, we shall be able to affect greater influence on the economy through the introduction of various budgetary measures.

Some of these measures will target growth in certain sectors; others will be social in nature. The one thing the Progressives-led administration is committed to is stability in the management of our economic affairs through responsible government and transparent governance.

The American novelist Tom Robbins describes the truly stable system as one which “*expects the unexpected, is prepared to be disrupted, and waits to be transformed.*”

It is the transformation that concerns us here today, Mister Speaker. With all the economic numbers going in the right direction, the Government’s development policy in this year’s Budget focuses on energizing the business sector.

In so doing we are honouring a Manifesto promise that seeks to breathe new life into our economy by reducing the cost of doing business.

It is well known that collectively the small business sector has the potential to provide hundreds of jobs. Furthermore, many of the jobs will be available to Caymanians. Economic activity in this

sector always has positive knock on effects on the wider economy, which can then in turn accelerate further growth.

So there is a huge value in investing in small business in any country and we are no exception.

In Cayman, 60 per cent of businesses are classified as small, employing less than 11 people.

Minister Archer will address incentives for businesses in greater detail in his speech about the Budget, but I can tell you that we plan the following:

- Reduced import duty rates that will become effective 1 July, 2014, for licensed traders only. Government will reduce import duty rates from 22 per cent down to 20 per cent on items imported by licensed traders. The items in this category include most items offered for retail sale. This will allow merchants to offer products for sale at a lower price and should encourage residents to purchase more products locally rather than going overseas.

- Reduced trade and business licence fees will come into effect 1 July, 2014, as an incentive to support the creation and development of new businesses in the outlying districts.

- Government will allow small businesses – that is those with 10 or fewer employees - to pay their annual trade and business licenses fee in quarterly instalments instead of the usual one-time payment.

Mr. Speaker, these are first measures rather than a comprehensive list of the proposed fee reductions which this Government has planned over the course of this term. Both the impact of these reductions on the volume of business and on government revenue will be carefully monitored over the course of the upcoming year. If, as we expect, Government revenue continues to strengthen, then the country can look forward to additional reductions in a range of Government fees over the course of following budgets.

We are looking at other measures to help businesses thrive and grow, such as Daylight Savings Time, putting us more in line with business hours kept in the United States. We are proposing a

consultation process over the course of the coming year. Both our Financial and Tourism sectors could benefit from the transition to Daylight Savings Time. It would end early arrivals and departures of cruise ships, we would be in sync with the Financial Industry in New York and it could eliminate some confusion over travel times.

Sunday Trading is another option being considered by the Progressives-led Government, but the decision will be made democratically; we will take the issue to the public, again for consultation. We know that there are businesses opening in contravention of the Sunday Trading law without penalty. We believe that the law could be changed in a way that it doesn't impact our Christian traditions. We also need to ensure that people who do not wish to work on Sundays because of religious reasons aren't discriminated against in the job market. If Sunday trading was to be made legal for all businesses that desire to open, it would give employees a chance to supplement their incomes, as well as create more full and part time jobs for Caymanians.

Mister Speaker there is another Manifesto promise that we will keep in this budget, namely the reduction in the duty on imported diesel fuel used to generate electricity. With effect from 1<sup>st</sup> January we will reduce the import duty charged from 75-cents per imperial gallon to 50-cents. This will benefit personal pocket books by reducing the cost of electricity to individuals, but it will also help to further reduce costs to businesses and it is hoped that will translate to lower prices for goods and services.

Many will remember that shortly after the UDP government was elected in 2009, one of its first actions was to re-impose the 20 cents per gallon import duty on diesel fuel used by CUC for generation of electricity, which had been removed by the PPM administration in order to reduce the cost of electricity to consumers. Then, less than a year later, the same Government imposed another 25 cents per gallon to the cost of diesel fuel. So the actual cost to consumers went up by 45 cents under the UDP. Today, we appreciate the opportunity to offer some relief from this oppressive tax. We promised in our Manifesto to reduce the cost of diesel and therefore electricity, which affects all households and

businesses. I am proud to say that through the Progressives-led Administration's prudent fiscal management, we are able to make good on that promise in the coming year. And as I noted earlier in this Speech, this is not the be all and end all of this matter. We will monitor Government revenues carefully with a view to a further reduction if the circumstances permit.

As a prerequisite to providing an enabling environment, Mister Speaker, you will recall that I said that the numbers were trending in the right direction.

The Minister of Finance will provide far greater detail on this, but we have a good story to tell and the Minister and his team must be commended for sticking to the task of

- maintaining a fiscal surplus,
- lowering the debt
- and increasing output.

Specifically, Mister Speaker, the Government's Operating Surplus for the year ending June 2014 is forecast at \$108 million – some \$7.9 million more than the \$100.2 million originally budgeted.

We have achieved this surplus for two reasons:

- an increase in revenue of \$7.4 million
- and a small decrease in expenses

The Progressives-led Government has been able to bring revenues to \$31 million above the 2012/13 figure. We've brought expenses down by \$13.3 million from the previous year and Government's overall surplus is \$48.6 million more than the previous administration. Compared to this Government's budgeted amounts, overall we're some \$8 million better off than planned in total surplus across the entire public sector. Our performance proves we can meet targets we set and then surpass them.

As I reviewed the revenues and expenditures I was minded to go back and look at the revenue generating measures the former UDP administration imposed through higher work permit fees, increases on stamp duties on certain real estate purchases and

increases to certain fees in the financial services sector in the 2012/13 fiscal budget that raised \$93.5 million in extra revenue. Those increases were on top of fees the UDP Government introduced in the 2009/10 budget that added \$126 million annually to Government coffers. While in fairness I must acknowledge that the extra revenue, combined with much better money management under the Progressives-led Government over the past year, has helped to bring us to a comfortable surplus position, one has to wonder why, with such an increase in revenue, things could not have improved faster under the last government.

We have also been able to reduce debt, which at 31st January this year was \$559 million and now stands at \$532,405 million. Debt for 2012/13 was \$573,850 million. Over the course of the coming year, we will continue to pay down debt and I want to reiterate, there will be no long-term borrowing.

Our challenge continues to be with expenses – that is to even further lower the cost of government.

We must stabilise the situation and create a sustainable course in which we have the right people in the right positions to provide the right services to the people of the Cayman Islands.

Our goal is a sustainable Civil Service that gives the biggest bang for the buck. Greater efficiencies are therefore urgent and crucial.

The constant upward pressure on personnel costs and the measures employed thus far to contain them are not sustainable in the long term. The reason why we were unable at this point to grant the Civil Service the 3.2 per cent increase in salary – and we think they should get more – is because the personnel costs are just too high; we have reached the ceiling. This is going to continue to be a struggle going forward. The solution in the past was leaving positions in the front lines vacant. That is simply not working. It is creating deficits in service in critical areas like Police, Customs, Immigration and the Fire Service.

We have to contain personnel costs in a sustainable way. That's why, through a competitive bid process, EY was selected to undertake a strategic overview of the public service and identify those functions that would be better carried out with private sector

involvement. Part of their remit is to review government's assets and make recommendations of those that could be sold where a fair market exists. But they will also consider areas for consolidation and, at the request of the Government, they will also examine allowing Caymanians now employed by Government to become small business owners and to contract their services back to Government on a fair basis.

Through this exercise we hope to streamline Government even more and to devise a roadmap for implementation, as well as to ensure that Caymanians have an opportunity to become entrepreneurs where possible.

Even without the report, the exercise of making Government leaner and more efficient has been ongoing and we will be making some announcements of further amalgamation probably in advance of this report.

But, Mister Speaker, I hasten to add that while we recognise the need to rationalise Government services, before we make any moves toward privatization, amalgamation or restructuring, this

Administration will have to be satisfied that the action will be in the best interest of the public and the public purse.

Part of Government's solution to greater efficiencies will be afforded by e-government. The Government has already approved the creation of a Director of E-Government and is now moving to recruit someone with the requisite experience and skills to fill that role.

In the meantime, next-day electronic scanning of all Trade and Business files is saving time in filing as well as in searching for files. Staff efficiency has been improved by about 18 per cent. An online Department of Planning System enables clients to submit their requests for inspection online, which has drastically reduced the time it takes to process, execute and document an inspection. At the General Registry, for service providers who are registered to use the online service, expedited service has been reduced from 24 to four hours and regular service from five days to just 48 hours. At the end of May there were more than 900 registered users. In January the Department introduced limited registry services to Cayman Brac, allowing company owners the

opportunity to file and request various documents at the District Administration Offices in Stake Bay.

Mister Speaker, online services at Immigration will mean a reduction of long lines and wait time in the Immigration Hall and a lessening of the burden of cumbersome forms and documents. Customers will have 24-hour access to fill out forms and make payments online. It is envisioned that Immigration will be able to interact with the Health Services Administration and Royal Cayman Islands Police Service on behalf of its clients for medical and criminal records. However, Immigration does not have access to National Workforce Development Agency data relating to job seeking Caymanians and it is anticipated that this will be further improved in the coming year.

From 1 July, 2013, to 9 May of this year, the NWDA has found employment for 128 people. Working with Baraud and the Department of Tourism, a further 34 people have been employed, bringing the total of newly employed Caymanians and those with the right to work without a permit to 162. So far, 500 companies have registered their employment needs online with NWDA.

In fact, our first year in office has also seen a reduction in unemployment. In 2012 unemployment stood at 10.5 per cent of Caymanians. In 2013, that number dropped to 9.4 percent and we intend to see it drop even further.

You will read in the new budget that Government intends to introduce a portal system that will allow traders and citizens to submit declarations for imported goods online.

Government is also continuing to reduce expenditure by taking various Government Departments out of rented facilities and bringing them to the Government Administration Building.

We are also committed, Mister Speaker, to establishing a Central Procurement Office, which will be responsible for ensuring the transparent and efficient procurement of goods as well as contract management across Government.

Now Mr. Speaker, I turn my attention to the Sister Islands. I know it must have warmed the hearts of Madam Speaker and the Deputy Premier to be able to host the April sitting of this Honourable Assembly on Cayman Brac, for the first time since 2003. It was

certainly a joy for the Deputy Premier whose smile was only bettered by his pride in having us on the Brac.

The Government is doing all it can to encourage tourism on Cayman Brac and Little Cayman. For starters, improvements made to the Charles Kirkconnell International Airport will mean additional and improved airlift to Cayman Brac and by extension, Little Cayman. It is our desire for international flights to go directly to and from Cayman Brac without passengers having to traverse through Grand Cayman if that destination isn't part of their itinerary.

I am happy to say that tourism in the Sister Islands should get a boost following a Department of Tourism hosted global meeting on the Brac this past March for 40 DoT representatives from Canada, Europe, the UK and Western and Central United States for four days. They had local interaction, took tours and the Islands received excellent exposure. I want to thank the Deputy Premier and Tourism Minister Hon. Moses Kirkconnell for his vision in hosting this important event.

In addition to the generation of much needed economic activity in Cayman Brac, the possibility of three new marinas may also constitute a tourism draw. Plans for Marinas have been presented for consideration and Government is working with the developers and is hopeful that these will come to fruition in the not too distant future.

We hope that Sports Tourism takes hold on the Brac, so much so that we have committed to seeing that the Sports Complex on Cayman Brac is improved to FIFA standards, which will give us the ability to have visiting teams play on a top-notch surface. We are completing a running track, entrance and exit access, warm up and field event area, changing rooms, hard courts and a swimming pool. The site has already become a weekend Mecca for hundreds of families who gather at the playground, which a private individual donated to Government.

While we know that tourism will have a positive impact on the economy of the Sister Islands and bring much-needed jobs, we also know there are things this Government can do to improve the welfare of our residents on Cayman Brac and Little Cayman.

I was happy to be a part of the Agricultural Show on Cayman Brac this year along with my staff. The displays of local crafts, produce, livestock and booths was proof that agriculture is alive and well in the Cayman Islands. I am happy to report that the Agriculture Grounds on the Bluff will be home to a new slaughter and butchering facility. Farmers will be required to slaughter at the facility, but they will have the option to butcher and retail their product either at the facility or at their own place of business, provided it meets and maintains standards of sanitation and safety.

I am encouraged by the growth in the agriculture sector on Cayman Brac with the imminent introduction of a goat farm that will produce milk, cheese and meat and the efforts of a visitor resident to experiment with food producing plants not normally found in these Islands. I congratulate the entrepreneurs in the Sister Islands who have found ways to further enhance the diversity of agriculture in Cayman Brac.

In another effort to lighten the economic load on residents of the Sister Islands, the Progressives-led Government will continue the

100 per cent duty waiver on building materials imported to Cayman Brac and Little Cayman, the import duty concessionary rate of 12.5 cents per gallon for the importation of motor gasoline to Cayman Brac and the 100 per cent waiver on stamp duty for the purchase of land on Cayman Brac.

Mister Speaker, back on Grand Cayman, Government has constituted a team that is looking holistically at revitalizing the downtown area in keeping with our Manifesto pledge.

We have already approved road works and the team is studying what is needed to bring this area back as an economic hub, including residential, retail and commercial use. While the revitalization exercise takes into consideration the impact of the proposed Cruise Berthing Facility, it is seen as an independent project that must be implemented for downtown to become re-energized and to once more play the important economic and vibrant role that any proud capital should. Once Government has the team's recommendations, public discussion will follow with an aim to start implementation by the fall of this year.

We are cognizant of the lack of parking spaces in the capital city, including the Legislative Assembly, where the public is encouraged to attend sittings to see Government at work. Plans are in the works for improved parking as well as a new park and market at the former Tower Building site.

We want to make George Town more relevant, not just to visitors, but to Caymanians and those who make Grand Cayman their home. The Progressives-led Government believes that it is of critical importance that the downtown not be allowed to die, but that it regains its once pre-eminent status as a hub of economic, commercial and social activity. There is simply no reason why George Town should roll up the sidewalks as the last cruise ship sails over the horizon each day.

The Progressives-led Government will propose legislation to amend the Development and Planning Law to ensure that downtown George Town is developed with a modern Caymanian feel throughout. We want to be able to draw new restaurants and businesses back to George Town and for property owners to have the ability to eventually refit some buildings for apartments for

residential use or develop new living spaces. It is our plan to make downtown George Town more pedestrian friendly with wider sidewalks, trees, benches and one-way or no traffic.

During the different phases there will be the added benefit of new jobs, companies getting contracts and new businesses encouraged to start or move to George Town. It's all about enhancing the experience of the Capital.

Mister Speaker, we all know that the Financial Services Industry is the strongest pillar of our economy. The Progressives-led Government will continue to maintain its positive relationship with Cayman Finance. We signed a memorandum of understanding with Cayman Finance last year, giving us new momentum in promoting the Cayman Islands as a top-performing financial services jurisdiction. The MoU solidifies the dialogue between private and public sectors as one unified voice. As a result, the membership of Cayman Finance has grown, ensuring more organisations are properly represented in discussion on important initiatives that could affect the industry.

The Minister of Financial Services has been working closely with Cayman Finance including attending a breakfast seminar in New York City this past January where about 150 attendees heard him discuss Cayman's latest regulatory improvements.

The Ministry of Financial Services is hard at work on modernizing Cayman's intellectual property regime, which will entail new legislation dealing with copyright and trademarks protection. While there will be a cost associated with increasing the capacity of the General Registry to introduce direct registration of trademarks, this is forecast to be offset by an increase in revenue relating to these services.

Modernisation is important as part of our international obligations and is being supported by the Foreign and Commonwealth Office and the United Kingdom Intellectual Property Office.

Speaking of international obligations, to keep in line with evolving global standards, Cayman continues to implement automatic information exchange for tax purposes. This includes the implementation of FATCA as an Automatic Exchange of Information initiative (AEOI). Government's approach to AEOI was

agreed with the financial services industry, with the understanding that there would be a significant cost to implement the necessary AEOI systems.

The Ministry is pursuing the centralisation of trade licensing functions such as trade and business licensing, liquor licenses and tobacco licenses in an effort to convert the different systems into a single system that is more efficient and effective.

Late last year, Government tasked a committee to review the Liquor Licensing Law and the moratorium that is in place on the issue of new licenses. While work on an amendment to the Liquor Licensing Law is still ongoing, the Liquor Licensing Review Committee has recommended that the moratorium be lifted. This recommendation will be discussed in Cabinet; however, the proposal is for the moratorium to be lifted in July so that new applications can be heard at the September meeting of the Board.

Mister Speaker, the Progressives-led Government has an increased focus on enforcement to ensure a level playing field in local commerce.

As an example, our Government has successfully passed the Contracts (Rights of Third Parties) Law, which allows persons who are not direct parties to a contract to enforce the contract's provisions.

The Exempted Limited Partnership Law has also been passed and introduces increased flexibility for partners to determine their affairs. It also includes some concepts, such as transfer by continuation and registration of foreign limited partnerships, used in the Companies Law. It is expected that the law will enhance the Cayman Islands as a domicile for partnership formation.

The Directors Registration and Licensing Law passed at the last meeting of this House introduces a regulatory framework for directors, which addresses improvements discussed with the industry for the past few years. Anticipated revenue from the fees associated with these licenses and registration will result in a decrease in central government's contribution to CIMA.

Other legislation we have been successful in getting approved includes the National Conservation Law, the Standards in Public Life Law and Phase One of Immigration Reform.

The Completion of Phase One of Immigration Policy Reforms resulted in comprehensive amendments being made to Immigration legislation in October 2013. These included changing the term limit from seven to nine years for all workers; abolishing the key employee mechanism; creation of a new, stricter, permanent residence points system that focuses more closely on the needs of the Territory and making the appeals process more robust. The legislative changes also dealt with the problem of some 1,500 Term Limit Exemption Permits expiring at one time and the economic impact that would result if all those workers had to leave the Islands immediately.

Phase Two of Immigration Policy Reform is under way and focusing on the work permit system. A review team is looking at ways of improving efficiencies in the work permit application process, including the introduction of online applications and ways to ensure that Caymanians have access to available jobs.

Mister Speaker the Progressives-led Government continues to support new business and development.

The opening of Health City Cayman Islands in February in East End ushered in a new economic pillar for the Cayman Islands – Medical Tourism. It is anticipated that the number of tourists will significantly increase as patients and their families come to the Cayman Islands for healing and care. It means more money for our economy as there is an immediate impact on Cayman Airways, hotels, hire car businesses, restaurants, shops, attractions and more.

Health City Cayman also means jobs for Caymanians and once the medical school is open, it will mean added educational opportunities for Caymanians who want to enter the medical field.

We also believe that there will be many spin-off businesses that develop because of the new hospital.

Ironwood Development on Frank Sound Road in the District of North Side will be a residential golfing community. A memorandum of understanding has been signed between Government and the developer and an agreement has been reached with the National Trust on the route of the East West Arterial leading from Hirst Road in Savannah to the development site. Negotiations with the

Developer with respect to funding and construction terms are ongoing and proving positive. Importantly, the Foreign and Commonwealth Office is aware of the agreement and supports continuing negotiations.

The next step is to secure a Strategic Business Analysis and Value for Money Report. The thesis of the arrangement is that the cost of the road will be paid for by duties and taxes generated by the development.

We wholeheartedly believe completion of the East West Arterial will spur other developments along the corridor. By this summer the deal should be well in hand and the design of the road should be finalized. Barring any unforeseen events, Government anticipates construction to begin in the latter part of this year.

Another positive step in development will be the Gran Palazzo, a major Caymanian-owned waterfront condominium complex to be constructed on the North Sound side of West Bay Road. The Government has been working with the developer to ensure that this quality project proceeds quickly. Construction of this high-end,

126-unit development is expected to start before the end of the year and to create 250 jobs during its five-year build out.

Work on the Dart owned Kimpton Hotel project is proceeding well and the build-out of Camana Bay continues apace. Both projects are creating employment and welcomed economic activity in Grand Cayman. The Government is hopeful that it will reach agreement with the Dart Group over the course of the next few months on a range of other projects which will further spur economic activity.

Progress continues on the procurement of the proposed cruise berthing facility. The Environmental Impact Assessment began in May this year and is being conducted by W F Baird and Associates and Bolas Engineering. Increasing cruise numbers show us the need to get on with this project. We've already seen 21,978 additional cruise ship passengers in the first four months of this year, 677,663, compared to 655,685 in the same time frame last year.

Anyone who has flown in and out of Owen Roberts International Airport recently can see that work continues to make our residents and guests comfortable with expanded waiting areas. The latest arrival statistics show we have had an increase of 10,754 more visitors than in the same time frame last year. That 2.02 per cent increase means more visitors bringing income to help support our economy.

Given the challenges to accommodate the growing number of air arrivals, over the course of the next few months the Cayman Islands Airports Authority will put up temporary structures to increase passenger capacity in the departure area as well as put additional officers in place for Immigration and Customs.

The Outline Business Case and Master Plan for Phase One were completed very recently and the Request for Proposal and architectural and engineering design is projected to be released in August. The next step in the process is to seek Cabinet's approval, which will clear the way for public consultation. A series of public and private sector stakeholder meetings will be planned and at the completion of the consultation process, the final

document will be returned to Cabinet for approval. Our plan is to tender the award for that design in September and issue the tender for construction of Phase One in early 2015 to extend the departure area.

Mister Speaker, just five months after we were elected into office, the Progressives-led Government brought the National Conservation Bill, 2013 to the Legislative Assembly for debate and passage.

Again, this long awaited legislation had been batted about by other administrations, but it is this Progressives-led Government that had the political will to bring it forward and entertain discourse from all sides in this Honourable House to get this important law approved unanimously.

The remaining hurdles to the implementation of the legislation will be overcome at this meeting of the House when the necessary amendments are made to the Animals Law and the Plants (Importation and Exportation Law).

We cannot however, talk about the environment without addressing waste management and specifically landfill issues on all three Islands.

The Strategic Outline Case for the George Town Landfill has been completed and the Ministry's Steering Committee for the Integrated Solid Waste Management System (ISWMS) will continue its work on the procurement of the system for the Cayman Islands. During the course of the 2014/15 Financial Year, the Ministry will deliver a National Solid Waste Strategy to guide the work of the ISWMS committee. In addition, an Outline Business Case will be completed to identify the preferred project option for the ISWMS, with the goal of having a functioning ISWMS in place for all three Islands in 2016.

Operations at the George Town Landfill will be enhanced with the acquisition of much-needed equipment, replacing a fleet that is in a state of disrepair and sometimes well beyond its useable lifespan, as well as increased funding for operational requirements to ensure that best practice can be followed to the greatest extent possible.

Part of replacing that fleet occurred in February when Government took delivery of three new 25-cubic-yard garbage trucks, which have alleviated delays in residential garbage collection caused by equipment shortage.

We were successful over the past year in removing about 6,000 tonnes of scrap metal from the George Town Landfill and receiving about \$500,000 from its sale. A second shipment is slated to be taken away later this year from Little Cayman, Cayman Brac and Grand Cayman.

Recycling efforts continue at the George Town Landfill as work is being done on the ISWMS. The Department of Environmental Health is continuing to research and identify new recycling programmes and explore markets for mulch, cardboard, plastic, pallets and paper.

Mister Speaker, I would like to take this moment to remind residents and visitors that DEH does have large blue recycling bins strategically placed in all districts of the Cayman Islands. While it is Government's duty to maintain garbage pickup and disposal services, it is incumbent on each of us to be mindful of

what we are pitching in the waste bin and what we should be recycling.

As we are becoming more aware of the terms reduce, reuse, recycle we are also mindful of our use of fossil fuel to generate electricity.

Government is looking into using solar energy and LED bulbs to reduce energy costs and our own carbon footprint. There are already many individual homeowners and strata corporations that have adopted solar and LED technology to limit their use of fossil fuels and I would encourage more of us, as individuals and businesses, to look into this technology.

Now that Government has allowed reduced duty on electric motor vehicles, we are also seeing more and more electric cars on our roadways, which I applaud. It was under the PPM's previous administration that these vehicles were made legal.

But many of us still drive vehicles that require petrol. While our Petroleum Industry has self-regulated in the past in a number of areas, including the quality of fuel imported and marketed in

Cayman, the recent fuel report identified some gaps that need to be addressed. Government is looking at policies focused on all grades of imported fuel. We realize that fuel quality standards and controls are needed, which will not only ensure motorists are getting what they pay for, but will also pave the way for Cayman to be more proactive in its role in reducing greenhouse gases emissions, thus reducing air pollution. While the policies are being developed, Government has embarked on periodic random sampling of fuel imported.

A formal complaint process is also being developed to ensure quality and structured information is provided to us in regard to fuel issues so Government can take quick, effective action. Ultimately, this Government is committed to exploring all avenues to ensure the main concerns related to fuel are addressed in the short to medium term to bring much needed relief in this area to consumers across the Cayman Islands.

A healthy environment goes hand in hand with the health and wellbeing of our people.

The Health Services Authority will issue a Request for Proposals for an overseas partner to enhance the capacity, both administrative and clinical, of the HSA through a partnership to facilitate additional training opportunities for staff, enhanced access to certain services, and opportunities to maximize efficiencies through partnering with a larger overseas provider.

The Ministry of Health will partner with the Pan American Health Organisation to move the National Health Policy and Strategic Plan from “plan” to action by identifying action plans and associated implementation steps for each of the Health Policy’s objectives.

The Minister will also present a Cancer Registry Bill, making it mandatory for healthcare labs and physicians to report the incidence of cancer in residents to the confidential cancer registry. This will help to ensure that the Cayman Islands gets an accurate picture of the incidence of cancer, the most prevalent types of cancer, and data to help guide prevention efforts and investments in services and medical equipment.

Mister Speaker, the Progressives-led Government is also breathing new life into a concept begun by the previous PPM administration more than four years ago: the Cayman Islands Disability Policy. It is expected that Cabinet will get this policy in the upcoming Fiscal Year. Once it is approved, complementary legislation, such as the Education and Labour laws, will be reviewed. My Administration is committed to championing this Policy and the forthcoming associated legislation.

Another area that must be addressed again by this Administration is that of mental health. Under our last Administration in 2005-2009, we completed the necessary groundwork to carry forward a proposed Mental Health Strategic Framework. Unfortunately it was one of the first items cut out of the budget under the UDP administration. We promised again in our more recent Manifesto to work toward addressing the needs of those who need mental health care. I do know that we have to get more professionals in our schools, working with our youths to stem problems before they become too great.

In my own Ministry of Community Affairs, we have adopted a holistic approach to addressing human needs and ensuring that human development remains a priority for the country. This is achieved through innovative legislation, policies, services and programmes to accomplish positive social development.

During the upcoming 2014-15 financial year, the Ministry will undertake to develop the Poor Persons Relief Regulations; continue to review the Seaman's and Veterans ex-gratia benefit; monitor and evaluate the Department of Children and Family Services review implementation plan; pass the Adoption of Children Regulations; continue to provide social work services to families in respect to custody, adoption, care and protection matters, juvenile delinquency, domestic abuse and elderly care; and provide public education on a range of family matters as well as the ongoing management of the various Homes the Department currently operates.

The Department will also be focused on ensuring compliance with all aspects of the Children Law, 2012 Revision. The Department will seek to have the National Elderly Care Policy

finalised in order to further strengthen our Communities. The Community Development Unit will continue its efforts in mobilizing community members in addressing matters of concern within their communities.

The Department will also be undertaking the implementation of the Adoption Law, 2013, once the Regulations are approved by Cabinet.

The Needs Assessment Unit will continue to assist in developing the Poor Person Relief Regulations; update the criteria listing for financial assistance to those in need; and address the increasing demand from the public by providing additional staff.

The Department of Counselling Services will continue to provide client-focused treatment services and empowerment programmes throughout the community; expand the provision of family programmes to reach more parents in the Cayman Islands in order to assist them in developing positive and effective parenting skills that reduce risk factors and increase protective factors within their families; strengthen and improve inter-agency collaboration to ensure quality services are provided to the broadest cross-section

of the community; reduce duplication of service and increase synergies.

The CAYS Foundation will continue to strengthen its youth rehabilitation programme, which focuses on positive youth development. The foundation of the CAYS Model is a caring, personal and interactive approach between youth, families, staff and community.

In the next year changes will be made to legislation and policy to not only enhance the function of the National Drug Council, but to address the negative impacts of alcohol and other drugs in our communities. Targeted legislation includes the National Drug Council Law, the Prescription Drug Management Law and the Liquor Licensing Law. Also in 2014/15 NDC will send its National Anti-Drug Strategy to Cabinet for approval and implementation. The goal of the strategy is to significantly reduce the prevalence of drug use among the Cayman Islands' population, thereby minimizing social harm and damage to the well-being of our society. We want to combat the demand for, as well as the

availability and distribution of illicit drugs to, and within, all three Islands.

While Government has the resources to keep our populace healthy, it is incumbent on us all to ensure that we take responsibility for our own health with the lifestyles that we lead.

Mister Speaker that is why the Progressives Government encourages all and sundry to take advantage of the play fields, tracks and sporting facilities in each district as a means to get active. We have adopted a new Sports Policy, which has the vision “to improve the lives of all through sports.”

The Youth Ministry’s Inter-ministerial Committee on Youth Affairs will continue its work on the implementation and coordination of Government’s responsibilities under the National Youth Policy, ensuring that Government enhances its response to the needs of our youth in terms of achieving the National Youth Policy’s goals.

The Ministry of Culture, in partnership with the Cayman National Cultural Foundation, the National Museum, the National Gallery

and other culture stakeholders, will commence work on the Cayman Islands' first National Culture Policy.

As we continue to attract business and development to our shores, as well as ensure we have a healthy, well-adjusted population, we also need to make sure that Caymanians are equipped with proper knowledge and training.

Government acknowledges the critical importance of a quality education system to our Country's social and economic developments and aspirations. We are committed to continuing to invest in the strategies, resources and training and support for our educators, to enable us to deliver a world-class education system, with outcomes that position all of our citizens for success in further learning, employment and life.

We celebrate the strides we have made in recent years, and over multiple administrations, to improve our external examination results; update our curriculum; to restructure our education system; to provide an expanding range of externally accredited technical and vocational subjects and preparation for the world of work; to introduce new policies and frameworks to support high

standards; to strengthen early childhood care and education; to provide innovative solutions for our most vulnerable students; and to tackle underperformance in Reading, Writing and Mathematics.

We are committed to enhancing the governance structure for education, to ensure that more responsibility is devolved to our schools, together with greater accountability for all stakeholders. We are working to establish a new level of partnership with the private sector, to assist us in these endeavours.

These policy priorities will bring a new focus and accountability to our National Strategic Plan for Education, and help us to achieve a much needed strategic shift towards focusing on outcomes we actually achieve, as we pursue the following strategic goals: strengthening leadership and building national capacity; building a world class early childhood care and education system; securing high standards and improving student achievement; building safer school communities and promoting inclusion and engaging parents as partners in their children's learning.

Just as we are concerned about learning, we are also cognisant that a new high school is needed in George Town. We plan to

resume construction of the John Gray High School in the next fiscal year. Because of budgetary constraints, this will have to be done in phases. Work will commence first on completing the Multi-Purpose Hall.

In order to prepare and protect Caymanians so they can partake in the economic opportunities that exist in, and are to be attracted to, the Cayman Islands, a national human capital development strategy is needed to develop local capacity to meet the current and future workforce requirements of these Islands. It is the Government's view that the National Workforce Development Agency, supported with additional resources and an appropriate focus, has a key role to play in helping us to realise this critical goal. Since coming into office in May last year, the Government has allocated much needed additional resources to what was an inherited, dysfunctional NWDA, and it is now well on its way to having the staff it needs to deliver on its important mandate.

Starting in 2015, Labour Force Surveys will be conducted twice a year. The survey is used to provide information on the characteristics of people in the Cayman Islands labour force.

While jobs and education are important for our Caymanian people, so is the cost of living.

To get a better understanding of the prices of goods, a new household budget survey will be conducted in 2015 to update the current Consumer Price Index basket, which is now six years old.

Mister Speaker, the Progressives-led Government also plans to introduce a minimum wage at a responsible and economically sustainable level to ensure that those on the lower end of the pay scale receive a minimum expected wage.

Mister Speaker, while we do all that we can to help Cayman's economy improve and grow, help families and individuals with the matters of life, no one would want to be here to help us move this country forward if they did not feel safe.

In the coming year there will be an increased focus on the collection of Customs duties to facilitate legitimate trade and control prohibited and restricted goods into the Islands.

The appointment of a new Customs management team has already proven fruitful with increased confiscation of contraband

coming through our borders, including Owen Roberts International Airport. The leadership team is now making a real difference.

This Administration has also successfully addressed the deplorable conditions of holding cells at the Police stations in West Bay and George Town with the construction of Custody Suites near Fairbanks Women's Prison. The suites are able to house up to 24 individuals in humane conditions.

In 2014-15 the Cayman Islands Fire Department will see the recruitment of a Chief Fire Officer and Deputy Chief. It will continue to quickly and efficiently respond to a variety of emergency situations, including fires, accidents and rescue services. During the next fiscal year, the Fire Service will continue Fire Prevention, Public Education and Training initiatives as well as the recruitment and replacement of Fire Officers and support staff. The Service will also strive to meet Fire Inspections of all commercial business, hotels/guest house, bars and restaurants.

I assure you, the Progressives-led Government is going to do all it can to shore up our front-line positions in Police, Customs,

Immigration and Fire in our unending mission to keep these Islands safe for one and all.

As we continue to transform the way our Government functions it is clear Mister Speaker that we must do so with certainty and transparency if we are to have the buy-in of investors and our own people. Confidence, as we said a year ago during the election campaign is one of the keys to success for the Cayman Islands.

Mister Speaker, I submit to this Honourable Chamber that the Progressives-led Government has fully lived up to its first campaign pledge to bring back confidence to Cayman.

Today we will take the next firm steps along the road to prosperity. We will build on a foundation of sound and responsible management of our economic affairs towards a platform of greater growth. Growth, Mister Speaker, will be led by the private sector, in partnership in some undertakings, with the Government.

The face of Government itself will change. Those who have worked in the delivery of services will in some cases be given the opportunity to do so as owners of their own businesses. Those

who continue in a leaner, more efficient organisation will do so safe in the knowledge that their efficiency and hard work will be ably rewarded by a system that the country can afford.

If there is one thing that the global recession has taught us Mister Speaker, it is that we cannot continue to do things in the same old ways without courting disaster. I therefore invite the members of this Honourable Assembly and the country on the whole to get on board. Change to reflect different times is inevitable and it is better for us to manage the change ourselves than to have it administered as bitter medicine by others.

It is easy to get caught up in some of the smaller matters of public affairs when the real deficit is vision for your country. The Progressives' vision has been clearly stated as creating the environment where people are able to find employment and raise their families in a happy, safe environment. As a government we do not expect everyone to always agree with every decision we take to get there, but rest assured that the pursuit of our vision is always top of mind.

Stabilise, prioritise, energise. That is our roadmap for the country. In our first year we have ticked the first two boxes. With continued hard work and God's blessing we shall energise the economy so that every Caymanian will be able to improve their quality of life in some way. This is only the start Mister Speaker, in the immortal words of Jimmy Cliff; "better days are coming."