



Statement to House of Parliament
Cost of Living
By Hon. G. Wayne Panton, JP, MP
10 June 2022

Mister Speaker,

People often ask me what keeps me up at night. Increases in the cost of living and climate change are the two greatest impacts on our lives and businesses right now.

Cost of living is the amount of money needed to sustain a certain standard of living by affording basic expenses. Basic expenses include housing, food, transportation and healthcare.

For the past several years, cost of living has been increasing.

This was increasing before the COVID-19 pandemic hit and it has

worsened in the past 6 months due to supply chain issues and the rise in fuel prices as a consequence of the war in Ukraine. We are living in some of the most challenging times in recent history.

Mr. Speaker, since getting elected, the PACT government has taken more than a dozen substantive actions to lower costs for some of the most vulnerable people in our society – lower- and middle-class families, our senior citizens and post-secondary students.

And Mr. Speaker, I know I provided this information yesterday, but it is worth repeating again today because the Opposition may have forgotten. Some of these of these initiatives include:

1. Free School Lunches – offered to all primary and secondary students across all Government schools, saving Caymanian families hundreds of dollars month in school lunch costs
2. Reduced Certain Fees for Seniors – drivers licence, car licencing, passport applications
3. Removed import duty on certain food items and essential family items, such as feminine care products and baby products

4. Continued the Displaced Tourism Worker Stipend for another year

5. Provided financial support to employees who had to quarantine.
Those who couldn't work and earn their salary.

6. Provided financial support to small and medium sized businesses
to help local business owners protect their assets until the
economy recovered

7. Continued the Insurance Premium Payment Assistance
Programme to ensure there was no lapse in health insurance
coverage for displaced workers

8. Provided Free Masks, Free LFTs and Free Testing

9. We reintroduced the Private School Grants and disbursed over \$2
million, thereby helping the parents and families who rely on
private early childhood centres and other education institutions

10. Increased the A Level scholarship funding to cover full tuition for two years, alleviating the need for families to find several thousand dollars to pay for the second year

11. Increased the funding and the maximum amounts for both undergraduate and graduate scholarships, thereby reducing the burden placed on families and students to find the difference each year

12. Offered a \$1,500 stipend to scholarship recipients to travel to get their Visas

13. Committed funding and policy to build 100 affordable homes

14. Moreover, we have done what few Governments around the world have done – we have had zero layoffs.

Mr. Speaker, this is a reflection of a government that cares for our people and we have not dallied in taking action.

Going Forward

In addition to all that we have done so far, Mr. Speaker, after months of work, we have a number of initiatives about to be rolled to the public.

These include:

1. The expansion of offerings by CINICO to offer more competitive products and services across the insurance spectrum, and notably health and property insurance.
2. Through CIDB, we are making available mortgages with rates fixed for two years at 3.75%. This is below prime ladies and gentlemen, BELOW prime.
3. We are going to accelerate the adoption of renewable energy by investing in utility scale renewable energy infrastructure which will both **reduce and stabilize the energy costs** for the people of these islands. With recent economic reports forecasting a large economic shock comprising global exponential increases in the prices of fuel, oil, inflation and disruptions to supply chains, our Government's determination to do more than pay lip service to

renewables and instead invest in the renewables infrastructure will benefit the environment yes, by reducing our carbon emissions, but it will also improve our economy. We believe this policy and the ensuing actions will be good for the environment and good for the economy, and great for our residents, including keeping energy prices down for families, businesses, and institutions,” he said. “Lower fuel costs means businesses can keep down the cost of goods and services for consumers, and thus help mitigate against inflation”, he added.

4. We are going to deliver 100 affordable homes
5. We are going to make affordable land lots available for sale
6. We are in talks with local banks to improve lending terms
7. We are close to finalizing an initiative to improve the rights of homeowners in circumstances where they experience defaults on their mortgages

8. Working with local farmers to help them increase the amount of local products produced to help lower costs

9. We are looking to lower the costs of food and increasing our food security by sourcing from regional markets.

I could go on and on Mr. Speaker, however, the bottom line is that we are working very hard to contain or lower costs for the people of this country.

Mr. Speaker, there are two initiatives that we will be taking within the next month that directly provides meaningful relief to the cost-of-living crisis facing our Caymanian families. These two initiatives will help thousands of families across our three Cayman Islands and are designed to help families offset some of these sharp increases in costs.

The first is a **Temporary Assistance Programme for Residential Electricity Costs** – we know that for most families, after the rent or mortgage, the electricity cost is one of the single largest expenses they face each month. We also know that fuel prices have spiked and this is causing electricity costs to rise sharply.

The PACT government has been in discussions with the main utility providers and will be setting aside more than CI\$5M to help families across the three islands with the increased in electricity costs resulting from the increase in fuel costs in the months of July, August and September, the hottest months of the year and when electricity consumption is at its highest.

The assistance will be for residential customers only and capped at consumption of up to 2000 kwh per month. We will be finalizing the details with the two utilities companies and rolling out a more detailed announcement the week of June 20th. This initiative will help some 22,000 households across our three islands.

The second initiative we have approved is a cost of living increase for civil servants, the single largest employer on the islands.

COLA for Civil Servants

Mr. Speaker, it should come as no surprise, that we live in challenging times. Since coming into office last year, the PACT Government has

expanded efforts to combat the evolving threats posed by COVID-19. We have safely and methodically reopened our borders and kick started our vital tourism industry. We have steadfastly supported Caymanian families and offered regular financial support and job matching assistance for persons still actively returning to the workforce. We have prudently and diligently managed Government's revenues and delivered policies whose aims have always been to Make Lives Better. Amidst such challenging times, Government's fiscal outlook remains positive, as shared from time to time by my colleague the Deputy Premier and Hon. Minister of Finance and Economics.

Yet, Mr. Speaker, despite this strong and positive momentum by 'Good Ship Cayman', we must acknowledge the fact that inflationary pressures experienced around the globe, are buffeting ships much larger than ours here at home.

Governments in the United States, Canada, Europe, and the world over, are confronting the same dilemma of how to safely navigate an uncertain future, provide relief to its citizens and to alleviate the impact that inflation has particularly on the middle class and low income families.

While our Government has limited levers at its disposal, given the existing drivers of inflation are global factors such as supply chain constraints, war, and a pandemic, the PACT Government remains committed to doing what we can.

We know Mr. Speaker that our Civil Service has worked tirelessly to see this country through each challenge. So I am proud to say that we have been working closely with the Honourable Deputy Governor to see what relief can be provided to civil servants, within the confines of the approved Budget.

As we head into the summer months when temperatures and fuel prices will likely rise in tandem, the Government will fund not one, but three monthly honorariums of \$150 per month, to help the Civil Service fend off higher utility costs over the summer. This honorarium will commence this month, and continue through August. It will only be paid to non-executive staff, on Grades E and below.

Then commencing in September as families prepare for the reopening of schools, the Civil Service will receive a 2% Cost Of Living Adjustment or COLA which will provide a sustained salary increase.

Finally, Mr. Speaker, starting in December this year qualifying employees on non-executive grades will by way of pay progression, receive one increment which is roughly valued of 2.5% of pay. In total, Mr. Speaker, by the end of this Year the Civil Service will see a 4.5% pay increase this year (comprising a 2% COLA and the remainder in pay progression) and three months' of honorariums timed to help offset rising electric bills over the summer.

These times are difficult due to driving forces outside of our control. Yet, working together and within the approved budget, we will all get through this.

Mr. Speaker, the sentiment that I know is shared by those in this Chamber and many hearing this message, is that at its best, our Civil Service can deliver world class outcomes. We have seen this on so many occasions and most recently in the response to COVID-19.

Given the challenges which have been shared, the Government and country continue to rely on the men and women within our civil service to see us through the daunting challenges which lay ahead as they are called upon to execute the Government's policies. As the civil service is our bedrock, the 4,400 employees are equally the bedrock within our community. The investment in this predominantly Caymanian institution, has a high multiplier effect across our economy as they anchor their wider families and are equally critical to keeping small businesses and local retailers afloat.

The investment, Mr. Speaker, is made on the prerequisite that the Civil Service must again fund these salary adjustments using savings from within the existing HR budget. In addition to delivering this fiscal strategy, they must also continue to ensure the Government's policy priorities are also achieved. This Civil Service has done this before and I am confident that they will do so again.

The pay proposals which have been set out, are timely, relevant and sustainable. I am also happy to report, Mr. Speaker, that the costs of these salary proposals are being funded through savings, the vast majority of which has already been achieved within the global HR budgets of the Civil Service, year to date. Simply put, Mr. Speaker, I wish we could do more. Today we have demonstrated that we will do what can, what is fiscally prudent, and what is sustainable. We will closely monitor the performance of our budgets to see what may be possible in future years.

Conclusion

As I said earlier this week, there are two things that most often keep me up at night – the soaring cost of living and the implications of climate change.

The local cost of living situation has been brewing for years and the recent spike is almost entirely due to factors outside this Government's control.

It is for this reason that my colleagues and I went to work immediately after getting elected to put in place a number of initiatives to help lower and middle income Caymanians.

The reality is, there is a limit to what political and financial leaders can

do about rising inflation - especially given the varying causes – but we are going to do continue to do everything in our power to help lower the cost of goods and services to the people of these islands and where it is possible, to help provide a reasonable income to afford a basic, decent standard of living in our country, our beloved Cayman Islands.

We are a people driven Government and we will always put the people of the Cayman Islands first.

-end-