



CAYMAN ISLANDS  
GOVERNMENT

**2020/2021**  
***Budget Policy Statement***  
***“Delivering Today’s Priorities;  
Meeting Tomorrow’s Challenges”***



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**OFFICE OF THE  
PREMIER**  
CAYMAN ISLANDS GOVERNMENT

## **2020 ~ 2021 Budget Policy Statement**

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

**8 November, 2019**

Good morning.

I would like to thank His Excellency, the Governor for his Throne Speech. The formality of the occasion is important to us inside this House and the country outside. It connects us back in a very real way to the United Kingdom and serves as a crucial reminder of the close and mutually-beneficial relationship our two nations enjoy. I would also like to thank His Excellency for the support he has given me and my Government during his first year of service. As everyone here is aware, this is not an easy time to take on the role of Governor, but I believe the professionalism and personal integrity that underpins our Governor's approach can only help our country as we navigate these difficult times.

Alongside the Throne Speech, the debate on the Government's Budget Policy Statement and the Appropriations Bill that the Minister of Finance will speak to later offers the House the opportunity to debate the Government's proposed budget and policy approach for the period from 1 January, 2020, to 31 December, 2021. As is usual, there is a vast amount of detailed information to get through during the debate and the relevant documentation is before Honourable Members now.

Mr. Speaker, the 8<sup>th</sup> of November seems a fortuitous date for me to rise to deliver my final Budget Policy Statement as Premier. For it was nineteen years ago this very day that I was first elected to this House.

Mr. Speaker, all of us in this House will likely recall how easy it is in the aftermath of an election campaign to get caught up in the thrill of victory even while acknowledging those amongst us who are dealing with the agony of defeat. That heady feeling of victory after a tough political campaign is something you don't easily forget. I remember well such a moment nineteen years ago when I was celebrating with my mentor and running mate, the Hon. D. Kurt Tibbetts who had also won his seat. Those of you who have had the privilege of working alongside Kurt Tibbetts will remember the lessons that he taught us all about being a representative of the people. And so, Mr. Speaker, as Kurt and I celebrated, a young man sheepishly approached us and said good night to his not yet sworn in George Town representatives, and started to talk about his situation and concerns.

Mr. Speaker, after all these years I still remember the smile that crossed Kurt's face when he said to the young man – "my colleague Mr. McLaughlin will advise you". And he turned to me and said, "MLA Alden McLaughlin, your work begins tonight". Then he patted me on the back and left me listening to my young constituent. I was not yet sworn in and though my celebrating was short-lived, the start of the work I would carry forward for the next nineteen years had indeed begun.

I also recall my feelings when I subsequently entered this Chamber for the first time as the Second Elected Member for George Town. I confess to feeling a little pride in my joining this

esteemed body of legislators, Mr. Speaker. But I was also humbled by the faith shown in me by the 2,057 electors who had cast their ballots for me.

Above all, what I felt was a determination to do my best to deliver real improvements in the quality of life, not just of those 2,057 who voted for me, but for all the people of the district of George Town and these Islands more generally. I have no idea whether the young man who spoke with me on election night voted for me or not – it did not matter, I was his representative.

That determination remains, Mr. Speaker. In the last nineteen years, I have had the privilege to serve our people in a number of different capacities, including as Leader of the Opposition. But the most fulfilling and challenging political role has been the last six and a half years as Premier. But I often joke that if you can do this role properly you can do anything. It has required me to stride an international stage: appearing on BBC's HARDtalk television interview programme and providing a keynote speech at Chatham House; negotiating with the EU over financial services issues; engaging partners in CARICOM to win their support for our stand in defence of our financial services industry; negotiating with the UK government to press the case for Cayman to be able to chart its own economic and political future; and even recently leading a government and private sector delegation to Monaco to further encourage trade and business links between Cayman and the Principality.

I can honestly say, Mr. Speaker, that nineteen years ago I did not envisage myself doing any of those things. But I have been willing to undertake those tasks and more because they are necessary things for a Premier to do.

In promoting the Cayman Islands we need to be prepared to take our case to wherever we need to go. As Cayman becomes more confident in itself and develops more capability to promote these Islands and our interests overseas then I suspect that whoever follows me as Premier will need to be willing to engage in even more of this kind of activity.

Wherever the role has taken me, however, and whatever the task at hand, I have always, at heart, been a community politician. I understand the need for an international perspective but I have always retained a focus on our community at home.

You see Mr. Speaker, I understand the need to engage foreign governments and foreign leaders but I have always recognized that as politicians we must engage our own people.

I also understand the need for government to have vision and to build a prosperous future - but I have always also understood that jam tomorrow is of no use for folks who have no bread today.

It is not though, Mr. Speaker, a choice between the need to address present concerns and the need to plan for the future. Government cannot ignore the need to take a longer-term, internationalist perspective any more than it can ignore the immediate needs of our people. We have to do both of those things – this has been my approach since becoming Premier in 2013.

So that, Mr. Speaker, is the underlying theme of the budget that this unity Government is bringing to the House today. It is about continuing to build a strong Cayman by meeting today's needs and building for tomorrow.

In putting this budget together we have also had one other goal in mind - and that is to finish what we have started. This unity Government set out on an ambitious programme for the country, building on the platform created by the previous Progressives-led Administration. We are determined to deliver on the commitments we gave and this budget ensures that the resources are there to complete the key projects that made up our ambitious programme.

Setting out to deliver a programme is a key task for any government, Mr. Speaker, but no government can foresee what will happen over the course of a four-year term. So a wise government does not just stick to its plans. It is prepared to respond as circumstances change. That, Mr. Speaker, is leadership and that is the leadership that I and the Governments that I have led these past six and a half years have shown.

This is a Government prepared to respond. Each budget process gives us the opportunity to prioritise scarce resources to meet the changing needs of our people and so we have done that, Mr. Speaker.

As the Member for Prospect so eloquently reminded the House only last week, the immediate priority for many people in our communities, certainly in the south and east of Grand Cayman, is traffic. Members who represent those communities probably receive as many complaints as I do about the need for road improvements and I am sure that they will be pleased to see the actions being taken for which money is being appropriated in this budget.

The Government has not, though, waited for the budget before taking action. We have been able to get work under way now that will be completed in the months ahead utilizing new

resources from the budget before the House today. Honourable Members will be aware of what is already being done to increase capacity and to smooth traffic flow at critical junctions. I was very pleased last month to be able to visit the works now under way in Red Bay and Prospect with the Minister for Infrastructure and I would like to thank him for the positive and proactive way he and the NRA have responded to the problems being experienced. Of course, I am now getting complaints about the roadworks but I guess that is inevitable.

What I can reassure commuters is that the roadworks now under way will make a significant difference to traffic as it moves from the east towards town in the morning peak and back again in the evening. The work on the expansion to the Red Bay Roundabout to increase it to three lanes began last month and should be completed by Christmas and is the first vital junction improvement in the chain.

The NRA has also begun work to create the necessary third lane at the Grand Harbour Roundabout. Initially this extra capacity will be utilized as a filter lane for traffic entering the roundabout from South Sound Road. However, as other improvements come on-stream, the extra lane will facilitate better traffic flow in both directions between the CUC Roundabout at King's Sports Centre and the Chrissie Tomlinson Roundabout. That roundabout will also be upgraded alongside the addition of two new lanes at Rex Crighton Boulevard between the Poindexter Roundabout and the Chrissie Tomlinson Roundabout.

These and associated improvements such as the new layout of Shamrock Road will add much-needed capacity, which will reduce congestion and delays and improve commuting times.



While these benefits will be felt by drivers in the early part of next year, I am afraid the relief will be short-lived unless more is done.

The reality is that Cayman's economic growth is continuing to increase our population and relative prosperity is compounding that with increased car ownership. As I signaled in my Strategic Policy Statement address, the budget reflects this Government's determination to act. Mr. Speaker, we have brought forward planned improvements in the Island's strategic road network to give a significant increase in capacity from the eastern districts through to join up with the improvements currently under way and on into George Town. The planned extension of the East-West Arterial Road, first to Northward and then through to Look Out in Bodden Town, has been brought forward into this budget period rather than being left until the next as had originally been planned. This means we can deliver the most significant increase in the capacity of the road network east of George Town in at least a decade.

Mr. Speaker, I hope that you will forgive me for speaking at such length about issues that have little to do with West Bay. However, I am sure that every Member in this House will have heard their constituents voicing concerns about the cost of living. The good residents of West Bay no doubt will be as interested as others across these Islands to hear how the Government plans to respond to those concerns.

The Minister of Finance has explained before that there is little that the Government can do in a systematic way to address the cost of living. We lack the usual instruments of monetary policy that other governments rely upon in these circumstances. Moreover, our

almost total reliance on imports means that we can never be isolated from economic conditions elsewhere; especially in the United States but also in global markets more generally.

If we lack the tools for an economy-wide response, government must look instead for a more targeted approach.

The biggest single factor by far impacting the cost of living in the Cayman Islands is housing. We have all seen, Mr. Speaker, the clear indications of both the increasing cost of homeownership and the escalating costs of rents that are directly impacting Caymanians and work permit holders. While the property market and the rental market are linked, there are also different dynamics at play within each.

Home ownership is a dream to which all Caymanians aspire, Mr. Speaker. This Government believes that if you work hard and save responsibly then it should not be a dream beyond your reach. And yet that is the position in which many young Caymanian families find themselves. Such is the strength of the property market in our Islands that those Caymanians with property are able to sell at an exceptionally good price. However, Caymanians seeking to buy can find themselves effectively priced out of that market.

We are not a 'do nothing' Government that is willing to shrug our shoulders and say 'well that is how markets work'. No Mr. Speaker, such an approach is not acceptable to this Government – which is why we have supported the work of the National Housing Development Trust in building affordable homes as well as reduced stamp duty for first time Caymanian homebuyers.

In the coming budget period, we have put in place a number of measures that will help further bring home-ownership within the reach of more young Caymanian families.

First, Mr. Speaker, the budget provides for the full effect of the stamp duty concession we have put in place for first time Caymanian buyers. This allows homes up to \$400,000 to be purchased stamp duty free. That concession makes a significant difference to the amount of cash needed when making a purchase and has the knock-on effect of making the necessary deposit easier for young Caymanians to put together. Mr. Speaker, based on 7.5% stamp duty on property, this amounts to a savings of \$30,000 for a \$400,000 property. This policy change is already proving effective and many Caymanian families have already benefitted from it.

In this budget we are extending this provision so that for all Caymanians wishing to purchase a first home, the first \$400,000 will be duty-free regardless of the value of the home. This extends the duty reduction across the full range of likely first-time buyer properties in Cayman. It brings the benefit to more Caymanian first time buyers as the \$30,000 saving will now apply to all properties. Legislation will be needed to effect this change and we will bring that forward to the House as quickly as possible so as not to create any problems in the market pending the change. We will keep the duty free threshold under review and we are willing to consider further concessions in favour of aspiring and hard-working Caymanians if necessary.

Secondly, we will reinvigorate other programmes that support Caymanians wanting to own their own home. In past years over 300 families have been assisted by the Government Guaranteed Home Assisted Mortgage programme, or GGHAM for short. This programme, run in conjunction with participating local banks, provides the lending institution with a

government guarantee of up to 35% of the mortgage amount. This covers the required down payment as well as provides some additional risk protection for the bank. Historically this programme has been very successful with negligible levels of default.

We shall also look again at the 'Build on Your Own Property Programme' to help those individuals who own their land but need some help qualifying for a mortgage.

Thirdly, we are continuing to support the work of the National Housing Development Trust. I have said in this Chamber before, Mr. Speaker, that the Trust has been re-invigorated under this Government. New build projects have been delivered in Bodden Town and East End. Currently, there are schemes awaiting planning permission to deliver more affordable units in both East End and West Bay. These affordable homes built by the Trust represent an important route to home-ownership for Caymanian families and I look forward to the Trust bringing to fruition their plans for the 24-acre site they have acquired in George Town. This budget continues the Government's funding commitment in terms of meeting the ongoing financing costs of the Trust's work.

But we cannot simply rely on the good work of the Trust to meet a growing need among Caymanians while developers build more and more housing units aimed exclusively at the luxury end of the market. To be fair, there is an economic logic compelling developers to act in this way so Government will work with them to look, for example, at how we might encourage them to deliver more affordable homes for Caymanians.

Rents are an issue across the economy but there are particular issues impacting the lower end of the market including for families seeking housing assistance through the Needs Assessment Unit. We need to work with potential landlords to look at ways government might approach the market differently in order to encourage more supply.

Government will also commence discussions with the Housing Development Trust about the possibility of renovating or redeveloping some existing government-owned properties and bringing them back to the rental market.

While housing costs are the most significant factor impacting the cost of living, there are of course other issues at play. Prices of imported goods are also an issue and that does allow me once again to draw the straight-line, and obvious link, to the importance of the proposed cargo port enhancements. Greater volumes, new routes and more efficient operations will reduce the costs of imports. Period. Relying on the current inefficient operation as we continue to grow not only drives up cost but increasingly becomes untenable.

Certainly the people in the community I represent still tell me that they believe the cost of gas at the pumps in Cayman is unreasonably high. I am delighted, Mr. Speaker, that at long last OfReg has now appointed consultants to look at the operation of the fuel market in Cayman. While all my instincts believe in markets, Mr. Speaker, if that review finds that the fuel market here is not operating fairly in the interests of Caymanians and residents then there will have to be change. If fuel supply companies are not willing to respond positively then, as I have said before, the government will intervene if necessary.

As well as particular categories of cost, we also need to look at the question of whether the relatively high cost of living is having a disproportionately greater impact on some parts of the community. Here, the evidence suggests that in Cayman, costs are having the greatest impact on older persons, particularly those with fixed incomes that do not increase as their household bills go up.

The budget before the House addresses that issue and the Government is announcing today a package of concessions designed to reduce the costs falling on older persons. Across government, some 14 fees or duties will be significantly reduced or even waived for persons over 65. The package includes reductions in vehicle licensing fees, duty reductions for mobility scooters and wheelchairs and reduced post office box rental fees. My own Ministry will reduce work permit fees for caregivers of older persons and we will reduce import duties for older persons coming through the airport. The impact of the changes will obviously vary from individual to individual but the concessions generally focus on those in greatest need. We calculate that the revenue foregone by government will total approximately \$830,000.

Prices are only one side of the cost of living equation, Mr. Speaker. The other, of course, is income. Here, government does have some more direct tools at its disposal. Again, we are taking action and once more the focus is on providing support for those in the greatest need. The first budget announced by this unity Government increased the guaranteed minimum income payment for seafarers, veterans, those in need of social assistance and long serving civil service pensioners to \$750 per month from its previous level of just \$550.

I am delighted to announce today, Mr. Speaker, that this budget has again provided for more support for these groups of people and that from the 1<sup>st</sup> of January, 2020, they will see their monthly income rise by another \$100 per month to \$850. We will go further, Mr. Speaker, and the budget provides for a further \$100 per month from January 2021, lifting the monthly payment to \$950. This means that under this Government, there will have been an increase of at least 73% in the income of over 2,000 of Cayman's most vulnerable and hard-pressed households.

This government pledged to support the most vulnerable in our communities. We are delivering on that promise. I would like to thank the Member for Prospect who is also my Councillor for Community Affairs for the excellent work he does for the Ministry.

The flexibility of Cayman's labour market means that wage levels tend to lag behind growth and productivity. This, of course, was one of the major reasons why my previous Administration introduced the national minimum wage. The minimum wage is now under review. Before I get howls of protest from business leaders, I well recall the controversy that accompanied the original decision to introduce the minimum wage. And yet, growth has continued and thousands of jobs for Caymanians have been created. Therefore, Mr. Speaker, I hope the experts leading the review will look at the opportunity for an increase in real terms in the national minimum wage.

In the meantime, government will continue to do its part. Mr. Speaker, during my delivery of the Strategic Policy Statement earlier this year I indicated then that we had mostly corrected the wage concerns of civil servants, in particular with regard to wage stagnation and

income lost during recession-related austerity measures. But I also referred then to the higher prices in the shops. In the run up to the SPS and in the months since I have had several conversations with the Deputy Governor regarding civil service wages.

Another announcement I am therefore making today is that in putting together this budget, the Government has allowed for a 5% cost of living increase for civil servants with effect from 1<sup>st</sup> January, 2020. The government believes that the hard work and dedication to public service shown by civil servants should not be taken for granted and we are providing for this increase in recognition of the contribution civil servants make every day to the well-being of this country and its people. We all, on these benches, appreciate and value their service and the sacrifices many of them make every day.

This increase also has an influence on the wider labour market. It acts as a signal to private sector employers and as a stimulus to wage growth elsewhere in the economy. Wage increases for public service employees, however desirable, are only appropriate if they are affordable to the public purse. The pay rise I am announcing today will be offset by efficiencies and other savings made elsewhere in the budget. In that way, we intend that the cost of living increase we are announcing should be self-financing. I am very grateful to the Deputy Governor and his Chief Officer team for the positive approach they have taken in committing to find the measures necessary to fund the pay increase.

It is striking, Mr. Speaker, that both of the issues I have mentioned so far today – traffic problems and the cost of living - are problems created by success. I sometimes refer to them as ‘growing pains’. That does not make them any less important to deal with but I would much



rather be contemplating those issues than the problems of recession and hardship that we inherited in 2013. Just reflect for a moment on how far this country has come in these last six and a half years. Real terms GDP growth has been consistent and strong, averaging 3% through the period.

Unemployment has dropped and in particular, Caymanian unemployment has fallen from a peak of 10.5% immediately prior to us coming into office in 2013 and has been pegged at 4.8% in the most recent labour force survey. As I have said before in this House, there are now 3,300 more Caymanians in employment than there were six and a half years ago. There is every reason to be confident that this track record of success will be maintained through to the end of this term. The economic prosperity that these Cayman Islands have built and then enjoyed during the two Administrations that I have led is a singular achievement. All of us Mr. Speaker, can be proud of the strong Caymanian economy that we have built together.

Problems relating to traffic and to the cost of living are things we can deal with Mr. Speaker. But I fear that there is another problem we face that may be harder to tackle. That is a growing sense of complacency and an assumption that Cayman can continue to prosper by right rather than by dint of hard work.

I beg to differ, Mr. Speaker. The history of the last sixty years tells me that it is only because Caymanians have been willing to lead the way; to develop a business-friendly environment; and to take risks, that we have grown and prospered as a people. Rather than sitting back with a self-satisfied sigh and expecting the dollars to continue to flow in, now is the

time for us to bend our backs and lay the foundations for the next generation of Caymanian success.

Now I recognize, Mr. Speaker, that it will be for a future government and the next Premier to pick up the challenge but as I said earlier, I came into politics to do the right thing for Cayman and its people. I will end my time as Premier doing the right thing. That means that even though it will not be for me to see all the plans through, I do believe it is the task of this Administration to sow the seeds that the next administration will reap. Therefore, our plans for the coming budget period include several key pieces of work to position the Cayman Islands for the future.

I should add here, and I am sure you would expect me to do this Mr. Speaker, that I fully expect the next government to be a record third straight Progressives-led Administration. I also fully expect Mr. Speaker that that Government will be able to continue with you in the Speaker's chair carrying on the good work you have done over the course of this term.

But whatever the verdict of the people in May 2021, the next government will come into office with the benefit of a number of initiatives already under way for them to pick up and complete or to mould in light of their own political mandate.

I want to take this opportunity to highlight four important issues on which Cayman needs to begin to think differently. Two of them I have mentioned already: traffic and housing. The other two are health and economic diversification. Do not get me wrong, Mr. Speaker, I am not just kicking the can down the road on these issues in the hope that a future Administration

will deal with them. Rather, I recognize that it is just not possible in the next 18 months or so to fully solve the challenges we now face. But neither is it the case that we have been doing nothing for the last six years.

In all four cases, there is action the government has already taken and is taking in the short term through the next budget period as I have already indicated. In my view, however, the experience of the last two Administrations indicates we now need to lift our eyes from the kind of pragmatic solutions we have already delivered and address these issues in a more fundamental way. This Government will rise to that challenge and the budget also includes resources to fund the work we are putting in train now to help to identify longer term solutions.

Traffic is a very good example of that. I have already highlighted the huge amount of work that will take place over the next budget period to improve the capacity of Cayman's road network. It will, as I have said, reduce congestion and improve journey times, especially at peak times. But unless we do more, Cayman's victory over its traffic problems will be short-lived. All the evidence from across the world is that if you add more road capacity it just fills up with more vehicles.

In the longer term, we need a different answer. In fact, I believe we need a different question: not what is the right solution to Cayman's traffic problems but what is the best solution for Cayman's future transportation needs?

If we act now, there is an opportunity to answer that question in a new and innovative way. The extraordinary growth Cayman has experienced over the last 60 years plus the

continued growth in visitor numbers means we are now of a size where new public transport solutions become economically viable. At the same time, although we have grown we still have the physical space to implement an innovative and different solution. However, the challenge is not simply an infrastructure one. It also involves a change in our behaviours, enticing people out of their cars to use public transport options as they become more readily available. Neither the infrastructure development nor the behavior change can be delivered in the next 18 months but we will use the time to work to identify what the best future option for Cayman might be. The Minister for Infrastructure, supported by the Deputy Premier whose remit includes public transport, will commission a public transport study that will be ready to inform the choices to be made by the incoming government in 2021.

Similarly, with housing. The measures I spoke of earlier will have a positive impact but the improvements will necessarily be limited in scope. The current operation of both the main property market and the rental market are moving in a direction that, if nothing is done, will increasingly make housing unaffordable for middle class Caymanian families. As I said earlier this is unacceptable. The issues right now are partly cyclical but the country's continued economic success means the issue will not just go away.

The longer term trend if Cayman continues to grow is something that government needs to address and not in a piecemeal fashion. There are a variety of tools available to government including planning policies; the use of government's own land; duty reductions and other concessions; and the potential to offer more direct support to Caymanian home-buyers. Each of

these, though, will not be an answer in isolation. Indeed over-reliance on a single intervention is likely just to distort markets.

A comprehensive, cross-government housing policy is required and we are forming a special inter-Ministerial committee to develop that policy. I expect its report to be available in time to begin implementation through the 2022-23 budget and beyond. The challenge to create new solutions for affordable housing in the context of successful economic growth is being met elsewhere and we can learn from that experience. In California, for example, where the tech boom continues to generate tens of thousands of high paying jobs, the median home price has risen by nearly 75 per cent and the average rent has gone up 40 per cent over the last seven years. On Monday this week, Apple announced it will direct \$2.5 billion toward affordable housing initiatives in California, including helping first-time homebuyers with financing and down payments. They join other technology companies including Facebook, Google and Microsoft in pledging to help address the significant increases in rent and real estate prices caused in part by the technology industry's rapid expansion. Perhaps those who are profiting from bringing in large numbers of workers to Cayman's economy can be encouraged to take a similar approach.

In respect of healthcare, we have another issue with lots of moving parts that we need to consider as one system. Perhaps as this is towards the end of my tenure as Premier, Mr. Speaker, I can speak with a bit more freedom. Frankly, in my view, the system we have developed in Cayman is becoming unsustainable.

Health insurance costs are one of the factors driving the increasing cost of living and yet government is increasingly left to pick up the tab for those who find that they cannot afford to participate in our private insurance-based system. That cost is escalating. For what I think is the first time, this budget contains a more accurate estimate for the likely cost of caring for seafarers, veterans and medical indigents. We have allocated approximately \$26M per year to cover that cost in each of the next two years.

This and previous governments have sought to make incremental changes. My Government has tried to find a solution to older persons' insurance coverage but the business cases we were presented with remained simply unaffordable. Both Administrations have considered whether CINICO is still the right model for Cayman going forward. The ongoing review of CINICO we have commissioned explores viable options, which will enable the company to become financially sustainable, be fit for purpose and to offer affordable insurance products and services to the Government and citizens of the Cayman Islands.

The H.S.A. is extending services and improving access, for example through the proposed new health centre for Bodden Town, and this is to be welcomed. At the same time, we have excellent private sector provision of health services on Island but there is limited cooperation between providers.

I must accept, Mr. Speaker, that this is one area of public policy where successive governments have failed to get to grips with the issue. Indeed, I have spoken of this before. The incremental approaches we have reached for have proven illusory. It is my belief that a more radical approach is called for. Central to that needs to be a new role for government in helping

to support the health and well-being of our people rather than just dealing with sickness. We need to adopt a much more preventive strategy and to organize services that keep people healthier for longer. This is better for government and better for people.

The logic of an insurance system should support that approach but the relatively small size of insurance pools and the lack of engagement between them and health providers militates against it. While I envisage a new role for government, this is not a question that politicians alone can solve. We need a wider debate on how we should reform and pay for our health system and we need that debate to be well-informed about the costs, benefits and risks of different approaches. The first task for government, then, is to gather the necessary information and carry out the analysis to facilitate that national debate. And once the analysis is done and the debate complete there is need for suitable action.

The last of the four issues I want to tackle in this section of my speech, Mr. Speaker, is Cayman's continuing economic diversification. This has been, and will continue to be, a Government that believes in opportunities for Caymanians. I will talk in more detail later about the work we are doing in education, in employment and in the small business environment to support Caymanian opportunity - but whatever we do, there needs to be in place a thriving economy in which those opportunities arise in the first place. Put another way Mr. Speaker, those who believe that we should focus on education alone and not also on keeping the economy thriving are suggesting a strategy that will result in merely creating educated people who cannot find jobs.

Cayman's success as a tourism destination and as an international financial services centre is something we should all be proud of. This Government is certainly doing all it can to ensure the continued success of Cayman in both of those sectors as I shall talk about later. However, that is not enough. Again, recent governments, including this one, have begun to work to diversify our economic base. In part that is a response to threats and to risks, particularly in respect of financial services. However, it is also about opportunity.

Cayman is at its best when it innovates. Both through the entrepreneurialism of Caymanians and through our willingness to work positively with a diversity of talent from overseas, Cayman has been able to develop new and exciting products and services that attract business to these small Islands. Ours has been a kind of pioneer spirit. And yet, in respect of financial services at least that spirit has become less adventurous. In some ways that is a very good thing because it has allowed the legal and regulatory frameworks necessary in modern financial centres to catch up and then keep pace.

But I believe that Caymanian pioneer spirit is still alive and well. The question then becomes where is the new frontier where that spirit can now be applied? This is the key question that we have not really answered in our efforts to diversify the Cayman economy.

So to take us forward, this budget for the first time creates an appropriation for the new Ministry of International Trade and Investment, Aviation and Maritime Affairs. The role of this Ministry is outward facing, presenting a single front door to potential investors in Cayman and ensuring that the jurisdiction is effectively plugged in to key existing and emerging markets. To



undertake that role effectively, the Ministry has to work across government and hand-in-glove with the Cayman private sector.

As such it can be the focal point for future efforts to diversify our economy and to create new opportunities that channel that pioneer spirit of Caymanian enterprise. In this next budget period, the Ministry is rather dipping its toe in those waters. We are deliberately starting relatively small. However, if the Ministry is as successful as I believe it can be, then it will grow to be the powerhouse for the next iteration of the Cayman economic miracle.

While it is important for us to create a platform for the future, the people have every right to demand of this government that we should finish what we started. Right across government, in each of our Ministries, we will double down on our efforts to deliver on the promises this Government gave to the people of the Cayman Islands. We have achieved a lot over the last two and a half years. I spoke at length during the SPS debate about this Administration's achievements and I will not repeat it today. However, as we discussed the priorities for this budget in the Government Caucus, I could not help but be impressed and encouraged by the determination my colleagues are showing to get critical projects over the line.

The most obvious symbol of that determination to carry through on our promises is the new cruise berthing and enhanced cargo facilities.

As I said in the Referendum Bill debate last week, this Government was democratically elected with a clear mandate to get both elements of this vitally important project delivered.

Having spent three days in this Chamber last week debating the issue, I will not go over the same old ground again. We are here today to debate the budget and it is worth recording that beyond the enabling works, there are no new resources in this budget to deliver the port redevelopment project. That is, of course, one of the most important achievements of the Government. There is no need to appropriate funding of some \$200M for building the port project because the Cayman Islands is not paying for it. The cruise companies will pay for all of the capital costs and then recover their investment and pay for the maintenance and upkeep of the new facilities from the per passenger levy on cruise passengers. I repeat – it will be paid for by cruise passengers and not the people of these Islands. That is a fact Mr. Speaker, no matter who says anything different in whatever way they may say it. In the words of Churchill – “The truth is incontrovertible. Malice may attack it; ignorance may deride it; but in the end, there it is.”

I will not repeat last week’s debate but I will pause to recognize what an outstanding achievement it is to have put Cayman in this position.

You see Mr. Speaker; we want the experience for our cruise visitors to be as wonderful as it is for our visitors who arrive by plane. While the upgrades to the Owen Roberts International Airport have brought improvements for the flying public, we will soon see further improvements to the airfield. Works will be done on the apron rehabilitation and extension of the runway to make the airport more efficient and expedite departures and landings.

Accordingly, I want to offer my thanks to the Deputy Premier and Minister for Tourism for his leadership on behalf of the government in moving the port redevelopment forwards. I

have had the privilege to have him as my Deputy for the last six and a half years, Mr. Speaker, and it has been my honour to serve with him. I have valued his support and welcomed his counsel. The last year has been a very difficult time personally for the Deputy Premier and his family. And, as if that were not enough, he has had to suffer personal attacks and efforts to impugn his honesty. Yet he has remained steadfast in his determination to carry through with what he knows to be right for our country and he has continued to operate with the combination of integrity and good humour that we all know to be his trademark. I truly thank him for all that he has done to move forward this Government's agenda for the benefit of all the people of our Islands. I also thank his Councillor and Member for George Town West for his commitment and dedication to the Ministry.

Whilst we have had challenges locally moving forward with our cruise berthing and enhanced cargo project, we are also experiencing challenges internationally with regard to defending and promoting our key Financial Services Industry. I do appreciate the company of the Minister for Financial Services but both of us have spent far too many hours in London, Brussels and other European capitals dealing with the plethora of issues our industry faces. That challenge continues. The Minister has been working hard with her team and with the industry itself to make sure that we keep pace with the ever changing demands of the international regulatory bodies. I am very grateful to the Minister for all that she has done to put Cayman in such a strong position to avoid us being placed on a blacklist.

The budget we are bringing before the House today provides yet more resources to aid in meeting that challenge. I have said many times before that Cayman will comply with all

relevant international standards and we need to invest in both people and new technology in response to increasing international regulatory developments; the variety of international assessments; and the competitive pressures that Cayman faces.

The investments being made through this budget will enable Cayman to increase in regulatory capacity and where appropriate to take any necessary regulatory action. We will also further boost our engagement with international stakeholders as we run a new campaign to address the very widespread misconceptions about Cayman and to improve the global reputation of the jurisdiction. While we may differ on the cruise and cargo port project, I hope all Members will support the Government's promotion of our Financial Services Industry and be willing to campaign with us as we seek to enhance our reputation and promote a positive image of our country overseas.

This budget provides the resources to complete a number of initiatives the government has been putting in place to support small business and create new opportunities for Caymanian entrepreneurs. As the Minister of Commerce has announced, the new Small Business Development Centre will open its doors before the end of the year. The budget we are proposing today ensures the resources are there to ratchet up the services available and extend the reach of the Centre during the first few months of 2020. Other actions from across government will provide further support. For example, the Post Office will develop and launch a second tier of its CaymanKind Global flat rate products, which support small and micro-businesses operating in the Islands' e-Commerce market as well as being beneficial to individual customers.

I think it is the case, Mr. Speaker, that we have been working on the integrated solid waste management project – or to put it more plainly, on fixing the dump – even longer than we have on the procurement process for the port project. There have been times during the last six years when it felt like we were never going to get there. So it is with some relief that we are now seeing increasing confidence in the delivery of the project.

Even after two years or more, we still have further negotiations to conclude with the Dart-led consortium, which is the preferred bidder for the project, and that is reflected in the budget before the House. Were I superstitious, I would be touching wood as I say this, Mr. Speaker, but the main challenges in taking the project forward are resolved and it is on that basis that both parties have now begun to work together in concrete terms while the contract negotiations are being concluded. There will shortly begin a consultation on the terms of reference for an environmental impact assessment for the new facilities to be constructed under the project, including the waste-to-energy plant. Even more, significantly, work will begin on capping the existing landfill early in the New Year.

Equally important, last month I was delighted to attend the ground-breaking for the new long term residential mental health facility that is being built in East End following the formal signing of the contracts to construct the facility. This will be a purpose-built 54-bed facility that will serve the residents of the Cayman Islands who have serious and persistent mental illness, enabling them to receive high quality care close to their homes, friends and family rather than having to travel overseas.

It is envisaged that the new facility will open in the second quarter of 2021. The budget provides the capital allocations for the building of the new facility and covers the operating costs through to the end of the budget period.

The Minister for Health inherited both of these projects from my previous Administration but he has adopted them and driven them forward with a relentless determination. I confessed earlier that my own confidence wavered as both of these projects hit various setbacks but the Minister retained that determination and was able to reassure both myself and our Caucus colleagues that both could be delivered. I thank him today for his hard work and fortitude. I must also thank, Mr. Speaker, his very able and committed Councillor, the Member for West Bay Central.

Mr. Speaker, President Lyndon Johnson frequently summarized his commitment to civil rights and the great society in the following terms: "it is not enough just to open the gates of opportunity. All our citizens must have the ability to walk through those gates." These words also get to the heart of the commitment that the last two Administrations have made in terms of opportunity for Caymanians. Much has been achieved and this budget provides the resources to push our work forwards still further.

In terms of opening doors, the over-riding priority over the last six and a half years has been to ensure Caymanians could access employment. I reported earlier on our track record that has seen Caymanian unemployment halved over the period. That success means that 3,300 more Caymanians are now in employment compared to when we took office. I think we can now say that we are getting to the point where there is effectively full Caymanian

employment but we will not give up on any Caymanian still seeking employment and we stand ready to support all Caymanians. Moreover, we must recognize that this nation's hard-won success is always fragile. External economic shocks and natural disasters are always risks in our economy. That is why the government has not wavered in its commitment to continuing to grow the economy.

Our success now also gives us the opportunity to broaden our focus. From a position of strength where Caymanians are more readily able to access employment, we can now redouble our efforts to ensure that there are proper opportunities for advancement in our economy. As I said in my speech to the House introducing the SPS, we will be legislating to create a new Fair Employment Opportunities Commission. The Ministry is in receipt of the initial draft Bill and has been researching similar such commissions in other jurisdictions to provide further drafting instructions to Legislative Drafting. It is anticipated that the Bill will be submitted to the House within the first quarter of the New Year to provide for public consultation. The Commission will work across the whole economy and be empowered to look at the treatment of Caymanians in all sectors and all levels. If there are barriers to the advancement of Caymanians it will be the Commission's role to ensure they are eliminated.

In this way, Mr. Speaker, we will be increasingly confident that the gates of opportunity are truly open to Caymanians.

As the economy grows and diversifies, the demands for labour will change. Looking ahead, we need to ensure that Caymanians have the skills necessary to access the opportunities of the future. Our design of the new Department of Workforce Opportunities and Residency

Cayman has for the first time created within government the capacity to look ahead and to plan the workforce development necessary to equip Caymanians for the future jobs market. The coming budget period will see that new function beginning to operate effectively.

The real key to ensuring that Caymanians are able to walk through the gates of opportunity is to ensure that our education system equips our young people with the skills they need to compete in the increasingly complex jobs market they will face. Significant progress has already been made, Mr. Speaker. The work done in the last Administration to create a new framework for education and to base our plans on a realistic appraisal of the current position of our schools meant that this term we have been able to focus on pushing forward with a meaningful programme to reform the public education system in Cayman.

That programme has been well-thought through and systematically deployed. I will accept the recent criticism of our Auditor General that we have not paused long enough in our delivery of the necessary changes to write it all down but our strategic intent has been clear. Reading the Auditor General's criticisms, I am reminded of a letter written by the Duke of Wellington in 1812 as his army chased Napoleon out of Portugal and Spain. In response to the repeated Foreign Office requests that he account for his actions and the deployment of his troops, the Duke wrote:

*"This brings me to my present purpose, which is to request elucidation of my instructions from His Majesty's Government so that I may better understand why I am dragging an army over these barren plains. I construe that perforce it must be one of two alternative duties, as given below. I shall pursue either with the best of my ability, but I cannot do both:*



*1.) To train an army of uniformed British clerks in Spain for the benefit of the accountants and copy-boys in London or, perchance...*

*2.) To see to it the forces of Napoleon are driven out of Spain.*

*Your most obedient servant,*

*Wellington"*

This Government has made clear how we see our present duty, Mr. Speaker and that is to drive forward the improvement of public schools in Cayman. I want to express my gratitude to the Minister for Education for her leadership of the reform programme and her dedication to ensuring that our education system delivers opportunities for all our young people. I also thank the Member for George Town South and Councillor for Education for her commitment not just to educate our young people but also for the care she gives to the elderly in her community.

The first stage has been to get the basics right. The biggest single contributor to improving standards of education is to improve the quality of teaching. This budget completes the commitment we made to increase teachers' salaries to a monthly minimum of \$5,000 so as to attract and retain the best in the profession. We are continuing to invest in the development of our teachers and the quality of our school leaders. Across the country, school inspectors are now finding improvements in the quality of teaching and their overall assessments of schools' performance are moving in the right direction.

The second stage is to ensure that what is being taught by our high quality teachers is appropriate for our young people. This term has seen a new curriculum introduced into Cayman's primary schools. Yes, it is more challenging and yes there will be difficulties as we all

adjust to the demands of the new curriculum but we would be failing another generation of Cayman's young people if we did not make this vital change. The budget before the House today provides the resources needed to support the successful roll out of the new curriculum across our public education system.

While this challenging new curriculum will raise academic standards, we must also recognize that some of our young people will want to pursue other opportunities. For them we need to ensure that appropriate technical and vocational routes are available to them. I will stress that vocational training is not to the exclusion of all academic education. In my view, vocational routes are themselves underpinned by a firm grasp of the basics – reading, writing and mathematics. Beyond that, the best vocational routes are developed as partnerships between educators and the private sector. That is the approach this government is taking and the coming budget period will bring that work to fruition.

In the meantime, the government is extending its own efforts as an employer to deliver high quality vocational training for a new generation of Caymanian tradespeople. Funding provided in the current budget is allowing the construction of a dedicated apprentice training facility at the Public Works compound and the upgrading of PWD's electrical, plumbing, AC and carpentry workshops to make them suitable for apprentice training in addition to their normal work use.

Currently construction is on target for completion by December with a facility opening and launch of Level 3 (Supervisory) Training in January of 2020. This coming budget allocates funding to support the continued development of PWD's apprenticeship programme. By this

time next year the program will expand to 50 Caymanian apprentices in training including customized classes for persons already working in the industry who need to be up-skilled or certified in their particular area of expertise or to access emerging opportunities within the sector.

Finally, Mr. Speaker, we need to finish one piece of strategic reform that has been on hold while we have been rolling out the new curriculum. That reform is the introduction of new governance arrangements for Cayman's public schools. I said when speaking to the SPS that this reform was essential in placing responsibility for improvement where it really matters – with schools themselves. School governance arrangements that engage teachers, parents and the wider community in the running of local schools have been shown the world over to support school improvement and this is the model Cayman needs to adopt.

I will just pause here, Mr. Speaker. I understand that when I spoke about these governance changes during the SPS debate I upset some people by suggesting that decisions about what happens in classrooms were better taken by schools themselves rather than by the Department of Education Services. I make no apology for what I said, Mr. Speaker, I believe it to be true.

However, I do apologise for what was left unsaid. Just as the change benefits schools by giving them the freedom locally to drive their own improvement, so it also frees the Department to refocus its time on the key national programmes that provide the necessary frameworks for local improvement. In my view, this change clarifies the role of both the schools

themselves and the central department and benefits both by allowing them to concentrate on the things that they are best placed to do. I hope I have now made myself clear.

Since I spoke on the SPS, the Education Council has been working on the development of the new governance model for Cayman's schools. I thank them for the work that they have done and I look forward to supporting the Council and the Ministry as they put the changes in place during this two-year budget period.

Alongside these vital changes in the education system, the government in this budget is continuing to invest in the necessary upgrading of the schools estate. The centerpiece of that programme of capital investment is, of course, the new John Gray High School campus.

Despite what some cynics in the blogosphere might have everyone believe, the John Gray High School project is progressing well. The last update I received indicated that the target opening for the whole of the new facilities remains the start of the 2021 academic year with the potential for some of the new facilities to come on-stream before that date.

Alongside the John Gray project, other capital investments programmed for the 2020-21 budget period include works to improve the primary school estate, most notably an upgraded hall at the Bodden Town Primary School. Taken together, these investments both increase the capacity in Cayman's public schools to meet the demand for places and help to create the kind of positive learning environment that supports quality teaching and learning.

On a related note, Mr. Speaker, this budget provides the financing to take forward the new Sunrise Adult Training Facility. I recognize that this is long overdue but I am delighted that

it has now been possible to find the necessary resources. Again, Mr. Speaker, it is not just the new building itself that is important, welcome though I am sure that will be. Within the building will be better, more modern equipment. Taken as a whole, the new facilities will greatly enhance the opportunities for training and personal development for up to 150 Caymanians with special needs.

The appropriations in the budget before the House also complete a number of important changes this Government has been driving in order to reduce crime and ensure that Cayman is a safe place to live, work, visit and do business. Before I do that, Mr. Speaker, I must just alert the House to a change in the way that the RCIPS appropriations are presented in this budget. There is a heading in the budget titled “Appropriations to the Premier on behalf of the Office of the Commissioner of Police” which is new. Previously those appropriations had been shown within the Ministry of Employment and Border Control for which I am responsible.

The change of substance that lies behind this change in the tables in the budget book is that it effectively recognizes the RCIPS at the Ministry level in Government terms rather than at the Department level. The consequence of this is that the Deputy Governor is inviting the Commissioner of Police to act as a Chief Officer and to be part of his formal leadership team. This will facilitate further integration of the activities of the RCIPS with other Ministries for the benefit of the government-wide approach to keeping communities safer. I fully endorse the change.

What the House will see within RCIPS allocations further underlines this government’s commitment to providing the resources needed for the effective policing of these Islands. The

budget provides the funding necessary to complete the three-year commitment we made to recruit 75 new police officers and to support the refocusing of policing on to a neighbourhood approach. And just this month Mr. Speaker, 11 Community Safety Officers have been assigned to work in our communities. These officers aren't police officers, but civilian members of all our districts who patrol communities and identify areas and issues of concern while helping bridge the gap between the police and the community. The implementation of this new service, funded through the budget before the House, represents the delivery of yet another of the promises made by this Government.

These changes plus other things such as the new RCIPS app are bringing the police much closer to the communities they serve and ensuring that policing is much more responsive to the needs of those communities. Additional policing is continuing to help keep Cayman safe Mr. Speaker. In April, I spoke about reductions in the burglary rate and I am pleased to say that current indications are of a continuing downward trend in serious crime across these Islands.

For example, the positive reduction in burglary rates has been carried on into this year. In 2017, the average burglary rate was around 42.5 per month. Last year's successes had brought that down to 27 per month and the continued focus on neighbourhood policing and action against persistent and prolific offenders has reduced the average for the first nine months of 2019 to 23. I will say again that for victims the overall reduction is small compensation but for the country it is the dividend from the Government's continuing delivery of our commitment to keeping our communities safe. I want to recognize the success these trends represent and thank the Commissioner and all his staff for their hard work.

We are also investing in the physical assets and equipment that a modern police force needs. You will have seen in the press only recently, Mr. Speaker, that the RCIPS has acquired a new class of state-of-the-art, fully-equipped vehicles. More will come into service in the coming budget period. We are providing the full year funding for the new police helicopter and indeed for the second helicopter that will arrive next month and extend further the capacity of the RCIPS for operational policing, border security and disaster management.

I am sure that you will be pleased to hear, Mr. Speaker, that we will be progressing the development of the new West Bay police station. Funding has also been provided for the RCIPS to help in the fight against money-laundering and terrorist financing and the new digital forensics hub creates new capacity to investigate and tackle cybercrime.

I have made the point in this House many times before but I will do so again – community safety is not just a matter of policing. I have been greatly encouraged by the recent efforts of the National Security Council to develop more of a whole-of-government approach to keeping Cayman safe. Particularly important in that respect is the development of an anti-gang strategy, led by the Deputy Governor personally. The budgets going to a number of Departments and entities will fund activities as part of the delivery of that strategy. The benefits are two-fold. First, the disruption of gang activity makes a significant contribution to reducing crime. Secondly, and perhaps more importantly in the long run, the implementation of this strategy improves the life-chances, particularly of young people, who might otherwise have been caught up in gang activity and fallen into criminality.

Alongside that work to combat gang-activity, the government is continuing to support vulnerable young people and families. The Police will ensure that their officers continue the prioritisation of investigations related to child abuse and domestic violence through the Multi-Agency Safeguarding Hub (MASH). Other government agencies, notably the Department of Children and Family Services will support that work. The budget secures the funding for the opening and operation of a new Special Needs residential facility for children in care to ensure they receive dedicated and appropriate care at a time when those young people are particularly vulnerable.

More broadly the budget includes a capital allocation to fund the next stage of the court house redevelopment project that will see facilities for the Court of Appeal in the Government-procured Scotia building, a new six-storey court facility and a renovation of the existing courthouse to provide additional courtrooms. The budget also takes forward the much-needed work on a new prison facility to replace the existing male and female prisons at Northward and Fairbanks to provide modern facilities for all types of offenders in a single location.

We are also making new investments in the fire service including replacement fire trucks and new safety equipment to enable firefighters to carry out their duties more effectively.

The new Coastguard service will also continue to move forward thanks to resources provided within this budget. Of particular note is the capital allocation being made to purchase new vessels and to upgrade equipment in the new service. This investment is being made in part as a response to the need for enhanced border security but the remit of the Coastguard service goes well beyond that.



In particular, the Coastguard will greatly enhance both the capacity and professionalism of Cayman's maritime search and rescue capability. The key to the successful and effective roll out of our new Coastguard service is its new Operations and Rescue Coordination Centre, which will become fully operational next year.

Cayman's new Customs and Border Control Service has now been operating successfully for some time. The guiding philosophy for the creation of the service has been a move from routine revenue collection and immigration control to a more integrated and intelligence-led approach. As the nine months of operations have shown, it is possible both to tighten Cayman's borders against potential criminality and other threats and to make life easier for legitimate travellers. Investments proposed in the coming budget period will continue the success of the changes already implemented. For example, plans to introduce new electronic passport kiosks for immigration are funded as part of this budget.

Of course, we have not forgotten the Sister Islands and the coming budget will see a number of important projects delivered for the benefit of communities there. We will complete the renovations and additional buildings for District Administration in Cayman Brac; the parking lots and hard courts for tennis at the Brac Playfield; and the interior works to the Multi-purpose Hall. Work will also be undertaken to construct the Little Cayman Boat Launch Ramp and Jetty.

Mr. Speaker, this budget is one that delivers the priorities not just of the government but of the country. We are able to take action to respond to the immediate concerns being voiced by communities across these Islands at the same time as making good on the promises we made when this Unity Government was formed.

We are able to deliver against today's priorities while also recognizing that some of the challenges Cayman will face in the years ahead will require different responses. Rather than put off meeting those challenges for some future government to face, even at this point in the electoral cycle, this Government is willing to begin the groundwork that will enable governments to come to meet the challenges we face full on.

We are able to do all that, Mr. Speaker, only because of the past six and a half years of careful restoration of this nation's financial health. When the previous Administration was elected in 2013, we set out a very clear and unambiguous financial strategy.

We would ensure the careful stewardship of public finances to bring the government into compliance with the requirements of the Public Management and Finance Law.

We would do so through restraining government costs and at the same time we would not impose any new fees or taxes. In fact we would reduce them where we could.

We would pay down government debt and we would not enter into any new borrowing.

Six and a half years on and this government has maintained that successful strategy. This budget adheres to the strict fiscal principles that have guided us throughout our term. This budget remains in full compliance with the PMFL. This budget delivers our spending priorities but still ensures a healthy operating surplus. Fees and duties are once again held steady and previous reductions are maintained. The ambitious capital investment programme we have set out is being paid for from revenue without any need to borrow. This is a track record of successful financial management that any government in the world would be proud of.

Once again, I thank the Minister of Finance for his sage financial advice and for the positive way he has taken forward the financial strategy we put in place. I am also grateful to his Treasury team for all the endless hours of hard work that has gone into pulling this budget together and to the Deputy Governor and his Chief Officer colleagues for the support and advice they have given to the government Caucus to help us in making the policy choices to which this budget gives financial expression. Of course, I must also thank the Deputy Governor, Cabinet Secretary and Attorney General for their work as members of Cabinet.

I want to pay special tribute to the Attorney General, whose counsel to the government and me over the past few years in particular has been invaluable. Through the seemingly endless stream of difficult legal challenges, he has been supportive, sage and steadfast.

Allow me too, please, to single out the Chief Officers in the ministries for which I hold Constitutional Responsibility – Samuel Rose, Eric Bush, Teresa Echenique, Wesley Howell and Michael Ebanks, who is currently acting in Mr. Howell's stead – and to thank them for their tireless efforts to find ways to squeeze ever more in terms of results from the pot of resources available. As I am sure they will testify, it is not always an advantage to be the Chief Officers for the Premier's Ministries. Equally Mr. Speaker, the team that supports me in the Office of the Premier often work long hours and so I wish to also thank Roy Tatum, the Head of the Office of the Premier, along with Kieran Stigant, Julie Hutton, Tammie Chisholm, Jana Pouchie-Bush and Frank Cornwall for their support and dedication.

So let me be clear, Mr. Speaker, this budget, like all others, has required us to make choices. There are always things that we would have liked to be able to fund but for which we could just

not find the money. There are investments that would yield benefits to Cayman that are just not affordable at this time. The process we have gone through as a Caucus has allowed us to work through the alternatives and the package of proposals that were finally included in this budget represent the result of a very long and sometimes quite painful debate. I must thank my Caucus colleagues for their support, their advice and their patience over the last few months as we have put this budget together. On behalf of myself and I am sure, all my Ministerial colleagues, I want to thank our four Councillors for their help and support, which all too often goes unnoticed outside of Government itself. The long hours they have put in to help get this budget right are very much appreciated. For myself, I am sure there are many things I will miss about government after I step down as Premier. The budget process is unlikely to be one of them.

That said, the outcome of the process is a budget that I am proud to commend to the House today.

This is a budget that gives a much-needed boost to older persons and the vulnerable in our community. It is a budget for families. It is a budget that will bring relief to commuters. It is a budget for opportunities as we bring to fruition the development of WORC and continue to drive forwards the improvements of our education system. It is a budget to tackle the issues faced by our people today and a budget that provides a platform from which we can better meet the challenges of tomorrow. It is a budget that makes good on the promises this Unity Government made to our people.

No doubt you remember as I do, Mr. Speaker, the tough negotiations that went into putting that programme together. There were those who at the time very loudly proclaimed that it would all end in tears, that the government we had put together would not survive the first encounter with the harsh realities of political decision-making.

We have proved the naysayers wrong. We have done so because the members of this Government have been willing to set aside our political differences and work together in the best interests of this country. This budget is yet further demonstration of that and I ask the House to vote 'aye' so that this government team can get on and deliver the programme of action that we are setting out.

Mr. Speaker, before I close I want to speak to two matters that are of such significant importance that they warrant our immediate attention.

The first Mr. Speaker is with regard to the ruling yesterday on same sex marriage by the Court of Appeal. In a press release yesterday I welcomed the news that the Court of Appeal had agreed with Government that the original ruling of the Chief Justice in the case regarding same sex marriage created significant ambiguity surrounding the Constitution and Bill of Rights and the interpretation of and ability of the Court to amend laws.

We have always said that it was critical that the country had the benefit of clarification on these very important constitutional issues. The Court of Appeal judgment does clarify that and I believe this is a significant ruling.

That said, Mr. Speaker, while I - and I suspect that all of us in this House - do appreciate the ruling, we should be mindful that it comes with a declaration by the Court that this legislature should act 'expeditiously' in ensuring that same sex couples have legal protection under a law that provides the "functional equivalent to marriage".

Mr. Speaker, I do expect that this Honourable House will indeed consider this matter expeditiously but we cannot do so hastily. Given that we have before us a two-year budget to get through as well as a Referendum, I do not see this Honourable House turning our attention to this issue before early next year. In the interim I do urge members to read and carefully consider the judgment and the declaration. It is clear to me that if this Legislature does not provide the legal framework that provides the protections for same sex couples in a form that is acceptable to all Caymanians, then undoubtedly we will end up with the UK levying upon us protections that suit them rather than us. I believe the responsible thing for this House to do is to face up to this issue and take its own decision. We have rightly complained that on occasion the UK has over-reached by interfering in matters that should be decided by Caymanians. By the same token, we cannot abdicate responsibility for taking the hard decisions when they are staring us in the face.

The second matter concerns Constitutional amendments.

Mr. Speaker, on 17 December, 2018, I provided this House with an update on the Constitutional talks that were had with the UK and a Cayman Islands delegation headed up by me. The Cayman delegation included the Hon. Attorney General; The Minister for Commerce; The Minister for Financial Services; the then Leader of the Opposition, the MLA for North Side;

The Deputy Leader of the Opposition, the Member for Newlands; and various support personnel. We were ably assisted by Sir Jeffrey Jowell, QC.

The discussions went well, Mr. Speaker, and indeed it was good to have the leadership of the Opposition present who, along with Government, spoke with one voice to indicate to the UK representatives that what was being sought had the support of both sides of the Legislative Assembly.

These were important talks, Mr. Speaker, and those present on both sides understood this. For they had as their genesis the real need for our Islands to better protect the hard won progress over the past sixty years toward appropriate local control of local affairs. This is important not just to insulate ourselves against unwarranted interference and overreach by parliament in the UK, but also to ensure that we maintain the ability to grow our economy and control our own political future. And we were able to be persuasive across a number of necessary changes, some of which I will mention below.

Regrettably, although we had broad agreement at the time, the all-consuming Brexit debate in the UK halted the package of agreed changes moving to the Prime Minister, who at the time was Theresa May.

Fortunately, Mr. Speaker, we have managed to get things unstuck and I am awaiting an imminent letter from Lord Ahmad on the final package of changes that has now been approved. Much time has passed since those initial conversations and those that ensued earlier this year.

However, once I have the letter and the approved changes, I will advise this Honourable House and the public.

As I have said often, these changes ought not to be controversial and are aimed at protecting our Islands and our ability to guide our own future. Members of this House regularly rail against what we consider overreach by the Governor, Foreign and Commonwealth Office and UK Parliament and protest them interfering in our affairs. These changes are aimed at limiting the ability of the UK to interfere locally. They include:

1. Safeguards to clarify that the Cayman Islands has autonomous capacity with respect to domestic affairs;
2. Clarification regarding Her Majesty's Reserve Powers as noted in Section 125;
3. Abolishing the power of the Governor to disallow legislation passed in this Legislative Assembly;
4. Abolishing the Governor's reserve power to enact legislation unilaterally – subject to the ability of the Governor to address parliament under certain situations;
5. Clarifying that any obligations imposed on the Islands by the Governor, UK Parliament, or the Crown be consistent with the constitutional rights, freedoms, and responsibilities under part 1 of the Constitution;
6. Removing the Governor's exemption from the duty to consult Cabinet, and that the exercise of the Governor's and the Secretary of State's powers would not be immune from judicial review;
7. Increasing the number of Ministers in Cabinet from 7 to 8;
8. Clarifying that Ministers may be assisted by individual MLAs now known as Councillors – such MLAs will instead be referred to as Parliamentary Secretaries;
9. Establishing a new Police Service Commission;
10. Renaming the Legislative Assembly to Parliament;
11. Abolishing the requirement for the Governor to approve Standing Orders made by this House;
12. Including the functions of the Cabinet Secretary in the Constitution.



These, I believe Mr. Speaker are the main items that had some form of initial agreement. I say again that I am awaiting the approved package, but I do believe that most if not all of the aforementioned will remain part of the package. We shall see.

But Mr. Speaker, I say again that none of the above should give any member of this House or the public any cause for undue concern. They are aimed squarely at strengthening our Constitution in key areas given the maturity and confidence in ourselves that our Islands have shown over the past sixty years. They also provide, as I said Mr. Speaker, some insulation from the overreach of the UK Parliament that has threatened us and continues to threaten us.

When those threats come, as they have Mr. Speaker, we in here wax lyrically but all the talking we do is for naught unless we put ourselves in a stronger position constitutionally.

So when the approved package of changes are here, and we start the debate on them, I pray that we in this House are able to put aside partisan politics and take up national pride and support the changes – just as we did in December last year Mr. Speaker.

If I may end on a personal note, Mr. Speaker, last April when I finished my speech introducing the SPS, I recognized that there was still much work remaining for this government to do. I gave a pledge then that I would give everything I have to get it done. I repeat that pledge to the House and to the country today.

In *As You Like It*, William Shakespeare wrote:

*All the world's a stage,*

*And all the men and women merely players;*

*They have their exits and their entrances;*

*And one man in his time plays many parts,*

My exit as Premier may be coming, Mr. Speaker, but I have a few parts yet to play. In the time remaining I will redouble my efforts and focus my full capacity on achieving the goals that this Government has set out in the budget presented today.

I commend it to the House.

May God continue to bless these Beloved Isles Cayman.