



CAYMAN ISLANDS  
GOVERNMENT

**2020/2021**  
***Strategic Policy Statement***  
***“Delivering Government’s Priorities”***



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## **2020/2021 Strategic Policy Statement**

### **“Delivering Government’s Priorities”**

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

**12 April, 2019**

Mr. Speaker, the Honourable Minister of Finance and Economic Development earlier today laid on the table of this Honourable House, and spoke to, this Government’s 2020/2022 Strategic Policy Statement.

Mr. Speaker, I will read from that statement the summary of economic and fiscal forecasts:

SUMMARY OF ECONOMIC AND FISCAL FORECASTS The 2020 Strategic Policy Statement (“SPS”) provides medium term economic and financial forecasts for the Government for the next three financial years covering the period 1 January 2020 to 31 December 2022 along with the Government’s Broad Strategic Outcomes which will guide the development and implementation of Government Policy during this period. In addition, the SPS sets the parameters for the preparation

of the detailed 2020 and 2021 Budgets and provides the Cayman Islands Government 2020 Strategic Policy Statement 5 Summary of Key Fiscal Indicators Growth in revenue is driven primarily by increased demand for goods and services as all sectors in the local economy are projected to expand during the forecast period. The Government also anticipates transferring a total of \$74.3 million to General Revenues from various trust accounts whose holding period is scheduled to mature during the SPS period. The total operating expenditure targets for the Core Government for each of the next three financial years have been set at \$734.2 million for 2020; \$741.7 million for 2021 and \$746.8 million for 2022. This expenditure will be used over the next three years to fund the following key priorities: Improving safety and security through enhanced community policing; improving security of our borders; delivering better management of labour markets; implementation of the immediate priorities in the Older Persons' Policy; and social assistance programme reform.

- Ministry of International Trade, Investments, Aviation and Maritime Affairs – Establishing a new ministry to foster international relations and promote foreign investment in the Cayman Islands.
- Ministry of District Administration, Tourism and Transport – Enhancing tourism marketing to high value source markets; continuing service by Cayman Airways to strategic tourism markets; and the continued implementation of the National Tourism Plan.
- Ministry of Finance and Economic Development – Increasing funding to the Cayman Islands National Insurance Company for the continued provision of health insurance services to its clients.
- Ministry of Financial Services and Home Affairs – Enhancing the Financial Services policy functions of the Ministry and the regulatory services provided by the Cayman Islands Monetary Authority in response to recent international regulatory changes; and building capacity in Cayman Islands Fire Services and Prison Service.
- Ministry of Commerce, Planning and Infrastructure – Continuing to develop and implement Information Technology services including improved cyber-security and EGovernment

initiatives; and the continuation of the George Town revitalisation project. Key Fiscal Indicators 2018

FY Preliminary Unaudited \$000 2019 FY Approved Budget \$000 2020 FY Forecast \$000 2021 FY

Forecast \$000 2022 FY Forecast \$000 Core Government Operating Revenue 830,155 722,838

829,051 850,954 836,884 Core Government Operating Expenditure 650,580 657,772 734,170

741,743 746,797 Core Government Operating Surplus 179,575 65,066 94,881 109,211 90,087 Public

Authorities Net Operating Surplus/(Deficit) 394 (5,781) 795 (1,215) (1,767) Entire Public Sector Net

Operating Surplus 179,969 59,285 95,676 107,996 88,320 Core Government Year-End Cash Balances

553,848 234,858 284,105 272,591 290,007 Core Government Debt 419,965 286,682 250,113

215,837 181,560 Cayman Islands Government 2020 Strategic Policy Statement 6 • Ministry of

Education, Youth, Sports, Agriculture and Lands – Continuing enhancement of teaching and learning

in schools with a focus on increasing the use of online and computerised testing; strengthening core

curriculum across primary and secondary schools; funding for scholarships for advanced, specialised

tertiary education – such as Medical and Special Education Needs; and supporting and promoting

growth in the agriculture sector. • Ministry of Health, Environment, Culture and Housing –

Implementing the Integrated Solid Waste Management System and the commencement of

operations of the new Long Term Residential Mental Health Facility. The total capital expenditure

target for the Core Government over the next three financial years has been set at \$383.4 million to

address critical investment in areas such as education facilities, road infrastructure, solid waste

management, improvements to public safety facilities and continued support of Statutory

Authorities and Government Companies (SAGCs). The Government is forecasted to maintain year-

end cash balances averaging \$282.2 million over the SPS period and full-compliance with the

Principles of Responsible Financial Management. The Government does not intend to incur any new

borrowings and plans to fund all of its operating expenditure and capital investments from cash generated from its operations.

I confess, Mr. Speaker, that as I rise today I find myself somewhat reflective, for this will be the last time that I am called upon as the Premier of these Cayman Islands to move the motion for adoption of the Government's Strategic Policy Statement.

It is also recognition that I have just two years left to get as much done for my country in this role as I am able to do. So these next two years will not be a gentle wind-down, but rather a ramping up of delivery as my Government looks to push on further and achieve even more for our people.

Yet inevitably, this last Strategic Policy Statement does lead me to reflect on how different, indeed how much better, a place our Islands are in now compared to when I rose to make my first such speech six years ago following the 2013 elections.

Following those elections, as we formed the Government, we understood full well what Winston Churchill meant when he said, “the problems of victory are more agreeable than those of defeat but they are no less difficult’.

Everyone here will remember that at that time, Cayman was struggling to pull itself out of the last major recession. And so we knew that whoever won that 2013 election would face real challenges.

Certainly, the recession had taken its toll on our economy and the jobs market. Growth had virtually stagnated and the overall GDP of the Cayman Islands was still lower than it had been before the impact of the recession. Caymanian unemployment had continued to rise, reaching a high of 10.5% in 2012.

Consequently, Government finances were hit hard as revenues fell just at the time when the need for counter-cyclical government spending was increasing. Inevitably, Government

deficits followed and public sector debt ran to a peak of over \$613m.

Against that background, Mr. Speaker, when I gave my very first policy address to this House on 7th October, 2013, I set out both what I believed the task of the Government was and the approach we would adopt:

Quote - “In May this year the people of this country entrusted the Progressives to form a government to get this country back on course. As Leader I have striven from the very outset to honour that trust by forming as inclusive a government as possible.” End Quote

In the last six years we have indeed put the country back on course and across two successive Administrations I have kept true to that inclusive approach. As a result, what a very different position our country finds itself in. The economy has grown steadily. The latest figures from the Economics and

Statistics Office show annualized GDP growth at 3.6% in the third quarter of last year.

Caymanian unemployment has plummeted. When the Fall 2018 Labour Force Survey is completed and released it will show that Caymanian unemployment has better than halved to 4.6% from that peak of 10.5% before we took office. This is the lowest level of Caymanian unemployment in more than a decade – a tremendous achievement by any standard. But this is not a singular achievement; there is more. Government continues to generate significant surpluses. My two Administrations have generated a total operating surplus of some \$700m and we have managed to reduce Government debt to under \$420m, having repaid over \$150m since 2013. And we will substantially reduce this further before the end of this term.

All this has not just happened by accident. It is the product of this Government's willingness to support and work with the private sector to achieve sustainable growth. It is the product of this Government's determination to see that Caymanians are able to benefit from that growth through accessing jobs and opportunities. And, Mr. Speaker, it is the product of this Government's sensible and prudent stewardship of the nation's finances, including rebuilding surpluses and repaying debt.

However, I believe that as eye-catching as those headlines are, it is behind the numbers that the real achievements of this Government lie. Economic growth and sound government finances count for little if we cannot harness those things to make a difference in our country and to improve the lives of Caymanians.

The test is whether this Government is delivering on the promises we made to our people and against that yardstick we

have a proven and growing track record of success. Taken together, what we have already achieved and what I am confident we can go on to put in place in the next two years will represent a record that everyone on these benches can be proud to put before the people who voted us into office.

I have repeatedly made the point, in this House and beyond, that success in driving economic growth is a pre-condition for everything else that an elected government wishes to do.

Support for our two pillar industries – financial services and tourism – has therefore underpinned the Government's economic strategy. In both respects, we have been successful.

In financial services, despite the upheavals of the last recession and more recently the seemingly endless compliance initiatives and the endless assaults from those working to undermine our jurisdiction, the Cayman Islands remains the international financial services centre of choice across a range

of key markets. This is the direct result of Cayman's approach in balancing its open-for-business attitude with fair and proportionate regulation coupled with world class, legal, accounting, and asset management professionals.

This Government has continued to develop our legislative and regulatory frameworks to meet global standards, most recently with the passing in this House before Christmas of the economic substance legislation.

We have also been willing to go the extra mile – or thousands of extra miles actually – to take the political arguments to the European Union and elsewhere in support of our Financial Services Industry. I must acknowledge the work of the Minister for Financial Services and the team in her Ministry for the tremendous effort they have put in over the last 18 months in particular in making the case for Cayman.

The fact that Cayman has yet again avoided any kind of blacklisting by the EU is, in no small measure, the direct result of the efforts that the Minister and I, supported by the Ministry staff and the Hon. Attorney General, have made in taking Cayman's case directly to the capitals of Europe.

And I have to again acknowledge the tremendous contribution made by our private sector financial services partners who worked long hours to help us fine tune the legislation on economic substance.

We have more to do as the goalposts continue to move – but this is no surprise. The EU has now added a requirement that Cayman should address an apparent need to give appropriate economic substance to collective investment vehicles or, more simply put, funds.

I say “apparent need” because the EU has yet to make it clear why the thousands of funds based in Cayman should be

required to be given economic substance when that is not a requirement for funds anywhere else in the world. Nor indeed have they been able to articulate quite what that requirement actually means; nor how it might be achieved. Nonetheless, we will continue to engage with the EU and work with the industry here to devise a way forward so long as that is practical and is an accepted global standard.

As well as the EU, we have the Financial Action Task Force's report, released last month, to deal with. We have fallen short of changing requirements as, for the first time, the inspection considered not just the legislative regime in place but the effectiveness of its implementation.

There are those who would say that it is because of our significance as a Financial Services Centre that the bar is higher for us. However, even if there is truth in this, I believe that the report's recommendations will help to strengthen our

jurisdiction. I have said before that Cayman does not need or want illegitimate business and we stand ready to do all that we can to resist any attempts at using our Financial Services Industry for money laundering, terrorist financing or other illegal purposes.

With much work still to do, the Government's SPS and budgetary planning and our legislative timetable both reflect our determination to support our Financial Services Industry and to defend our position.

Our Tourism Industry also continues to thrive. Last year Cayman welcomed nearly 2.4 million visitors; the highest number in our history. The number of stay-over visitors broke previous records and cruise visitor numbers would have also seen a record year but for bad weather in December that prevented 12 ships from stopping here.

This success is the result of a lot of hard work. The Minister for Tourism and his team have a marketing approach that is the envy of the region and the House will no doubt want to join me in recognising the success they bring to Cayman.

Perhaps one of the most tangible expressions of the Government's support for the industry is the new airport terminal. For years, Mr. Speaker, the airport had been creaking at the seams. This Government has finally delivered the modernisation for which our country was crying out.

No sooner has the Prince of Wales opened the new airport terminal than we are turning our attention to the next phase of the airport master plan – runway and other improvements that enhance efficiency and safety.

And so, we continue to support the development of our tourism product, whether through private sector projects, new air routes, or government sponsored infrastructure.

Hotel projects in the pipeline, and the new air links, such as the Denver route recently opened by Cayman Airways, will continue to expand our stay-over visitor business.

And I must add that I appreciate the efforts of Cayman Airways in maintaining this important new route despite the unexpected and immense challenges posed by the grounding of the Boeing 737 Max 8 aircraft.

The new cruise and enhanced cargo port when built – and it will be built – will secure our vital cruise industry for decades and create jobs and business opportunities for Caymanians. It will also enable the country to develop needed cargo handling capacity that means we can import the goods we need to serve an increasing population; potentially at lower prices.

All of these major initiatives are important to our success and this Government will see them through.

The results of all of this must be tangible benefits for Caymanians. To illustrate how our approach delivers those benefits, I will highlight the development at Seven Mile Public Beach that is happening as a result of the agreement between Dart, the NRA and Government and will see \$3m spent on improvements to the sports facilities, landscaping and washrooms. Caymanian vendors and other commercial activities will be facilitated at a dedicated 'vendor village' with better management arrangements. When complete, vendors will have a dedicated area and beachgoers will be able to better enjoy the public beach.

Our focus extends well beyond the Seven Mile Beach corridor. This Government is directly investing in an improved area for local artisans and other beach vendors at Coe Wood Beach in Bodden Town. This development can help to stimulate private sector investment in Bodden Town and is an important part of our plans to help encourage more visitors to look eastward.

Similarly, the Government's recently announced plans to invest \$1m in a long term solution to the problem of beach erosion at Kaibo will re-establish that area as a favourite recreational area.

The new South Sound boardwalk is winning considerable praise from its growing numbers of users. It also serves a broader purpose to safeguard one of the best natural views on Grand Cayman.

So Mr. Speaker, opportunities for the greater enjoyment of our beaches for local people; better commercial opportunities for local businesses - these are the tangible benefits we are delivering.

When we look at the two years that this Strategic Policy Statement covers, most commentators and economic forecasters believe that there will be a global slowdown. We cannot think that Cayman can remain unaffected by what

happens in the global economy and, let us be honest; a slowdown at some point is inevitable. However, our economy is robust and resilient and local businesses and government are in a good position to meet the challenges ahead.

Diversification of Cayman's economy must be a central part of our future economic strategy in order to spread risks, improve resilience and create new opportunities for Caymanians. Again the Government has acted in this respect.

One excellent example is the impact that the world-class intellectual property legislation put in place by my last Administration is having. That legislation was critical for not only attracting new industries but also breathing new life into existing business lines.

Because of this modern IP legislation we have seen the founding of TechCayman, which is already beginning to attract digital and knowledge-based businesses to our shores. The

legislation has also supported the work done by Cayman Enterprise City and is helping that special economic zone attract new business to the Cayman Islands.

The importance of the IP legislative framework is also being seen in its impact more broadly. Trademark registrations have more than doubled from an annual average of around 300 to over 600 in the 12 months following the passing of the legislation.

For the first time in its 30 year history, the North American Law Summit was held in Cayman last year, attracted here to discuss the new opportunities that our IP regime offers business sectors like the entertainment industry. This demonstrates the very strong potential for future growth for Cayman in the knowledge industries.

And speaking of strong potential Mr. Speaker, I am also pleased to note the growth in the number of Reinsurance

Companies and the increased interest from players in this key sector in setting up in Cayman. The reinsurance sector is one that we intend to support and grow.

It is the development of these new industries, alongside our support for the traditional pillars of our economy that will create the jobs and business opportunities for future generations of Caymanians.

Unfortunately, there is still a perception, spread by some that Cayman's economic success is being delivered on the backs of the Caymanian people rather than for their benefit. Mr. Speaker, nothing could be further from the truth.

It is fashionable in some political circles these days to disparage facts in favour of half-truths, misleading statements or even downright lies. I hope that in this House, however, the facts still matter and truth is something we all respect.

So let us examine the facts, Mr. Speaker.

This Government pledged to work to achieve full Caymanian employment so that every Caymanian willing and able to work is able to find a job. The facts tell us that we are well on our way to delivering on that key pledge. As I stated earlier, Caymanian unemployment has better than halved from its peak and now stands at 4.6% and we will continue to work to create more opportunities.

Behind that headline statistic, Mr. Speaker, lies increased prosperity for a huge number of Caymanians and their families. Overall, some 3,300 more Caymanians are employed now than prior to my Government taking office in 2013. For those who persist in doubting whether this Government's economic strategy is really benefitting Caymanians, I will just repeat that

Mr. Speaker - 3,300 more Caymanians are in work now than when my Government took office in 2013.

Our pledge to create a new integrated department dealing with both labour and immigration issues has been delivered with the formal launch in February of Workforce Opportunities and Residency Cayman or WORC.

I accept that changing the machinery of Government is not, in and of itself, something to trumpet so let us look at what the new Department will deliver in the coming months. The first of those will be the online jobs clearing house – due to go live in the next few weeks - through which all jobs will be advertised allowing every Caymanian full access to the opportunities available.

In the longer term, for the first time, we are creating the capacity and capability in government to work with the private

sector to identify the future needs of business so that we can make sure Caymanians have the skills needed to access the jobs that will be created.

Improvements in the work permit regime are also progressing and we will road-test the proposed changes shortly.

For those that need more help in the labour market here and now, the Government has acted to make the National Community Enhancement Project happen twice a year. Around 500 Caymanians benefitted from three weeks' work experience – and the income it brought them – in the latest programme in the run up to Christmas. It is worth noting again that the number of participants in the last programme was well below that of previous occasions thanks to the significant reductions we have achieved in unemployment for Caymanians.

I have heard it argued, Mr. Speaker, that these excellent job numbers are a red herring. The argument goes that

Caymanians are being stuck in low wage jobs while opportunities for advancement are only available to ex-pat workers.

As is often the case, Mr. Speaker, a very small grain of truth is being spun into a web of misinformation.

Again, let us examine the facts. The Occupational Wage Survey, recently released by the Economics and Statistics Office, for the first time gives us real data to draw upon. While the results are not strictly representative, having gotten returns in respect of only around half of all those in employment, I think we can safely draw some key conclusions.

First, let us consider that the average Caymanian wage earner in the survey earned \$3,851 per month or over \$46,200 a year. I believe that we can agree that is a respectable wage, Mr. Speaker. However, what may be surprising to some is that the survey results also indicate that the average Caymanian wage

earner makes more than \$500 per month, or \$6,000 per annum than the average non-Caymanian wage earner in the survey.

That is because when you look at the lowest 20% of earners in our economy, only 13% of Caymanians are in that bracket but over 28% of non-Caymanians can be found there.

Conversely, the proportions of high earners are broadly the same with Caymanians being just as prevalent as non-Caymanians in the top 20% of earners.

So Mr. Speaker, overall then, the statistics in the survey indicate that Caymanians are generally better paid relative to ex-pat workers and certainly more Caymanians are doing well in our flourishing economy than this Government's critics would have anyone believe.

It is always a mistake, though, to look at the overall picture and to ignore the very real problems of some individuals. That is where the grain of truth I mentioned earlier comes in. I expect everyone in this House knows of people in their constituencies who are low paid or who have been denied opportunity for advancement.

That is why this Government will not ignore those individuals. For those who are currently amongst the lowest paid in our economy, the Government will review the minimum wage. Now that the Occupational Wage Survey – the key data source needed – has been published, the review can formally commence. I will commit now to this House that the Government will carefully consider and act upon the outcome of the review.

For those who feel that opportunities are being denied them, the new WORC Department will put in place two important

mechanisms in the coming months. The best approach is to work with businesses to get this right. Therefore, the first mechanism is an accreditation scheme that will recognise those businesses that actively provide opportunities for Caymanians.

However, we also recognise that things still may go wrong and we need to be able to clamp down where Caymanians are subject to unfair employment practices. The second mechanism is therefore the creation of a new Fair Employment Opportunities Commission. The House will debate the legislation required to create the Commission at its next meeting, but for now I will say that I believe it is a crucial piece in the overall approach this Government is creating to secure the fair treatment of Caymanians. Its key purpose is to penalise unfair practices in a way that prompts businesses to eliminate discriminating practices.

So to summarise the facts I have laid before the House, Mr. Speaker; our economy is growing strongly and Government's approach will secure the long term future we need.

Caymanians are benefitting from that growth. We have delivered a significant reduction in unemployment and overall some 3,300 more Caymanians now have jobs when compared to 2013.

Caymanians in work are generally paid better than non-Caymanians and at the higher pay brackets, Caymanians and non-Caymanians are equally well represented.

This Government is tackling low pay through the minimum wage review; promoting opportunities for Caymanians through the accreditation scheme; and tackling discriminatory practices by establishing the Fair Employment Opportunities Commission.

But Mr. Speaker, low wages are one issue but so are wages that have been fixed with little movement despite higher prices in the shops. We cannot fix this for everyone but we can, and have, mostly fixed this in the civil service by addressing over the last term, and this one, the pay stagnation caused by the austerity measures following the 2008 Recession. This included various cost of living increases so as to account for inflation as well as dealing with salaries across the civil service that had fallen out of line with the market rates for similar jobs. Whilst these corrections addressed wages of the civil service, it also sent a clear signal to the private sector.

This, then Mr. Speaker, is a track record of delivering for Caymanians that this Government is proud to lay before the House and the country.

Yet there is more. Some say that a rising tide raises all boats. However, I have never believed that we can rely solely on

economic growth and what Adam Smith called “the invisible hand” of market forces to solve all of the issues we face.

Sometimes Government needs to act directly to benefit people who would otherwise be left behind. I would echo the sentiments of Rahul Gandhi who remarked, “A rising tide doesn't raise people who don't have a boat. We have to build the boat for them.”

For that reason, Mr. Speaker, this Government made a pledge to the country to improve the position of seafarers, veterans, those in need of social assistance and long serving civil service pensioners. That is a pledge we have delivered on. As of this January, we have raised the guaranteed minimum income of those Caymanians to \$750 per month from \$550 per month when we took office. This represents an increase of at least 36% in the household income of over two thousand Caymanians and their families.

Hundreds more Caymanians are benefitting from the work that the Minister of Commerce is leading to improve the support available for small businesses. I thank the Minister for the welcome approach he is taking to enhance opportunities for enterprising and entrepreneurial Caymanians who want to start and grow their own business.

Central to that approach is the drive to reduce the burdens government places on business, be they financial or regulatory. Trade and Business Law requirements have been greatly reduced and the whole renewal process has been moved online. Take-up of that online service is improving as business owners' awareness of the benefit it brings to them increases.

As part of this Government's commitment not to raise costs on businesses and families we have maintained the reduced fees for small businesses put in place by the last Administration. In

2018, some 4,800 micro or small businesses benefitted from these reduced fees.

I would also note, Mr. Speaker, that recent amendments to the Companies Law have also reduced red tape and costs for non-profit organisations, including local charities, churches, sports and youth clubs and associations. Application fees were cut from \$1,000 to \$300 and administrative fees from \$500 to \$25.

The second part of our approach is about improving the support available to small and micro businesses. The Minister and the Cayman Islands Small Business Association signed a memorandum of understanding in February aimed at delivering a range of support services including workshops, mentoring sessions, grants and individual assistance to small business.

The partnership between public and private sectors will be further enhanced through the establishment of a small business centre that will enable the provision of direct support,

which will increasingly be tailored to the specific needs of Cayman's thriving small business sector.

As Cayman continues to grow, we need to do so in a planned and sustainable way that makes best use of the land available while preserving our unique environmental heritage. The Government has delivered on its pledge to restart the long term planning process through the publication of the Plan Cayman development framework that recently completed the first round of public consultation.

I am pleased that so many individuals and organisations across Cayman have shown such interest in the process. We have received over 2,800 visits to the Plan Cayman website and over 350 people have submitted formal responses.

We will now take the process forward. The Minister has wisely decided to move into more detailed planning on an area-by-area basis. This means that we can focus on one major land

area at a time. By covering the whole Island over a five year period and then restarting at the beginning, it makes the process continuous and allows for an ongoing planning review process.

Most crucially, the development of area plans will give an opportunity for people to be engaged in the future of their own communities. The first such plan will be created for the Seven Mile Beach Corridor because we need to deal positively with both the significant development pressures there as well as ensuring that the Country is maximising the economic opportunities available.

That process will proceed alongside the work we are doing on the revitalisation of George Town.

The House will no doubt be aware, Mr. Speaker, that we have both spoken in recent months about the potential to consider much higher buildings as part of both of these pieces of work.

The Dart organisation's concept for an iconic tower at Camana Bay is something we must take seriously. I was pleased that my comments generated some debate in the press and elsewhere regarding increased building heights generally and tall towers specifically.

Indeed at the recently concluded conference of the Royal Institution of Chartered Surveyors in Cayman it was reported that this matter was discussed and the concept of an iconic tower was said to have merited consideration. I agree.

It was also noted that given the potential size, the tower proposal should be separated from a wider debate about building heights in general. I also agree.

However, I suspect that there is a very long way to go before Dart or any other developer builds any such tower.

Although much focus will be on Seven Mile Beach, including increasing of building heights there, there is also real potential

in rethinking the building heights we might be willing to see as part of the George Town revitalisation. If we are to see the kind of mixed use development that could both ease commercial demand pressures and bring our Capital back to life as a social and cultural centre as well as an economic hub, we need to be willing to think more creatively about how we utilise space.

As I said recently in my speech at the Cayman Economic Outlook Conference, the key issue for Government considering any proposals to increase building heights, especially to accommodate any ultra-tall tower, will be the tangible benefits it brings to Caymanians. We will want to see job and training opportunities and I have made it clear that any developer will also need to bring forward a significant programme of infrastructure investment. This would necessarily include road and other transport improvements and potentially social infrastructure – improvements to Cayman’s schools or investment in affordable housing for local people for example.

As well as taking an area-based approach, the Government will pick up and tackle some of the important thematic issues contained in Plan Cayman.

Perhaps the most vital and immediate of those is infrastructure. This Government has recognised the historic backlog in infrastructure investment in Cayman and we have invested tens of millions of dollars over the last six years to begin reducing that backlog.

This has most obviously been seen in the improvements we have delivered in the country's road network. While the achievements of the last six years have been considerable, the growth in traffic has been such that our increasing capacity has barely kept pace with the ever rising tide of demand. In some cases, problems are just getting worse.

Members of this House will not need me to tell them this; I am sure they hear it directly from their constituents, particularly

those living east of Grand Harbour. And so we intend to fast forward existing plans to address the traffic congestion along the peak east-west routes.

This Administration has come up with something that eludes many governments worldwide, Mr. Speaker – that is a common sense solution. We will push forward road improvement and spending originally planned for later years to deliver the improvements we need in the coming two year period.

In particular, this means that plans for the extension of the East-West Arterial will be accelerated by more than two years and we will take the route first through to Northward and then on to Boddin Town. The cost of this work is likely to be some \$18m, which as I have said, we will bring forward from future years into the coming budget period.

This is absolutely crucial in solving the problems, Mr. Speaker, but while it is necessary, it is not sufficient. Accordingly, we are

also reprioritising the rest of the highways' programme to include projects around Grand Harbour and westward into George Town to ensure traffic can move more smoothly.

Taken together, this package of improvements will enable us to reduce congestion; shorten and make more reliable journey times; and improve accessibility between central George Town and communities to the east.

For those avid social media followers among you who have seen the meme, I can promise that we will be able to deliver this programme of improvements without '364 roundabouts'!

Seriously though, these plans represent a significant additional investment in the highways' programme beginning near the end of this year and stretching over the next two years.

Finding the money for all this, which the elected Government has done in this SPS process, is only one aspect of the challenge. We rely on the capacity of the National Roads

Authority in terms of the workforce and equipment needed to carry out works of this scale and I would like to thank them for the positive approach they have shown to mobilising to deliver on the plans we are announcing today.

The Plan Cayman project also gives us the opportunity to properly evaluate the long term potential for different solutions to the problems our small Island nation faces. I would like to highlight two issues in particular.

The first is renewable energy. The creation of the National Energy Policy by the last Administration set ambitious but achievable goals to move Cayman to a more sustainable pattern of energy generation and consumption. The Government is implementing several important actions such as the switch to greater use of electric vehicles and the increased use of renewables for government buildings. The Plan Cayman process; however, gives us the opportunity to look at how we

might implement some of the more ambitious parts of the National Energy Policy in a planned fashion – and we intend to take advantage of the opportunity.

The second is the related issue of sustainable transport. I have just announced the Government's commitment to increasing substantially our investment in road-building. That is vital if we are to deal with today's problems. However, all the evidence suggests that if we simply increase road capacity, then sooner or later the roads will just become congested again as our population continues to grow.

In anticipating tomorrow's problems we must deliver alternative solutions. These include safer cycling and walking routes, but I also believe a radical new approach to public transport is necessary.

Accordingly, alongside our announcement of increased highway investments, I am also announcing today that the

Government will commission a specialist mass transportation study to analyse the options available for us to achieve the necessary step change in public transport that the country needs – indeed that the country must have. The study will be complete within a year so that we will be able to consult widely and draw up detailed plans for inclusion in the next Strategic Policy Statement.

The sustainable future we need involves striking a balance between development and the needs of our environment. It does not help us that Government has created approaches and legislation that rather than reconciling those twin drivers, appear to have unnecessarily pitched them as enemies.

Now that the Plan Cayman process is under way, it is time to progress the commitment the Government made to review the operation of the National Conservation Law. Personally, I believe that large parts of that Law are necessary and valuable

and we need to maintain them. Other parts are perhaps not so helpful.

If I may add some levity and paraphrase American President Ronald Reagan - if the Conservation Law had been around at the time the Creator was turning his hand to founding our three Islands, we would still be waiting on an environmental impact assessment.

But in all seriousness Mr. Speaker, it is important not to cherry-pick at this point, so the Government will conduct a thorough review of the whole Law, and how well it works, and consult widely as part of that process. I expect we will bring forward proposed amendments to this Honourable House early next year.

In the meantime, the Government's delivery of its environmental objectives will continue. Perhaps the most significant will be concluding the contractual negotiations with

the consortium that will implement the measures this country needs to end our unsustainable reliance on the landfill.

I am optimistic that if we can push those negotiations to a speedy conclusion – if it could really be called speedy after more than two years – then during the next coming budget period we will be able to put in place the enhanced recycling facilities we need; begin the preparatory works for the new waste to energy plant; and make substantial progress on the required remediation works at the landfill itself. In fact, Mr. Speaker, I am hopeful that work on remediation can begin this year. My optimism is boosted by the fact that despite the delays in finalising the contract we have already dealt with the tyres at the site and increased the recycling of metals. In addition, I understand that negotiations are proceeding well and should be completed in the coming months.

Effective management of the country's waste is not just about major infrastructure. It is also about something really basic – litter. Cayman has always been a relatively clean place in which to live, but in recent times the situation has deteriorated and litter has become increasingly more prevalent.

We need to act now before littering of our streets, beaches and open spaces gets completely out of control. I can therefore announce today that the Government is preparing a major anti-litter campaign. We need to re-educate both locals and tourists as to what is expected from them; we need to provide better facilities for waste and, in time, for street recycling bins; and we need to look again at the litter laws and their enforcement. All three parts of this campaign are important and need to reinforce each other.

Other environmental related infrastructure is being progressed, notably the new reverse osmosis water plant and piped water distribution system on Cayman Brac.

It is pleasing also to see the positive international attention that our approach to protecting natural species is now attracting.

After years of adverse press reports, the achievements of the Cayman Turtle Centre in restoring healthy populations of our national symbol are being recognised. Using data provided by years of DoE research, a University of Barcelona study shows 90% of green sea turtles nesting in Grand Cayman have a genetic connection to the Cayman Turtle Centre.

The DoE is now partnering with CUC and the NRA to install 40 turtle-friendly streetlights along main roads adjacent to turtle-nesting beaches in Grand Cayman. This pilot programme aims to maintain road illumination and safety while reducing

mortalities caused when hatchlings emerge from their nests and follow the bright street lights to the road.

The Nassau Grouper conservation efforts are also winning plaudits. More generally, the Government has enhanced our approach to marine conservation to protect natural habitats and species and promote biodiversity. We stated long ago that as part of the inevitable need to mitigate any environmental damage caused by the port development, we will enhance environmental protections elsewhere.

Accordingly, to coincide with the Prince of Wales' visit last month, the Minister of the Environment announced that Cabinet has approved the preparation of drafting instructions to strengthen and enhance our system of marine parks. Once implemented, the shelf area protected as marine parks will increase from 15% to 44% in Grand Cayman; from 14% to 43% in Cayman Brac; and from 10% to 57% in Little Cayman. These

enhancements will significantly enhance the protection of the marine eco-system in the Cayman Islands and safeguard the future for our precious marine environment. I would like to offer my thanks to the Councilor for the Environment for the support he has given to the Minister in assisting with this project.

The long-standing Blue Iguana Recovery Programme is growing from strength to strength with upwards of 1,000 blues living freely in one or more protected areas.

Also working well is the programme to cull the invasive green iguana, which has already destroyed more than half a million of the harmful species and to which we are committing further funding, as needed. While it may not be possible to cull every last green iguana, the success of this project to date indicates we can get the number down to levels that we can effectively control in the future.

The protection and safeguarding of land is equally important, Mr. Speaker. We have procured a further 634 acres of protected land, increasing the total amount of protected land here to 4,111 acres – about 6.3% of Cayman’s total landmass.

Open space that our people can enjoy is also an important part of community infrastructure. We are progressing the project to enhance Smith Barcadere and we have purchased Scranton Central Park to safeguard public access. And land has also been procured to create a park for Red Bay and Prospect.

Thanks to Government’s actions, thousands of Caymanians will be able to use and enjoy these important open spaces in perpetuity. I would like to thank the Councillor for the Lands Ministry for the work she has done, particularly at Smith Barcadere.

The Government is also implementing its plans to ensure beach access is being enhanced across our three Islands. The

beach access report was delivered a year ago and has ensured that we can correctly identify each of the 121 actual rights of way accesses and the 167 unregistered paths to the sea across our three Islands. The public is now able to locate those routes more easily through a programme of improved signage by the Public Lands Commission.

Mr. Speaker, as we heard in this Honourable House earlier this week, since July 2018, Government has purchased 16 parcels of land from the \$10m appropriated from the Environmental Protection Fund. There is an unspent \$3.9m of the \$10m appropriation, which will be carried over for the land purchase project to continue this year.

The Government is also delivering real improvements in those quality of life issues that are dear to the hearts not just of Caymanians but to people the world over – our natural desires

for a roof over our heads, safety and security for our families and good health.

This Government is supporting Caymanians in achieving their dream of home ownership. Accordingly, we have reinvigorated the National Housing Development Trust in its mission to construct suitable homes and to assist hard-working Caymanians to buy those homes.

I am delighted, Mr. Speaker, with the positive approach that the Trust has taken and the progress it has made in bringing home ownership within the grasp of deserving Caymanian families. I would like to thank the Minister for Housing for the leadership he has shown in working with the Trust as it delivers its mandate.

Last year, 16 new homes were completed in Bodden Town and in January we broke ground on a scheme in East End that will

deliver another six homes. As the East End homes are finished, work will begin on eight more homes in West Bay.

Taken together, this means that 30 new homes are being built at affordable prices for Caymanians and their families. These homes, Mr. Speaker, are specifically aimed at the average Caymanian who just needs some extra help to realise his or her dreams.

Looking ahead, the Trust has bold plans to extend its helping hand to still more deserving Caymanian families. The Trust is buying land on which to build in North Side and recently obtained a 24-acre plot of land in George Town for affordable housing.

This kind of targeted support is important but the Government has also acted to provide help for other Caymanians wanting to own their own homes. We have significantly increased the stamp duty thresholds for first time Caymanian buyers. This

represents a welcome leg up on to the property ladder for many young Caymanians and their families. The Government estimates that hundreds of Caymanian families will benefit from this change.

We have also recognised that for a variety of reasons often outside their control, some existing home owners are living in conditions that are not really habitable. Again, Government is extending a helping hand to those families to help them keep their roofs over their heads – often literally. The Housing Repair Assistance Committee has been re-established and we are working through the list of properties needing repair on a priority basis. In this way, some 22 Caymanian homeowners have been helped by this Government so far this term.

In the run up to the last election, members from across the House heard from our constituents that they were increasingly concerned about crime and the safety of their communities. A

central plank of this Government's programme has been developed in response to those concerns.

The first and most important part of our response has focused directly on what actually happens in communities. There was a feeling, I believe, that the police had lost touch with people and were not responding to genuine concerns that communities were raising.

The current Police Commissioner has achieved a real change in approach. Rightly, he has asked the elected Government for support, not just in terms of his philosophy of policing but in terms of hard cash to invest in the better, more responsive services that he is building.

In its last budget, therefore, the Government committed to funding 75 more police officers over a three year period. This has allowed the Commissioner to reinvigorate the neighbourhood policing approach, improving visibility and

response times; reassuring communities and deterring crime. Increased numbers have also allowed the police to more effectively target prolific and persistent offenders.

Our police officers deserve to operate from fit-for-purpose accommodation and to utilise reliable, modern equipment. The Government has funded a new digital forensics hub that enables the RCIPS to take on the new breed of cyber criminals. We will deliver the new police station that has been promised for West Bay and the SPS also includes funding to enable the RCIPS headquarters to relocate to a new location in George Town. Modern and fully-equipped new police vehicles will also come into service in the next two year period.

But it is not just about policing. The safest communities are communities that help look after themselves. The Government has therefore supported the development of new neighbourhood watch schemes and we have been delighted

that so many citizens have been willing to take part in what now number over 30 such schemes across Cayman.

This approach is paying off. Burglary was one of those crimes that people were becoming really concerned about and we were seeing a spike in the numbers of crimes committed. In 2017, there were 515 burglaries reported on our three Islands. Since then, persistent and prolific offenders have been targeted and as the increased police numbers came on stream, and neighbourhood watch programmes developed, those numbers have been reducing. The success of this can be seen in the 2018 number of burglaries, which fell to 324.

However, there are two reasons not to go overboard in celebrating this data. First, crime statistics are notoriously volatile and we will need to see a long-term trend before we can determine properly how things are working. Secondly, while the numbers are reducing, every burglary is a hardship

for the household or business it affects so there is more that we need to do.

So the work continues and the next step is to introduce new community support officers who will work within their neighbourhoods. Their role will be to help the community police officers gather intelligence and develop relationships with local people and businesses. The recruitment process for 12 new community support officers is already under way.

The Government will also implement a new anti-gang strategy. Work to develop the strategy has been under way for some time across government and the police, led by the Deputy Governor. The delivery of this strategy will be an important part in making our communities safer by disrupting and reducing gang activities. It will also improve the life-chances of young people who otherwise might fall into criminality through their involvement in gangs.

Gang activity is, of course, often linked to drugs and firearms and if we are to reduce the risks associated with those problems, we need to improve the security of our borders. The creation of the new Customs and Border Control service represents the significant action this Government has taken in that regard.

That is because the new service is not about some bureaucratic rearrangement of civil service responsibilities or about new logos and uniforms; rather it signals a shift to a more integrated and intelligence-led approach.

That approach began to be introduced over the last year as the former customs and immigration departments began working more closely together in advance of the formal creation of the new service on 1st February this year. Already the results are significant and the contribution that the CBC is making to

keeping our borders more secure and our communities safer is clear.

Throughout 2018, 63 persons were arrested by the CBC enforcement division, formerly part of the Customs Department, for various drugs and weapons offences, including importation, possession with intent to supply and conspiracy to import controlled substances.

As the new integrated service was developed, customs officers also conducted 46 joint operations with the Department of Immigration and the Royal Cayman Islands Police Service. The proactive patrols and joint operations, which mostly targeted individuals involved with drugs and weapons activities, resulted in several hundred pounds of drugs and multiple firearms being seized by officers. In addition, more than CI\$250,000 in cash, suspected to be used in illegal activities, was confiscated.

By better targeting those attempting to carry out illegal activities; the new service is also able to make processes quicker and easier for legitimate travelers and businesses. The introduction of the red/green channel at the newly redeveloped airport is a good example as is the pre-clearance service introduced at Miami Airport.

Further innovations will follow. Just a couple of weeks ago the service began the procurement process to select a partner to work with us on the introduction of new immigration and passport control kiosks, very like the ones many of you will have used when passing through immigration at overseas airports. We expect a pilot utilising four such kiosks to be in place before the end of 2019. Also this year, we will introduce a fully online visa application process.

The other key change in terms of safety and security at our borders is the creation of the Cayman Islands Coast Guard.

This innovation is modernising Cayman's whole approach to maritime safety and security and bringing our Islands into conformity with a series of international obligations.

The Coast Guard will deliver further reductions in crime by giving our Islands a significantly enhanced maritime capacity and capability; ensuring safe use of our waters for recreational and commercial vessels; and improve the competence and professionalism of our response capability for maritime search and rescue.

The arrival last month of the new Airbus H145 helicopter – part funded by the United Kingdom Government – is an important part of that additional response capability as well as being part of our overall policing and security resource.

The next significant development for the new Coast Guard service will see the opening in the coming weeks of the new operations and rescue coordination centre that will play a key

role in ensuring Cayman can coordinate search and rescue and other activities on a 24/7 basis.

The effectiveness of our crime fighting capability depends upon our ability to dispense justice efficiently. The Government has acted in response to the need to enhance our court capacity through the purchase last year of the former Scotia building. Judicial administration functions have already moved into the new facilities, easing the pressure on space in the existing court building.

The rest of the building will be refurbished. A temporary court room will be in place and operational next year and by early 2021 the permanent home for the new Court of Appeal will be ready.

In the meantime, the business case for the potential overall redesign of our court facilities is being developed.

A project for a new prison is also in the early planning stages and the Government will move this forward as part of the next budget.

While improving the effectiveness of the criminal justice system is a landmark achievement of this Administration, it is better to keep people out of the system all together. Our approach to this is two-fold.

First, as I mentioned earlier the anti-gang strategy is partly designed to prevent young people in particular from falling into criminality. Secondly, we must also make it easier for people who have had a criminal lifestyle to leave it and to stay out of it by improving the support we give to the rehabilitation of past offenders.

One of the key enablers for successful rehabilitation, Mr. Speaker, is the ability of ex-offenders to access employment after their release. Preparing for that starts while still in prison.

The Prison Service enables prisoners on Release on Temporary Licence to access community placements through initiatives such as the 'Fresh Start' programme. This flagship partnership with collaborators involves a range of private sector partners and I thank them for their willingness to support Caymanians in this way.

You may have read in the press recently that one prisoner on placement as a trainee chef at a prestigious Seven Mile Beach hotel was named that organisation's 'Employee of the Month'. This can only be helpful in enabling that person access a job on their release and avoid being drawn back into crime.

Government has stepped up to play its part over the last year. Three prisoners are now engaged by the Department of Environmental Health – good for them and their prospects and a real help to the community as we continue to improve the garbage collection service.

The Government has also begun a new programme specifically designed to offer a 'Fresh Start' in the civil service to Caymanian former offenders trying to get back into regular employment. A pilot is being run with five persons during 2019.

Keeping communities safe and secure also means preparing for national disasters and improving Cayman's resilience in the face of such disasters. For that reason, the Government's plans for the next period include the completion of the Bodden Town hurricane shelter and the emergency shelter on Cayman Brac. Already this year we have, with the help of the Governor's Office, upgraded the Islands' emergency disaster communications capability, learning lessons from the experience of some of our fellow Overseas Territories during Hurricane Irma.

During Irma and the other hurricanes of 2017, our capacity to handle disasters was on display as we aided our sister British

Overseas Territories in the region, not only with safety and security, but with medical assistance.

Indeed, Cayman has developed some of the best health personnel and facilities in the region. We have also created a system of health insurance that provides effective cover for working families, coupled with the safety net of Government-funded care for indigents, which ensures that the vast majority of Caymanians receive the care they need.

Yet as Cayman and its population have changed, we have not always kept our health system responsive to those changes.

Put simply, most Caymanians are now living far longer than they used to. Those welcome extra years of life are spent post-retirement and often without access to affordable health insurance. And inevitably that longer life is coupled with one or more long term health conditions that need to be managed so that our seniors can enjoy life as they deserve.

These demographic pressures require us to look at a new approach, so the Government consulted last year on the potential for a new post-65 health insurance programme. We will shortly bring proposals for how best to take this idea forward in a way that appropriately balances the responsibility of the individual with the support that Government might provide.

As we complete that work, we recognise that there are broader issues about the health insurance market that need to be addressed. The crucial part of that is the operation of CINICO and a review of the role it plays in the market is already under way.

As I have said, Cayman boasts world class health facilities and we are working on ways in which more Caymanians can benefit from those facilities while we also work with the H.S.A. to improve standards and services.

One key development that the H.S.A. intends to bring forward in that regard is the development of an enhanced medical facility and district clinic in Bodden Town to better serve the people of the eastern districts. This new facility, when complete, would offer more medical services and relieve some of the pressures from our main hospital in George Town by offering additional primary medical care as well as X-ray facilities and dialysis.

In order to enable the H.S.A. to advance its plans for this new facility, the Government has agreed to donate a suitable site for the project and the H.S.A. will fund the building from its own sources.

Mr. Speaker, in my 2017 address, I updated this House on the efforts of the H.S.A. to reduce the cost of pharmaceuticals and medical supplies through a reverse auction system.

The reverse auction initiative was quite timely, and became instrumental in tempering the impact of the increasing costs of drugs at source markets internationally, caused by mergers and acquisitions, and global shortages in the provision of certain key drugs.

Notwithstanding those factors driving up the costs of drugs in the market, the H.S.A. was still able to realise savings in the unit costs of several pharmaceutical and medical supplies. For example, the cost of one important cholesterol reducing drug that was purchased in 2017 for \$28.40 per pack was halved to \$14 per pack in 2018 through the enhanced procurement process. These efforts will continue through the annual tendering process where more savings are expected to be realised.

Sadly, a greater prevalence of mental illness also appears to be a function of modern life. We need to do more as a society

to acknowledge and understand mental illness and to provide appropriate support for sufferers.

Much of that support will be community-based but for those suffering from mental illness who need more intensive care, we remain committed to building a new long term residential facility on Island. That new facility will mean we can provide excellent therapeutic care for patients here in Cayman rather than having to send our people to Jamaica or the USA for treatment.

I have to be frank here and say that we have not been able to progress this project as quickly as anyone would have wished.

The problem is actually one caused by our buoyant construction market and the limited number of large-scale contractors on Island.

I commend the creativity of the project team in looking to repackage the work to make it more available to a broader section of the construction market; but regrettably we still have

not received sufficient bids to move the project forward at pace. The Ministry is working closely with the Major Projects Office to identify next steps to move this important - and much needed - project through the final stages of procurement. Mr. Speaker, I know that the Minister has been working diligently to move this forward and he is as disappointed as I am; indeed as is the Government that this project has seen delays. But Mr. Speaker, I can confirm to this House and to the public that this Government will find a way to move it ahead despite the challenges thus far because we understand full well the necessity of this facility.

Mr. Speaker, I would also like to mention two other important pieces of health-related work this Government is taking forward. First, we brought to the House earlier this week the Healthcare Decisions Bill, which obtained passage and made it possible for people to communicate their healthcare preferences before they are no longer able to make those

desires known. This is important for individuals and families, but it also something that medical professionals have been asking for in order to give more certainty to them in the important care decisions they make.

Secondly, we passed the organ tissue transplant regulations that came into effect last July. The House will be aware of the lengthy process of ensuring we framed those regulations properly and that we put in place appropriate safeguards. I am delighted that it is now fully possible to carry out transplant procedures on Island. Mr. Speaker, it only takes one conversation with someone whose life has been saved by a transplant to know the benefits this will bring to the people of these Islands.

Another aspiration for all Caymanian families is to see their children get on in the world and key to that is the education that opens up opportunities for them. This Government's first

priority is to ensure those opportunities are available for our young people and drive up standards in schools.

To ensure that standards are improving, we cannot merely wait for test results for our children, but instead we need to ensure that the standard of teaching in schools is high and in so doing will help ensure the success of our students when taking external examinations. This is why, Mr. Speaker, it was in the last term that we re-introduced the schools inspectorate as well as carried out a baseline evaluation programme to determine teaching and learning standards across all of our public schools.

Recent inspection evaluations have indicated good progress at some schools whilst others are not yet where we would like to see them.

But the excellent Lighthouse School is the first Cayman Islands Government school to earn an overall 'good' rating under the

new framework for school inspections that was adopted last year. All the other schools, except two, received ratings of 'satisfactory'. I commend these schools and task all of our public schools, including the two that are below satisfactory, to rise to the challenge so that all of our public schools can be rated as 'excellent'. Indeed, this is the expectation of this Government and we are working with all stakeholders to ensure this goal is achieved.

I have welcomed the determination that the Minister for Education has shown in driving forward the reforms necessary if our public schools are indeed to improve. From the start, the Minister has made clear that the key to that is to support the improvement of teaching in our schools as, unsurprisingly perhaps, it is the quality of teaching that makes the most difference to what our young people can achieve. The next budget provides the additional money needed to deliver on the pledge to raise teachers' pay to a monthly minimum of \$5,000.

This is essential if we are to attract and retain the best people as educators. Continuing and enhancing programmes for teachers' development ensures they are equipped to deliver the kind of individualized, child-centred approach that gets the best out of our young people.

The Minister has been ably supported by a dedicated and enthusiastic Education Council and together they are setting the pace for an on-going programme of reform that will drive further improvement. The next step is to change the curriculum and from this September a new curriculum will be introduced into our primary schools based on the latest British Schools' curriculum.

Some inside and outside the education establishment here have questioned whether this change is appropriate. They argue that Caymanian children may find the new curriculum too difficult. Call me a traditionalist if you will but I thought that

education was supposed to challenge young minds. Rather than believe they should somehow settle in advance for a level of mediocrity, I believe in our young people. I believe they are as capable of learning and developing as any in the UK or elsewhere in the world. Why should we limit what we expect of our children or indeed what they should expect of themselves?

If we are to challenge our young people then we must match that with the right help and support. That is why we need to invest in the quality of teaching and in getting the right textbooks and other learning resources – this Government is doing those things.

And now here is a radical idea – maybe, just maybe, it is not the good people in the Department of Education, many of whom rarely set foot inside a classroom, who are best placed to make decisions about what happens in those classrooms. Quality education comes not from the issuing of centrally driven

policy documents but from what happens in the interaction between the teacher and the student. Taking decisions closer to that moment of truth by delegating responsibility away from the Department and toward schools, principals and teachers will enable genuine improvement and innovation at the point where it really matters.

So, over the next two years we will establish new governing bodies for Cayman public schools and give them the responsibility for raising students' levels of achievement. Those governing bodies will give parents, teachers and the wider community a direct say in how their schools are run.

While the Minister will continue to set the overall direction for the education system and will hold schools to account, it will increasingly be the schools themselves that decide what happens in Cayman's classrooms.

Achievement for students will not always be in academic terms and we must continue to do more to open up routes in technical and vocational education and training for our young people. The comprehensive review we promised is nearing completion and engagement of significant employers is helping to shape a range of exciting ideas. As we move to implement the agreed package of changes over the next two years, we will see more and more opportunities created for Cayman's young people. These will come in various forms, from traditional training programmes to internships and apprenticeships but in all cases the focus is on giving young people the skills they need to compete in an increasingly complex, global jobs market.

As is often the case, Government is leading the way and playing its own part in helping young Caymanians to gain the necessary skills and qualifications for the future. The Public Works Department runs the very successful City & Guilds

vocational studies programme, which has grown over the past two years and today provides a variety of training courses to some 17 Caymanian apprentices. We will now expand the programme and build a brand new facility to serve at least 50 students next year with training provided in a number of fields including air-conditioning, plumbing, electrical trades and carpentry.

And of course the good work continues at the Nursing School and the Hospitality School, both of which are affiliated with UCCI and provide excellent career opportunities for our young people.

We have not forgotten, and we will not forget or neglect, the education and development of young people with special needs. I said earlier, Mr. Speaker that I do not believe in setting limits on our expectations for Cayman's young people. I apply that to all young people and this Government has set about

delivering more support to those with special needs in all of our educational settings so that they can grow, learn and fulfill their potential.

Lighthouse School, by way of example, has set a challenging path in this respect. As a result, for the first time in the school's history, on 14 June, 2018, seven students successfully passed Stage One City & Guild exams. With those qualifications that are recognised worldwide behind them, a whole new range of opportunities is opened up for those seven young people both in further education and the workplace. I want publicly to congratulate Principal Bryan and his team for all the work that went in to support those successful students. But most of all, Mr. Speaker, I want to congratulate those seven incredible students. I hope the House will join with me in celebrating their achievement and I will just pause to read their names so that the nation's pride in them can be reflected in the official record of our proceedings here today. The students are Lynval

Foreshaw, Marlon Bodden, Chelsea Frederick, Keanu McKenzie, Dante Thompson, Julius Smith, and Yanique Ebanks.

It is not just the needs of young people with special needs that this Government is addressing. Plans are agreed for a new Sunrise Adult Training Facility and that facility should be fully operational by early 2021. It will include better and more modern equipment and significantly enhance the opportunities available for learning and personal development for the some 150 adults to which the facility will cater.

The other key commitment we made to the country on education was to invest significantly in improving and expanding schools themselves. I am pleased to report, Mr. Speaker that the new John Gray High School campus project is under way again and the target of completing the project in time for the 2021/22 academic year is ambitious but achievable

provided there are no significant delays in the procurement or build out of the new school. The House will be aware of the Minister's announcement of a phased approach to the project and this should allow some of the new facilities to come into use in advance of September 2021.

We are aware that there are capacity and other issues elsewhere in the education system and we are tackling those as resources allow. Other capital investments this year include in this SPS three new classrooms at Red Bay and construction of a hall at Bodden Town. We are also looking to improve the outdoor sporting facilities at a number of our public schools. We are constructing new artificial turf football fields at Red Bay Primary School, Bodden Town Primary School and Prospect Primary School. Additionally, we are building artificial turf playfields at Spot Bay Primary School in Cayman Brac and East End Primary School. Running tracks were installed at

Edna Moyle and Sir John A Cumber and work has also commenced to install one at Red Bay.

Sports play an important part in our community Mr. Speaker and so I am proud that in less than two weeks the Cayman Islands will host the 2019 CARIFTA Games. This provides not only an opportunity for our young athletes to perform at home at a major regional sports event, but it also provides opportunities for Caymanians to attend and see our athletes compete with some of the best in the region. I would like to thank the Councillor for Sports for his ongoing work in supporting the Government's sports programmes.

Government's other vital role is to support the most vulnerable in our communities. Sometimes, sadly, that support needs to be about protection and this Government has shown it is willing to tackle some of the long-standing issues in our society that have been too long ignored or swept under the carpet. In

partnership with the RCIPS, we some years ago opened the multi-agency safeguarding hub, known as MASH, as a vital initiative to improve child safeguarding and to tackle domestic violence. MASH continues as a key tool to not only catch perpetrators, but to support victims.

It may seem strange to say, but I am delighted that as our people come to understand the functioning of MASH, referrals are going up. I do not believe that is because the problems it is tackling are growing but instead that individuals are more willing to make those referrals because they know positive actions will follow.

Improving reporting and more effective response is one thing, Mr. Speaker. What we want to do, however, is to reduce risk and prevent harm in the first place. One good example of how we are tackling that is the Ministry of Education's programme to ensure contracted service workers for Department of Education

Services and staff in all Early Childhood Care and Education Centres are trained in child protection and have policies, procedures, and practices in place to minimise risk for children. Last year, the Ministry completed such training for well over 500 individuals working in various capacities with children.

Government actions that directly deliver improvements in safeguarding arrangements include the completion of the redevelopment of the residential facility at Northward to allow for the appropriate segregation of children from adults.

Support is also about extending a helping hand. Here Government is fulfilling the commitment we gave to overhaul our approach to social assistance programmes.

We have implemented a series of quick fixes to tackle some of the immediate problems and improve the systems in place. For example, we have instituted a solution that enables landlords participating in the rental assistance programme to receive a

direct, electronic payment from Government. This means that they get paid in full in a timely way, which is encouraging landlords to take part in the programme. Their tenants are benefitting as the landlords are given more security rather than threatening to quit because of payment problems.

We recognise though that there is a limit to the improvements we can make because, frankly, the legislation and other procedures around welfare are hopelessly out of date.

Accordingly, the Ministry of Community Affairs has undertaken two rounds of consultation with service users, charitable organisations and others, looking at how we can completely reshape the social assistance framework in the Cayman Islands. I am very grateful to the Councillor for Community Affairs for the leadership he has put in to this work.

The result will be legislative changes and more customer-focused processes that mean we can deliver on the promise

we made to put in place social assistance programmes that get the right help to the right people at the right time.

As we promised, the Government has taken forward the work necessary to begin the implementation of the Older Persons' Policy. The Council is up and running and has been leading the engagement programme across our districts to work with older persons on their priorities for action. Although the policy looks to long term goals, I am pleased to see how active the Council has been in promoting the economic, social and cultural inclusion of older people.

But there is more that we can do to assist our senior citizens today. I noted earlier that we had increased various social assistance payments to older persons and retired civil servants to a minimum of \$750 per month. I am also pleased to announce today that Government will look at what fees or duties can be reduced for senior citizens; persons older than

60 years. We will finalise this list of senior citizen discounts in time for the next budget. We expect to include items such as driver's licence fees, work permit fees for caregivers, and trade and business licence fees for older persons with their own businesses. I hope that this will encourage more in the private sector to follow suit.

Similarly, the well-being of our young people and the development of their self-esteem is becoming an increasingly important issue in our society. The role that CAYS – Children and Youth Services Foundation – plays can be crucial but we need to ensure that it is producing impactful programmes in the best and most efficient way, especially in the context of the work also being done by the voluntary sector. The Government is therefore reviewing the role of CAYS and I expect any changes to be brought forward shortly.

It would be a mistake, however, Mr. Speaker, if we somehow fell into just seeing young people as potential victims in our society, needing Government or charities to support them.

Young people are a vibrant and vital part of our society and so many of them are not only self-sufficient but already willing to do their part to support others and make a difference in their community. For that reason I was delighted by the success last June of Cayman's first ever student volunteer programme fair that brought together hundreds of students from six local high schools and representatives of 20 charitable organisations .

Across the board, Government customer service is improving.

The Deputy Governor's customer service programme is transforming the everyday experience of public services.

Consistently high levels of customer satisfaction of over 90% are being shown in the "happy or not" performance statistics for our high volume, transactional services. While these are important, it is the potential of the E-government programme to

increase accessibility and drive efficiency that personally I find the most exciting.

E-government has already revolutionized the cargo customs declaration process. Over 5,100 such declarations per month were made during 2018 representing around 92% of the total. Similarly, the vast majority of Caymanian companies are now choosing to conduct their business with government online. Over 96% of company registrations, annual returns and director changes are now being made digitally.

Usage of the online criminal records certificate process is increasing rapidly as awareness of the facility grows and I am confident that other services such as vehicle and driver license renewals will also become more popular over time. Another helpful innovation has been the introduction last November of text reminder messages for expiring vehicle licenses – nearly 8,000 reminders were sent in the first full month alone.

What this is showing is that the E-government programme has the potential for a huge positive impact on the daily lives of Caymanians and residents. Further significant new E-services are on the way and in order to facilitate them, the Government is contracting for a new identity and access management solution. As we offer more and more services online, it is vital that Government can verify identity and that the citizen can trust that only they can access their information.

The solution is therefore accompanied by a range of security enhancements including improved firewalls. The appointment of a Chief Information Security Officer to Government service will ensure we keep pace with the ever more complex security requirements of the digital age.

Getting the right expertise is important. We have taken the same approach with the appointment of a Director of

Government Communications. She is improving our capability to engage properly with our people based on a better understanding of what our people want and need from us. The major communications innovation in the coming year will be the launch of a new Government website that will act as the single, timely, authoritative source of public information both on a daily basis and in time of national emergency.

This Government has a track record of delivery and achievement. And we are doing it all in a fiscally responsible way.

What this SPS shows, Mr. Speaker, is that we will conclude our eight year period in Government following the same principles of sound financial management that we committed to at the start. While the 2021 election seems a long way away, Mr. Speaker, this is, in effect, the pre-election budget of this Unity Government. We have, however, as has been our practice,

resisted any temptation to pursue reckless spending plans in the run up to the election.

Instead, this SPS will once more be delivered in full conformity with the Public Management and Finance Law. We are maintaining the duty reductions of the last Administration and sticking to our pledge not to increase any existing fees or taxes. Instead we are generating additional headroom to fund investment in public services through internal efficiencies. The costs of pay increases we have delivered to civil servants are being met from within existing budgets rather than by adding to them.

That represents efficiencies of nearly \$12m. Additional efficiencies are being realized through E-government and new procurement procedures.

The coming budget delivers a sustainable long term position for public finances with operational surpluses; capital investments

being financed with cash; and debt being paid down. Indeed, this year we will see a very significant reduction in public sector debt as we repay around 40%, or about \$125m, of the bullet bond payment that falls due in November.

This track record of responsible stewardship of the public finances is not just an achievement for this Government; it is one that will continue to benefit those Governments that come after us. I must congratulate the Minister of Finance and his Ministry team for what I believe is one of the most significant long-term achievements of this Government.

I have spent my time today, Mr. Speaker, detailing the delivery of the plans this Government placed before the country nearly two years ago. I have set out both the progress we have made to date and how we will go on and deliver against the remaining commitments over the next two years.

However, no plan can foresee every eventuality and so over that two year period we have had to reprioritise some things and deal with things that we had not expected. Therefore, we are making some adjustments to the detailed targets in the SPS that is coming to the House today.

It was British Prime Minister Harold MacMillan who, when asked by a journalist what was most likely to blow a government off course, replied, “Events, dear boy, events”.

This Government is no exception and one such event that threatened to blow us off course was when the UK Parliament passed the Sanctions and Anti-Money Laundering Act last May. The Act threatened Cayman and our sister Overseas Territories with the imposition of public registers of beneficial ownership. I was clear in setting out my concerns over the move at the time.

First, the requirement is unreasonable and unnecessary. There is no international regulatory standard for such public registers and indeed it is a standard to which few if any competitor jurisdictions even aspire. Given our information exchange arrangements with tax authorities across the world, there is simply no need to publicise the registers we hold.

Secondly, and in my view most significantly, this is a matter that is properly for the locally elected Government to determine and this attempt by Parliament to interfere in our business represents a severe Constitutional over-reach.

This second criticism has the most far-reaching potential impact because once the UK Parliament does this a first time, who knows when and over what other issue they might decide to do that again. Both the subsequent attempts to legislate to reduce the proposed 2023 timeline for imposing any such requirement for public registers and the recent report from the

UK's Foreign Affairs Committee have only reinforced my initial concerns.

For that reason, over the last nine months or so I have been leading negotiations with the UK Government to try to put in place new Constitutional safeguards. To be clear, I am not seeking to grab more powers for Cayman or remove anything from the UK that is rightly their responsibility. Rather, I am trying to better delineate our respective rights and responsibilities. It is not so much a new constitutional settlement as a clarification of the settlement we thought we had achieved in 2009.

It is only two weeks or so since the hugely successful visit to our Islands by the Prince of Wales and the Duchess of Cornwall. And what a success that was, Mr. Speaker. I am sure that I am speaking for the whole House when I thank the

team from across government that worked tirelessly with the Governor's Office to ensure the whole event ran so smoothly.

I know that Their Royal Highnesses enjoyed their visit to our shores and it was great to see so many Caymanians turn out to see them. In particular, a large number of young Caymanians were able to take part during the visit and I know their memories of this time will stay with them just as ours have of previous royal visits.

What the whole occasion underlined, Mr. Speaker, is how much these Islands are British, and want to remain British. We have come a long way as a people over the last 60 years but our affection for the royal family remains one of the defining features of Caymanian society.

Our future constitutional arrangements are therefore not designed to be some kind of precursor to independence; far from it. We need these new arrangements to ensure that ours

remains a respectful relationship where our respective roles are clearly defined and well understood.

The latest talks were held in London in December. Our requests have been generally well-received and I am encouraged by the willingness of the UK to respond positively to what I believe to be a sensible and pragmatic set of proposals we have put to them. Clearly, we will not get everything we have asked for but the negotiations are proceeding well and I am hopeful they will be brought to a positive conclusion in the coming months. I was hoping Mr. Speaker that we would have reached an agreement with the UK in time for the celebration of the 60th anniversary of our very first written Constitution in July as part of the Celebrate Cayman festivities. However, we, like the rest of the world, are at the mercy of the ongoing Brexit negotiations.

I think that for our colleagues in the UK Parliament, Brexit has probably escalated to beyond something even Prime Minister MacMillan, who I referred to earlier, might describe as merely an “event”. There have been times in this House when I have wondered if we were not simply going round in circles but watching events unfold in Westminster over the course of the past months has shown me how purposeful our debates truly are.

As I have said before, it is not for us to do anything other than watch whatever happens. And whatever happens, we will deal with it. Brexit is both a threat and an opportunity. Naturally the UK’s focus in the run up to Brexit and then in dealing with its impact will largely be in its own self-interest. If Cayman’s interests are to be well-represented by the UK we need to do our part and make ourselves easy to deal with. Of more significance, potentially, are the opportunities that the UK’s Global Britain initiative could bring to Cayman if we put

ourselves in the best possible position to exploit those opportunities.

For in this and other regards, the last two years have indeed presented us with new opportunities. The invitation from Dr. Liam Fox, the UK Secretary of State for International Trade, for the Cayman Islands to accompany him to the GREAT festival in Hong Kong earlier last year was a real eye-opener.

To be honest, Mr. Speaker, I was initially somewhat skeptical about the value of travelling all that way but the experience has led me to believe that as we think about the future of our Islands, we must also consider Cayman's future place in the world. To that end, I announced in the autumn of last year this Government's intention to create a new Ministry of International Trade, Investment, Aviation and Maritime Affairs.

It was obvious in Hong Kong that compared to other governments, our individual Ministries' activities appear

disjointed and uncoordinated from the point of view of our partners overseas in both the public and private sectors.

Opportunities to present a coherent and consistent approach to governments and potential investors and partners are therefore being missed.

Over time the Ministry will develop a network of international offices in strategic locations where the interests of Cayman will be best served, including support for financial services and tourism. Proposals for such offices will be brought forward on a case-by-case basis and the first business case, for the establishment of an Asia Office, has been developed and approved.

The establishment of the Cayman Islands Government Office – Asia will create a focal point to promote all aspects of the jurisdiction in an increasingly significant market. It will strengthen and deepen business ties and provide a gateway

for future trade and investment. It will also facilitate the development of cultural ties and humanitarian links between Asia and these Islands.

In setting up both a new Ministry and an Asia Office, the case for change is underpinned by the view that international issues will become increasingly important to the wellbeing of these Islands.

Mr. Speaker, speaking of a case for change, with the transformation of our labour and immigration regimes into two separate specialists entities – that is Workforce Opportunities and Residency Cayman, or WORC, and Customs and Border Control – it is appropriate to change the name of the Ministry responsible for these two departments from the Ministry of Human Resources and Immigration to the Ministry of Employment and Border Control. This name better defines the work of that Ministry and henceforth will be known as such.

So, Mr. Speaker, as we reach the mid-point of this Government's term in office, I think we can draw some pretty clear conclusions about its effectiveness.

The future is uncertain and in a world where we are increasingly unable to rely on the norms of the past to hold, it is vital that our three small Islands prepare for whatever the future will bring. That is why my Government has been willing to take long term decisions that increase our resilience, reduce our risk and better place us to grasp the opportunities that will come our way.

We are focused on the long term economic wellbeing of our country, willing to take the difficult decision to go ahead with the port project because both the long term prosperity of our cruise industry and the demands of a growing population for imported cargo require it.

We are sowing the seeds for the future diversification that our economy needs and we have established a new Ministry to attract the future investment we need in order to prosper.

We have created the capacity and capability within government to plan properly with the private sector to ensure our people can fill the jobs of the future.

We are making the fundamental changes in education that will drive up standards and also offer more effective routes into work via technical and vocational education and training.

We are investing in infrastructure that not just catches up on our historic backlog but begins to properly address future needs.

We are planning properly to meet the future land use needs of a dynamic economy and a growing population. From sustainable energy to public transport to taller buildings we

have shown a willingness to embrace new ideas if they can bring benefits to our people.

But our eyes are not just fixed on a future horizon. Most importantly, we can see this Government's continuing delivery of its commitments impacting positively here and now on the lives of Caymanians.

You can feel that impact directly if you are one of the 3,300 Caymanians who are in work now having not had a job when this Government took office. You can see it in the more visible police presence that is helping to keep our people safer. You can hear it in the classrooms where students are already benefitting from the improved teaching that inspectors are seeing from teachers who feel more valued and supported by this Government.

And as we look ahead, Mr. Speaker, there is yet more that we need to do. What this Strategic Policy Statement demonstrates is that we are a Government that will do it.

If you are still without a job then the developments that WORC is implementing will improve your chances of getting one.

For those in work looking to advance, the implementation of the new accreditation scheme and the creation of the Fair Employment Opportunities Commission will incentivize business to give you more opportunities.

For those who need some more support, the changes planned to our social assistance programmes will ensure you get the right help when you need it.

If you are student looking to advance in the world of the future, the new curriculum will challenge you but we will ensure your teachers are equipped to give you the support you need.

If you are a parent or business person, concerned about the education of our children, the creation of governing bodies for our public schools will give you a direct involvement in what happens in schools.

For commuters and parents suffering the grind of daily travel from the east into and out of George Town, we will deliver a comprehensive package of highway improvements that tackle congestion. And we will also look for progressive solutions to address future public transportation needs.

For everyone, Cayman will be a cleaner, safer, greener place to live. Cleaner as we deal with the growing litter problem; safer as our border security and community safety approaches combine to reduce crime and criminality; greener as we create more public open spaces.

This is a Government with a track record of delivery to be proud of. I want to thank all my colleagues in Caucus and in Cabinet, including the Hon. Attorney General and the Hon. Deputy Governor, Mr. Speaker. A special thanks to His Excellency the Governor for the work that he has done so far to not only help guide, but also to support the work of myself and Government.

Mr. Speaker, I also appreciate the support that you have provided in not only forming this Unity Government, but also in working with me in the best interest of the people of these Islands. Who knows Mr. Speaker, we may have found good working formula. That bodes well for the next elections!

I also wish to thank all Chief Officers and other public servants who have worked, and are still working, to deliver on the priorities of the Government. Certainly my Chief Officers, including Cabinet Secretary Samuel Rose, Eric Bush, Wesley Howell and Teresa Echenique have certainly have been an

immense help to me; as has the staff in the Office of the Premier led by Roy Tatum ably assisted by Kieran Stigant, Julie Hutton, Tammie Chisholm, Frank Cornwall and Jana Pouchie-Bush.

Mr. Speaker, it has been a team effort to have accomplished all that we have done to date. However, I am not complacent and as I said at the start of my speech, Mr. Speaker, these next two years will not be a gradual winding down towards the next election, but instead it will be a ramping up so that I and the Unity Government that I lead will accomplish all that we can for the benefit of our beloved Islands and people.

There is much more this Government still needs to do.

My pledge to the country today is to give everything I have to get it done.

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