



**CAYMAN ISLANDS
LEGISLATIVE ASSEMBLY**

**OFFICIAL HANSARD REPORT
ELECTRONIC VERSION**

2015/16 SESSION

15 May 2015

First Sitting of the First Meeting
Throne Speech and Budget Address
(pages 1-26)

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

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PRESENT WERE:

SPEAKER

Hon Juliana Y O'Connor- Connolly, JP, MLA
Speaker of the Legislative Assembly

MINISTERS OF THE CABINET

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

EX OFFICIO MEMBERS OF THE CABINET

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

ELECTED MEMBERS

GOVERNMENT BACKBENCHERS

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

OPPOSITION MEMBERS

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

INDEPENDENT MEMBERS

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

OFFICIAL HANSARD REPORT
STATE OPENING AND BUDGET
2015/2016 SESSION
FRIDAY
15 MAY 2015
9:44 AM
First Sitting

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

The Speaker: Good morning, I will now invite Pastor McLaughlin to grace us with prayers.

PRAYERS

Pastor Marquis McLaughlin, Officiating Minister: Let us pray.

Almighty God, from whom comes all wisdom and power, we come to you this special day, this special moment in time, thanking you for all that you have been to us, for all that you have done for us individually and collectively as a small country. We are so conscious of the fact that we do need you.

We thank you for being our help in ages past, and we look forward to your continued protection and care in the years to come.

As we assemble here today, we ask that you would direct and prosper the deliberations of this body that has been elected by the people to do that which is best for our country. We ask, Lord, that you will go before so that whatever is done will indeed be done to your honour and your glory.

As this Assembly proceeds, we ask that every deliberation, every speech, every argument will stem from the fact that there is a realisation that we are here to do that which would please you, to do that which would better this country. We ask Lord, as the deliberations will follow from this session, that you will bring a spirit of co-operation, and along with that, a sense of a deep responsibility toward our understanding that these who assemble in this sacred Chamber have been ordered by you. You said governments are established by you, so we ask, Lord, that you will help each one to keep that in mind. They are representing you, themselves, and the entire population of the Cayman Islands.

We ask, then, that all deliberations will be done in such a way that the country, the people, will benefit economically, socially and spiritually.

We ask that you will bless each Member of this Assembly, Bless our Sovereign Lady, Queen Elizabeth II; Philip, Duke of Edinburgh; Charles, Prince of Wales; and all the Royal Family. Give grace to all who exercise authority in our Commonwealth, that peace and happiness, truth and justice, religion and piety may be established among us. Especially

we pray for the Governor of these Islands, the Premier, the Speaker of the Legislative Assembly, Members of the Cabinet, the Leader of the Opposition, Ex-officio Members and Members of the Legislative Assembly, that they may be enabled faithfully to perform the responsible duties of their high office. All this we ask for Thy Name's sake.

We are grateful that you taught us when we pray to say: Our Father, who art in Heaven, Hallowed be Thy Name. Thy Kingdom come, Thy will be done on earth as it is in Heaven. Give us this day our daily bread, and forgive us our trespasses, as we forgive those who trespass against us. Lead us not into temptation, but deliver us from evil. For Thine is the Kingdom, the power and the glory, forever and ever. Amen.

The Lord bless and keep you. The Lord make His face shine upon us all, we pray. Amen.

The Speaker: Please be seated.

PROCLAMATION

The Clerk: PROCLAMATION No. 2 of 2015: BY HER EXCELLENCY, MRS. HELEN KILPATRICK, COMPANION OF THE MOST HONOURABLE ORDER OF THE BATH, GOVERNOR OF THE CAYMAN ISLANDS.

WHEREAS section 83(1) of the Constitution of the Cayman Islands provides that the sessions of the Legislative Assembly of the Cayman Islands shall be held at such places and begin at such times as the Governor may from time to time by proclamation appoint:

NOW, THEREFORE, I, HELEN KILPATRICK, CB, Governor of the Cayman Islands, by virtue of the powers conferred upon me by the said section 83(1) of the Constitution of the Cayman Islands HEREBY PROCLAIM that a session of the Legislative Assembly of the Cayman Islands shall be held at the Legislative Assembly Building in George Town, in the Island of Grand Cayman beginning at 10:00 a.m. on Friday, the fifteenth day of May 2015.

GIVEN UNDER MY HAND AND THE PUBLIC SEAL OF THE CAYMAN ISLANDS AT GEORGETOWN IN THE ISLAND OF GRAND CAYMAN ON THIS ELEVENTH DAY OF MAY IN THE YEAR OF OUR LORD TWO THOUSAND AND FIFTEEN IN THE SIXTY-FOURTH YEAR OF THE REIGN OF HER MAJESTY QUEEN ELIZABETH II.

READING BY THE HONOURABLE SPEAKER OF MESSAGES AND ANNOUNCEMENTS

APOLOGIES

The Speaker: I have received apologies from the Honourable Minister of Financial Services, and from the First Elected Member for Bodden Town.

MOTION FOR THE SUSPENSION OF THE HOUSE

The Speaker: I recognise the Honourable Premier.

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

I beg to move that this Honourable House do rise to await the arrival of Her Excellency the Governor, Mrs. Helen Marjorie Kilpatrick, CB, to receive a gracious message from the Throne.

The Speaker: The question is, that this Honourable House do rise to await the arrival of Her Excellency the Governor Mrs. Helen Marjorie Kilpatrick, CB, to receive a gracious message from the Throne.

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

Ayes.

The Speaker: The Ayes have it.

I ask all Members to please remain in their seats as I invite the Honourable Premier and the Honourable Leader of the Opposition to join me to receive Her Majesty's representative.

Agreed: That this Honourable House do rise to await the arrival of Her Excellency the Governor, Mrs. Helen Marjorie Kilpatrick, CB, to receive a gracious message from the Throne.

Proceedings suspended at 9:53 am

ARRIVAL OF HER EXCELLENCY THE GOVERNOR

Her Excellency the Governor: Please be seated.

The Speaker: I now invite Her Excellency the Governor, Her Majesty's representative, to deliver the Throne Speech.

THRONE SPEECH

*Delivered by Her Excellency the Governor
Mrs. Helen Kilpatrick, CB*

Her Excellency the Governor, Mrs. Helen M. Kilpatrick: Good morning,

Honourable Speaker, Honourable Ministers, Members of the Legislative Assembly, ladies and gentlemen, I come before you today to outline the Government's plans for the next financial year.

I would like to begin by commending the excellent work that the Government has done in keeping public finances on course over the past year. The Government has steered the Islands' economy towards a sound annual growth rate of just over two per cent, and overseen increased employment.

On this basis of sound public finances, our jurisdiction will remain attractive to international investors, and Caymanians and residents alike will continue to enjoy a high standard of living.

Last week saw the election of a Conservative Government in the United Kingdom. This has been welcomed by the Premier as an opportunity to build on the excellent relationship between the governments of the Cayman Islands and the United Kingdom. Mr. James Duddridge has been reappointed as the Minister for the Overseas Territories. I have already invited the Minister to make an early visit to Cayman to continue the dialogue that he and the Premier have established.

The 2015-16 budget forecasts a continued surplus for the year ahead. The Government plans to meet the target ratios mandated by the Public Management and Finance Law, and the Framework for Fiscal Responsibility, by the end of this financial year. This will be a remarkable achievement.

This substantially stronger fiscal position provides the foundation for the Government's policy and legislative agenda in 2015-16. But hard work will be necessary to maintain this improved bottom line. In the months ahead, the Government will explore a number of recommendations from last year's EY [Ernst & Young] Report. Its aim is to increase both revenue and savings in the public sector wherever possible, but also to ensure that public policy objectives can still be met.

Among the projects under consideration are the creation of an ombudsman's office, and a public utilities commission. The Government will also investigate the sale of certain excess property holdings. Business plans are being drawn up to establish the viability of each of these proposals.

In order to streamline public sector operations, there will be a marked shift towards e-Government, under the leadership of the new director of e-Government. This move towards online provision of services is expected to improve efficiency, transparency, and the quality of customer service.

A notable example is the Immigration Department's initiative to build an online customer service application, through which employers can manage their work permit applications. Immigration will be able to cross-reference these applications against ad-

vertised vacancies and known Caymanian jobseekers that are available to fill the positions.

The Government will seek to move other services online, providing enhanced options, such as online payments.

Making the way that the Civil Service does business more efficient will also support the diversification and growth of our economy. In the coming year, the goal of growing the economy in a sustainable way will be supported by legislative measures, such as, changes to the Intellectual Property Law. Improvements to other laws will ensure the continued competitiveness of our financial services products.

In addition to making the best use of technology, the Government will rely on evidence based policy-making to develop its economic programmes. An example of this is the most recent Household Budget Survey that began in January. This survey seeks to measure the cost of living as accurately as possible, and its results have the potential to affect every household in the Cayman Islands. It will be used to update the basket of goods and services included in the Consumer Price Index, a benchmark that is used for salary reviews in the public and private sectors, for electricity rate revisions, and for adjusting public sector pensions. A report of the survey's findings is expected to be presented to Cabinet towards the end of financial year.

The Government strives to maintain the quality of life of all those who live within these Islands. Although economic concerns are often at the forefront of everyone's mind, there are also social, environmental and other issues that are central to this objective.

The Ministry of Employment has already begun the process to establish a minimum wage regime, to address exploitation and provide relief to our lowest paid workers.

The Ministry of Community Affairs, which is tasked with caring for our weakest and most vulnerable citizens, will carry out a review of residential homes for children with special needs.

Two other important projects will be carried out by the Ministry of Health. These are the development of a long-term residential mental health facility, and a national strategic plan for waste management.

A steering committee of public and private sector stakeholders has been working closely with the Ministry of Health to address the requirements, and costs, involved in the establishment of a mental health facility.

The process to develop an integrated solid waste management system that will meet the Islands' needs for the next 50 years is further advanced. Project consultant AMEC, a multinational engineering company, recently began preliminary environmental testing of landfill sites across the three Islands. Over the coming year, AMEC will guide the development of a national strategy to determine the direction that solid waste management will take in the Cayman Islands.

They will also prepare an outline business case, and provide procurement support for the proposed system.

Members of the public will also be aware that work has begun on the George Town Revitalisation Project. The Government will soon begin extensive public consultation with resident businesses and individuals.

Crime continues to be a concern despite an overall downward trend in the number of offences. The Government proposal to replace George Town Police station will provide efficient accommodation for the Royal Cayman Islands Police Service, and help them to deliver more effective law enforcement.

The Government will also propose a series of traffic calming measures on the West Bay Road in order to reduce the number of serious road incidents that we have sadly witnessed recently.

I would like to add some words of thanks for the hard work of civil and public servants.

With clear leadership from the Deputy Governor, the Portfolio of the Civil Service has focused on performance and accountability across the public sector over the past year. This focus has resulted in all staff now having performance agreements and appraisals. In contrast, just four years ago, only 17 per cent of civil servants had performance agreements in place, and even fewer had appraisals. This emphasis on performance has led to greater accountability and positive results for the Government and people of these Islands.

These results include the Government moving from an operational deficit to achieving significant operating surpluses, and the much improved audit opinions on the Government's accounts. The civil service has worked hard in the past year to make these steps forward. The Government's award of a 4 per cent pay increase in the next financial year will be both welcomed and highly appreciated by civil servants.

That being said, there is still much work ahead for the civil service. Next year, they will produce and embark upon a 5-year Strategic Plan to ensure the civil service is better placed to deliver the political mandates of the Government, and the public services, that the citizens and other residents of the Cayman Islands deserve. A key strategy within the 5-year plan will be improved customer service—changing the way civil servants interact with customers to put customer needs first.

The presentation of this Budget takes place as the Government nears the middle of its term. I recognise the Government's commitment to delivering its policy priorities in an open, accountable and effective way, and in accordance with the principles of good governance.

The trust of the people arises from good governance. For the Government, and for the public service as a whole, this is the most valuable currency of all.

Thank you for your attention.

[Departure of Her Excellency the Governor]

Proceedings resumed at 10:20 am

The Speaker: Please be seated.
The House is now called to order.

MOTION OF THANKS TO HER EXCELLENCY THE GOVERNOR

The Speaker: I recognise the Honourable Leader of the Opposition and Father of the House.

Hon. W. McKeeva Bush, Leader of the Opposition:
Thank you, Madam Speaker.

I am privileged to move the following motion:
BE IT RESOLVED THAT this Honourable Legislative Assembly records its grateful thanks to Her Excellency the Governor, Mrs. Helen Marjorie Kilpatrick, CB, for the Address delivered at this Sitting.

The Speaker: The question is: BE IT RESOLVED THAT this Honourable Legislative Assembly records its grateful thanks to Her Excellency the Governor, Mrs. Helen Marjorie Kilpatrick, CB, for the Address delivered at this Sitting.

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

Ayes.

The Speaker: The Ayes have it.

Agreed: That this Honourable Legislative Assembly records its grateful thanks to Her Excellency the Governor, Mrs. Helen Marjorie Kilpatrick, CB, for the Address delivered at this Sitting.

MOTION TO DEFER DEBATE ON THE THRONE SPEECH

The Speaker: I recognise the Honourable Premier.

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

I beg to move the following motion: BE IT RESOLVED THAT the debate on the Throne Speech delivered by Her Excellency the Governor, Mrs. Helen Marjorie Kilpatrick, CB, is deferred until Wednesday 20 May, 2015.

The Speaker: The question is: BE IT RESOLVED THAT the debate on the Throne Speech delivered by Her Excellency the Governor, Mrs. Helen Marjorie Kilpatrick, CB, is deferred until Wednesday, 20 May 2015.

Agreed: That the debate on the Throne Speech delivered by Her Excellency the Governor, Mrs. Helen Marjorie Kilpatrick, CB, deferred until Wednesday, 20 May, 2015.

PRESENTATION OF PAPERS AND OF REPORTS

ANNUAL PLAN AND ESTIMATES FOR THE GOVERNMENT OF THE CAYMAN ISLANDS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2016

ANNUAL BUDGET STATEMENTS FOR MINISTRIES AND PORTFOLIOS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2016

PURCHASE AGREEMENTS FOR STATUTORY AUTHORITIES, GOVERNMENT COMPANIES AND NON-GOVERNMENTAL OUTPUT SUPPLIERS FOR THE YEAR ENDING 30 JUNE 2015

OWNERSHIP AGREEMENTS FOR STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES FOR THE YEAR ENDING 30 JUNE 2015

The Speaker: I recognise the Honourable Minister responsible for Finance.

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

Madam Speaker, I beg to lay on the Table of this honourable House the following documents with respect to the Government's financial year ending 30 June 2016:

The Speaker: So ordered.

Does the Honourable Minister of Finance and Economic Development wish to speak thereto?

Hon. Marco S. Archer: Thank you, Madam Speaker.
I will make my comments with respect to the documents at the Second Reading of the Bill.

The Speaker: Thank you.
I recognise the Honourable Premier.

STATEMENTS BY HONOURABLE MINISTERS/MEMBERS OF THE CABINET

POLICY STATEMENT

"TOWARDS A BETTER TOMORROW"

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

Madam Speaker, I have the honour to be able to deliver the Policy Statement entitled "Towards a

Better Tomorrow” setting out the policies, programmes and projects of this administration for the year to come.

Before I have the honour and privilege of highlighting some of the vast successes and accomplishments of our Government and set the tone for the next fiscal year and beyond, I am moved to say that we are at a juncture in our history when the following words from that great Bard of Avon, William Shakespeare, ring true:

***“There is a tide in the affairs of men.
Which, taken at the flood, leads on to fortune;
Omitted, all the voyage of their life
Is bound in shallows and in miseries.
On such a full sea are now afloat,
And we must take the current when it serves,
Or lose the ventures before us.”***

Those words are from Shakespeare's *Julius Caesar*. And, as I rise to deliver the Government's Policy Statement for the 2015-16 Fiscal Year, it strikes me that indeed we, in this Honourable House, have a choice to make. We can remain unchanged and unchanging, and in so doing, flounder in misery in the shallows—going nowhere. Or we can bravely take the flood tide and move forward. We on this side have made the choice to embrace the currents of change and progress. I believe that is evidenced in the work we have done in the past two years and will become even more obvious as I outline to this House and to the Country, in short order, the direction this Government is heading. But before I do, I wish to thank the Governor for presenting the Throne Speech and for her wise counsel and invaluable support of the work of the Government since she took office 21 months ago.

I also thank the Minister of Finance and his team for their tireless efforts in preparing the 2015/16 Fiscal Budget, which he will present shortly. That budget, Madam Speaker, is based on sound financial plans and strong economic growth coupled with a frugal and sensible attitude toward spending and minding the public purse.

It is a budget for economic growth, a budget for jobs and a budget for prosperity. It is a budget that cuts the burden of taxes so as to benefit families and businesses while securing sound government finances and reducing debt. Like the two previous budgets this government has presented, it is a budget with no new revenue measures. In short, Madam Speaker, it is a budget that takes us toward the better tomorrow that this Administration set out to achieve when we came to office two years ago.

In two weeks, this Government will mark the midterm of its service to these beloved Isles and I will bring our Mid-Term Report to this House where we will speak to our many accomplishments. However, on this occasion let me pause Madam Speaker to reflect on the progress that has been made over the past two

years. I will speak more about these issues later, but let's just take a look at the headlines.

First, I want to touch on the recovery of Cayman's economy:

- An economy that is now stronger and more sustainable with growth up to 2.1 per cent this year and projections that it will continue to rise.
- An economy where business confidence has been restored and private sector investment is growing and set to grow further with major private initiatives such as the Kimpton Hotel, expansion of Camana Bay and the redevelopment of the old Hyatt site.
- An economy where hundreds of private sector jobs are being created because of that increased confidence, and where overall unemployment has fallen from 6.3 per cent in 2013 to 4.7 per cent as of December last year.
- An economy with tourism numbers growing at record levels with key stay-over numbers up by an impressive 10.84 per cent in calendar year 2014 over the numbers in 2013, and with cruise tourism up 16.98 per cent for the same period.
- An economy, Madam Speaker, with growing diversity in the economic base, from health tourism, the maritime industry and our own small business sector reporting strong growth and confidence in Cayman's future.

Secondly, we look to the restoration of stability to Government finances. The Minister of Finance will address this at length, and when he does he will speak to a budget that will bring us back into full compliance with the Public Management and Finance Law tests. It is a budget that continues Government's firm control over expenditures and delivers strong revenues and surpluses. A budget that, under this Administration, operates from a position of cash rather than an overdraft and one that has and will continue to reduce Government debt.

These things have not happened by chance, Madam Speaker. They are the direct result of this Administration's sound planning and disciplined implementation of those plans. It is the determination of the Progressives-led Government to deliver on the tough plans we set ourselves two years ago to bring Government finances back under control. It is that same determination that is driving economic growth.

But our approach has not been confined to the economy and Government finances, Madam Speaker. This is a Government that is willing to take the actions needed to achieve our broader ambitions for our Islands and the welfare of our people. While previous administrations have talked, we have acted. Again, I will share some highlights.

This Government has taken steps to implement a National Minimum Wage, delivering not only

on a key manifesto promise but also addressing a vital plank for economic and social justice.

We have reduced duties on some imported goods including diesel used by Caribbean Utilities Company, lowering the electricity costs for businesses and families. Those reduced costs will remain whatever happens to the price of diesel in the future.

Beginning in July, the Civil Service will receive a much-needed cost of living increase of 4 per cent, which will not only provide the public sector some financial relief, but will also benefit local merchants and therefore the economy as the spending capacity of civil servants is increased.

I wish to thank our employees within the Civil Service for once again not only meeting but exceeding the Government's financial targets, and I implore them to keep up the good work in the new fiscal year. 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 demands for services.

We have delivered on the commitment to move forward with electoral reform, looking to introduce One Person, One Vote and Single Member districts—key principles in accountable and democratic government. The Boundary Commission is now in place and at work.

We have enacted the National Conservation Law and paved the way for further marine protections, demonstrating our commitment to getting the balance right between economic growth and protection of our precious environment.

We have delivered on our promise to consult on Sunday trading, and Cabinet has approved a New Schedule to the Sunday Trading Law to bring the legal framework in line with both retail practice and customer preference.

As positive as this picture is for our Islands, we are not satisfied, Madam Speaker. This is a Government committed to progress, to moving this country forward toward a better tomorrow. Achieving stability today has been our first goal, because without it we cannot move forward with any measure of certainty. Having achieved that goal, we can now turn our attention from regaining stability to energising this country in the drive for prosperity. With that in mind, Madam Speaker, I want to highlight some of the plans already in place for the coming years:

- We are delivering key infrastructure improvements with the airport redevelopment and new cruise berthing facilities that will support current and future business and economic development.
- We are creating a new Maritime Park in partnership with Cayman Enterprise City to further grow our maritime sector.
- We are supporting the continued development of Health City, which has now achieved full accreditation as a Joint

Commission International Certified hospital.

- And, we are modernising our legal framework to not only protect intellectual property to support creativity and innovation, especially in knowledge-based business sectors, but to also attract much needed new business to our shores.

Madam Speaker, the prosperity for which this Government so fervently strives cannot be that which just lines the pockets of the few. I am a Progressive, not just in name but in philosophy, in principle and in practice. The Progressives-led Administration I lead will ensure that families and small businesses feel the benefits of economic success right across these Islands.

And so, Madam Speaker, I am pleased to announce that we will be doubling the relief we have already given on diesel that CUC uses by reducing the duty on diesel another 25 cents per gallon. This will come into effect in January 2016, meaning the public will benefit from a further reduction in their power bills. This means that the entire 45-cent increase that the UDP added during its Administration will have been rolled back and the fuel duty will have moved from a high of 75 cents under the UDP to 25 cents, the lowest it has been for quite some time, under our Administration.

We are supporting the employment of more Caymanians by strengthening the National Workforce Development Agency, developing apprenticeships and investing in education, including local and overseas scholarships.

We are acting as swiftly as possible on a long-term solution to this country's waste problem. In the next couple of months we will offer everyone the chance to be part of the debate on the future of our waste management strategy. We want the public's input before next year's tendering for alternative 21st century waste facilities and to resolve the problems faced at the current George Town landfill.

A Disabilities Bill will soon go out for public consultation. Among other matters, the Bill is expected to cover the rights of persons with disabilities and the establishment of a watchdog council with a supporting secretariat.

We will amend our antiquated Liquor Licensing Law to level the playing field for businesses and to remove the ability to treat liquor licenses as a commodity for trade.

We will pass the long-awaited Builders Bill into law to not only protect consumers, but to also ensure that the key construction industry is better regulated and well poised and prepared to take on the future development needs of the country.

In just two short years we have done all of that, Madam Speaker, and those were just the high-

lights. So let me now focus on the details of our progress and plans.

As I have stated previously, our main objective has been and continues to be economic growth and stability. Because of a strong economy being the life blood of our country, it is at the centre of all decisions and actions this Government takes and makes. To help move the economy from strength to strength, we have focused on four main levers:

Firstly, Good Governance: I am speaking here Madam Speaker of sound financial management, long-term development and planning, ethical leadership, openness and transparency, community engagement, and, importantly, delivering on what we promise.

One of the first decisions we made after the election was to propose a credible three-year financial plan to the country and to the United Kingdom that would put Government finances on solid ground. And the outcome has been budgets that produce strong revenue growth with controlled expenditure through disciplined financial planning that have led to good surpluses. The outcome has also been budgets that have consistently met the required legislated appraisal and value-for-money tenets that looked at reducing debt and were presented to the United Kingdom on time and were approved by them without issue each and every time.

We have a history of strong financial management, discipline, planning and delivering on what we say we will do. That's progressive, Madam Speaker. Compare that to the chaos of the previous UDP Government's budgets. Not only were they bad for the country in their own right, they led to the United Kingdom intervening and forcing the UDP and its leader to first sign up to the Framework for Fiscal Responsibility requirements, and when that did not sufficiently work, to place those requirements into law. All to ensure that the then-premier would have to keep the promises he made, to live up to his obligations and to stop wasting millions of dollars and frittering away valuable opportunities to improve this country's economy.

Madam Speaker, this Government has needed no such outside influences or threats. We have been clear on our plans and have delivered on our promises to the Country, and delivered on our legal and constitutional obligations to the United Kingdom. However, we have delivered them not to please the United Kingdom, but because they are right for our Country.

Because of our management of Government finances, coupled with an improving economy, Madam Speaker, we are increasingly in a position to share the benefits of budget surpluses with the wider community. This strategy has allowed for the additional reduction in CUC fuel duty (which I just announced) and to provide a 4 per cent cost of living increase to the Civil Service. We know, though, that we need to do more to

address the standard of living for all Caymanians, including civil servants.

With regard to the public sector, we recognise the concerns expressed from many quarters regarding pay disparities. This is a matter which the Government is taking very seriously and we are looking at how best to address it in an affordable and sustainable way.

What has also helped not only civil servants but the entire country, Madam Speaker, was the 2 per cent reduction last year on duties on imported goods that were formerly charged a duty at 22 per cent; a new tax of a 2 per cent increase in taxes, imposed by the UDP Administration.

I am also pleased to remind the House that not only is this Government bringing forward legislation to implement a minimum wage, but we are also doing so after years of prevarication by many administrations. Personally, I am incredibly proud of the fact that ours is the first Government to address what the law has allowed for 50 years: to get sound advice and take an educated and informed decision on a minimum wage.

This was a key plank in the Progressives Manifesto and we look forward to seeing it move to completion. As Members know, the Minimum Wage Advisory Committee's report was laid on the Table of this Honourable House when we last met. I again commend the Minister of Education, Employment and Gender Affairs for her dedicated work in seeing this issue through, as well as the chairman and members of the Minimum Wage Advisory Committee.

Therefore, Madam Speaker, I am pleased to advise that Caucus and Cabinet have accepted the recommendations of the Advisory Committee, including those recommendations regarding the introductory rates for the minimum wage. We anticipate implementing a minimum wage with effect from 1 March 2016. Madam Speaker, the time in the interim will be used to not only prepare and educate the public, but also make the necessary legislative and other changes that will be required. The Minister of Employment, I am sure, will speak more to this during her contribution to the debate.

Madam Speaker, Good Governance also means providing a responsive service to the people of the country. It means a public service that gets the basics right. It means value for money and a focus on the customer. I support the efforts of the Deputy Governor regarding improvements to customer service within the Civil Service. I will speak more on Project Future and the EY Report a little later, but this Progressives-led Administration remains committed to making changes that will continue to drive a leaner and more efficient Government.

The procurement process has also seen improvements under this Administration. I will not rehash the many failings of the previous administration around bad procurement practices that in the end de-

layed needed projects and in some cases cost the country millions of dollars. But I will assure the people of this country that we are not going back to those evil days.

Indeed, Madam Speaker, with the establishment of a Central Procurement Office, the Ministry of Finance will work toward the development of legislation that will standardise Government's procurement processes and create efficiencies and savings. The Ministry of Planning, Lands, Agriculture, Housing and Infrastructure has also centralised and tightened up on policies around the purchasing of government vehicles. All of this will ensure that Government receives value for money and the best prices as part of the procurement process.

I wish to thank the Minister of Planning, Lands, Agriculture, Housing and Infrastructure for his efforts in this regard, and indeed, for his efforts to bring as many departments into the Government Administration Building to save on rents and get the best use out of the building as possible.

Madam Speaker, Good Governance also means owning up to and taking steps to deal with the intractable problems that plague the Government, such as the burgeoning government post-retirement health care costs. The Minister of Finance will speak more fully on this, but I am moved to state here that once again it is this Administration that is sensible enough, and brave enough, to understand that this too demands responsible action. And act responsibly we will.

Madam Speaker, our Progressives-led Administration will also implement the Standards in Public Life Bill. It is another way for us to further demonstrate to the country our honourable intentions by holding those who are elected, or who do work on behalf of the public, accountable.

Madam Speaker, you will be pleased to note that in order to improve the functioning of this legislature I am proposing to set up a committee to review the Standing Orders of this House with a view to producing a set of modern Standing Orders that will govern the operations of the legislature. In addition, I am proposing to also set up a separate committee to review and to advise on transferring responsibility for the management of the legislature from the Office of the Deputy Governor to the Speaker of the House. These are all important factors in improving governance in the Cayman Islands.

The second lever used to stimulate the economy by this Administration is Support for the Key Tourism and Financial Services sectors. To provide this support, we must listen to their needs, their expert advice and engage with them in two-way dialogue. Government and our two pillar industries must act as partners and look to ensure that while business grows that Caymanians benefit from that growth. And so we must listen and try as best as possible to see how we can reasonably accommodate needs.

By way of example, Madam Speaker, for many years, those in the Financial Services and Tourism sectors have asked Government to consider implementing Daylight Saving Time, noting a myriad of financial and other benefits. In October last year, I advised the Country that a public consultation process around the issue would commence. In late 2014 a public survey was undertaken by the Ministry of Financial Services, Commerce and Environment that concluded that the majority of people responding were in favour of implementing Daylight Saving Time and believed the benefits would outweigh any inconveniences.

After careful consideration, Madam Speaker, Government has agreed to move forward with legislation to implement Daylight Saving Time. We believe, as does the business community and those who support its implementation, that the benefits are clear. Madam Speaker, these include elimination of confusion over travel times, putting our financial industry in sync with New York, and putting an end to early arrivals and departures of cruise ships, benefitting stores, restaurants, taxis, tour operators and many more small businesses. Not only could businesses better cater to customers, but hopefully they will be able to make more sales and get more taxi fares.

It also means those living on our Islands will enjoy an extra hour of daylight in the evenings. All of this could mean millions more in our coffers and the added hour of sunlight after a hard day at work will also be a blessing. We believe the time for change has arrived and we propose to introduce Daylight Saving Time to the Cayman Islands in March 2016.

In the tourism sector, Madam Speaker, this Government is driving ahead with a clear strategy, developed and delivered in partnership with the industry. The evidence of success is all around us. We are growing our visitor arrival numbers to record levels as I have said previously. We are working with the private sector to increase our room stock and are maintaining good relationships with cruise lines and airline partners to ensure that routes into Cayman—by sea or air—are maintained and improved where possible and needed.

Cayman remains a very attractive visitor destination where natural beauty combines with a great visitor experience, bolstered by a relatively low crime rate.

Our future support for the tourism sector will see us working with various agencies to ensure that our tourism-related workforce is prepared to meet the demands of our visitors and that the workforce is inclusive of Caymanians. This is a two-way street with the tourism sector being willing to hire and train Caymanians and Caymanians being prepared to enter the industry and work.

In addition, I am sure Members are familiar with the improvements made to the Charles Kirkconnell International Airport on Cayman Brac and the on-

going improvements to the Owen Roberts International Airport on Grand Cayman. The Northeast region of the US continues to be our largest key market for visitors and our efforts to see growth from this market will continue. The Deputy Premier is known for his passion for everything tourism and it is this enthusiasm, coupled with his can-do attitude, business savvy and hands-on approach, that helps ensure the success of our tourism strategy.

As for our Financial Services Industry, Madam Speaker, this Government is committed to the process of keeping our legislative and regulatory framework relevant and up to date so as to enhance our competitive position and create new opportunities for Cayman. In the coming fiscal year, we will introduce a raft of legislation that will bode well for those doing and interested in doing business in the Cayman Islands.

For more than 15 years, successive governments have attempted to modernise Cayman's legislation, regulating the practice of law in these Islands. Despite those efforts, however, the legal profession is still operating under the provisions of the 1969 Legal Practitioners Law, which was passed at a time when there were fewer than 30 lawyers in the Cayman Islands and the Financial Services Industry, as we now know it, was in its infancy.

There are now 627 attorneys licensed to practice in these Islands and 56 law firms with a further 14 that are dedicated solely to financial services. Many of these firms have international offices with lawyers practicing Cayman Law in places such as London, Hong Kong, and Dubai. The present Legal Practitioners Law is woefully inadequate to address the sophistication of the profession and the business it conducts in the Cayman Islands and internationally. And so, after consultation with both the Cayman Bar Association and the Cayman Islands Law Society, the Government is proceeding to have drafted a new Legal Practitioners Law that will address, in a comprehensive way, the regulation of the legal profession in the Cayman Islands, as well as lawyers and firms that practice Cayman law in other jurisdictions.

The Government is deeply conscious of the longstanding and justifiable concerns of Caymanian articulated clerks and lawyers about their prospects for training and career advancement in Cayman law firms. The Government will therefore ensure that concomitant with a new Legal Practitioners Law will be legislative provisions based on the International Bar Association Best Practice Guidelines with respect to recruitment and retention, training and development, remuneration and benefits, and career development to which all law firms will be required to subscribe.

The Government will continue its discussions with both law associations as we progress the new legislation, and we hope to bring a new Legal Practitioners Bill to the House before the end of 2015/2016 fiscal year.

We will also bring new Limited Liability Company legislation as well as amendments to the current Limited Liability Partnership legislation. Amendments will also be made to the trust legislation to address certain anomalies from the original legislation, which have developed over time. We will repeal and replace the Public Accountants Law to introduce a modernised system for the regulation of public accountants and make amendments to the Auditors Oversight Authority Law.

Amendments will also be made to the Companies Law, the Regulations under the Insurance Law and we will implement enhancements to Cayman's framework for monitoring and enforcement of ownership information as detailed in the Consultation Report on Maintenance of Legal and Beneficial Ownership Information. I wish to commend the Minister of Financial Services, Commerce and Environment for not only his hard work, as evidenced by the number of legislative items in train, but also for his able stewardship of all the varied aspects of Financial Services.

Madam Speaker, our third main lever to help move the economy from strength to strength is Infrastructure Development. We have many projects in the works to not only improve but to also diversify the economy. Many of those are projects that we have already begun or that are close to fruition, including improvements to the Owen Roberts International Airport, the cruise berthing facility, a solid waste management system and ongoing and planned road works, some of which form part of the Revitalisation of George Town project.

All of us who travel through the Owen Roberts International Airport can appreciate the temporary measures that have been taken to relieve overcrowding; but there is more to come. As has been said before, construction on the new \$55 million terminal expansion project will commence in this next fiscal year. We also plan to complete runway strengthening to accommodate the British Airways Boeing 777, which will commence service to Cayman in March 2017. A new car park payment system is also underway.

As for cruise berthing, in this upcoming fiscal year, detailed design development will be conducted, including a physical model investigation, a land side master plan, development of a base design and the preparation of tender documents.

Improvements to our largest airport and the final realisation of a cruise berthing facility are musts if we are to continue to offer a sterling tourism product to both cruise and stay-over visitors as well as keep up with the ability to cater to an increasing number of visitors as Health City grows and new hotels and large scale developments come on line.

This Government will also deliver new integrated solid waste management facilities that will support the significant reduction in landfill requirements in the decades ahead by using recycling and composting. We expect an outline business case to be pro-

duced by the end of the calendar year with tendering for the various parts of the new waste management infrastructure to go out in early 2016.

While we are awaiting the full solution, other works are underway. Significant improvements have been made to the management of the current landfill, which will help reduce the occurrence of fires. We will also tender for the processing and removal of remaining scrap metals at the landfill and process and remove all used tires stored on all three Islands' landfills.

At the same time, we will step up our recycling efforts, as well as introduce composting. On the latter, land is being identified for use as a composting site and Government will bring forward plans to implement a national composting initiative with the compost product available to the public to encourage growth of local foodstuffs. Government will also work more closely with the private sector to not only encourage the work they are doing with recycling, but also rally restaurants, hotels and others to join in these efforts and reduce their impact on the environment and the landfill. We will also install public recycling drop-off sites in various districts and encourage private sector companies to use them as well. Additional information will be provided as soon as plans are further advanced.

George Town Revitalisation has begun with road enhancements as the first step. The next step is to take our plans to the public, including stakeholders, get their input and move forward accordingly. We will be making changes to planning laws in the upcoming fiscal year to allow for multi-use development in the capital, providing a revival for retail, commercial, hospitality and residential use across George Town. There will also be room for cultural development to bring the capital back to life on weekends and in the evenings. This is an important project, Madam Speaker, and another example of one that has been talked about for years, but it is this Administration that will get it done.

Madam Speaker, while the Government is doing all it can to help strengthen the economy through these various public and private partnership projects, the private sector is also working hard to develop several hotel and condo projects that have been approved by the Planning Department, or are in the works. These include a new hotel on the old Hyatt site owned by Embassy Investments, the Beach Bay Hotel in Bodden Town, the Arnold Palmer-sanctioned Ironwood Development off Frank Sound Road, the Gran Palazzo on the North Sound, and the redevelopment of the Treasure Island Resort and others.

Additionally, Dart Realty has made a commitment to invest \$400 million in new infrastructure over the course of the next 10 years. Madam Speaker, that is \$400 million in addition to the \$300 million that Dart is already spending on the Kimpton Hotel, which is expected to open in late 2016. This additional invest-

ment is going to include a new five-star hotel at Camana Bay and the creation of a sea-to-sound experience for residents and visitors through elevated development connecting Seven Mile Beach to the Town Centre, as well as various road works.

In fact, Dart has already submitted plans for road works that include a new four-lane dual carriageway realigning Esterley Tibbetts Highway through Camana Bay. Dart has committed to build at its own expense an emergency access road, which will pass through the Kimpton Hotel property to allow public vehicle access in the event of an emergency that closes Esterley Tibbetts.

In total, Dart has said it plans to invest an estimated US\$1.3 billion in development in the Cayman Islands over the next 20 years. Dart's investment means a continuous economic stimulus, added work for local companies and employment opportunities for our Caymanian people.

Dart Realty started heavy construction on the Kimpton project in early 2014 with an annual average of 185 workers on site each month from local contractors who employed an average of 114 Caymanians, persons married to Caymanians, as well as permanent residents. Work on the Kimpton project has escalated in 2015 with a year-to-date average of 395 workers on site each month with contractors employing an average of more than 200 Caymanians and those qualified to work.

In addition, Dart Realty is nearing completion of 18 Forum Lane, its newest commercial building in Camana Bay. Contractors on that project employed an average of more than 80 Caymanians, persons married to Caymanians or permanent residents each month in 2014, and an average of more than 60 so far this year.

Another private sector investment that is helping to grow Cayman's economy is Health City Cayman Islands in East End, which opened its doors last year. It is now a Joint Commission International Certified hospital, making it one of only two in the entire Caribbean. This will enable Health City to attract more patients from the United States and allow it to move forward more earnestly with its medical tourism plans, which will benefit both the hospital and the Cayman Islands. Health City reports that since opening its doors the hospital has seen more than 4,000 patients and done more than 330 procedures. There are 15 international contracts in place for patient referrals and it's one of the most ecologically friendly hospitals in the region. The hospital has 152 employees, of which, 50 are Caymanian.

The student internship programme is also said to be going well with 160 students having gone through the system. The summer intern college programme has been filled and 24 students, most of whom are medical students, are expected. In a very short time Madam Speaker, Health City is not only being viewed as a medical tourism facility but a first

class tertiary care hospital that enables Caymanians to get critical medical care that was previously only available by travelling overseas.

Madam Speaker, our fourth and final lever to help move the economy is to encourage a positive business environment through developing new business sectors, supporting entrepreneurship and the creation and growth of small and medium sized enterprises. This Administration believes in engaging businesses in meaningful dialogue over issues of common concern, such as a shared approach to the development of the workforce ensuring Caymanians find not only jobs, but further opportunities for advancement as well.

This Administration will continue to assist small and medium businesses through the necessary legislative support, small business incentives and other types of administrative help. In the next fiscal year we will develop the legislative framework to tackle anti-competitive practices.

In another effort to attract investment, we are updating Cayman's governmental framework for intellectual property in three main areas—copyrights, trademarks and patents. We believe this will go a long way in the protection of locally created content. We realise there is a strong need for Cayman to meet international standards in order to ensure that the rights of our creative community are recognised and protected, not only here at home, but abroad. These efforts will also increase Cayman's attractiveness for foreign investment in areas such as knowledge-based businesses.

The first aspect of this to be achieved will be copyrights. In March this year, the UK extended its 1988 Copyright Act to the Cayman Islands through the Copyright (Cayman Islands) Order, 2015. This order will come into force in Cayman following a public education campaign, and once necessary arrangements have been made for local implementation. We expect the order will be in place this fall.

Also this fall, Government expects to present to this House two Bills, one dealing with trademarks and the other with patents.

Local economic benefits include the potential for attracting new types of business to the Islands, which will result in increased government revenue and the creation of jobs. This is an exciting development and the possibilities are real, as we have businesses that would be good to have domiciled here already knocking on our door. Our efforts will also broaden local access to goods and services, such as television programming from other markets.

I would add, Madam Speaker, that we have also established a useful partnership with Cayman Enterprise City (CEC), which has shown good progress in increasing the business it attracts to Cayman, albeit they have yet to reach the numbers the initial CEC management and the previous Government promised the country. But the current management

team led by Charlie Kirkconnell has done a very good job and there is every reason to be positive and optimistic. Already 152 companies have set up in the zone and there are hundreds more in the pipeline with an estimated economic impact of \$40 million.

Cayman Enterprise City recently agreed to renegotiate its legal agreement with Government to give Government reasonable flexibility in allowing other businesses, especially Caymanian businesses, to have access to market segments that were locked down by the original CEC agreement. The previous agreement, negotiated by the UDP Administration, was far too restrictive and prevented many Caymanian businesses from being able to develop in the market sectors covered by the agreement. In return for agreeing to less restrictive terms, CEC has been given the ability to cater to other types of businesses. Further, Government has agreed to partner with CEC to introduce a Maritime Services Park, which will enhance the maritime services on offer from Cayman. We believe this will bring new businesses and jobs to the country and help further diversify the sector. The introduction of a maritime park in Cayman will allow the Maritime Authority of the Cayman Islands to initiate the first Maritime Week event in 2016, which we believe will quickly become the pre-eminent annual maritime affair in the region.

All of this business activity is generating jobs for Caymanians, which remains a priority of this Administration. It is our mission to help Caymanians who are willing and qualified to work to access the job market. And to assist Caymanians looking for work, Government will create an online tool that will serve as a clearinghouse for job listings in the country, benefiting employers and potential employees. But in those cases where there are no Caymanians available or willing to do particular jobs, then it is important that businesses have the ability to import necessary labour and to be able to do so using an efficient and transparent process. And so we will be moving much of the work permit process online to improve efficiencies and to also provide the necessary transparency that is needed to keep the system honest. This has now become an e-Government priority and work will continue into the next fiscal year.

In September the Legislative Assembly should receive new labour legislation, which will repeal and replace the Labour Law (2011 Revision), and provide greater clarity to employers and employees on areas identified as priorities for reform as well as introduce a system of administrative fines to enable more efficient and effective enforcement of the law.

Also in September, Members of the House should receive a series of Bills that will improve pension plan administration and compliance. Additionally, we are anticipating that changes will be implemented before the end of the year that will give employees the option to move to a scheme that allows retirement at age 65 instead of 60. I would add, Madam Speaker,

that the Government has decided to allow civil servants to opt for retirement at age 65 instead of being mandatorily retired at age 60.

It has been a busy two years, Madam Speaker. We have accomplished much and have set ourselves up to achieve even more over the coming years. The Government's thoughtful use of these four main levers or strategies, that is, Practicing Good Governance, Supporting Tourism and Financial Services, Developing Needed Infrastructure and Encouraging a Positive Business Environment are moving Cayman's economy from strength to strength, helping us reach our goal of a strong economy that fuels business, increases investment and creates jobs and prosperity across all segments of Cayman society. Our collective economic success—Government and the private sector working together—creates the platform for the future success and wellbeing of our people.

This Progressives-led Government is determined that the benefits of the County's success cannot line just the pockets of a few. This Administration is working hard to ensure that Caymanians across our Islands feel the real benefits of growth. We have come a long way in two years, Madam Speaker, but we know that there is much more work to be done to ensure that all Caymanians once again feel that our economic miracle is benefiting them. But we are well on the way, and we will get there.

Now that we are achieving our initial goals of economic growth and financial stability, and creating operational surpluses, we can do more to drive forward with our ambitious plans for the future—a future of prosperity from which all Caymanians benefit. Our ambitions include:

- The expansion of local employment through partnerships with businesses, employment programmes, education and training;
- Better education through improved schools, community support, technical and vocational training and various avenues to help our people find work;
- A better standard of living through reduced taxes, a lower cost of living, low inflation and the aforementioned minimum wage; and
- Social progress through projects aimed at early intervention and strategies to prevent crime, enhance community safety, and improve health and wellbeing.

This Administration has also recognised that economic growth needs to go alongside the protection of our precious environment through an improved waste management system, a legislative framework for conservation and protection and balancing the important protection of our environment with much-needed development.

Madam Speaker, we now have the ability to truly look at what needs to be done to move Cayman

forward to a better tomorrow. We have demonstrated over the last two years what can be achieved if we plan properly and act positively. However, if we allow ourselves to be deflected by the old politics of personality and recrimination, I believe we know all too well the negative ramifications. That way, there lies a return to economic uncertainty and Government finances out of control. That way, there lies no hope. That way, nothing can be done for our future—nothing for our people needing jobs; nothing for our children needing a better start in life; and nothing for our families needing support to improve their standard of living.

There is real hope that we can achieve progress and prosperity in which all can share. Already, we are acting to tackle the cost of living and we are doing what we can to reduce the import duties and fees that will directly benefit consumers. But there is more we will do.

This Government is all too aware of the high cost of medical insurance premiums in the Cayman Islands. We have agreed to seek expert advice, including an independent actuary, to review the current structure and market to understand if the pricing is fair. If action is needed to ensure the market functions more effectively, then this Government stands prepared to take that action. The same is true, Madam Speaker, regarding the price at which the two large fuel importers charge gas stations for gasoline and diesel. Government has promised action and we are moving forward on those promises. The Minister of Planning, Lands, Agriculture, Housing and Infrastructure will speak to this during his debate.

As I have said, education and employment are central to our plans to spread the benefits of growth by investing in giving our children the best possible start in life. We need to drive up standards and to be more ambitious for our children's future. Therefore, this Administration will establish an Office of Education Quality Assurance, which will carry out rigorous, objective and independent inspections of all schools, as well as early childhood and education centres.

Work on the new John Gray High School Hall will recommence in the new fiscal year and we expect to see those works completed in 2016. There will also be changes on Cayman Brac where the Ministry of Education will work with the Ministry of District Administration, Tourism and Transport to develop and carry out a school plan to utilise the multi-purpose building on the Bluff to improve opportunities for education, optimise class sizes and create general efficiencies, including sharing of the sports field and other common facilities.

Just last week the Ministries of Education, Employment and Gender Affairs and Financial Services, Commerce and Environment, along with Cayman Finance, agreed to begin working in partnership to offer an education and work experience initiative for

up to 50 Year 12 students in the dual enrolment government system.

Work will continue to move toward the construction of a new Sunrise Adult Training Centre and the School for Hospitality Studies will see its first graduates receive their certification next month.

The Ministry of Education, Employment and Gender Affairs will create a National Training Council to advise on, participate in and support the development, coordination and management of Technical and Vocational Training in the Cayman Islands. TVET opportunities will be expanded through public/private partnerships and a mechanism will be developed to register private sector businesses that deliver training and development programmes to ensure appropriate standards are met.

Hand-in-hand with a well-educated society is a healthy society and this Government is striving to make improvements to all aspects of healthcare and the well-being of our people.

By the end of this fiscal year we will have conducted a three-month ground trial using a novel technique against the mosquitoes that cause Dengue and Chikungunya. We will continue to employ these techniques in the upcoming fiscal year to keep our people, residents and visitors safe from these mosquito-borne illnesses.

We must also ensure that we take care of our most vulnerable people. In particular, services for those with mental health needs require improvement. A steering committee formed last year has developed the Strategic Outline Case for a new Long Term Residential Mental Health Facility, which was released to the public this month. In the coming year, Government will move these plans forward.

Madam Speaker, we believe that a healthy society must be an active society, so it is only fitting that the realignment of services under the umbrella of the newly formed Ministry of Community Affairs, Youth and Sports is well under way, and that as new synergies are created between these units, we anticipate that better services will be provided to strengthen our communities and empower our people.

The Ministry will continue to work with the Strategic Sports Advisory Group to improve school sport throughout the Cayman Islands, with particular emphasis on the physical education curriculum, inter-scholastic sports and after-school programmes. The work that the Ministry is doing in this area is important because sport is not just about playing games but rather it teaches discipline and teamwork, and, importantly, keeps children moving and healthy. I applaud the Minister of Community Affairs, Youth, and Sports for the important work he and his staff are doing in this area,

The Ministry of Sports continues to organise major local and international events and come this summer, the Cayman Islands will be home to the largest football tournament in our history, the

CONCACAF Under-15-boys tournament, which will see more than 34 teams competing. The tourney will be held at a variety of venues throughout Grand Cayman and Cayman Brac.

To encourage physical activity on the Brac, in this next fiscal year work will commence on the 25-metre swimming pool at the Bluff playfield and we will see the completion of a running track.

Good, clean potable water is also necessary for a healthy populace so the Water Authority will continue work on Cayman Brac on the extension of the infrastructure installing 8-inch pipes. Work will also commence on the future Bluff Water Works site.

Madam Speaker, to be successful and prosper, a well-educated and healthy society also needs to be assured of safety in the community in which they live and work.

This Government banned the importation of the chemical herbicide paraquat. This was necessary because of the many senseless deaths to dogs throughout the Islands. In the words of Mahatma Gandhi, **“The greatness of a nation . . . can be judged by the way its animals are treated.”**

Madam Speaker, maintenance of public order is a core function of any government and is a priority for this Progressives-led Administration. Our communities have to feel safe and our reputation as a safe tourist destination has to be maintained. To this end, regulations to the Conditional Release Law, which will have a major impact on re-offending rates, are being prepared with proposed implementation in late summer. In the next year we intend to pass amendments to the Rehabilitation of Offenders Law, as well as a Prohibited Immigrants Law that will, with sufficient protections, ensure that Caymanians or those with close Caymanian connections can be treated fairly by authorities and within the community.

As we take measures to reduce the crime rate, the Royal Cayman Islands Police Service continues its efforts to identify and confront the security threats faced by the Cayman Islands.

Madam Speaker, crime is a reality, here in the Cayman Islands as in any jurisdiction or country. Therefore, the Department of Community Rehabilitation continues to provide community based supervision and intervention as an alternative to prison. This work, Madam Speaker, is ongoing, not only on Grand Cayman, but also on Cayman Brac and Little Cayman.

Madam Speaker, everything the Progressives-led Government has done and is doing, is for the betterment of our people here and now and to ensure a bright and prosperous future for generations to come. The necessary precondition for that has been the fulfillment of the tough plans we put in place to get Government finances back under control from the chaos they were in when we took office. Having achieved that, this Administration will not just sit back in self-congratulation as others might have done.

There is more to be done and other issues to which the Progressives-led Administration has turned its attention. I mentioned earlier that I would speak more about Project Future and the EY Report.

We are committed to a programme of sensible and pragmatic government reform that will improve the efficiency and effectiveness of public services. Our agenda for change will be set by the Government's priorities and we will use the EY Report as a reference as we develop our own programme. We are now working to bring forward the right projects to deliver real and lasting improvement on those issues that we believe are priorities and which help us to achieve the outcomes we desire. I have recently highlighted progress on six key projects and more are in the pipeline.

Madam Speaker, the previous Administration failed to maintain the financial and political stability that this country needs in order to thrive. Sadly, no Government is privy to a money tree. Instead, as we have demonstrated, we are good stewards of government's coffers, disciplined in our approach to public expenditure. While we realise that we just can't afford to do everything that everyone wants done, we have identified the priorities that are right for these Islands and we are putting in place the plans needed to achieve them.

As I said earlier, we are at the mid-point of this elected term, but I assure you, Madam Speaker, this Government isn't just looking at two years down the road and an upcoming election. Our goal extends much further than just completing an elected term. We are ambitious for the future of these Islands and for the future of all Caymanians. We have put in place the platform from which to achieve our ambitions through the successful implementation of our plans that were set two years ago, to achieve our twin goals of strong economic growth and sound public finances. Just as those achievements provide the bedrock for our future plans, so our achievement of them proves this Progressives-led Government has the credibility to achieve our ambitions in the future.

Some politicians opposite, particularly the Leader of the Opposition, appear more comfortable being stuck in and living in the past, fighting the same wearisome old battles of yesterday. That attitude and approach achieves absolutely nothing for the people of Cayman. In fact, it does the reverse; it damages the prospects for our people. But the country can rest assured that neither I as Premier, nor the Government as a whole, will be distracted from our duty and mission by political stunts and side-shows conducted by those whose future is now well and truly past.

Madam Speaker, there can be no going back. No going back to the days of personality politics and a Government focused on self-aggrandisement and political survival. Instead, what we need is the politics of ambition and action, with Government focused on what is best for the people it serves. What we need is not to go back but to go forward toward a better to-

orrow. What we need is continued progress, and Madam Speaker, I believe a Progressives-led Government has shown it can deliver this and more.

I wish to take a moment, Madam Speaker, to say that (and I believe I speak for the whole House in this regard) we welcome the re-election of the Conservative Government in the UK, this time with a majority. We have had a very good working relationship with the last administration over the past two years and it is good for Cayman that this will continue with many of the same players and contacts in place. To start over with a new Government would have delayed and possibly stymied the progress we are making. I am also personally pleased, Madam Speaker, that Mr. James Duddridge has been reappointed as the Minister for the Overseas Territories. I join with Governor in inviting the Minister to Cayman to see for himself our wonderful Islands and to meet our people.

I wish to thank my team for their commitment and discipline in adhering to our philosophy of fiscal responsibility and a caring Government. I have mentioned and thanked various Ministers specifically, but it behooves me to also recognise and thank our Caucus, the Deputy Speaker, Anthony Eden, and Councillors, Joey Hew, Alva Suckoo, Roy McTaggart, and Winston Connolly. They not only do valuable work in various ministries but they also form, along with Ministers, the Government Caucus and assist in bringing matters to Government's attention and in deliberating on and contributing to the business of Government. And equally important, they quite capably step in as Temporary Ministers on those occasions when a Minister is away on holiday or business. There is much work on the Executive side of Government, as you well know, Madam Speaker, and their presence makes the work lighter.

I also wish to thank the Deputy Governor, Mr. Franz Manderson and the Attorney General, Mr. Samuel Bulgin, for the important role that they each play in the Cabinet and in this House and for their invaluable advice.

My gratitude is also extended to the Cabinet Secretary, Mr. Samuel Rose, for his guidance and assistance to myself as Premier and to the Cabinet and Caucus. I should also pay tribute to the work of the Clerk to the Cabinet, Mrs. Kim Bullings, and to all Chief Officers and other public servants for their work and support of this Government's policies, projects and programmes.

I wish too to also thank you, Madam Speaker, for the wisdom and patience you display as you chair meetings of this Honourable House.

And finally, but most importantly, Madam Speaker, I thank God for all His mercies, for His guidance and for His love.

In closing, Madam Speaker, I urge all Members of this Legislative Assembly to remain focused on those things that are good, those things that are right, and those things that are in the best interest of

the people of the Cayman Islands. That, after all, is why they have accorded us the great privilege of being here.

I thank you for your attention.

GOVERNMENT BUSINESS

BILL

FIRST READING

APPROPRIATION (JULY 2015 TO JUNE 2016) BILL, 2015

The Clerk: The Appropriation (July 2015 to June 2016) Bill, 2015.

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

SECOND READING

APPROPRIATION (JULY 2015 TO JUNE 2016) BILL, 2015

The Clerk: The Appropriation (July 2015 to June 2016) Bill, 2015.

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

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

Madam Speaker, I beg to move the Second Reading of a Bill entitled the Appropriation (July 2015 to June 2016) Bill, 2015.

The Speaker: The Bill has been duly moved, does the Minister wish to speak thereto?

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

The Speaker: Please proceed.

BUDGET ADDRESS

Hon. Marco S. Archer, Minister of Finance and Economic Development: Madam Speaker, it is with tremendous pride and great optimism that I stand before this Honourable House, to speak to The Appropriation (July 2015 to June 2016) Bill, 2015.

I will begin my Address today by giving thanks to the Lord, without whose guidance and direction I would be unable to stand before you to present my third budget since taking office in May 2013.

Two years ago, when I delivered my first ever budget Address as the newly appointed Minister of Finance and Economic Development, our country faced sizeable challenges: most notable among them was the deficient state of Government's finances; strained relations with the United Kingdom; and the uncertain direction of our economy. Whilst at times the road seemed daunting, I remained confident that with faith, perseverance and prudence, not only would we achieve fiscal sustainability and repair our diplomatic ties, we would ultimately regain the trust of the people, and in so doing, enjoy sustained economic growth.

Whilst it is possible to continually improve the state of our public finances each year, I am pleased to report that our dedicated efforts are now bearing fruit, and we are finally on the cusp of restored public finances—a benefit of disciplined governance.

Madam Speaker, the Government's first priority was to ensure that the public's finances were placed on a sound footing in order to make a positive difference in the lives of our people, a footing which will become the foundation upon which we build a stronger and more resilient Cayman Islands.

As I will outline today in this address, during the 2015/16 fiscal year our cash balance will reach levels never before seen by the Government without having borrowed the money. We will once again deliver a surplus budget. Our debt burden will continue to decline, and our Government will regain full compliance with all principles of responsible financial management as outlined in the Public Management and Finance Law (2013 Revision) (the PMFL).

When our fiscal plans come to fruition, the Government will be better able to serve our citizens and have greater flexibility in bringing much needed relief to our citizens through enhanced programs, better infrastructure, increased employment opportunities, and lower fees and taxes.

Madam Speaker, the 2015/16 Budget placed before you, represents a historic milestone for our country. It represents this Administration's unwavering commitment to maintain accountability in its financial affairs. It is the first Budget to achieve full compliance with all six Principles of Responsible Financial Management, as cited in the Framework for Fiscal Responsibility (the FFR) and reflected in the PMFL. This Government has therefore successfully positioned the country to meet all six of these principles by the established target date of 30 June 2016. It should be noted Madam Speaker that the inclusion of the FFR into the PMFL significantly raised the bar on what were already very stringent goals with respect to the state of our Public Finances.

By way of example, before the FFR was added to the PMFL, the ratios for the Principles of Responsible Financial Management were assessed at 30 June each year. When the FFR was passed as an amendment to the PMFL, the assessment date for the 90-day Cash Reserve ratio was changed to 31 De-

ember each year, the date at which Government's unrestricted cash balances are at their lowest level. This meant that the significant cash inflows from financial services fees between the months of January to March were of no assistance in meeting the December Cash Balance requirements. Therefore, the requirements of the FFR made it more difficult to meet the 90-day Cash Reserve ratio.

Madam Speaker, achieving these enhanced requirements has not been easy. I pause to add that the FFR was only added to the PMFL in December 2012, just six months before the 2013 election. This Government had to make many tough decisions along the way, and as a result, we have had to face our fair share of criticisms. However, I am confident that the decisions taken were the right decisions, and were taken in the best interest of the people of the Cayman Islands.

COMPLIANCE WITH PRINCIPLES

Madam Speaker, I will now go into further details on the various principles under the PMFL and how the 2015/16 Budget forecasts achieve compliance with these principles:

1. Net Operating Position: For 2015/16, the requirement that Central Government revenues be greater than its expenses will be achieved, as the Government is forecasting Revenues of \$661.2 million and Operating Expenditures of CI\$539.9 million, resulting in a CI\$121.3 million net operating surplus;

2. Net Worth: At the end of 2015/16, the requirement that Central Government assets, less its liabilities be positive will be achieved, as the Government's assets are forecast to exceed its liabilities by approximately \$1.7 billion;

3. Debt Service: For 2015/16, the requirement that annual payments on all public sector debt not be more than 10 per cent of Core Government Revenue, will finally be achieved, as the Government is forecasting a debt servicing ratio of 9.9 per cent. A significant focus of this Government is to reduce the Public Sector debt burden as aggressively as possible while observing the PMFL requirement that all debt related payments should not exceed the 10 per cent ratio in any fiscal year. As a risk mitigation strategy, and in the event of an unforeseen reduction in revenue which would threaten compliance with the debt servicing ratio, for the current 2014/15 fiscal year the Government has placed CI\$17.1 million into a debt service Sinking Fund which it will be able to draw upon to remain within the 10 per cent limit. The total balance in the Sinking Fund now stands at \$18 million;

4. Net Debt: For 2015/16, the requirement that the total debt of Central Government plus the weighted average debt balance of Public Entities, less Central Government's liquid assets be no more than 80 per cent of Central Government Revenue, will be achieved, as the Government is forecasting a net debt

ratio of 45.5 per cent: this is well below the legally prescribed limit of 80 per cent;

5. Cash Reserves: For 2015/16, the requirement that the unrestricted cash reserves of the Government at 31 December 2015 be sufficient to cover 90 days of Operating Expenditures will be achieved, as the Government is forecast to have sufficient cash reserves to cover approximately 94.7 days of Operating Expenditures at 31 December 2015, the estimated lowest point during the fiscal year for unrestricted cash reserves; and lastly number 6.

6. Financial Risks: For 2015/16, the Government will continue to manage its risks prudently by maintaining sufficient insurance coverage on all Government property and major potential liabilities, and remain prepared in the event of a hurricane or other unforeseen adverse event.

Madam Speaker, full compliance is a significant milestone which should not be overlooked. We should remind ourselves of the underlying objective of the PMFL, which is to promote vigilance and transparency in the management of Government's finances. The PMFL, with the inclusion of the FFR, required the Government to improve accountability in all its public sector operations, a task which this Administration has complied with and remains committed to.

However, before I delve further into the fundamentals of the Government's proposed budget for 2015/16, I will take a few minutes to reflect on the steps we have taken to this point, as it is worth evaluating the changes we have made to restore Government's finances.

2013/14 UNAUDITED ACTUALS

With respect to the 2013/14 Unaudited Actuals, the fiscal year ended with a \$109.1 million operating surplus for the Entire Public Sector. This amount was \$8.9 million greater than the full-year original budget surplus of \$100.2 million. Public Entities reported a \$9.1 million surplus, while Central Government achieved a \$100 million surplus. This positive change in the operating performance was mainly due to higher than anticipated operating revenues, coupled with lower than expected operating expenses, and was achieved despite the 2.5 per cent gratuitous payment of \$3.7 million to civil servants by the Government in June 2014.

Total revenues for 2013/14 were \$2.6 million more than the \$644.7 million projected in the approved Budget. Higher than expected revenues were largely due to increased activity in the economy, as well as improved efficiency in revenue collections. Specifically, revenue from increases in total merchandise imports and an uptick in the real estate market, all contributed positively to the improved financial performance.

Total operating expenses of Core Government for the year ended 30 June 2014 was \$547.3

million, or \$2.1 million less than the \$549.4 million originally budgeted in 2013/14. These savings can be attributed to the Government's concerted effort to manage its expenditures within the confines of the Government's four-year Medium Term Fiscal Strategy agreed with the Foreign and Commonwealth Office.

Madam Speaker, the Government ended the 2013/14 fiscal year practically on budget for Personnel Costs, spending \$238.1 million. This is a testament to this Administration's commitment to manage the Civil Service headcount through restrained recruitment and attrition. Included in the amount for personnel costs was \$11.4 million paid into the Public Service Pensions Fund towards the Government's past service liability for Civil Service and parliamentary pension benefits.

Total Supplies and Consumables, were \$88.1 million. This was \$2.8 million less than the original 2013/14 budget anticipated. This was largely due to underspends for items such as travel and professional consultation fees.

Total Depreciation expense for the year was \$25.9 million. This was \$2.1 million less than budgeted. The delayed acquisition of certain assets which were originally planned to be acquired earlier in the fiscal year created these savings.

For total debt overall, the Government saved \$0.9 million (CI\$900,000) in finance costs during the 2013/14 fiscal year. This was due to our aggressive efforts to re-negotiate interest rates, reduce the balance of public debt, minimise the use of the overdraft facility and this Administration's stance on refraining from any new borrowings.

Madam Speaker, compared to fiscal year 2012/13, when the actual expense of CI\$800,000 (\$0.8 million) was incurred on bank overdraft interest only, this Administration reduced overdraft interest to \$100,000 (\$0.1 million) during its first year in office, 2013/14, and then completely eliminated overdraft interest charges during the current 2014/15 fiscal year. Madam Speaker, in other words, we only spend to the extent we can afford to, and we do not plan to enter into any debt instruments to finance recurrent expenditure.

The Government spent CI\$102.2 million on Outputs from Statutory Authorities and Government Owned Companies, during the 2013/14 fiscal year. This amount was \$1.5 million over the budgeted amount, and was primarily a result of increased demand for medical services at the Health Services Authority, as well as an increase in output funding to the University College of the Cayman Islands.

Outputs from Non-Government Output Suppliers were \$1.3 million over budget during the 2013/14 fiscal year. This was mainly due to the unpredictable nature of certain expenditures such as Legal Aid Services under the Bill of Rights, Services for Refugees, and Overseas Medical Care.

The Government spent \$31.1 million in Transfer Payments for 2013/14 fiscal year, which was a savings of \$2.0 million from what was originally budgeted. Part of these savings stemmed from the Government's efforts to regularise the Young Nation Builders Scholarship Programme by properly aligning the terms and conditions of those scholarships with those of the Education Council to ensure equal treatment for all persons receiving scholarships from the Government.

Statutory Authorities and Government Owned Companies (SAGCs) recorded a combined net operating surplus of \$9.1 million. This was a positive variance of \$4.1 million, when compared to the original budget. Improved performance was seen in various SAGCs. In particular, the Port Authority ended the 2013/14 fiscal year with a surplus, thanks to increased cargo volume. Additionally, the Civil Aviation Authority had a successful year in 2013/14, posting the highest net income ever realised by the Authority, mainly as a result of prudent management of the Authority's finances, as well as significant growth in the Cayman Islands Aircraft Registry. Other contributors to this positive variance were the Cayman Islands Monetary Authority, the Water Authority, the Cayman Islands National Insurance Company (CINICO), the Cayman Islands Airports Authority and the Maritime Authority.

Madam Speaker, I will speak briefly about our Public Entities which are usually not the area of focus during annual budget presentations, however, they are worthy of attention as collectively along with having first call on the country's revenue, they incur operating expenditures of approximately \$300 million annually, and account for approximately 40 per cent of the total operating expenses of the entire public sector.

Madam Speaker, for several years following the introduction of Government's financial reform in 2004, the Government's budget featured a line item called "net deficit" of Statutory Authorities and Government Owned Companies. The people of these Islands expect that this Progressive-led Administration will ensure that all public entities utilise their financial resources in a manner that benefits the country as a whole.

Madam Speaker, we have instituted real management and guidance, challenging public entities to improve their overall financial performance and holding them accountable for delivery. As a result, we are no longer seeing collective net deficits; rather we are seeing growing surpluses as loss making agencies reduce their losses, while profit making agencies increase their returns to Central Government. I have said it before and will always believe that since they operate with delegated authority from the Central Government, the relationship between Central Government and SAGCs should be like that of 'parent and subsidiary companies' as is common in the corporate world.

Our 26 Statutory Authorities and Government Companies are not an insignificant part of the entire public sector, Madam Speaker, and I believe the results speak for themselves when the entire group contributes to lifting the country out of its previous economic and financial challenges.

Many of these institutions were created with the best of intentions to deliver critical services, regulate important industries, or promote various aspects of our culture. However, somewhere along the way a few have gone off the rails. Public institutions can either advance or hinder social and economic progress; and as the Minister with responsibility for Finance and Economic Development, it is my duty to ensure, with the support of my colleagues, at least from a fiscal management perspective, that these institutions do not hinder, but rather serve to advance progress in this country socially, financially and economically.

Madam Speaker, returning now to the results of operations for the fiscal year ended 30 June 2014: total assets of the Government were \$2.27 billion, of which property, plant, and equipment was \$1.74 billion. Total liabilities were \$855.6 million, and total Net assets were \$1.42 billion. Government's debt balance stood at CI\$548.9 million at 30 June 2014. This amount continues to decrease with scheduled payments.

Total overall closing bank account balances as at 30 June 2014 was CI\$173.9 million, of which \$108.3 million was held in reserve and restricted bank accounts whilst the Operating bank account had a positive balance of CI\$65.6 million.

Madam Speaker, I would like to further highlight that the 2013/14 Annual Accounts were prepared and submitted in line with the statutory deadline of 31 October 2014. These accounts are expected to be audited before the end of this current fiscal year. This will result in the first set of audited entire public sector accounts since the PMFL came into effect in 2004.

Overall, the financial results for 2013/14 speak for themselves, and demonstrate that this Administration has gotten off to a strong start in the management of the country's affairs during their first year in office.

With no borrowing during the 2013/14 fiscal year, Central Government's unaudited \$100 million Operating Surplus provided the funding for Capital Expenditures and Investments of \$41.2 million, as well as a means of repaying Government's debt principal obligations of \$25.5 million. The Operating Surplus also increased Government's Cash Reserves during the year, which was necessary in order for the Government to comply with its legal obligation to have sufficient cash balances to meet 90 days of Operating Expenditures.

The further consideration that will be examined is whether to make a transfer of some cash balances to General Reserves. Given that the Government deliberately chose to manage its finances with-

out the use of an overdraft facility, the operating bank account balance must always remain positive and always be sufficient to pay Government's expenses. Making a transfer of cash to General Reserves means that, in the event of a subsequent need to use the amount transferred, the approval of the Legislative Assembly is required and, the time required to obtain the approval may not allow for urgent use of the funds transferred to General Reserves. Hence, the amount of any transfer to General Reserves requires careful estimation, but such a transfer is noble because, in layman's terms, it would represent the Government's achievement in putting aside funds for a rainy day.

Madam Speaker, this is comparable to a business deciding whether to place more funds in a fixed deposit or to keep it in their chequing account to be utilised in meeting expenses. Nevertheless, the Government gives the country its assurance that whenever a transfer can be made to General Reserves, it will be made to the greatest extent possible.

2014/15 FINANCIAL FORECASTS

Madam Speaker, I will now focus briefly on the forecast financial results for the current 2014/15 fiscal year as they form the foundation for the 2015/16 Budget.

At 31 March 2015, the forecast operating surplus for the financial year ending 30 June 2015 was CI\$134.6 million; \$6.6 million more than the \$128.0 million originally anticipated in the 2014/15 budget.

The Government's Operating Revenues were forecast to be CI\$660.2 million. This amount is \$2.4 million more than the \$657.8 million originally budgeted. Increased activity in the domestic economy and the US economy, as well as the growing demand for our tourism product, positively impacted various revenue streams, resulting in an increase in merchandise imports, and a significant upsurge in real estate sales.

The forecasted 2014/15 operating expenses of Core Government is \$538.7 million compared to \$536.8 million originally budgeted for the year. Once again, the Government remained steadfast in carefully managing its expenditures.

Personnel Costs for 2014/15 are forecast to come in below budget at \$232.3 million; or \$9.5 million less than originally budgeted. The Government has continued its efforts to gradually downsize the Civil Service, and has placed special attention on improving employee efficiency in order to enhance the value and the provision of Government services.

Turning to Financing Expenses, the Government is forecast to come in on budget at \$28.5 million in Financing Expenses for the 2014/15 fiscal year. As a result of continued prudent fiscal management, the Government was able to operate throughout the 2014/15 fiscal year without the need for an overdraft facility.

Outputs from Non-Government Output Suppliers are forecast to be \$6.9 million higher than the original budget. This is primarily due to over utilisation of Overseas Medical Care, along with increased cost for the custody, care and repatriation of Cuban Refugees.

The Net Surplus of Statutory Authorities and Government Owned Companies, is forecast to be \$13.1 million for the fiscal year ended 30 June 2015. This amount is \$6.0 million more than the \$7.1 million included in the 2014/15 budget. The Cayman Islands Airports Authority, CINICO, and the Health Services Authority have all been performing better than expected. Cayman Airways has also been experiencing positive results, and this is due to increased air arrivals coupled with lower operating costs as a result of declining fuel prices. Increasing cruise visitor arrivals also positively impacted the Port Authority. As I noted earlier Madam Speaker, it is no longer business as usual, and the intervention of this Government in driving accountability is starting to bear fruit.

As a result of increased revenues and reduced operating expenditures, the Central Government is forecast to have closing bank account balances totalling CI\$269.6 million. This amount is \$13.5 million more than the \$256.1 million shown in the 2014/15 budget. The very important Operating Bank account balance is expected to be \$138.4 million at 30 June, 2015, and Restricted Cash Balances will make up the difference of \$131.2 million.

Madam Speaker, preliminary results for fiscal year 2014/15 show that we are on track, yet again, to outperform the initial budget expectations, and poised to fulfil our obligations towards achieving FFR compliance by 30 June 2016.

ECONOMIC OUTLOOK 2015/16 to 2017/18

The economic landscape over the medium-term looks favourable. Overall growth for our country, particularly as it relates to our tourism sector, is foreseen to be on an upward trajectory. Although our domestic sector is contingent on growth in the advanced economies, recent projections for these economies suggest accelerated recovery. In particular, GDP growth for the United States is projected to jump from 2.4 per cent in 2014 to 3.1 per cent in 2015, despite its first quarter performance in the US.

Domestic private consumption and investment will continue to support our growth, since Government's commitment to the FFR has significantly impacted its role as the major stimulator for the economy through increased expenditure. Notwithstanding the Government's limitations under the FFR, as with previous years, this year's economic stimulus package of \$20.1 million is geared at reducing the cost of doing business through lowered import duties and is expected to positively impact disposable income and domestic demand.

Economic growth over the medium-term is also expected to be driven by the construction sector, stemming from a number of private sector investment projects. These include: the new Kimpton Hotel and Condominiums on Seven Mile Beach, and the redevelopment of the former Hyatt Beach Suites Hotel. Once completed, these projects are expected to directly boost our tourism offerings, while generating indirect economic benefits in areas such as wholesale and retail, transport, and the utility sectors.

In addition to the economic stimulus package implemented by Government, this Administration has identified five major projects which are expected to boost investment and economic growth. These are the George Town cruise berthing facility; the Owen Roberts International Airport Terminal upgrades; the revitalisation of George Town; the extension of the East-West Arterial road; and a new solid waste management facility. In particular, a higher growth prospect for the tourism sector is anticipated over the long-term from the airport and cruise berthing projects.

External demand is also likely to be boosted by the Health City Cayman Islands Hospital, now that the hospital is JCI [Joint Commission International] accredited, and has received the Gold Seal of Approval from Joint Commission International.

Barring any major global events, whether man-made or natural, which could negatively impact the growth of our tourism and financial services, real GDP [Gross Domestic Product] growth for the Cayman Islands is forecast at 2.1 per cent in 2015/16. Thereafter, the growth rate is forecast to grow at 2.3 per cent in 2016/17 and 2.6 per cent in 2017/18.

With respect to inflation, Madam Speaker, with the anticipated boost to domestic demand for goods and services resulting from the increase in tourism, along with the implementation of various infrastructure projects, slightly higher inflation rates are projected over the coming years. This is to be expected as inflation is a natural by-product of growth and development in any economy.

For fiscal year 2015/16, inflation is forecasted at 1.7 per cent, up from 1.4 per cent in 2014/15. This assumes global oil prices will remain sufficiently low enough to dampen the build-up in inflationary pressure due to higher domestic demand for goods and services related to tourism and construction. Thereafter, the inflation rate is forecast to increase to 2 per cent in 2016/17 and then, to 2.4 per cent in 2017/18.

With respect to unemployment, Madam Speaker, the unemployment rate is expected to be 4.7 per cent in 2014/15 and remain at 4.7 per cent in 2015/16 because of an expected increase in the labour force due to an increase in the retirement age from 60 to 65 and, the natural increase in the working age population amongst Caymanians. Thereafter, the unemployment rate will decline to 4.5 per cent in 2016/17 and it is expected to remain at 4.5 per cent for 2017/18. New employment opportunities are ex-

pected to be created directly and indirectly from the public and private construction projects and operation of the major tourism development projects, particularly the Kimpton Hotel, the redevelopment of the former Hyatt Beach Suites Hotel and the new cruise terminal.

Turning now to the current account, Madam Speaker, the growth in imports and remittances are expected to be outweighed by the growth in inflows from tourism and financial services, thereby narrowing the deficit for the current account in the balance of payments from 21.6 per cent of GDP in 2014/15, to 21.1 per cent in 2015/16.

While inflows from tourism services are expected to be higher in the succeeding years, outflow of payments to the rest of the world are expected to accelerate due to the volume of construction materials and consumable goods imported to facilitate the planned private and public sector projects. Therefore, the current account-to-GDP ratios are forecasted at 22.4 per cent in 2016/17, and 23.2 per cent in 2017/18.

2015/16 FINANCIAL FORECASTS

Madam Speaker, I would now like to focus the attention of Honourable Members to the financial forecasts included in the 2015/16 Budget. Total Operating Revenues are forecast to be \$661.2 million; Operating Expenditures are forecast to be \$525.2 million; and Financing Expenses are forecast at \$27.6 million. This results in a Core Government net Operating Surplus of CI\$108.4 million. After factoring in the forecast net Operating Surplus of the Statutory Authorities and Government Owned Companies of \$12.9 million, the Entire Public Sector, is forecast to record a net Operating Surplus of \$121.3 million.

The 2015/16 Net Operating Cash Flows are forecast to be CI\$139.6 million. This will be used to fund Capital Expenditure and Equity Investments of CI\$50.3 million; make principal debt repayments of CI\$20.0 million; other cash inflows expected during the year amount to CI\$2.7 million; and the remaining balance of CI\$72 million will be used to further improve the Government's operating cash balances.

As you can see, Madam Speaker, the financial results for 2015/16 are well aligned with the requirements of the FFR and the compliance date of 30 June 2016.

With respect to revenues, Madam Speaker, this Government said from the outset that it would not introduce any new revenue measures. That is a commitment we've kept, and, all things being equal, one that we intend to keep for the duration of our term. Madam speaker, the revenue that the Government collects is an absolute necessity as it enables the Government to improve our infrastructure, provide educational opportunities for our children, healthcare and security for our citizens, and provide for the less fortunate among us.

The 2015/16 forecast operating revenue of CI\$661.2 million includes no new revenue measures, and represents a very conservative 1 per cent growth rate over what was budgeted for 2014/15. This is possible because of the growth in the domestic economy.

This Government has recognised the challenges faced by many Caymanians on a daily basis in trying to make ends meet. The Government therefore took steps to provide relief to the average citizen through the reduction in rates for certain revenue items which will continue to have maximum impact on disposable income and the economy over the coming year.

Madam Speaker, as you know, there are few tangible goods produced in the Cayman Islands and much of what we consume is imported from elsewhere. The reduction of two percentage points on the majority of dutiable items was one measure that the Government implemented in 2014/15 which will continue for the 2015/16 fiscal year.

Madam Speaker, everyone knows that the cost of electricity in these Islands accounts for a major part of private household spending as well as the cost of doing business. In 2014/15 the Government began to provide some relief by reducing the import duty placed on diesel fuel consumed by CUC by 25 cents per gallon which took effect in January 2015. The value of the revenue forgone from January to June 2015 is estimated to be CI\$4.2 million. For 2015/16, the 25 cents duty reduction equates to additional disposable income of \$4.2 million between July to December 2015, and a further \$4.2 million boost between the months of January to June 2016.

In addition to what has been detailed above, Madam Speaker, the Government will again reduce the import duty placed on diesel fuel consumed by CUC by an additional 25 cents per gallon starting on 1 January 2016. This means that Government will for-sake a further CI\$4.2 million during the last six months of the 2015/16 fiscal year.

Therefore, the total diesel duty reduction from January 2015 to June 2016 is CI\$16.8 million when considering each of the 25 cent reductions in January 2015 and January 2016. This reduction will provide further relief to the cost of electricity as well as generate increased disposable income to be spent in the local economy.

Once again, it is expected that additional disposable income will result in a greater level of spending in the economy, which will provide increased activity for business entities, greater opportunities for employment and enhanced quality of life for individuals.

Madam Speaker, the total stimulus package in the 2015/16 Budget is CI\$20.1 million; \$12.6 million in diesel duty reduction and \$7.5 million in a cost of living adjustment to the Civil Service. This represents a direct increase to disposable income to be spent within the local economy.

Turning now to operating expenditures: Madam Speaker, the 2015/16 forecast for Core Government Operating Expenses is CI\$552.8 million, inclusive of Financing Costs. This represents a \$16.0 million increase from the 2014/15 budgeted expenditure level. This increase includes, among others, the Government's planned award of a 4 per cent cost of living adjustment which is expected to cost the Government \$7.5 million; \$3.8 million to purchase outputs from CIMA; \$1.8 million to CINICO with respect to health insurance benefits for pensioners; \$0.9 million to fund additional recipients under the Seamen's ex-gratia regime; \$0.7 million of additional funding with respect to the e-Government initiative; and \$0.5 million for salary re-grades during the fiscal year.

Madam Speaker, this Government will not allow fiscal constraints and the challenges of our present circumstances to prevent us from capitalising on key opportunities and making short term sacrifices to realise long term benefits. Therefore, Madam Speaker, whilst the 2015/16 Budget shows a 3.0 per cent increase in the Government's planned operating expenses, the reality is that we are also making investments into innovative methods of delivering enhanced services to our citizens which will make the Government more efficient and save the country money in the medium to long term.

Madam Speaker, we are aware that we must do more with less. However, it is equally important that we identify those priority areas that will place the country and our people in the best possible position for this and future generations to grow and develop economically and socially. Yes, we are going to do more with less, as we have been doing, but, more importantly, we are going to do things right. That means, we are focusing on investments in education for our people for their upward mobility, social advancement, and to reach the levels of economic prosperity that is the potential of every Caymanian. We will invest in necessary infrastructure to facilitate growth and diversification and support the key pillars of our economy. We will invest in modern technology, and we will improve Government services at all levels, but we are not going to increase the tax burden in order to do so. The Government has a firm grasp on the situation.

The initiatives that the Government is working on and are funded in the 2015/16 Budget are:

1. Preparing the management framework to facilitate implementation of approved recommendations from the Ernst and Young Report in regard to 'Project Future';
2. Investing in e-Government initiatives to improve access, service levels and efficiency across the public sector;
3. Establishing the Central Procurement Office, which will bring efficiencies to the Government by leveraging our significant buying power; and
4. Establishing a Major Projects Office which will manage the Government's major project initiatives

such as the Airport redevelopment, the Cruise Berthing facility, and the Integrated Solid Waste Management System.

Madam Speaker, the major components of the operating expenses in the Appropriation Bill are as follows:

Personnel Costs are budgeted at \$252.4 million, which includes a provision of \$11.4 million to be paid into the Public Service Pensions Fund towards the Government's past service liability for Civil Service pension benefits. Personnel Costs are by far the largest component of the Government's budget. Also included in the Government's fiscal plan is a cost of living adjustment of 4 per cent for civil servants. As the Government noted in the presentation of the Strategic Policy Statement last November, the 4 per cent is significantly less than the cumulative growth of inflation since the last cost of living adjustments which took into account inflation rates to 2007.

Whilst the Government would like to do more and catch up with the rate of inflation, we have to be cognisant of our continued fiscal constraints and the need for ongoing sacrifices for the benefit of the entire country. Madam Speaker, any government should recognise that they do not govern for the sole benefit of the Public Service; they govern for the benefit of the entire country with the assistance of the Public Service.

There are other important points that need to be made with respect to the award of the 4 per cent cost of living adjustment:

- the award is not funded by any new taxes being implemented, the award is funded by operational savings and existing revenues and there will not be any increases to existing taxes, fees and charges; and
- the cost of living adjustment should not be inflationary within the economy since there is no added cost to taxpayers and businesses by way of increased taxes.

Madam Speaker, I wish to take a few minutes to speak about a matter concerning Civil Service personnel costs, a matter which successive Governments have neglected. Madam Speaker, I am proud to be a part of a Progressives-led Government that has the will and fortitude to deal with some of the more difficult issues to which previous administrations have taken the Ostrich approach. One of those issues, Madam Speaker, is the Government's current post-retirement healthcare benefit plans.

Madam Speaker, the Mercer Report shows that if this country continues with the present regime, we will be facing a healthcare liability of approximately CI\$1.18 billion dollars. The estimated operating cost in relation to post-retirement healthcare benefits was CI\$135 million with respect to the 2014/15 year. Madam Speaker, that analysis suggests that without tak-

ing the necessary steps, it is the country that will suffer.

Madam Speaker, this Honorable House enacted legislation which requires the Government to ensure that its fiscal plans do not entail annual operating costs which are greater than the expected revenues for the same fiscal year. In other words, when it comes to the current post-retirement healthcare benefit regime, we have to accept that it is simply unaffordable and something must be done in the best long-term interest of the country.

If it is left unresolved, in three years, the current post-retirement healthcare regime will cost the Government approximately CI\$161.8 million for the 2017/18 fiscal year. Such a situation would limit the Government's ability to provide future relief in terms of reduced fees and taxes to the country as we would need to keep the Government's revenue sufficiently high enough to absorb such significant costs, and may even impinge upon the provision of essential services.

As I said in my address to the 2015/16 Strategic Policy Statement, the Government intends to own this problem and to do something about it. Now that we have the Mercer Report, Madam Speaker, we are in the process of negotiating appropriate measures which we hope will be sustainable for the country. Working with our actuaries and the Civil Service, the Government will be considering the feasibility of the following measures:

1. We will raise the retirement age from 60 to 65 years. Madam Speaker, present life expectancy in the Cayman Islands is approximately 82 years. Therefore, by increasing the retirement age by 5 years, the period of time that employees will be drawing post-retirement benefits could be reduced by as much as 25 per cent. However, this does not only benefit the country, it also allows willing and able Civil Servants to earn a higher salary as compared to a pension; negotiate lower mortgage payments with more years to repay their mortgages; and the associated mental and physical health benefits of working and remaining active.
2. Capping the lifetime limit on claims. Madam Speaker, presently, every civil servant enjoys a lifetime maximum on health insurance claims of \$5 million. Very few actually reach that limit, but the fact that it exists, results in a potential liability that is quite high. The Government will therefore propose to lower that limit to a more realistic figure which will also limit government's potential future liability. For the sake of comparison, private sector employ-

ees usually have a lifetime maximum of \$2 million, and that is for the very senior employees and partners in professional firms.

3. The Government plans to introduce a graduated post-retirement benefit scheme. It is unreasonable, Madam Speaker, nor can this country afford, for someone to spend 30-plus years of their working career in the private sector, join the Government at age 50, then retire in 10 years with the same full coverage of lifetime free medical as someone who has worked their entire career in the Civil Service. But that is the present regime and it is simply unsustainable.

Madam Speaker, while the aforementioned measures will begin to address the healthcare liability, we must do more. Madam Speaker, the EY Report recommended and I quote: "That we should introduce co-pay and deductibles for all CINICO customers."

Given that the majority of CINICO customers are civil servants and healthcare benefits are part of their contractual terms and conditions of service, we will request the Deputy Governor, as Head of the Civil Service, to present a business case to Cabinet on the feasibility of this recommendation and potential impacts on the Civil Service, civil servants, CINICO and the Health Services Authority.

What is clear is that we cannot ignore the problem. But we must fully understand the complexity of the issue and develop a solution that is both effective and sustainable. We aim to have a modernised benefits strategy in place by 2018. Therefore, Madam Speaker, in the interest of transparency and full disclosure, the Government has acknowledged the cost of this issue in the notes to the 2015/16 Financial Statements. We intend to work assiduously with all stakeholders to arrive at a solution that is equitable, fair and, most importantly, one that this country can afford.

Continuing with the 2015/16 forecast operating expenditures:

- Supplies and Consumables are budgeted at \$89.5 million. This reflects a marginal decrease when compared to the estimated expenditure of \$90.7 million for 2014/15. Notwithstanding, the Government has included provisions for important investments in e-government, support for school facilities and various other ancillary costs to support ongoing service delivery.
- Outputs from Statutory Authorities and Government Companies are budgeted to be \$98.7 million for 2015/16. This amount is \$4.6 million more than the forecasted \$94.1 million for 2014/15.

- Madam Speaker, the importance of CIMA [Cayman Islands Monetary Authority] to our crucial financial services industry cannot be over emphasised. Therefore, when CIMA reported to the Government that it may not yield the previously expected level of revenue from the Hedge Fund Directorship fees, the Government took swift action in providing an additional output funding of CI\$3.8 million to ensure there would be no interruption to the operations of that Agency.

Madam Speaker, earlier I spoke about the growing concern of increased costs associated with the current post-retirement healthcare benefit regime. In 2015/16, the Government will have to pay an additional \$1.8 million to CINICO for the healthcare coverage of Civil Service pensioners. That will bring the total provision paid to CINICO for this coverage to CI\$21.4 million for 2015/16. That figure, Madam Speaker, is twice the amount the Government will provide to CIMA to regulate our entire financial services industry for 2015/16. It serves as yet another reminder, that something must be done, and soon.

Outputs from Non-Governmental Output Suppliers are budgeted to be \$22.8 million for 2015/16. The major items in this category are: \$11.4 million for the provision of overseas medical care for indigents; \$2.7 million to provide legal aid services to qualified persons; \$1.6 million to provide rental assistance to persons in need; and \$1.5 million for primary and secondary education by private schools.

Madam Speaker, the provision of Transfer Payments is largely used to support the most vulnerable in our society. It includes programmes which provide assistance to our seamen and veterans and scholarships to our children, and relief for the poor. For 2015/16, the Government has made provisions of \$7.6 million for poor relief payments and vouchers; \$7.1 million in benefit payments to seamen and ex-servicemen; \$11.6 million in scholarships, and \$0.7 million in housing assistance.

Total Transfer Payments for 2015/16 is budgeted at \$32.6 million. This amount is \$1.3 million higher than the \$31.3 million forecasted for the current 2014/15 fiscal year.

Worthy of noting is the Government's intent to provide an additional \$0.3 million for needs assessment support, and \$0.9 million to fund additional recipients under the seamen's ex-gratia regime. Madam Speaker, this country should never forget nor seek to diminish the contributions made by those who came before us, especially our seamen and veterans, without whose efforts we would be unable to enjoy the economy and the freedoms we now have. Therefore, when it came to achieving the results required for legal compliance with the FFR, the Government was adamant that the budget targets would not be achieved by merely pulling resources away from the

most vulnerable within our society; rather, sacrifices would have to be made in other areas to ensure that we could continue to provide critical support where it is needed.

Financing Expenses are budgeted to be \$27.6 million for 2015/16. This represents a \$0.9 million decrease from the 2014/15 forecast amount of \$28.5 million. Financing costs will continue on a declining trajectory, as the Government continues to work hard to reduce public sector debt levels. I am also happy to report, Madam Speaker, that no ancillary borrowing costs will be incurred for 2015/16 as the Government does not plan to undertake any new long-term borrowings, nor will it require the use of any overdraft facilities.

Depreciation and amortisation are budgeted to be \$27.3 million for 2015/16 fiscal year. This reflects the annual wear and tear on various Government assets in the provision of goods and services. Whilst no cash is actually expended for depreciation, under accrual accounting the Government is required to recognise this cost as it improves transparency and better reflects the true cost of operations.

With respect to capital investments, for the 2015/16 fiscal year, Capital Expenditures and Equity Investments in Public Entities are forecast to be approximately CI\$50.3 million. The 2015/16 Budget allocates CI\$31.3 million to be invested in assets of the core Government such as:

- \$10.5 million for the Ministry of Planning, Lands, Agriculture, Housing and Infrastructure for various capital projects, including: CI\$5.3 million relating to the revitalization of Central George Town and \$3 million to cover gazetted land claims associated with planned road works;
- \$8.0 million to the Ministry of District Administration, Tourism and Transport for various capital projects, including: \$4.2 million towards the Cruise Berthing facility and \$3.5 million for various capital projects on Cayman Brac;
- \$5.0 million for the Ministry of Education, Employment & Gender Affairs towards the phased construction of the John Gray High School;
- \$2.2 million for the Ministry of Health and Culture for various capital projects including solid waste management;
- \$2.0 million for the Ministry of Home Affairs for capital projects relating to National Security; \$1.5 million to the Ministry of Community Affairs, Youth & Sports for upgrades to the Haig Bodden Play Field and to develop a Walking Track at the Bodden Town Primary School.

Additionally, a sum of \$19 million will be invested in Statutory Authorities and Government Companies, primarily to fund the debt service obligations

of these entities. The major investments in this category are:

- \$9.0 million to the Cayman Turtle Farm (1983) Limited to fund debt servicing and operational losses;
- \$5.1 million to Cayman Airways Limited to fund debt servicing and capital expenditures;
- \$2.4 million to the National Housing Development Trust to fund debt servicing obligations; and
- \$1.5 million to the Cayman Islands Development Bank as part of the re-capitalisation of that entity.

With respect to cash and debt management, Madam Speaker, during 2015/16 fiscal year, total cash balances are expected to grow by \$72 million, reaching \$341.6 million by the 30 June 2016. When this is achieved, it will be unprecedented for a year in which the Government undertook no new borrowings.

At 1 July 2015, the Core Government Debt is expected to be CI\$523.4 million. Over the 2015/16 fiscal year, the Government will make principal payments of CI\$20 million, thereby reducing the outstanding debt to \$503.4 million by 30 June 2016.

Madam Speaker, I would also like to share with my legislative colleagues that the Cayman Islands Development Bank (CIDB) will make an early repayment of a US\$5 million bond before the end of this current fiscal year, 30 June 2015, using its own reserves. This particular Bond, Madam Speaker, is not legally due for payment until the 2015/16 financial year. However, early repayment will save the country on interest cost, strengthen the balance sheet of CIDB and place the organisation on a more sustainable footing going forward.

This action is consistent with our prudent fiscal management policies and our unwavering resolve to reduce the public sector debt burden. Before 30 June 2015, CIDB will re-finance US\$36.8 million of bullet bonds utilising amortising structures that allow the repayment of debt principal over time and, other factors being equal, will result in less interest being paid when compared to the currently held bullet bonds.

In addition to the early bond settlement, which strengthens the public sector's debt position, in 2014/15 Government has contributed \$17.1 million to a dedicated debt service Sinking Fund. The total balance in the Sinking Fund now stands at CI\$18 million. This Fund will serve the Government well in future years as other bonds mature and facilities that were executed with deferred principal payments fall due for payment.

Therefore, Madam Speaker, the Government's overarching fiscal policy for the 2015/16 Budget will continue to centre on:

1. Controlling operating expenditures.

2. Limiting Capital Investments.
3. Decreasing Public Debt.
4. No new long term borrowings.

Madam Speaker, as Colin Powell once said: **"A dream does not become reality through magic; it takes sweat, determination and hard work."** And I would add to that, Madam Speaker, it takes courage!

The people of these Islands were called upon to make sacrifices during the difficult period of the recent global recession. As Minister with responsibility for Finance, it is my duty and honour, along with my colleagues, to ensure that those sacrifices are not in vain, and to do my part in making sure that every dollar counts.

Madam Speaker, it is critically clear to this Government, that our privilege to lead and our ability to make the necessary interventions to achieve the required broad outcomes for our society is only possible with the support of those we govern. The Budget before you not only represents a significant accomplishment for Government's finances, but it also represents that success can be achieved through sacrifice. The 2015/16 Budget is a result of many sacrifices.

This Administration remains committed to returning our public finances to a sustainable position. And although having to make the responsible decisions was oftentimes difficult, it was absolutely necessary. And yet, given our tight fiscal constraints, the very fact that we have been able to maintain business as usual is an achievement in itself. Because, even though the Government's policy objectives were limited to the specifications of the PMFL, our approach to policy was limitless. And now, thanks to our innovative efforts and dedicated strategies, we are poised to achieve full compliance with all six Principles of Responsible Financial Management in the PMFL by the stipulated deadline of 30 June 2016.

Madam Speaker, achieving compliance with the principles, means that Government will not have to seek prior approval of the FCO to present an annual Budget to the Legislative Assembly. However, it is important for the public to understand that such compliance does not mean Government can take on significant borrowing in the future, if the effect of such new borrowing would breach the ratios in the Principles of Responsible Financial Management. The principles and their associated ratios have to be satisfied in all future fiscal years.

It is also very important for it to be clearly understood that, unless there are extenuating circumstances, in order to ensure that borrowing does not occur to balance future budgets, it is necessary that Government's future expenditures do not grow at a faster rate than the country's economic growth. Such restraint on future expenditures will avoid the need for unreasonable or unnecessary increased taxes, fees, rates and charges. I made this critical point in my

2014/15 Budget Address by stating: “**However, our goal ought to be that we control government expenditure so that it grows at a slower rate than the overall economy for any given period. This is the only way of avoiding the risk of increased taxation or deficit spending financed by borrowing.**” It is worthy of repetition in this Address.

Madam Speaker, I therefore reiterate that I am proud of the accomplishments that this Government has achieved to date. We sacrificed our desires, we adjusted to our realities and we transformed our challenges into opportunities.

According to David McCullough, two-time Pulitzer Prize winner: “**Little of consequence is ever accomplished alone.**” Therefore, I would like to acknowledge that the preparation of the Government’s Budget is an enormous undertaking, requiring the co-operation and commitment of many. I therefore wish to thank Her Excellency the Governor, the Honourable Premier, Cabinet Ministers, Official Members of Cabinet, Councillors, and the Chief Officers and their staff.

I would also like to extend my profound gratitude to all staff in the Ministry of Finance and Economic Development that assisted in the preparation of the 2015/16 Budget documentation.

Madam Speaker, it has been a privilege for me to stand before this Honourable House today. I thank you for your attention and to God be the glory for great things He has done for the people of the Cayman Islands.

I now humbly commend the Appropriation (July 2015 to June 2016) Bill, 2015, to this Honourable House, and ask all Members for their support of the Bill.

Thank you, Madam Speaker.

[Applause]

The Speaker: I recognise the Honourable Premier to move the motion for deferral of debate on the Budget Address.

MOTION FOR THE DEFERRAL OF DEBATE ON THE BUDGET ADDRESS

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

I beg to move the following motion: BE IT RESOLVED THAT the debate on the Budget Address delivered by the Minister of Finance and Economic Development be deferred until, Wednesday, 20 May 2015.

The Speaker: The question is: BE IT RESOLVED THAT the debate on the Budget Address delivered by the Minister of Finance and Economic Development be deferred until, Wednesday, 20 May 2015.

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

Ayes.

The Speaker: The Ayes have it.

Agreed: Debate on the Budget Address delivered by the Minister of Finance and Economic Development, be deferred until, Wednesday, 20 May 2015.

The Speaker: I once again recognise the Honourable Premier.

MOTION FOR THE THRONE SPEECH, BUDGET ADDRESS AND THE GOVERNMENT’S POLICY STATEMENT TO BE DEBATED SIMULTANEOUSLY

The Premier, Hon. Alden McLaughlin: Madam Speaker, I beg to move the following motion: BE IT RESOLVED THAT the Throne Speech, Budget Address and the Government’s Policy Statement be debated simultaneously on, Wednesday, 20 May 2015.

The Speaker: The question is: BE IT RESOLVED THAT the Throne Speech, Budget Address and the Government’s Policy Statement be debated simultaneously on, Wednesday, 20 May 2015.

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

Ayes.

The Speaker: The Ayes have it.

Agreed: Throne Speech, Budget Address and the Government’s Policy Statement to be debated simultaneously on Wednesday, 20 May 2015.

The Speaker: I recognise the Honourable Premier for the motion to adjourn.

ADJOURNMENT

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

Madam Speaker, I move the adjournment of this honourable House until 10:00 am, Wednesday, 20 May 2015.

The Speaker: The question is that this honourable House do hereby adjourn until 10:00 am, Wednesday, 20 May 2015.

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

Ayes.

The Speaker: The Ayes have it.

Before departing I would just like to put on the record the attendance of former Members of this Legislative Assembly. I believe it is the largest number we have seen in some time. I thank you for your continued attention and interest in the affairs of this country, and I look forward to dining with you during the luncheon break.

At 12:51 pm the House stood adjourned until 10:00 am, Wednesday, 20 May 2015.