

**OFFICIAL HANSARD REPORT**  
**WEDNESDAY**  
**28 SEPTEMBER 2011**  
**10.50 AM**  
*First Sitting*

*[Hon. Cline A. Glidden, Jr., Deputy Speaker, in the Chair]*

**The Deputy Speaker:** I will ask the Honourable Premier to say prayers.

**PRAYERS**

**The Premier, Hon. W. McKeever Bush:** Let us pray.

*Almighty God, from whom all wisdom and power are derived: We beseech Thee so to direct and prosper the deliberations of the Legislative Assembly now assembled, that all things may be ordered upon the best and surest foundations for the glory of Thy Name and for the safety, honour and welfare of the people of these Islands.*

*Bless our Sovereign Lady, Queen Elizabeth II; Philip, Duke of Edinburgh; Charles, Prince of Wales; and all the Royal Family. Give grace to all who exercise authority in our Commonwealth, that peace and happiness, truth and justice, religion and piety may be established among us. Especially we pray for the Governor of our Islands, the Speaker of the Legislative Assembly, Official Members and Ministers of Cabinet and Members of the Legislative Assembly, that we may be enabled faithfully to perform the responsible duties of our high office. And Lord, we also, at this time and at all times, keep in mind our own people everywhere in these Islands who move about and have their being. Those who are suffering in one way or another, Lord, we ask that you would remember them and that you would bless them, particularly those who grieve today.*

*All this we ask for Thy great Name's sake.*

Let us say The Lord's Prayer together: *Our Father, who art in Heaven, Hallowed be Thy Name. Thy Kingdom come, Thy will be done on earth as it is in Heaven. Give us this day our daily bread, and forgive us our trespasses, as we forgive those who trespass against us. Lead us not into temptation, but deliver us from evil. For Thine is the Kingdom, the power and the glory, forever and ever. Amen.*

*The Lord bless us and keep us. The Lord make His face shine upon us and be gracious unto us. The Lord lift up the light of His countenance upon us and give us peace, now and always. Amen.*

**The Deputy Speaker:** Please be seated.  
 Proceedings are resumed.

**READING BY THE HONOURABLE  
 SPEAKER OF MESSAGES  
 AND ANNOUNCEMENTS**

**Apologies**

**The Deputy Speaker:** I have received apologies for absence from the Honourable Deputy Premier, and also from the Second Elected Member for Bodden Town. And I have received apologies for the late arrival of the Honourable Speaker.

**PRESENTATION OF PAPERS  
 AND OF REPORTS**

**Cinematograph (Amendment) Rules, 2011**

**The Deputy Speaker:** Honourable Minister of Community Affairs, Gender and Housing.

**Hon. Michael T. Adam:** Thank you, Mr. Speaker.  
 I beg to lay on the Table of this honourable House the Cinematograph (Amendment) Rules, 2011.

**The Deputy Speaker:** So ordered.  
 Would the Honourable Minister wish to speak thereto?

**Hon. Michael T. Adam:** No, Mr. Speaker. I will be moving a motion later on at which time I will speak.

**Third Report of the Commission for Standards in  
 Public Life—19 August 2011**

**The Deputy Speaker:** Honourable Deputy Governor.

**The Deputy Governor, Hon. Donovan W. F. Ebanks:** Thank you, Mr. Speaker.  
 I beg to lay on the Table of this honourable House, The Third Report of the Commission for Standards in Public Life [19 August 2011].

**The Deputy Speaker:** So Ordered.  
 Would the Honourable Deputy Governor wish to speak thereto?

**The Deputy Governor, Hon. Donovan W. F. Ebanks:** Yes, Mr. Speaker, just briefly.  
 Mr. Speaker, the last report, which was the second report, was laid before this honourable House on the 17<sup>th</sup> of March. This presentation today, there-

fore, is in keeping with the requirement of section 117(9)(g) of the Constitution, that the Commission report to the Legislative Assembly at regular intervals, at least every six months. I wish to commend the Commission for its adherence to that schedule.

Mr. Speaker, Members will note the Commission's adoption of the internationally recognised Nolan Principles as those principles which would govern standards in public life. And it is worth noting that those principles were also adopted last May by the new British Prime Minister, Mr. Cameron, and his Cabinet, and enshrined in their ministerial code.

Mr. Speaker, Members will also note that the Commission has substantially progressed with the development of the desired content of the enabling legislation, which the Commission hopes to see implemented in due course, to facilitate the discharge of its responsibilities as set out in the Constitution.

But not surprisingly, Mr. Speaker, it will be noted that the primary area of the Commission's attention over the past six months has been in the area of procurement. This is wholly consistent with what has been transpiring in this area, the reporting by the statutory office of the Auditor General and the specific function of the Commission which is, and I quote: "To review and establish procedures for awarding public contracts" as set out in section 117(9)(d) of the Constitution.

Mr. Speaker, the Commission has put considerable effort into familiarising themselves with the current legislative and administrative provisions and current practices. The Commission is, however, cognisant of its technical limitations and has indicated its intention to seek expert assistance to advance its consideration of the matter and enable them to arrive at an informed and conclusive position. In the interim, it will be noted that the Commission has made various recommendations in the appendix of this Report, which are aimed at bolstering the existing system.

Mr. Speaker, I commend the Commission for its commitment and effort. The Chairman, Mrs. Karen Thompson, is a dynamic and fearless individual, and I am sure that her members, Mrs. Nyda Flatley, Pastor Winston Rose, Mr. Roy McTaggart, and Mr. Hedley Robinson, share her desire to do what is best for these Islands.

So, Mr. Speaker, I commend the Report to Members and to the public. Limited copies will be available here at the Legislative Assembly, as usual, and the Report will be accessible later today on the websites of the Commission's secretariat and the Legislative Assembly.

Thank you, Mr. Speaker.

## QUESTIONS TO HONOURABLE MEMBERS AND MINISTERS OF THE CABINET

### Suspension of Standing Order 23(7) and (8)

**The Deputy Speaker:** Honourable Members, we have reached the hour of 11.00 am. So, before we start the questions, may I have a motion to suspend Standing Order 23(7) and (8), please?

Honourable Premier.

**The Premier, Hon. W. McKeever Bush:** [off microphone] Mr. Speaker, I move the suspension of the relevant Standing Order so that the questions can be asked after 11.00 am.

**The Deputy Speaker:** The question is that Standing Order 23(7) and (8) be suspended to allow Question Time to continue beyond the hour of 11.00 am.

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

**Ayes.**

**The Deputy Speaker:** The Ayes have it.

**Agreed: Standing Order 23(7) and (8) suspended.**

**The Deputy Speaker:** The Elected Member for East End.

### Question No. 12

**No. 12: Mr. V. Arden McLean, Elected Member for East End** asked the Premier, the Honourable Minister of Finance, Tourism and Development: Is the Government negotiating or proposing to negotiate with Dart Enterprises or any Dart related entity for the sale or exchange of any Crown land in the Cayman Islands?

**The Deputy Speaker:** Honourable Premier.

**The Premier, Hon. W. McKeever Bush:** Thank you, Mr. Speaker.

Mr. Speaker, the answer is yes. As part of the ForCayman Investment Alliance (FCIA) the Government is negotiating with Dart Realty (Cayman) Ltd. (and affiliates in the Dart Group of companies) to conclude a Main Agreement. An aspect of the agreement does involve an exchange of Crown Lands, for lands which will facilitate Government's objectives.

The ForCayman Investment Alliance is a partnership entered in to between the Cayman Islands Government and Dart Realty to stimulate the economy, to put people back to work and to create opportunities for Caymanian businesses in the short term. In the medium to long term, the ForCayman Investment Alliance sets out to help create some of the conditions necessary for sustained prosperity and a good quality of life for all of us who live, work in, and come to visit our Islands.

My Government believes in a "Partnership for Recovery" with a new emphasis on public/private sector partnerships to drive our economic recovery. The ForCayman Investment Alliance is such a partnership for recovery. If there is anyone still in doubt about the global economic uncertainty, they need only read some of the recent headlines. The world economy is still on a rollercoaster. Just last month the world saw one of the single most volatile periods ever in global markets. This type of volatility can destabilise entire countries. But here, in our tiny nation of three small islands, we have the benefit of a stable, fully financed partner, such as the Dart Group, still committed to Cayman and still willing to move forward.

Our Government is trying to protect and prepare Cayman so that our people can not only survive but be able to thrive in our economy so that they can take care of their families, so that they will have work and be able to save their business, so that they can rent their apartments, so that they can feed and educate their children, care for sick or elderly parents, and so that they can improve their own skills and abilities to better compete in the workforce. Our Government is finding practical ways to give our people hope and have a brighter future.

Initially, our meetings with the Dart Group were to discuss a much narrower proposal—one that focused solely on the continued development of Camana Bay and the long unresolved issue of the George Town Landfill. In the spirit of developing a true partnership, the Government saw this as an opportunity to expand the discussions and to see how we could work together to evaluate the pressing needs of the country and allow us to come together to solve urgent, national challenges. Dart indicated their willingness to expand the discussions. We met and discussed the issues and possible solutions for several months. The result is the ForCayman Investment Alliance.

The Alliance demonstrates our shared commitment to the economic turnaround of the Cayman Islands. I will not go into details but I want to remind everyone here that the main reasons that the Government believes this partnership to be in the best interests of the Cayman Islands is because, amongst other things, it is proposed to deliver the following:

- A. Create an immediate economic stimulus to the local economy led by the creation of jobs for Caymanians in a number of sectors, starting with road works and construction.
- B. Redevelop and refurbish the closed and deteriorating tourist accommodation facility (the former Courtyard by Marriott) and replace it with a four to five star thriving new resort for visitors and residents to enjoy.
- C. Stimulate the construction and operation of at least one and possibly two or more hotels across Grand Cayman.

D. Master plan, fund and deliver a number of needed infrastructure projects to a value of approximately US\$100 million provided by Dart with no cash outlay from Government, no Government debt, no Government obligation to repay and no Government guarantees. The Government will provide a number of development incentives. Highlights of the infrastructure projects to be funded by Dart include:

1. Major road works.
2. The Remediation, Closure and Aftercare of the George Town Land Fill.
3. A modern, solid waste management facility at a new site on Grand Cayman.

E. In terms of land exchange, the FCIA will facilitate an exchange of lands and all lands exchanged will be facilitated through the appropriate legal framework. The exchange can be summarised as an exchange of approximately 400 acres of Dart-owned lands for some 155 acres of Crown-owned land. An extensive public education exercise is underway to make widely known the details of the proposed agreement. Formal advice to this honourable House will follow once the final terms of the swap are set out in the Main Agreement.

In broad categories, the breakdown of the uses to which the land from Dart would be put, are as follows:

1. 110 acres for the waste management facility;
2. 92 acres for education, recreation and community purposes;
3. 53 acres for various road works;
4. 150 acres of sensitive mangrove wetlands; and
5. approximately 72 linear feet of additional public beach.

In exchange, of the approximately 155 acres of Crown land, approximately 150 acres will be facilitated through the Governor Vesting of Lands Law, and approximately 4.75 acres of roads will be facilitated through the National Roads Authority Law.

Continuing with the list of some of the main reasons that the Government believes this partnership to be in the best interests of the Cayman Islands (in addition to what I have just outlined) the ForCayman Investment Alliance will also:

- F. Enhance and expand Public Beach on West Bay Road with improved public facilities such as play areas, cabanas, outdoor grills and parking. It should be noted that upon the closure of a small portion of the West Bay Road, approximately .75 acres of Crown land formerly used as the portion of WB Road immediately in front of the Public Beach will remain

in Crown ownership, but will be incorporated into the enhanced Public Beach and Park.

- G. Secure and deploy some US\$18 [million] to \$20.5 million in funding across all districts for education, community and housing initiatives that will be spread across the islands and will include:
1. \$10 million for Education development and programs which will benefit school aged children and adults across all districts.
  2. \$3 million for the Affordable housing programme.
  3. \$3 million for Community development.
  4. \$2.5 million Funding For a Mortgage Arrears Assistance Programme.
  5. \$2 million for Human Capital Development (i.e. Training and Apprenticeship Programs).
- H. Stimulate the Cayman Islands economy with an anticipated economic benefit of Dart's direct and facilitated investments exceeding US\$3 billion over the next 25–30 years of which more than US\$200 million will be spent in the next two years alone, and an estimated US\$415 million will be spent in the next five years. So that is some \$615 million over the next seven years.
- I. See an increase in Government revenues through the economic stimulus effect of Dart releasing this amount of capital in the local economy.

Naturally, Mr. Speaker, to get this much for the country we had to be willing to provide Dart with certain development incentives and assurances. There were three main categories of incentives:

1. Economic incentives to stimulate real estate development in the hotel, residential and commercial categories.
2. Permitting and Facilitation of:
  - a. road works and road relocation;
  - b. remediation of George Town Land Fill; and
  - c. facilities for waste management solutions of future waste; as well as,
3. Approvals and Permits accessed through the established processes of existing Government Departments, agencies and statutory authorities.

I have said it before and will continue to say it: my Government has negotiated a strong package of investments in the infrastructure, real estate development, and the education, housing and community needs of the country.

The Main Agreement calls for, and Dart is fully supportive of, having all components of the ForCayman Investment Alliance go through the nor-

mal regulatory permitting process, and for us this includes vesting of lands, coastal works licences and closure and gazettement of roads.

Dart has confirmed their intent to conduct environmental studies for all coastal works applications as they always have. The process for vesting of lands through the Governor's Vesting of Lands Law requires a series of land valuations, and this process is underway. The exact acreage and valuations will be determined through that established process.

These processes often take time and, to some, slow down the activation of our planned investments. But it is important to both Government and Dart that we are able to demonstrate that the appropriate processes are being followed. Accordingly, with the input and review of the Civil Service and related agencies' technical experts, we are finalising the technical details of the Main Agreement after which it will be submitted to Cabinet for approval.

**The Deputy Speaker:** Are there any supplementaries?

Honourable Member for East End.

#### Supplementaries

**Mr. V. Arden McLean:** Thank you, Mr. Speaker.

Mr. Speaker, can the Premier tell us when it is expected that this Main Agreement, which includes evaluation and the process of vesting of lands through the Governor Vesting of Lands Law, will be completed?

**The Deputy Speaker:** Honourable Premier.

**The Premier, Hon. W. McKeeva Bush:** Soon!

**The Speaker:** Elected Member for East End.

**Mr. V. Arden McLean:** Thank you, Mr. Speaker.  
Can he define "soon"?

**The Deputy Speaker:** Honourable Premier.

**The Premier, Hon. W. McKeeva Bush:** Mr. Speaker, I can only give that kind of definition at this time—"Soon." I have no exact date. So ASAP—"as soon as possible".

**The Deputy Speaker:** Elected Member for East End.

**Mr. V. Arden McLean:** Thank you, Mr. Speaker.

Can the Premier tell us, since "ASAP" seems to be the definition of "soon," where is 53 acres of the Dart property going to be utilised for various road works?

**The Deputy Speaker:** Honourable Premier.

**The Premier, Hon. W. McKeever Bush:** Mr. Speaker, the answer to that supplementary question would be, the Esterley Tibbetts Highway Extension to West Bay, which is, I think, somewhere in the region of 30 acres. The Airport Connector Road and the road to the new waste management facility, I think that would be where it is.

**The Deputy Speaker:** Elected Member for East End.

**Mr. V. Arden McLean:** Thank you, Mr. Speaker.

This is the first we are hearing about the Airport Connector [Road]. I am aware that during the Administration that I was a part of we designed that road, but there was never mention of that in this Agreement that the Premier and the Government have talked about—not that I am aware of—prior to now, [with] the Premier saying that this is part of that Agreement.

And the road to the new waste management facility, can the Premier explain how that can be considered lands utilised by Dart to build roads?

**The Premier, Hon. W. McKeever Bush:** Well, Mr. Speaker, you see we need the Airport Connector Road. And I can't do what the last Government did. They went out and took peoples' land and now we have to pay for it. We still do not know what that costs. We are not taking anybody's land here. This is land given to us by Dart.

Now, this is Dart-owned land that we have to use and be able to get that connector road. We have to think about national planning, talk about long-term planning. That is what we are doing.

And the next thing, Mr. Speaker, is that the Member says that they had a plan. Well, that only reminded me of one of my constituents long gone who, when he was building a house and started the house without any Planning permission, Planning marched down and said to him, *You can't do this! You need a plan.* He said, *I have a plan—I need a house.*

They had a plan, but that was all. Dart owns the land and we need a road. And this is part of the proposed deal.

**The Deputy Speaker:** Elected Member for East End.

**Mr. V. Arden McLean:** Thank you, Mr. Speaker.

I don't know how the Premier can get up here now and claim that this—

*[Inaudible interjection]*

**Mr. V. Arden McLean:** It would be nice if you would [give] an answer too.

**The Premier, Hon. W. McKeever Bush:** I did [inaudible]

**Mr. V. Arden McLean:** Mr. Speaker, he is now claiming that we only had the plan. This was negotiated with Dart long before he came on the scene and this Government came on the scene. And he will agree with me that the value of that land that was to be taken was offset by the enhancement of Dart's property with that connector.

Mr. Speaker, I would like to know how we are going to claim lands part of the project for the development of the waste facility as being land used to build public roads when that would have to be the access road to this facility. Is that not the 110 acres that we are given, or we said that Dart has given to put down this facility? And now we are saying that part of the roads on that would be what he would be giving up?

**The Premier, Hon. W. McKeever Bush:** You see, Mr. Speaker, the problem the Opposition has is . . . well, they had that problem for a long time; they can't count.

But, Mr. Speaker, one on the Airport Road . . . well, I am glad to hear that he was negotiating with Dart. I thought we were the only Government that negotiated with Dart. But they didn't get anywhere with it, and that is part of the land swap now. That is the Airport Connector Road. And we are going to try to at least put it in place. Even if we don't get it built, we can have the land for it.

*[inaudible interjection]*

**The Premier, Hon. W. McKeever Bush:** You had a plan. Well, we are putting the property in place for the plan.

Then, Mr. Speaker, the Member wants to find out about a road to the new waste management facility. Well, Mr. Speaker, we do need a road. How are we going to get there? By helicopter? And, Mr. Speaker, that land, again, is owned by Dart. So that is part of the swap. That is basically what it is. And, as I said, all of it will go through the valuation process which will determine the amount exactly and the value exactly.

Now, I don't know if the Member knows enough to get up and tell us what the value and amount should be. Maybe he does have that kind of knowledge.

**The Deputy Speaker:** Elected Member for East End.

**Mr. V. Arden McLean:** Mr. Speaker, I don't. But can the Premier tell us where the 110 acres to this new waste management facility is located, and if the property includes access onto the main road?

**The Deputy Speaker:** Honourable Premier.

*[pause]*

**The Premier, Hon. W. McKeever Bush:** Mr. Speaker, as far as I know there is no road to it. We are going to . . . the land is there. That is what I am saying that there is this swap and we will get the road to the waste management facility. They own that, as I understand it, and they will build it.

**The Deputy Speaker:** Elected Member for East End.

**Mr. V. Arden McLean:** Mr. Speaker, permit me to read from the answer to the substantive question: “**In broad categories, the breakdown of the uses to which the land from Dart would be put are as follows:**

1. **110 acres for the Waste Management Facility;**
2. **92 acres for education, recreation and community purposes;**
3. **53 acres for various road works;”**

The answer to the supplementary question was that the Esterley Tibbetts Highway was going to take some 30 acres; the rest of it would be to build a road to the waste management facility.

Now the Premier is saying that you are going to build a road to it when the 110 acres are already included. So you are double dipping. Is that what we are doing here? Are we now going to say that he is going to give us the 110 acres, but part of that is that we are going to build a road over his land and we have to do an evaluation on that then too?

**The Premier, Hon. W. McKeever Bush:** Mr. Speaker, the Member said we are double dipping. His problem is that he is half understanding [Microphone not turned on]. And so, Mr. Speaker, I have explained what I can. Now that is just one more way of them taking this and twisting it around. I think I have answered this. I am going to bring the picture for you the next time, you hear?

**The Deputy Speaker:** Elected Member for East End, I will allow two more supplementaries.

**Mr. V. Arden McLean:** Thank you, Mr. Speaker.

Mr. Speaker, maybe I only half understanding, but the Premier doesn't understand at all! So I am still ahead of him, at least by 50 per cent!

*[Inaudible interjections and laughter]*

**Mr. V. Arden McLean:** Mr. Speaker, I don't think we should make it deteriorate that way, but you know I am always going to respond.

Let's move off that one, Mr. Speaker, if I may, and ask the Premier, because I can't get the right answers anyway—

*[Inaudible interjection]*

**Mr. V. Arden McLean:** Mr. Speaker, [No. E.2.] says, “**92 acres for education, recreation and community purposes.**” Can the Premier break that down for us please?

**The Premier, Hon. W. McKeever Bush:** As I said earlier, Mr. Speaker, I do not have all the information with me here.

Mr. Speaker, there is some land for parks in all districts. There is 20 acres of land in West Bay. On one side, in Barkers, in the national park, I believe there are some 30-something acres there that they will be exchanging as well. And then there are 20 acres in Bodden Town. That is as close as I can get to it at this time.

**The Deputy Speaker:** Elected Member for East End.

**Mr. V. Arden McLean:** Mr. Speaker, I count that to be just about 70 acres, with what the Premier just said.

**The Premier, Hon. W. McKeever Bush:** No [inaudible]

**Mr. V. Arden McLean:** Mr. Speaker . . . [he] said some 20 acres in West Bay, some 30 acres, plus 20 again, which is about 70.

**The Premier, Hon. W. McKeever Bush:** No.

**Mr. V. Arden McLean:** Mr. Speaker, can the Premier give us an undertaking that this Agreement will be laid in the Legislative Assembly like the one that he recently brought, and upon completion of the evaluation so that the public can see exactly what Dart is getting and what the country is getting?

**The Deputy Speaker:** Honourable Premier.

**The Premier, Hon. W. McKeever Bush:** Mr. Speaker, that question is one that the Member could have kept. And I wish he had only himself practiced what he preaches, then the country would have known much more about accounts, they would have known much more about roads, what we have to pay for and what we do not know. And the country would have known much more about many things that they just hid and did behind the scenes.

This, there is no agreement, or no work conducted by Government that has gotten more exposure than this one. We have gone to all districts to explain. We have shown maps, exact areas. There have been advertisements in the paper. The newspapers themselves have carried many, many articles. Probably well over 1,000 people have been to those presentations. There is no agreement that has received the exposure and public scrutiny that this Agreement has gotten and will get, because when we are finished with it, it will be laid on the Table of this honourable

House, as will the various processes that we had to go through dictates.

*[Inaudible interjection]*

**The Premier, Hon. W. McKeever Bush:** Yes.

**The Deputy Speaker:** Elected Member for East End, last supplementary.

**Mr. V. Arden McLean:** Thank you, Mr. Speaker.

In a previous reply, the Premier mentioned claims that under the Administration that I was a part of, [I was] responsible for. Will the Premier confirm that when I took office in May 2005 that the outstanding compensation claims stood at over \$19 million? And will he further confirm that when I left office in May 2009, after spending over \$13 million on compensation claims, that it stood at \$18.7 million?

**The Deputy Speaker:** Honourable Premier, if you have that information—

**The Premier, Hon. W. McKeever Bush:** Mr. Speaker, the Member is asking impossible questions for me on my feet at this time.

**Mr. V. Arden McLean:** No you like— [inaudible].

**The Premier, Hon. W. McKeever Bush:** But I will try to get it for him. I made an allegation that he left plenty for the Government to pay, and that is an accurate statement. The one that he is making, Mr. Speaker, possibly has some accuracy in it. But I don't know. And so on my feet I can't tell him that. But I will try to get a determination for him on that question.

All I know is that when I came into Government I found a whole heap of money spent, a whole heap of money owed that we didn't know about, and a deficit of \$80-something million, and an increased loan position for this country of their four years in office of probably \$100 million for each year.

And so—

**Mr. V. Arden McLean:** Audit it!

**The Premier, Hon. W. McKeever Bush:** Audit? Yes!

You see, it is easy, Mr. Speaker, and Madam Speaker (since both of you are at the dais)—

*[laughter]*

**The Premier, Hon. W. McKeever Bush:** —that—

*[Inaudible interjection]*

*[Hon. Mary J. Lawrence, Speaker, in the Chair]*

**The Premier, Hon. W. McKeever Bush:** Yes! I need it.

You see, Madam Speaker, it is easy for them to get up here and talk about audits. Audit what? How are you going to audit something that doesn't exist? Where are the accounts? I should ask him. He should be able to tell me.

*[Inaudible interjection]*

**The Premier, Hon. W. McKeever Bush:** He should be able to tell me where the accounts are. He should be able to tell the Auditor General where the accounts are. He should be able to tell the Auditor General what they spent the money on. Don't ask me; I wasn't with you!

*[Inaudible interjection]*

**The Premier, Hon. W. McKeever Bush:** We know that much.

**The Speaker:** Not across the floor please.

**The Premier, Hon. W. McKeever Bush:** Madam Speaker, the Member does not need to doubt. He knows what they did. He knows the damage they created [microphone turned off—inaudible] and all he is trying to do now is to put some salve on their conscience by saying that they only spent \$13 million on roads. You should be ashamed of yourself.

*[laughter]*

**The Speaker:** I missed the first part of that, so I am not going to interfere.

*[Inaudible interjections]*

**The Speaker:** I just need to find where we are at.

*[inaudible interjections]*

**The Speaker:** Okay. We will move on to the next question now.

Sorry, I do apologise for [arriving] late in the Chair. I had a personal matter I had to take care of and it was urgent.

### Question No. 13

**No. 13: Hon. Alden M. McLaughlin, Jr., Leader of the Opposition** asked the Premier, the Honourable Minister of Finance, Tourism and Development: What steps is Government taking to address the concerns identified in the Miller/Shaw Report regarding Government's contingent liabilities?

**The Speaker:** Honourable Premier.

**The Premier, Hon. W. McKeeva Bush:** Thank you, Madam Speaker. The answer: The Government recognises that there is an ongoing need to address its contingent liabilities—in particular the unfunded pension liability, the unfunded healthcare benefits and loan guarantees.

In respect of the unfunded pension liability, once the Government's financial position permits, the Government will commit to reverting to its annual CI\$14.5 million contribution to the past-service pension liability.

In the 2011/12 Budget, the Government will pay CI\$1.9 million in respect of pension liabilities that were established even before the Public Service Pensions Fund came into existence. These are referred to as a past-service liabilities.

It is also important to point out that current-service pension contributions are being paid by Government—in addition to the CI\$1.9 million past-service liability payment for the 2011/12 year—and the current service pension contributions in the 2011/12 year are approximately CI\$20.7 million. Therefore, in the course of the 2011/12 year, the Government expects to pay total pension contributions of approximately CI\$22.6 million.

Healthcare benefits require an actuarial review in order to establish the precise extent of future contributions. The Government acknowledges that, based on the generous healthcare offered to civil servants, the total value of such healthcare benefits upon retirement, is quite substantial. The Government will seriously consider the establishment of a "Healthcare Fund"—just as the Public Service Pensions Fund was established separately to central government—to manage healthcare costs. It is very important to note, once again, that the total value of such benefits is not payable in full, at once.

Each Statutory Authority and Government Company has competent Boards of Directors that oversee the financial affairs and operations of the entities and ensure that sound financial decisions are made. In the past, there has never been an instance where a financial institution has "called in" a guarantee and therefore the government has never had to meet any guarantee obligations as a result of the default of a Statutory Authority or Government Company.

### Supplementaries

**The Speaker:** Honourable Leader of the Opposition.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Thank you, Madam Speaker.

I wonder if the Premier is aware that as of the 1<sup>st</sup> of July 2009 the unfunded pension liability of the Government was estimated to be US\$324.8 million.

And, Madam Speaker, is the Premier saying in his answer that since his Administration took office

nothing has been paid with respect to the past-service liability to reduce that unfunded pension liability, and that the \$25 million surplus—to which he has referred often in the last few months—has been achieved, in part at least, by not paying the past-service liability which previous governments over the last three administrations had been paying and budgeting for as part of the annual budget process?

[pause]

**The Speaker:** That will do across the floor please.

**The Premier, Hon. W. McKeeva Bush:** Madam Speaker, I am sure that the Member asking the question understands a few things about finances and expenditure. I am sure that he understands that you can't spend what you don't have. I am sure that he knows that the \$324 million unfunded didn't start in May 2009. And they paid in towards it, which they should have seen how much money they had left.

Let me begin by saying, Madam Speaker, that when my Government took over this time, [it] was a whole lot different financial situation than when he took over in 2005. They had a good economy and they had huge surplus. And we had just spent . . . well, at one point over \$50 million on the hurricane. But when we left we didn't leave any deficit. So, he didn't have to contend with an \$81 million deficit. And if I had not had to pay off that deficit we would have had money to put into the unfunded pensions.

Madam Speaker, if they had planned well, instead of planning willy-nilly, then they would have made sure that any future government would not be as strapped as this one was. And the \$25 million that we have includes, when that surplus has been accounted for, the [\$]1.9 [million] that we have been putting in each year, and it includes the pension payments of, well, close to [\$]20 million, or if not, [\$]20 million that we pay each year.

We got a surplus. You should be jumping up and down saying "thank God"!

Madam Speaker, as I have said, when the Government is in a better financial position, we will put in more money.

**The Speaker:** Supplementary?

Leader of the Opposition.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Madam Speaker, perhaps if we had left out important payments like this as part of our budgeting process we would have had a surplus at the end of 2008/09 year as well.

But, Madam Speaker, is the Premier then acknowledging that with respect to this particular issue, that is, unfunded pension liability, that the Government has done nothing to address the concerns and

follow the recommendations made in the Miller/Shaw Report?

**The Speaker:** Is that question not anticipating the next question, which is on the Miller/Shaw Report?

*[Inaudible interjections]*

**The Premier, Hon. W. McKeever Bush:** As I said, Madam Speaker, I don't need to repeat that we have made payments, significantly reduced, but we have made payments what we could meet.

And, Madam Speaker, he said that if they had left out that payment—

*[inaudible interjection]*

**The Premier, Hon. W. McKeever Bush:** Well, that's the only one that I know of but maybe you know of something else. Please inform me.

*[Inaudible interjection]*

**The Premier, Hon. W. McKeever Bush:** We shall see.

What I can tell you is that the \$81 million would have only been reduced by \$14.5 million to [\$]66 [million]. I would still have had to find \$66 million to pay it off.

**The Speaker:** Honourable Leader of the Opposition.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Madam Speaker, I wonder if the Premier can acknowledge that over the course of the four years from 2005 to 2009, the previous Administration of which I was a part, paid more than C\$50 million towards the unfunded pension liability. And that, thus far, his Government has paid nothing—

**The Speaker:** Those are statements; that's not a question.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** That's a question.

I am asking him to acknowledge whether this is the case, Madam Speaker. And thus far his Administration has paid nothing with respect to unfunded pension liability as distinct—as distinct—from past service liability, which is the \$1.9 million he has referred to.

**The Premier, Hon. W. McKeever Bush:** Madam Speaker, I think the substantive answer to the question points out that they had paid \$14.5 [million] annually. That, times four, would certainly give him that figure he is talking about. But that is in the substantive answer to the question. Already we have acknowledged that.

We are not hiding anything, Madam Speaker. We are not hiding anything because there is nothing to hide. The fact is that they left an awful financial mess in this country. And they will not admit to it. They will not admit that they left an economy in shambles. They will not admit that they spent the money. They will not admit that they owe money. They never admitted that they borrowed money. Madam Speaker, what have they admitted?

We had to admit the mess we found. We admit that there is an unfunded liability—that was long before they were in office, and will exist after we leave office, because I don't know how quickly we are going to be able to make that up and how we are going to find . . . even if we paid \$50 million these four years, you would still have how much left unfunded?

How much would you have left unfunded that this \$324 million—since you are such a genius—

*[Laughter]*

**The Premier, Hon. W. McKeever Bush:** I don't know.

Madam Speaker, they better stop playing games because these are not good games. We acknowledge that there is an unfunded liability. We acknowledge that we can't pay all, or else a lot of other important things would have to go out the door.

Madam Speaker, we acknowledge that we have been only able to pay \$1.9 million each year. So, Madam Speaker, we also acknowledge that the country is able to meet its pension payment every year of at least \$20 million. We acknowledge all of that. What have they acknowledged?

**The Speaker:** Last question on this. Make it a question, please, a short question, which is what the rules say.

**The Premier, Hon. W. McKeever Bush:** [Off the microphone] Short question. You heard what the rules say.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Madam Speaker—

**The Speaker:** If there is another Member that wants to ask a question I will allow it. But this is the last one I am going to allow for you, sir. There are other Members who want to speak on it apparently.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Madam Speaker, the substantive answer speaks to the issue of healthcare benefits and the Miller/Shaw Report notes that as of 1 July 2004 the accrued liability for post-retirement health care benefits for retired and current public servants and eligible individuals no longer employed by the public service was approximately US\$798 million, and that they

thought that that amount had increased significantly since that date.

Now, in the substantive answer the Premier says (and I am quoting him), “**The Government will seriously consider the establishment of a “Healthcare Fund” . . . to manage healthcare costs.**” I wonder if the Premier can tell us when it is anticipated that this will be done, and in doing so, acknowledge that thus far this aspect of concern set out in the Miller/Shaw Report with respect to unfunded contingent liabilities has not been addressed by his Government.

**The Speaker:** The Miller/Shaw Report is not going to come up in a question again because it is in the question that follows this, which is extensive. Let’s stick to the question that we are talking about.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Madam Speaker, with respect, the first question says, “What steps is Government taking to address the concerns identified in the Miller/Shaw Report regarding Government’s contingent liabilities.” I am entirely on point.

**The Speaker:** And the following question says, “What recommendations from the Miller/Shaw Report are being implemented by the Government.”

You will get the answers in that question.

Does anybody else have a supplementary? Please continue.

*[Inaudible interjection]*

**The Speaker:** I disallowed the question. Please continue.

*[Inaudible interjection]*

**The Speaker:** Read your Standing Orders.

*[Inaudible interjection]*

**The Speaker:** Please go ahead, First Elected Member for George Town.

**Mr. D. Kurt Tibbetts, First Elected Member for George Town:** Thank you.

Madam Speaker, in the substantive answer the Honourable Premier stated in the fourth paragraph that current service pension contributions in the 2011/12 year are approximately \$20.7 million.

Can the Premier explain whether that \$20.7 million is what every government employee is notified of on their salary slip by way of the six-plus-six per cent which goes towards the pension fund, whether that amount that he speaks to is any portion of that, or whether it is that entire amount. And if not, what comprises this \$20.7 million?

*[Inaudible interjections]*

**The Premier, Hon. W. McKeeva Bush:** Madam Speaker, this \$20.7 million is what the Government pays out each year. That is what we are paying out in the current year—as I said, “current year”—to the pension fund for civil servants.

**The Speaker:** First Elected Member for George Town.

**Mr. D. Kurt Tibbetts:** Madam Speaker, I would humbly request that you do not consider this a second question.

I want to—

*[Inaudible interjection]*

**Mr. D. Kurt Tibbetts:** Please allow me to explain myself.

**The Speaker:** Go ahead; I am going to give you a chance.

**Mr. D. Kurt Tibbetts:** My question specifically asked if this amount was any part or the entire six-plus-six per cent which totals 12 per cent of every government employee’s monthly pay slip that is the contribution to the Public Service Pension Fund. And the Honourable Premier has not said whether that is the case or not.

**The Premier, Hon. W. McKeeva Bush:** [off microphone] And how much you think it would be?

**The Speaker:** Ah—

**Mr. D. Kurt Tibbetts:** Madam Speaker, the question is just simply asking “yes” or “no”?

**The Premier, Hon. W. McKeeva Bush:** Madam Speaker.

**The Speaker:** Honourable Premier.

**The Premier, Hon. W. McKeeva Bush:** Every civil servant and probably schoolboy knows that civil servants pay 6 per cent, or put up . . . there is a charge to them for their pension, 6 percent, and government’s 6 [per cent], but government puts up the whole thing. That is what this consists of. But you didn’t know that?

*[Inaudible interjections]*

**The Speaker:** Next supplementary.

*[Inaudible interjections]*

**The Speaker:** We are not going to talk across the Floor of the House.

Fourth Elected Member for George Town.

**Mr. Ellio A. Solomon, Fourth Elected Member for George Town:** Thank you very much, Madam Speaker.

Madam Speaker, just picking up on the questions that were being asked earlier, and putting it in context, I did hear the Leader of the Opposition mention that the previous three administrations had actually made payments toward the past service pension liability. But he talked about this particular Administration not making the payment. So, my question to the Premier is, considering the statement by the Leader of the Opposition, and that the United Democratic Government would have been one of those administrations that consistently made payments, can he answer at this point in time what particular unique circumstances existed over the last two years that would have handicapped the Government's position, or caused an inability to make those past service pension liability payments?

**The Speaker:** I thought the Premier had ably answered that question already.

**Mr. Ellio A. Solomon:** Madam Speaker, I don't recall that specific question being answered. But again, I suppose the Premier can decide if he wants to answer it or not.

*[Inaudible interjections and general uproar]*

**The Speaker:** Order on that side of the House, please, I am speaking.

Honourable Premier, you have answered that question, I thought, quite ably. Maybe you need to repeat it for the edification of the Member behind you. Thank you.

**The Premier, Hon. W. McKeever Bush:** For him and other Members, Madam Speaker. But I thank you very much.

Madam Speaker, I will be very brief. Every person in this country and probably the man on the moon knows that the other side can't manage. They destroyed a very viable economy. They did nothing about any of the problems they found, in particular, financial management, and monetary management. The economy worsened. They borrowed approximately \$100 million each year, plus they spent on huge projects money that they did not have that we had to find since we came in—over \$320 million—to fund things that they left, just building and building without money. They still ended up with \$80-odd million in deficit.

Madam Speaker, why? The question is why. The answer is because of the bad financial position the People's Progressive Movement left this country in.

**The Speaker:** Can we move on to the next question please?

#### Question No. 14

**No. 14: Hon. Alden M. McLaughlin, Jr., Leader of the Opposition** asked the Premier, the Honourable Minister of Finance, Tourism and Development: What recommendations from the Miller/Shaw Report are being implemented by the Government?

**The Speaker:** Honourable Premier.

**The Premier, Hon. W. McKeever Bush:** Madam Speaker, the Miller/Shaw report contained twelve (12) major recommendations, of which the Government has actively addressed six as follows:

**Recommendation 1: Do not impose direct taxation.** Madam Speaker, I have said before and I will say again, my Government agrees with this recommendation and has no intention of imposing any sort of direct taxation. Direct taxation will be detrimental to the economy of these Islands.

**Recommendation 2: Orchestrate substantial privatisation and other asset sales.** Madam Speaker, the Government continues to examine possible divestment of Government assets. In fact, bids have been received for the acquisition of the sewerage arm of the Water Authority's operations, and it is expected that a decision will be made on this aspect during the remainder of this calendar year. My Government continues to assess the need to further privatise public assets.

That particular one should have been done from last year. They should ask why not.

**Recommendation 3: Make significant reductions in operating expenses.** Madam Speaker, the personnel costs represents approximately 50 per cent of Government's operating expenses in any one year. Let us examine personnel costs in the last two financial years; that is, the year ended 30<sup>th</sup> June 2010 and the year ended 30<sup>th</sup> June 2011.

In the year ended 30<sup>th</sup> June 2010, personnel costs—which consists of salaries, wages, pension contributions and health insurance costs—were approximately CI\$228 million. In the year ended 30<sup>th</sup> June 2011, personnel costs were reduced to CI\$215 million approximately.

Madam Speaker, I have concentrated on the single largest component of operating expenses and the information just presented clearly shows that the Government is very much cost conscious. Moreover, the Government agreed a three-year plan with the Foreign and Commonwealth Office for the 2010/11, 2011/12 and 2012/13 financial years. That plan shows a constant decline in costs over the three financial years just mentioned.

The Government is obliged to comply with this plan as close as humanly possible. The Government is therefore required to have costs constantly under review and to reduce them whenever possible. The first time in our lives that we had to go to the UK, Madam Speaker, because they left us in such a bad mess that we now have to have a plan with the Foreign and Commonwealth Office (FCO).

**Recommendation 4: Complete audits of all Government agencies, Statutory Authorities and State Owned Enterprises.** Madam Speaker, it has been recently heralded in the media that this Government has achieved a historic first because ministries and portfolios, offices in government, statutory authorities and government companies have prepared their 2010/11 financial statements in compliance with the Public Management and Finance Law. My Government has done well in terms of driving the improvement in reporting the state of public finances and we will continue to do so in the future.

The recent amendment to the Public Management and Finance Law (that is, in August 2011) is a start of an ongoing process. Let me provide further evidence of our seriousness and delivery when it comes to reporting.

From 26<sup>th</sup> June 2009 to 7<sup>th</sup> September 2011, the Government tabled 120 annual reports and financial statements for Ministries, Portfolios and Public Authorities in the Legislative Assembly. Madam Speaker, I have included this information in a table form as a part of the answer, but it is too extensive for me to read word for word, line for line. Honourable Members can examine this table for their knowledge and can make a determination of which Government is serious about taking any well made recommendation. But not just a recommendation, because we believe it is the right thing to do to get the reports on time so there can be public scrutiny.

**Recommendation 5: Improve the accuracy, reliability, and usefulness of data produced by the Economics and Statistics Office.** Madam Speaker, the ESO strives to improve data quality by increasing the frequency and scope of data collection that is used for forecasting. Staff is provided with necessary training, mainly through regional organisations such as the CARTAC and CARICOM.

**Recommendation 6: Attract private capital to solve various infrastructure challenges and to develop new enterprises.** Madam Speaker, my Government is continuously exploring opportunities to attract private sector capital to these Islands and to develop new enterprises. Some of our private sector-led proposals developments are:

- Dr Shetty medical facility;
- ForCayman Alliance with the Dart Group; and
- Cayman Enterprise City in the Special Economic Zone.

Madam Speaker, the Government will strive to address the remaining recommendations in the present and upcoming financial year. These recommendations include:

- Develop and maintain a separate contingency fund.
- Reform the budget process to improve transparency and increase accountability.
- Review Government activities to identify and implement efficiency-enhancing applications of information technology, related reforms and contracting out.
- Study ways of raising the same revenue but minimising the adverse effects on economic activity of various levies on the financial services industry, the tourism industry, and the goods and services industry.
- Increase the number of work permits, reduce work permit fees and make the guest worker program more flexible.
- Eliminate the tax on funds exported from the Islands, to lessen the inequity and to quell rumours that the Cayman Islands may well tax other types of fund transfers.

**The Speaker:** Supplementaries?  
Leader of the Opposition.

### Supplementaries

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Thank you, Madam Speaker.

Arising from that substantial response, I wonder if the Premier can say when it is that the Government proposes to establish a healthcare fund to deal with the recommendations relating to Civil Service healthcare.

**The Premier, Hon. W. McKeeva Bush:** Madam Speaker, as I mentioned earlier, an actuary is presently assessing the pension liability and that actuary, we intend for him to extend his work to the evaluation of the healthcare benefits.

**The Speaker:** Leader of the Opposition.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Madam Speaker, in his response, the Premier referred to a recommendation to “increase the number of work permits, reduce work permit fees and make the guest worker programme more flexible.”

I wonder if the Premier can tell us what it is that he is doing in regard to the reduction of work permit fees.

**The Premier, Hon. W. McKeeva Bush:** Madam Speaker, what I said was that “the Government will strive to address the remaining recommendations in the present and upcoming financial year.” And these

recommendations included the increasing of the work permits, reducing of work permit fees and making the guest worker programme more flexible. I said that that would be what our intention is—to address it.

**The Speaker:** Any other supplementaries? Are there any other supplementaries?

**The Premier, Hon. W. McKeever Bush:** Madam Speaker, I should further add that with the economy in the shambles that we found, you know, it's difficult to talk about addressing these to the way that we can decrease and increase. We can't just come up and say that is what is going to be done. A proper assessment has to be made. And that is what we are doing.

**The Speaker:** Thank you.  
Leader of the Opposition.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Madam Speaker, arising from that supplementary, I wonder if the Premier is actually saying that he believes the increase in work permit fees has actually helped to stimulate the economy.

**The Premier, Hon. W. McKeever Bush:** Madam Speaker, when we took the policy to increase the fees, the United Kingdom was down on me, the Minister responsible for the Foreign and Commonwealth Office. They proposed income tax and property tax—two taxes. They also proposed for me to cut 20 per cent of salaries and a similar amount in bodies of civil servants. They also proposed that we should look at a payroll tax.

There was a private sector body that we put together to make recommendations on the bad financial situation, that we had a crisis—not just bad, a crisis; the worst that the country was facing! And we know where that came from. That came from the same Member asking the question.

And, Madam Speaker, they said, none of these. And I am glad they did, because I don't believe in income tax. I don't believe in property tax. I don't. And I wanted to find a different way. And I believe our country is small enough and vibrant enough to go along the business model that we have had and has proven true and tested all these many years. And that's what I am trying to do now, except there was talk for many years about diversification of the economy. But I know we can't diversify, and that's the things we are trying to do, and they are fighting against them and many more [that we are] doing in the various partnerships that I outlined earlier.

That group of people recommended that we increase the fees for work permits rather than do an income tax, or rather than do a property tax. And when the economy is better, then we should look at cutting back on these increases. And, Madam Speak-

er, that is what we are doing. I have four-point-something million dollars in the fee that the general public is paying towards electricity. We started that. That's in this Budget.

Instead of the Opposition asking these tongue-in-cheek questions they should come up with solid solutions.

**The Speaker:** Honourable Premier . . .

Any further supplementaries? Are there any further supplementaries?

If there are no further supplementaries, that brings us to the end of Question Time. I think the plan was that we would suspend the House at this time until 3.00 pm to allow the Members to attend the Chamber Legislative Conference.

**Proceedings suspended at 12.10 pm**

**Proceedings resumed at 3.20 pm**

**The Speaker:** Proceedings are resumed. Please be seated.

## **STATEMENTS BY HONOURABLE MEMBERS AND MINISTERS OF THE CABINET**

**The Speaker:** I have no notice of statements by Honourable Members and Ministers of the Cabinet.

## **GOVERNMENT BUSINESS**

### **BILLS**

#### **FIRST READINGS**

##### **Special Economic Zones Bill, 2011**

**The Clerk:** The Special Economic Zones Bill, 2011.

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

##### **Auditors Oversight Bill, 2011**

**The Clerk:** The Auditors Oversight Bill, 2011.

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

##### **Suspension of Standing Order 46(1) and (2)**

**The Speaker:** Honourable Premier.

**The Premier, Hon. W. McKeever Bush:** Madam Speaker, I beg to move the relevant Standing Order to

allow the National Pensions (Amendment) Bill to be given a first reading].

**The Speaker:** The question is that Standing Order 46(1) and (2) be suspended to enable the National Pensions (Amendment) Bill, 2011, to be given a first reading.

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

**Ayes and Noes.**

**The Speaker:** The Ayes have it.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** May we have a division, Madam Speaker?

**The Speaker:** Honourable Leader of the Opposition, yes.

**The Clerk:**

**Division No. 9–2011/12**

**Ayes: 4**

Hon. W. McKeever Bush  
Hon. Michael T. Adam  
Capt. A. Eugene Ebanks  
Mr. Ellio A. Solomon

**Noes: 5**

\*Hon. A. M. McLaughlin, Jr.  
Mr. D. Kurt Tibbetts  
Mr. Moses I. Kirkconnell  
Mr. V. Arden McLean  
Mr. D. Ezzard Miller

**Absentees: 6**

Hon. Juliana Y. O'Connor-Connolly  
Hon. Rolston M. Anglin  
Hon. J. Mark P. Scotland  
Hon. Cline A. Glidden, Jr.  
Mr. Dwayne S. Seymour  
Mr. Anthony S. Eden

**\*Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** He [the Third Elected Member for Bodden Town] was not present when the vote was taken.

[Inaudible interjection]

**The Speaker:** If you were not in the House in your seat when the vote was taken you cannot be called in the division.

**The Premier, Hon. W. McKeever Bush:** He was sitting there and he went outside to [inaudible].

**Mr. V. Arden McLean:** No, he was not!

**The Premier, Hon. W. McKeever Bush:** He was sitting there and he went outside to call [inaudible]

**Mr. V. Arden McLean:** He was not!

**The Premier, Hon. W. McKeever Bush:** Well, he was in here.

**Mr. V. Arden McLean:** He was not!

[inaudible interjections]

**Mr. V. Arden McLean:** Madam Speaker, there was no one in here except the four Members, the Premier, the Fourth Elected Member for West Bay, the Fourth Elected Member for George Town and the Minister for Community Affairs. That is the extent of who was on that side in this Chamber when that vote was called.

Now, I think it's ridiculous.

**The Premier, Hon. W. McKeever Bush:** Madam Speaker, I don't know where the ridiculousness is coming at, but the fact is that the Third Elected Member for Bodden Town was in the room, was in the Chamber, and he, I think, went out to call the other Members.

Now, he can give an account and he can say whether he was there or not, but from what I see . . .

[Inaudible interjection]

**Mr. V. Arden McLean:** He wasn't. [inaudible] He just walked through the door when you called this division.

[inaudible interjection]

**The Speaker:** If you were sitting in your seat when the vote was called and you voted, and you said "Aye" or "Nay", you are now entitled to participate in the division. If you were not sitting in your seat when the vote was called, you are not entitled to participate in the division.

I will leave it to Members.

[Addressing the Clerk] Please proceed.

[The Clerk continued calling the division]

[Inaudible interjections]

**The Speaker:** I don't want to hear any comments on either side that are going through the microphones about who tells the truth and who doesn't. We are doing a division.

[pause]

**The Speaker:** I will have order while I read the division results. We have four Ayes, five Noes, and six Absentees.

The suspension was negated.

**Negated by majority on division: Motion to suspend Standing Order 46(1) and (2) to enable the National Pensions (Amendment) Bill, 2011, to be read a first time failed.**

**The Speaker:** We move on to the next item, the Second Readings of the Bills before the House.

## SECOND READING

### Special Economic Zones Bill, 2011

**The Clerk:** The Special Economic Zones Bill, 2011. Second Reading.

**The Speaker:** Honourable Premier.

**The Premier, Hon. W. McKeeva Bush:** Thank you, Madam Speaker.

Madam Speaker, just to say that I intend to put that item back on the Order Paper tomorrow.

**The Speaker:** Thank you. The Clerk can make a note of that.

**The Premier, Hon. W. McKeeva Bush:** Madam Speaker, I beg to move the Second Reading of a Bill entitled the Special Economic Zones Bill, 2011.

**The Speaker:** The Bill has been duly moved. Does the Minister wish to speak thereto?

**The Premier, Hon. W. McKeeva Bush:** Madam Speaker, I rise to present a Bill for a Law to provide for the establishment and operation of special economic zones in respect of certain types of business in these Islands.

A definitive Agreement with Cayman Enterprise City Limited (CECL) was approved by Cabinet and signed on 13 July this year. Part of the Government's obligations under this Agreement is to pass legislation to allow for this special economic zone and to provide specific incentives to Cayman Enterprise City Limited with the objective of attracting new industry to these Islands.

The project, Cayman Enterprise City, has been projected to contribute at least 15 per cent to the Gross Domestic Product (GDP) of these Islands in the next seven-to-nine years. With total employment of roughly 5,000 individuals within the zone and another 4,800 jobs outside the zone in Cayman, the zone has the potential to hold 12,000 companies within 500 square feet of leasable space.

It is anticipated that this project will contribute approximately \$9.8 million per annum to government revenue once fully operational, and a further \$21 million resulting from the indirect and induced impact of the zone. Overall, it has the potential to contribute around \$500 million per year to the GDP. This is an exciting and important project for the future of the Islands and presents an opportunity for our jurisdiction to grow into several new industries that will complement our strengths in financial services and tourism.

This project will lead the way in the diversification of Cayman's economy and enable our nation to compete on an even footing in the global arena in new future proof technology based industries. Under the definitive Agreement with CEC, there are several important obligations that I would like to outline. The broad principles and policies encapsulated in this Agreement were the subject of months of discussion between Members of Government, the Ministry of Finance and the Cayman Enterprise City's development team.

Under the Agreement the project will do the following. It will establish:

- a) A CEC Career Development Bureau to facilitate specialist training, career planning, and the educational opportunities for Caymanians interested in employment in the fields represented by the zone companies.
- b) Use reasonable efforts to hire Caymanians for any position for which they are qualified and suitable.
- c) Will not in itself, operate or engage in any type of business activity in the zone ancillary with the types of businesses targeted by the zone unless done in spirit venture partnership with a majority Caymanian partner.

These obligations represent the Enterprise City commitment to ensure that not only are there jobs for Caymanians in the Special Economic Zone, but that there will be opportunities for training and development to allow Caymanians to grow into the more specialist jobs that will be created in the zone.

Additionally, as the Cayman Enterprise City intends to focus on its core business, there will be many entrepreneurial opportunities for Caymanian business to pursue in terms of both the construction and development of the CEC zone, owning the retail outlets and leisure businesses within the campus and further opportunities providing the multitudes of services needed by companies that locate in the zone.

I would like to stress that Cayman Enterprise City zone is focused on industries that are new to Cayman or which have, to date, only seen limited development. To truly develop these industries and capitalise on the global strengths of our jurisdiction, unique concessions will be needed to attract the business interest of international firms. Incentives being sought in this Bill are no different to those being offered by similar knowledge based zones in other parts of the world. Indeed, over 120 countries around the world use special economic zones as a model to attract international business to their jurisdictions and dramatically grow and diversify their economies.

Government's obligations are, therefore, twofold: First, to provide a low-cost environment to attract companies to the zone. This includes guarantees on the exemption from taxation and reduced fees in relation to what will essentially be the zone equivalent of work permits and Trade and Business licences. There

will also be a waiver on import duties, which, after five years, does not cover consumables under \$5,000. Obligations to pay stamp duties still remain, as well as duty on construction material used in the development phase of the project.

Secondly, to provide expedient and efficient mechanism to allow companies within the zone to operate. The processing of the various permits and licences required of zone companies will be conducted under a system that will be designed to provide a response the following week of submission of a completed application. This is a standard timeline and the practice of the world's other leading knowledge-based zones and the expectation of large brands and international firms.

The goal of these concessions is not to circumvent legislation, regulation or policy designed to contribute to health, safety and national interest. Madam Speaker, they are simply to create a low cost, efficient regulatory environment conducive to international businesses that will only be conducting business outside of Cayman, and not competing within the local market.

Provisions of the Special Economic Zone Bill: The Special Economic Zone Bill was drafted based on the content of the final version of the definitive Agreement with the Cayman Enterprise City. The Bill focuses on three main areas:

1) Establishment, functions and powers of a Special Economic Zone Authority. This will be the main liaison between the Economic City's zone companies and the Government. Supported by the Department of Commerce and Investment, the Special Economic Zone Authority will be comprised of several private sector members, but also senior government officials from key regulatory and licensing agencies.

2) The designation of a Special Economic Zone and its developer. These provisions allow for the specification of the physical location of the City as well as the treatment of temporary existing commercial property as falling within the zone in order to facilitate attracting companies to the zone while the zone infrastructure is under construction.

3) Issuing zone trade certificates. This is, in essence, a zone specific regime for Trade and Business licences as the existing Trade and Business licensing and Local Company Control licensing regimes would not apply there.

The Special Economic Zone Bill, 2011, certainly, while intended to allow for the City's Special Economic Zone, was drafted to provide a general framework for the establishment of Special Economic Zones in the Cayman Islands. There are over 3,000 zones of varying types around the world, Madam Speaker. Some jurisdictions have multiple zones, each with a different purpose.

Under the Special Economic Zone Bill here, there will be the possibility of establishing other zones within the jurisdiction. These other zones would not

compete with CEC, and, indeed, will have to clearly detail the types of businesses that would be allowed.

With a well-established history of research into best practice and the economic importance of zones, recognition of these areas as legitimate economic tools by international institutions such as the OECD (Organization for Economic Co-operation and Development), as well as both developed and developing economies, the Cayman Islands stands to benefit significantly from a robust framework that will allow any zone established within our jurisdiction to compete on an international stage.

As taken from the Bill itself, Madam Speaker, the provisions that are now being proposed in the Special Economic Zones Bill are as follows: From Part 1, Part 2, Part 3 down to Part 6, with up to 30 clauses and miscellaneous provisions. And the Bill generally contains clauses which provide for the establishment, functions and powers of the special economic zone.

Additionally, Madam Speaker, Schedule 1 outlines the constitutions and procedure of the Zone Authority. Schedule 2 contains the benefit accruing to the developer of Cayman Enterprise City, and Schedule 3 contains the benefits accruing to special economic zone enterprises located in Cayman Enterprise City.

Madam Speaker, in order to meet the Government's obligations set out in the definitive agreement with Cayman Enterprise City, several amendments to existing laws will be required. In particular, amendments will be needed as follows:

1) Companies Law and Exempted Limited Partnerships Law to allow for the registration of special economic zone businesses as exempt companies or partnerships with a set fee.

2) Immigration Law to allow for work permits for special economic zone companies at a set fee.

3) Amendments to the Stamp Duty Law and the Registered Land Law may also be required to clarify procedural issues with regard to the payment of stamp duty by zone companies.

While the amendments related to the Companies Law and the Exempted Limited Partnership Law will be read in this House in the coming weeks, the other amendments are still undergoing a process of discussion and refinement within the relevant government departments and the representatives of the Cayman Enterprise City.

Once concluded, we expect to see the commencement of Cayman Enterprise City Development in the second quarter of 2012. Madam Speaker, I believe that this is a good step in diversification of our economy, as I said today at the Chamber [of Commerce] luncheon. Madam Speaker, we have talked a long time about diversifying our economy, and up until now not a lot of people have made any direct breaks to do that. This Government, I believe, is on the right track with it. And I therefore commend the Bill to honourable Members.

**The Speaker:** Thank you, Honourable Premier.  
Does any other Member wish to speak?  
Member for North Side.

**Mr. D. Ezzard Miller, Member for North Side:** Madam Speaker, while I support the establishment and operation of a special economic zone as a way to broaden the economic base of the Cayman Islands, I do have some questions and concerns about the details of the Bill before the House.

Madam Speaker, I will raise the questions [clause] by [clause], but my chief and paramount concern is my interpretation of the legislation that at least provides an amount of exclusivity for Cayman Enterprise City and I have always been one who believes that the great success of the Cayman economic miracle has been our Cayman entrepreneurial spirit which allowed Caymanians to take part in these kinds of economic activities and we had a vibrant middle class in this country.

Madam Speaker, my first concern, and maybe I am interpreting this wrong, but I intend to ask the questions and listen to what the mover says in reply. [Clause] 6, "**(1) The Authority shall have the power to facilitate -**

- (a) the procurement, management, reclamation and disposal of land and other property for the purposes of a special economic zone;**
- (b) the carrying out of development works and other building operations in, on or in respect of a special economic zone; and**
- (c) the preservation, maintenance, regulation, management and improvement of a special economic zone and the provision of additional facilities to it."**

Now, Madam Speaker, if the word "facilitate" there means that the Authority as provided for in [clause] (5)(2), "**The Authority shall, consistent with the performance of its duties under this Law, consult with departments and agencies of the Government having duties, aims or objects related to those of the Authority.**" Or does it mean that these economic zones are going to be exempt from the other requirements of government departments, like Planning regulations, et cetera?

If—

*[Inaudible interjections]*

**Mr. D. Ezzard Miller:** And applications will have to be made to those authorities independently of the Authority itself. So the facilitating is means that the Authority will assist these people in getting permission from these authorities in a more expedient and efficient way as opposed to doing the actual procurement management, et cetera?

So, you may want to look at drafting to make sure that that is absolutely clear.

Also, in [clause] 7(4), I am not sure whether we need to confine any investigation of any breach of subsection (1) of 7, which says, "**The fact and any particulars of, or relating to, any matter falling for consideration by, or the decision of, the Authority shall be treated as confidential by each member of the Authority and the member shall not disclose any such fact or particulars otherwise than in the proper performance of his duties under this Law or in compliance with the order of a court.**"

Why is it necessary to restrict that to only be investigated by a constable of the rank of inspector or above?

The other concern I have, Madam Speaker, is with Part 3, Special Economic Zones, and Part 4, Special Economic Zone Development and Operation. I am not sure why it is necessary for Cabinet, having appointed an Authority to administer basically this Law . . . we are reserving certain activities, which I believe could be done by the Authority, to be done by the Governor in Cabinet as opposed to the Authority.

[Clause] 10(1) says, "**The Governor in Cabinet may by Order, on the recommendation of the Authority, declare a parcel or parcels of land, areas or locations in the Islands to be the whole or part of a special economic zone . . .**" So, on the recommendation of the Authority, Cabinet can designate special economic zones.

In [Part] 4 the caveat of a recommendation from the Authority is not included and. "**[12 (1)] The Governor in Cabinet may by Order declare a person to be a developer for the purpose of developing and operating a special economic zone. . .**"

Again, Madam Speaker, this can be done completely independent of the Authority that is being established under the Law to administer the zones. I would think that the people who are probably best suited to make those selections and those designations in both of those instances, would be the Economic Zone Authority which is established under the Law and appointed by Cabinet, because they will have the necessary expertise within their departments and what-not, to do a proper evaluation.

From my point of view [Part] 3 is barely acceptable, in that Cabinet can only do it on the recommendation of the Authority. But I have concerns that the Governor in Cabinet can designate the economic zone developer basically without reference at all to the Authority.

The other concern, and where I believe that the trouble I have with the exclusivity is that 12(2) says, "**An Order made under subsection (1) shall specify -**

- (a) the name of the special economic zone which the developer is authorized to develop and operate;**
- (b) any conditions imposed on the developer; and**

**(c) any benefits other than those specified in the relevant Schedules.”**

The concern I have, Madam Speaker, is that the two Schedules that are included in the Bill are specific and confined to Cayman Enterprise City. And I believe that if we are launching these economic zones to expand our economic base, those benefits that are specified there should not be specific to Cayman Enterprise City, but should be specific for anybody who is licensed by the Authority. Everybody should get the same benefits, an equal playing field.

The way I read this, Madam Speaker, is that once this is passed into Law, the only people who are assured the benefits as specified in Schedules 3 and 4, is Cayman Enterprise City. Any other person applying and being designated as a Developer, or has their land as an economic zone, will be subject to a relevant Schedule which had to be added to the Law, which may or may not be the same as what we are providing for Cayman Enterprise City.

And I have always had trouble when we write legislation, Madam Speaker, that provides specific benefits for specific organisations. I believe that if we are going to get the maximum success from this endeavour, everybody should be on an equal footing.

The other concern I have is that I think the fine of \$100,000 and a term of four years or both is a little bit drastic for breaking the trade certificates, or operating without a trade certificate.

The other concern I have, Madam Speaker—and I have spoken to the Attorney General and to the other people concerned, and they have gone some way in alleviating my concern—is that it refers to an exempt company, an exempt limited partnership. And in [clause] 14(2) and in [clause] 20(2), it says, **“Notwithstanding any Law in force in the Islands to the contrary, a non-Caymanian may own, hold, freely transfer, securitize, finance, raise security or list the legal or beneficial title of any or all of his equity in (and up to one hundred per cent of the equity in) any development company or special economic zone enterprises.”**

I want to make sure that that does not eliminate any Caymanian entrepreneurs from getting involved in these economic zones as well.

The other concern I have is that [clause] 22(2) talks about an **“ . . . economic zone enterprise shall, annually on or before every 31<sup>st</sup> January of every year . . . ”** Why don't we just give them the licence on a calendar anniversary? In other words, if you get this in October, under this you have to pay a new fee again in January. In this day and age we ought to be able . . . in days gone by when we couldn't monitor it electronically, they could say all the fees were due in January. But I think it is fair to say that if somebody gets one of these certificates in October, it's good until September of the next year, and not have to pay again in January.

The other concern I have, Madam Speaker, is . . . and, again, I have had some discussions on this. I just want to make sure that it is cleared up in the Committee stage, because as I read [Schedule 2], “The benefits accruing to the Developer of Cayman Enterprise City”, it says, **“From the date of commencement of this Law, the developer and its subsidiaries in respect of Cayman Enterprise City shall -**

**(a) be entitled to the benefits that would be applicable to a special economic zone enterprise under section 18 (as set out in Schedule 3);**

**(b) be exempt from paying fees or other monies due or levied by or on behalf of the Government -**

**(i) in respect of any matter in connection with fulfilling its obligations to establish, own, develop, operate, maintain, manage and administer Cayman Enterprise City except for -**

**(A) stamp duties referred to in paragraph 1(g) of Schedule 3, other than, for a period of three years, sums payable under the Land Holding Companies Share Transfer Tax Law . . . in relation to any change in up to 40% of the shareholding in the developer or the development companies which are land holding companies holding property comprising the special economic zone,**

**(B) work permit fees; and**

**(C) duties on construction materials, which duty shall be a maximum of 15%;**

It is my understanding that it is intended that they will pay stamp duties other than for the period of three years, they would pay work permit fees, although it will be a special work permit fee introduced under the Immigration Law, called a “zone work permit fee,” and they will pay duties on construction materials. But it is not intended—and I am concerned about the insertion of **“or (ii) arising pursuant to the Companies Law (2010 Revision); Customs Law (2010 Revision); Development and Planning Law (2010 Revision); Electricity Law (2008 Revision); Electronic Transactions Law (2003 Revision); Exempted Limited Partnership Law (2010 Revision); Government Fees Law (2007 Revision); Immigration Law (2010 Revision); Plants (Importation and Exportation) Law (1997 Revision); Public Management and Finance Law (2010 Revision); Port Authority Law (1999 Revision); Private Security Services Law, 2007; Tax Collection Law (1998 Revision); and Regulations made thereunder . . . ”** that they are not intended to pay any of those fees levied under any of those laws.

I am concerned about Schedule 3 where it says, "Benefits accruing to Special Economic Zone Enterprises located within Cayman Enterprise City." I want to make sure that we can, in fact, have special economic zones other than those that are being located in Cayman Enterprise City, and that those will carry the same exemption that is intended for the Cayman Enterprise City.

Madam Speaker, with those few concerns, I could support the [Bill] if I could get some answers that alleviate my concerns.

**The Speaker:** Thank you, Member for North Side.

Does any other Member wish to speak?

First Elected Member for Cayman Brac and Little Cayman.

**Mr. Moses I. Kirkconnell, First Elected Member for Cayman Brac and Little Cayman:** Thank you, Madam Speaker.

Madam Speaker, I rise to make some short comments on the Bill before us today, the operation of special economic zones. Madam Speaker, I stand in support of the Bill that has been brought by the Premier.

Madam Speaker, I would just like to speak to the overarching understanding that I have of what has been brought here. It is the foundation of my support for this legislation. I believe that in the Premier's winding up he will be able to just say it's the spirit, and that I have interpreted correctly what the spirit of the Bill is, to make sure there is not a fundamental misunderstanding on my part.

I understand this Bill, Madam Speaker, as we, as a country . . . he, being charged to find and develop some other business for these Islands, looks for opportunities. If, as has been stated earlier, there are thousands of economic zones throughout the world, basically an economic zone is a competing business. And an economic zone is competing with other economic zones. So that became an attractive business for us as a country to look at.

I think it's fortunate that the expertise and the representation for this economic zone that is in this legislation, is brought with local participation and expertise. I believe that not only me, but everybody in this honourable House is extremely pleased about that here today.

Madam Speaker, I would view this that clause 5 provides for: "**The functions of the Authority are to (a) advise the Minister on all aspects of the establishment of special economic zones . . .**" ([zones] being plural).

So, I am taking, as a foundation that this economic zone that is proposed here today, is one business being proposed which would carry with it the type of businesses that the expertise of this business plan brings with it, that we can provide the platform for it to do business in this country. So, they would be

looking at other economic zones that offer certain types of competitive edges, whether it be time zone, the professional labour force, the actual cost of living in the country, health care being provided, the global location, and, Madam Speaker, the very essence of the quality of life that can be provided and the quality of doing business, the climate for doing business.

So, if we are not competitive the way we are now in our environment as it is structured here, and the Government has to bring legislation to attract this type of business, and this type of business has been positioned that it is all new business that the business, if it doesn't get this type of economic zone and incentive, would never consider coming here to the Cayman Islands. But with this new platform and new type of environment that will be created, then we become competitive to not only attract the expertise of this environment zone, but as the legislation has stated, plural, that we would attract more of these types of zones that would have other types of expertise, whether it be you compete for call centers (which we could never compete for because of our costs), whether it's the type of knowledge-based businesses that are talked about here.

Madam Speaker, whatever it is, the proposal here is for an absolutely new business, for business that we don't attract, for business that we don't have the ability to attract, and business that we need to diversify our economy with, and we need to offer for the job market and to put in to, especially the knowledge-based side, to build our society around that.

Madam Speaker, the way that this has been proposed, it sets up an Authority (and as I understand it, the Authority accepts the applications). After the Authority accepts the applications and vets them, so to speak, then in the Regulations it has to go to the Governor in Cabinet. And after consultation (this is Regulation 30), "**. . . after consultation with the Authority, make regulations prescribing all matters that are required or permitted by this Law to be prescribed or are necessary or convenient to be prescribed for giving effect to the purposes of this Law and, in particular . . .**"

Madam Speaker, I believe that this is where the level of expertise will be certainly needed. One of the things you never want to create is an environment where the new zone that has been licensed will not be successful. So we must ensure that if it is the Authority, or if it is the Governor in Cabinet, that the level of expertise available there, will look at the special economic zone and make sure that they provide the environment for them to be successful. And, in so doing, I reference that we don't want to have two environmental economic zones competing with each other. So, I would assume that there is going to be an overarching business plan for us as a country, that we would attract an economic zone, make them successful, and another that would complement them.

And then after that, you can actually take this as a tool and look at how you develop certain parts of the Islands, in particular Cayman Brac, because an economic zone could be developed in Cayman Brac, or Little Cayman. But specifically we know what we have now; we know that these are successful globally, and we know that we can never compete with them the way we are now.

So, the support that I lend here today is in putting ourselves in a position where we can compete globally to bring this type of new business that I say again, is new business, as I understand it and support, coming to the Cayman Islands and to help diversify our economy.

So, the short comments, Madam Speaker, I am sure, have been heard. I look forward to the winding up, that the assumptions I have made, the support is here, and that the spirit, as we understand it, is how it really is.

Thank you, Madam Speaker.

**The Speaker:** Thank you, First Elected Member for Cayman Brac and Little Cayman.

Does any other Member wish to speak?  
[pause] Does any other Member wish to speak?  
[pause] Does any other Member wish to speak?  
[pause]

First Elected Member for George Town.

**Mr. D. Kurt Tibbetts:** Thank you, Madam Speaker.

Madam Speaker, in listening to the Honourable Premier in his presentation, and in listening to other colleagues airing their support, some qualified, some not, I thought that there was perhaps one specific issue that I should wish to bring to the Floor.

As I understand it from previous presentations made to Members of the Legislative Assembly, there seems to be the possibility of tremendous opportunities for Caymanians, specifically, regarding career opportunities and niche opportunities for careers. And in looking at this proposed bit of legislation, I may have missed it but I don't see anything specific regarding this.

Now, it seems to me from all that I have heard, that the Cayman Enterprise City has every intention of actually physically seeking out young Caymanians to show them these available opportunities. I would certainly applaud that initiative. But I believe that outside of discussion, Madam Speaker, you will have within Cayman Enterprise City, individual components making up the whole big picture. So, while some specific concessions will be necessary to attract all of those components, which would include conglomerates, et cetera, in order for this specific economic zone to be competitive compared to others in other jurisdictions, I wish to point out that I believe there needs to be some mechanism which in some form or fashion will guarantee that this is not just spoken about, but actually done.

Now, I am not going to give any specific proposal because I am sure there are those who are much closer to all of the discussions and negotiation who would know better what approach is positive and what approach is negative. And I am not suggesting for there to be any negative approach. But I believe there should be something somewhere which specifically addresses this and leaves the onus and responsibility on those who are receiving the benefits to provide some of these opportunities that we speak to.

I do not know what level of opportunities there will be which would continue to make the zone attractive and competitive. But as I have been told, as I said, by presentations and otherwise, there will be opportunity. I just would like to see something specific somewhere which says, *Hey guys, we are going to make sure that we do this; we are going to make sure that we do that. Here is our commitment.*

I don't know what the agreement entails, or anything of that nature. So I would just wish for the Premier in his winding up to address that.

Madam Speaker, I don't know exactly if my colleague for North Side pointed out specifically Schedule 2 regarding "Benefits Accruing to the Developer of Cayman Enterprise City". The way I interpret this section is as it reads: "**From the date of commencement of this Law, the developer and its subsidiaries in respect of Cayman Enterprise City shall -**

- (a) **be entitled to the benefits that would be applicable to a special economic zone enterprise under section 18 (as set out in Schedule 3);** Fine.
- (b) **be exempt from paying fees or other monies due or levied by or on behalf of the Government—** And all of that is outlined.

After that is all outlined, then it says, [in Schedule 2 (b)(i)] "**except for—** (A), (B) and (C), which are stamp duties, work permit fees and duties on construction materials. "Except for" means to me, then, that they will be liable to pay duty. But when (A), (B) and (C) are finished, then it says [in (b)(i)(C)] "or." "Except for" (A), (B), (C); "or" Roman numeral (ii) "**arising pursuant to the Companies Law**" ta-da, ta-da, ta-da, all kinds of laws: Electronic Transactions Law, Government Fees Law, Immigration Law, Plants (Importation and Exportation) Law, a whole bunch of them.

Now, as I understand it from my colleague who has discussed it with those who know, the intent of the legislation in Roman numeral (ii) of Schedule 2[(b)], is that that section is providing other exemptions; it is not providing that duty should be paid pursuant to those various laws that are listed in Roman numeral (ii) of Schedule 2[(b)]. However, if the Bill remains as is when passed, they will have to pay duty.

So, while I think they may be aware of it, I want to be sure, Madam Speaker, that we get it right because this will have serious ramifications cost-wise.

Madam Speaker, the last item that I want to simply point out, because I don't know if there is a policy or what the order of the day is—is [clause] 8 of the Bill which provides that, “**A member of the Authority is entitled to receive such remuneration in respect of each meeting attended as determined by the Governor in Cabinet from time to time.**”

When we look at how the Authority is made up, or who comprises the Authority, we have [counting] one, two, three, four, five, six public servants. I don't know if, whether the way this is worded, that creates any difficulty, or whether it was intended that those public servants are paid for their tenure on this Authority. I don't know whether there is an omnibus rule, regulation, policy or law, which deals with that. And, unless there is, then we need to be sure. Because the way the [Bill] reads, there will be remuneration for those individuals. I shouldn't say the way the [Bill] reads, I should say the way I interpret it. Perhaps those who drafted it interpret it differently.

But I just thought I would point that out because what you wouldn't want to happen is for the law to come into effect and there is a battle over that as to which would be the right way to go with that. So I just thought I would point that out.

Madam Speaker, in general terms, I think all of us agree that this is, as the Premier would say, a good thing.

[Inaudible interjection]

**Mr. D. Kurt Tibbetts:** [Addressing the interjection] Most times I do, whether you believe it or not.

**The Premier, Hon. W. McKeeva Bush:** Yeah?

**Mr. D. Kurt Tibbetts:** Yes, yes.

**The Premier, Hon. W. McKeeva Bush:** You think that I wouldn't think that—

**The Speaker:** The conversation is through the Chair, please.

[laughter]

**Mr. D. Kurt Tibbetts:** Yes, Madam Speaker.

But I just thought I would raise those points along with the others that have been raised by colleagues just to make sure that while we are at it, if the fix is simple we can do what we have to do at Committee stage to take care of any issues that may be here. Some of the questions may already be resolved. But it would just be a matter for us to have knowledge of that so that we can be safe in our minds that these matters are addressed.

Madam Speaker, it is my hope that this thing will move fairly fast. I believe that outside of the direct benefits that we speak to, notwithstanding what I term the “fiscal sacrifices” that are being made by the country, I think the advantages outweigh those sacrifices in the medium and long term. Maybe not in the short term, but in the medium and long term.

And I do believe—and I want to really emphasise this—that perhaps the most telling benefits that we could accrue is the possibility of a myriad of job opportunities and specific guided training for our young Caymanians to take up those job opportunities in especially the medium to long term. I would presume that the vast majority of those opportunities that could accrue would call for certain levels of professional qualifications, which is exactly what we want to see opportunity-wise here in the Cayman Islands.

So, Madam Speaker, I think there is no doubt regarding the support, and perhaps when the Honourable Premier is winding up, maybe those issues might be able to be clarified. Thank you.

**The Speaker:** Does any other Member wish to speak? [pause] Does any other Member wish to speak? [pause] Does any other Member wish to speak? [pause]

If not, I will call . . . oh.

Leader of the Opposition, you are pulling it close to the wire. Three times.

[Inaudible interjection]

**The Speaker:** [replying to inaudible interjector] I didn't see him. That pile of paper prevents me from seeing him.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** That's a common problem, Madam Speaker. Thank you. You can usually hear me, though. Madam Speaker, I wish to lend my—

[Inaudible interjection]

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** With the permission of the Government, Madam Speaker—

[Laughter]

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** —I would like to lend my voice and support to this very important Bill that is before the House.

My colleagues have spoken at some length about various aspects of the Bill, and I do not intend to reiterate what they have said. I want to address a number of other matters, Madam Speaker.

We have sought in this country and we have talked about, for as long as I have been around, the need to diversify the economy to find other bases on

which to establish economic activity in this country. And particularly in light of what has transpired over the last seven or eight years, and more recently with the global economic crisis, and presently where it seems as though the crisis is going to worsen or at least be extended for a significant period of time, it is important that we do have these sorts of proposals and that we ought to embrace them.

So, Madam Speaker, to the extent that the Government has encouraged this and has finally been able to bring a Bill to this House, I wish to offer them my congratulations in that regard.

Madam Speaker, the Bill, though, I believe must cause us all to ask the question which many others in the community are asking. If it is necessary to make these sorts of concessions to attract business which is not already here to do business in Cayman, what is it that we need to do to ensure that business that is already here stays here? Specifically, Madam Speaker, in terms of the cost of doing business here and the difficulty, particularly from Immigration and licensing perspective, I believe that it behoves us, and particularly the Government, to look very carefully again at some of the significant cost increases that have been imposed in the last little while, that is giving local businesses, which are already established here, considerable difficulty in continuing in the present economic climate. Particularly in the situation where the Government has said, has boasted, of the existence of a \$25 million surplus, Madam Speaker, I believe that we need to be doing everything we can to help establish businesses in this country and to ensure that less of them are forced to close their doors or to look elsewhere.

Steps are being taken, Madam Speaker, as we have heard, to deal with the situation, or some of the issues, relating to the Immigration legislation. And while I have certain concerns about how that is being done, those are the sorts of things that we need to be doing, especially in the present climate, to make a more business-friendly atmosphere for all of us concerned.

We all listened this afternoon to the Premier speaking at some length about the importance of these issues. And when we get this particular Bill through, I would hope that he and his Government will be turning their attention to what can be done, not just to attract types of businesses which are not already here, but to ensure that we can maintain those that are already here and doing business, and struggling in the present economic climate.

Madam Speaker, with respect to the Bill itself, I have really two, I think, significant points I wish to make, or questions to ask. Madam Speaker, I am at somewhat of a loss as to the wisdom of establishing a Special Economic Zone Authority, which is an advisory authority to the Minister, which is comprised principally of public servants. The Special Economic Zone Authority is made up, pursuant to [Part 2] section 3, of

a Chairman, a Deputy and two other persons appointed by and holding office at the pleasure of the Governor in Cabinet. Now, I am presuming that those four individuals, Madam Speaker, are not public servants, although the provision doesn't say that they have to be private sector persons.

But, ex-officio, by virtue of their office, we have as part of the Authority the Director of Commerce and Investment, or his designate; the Collector of Customs, or his designate; the Chief Immigration Officer, or his designate; the Director of Planning, or his designate; the Director of Labour, or his designate; and the Chief Surveyor, or his designate.

Madam Speaker, there are a whole lot of very technical people on there. But other than the Director of Commerce and Investment, or his designate, I am not sure how much the various skills and training and focus of those other officers actually bring to the table in determining issues relating to special economic zones. I would have thought we wanted an Authority made up of more business-minded people, a much more private-sector-heavy membership than that set out here.

What I essentially see here are technocrats who are able to advise the Minister as they do day-to-day in their work on various aspects of issues of concern relating to whatever it is that the Minister is trying to get done. But I would have thought, I would have hoped, Madam Speaker, that this advisory body was going to have much more in terms of the sort of captains of industry (as they say), involved in that process. So, Madam Speaker, perhaps when the Premier gets up to windup the Bill he can tell us a bit about the thinking behind the makeup of that very important advisory body.

Madam Speaker, the way the legislation is structured—

#### **Moment of interruption—4.30 pm**

**The Speaker:** Honourable Leader of the Opposition, I need a motion to continue after the hour of 4.30 if we are going to.

Honourable Premier.

#### **Suspension of Standing Order 10(2)**

**The Premier, Hon. W. McKeeva Bush:** Madam Speaker, I move for the suspension of Standing Order 10(2) in order for business to be conducted after 4.30.

**The Speaker:** The question is that Standing Order 10(2) be suspended in order for business to be conducted after 4.30

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

**Ayes.**

**The Speaker:** The Ayes have it.

**Agreed: Standing Order 10(2) suspended.**

**The Speaker:** Leader of the Opposition, I apologise. Would you continue please?

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Thank you, Madam Speaker.

When the hour of interruption arrived, I was just starting to talk about the structure of the legislation.

The structure of the legislation is that we have a Special Economic Zone Authority which advises the Minister about matters relating to the establishment and policies, and so forth, of the programmes of the Government as far as special economic zones are concerned. We have the creation of special economic zones which are areas and locations declared by the Governor in Cabinet to be special economic zones. And then we have special economic zone business, which is any type of business authorised pursuant to the legislation.

May I just pause here, Madam Speaker, to point out a drafting error to my friends on the other side so they can fix this, because I think I think it is quite important. [Clause] 10(2)(d), I think is what is supposed to be the definition of a special economic zone business; not 10(2)(c), which speaks about the geographical limits of the special economic zone. So, if the Attorney General or anyone is around they can just quickly make that amendment when we get to Committee stage.

And then, Madam Speaker, there is this creature called a "special economic zone enterprise," which is described as the holder of a valid trade certificate issued under [clause] 17. And the "trade certificate" is essentially a certificate which enables the individual or the entity to operate as a special economic zone business.

Now, Madam Speaker, the whole basis of this legislation and the creation of these zones, as I understand it, is that what is being proposed to be done in the special economic zones is business that otherwise would not come to Cayman, that otherwise would not be done in Cayman. And, because of that, in order to attract the business here, to attract the creation of these zones, or, I should say, to encourage the creation of these zones, we are prepared to offer considerable concessions, considerable carve-outs, exemptions from a lot of the bureaucracy which is necessarily in many instances a part of the regulatory regime that we have in this country, whether it is the Immigration legislation, the Trade and Business Licensing Law or a whole range of other pieces of legislation. It is also intended, as I understand it, for there to be substantial concessions in relation to licensing fees, work permit fees and so forth, and so on.

So, Madam Speaker, the counter to that is language very similar to what has been contained in the Companies Law as far as exempted companies are concerned. And in [clause] 18(3) there is a provision which says, "**A special economic zone enterprise shall not trade in the Islands with any person, firm or corporation except for purposes that are ancillary to, or in furtherance of, its business carried on outside the Islands, but nothing in this section shall be construed so as to prevent such a special economic zone enterprise from effecting and concluding contracts in the Islands and exercising in the Islands all of its powers necessary or expedient for the carrying on of its business outside the Islands.**"

Now, Madam Speaker, the question that I have is this: Has the Government contemplated the possibility that we may well wind up with various entities already in Cayman? For instance, law firms, or accounting firms, who do principally work in furtherance of . . . well, essentially overseas work and do not have local clients, whether or not it is contemplated that we could have special economic zones . . . and I am talking about CEC now (Cayman Enterprise City). Are we talking about the broader legislation that is here, which is the legislation which will permit other special economic zones to develop?

Has the Government contemplated the possibility that we may well wind up with applications by law firms, accounting firms, either those already established or from elsewhere, whose principal business is offshore work—work which is . . . they are not working for clients in the Cayman Islands—whether that sort of activity would be permitted. I accept that you still have to get permission from the Minister to get the issuance of a trade certificate and for whatever it is that you are proposing to do to be declared a special economic zone enterprise.

It struck me only last night as I read through this legislation that this may very well be something that some legal firms, some accounting firms . . . there may be other types of professional service businesses that may well want to take advantage of this, but if that is something that we are prepared to contemplate that is a real game-changer as far as business and the financial services industry in Cayman is concerned. And these entities, obviously, will be seeking to have the types of benefits and concessions that are being made for Cayman Enterprise City.

So, Madam Speaker, it is my hope that someone from the Government bench will say something about this particular issue. And I hope that we can elicit some kind of policy statement from the Government about the kinds of businesses that they see as off limits as far as the development of special economic zones and the creation of special economic zone enterprises are concerned. Because, knowing what I know about the financial services sector and particularly the legal profession, and some law firms,

in particular, I can see where this may be viewed as a real opportunity to significantly cut operating costs in the Cayman Islands, if not the entire operation, with respect to a particular sector of the kind of work that certain law firms in these Islands already carry on.

Madam Speaker, I want to leave that particular point there. It is one that I think we really need to think very carefully about. But I am sure that the Government, if they have not done so, will do so and we will hear more about that as the various other Members of the Government bench rise to speak to this [Bill]. None of them have spoken so far, besides the Premier, so I am sure that over the course of the next couple of hours we will be treated to a proper education on the Bill by those Members.

Madam Speaker, I just want to close by offering, again, our support of this important Bill that we believe is a major step in helping to diversify our economy, that this provides a brand new, really, truly exciting platform on which new business can be built with all sorts of possibilities, most of which we cannot yet even contemplate sitting where we are at. I say that, Madam Speaker, notwithstanding the various concerns and issues which we have raised which are really not issues of concern in principle about what is being proposed, but really an honest and sincere attempt on our part to make sure that we get the wording of the legislation as right as we possibly can.

Knowing what we know, in any event that since it is brand new legislation, it is pretty much cutting edge stuff, certainly as far as Cayman is concerned. There are bound to be areas that we don't get quite right and we will need to tweak as time goes on.

But, Madam Speaker, I just want to again commend the principals in Cayman Enterprise City, comment the Government for moving ahead with this particular piece of legislation and indicate again our full support.

**The Speaker:** Thank you, Honourable Leader of the Opposition.

Does any other Member wish to speak?  
[pause] Does any other Member wish to speak?  
[pause] Does any other Member wish to speak?  
[pause]

Fourth Elected Member for George Town.

**Mr. Ellio A. Solomon:** Thank you, Madam Speaker.

Insofar as the economic zone, Madam Speaker, I believe it is fundamentally important that I rise to not just later on vote on the Bill, but to also be able to express my wholehearted support insofar as what we are actually attempting to do in respect to the economic zone.

Madam Speaker, the Leader of the Opposition rose to his feet there and I think he expressed some concerns that I believe need to be addressed. One of those concerns, Madam Speaker, and I am going to say that I believe the last time I was in this House I

heard the Third Elected Member for George Town attempt to give me a name. He was referring to me as "minister-of-something."

But, Madam Speaker, when the Third Elected Member rose to his feet and said, wondering if it is a situation of this Government taking certain steps, taking certain action with respect to reducing the fees, as repetitive as it is, Madam Speaker, I believe we have an obligation to respond to that.

The Leader of the Opposition is suffering from bad memory because he needs to understand, and I will continue to say it, as I have said before; suffering from bad memory, Madam Speaker, because he needs to understand that it is his Administration and the wanton disregard that they had for the people's funds, the spending that has resulted in this Government having to put fees on businesses, such as work permit fees, and such as the unfortunate fees that have been established at the gas pump.

So I am going to repeat that, Madam Speaker, because it seems that that goodly gentleman, the Leader of the Opposition, keeps forgetting that very important point. And as long as he is going to stand on that side of the aisle and say it, I have a responsibility to retort, and to remind him of the things that he seems to be somewhat delusionary about.

Madam Speaker, in respect to the economic zone, so that we don't bog it down in the aridity of trying to read through [clauses] and [clauses] of this [Bill], I would like to say a big thank you, for example, to the First Elected Member for Cayman Brac [and Little Cayman] and his open support insofar as what we are attempting to do with respect to this economic zone. I think he laid that out quite eloquently and he did so, I believe, without leaving any pinches on which he could perhaps ride and sprinkle a little later on. But he gave his full-hearted support for something that the Government is doing and something that the country needs.

This is not a situation where the economic zone that is being proposed is something which is good for us because of the economic position that we find this country in. It is something that even in the best of times and the need to diversify this economy, that this economic zone would be an excellent move. And with that, Madam Speaker, it is for those reasons, and just that reason alone, that having it at a time when we find ourselves in the economic financial valley that we are in, that it is beyond excellent.

I will echo that statement because, again, when we have those same Members on the aisle on the other side who are going to talk about the Premier and other Members of the Government with respect to globe-trotting and trying to sell it to the people of this country that it is just a waste of the people's funds, we are running around, jumping on jets, spending millions of dollars of the people's money. What are we getting for it, Madam Speaker? This is but one example that

they have come and are supposedly endorsing today. This is but one of those things.

I recall when the United Democratic Party Government, during its last Administration through the then Minister of Education was able to sign off and able to bring the St. Matthew's University here and the economic benefits that came from that in terms of purchases, rental of the facilities, having hundreds of persons come to this country on the airlines, going to school, renting accommodations, purchasing accommodations, purchasing food and all of the other supplementary requirements in order to call this country home for some period of time. Millions and millions of dollars were pumped into this economy simply from that one simple move.

It did not require this Government to go out and put us almost a billion dollars in debt. It did not require that. It simply required perhaps some travelling, perhaps some negotiation, and some innovative thinking on the necessary signing and encouragement to have an institution like that move here.

I believe it is a similar situation today when it comes to the economic zone and the potential benefit that it has. When we talk about five particular areas being covered in this zone and the opportunities that it is going to provide, and for the benefit of all those listening, it is a case of where between anywhere, a thousand, eighteen hundred, two thousand-plus persons being able to come here over a period of time and being able to work in this country, spending money [in] restaurants, again in terms of renting accommodations, purchasing cars, all of those supplementaries that we need in order to be able to establish ourselves here. Large amounts of spending, which does what?

That spending, again, from those individuals is going to create further opportunities for our people. Because if it is a case of them purchasing cars, well they have to purchase cars, they will be purchasing them from Caymanians. They will be renting accommodations from Caymanians. They will be purchasing homes, land in the Cayman Islands, buying and building homes. Those are benefits to the economy, benefits to the people of these Islands.

So there should be no doubt as to the economic benefit just in terms of the transient workers that will come here.

Some of the companies that are going to move here, had it not been for the concessions and for the relaxation in certain areas that the Government has taken, and willingness to face whatever criticism comes from that, at the end of the day it would not be financially viable for that company to set up the economic zone and for those companies to move here to do business and to benefit all of us as a people.

I think the First Elected Member for George Town talked about training. In the five years that's covered, there are commodities, there is media, there is IT, there is biotech, and there is also the academic

side. So, again, even within the zone there is going to be specific opportunities for Caymanians to receive training, education to further themselves to be able to advance. And even if it is an area whether it's biotech, when they move here and you have biotechnology and there are no Caymanians at this point in time that are able to get into that particular niche market, there is an opportunity to further your education in the area of biotech to ensure that further down the road you will have an opportunity to be able to work in the zone or anywhere in the world that you so chose insofar as the skills, training and education that you will be able to acquire.

So it is not simply a case of saying that you are going to put it there, and at the same time you are not going to provide opportunities. And this is something that is going to be done. It was discussed significantly between the zone, the members of caucus and particularly the Minister responsible for Education. There is going to be tremendous work opportunities, existing in that zone for Caymanians. And it is going to range from positions insofar as the top to the bottom. So, even though there will naturally be importation of labour, companies that are coming here setting themselves up in the zone, there are going to be tremendous work opportunities at the same time for many of our Caymanian people.

I believe it is important, as a concern that I heard expressed insofar as these businesses and where they do their competition, it has been said here today, but I believe it needs to be reiterated. These businesses are being set up in the zone to be able to do business from an international position only. Not necessarily offering any competition in the domestic market. So it is not as if the Caymanian businesses, the Caymanian individuals who are thinking about going into their own business or who have their own business have to concern themselves if this is a situation where they are now going to be competing financially with a business that's in the zone, and have an unfair disadvantage. It is a matter that they will be strictly dealing on an international level.

That, Madam Speaker, was a concern of ours. I heard the Leader of the Opposition raise the fact of what this means insofar as accounting firms, and what does this mean with respect to the law firms, and does that mean that they will have their own zone tomorrow. It was definitely a concern that I raised in the immediacy when we heard of the plans to make sure that we were not going to end up where the existing industries that we have were going to be bleeding or lost from the domestic market into what we refer to now as the zone, strictly because some of them were engaged, and the majority, if not all, of their business was on an international scale. Or strictly international.

So, those were concerns, naturally, the Government took into consideration. And so, he is absolutely correct when he says that this Government, or the Governments of the future, will have to decide if

there is the creation of another zone and what businesses would be allowed in that zone. But I believe that the wisdom today that the Leader of the Opposition referred to that he had some difficulties understanding, is fully appreciative that we do not want to cause our domestic market to bleed and as a result of that lose our domestic market into the zone. So efforts have taken care of that.

The Member for North Side was also raising the issue . . . Well, actually I will probably leave that for later.

I just want to say that I note, Madam Speaker, the Members of the Opposition are not listening even though the Leader of the Opposition did say that he wanted to try to get some answers. Maybe they are in the kitchen listening.

But, in terms of this, Madam Speaker, so that every one of us, the people of this country, can understand, despite, and past what we may hear on the talk shows, this is a situation where large companies that are now doing business, professional companies to which anyone should be proud about, that we can watch on the television, that we perhaps would have to travel to the United States to see, are going to be able to come into the zone, particularly in the area of commodities, media, IT, biotech, and in terms of the academic side; creating opportunities that would not have otherwise existed, both in terms of business ownership for those Caymanian companies that will benefit, whether they are providing restaurant services, or other services to the person who comes and works in the zone.

I would stress so that, again, a fear that is propagated in one way shape or another, it is not a case that the zone is going to be constructing homes and that is what they are going to be building and that is where they are going to be living. They are going to be purchasing residential homes, if they purchase. They are going to be renting homes that are already in the market, if they decide to rent.

We are talking in terms of the construction alone when it starts somewhere, I believe, in the region of 750-something-thousand square feet, with respect to construction. That is at least, arguably, three times the size that we now have in terms of our new Government Administration Building.

Just in terms of that initial construction there is going to be tremendous opportunity for local companies that are engaged in construction, whether it is electrical companies, plumbing, roofers, all of these are opportunities of which, not just by commitment or stated expressly by those principals insofar as the zone, but by action already being taken, Madam Speaker, to ensure that it is going to be Caymanians given the first opportunity, given the opportunity to make sure they can engage insofar as the construction of this facility and in the longevity to ensure that there are going to be economic benefits that trickle down and benefit all of us here in this Island.

I believe that when we look at what will be taking place with respect to the zone, that at the end of the day we will have tremendous opportunities in the future. There clearly has to be a situation . . . I think the Member for North Side raised the issue insofar as the Schedule and what it means. I think the Member for Cayman Brac [and Little Cayman] was also concerned about the overlapping, if there was going to end up being some competition with respect to the zone.

Clearly, the Government has to ensure that we understand specifically what industries will be moving into the zone and to make sure that there was not one competitive with the domestic market. And that if, in the future, there is an economic zone of which the Government has the ability in the Law under those Schedules to create another economic zone, that at least for a period of 15 years, I believe is the timeframe, insofar as that exclusivity, that no other zone will be able to be created that is going to be competing in that particular market. So, to address the concern raised by the Member for Cayman Brac, it is not going to be a case where the Government tomorrow will be granting permission for another zone that is strictly going to be in competition with this one.

It is going to be that this particular zone and the industries that have been identified to go in the zone will be allowed to operate and to be able to gain the fruition that we want to be able to see for the benefit of the principals of the zone and equally, if not most importantly, Madam Speaker, for the benefit of all of the people in this country.

Without a doubt, the Schedule is there because we want to be able to ensure that in the future we can offer that up. There are opportunities for the Cayman Islands insofar as many areas. We have been in recent discussion even in terms of intellectual property rights. And I believe that when we consider to look at things as we are doing now with the zone and the discussions that we are having in terms of the Cayman Islands being one of those areas with respect to intellectual property rights, that we can see some innovative action taking place by the Government that will bring about true and tremendous opportunities for the people of this country.

Madam Speaker, just in closing, with respect to the zone, I note that the Member did raise the issue in terms of what are we doing with respect to some of the businesses that are here, and with respect to ensuring that we can encourage those businesses. I believe that the Premier would be able to address that when he is wrapping up. And I believe that we will continue to address those areas over the next year or so. But, Madam Speaker, I believe, again without harping on about the time that we have inherited, I believe that's clear. The people understand.

It is a situation, Madam Speaker, that we are actively looking to ensure that we are dealing with the low lying fruit and that is in the case of saying, *What*

*can we do with respect to those companies that are existing?*

We are looking at in terms of our Trade and Business [Licensing] Law, how those fees are actually structured and what we can do to make that Trade and Business Licence one that actually promotes growth and at the same time working towards a fee structure that works to encourage small businesses as well.

Some of the challenges are obvious because some of them are cases where simply a company moving from 20, as an example, to 21 employees automatically starts to suffer a major disadvantage simply because it has taken on one employee. There are a myriad of different things that the Government is [looking], and has to continue to look at to be able to ensure that we can provide opportunities.

And I know that the Leader of the Opposition was alluding once again to the whole issue of the work permits. Madam Speaker, I wish to assure businesses and individuals out there trying to make a living in one way shape or another, that the Government did those things because it had no other option. As the Premier mentioned earlier on in one of his discussions, the case was that it was an option between income tax, property tax, and also an increase in work permit fees. And the reality is that we chose the lesser of the two evils.

But I am confident, Madam Speaker, that irrespective of what the Leader of the Opposition will say insofar as the \$25 million surplus, that when this country is in the proper financial position, that we can recognise those benefits and we can see this country coming out of the doldrums that we found it, that I believe we are going to do everything that we can towards lowering those fees and to show even further than we are already doing [with] the local businesses, the domestic market, that we are equally appreciative, Madam Speaker.

I believe it is important, because what I continue to hear from the Opposition is [them] trying to suggest in one way shape or another, that either we are ignoring our local population and that all we care about is foreign businesses or foreign owners. And when it is not that, they will sing the chant that one way shape or another we are offering concessions to all of those persons coming into the country but doing absolutely nothing, Madam Speaker, to help our local businesses.

It is fundamentally important to be underscored and highlighted, that when we talk about bringing things like the zone to this country, it is something that is going to benefit local businesses as well. It is going to benefit every Caymanian in this country, and particularly those who are willing to seize the opportunity, either in terms of the existing businesses that they have, or those who are willing to start new businesses and to benefit and to feed off of areas like the zone.

So, in short, Madam Speaker, that is my contribution insofar as this particular Bill with respect to the economic zone. I believe wholeheartedly that it is a good thing. It is a good thing for the principals of the zone; it is a good thing for the working man and woman in the Cayman Islands; it is a good thing for the established businesses; and it is a good thing for all of those who are thinking about starting their own business. That potential energy is there as well. It is beneficial for all of us. I believe in one way shape or another, perhaps a bit pinched, I think the majority, if not all the Members of the Opposition today, stated that.

Again, in particular, I would like to give my thanks to the First Elected Member for Cayman Brac [and Little Cayman] for his comments as well.

With that, Madam Speaker, I rest that as my contribution to this particular Bill. Thank you.

**The Speaker:** Does any other Member wish to speak? [pause]

Third Elected Member for West Bay.

**Hon. Cline A. Glidden, Jr., Third Elected Member for West Bay:** Thank you, Madam Speaker.

I too rise to offer a few brief comments on the Special Economic Zone Bill, 2011. Madam Speaker, it is real heartening for me to stand here and give my support to this Bill, because somewhere around January, I can remember sitting here in the building and being introduced to one of the principals, Mr. Jason Blick and that was the first introduction.

During that meeting we asked the Premier to come in and he came in and joined us. He quickly saw the merit and possibilities and placed a challenge down to Mr. Blick and his team to see how quickly they could get the proposal to the Government. And here we are now, Madam Speaker, with the legislation. And having been intimately involved in the discussions and negotiations, I know that there has been significant progress made.

So, Madam Speaker, for the critics that have been out there, and they continue to ask, especially from the Opposition benches, what the Government is doing to help the economy, what the Government has been doing to diversify, and they keep talking about the increased cost of doing business, Madam Speaker, we are happy on this side that as was promised during the campaign that we would bring a new hope and a better way forward for the country, and we see this as a key plank in delivering on that promise.

Madam Speaker, we have been able to go out and attract individuals to come to the Cayman Islands with new ideas, with new thoughts. Not the traditional method that we have seen on display by the previous administration where, for anything to get done it had to be done by government. And what that caused was significant expenses, significant debt for the country, significant restrictions, so much so that we reached a sad place in our history as a country that we couldn't

even borrow on our own because the United Kingdom determined, based on the agreement, that we were no longer able to be fiscally responsible for our finances. So they had to provide oversight and required us to go and get permission for approval to our budgets.

Madam Speaker, what the country went to the polls and voted for in May 2009 was a hope, a hope for opportunity that our Government has been able to provide through private sector partnerships. And even though the Opposition seems to have decided that there is something more important, I guess, going on outside of these Chambers, hopefully they are listening, because I guess it's heartening as well to finally (it took a long time) to seem to be getting through to the Opposition that there is a new way of doing business, a better way of doing business, than [what] the People's Progressive Movement chose. And it was heartening to actually hear them stand on the Floor—I could tell, a bit grudgingly—and offer their support. It was interesting how they went from offering that support to the developers and the principals, but it was hard for them to actually acknowledge and give support to the Government. And I understand how difficult that is, Madam Speaker, and I sympathise with them.

But it is good that we have finally . . . like I said, it takes a long time. And it required a lot of patience on the side of the Government to continue to try to teach and lecturing constantly to get the point across so that hopefully, if we are ever in that unfortunate position where we found ourselves between 2005 and 2009 when we were in the hands of the People's Progressive Movement, that they would have gotten a lesson in running a country and a lesson in seeing how things need to be done to achieve opportunity and hope for your people without having to spend inordinate amounts of money that challenge the sustainability of the country.

Madam Speaker, I have been privileged to have worked with the Premier and with the team for the special economic zone. I have actually had the opportunity to travel to Dubai to look at the zone that the Cayman Islands Special Economic Zone has been modeled after, to look at the significant benefits that that foresight in Dubai has caused. It was amazing to see companies, you know, the Fortune 500 companies that have relocated.

In talking with some of those companies and seeing the amount of interest in coming to the beautiful Cayman Islands, the benefits that we have from a geographical perspective, as well as from a time zone, the opportunities that are here. But what it required, Madam Speaker, was a willingness to see things differently and to think outside of that proverbial box.

When we first started with this idea, I can remember the criticism, *Oh, we're giving away too much. We're giving away these concessions; and, Why do we have to give exclusives? And, This is going to disadvantage Caymanians.* Now I'm starting to hear (like I said, it took awhile) from the Opposition

side that this is something . . . I can't remember the exact words of the Leader of the Opposition, but he said this was a great day and something to be encouraged, and basically the start of what they were hoping to see as providing opportunities.

Madam Speaker, like I said, it's good that we are actually able to get that support, that grudging coming around to the logic and sense, and hopefully we are soon going to get to that stage where the People's Progressive Movement decides or finally acknowledges that even they are happy that the people decided to vote for change in May 2009.

Madam Speaker, a question was asked about the other potential zones. Well, actually there are two questions that come to mind. Like I said, I came in during the debate. There was a question, and I think the Premier is going to address the whole question as to the composition of the Authority. And the thought process was that because of the complexity of the concessions and the regulatory framework that was going to be necessary to facilitate, the idea was that we were going to have the members that are prescribed in the law to ensure the smooth facilitation and continued support of the zone.

So, it was a very well thought-out process. The reason for those individuals was to ensure that we would be able to facilitate the many needs that we can foresee at this stage. And there may be reason and need to change that at another time. But obviously, as was acknowledged, this is new, cutting edge legislation. We don't have precedent to go on in the Cayman Islands. So, we are going this with the best intentions, very well recognising that we may have to make amendments.

Madam Speaker, I take that, again, as a sign of grudging congratulations as well, that as difficult as it was to get up and simply say, *Yes, we understand and we think you are doing a good job, and we support you for doing it*, there had to be that attempt—genuine it may have been—to find something, something small, but something wrong. Hopefully, it is clear that there was significant thought. And if we need to change that competition, as the good Government we are, we are willing to bring those changes when necessary.

The other issue that was addressed and, I think my colleague, the Fourth Elected Member for George Town, spoke at some length as to the possibility of other zones. And, Madam Speaker, this has had a lot of discussion. We were back and forth with the developers, as to how restrictive and exclusive and specific we needed to make the legislation. But I think in fairness to them and to the team, (Mr. Basdeo and Mr. Rose specifically), the thought process was that if it was something that we could encourage by way of this legislation, we could encourage a new zone of something that we have not even thought about at this stage, then we would want to have that flexibility.

The exclusive ability now is restricted for 15 years, I think, for zones that would compete with a special economic zone. But again, somewhere in that 15 years, or somewhere in the next few years, we could have a whole new industry which is new, unique to the Cayman Islands, and that we would want to encourage to be here. And the legislation gives us the flexibility, if we so decide, if the Government of the day so decides to give that licence to allow those entities to come.

I think the possibility that he raised where there could be, through some interpretation of existing laws, some ability for existing businesses, I can say clearly from our Government's standpoint, that no Government . . . well, our Government wouldn't look at that and see that in the best interest to want to create a zone to compete with our financial services industry that we currently have. So, I can't speak, again, if we have that unfortunate incidence where we have a government that isn't as forward thinking and planning and . . . I see my colleague, the First Elected Member for Cayman Brac [and Little Cayman] coming in. So I am trying to be as kind as possible, Madam Speaker, and not refer to any previous Administration.

**An Hon. Member:** He wasn't a Minister.

**Hon. Cline A. Glidden, Jr.:** That's true; he wasn't a part of that irresponsible—

*[Inaudible interjection]*

**Hon. Cline A. Glidden, Jr.:** Yes, we get the understanding, Madam Speaker, that he wasn't in agreement with that.

So, the point I was making was that if we were to get an irresponsible Government like we had, that had no understanding of how the country is [supposed to be] run, and the lack of fiscal responsibility, [if] they were to go back and for some unknown rhyme or reason decide they were going to create an economic zone where law firms could come to and get an advantage in, and the Government of the day felt that that was something beneficial for them to do, I guess, technically, they would do. But, I have confidence, first of all, that the country won't make those kinds of mistakes in electing that kind of Government. And I would hope that, again, with this education process that we have been able to go through, that even if it were the Government of the past that they would be smarter this time around and not make those types of mistakes.

So, Madam Speaker, we just want to say that the legislation has been done in such a way to provide flexibility. It has been a pleasure working with the current developers. We are excited about the possibilities. We know that there is significant interest; that this piece of legislation is key in their being able to move forward and to show the world that the Government

and the Cayman Islands is serious about encouraging and attracting business.

The Premier made comments today from an Immigration standpoint—I think there has been support from the other side of the House as well, from the Opposition side—to show that the Cayman Islands is open, ready and working hard to attract business. And, Madam Speaker, it is important that when some of the criticisms that are made, specifically targeted at the Premier, for his willingness to travel (it has been termed “globe-trotting”), I hope that the country, and specifically the Opposition, would see that in the world that we now live in it is not possible to sit in the beautiful Cayman Islands, as much as we enjoy being here, and continue to wait for business to come knocking on our door.

I think it is acknowledged that the world has changed and that if you want business, and specifically good business, you need to search and actively pursue. And while other Members of the Government have a responsibility to do their part, individuals—specifically individuals who are going to make significant decisions like moving and relocating—want to speak to the leaders of the country; they want to speak to the person who can actually make decisions, and they want to get a feeling of comfort with the mindset, the thought process, the decisions that are going to be made that will affect them in the time to come.

Even with all of the criticism, Madam Speaker, I am proud to be part of a Government that has a Premier with the foresight and the fortitude, I would say, to stand up to that continued criticism, but recognises the value and the sacrifice that he is willing to make to go far and wide.

In this particular case I can remember the trip all the way over to Dubai. I happen to know that he doesn't like to fly. And so, going all the way over, there to attract business, to encourage business, and attracting, first of all, developers. And, in this particular case I mention Mr. Blick and his team, Ms. Cindy O'Hara, and the team at the Cayman Special Economic Zone. But attracting them, giving them the confidence that the Cayman Islands is a place they want to live, work and have their being, to make an investment in while also making sure that the world sees Cayman as well. So when companies like Oracle, Cisco and Microsoft would consider coming and opening offices in the Cayman Islands which, we discussed quite a bit, will provide opportunities never before seen as far as training.

I know the Minister of Education was quite excited when we looked at the possibilities of educational opportunities. Those things do not happen by staying here in the comfort of your home and sitting in your office. Hopefully the bloggers, and individuals who are so quick to criticise, who will sit on the talk shows and solve the problems of the world, will recognise that this Government—of which I am proud to

be a part—is a hardworking Government and we have gotten to the stage where after dealing with the challenges, the domestic financial challenges, that we are now concentrating and seeing the fulfillment of the efforts that have been made to go out and attract new business and provide our people with new real opportunities for training and careers.

Madam Speaker, I pick up on that point in closing to say that the other thing that I am very excited about is I know the developers of the Special Economic Zone, along with the Premier, have already started to schedule and visit with our schools to show and prepare and inform our students that there will be additional opportunities. Not the traditional banking and law that were in existence before, but new opportunities that were never considered.

I have had the privilege of speaking to many young people who are excited about the possibility. When you talk about those 300 or 400 kids coming out of school on an annual basis, while we have plenty to be thankful for, it was a bit limited as to where those opportunities were. And this is providing a whole new range of opportunities and a new scope that was not even considered before. And we appreciate the efforts of the developers in going out and explaining some of those opportunities, looking for affiliation with the schools and trying to get some of the apprenticeship programmes and training opportunities to allow our Caymanians to take up their rightful place and to be able to make a living.

I did not hear the contribution, but I heard that the Member for Cayman Brac is excited. I know we have had discussions about the possibilities. I know, working together with the Deputy Premier, any opportunities that we can have as far as opportunities in the Sister Islands as well would be great and we hope that we will have so much interest in Cayman that at least there will be some spill over. We will continue working to see what we can do there.

Madam Speaker, with those brief remarks I am pleased today, again in a relatively short time, and while we talk about the challenges in getting things done, this is an example of within a short period of time. If I remember correctly, I think the Premier announced the idea on January 20<sup>th</sup> of this year, and here we are now with what I understand is a key piece of legislation to get it moving forward. And we look forward to the continued and accelerated activities. We know there is a lot of existing rental space that has become available. We know it's the developers' plan that they will be using that space initially while the purpose built facility is being constructed.

So, we look forward to the economic benefits and spin-offs. We see this as a trade off that has been given, as far as concessions, in that it is definitely going to be of significant benefit to the Cayman Islands. We look forward to the full support of the Legislative Assembly and the great opportunities that this will provide.

With those few comments, I thank you, Madam Speaker.

**The Speaker:** Thank you, Third Elected Member for West Bay.

Does any other Member wish to speak?  
[pause] Does any other Member wish to speak?  
[pause]

Third Elected Member for Bodden Town

**Mr. Dwayne S. Seymour, Third Elected Member for Bodden Town:** Madam Speaker, I understand that one such economic zone was brought to the attention of past governments many years ago. And governments of the day, many years ago, did not see this as an opportunity they wanted in the Cayman Islands.

Because of the bad management of this country's finances by the PPM, I am not proud to say that I applaud them for being so bad at managing the country's finances, as it has actually sped us up in gravitating to such an economic zone. I don't know if we would have been this far forward with this zone, in my opinion, had the previous Government not mismanaged the funds of this country the way they did. But with every misfortune comes an opportunity, Madam Speaker.

I am really happy today to get up and support this economic zone. It was a part of our campaign plan to diversify the economy. For many years all our kids could talk about were the accounting field and being a lawyer, the legal field. They were the two main areas that governments in the past tried to gear our kids towards, and not all of our kids did that. And I am glad to see that we have finally come up with a new economic zone to be able to broaden our horizons and give our youth some fresh new ideas on where to move their careers to.

Madam Speaker, our kids can now dream, and dream big. I can only imagine the enthusiasm of the youth of this country when they hear that this zone has been fully passed and raring to go. Imagine the many years that our kids could only dream about the financial and the legal aspects of our economy. Now there is an opportunity to dream about being in the media park, in the IT park, in the biotech, the academic park, and the commodities park. Madam Speaker, I am so excited about it myself, as most of us on the Government side. We all have young children or grandchildren who will benefit, and we hope they will take the opportunity that we have afforded them.

I thank Mr. Blick, Ms. O'Hara and their team for bringing this to us as a Government, which they know is pro-business, and the Hon family. I really want to applaud them for being so expeditious in ensuring that it wasn't only just a lot of hot air. We see a lot of presentations and some take a very long time to take off, to get started, or to put a block in the ground. I applaud them, Madam Speaker.

As I understand it, Madam Speaker, some 1,000 or more Caymanians will be able to take this opportunity and when Jason and his team came to do the presentation, I was amazed at what I was hearing. Obviously, when you come to do a presentation to the UDP caucus, a lot of questions fly around and we want to get it right and ensure that our Caymanians get a fair chance at any opportunity that is brought into this country. We were assured right up front what we wanted to hear and that was placed in the agreement and that training would also take place.

If I heard correctly (and I stand to be corrected), I think the Member for North Side named some taxes or revenue that the Government would not be collecting because of this Bill that we were bringing for this economic zone. Madam Speaker, one minute it's we need revenue, and the next minute we need to take it away from something else, some other area.

Madam Speaker, as I said, my remarks would be brief. But I think that with something so important as this special economic zone, I could not let it pass without standing and showing my full support for something that is going to benefit my children and all of our children here and the country as a whole. I again want to thank the team who brought this to us as a Government. I want to thank the Government [for moving] forward as quickly as [it] did.

I am very excited, Madam Speaker, to support even more growth in this area. And I fully support. Thank you, Madam Speaker.

**The Speaker:** Thank you, Third Elected Member for Bodden Town.

Does any other Member wish to speak?  
[pause] Does any other Member wish to speak?  
[pause] Does any other Member wish to speak?  
[pause]

If not, I will call on the mover of the Bill to conclude his debate.

Honourable Premier.

**The Premier, Hon. W. McKeever Bush:** Thank you, Madam Speaker.

Madam Speaker, I want to thank all Members who rose in support of this effort. A number of points have been raised, and I don't know if I am going to go through all of them.

I want to thank my colleagues on this side who spoke and answered, I think somewhat in detail, various points raised from the other side, in particular the points raised by the Leader of the Opposition, who out of one corner of his mouth was trying, somehow to applaud, but I know how difficult that is for him. And out of the next side he was trying to take away the positive environment of this new development for these Islands.

You see, they cannot rise, Madam Speaker . . . they know that the Government is doing something good. So, they have to try to make the public believe

that there is something bad in it. So, the Leader of the Opposition gets up . . . and the one way to get Caymanians riled up is if they believe—he knows the environment we are in—that we are giving foreign nationals over them. And, therefore, he came up with this thing about a \$25 million surplus and we are giving concessions to outside companies, and yet Caymanians are not receiving concessions.

[Inaudible interjection]

**The Premier, Hon. W. McKeever Bush:** [Addressing the interjection] Well, that is what you would extrapolate from what he was saying.

And so, as I said, their *modus operandi* is to say a little bit positive and then a whole lot negative.

He talked about opportunities. I think before I get to that, the [Fourth Elected] Member for George Town, who spoke on this side, made some excellent points. I think he answered the one [asked by] the Leader of the Opposition, about what we are doing to cut back costs for local people. As I said, he did a good job. But I just want to say that the Leader of the Opposition and the other side ought to be more responsible. They ought to be much more responsible than they are being.

I can take their applause, but sometimes I have to wonder whether it is genuine. Because here we are, Madam Speaker, still embroiled in one of the deepest financial crisis this country ever saw; the international one not created by them, but the local one . . . they really should get on their knees and ask God's forgiveness for all that they have done to deepen it. He goes on and on, and they have made this point several times that we must be reducing fees.

Madam Speaker, I think three Members from this side spoke and they answered that. I answered that in a question this morning. How are you going to cut fees back right now? How, when we have an agreement with the Foreign [and Commonwealth] Office? First time ever that we have to be shackled the way we are, because of people like him.

This is the first time in our 180 years of parliamentary governance that the United Kingdom can tell us, the way they are telling us how we should spend and refuse our budgets as they have. And we have had to make an agreement with them, Madam Speaker.

For me to cut back on revenue, they tell you to find it somewhere else. *If you are going to spend money out of what we have agreed here now in this Budget, find it somewhere else.* That is what they are saying. They do not play around with their words. They put it in a letter to you. And I caution always—Look, we made a \$25 million surplus. We expected a \$30-something million deficit. So that is a turnaround of \$57 million. That's an extremely good accomplishment in this environment. It is a remarkable position.

But I have always said, Madam Speaker, that we need to be more careful and cautious because this is still a very fragile turnaround. And now just look at what is happening! And, I hope he is listening, Madam Speaker, because he needs to be taught a lesson, since he doesn't understand.

*[inaudible interjection]*

**The Premier, Hon. W. McKeever Bush:** We are just spending millions of dollars that were not budgeted because of a particular criminal element. Millions of dollars.

*[inaudible interjection]*

**The Premier, Hon. W. McKeever Bush:** Paloma was a natural disaster. I don't know that I have any power when hurricanes come hurling out of Africa, to tell them to go somewhere else! And neither do you!

Neither do they, Madam Speaker.

*[Inaudible interjections]*

**The Premier, Hon. W. McKeever Bush:** But we never spent \$81 million. Our bills never rose because of Paloma—\$81 million deficit. And neither did we spend \$100 million—which you borrowed—every year because of Paloma. And neither did Paloma tell you to go build the monstrosities in buildings that you started that we now have to pay for. Neither did Paloma put all that fill—which you had to purchase—around the whole of Grand Cayman—Bodden Town, George Town and West Bay. Millions, probably \$13 million in fill.

So don't blame Paloma; blame the lack of foresight and a wanton disregard to anything that we had to say when I was sitting where he is sitting there now. Because I warned him!

*[Inaudible interjection]*

**The Premier, Hon. W. McKeever Bush:** *[Addressing the interjection]* I didn't walk out. I talked, and I pointed to the problems that we were headed down.

So, when they come with tongue-in-cheek to say that I am giving concessions to a company, a business, an enterprise that is going to create thousands of jobs, and is going to add millions of dollars to our Gross Domestic Product, which means, Madam Speaker, that retail stores, cars, apartments, condo sales and leases will increase. And I hope it will even get a little bit better economy of scale with utilities. Banks and financial institutions—everybody—stands to gain. This will positively impact government. Government will receive increases in duties, fees paid from imports. And we should also recall that every lease in the zone will have to pay stamp duty.

So, yes, we do have to give. And I want to labour on this point because I know what they are attempting to do. They are attempting to kill anything good or positive that comes out of what we are doing here today, by saying that we are giving incentives to that company, but not giving it to local enterprises.

*[Inaudible interjection]*

**The Premier, Hon. W. McKeever Bush:** *[Addressing the interjection]* You wouldn't know different.

They wouldn't know, Madam Speaker, or they do know but they are just like a bad child. They need a flogging all the time. I don't know if even that would help.

He went on to talk about opportunities. Madam Speaker, the academic park will provide training in industries in the zone. Now they are working with the Ministry of Education to discuss scholarship opportunities. The Economic City Career Development Bureau will have Government representation and will seek to ensure Caymanians have employment opportunities in the zone.

So, Madam Speaker, I still say that the three agreements, partnerships that we are entering into—perhaps the better ones that this country has ever entered into . . . say what you like. In the old days Cayman Government owned Caribbean Utilities Company. They gave it up. What do we have out of it? What do we have except paying electrical bills that are much larger than our mortgage? We are ensuring that Caymanians in the future are going to get something out of this.

When we look and we take this Bill, we see how much the developers have agreed. It hitherto never happened in this country! Never happened! And yet, while they will say it is a good thing, they will stand over there and try to make the world believe that there is still so much bad about it. What Mr. Benson used to talk about, "putting credit in one pocket and taking it out of the other one."

*[Inaudible interjection]*

**The Premier, Hon. W. McKeever Bush:** But I have been here a long time; I know.

*[Inaudible interjection]*

**The Premier, Hon. W. McKeever Bush:** *[Addressing interjection]* No!

*[Laughter]*

**The Premier, Hon. W. McKeever Bush:** He used to tell me that.

Uh-uh!

*[Inaudible interjection]*

**The Premier, Hon. W. McKeeva Bush:** Madam Speaker, they knew the areas to pick on and to knit-pick, because when you saw them out there with the Bill, they couldn't do a thorough examination. What they were doing was knit-picking exclusivity. That was one of the areas they could easily pick up. They know what will stir people up and get people on the warpath for nothing. I have seen it happen.

[laughter]

**The Premier, Hon. W. McKeeva Bush:** Exclusivity, Madam Speaker, is geared towards international businesses locating in the zone. People come here to invest. Madam Speaker, we have to give them some protection.

[Inaudible interjection]

**The Premier, Hon. W. McKeeva Bush:** [Addressing the interjection] I know you want me to sit down. You sit over there and take this. If you're going to vote, we will get that.

Madam Speaker, when people spend their money, their efforts, their life's savings, get into debt, as a country what are you going to do? If you want business, if you want them, what are you going to do? Do you think you can just say, *I want you to come*, and that's it? You are just going to let them go and we don't do anything to help?

Madam Speaker, in Nassau the Chinese are building \$3 billion. Three billion dollars! They have, I think, about 8,000 Chinese working there. But they are going to create some 10,000 jobs for Bahamians! That's a good example of why we have to do these things. We have to allow people to come in here, but we are not just going to allow them, we have to help them in this environment. That is why we now have to look at the rollover policy and say perhaps we were wrong. And if we were wrong, we want to change it. Or else we are going to starve to death because people don't have to live here. They don't have to come here. We still have a good country, we still have a good environment, but we need to help people.

In the great United States, the governors are calling up corporations saying, *Come to my State. I will allow you not to pay taxes. I just need you to hire 800 people here.* That's what they are doing. And we need to say that, Madam Speaker, rather than what we are saying in this House to further fuel people with petitions to come and bog us down and aggravate our lives. That's all it is; it's just pure aggravation, coupled with pure bureaucratic harassment that we have to put up with.

**An Hon. Member:** That I see happening here

**The Premier, Hon. W. McKeeva Bush:** [Addressing inaudible interjection] Yes, that is what I see happening here.

[Laughter]

**The Premier, Hon. W. McKeeva Bush:** Madam Speaker, the Authority will facilitate compliance with all relevant laws, for example, the Planning requirements. They will have to go through all the procedures and they will have to comply with local policies. And they are not here trying to circumvent anything. It's all in what they have to do. They are not trying to circumvent any procedure. Again, that is something that people could easily fly off the handle about, if they listen to the Leader of the Opposition.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** [Off the microphone] I didn't say that.

**The Premier, Hon. W. McKeeva Bush:** Had it in your mind! Somebody else said it for you!

[Laughter and inaudible interjections]

**The Premier, Hon. W. McKeeva Bush:** The Schedules contain the concessions. And if there are new zones they can have specific schedules to the law with concessions that are relevant to the types of business that they are trying to attract. Other zones can be created as needed. The concessions for new zones would depend on discussions with the new developer and would be aligned with their business model.

Madam Speaker, only the businesses that fall within the specific industry definitions are eligible to be established in the CEC Zone. Broadly, Madam Speaker, these are companies within information technology, biotechnology, and media industries.

From a financial services standpoint, Madam Speaker . . . and I heard where the Leader of the Opposition was trying to go with that one. Only businesses relating to commodities trading are eligible. That is, business who are trading in all futures, for example. And this is not the financial services industry as we know it; no! So why even get up here and try to say that so that people will get wrong impression and make wrong judgments, perhaps, listening to what they say?

And, Madam Speaker, when the order pursuant to the law is brought to the Legislative Assembly to specify the economic city zone, this will include specific details and businesses eligible for the zone.

Madam Speaker, Schedule 2 will be clarified in Committee stage. The intention is that CEC will pay stamp duties on leases, work permit fees, and duties on construction material. The other exemptions would be in [Schedule 2] (b)(ii).

So, Madam Speaker, we are going to clarify some of these things in Committee stage amendments because we don't want . . . I think . . . well, yes, we need to just clarify them, because we don't want anything left for people to be suspicious of.

I heard talk about the number of civil servants. But do you know what I know about the Opposition? If you hadn't put any civil servants on, oh boy, *Where's the good governance in this?* That's what we are going to hear.

*[Inaudible interjections]*

**The Premier, Hon. W. McKeever Bush:** That's what we were going to hear, yes; because they were going to say that we were not doing the right thing. We were trying to stack the table against the Civil Service. We know *their modus operandi*, Madam Speaker. That is why they are in the Opposition.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** *[Off the microphone]* No good can come from them, right?

**The Premier, Hon. W. McKeever Bush:** Madam Speaker, I wouldn't say that no good could come from the Opposition. That is not what I am saying. I know all the bad they have done. But some made good points. I just need to take on the Leader of the Opposition because I know what he is attempting to do.

*[Inaudible interjection]*

**The Premier, Hon. W. McKeever Bush:** Even the former Leader *[of the Opposition]* questioned, but in a different way.

*[Inaudible interjections and laughter]*

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** *[inaudible]* and we support the motion. Wind up now and let's go.

**The Premier, Hon. W. McKeever Bush:** No, I need to find a few more things to just remind you of your sins!

*[Laughter]*

**The Premier, Hon. W. McKeever Bush:** Madam Speaker, the truth is, though, that I think we have capably answered the criticisms from the other side.

I do want to thank the First Elected Member for Cayman Brac *[and Little Cayman]* because I know that he recognises a good thing; he's just in a bad party. He recognises a good thing when he sees *[it]*, and he understands. He would very much like for something more to be done for Cayman Brac. And out of this, these are where the possibilities come for the Sister Islands.

**Mr. Ellio A. Solomon:** *[Off the microphone]* That's right!

**The Premier, Hon. W. McKeever Bush:** And I am going to encourage and work to see, and hopefully the developers will agree, to push efforts, make efforts on that side. As I told people in the Chamber of Commerce today, stop sending your back office work to India. Send it to Cayman Brac. Send some staff there to rent. This is what we have to encourage.

And the First Elected Member for Cayman Brac *[and Little Cayman]* understands that because I know he understand business. I am not too sure that all of them over there understand business. That's why I am not prepared to turn this country over to them at this point in time, and will work hard to see that they don't take control of it, because they don't understand good business principles. They do not. It's obvious when you hear them saying the things. They certainly do not seem to understand the environment, the international environment that we have to work in now. They don't seem to understand that, or they would not be saying the things that they do.

But mind you, Madam Speaker, I know them too. When they were in Opposition, they criticised a lot of things that we tried to do and were doing. And then when they got in Government they simply got people to help them do it. And then they put a big red sheet over it, and changed the name up and say they did it. So, their effort could be—and I say “could be,” Madam Speaker—to stop us from getting anything done so that they will have cause to get to the point to say, *Elect us, because you see nothing has been done.*

That is not what's going to happen!

*[Inaudible interjection]*

**The Premier, Hon. W. McKeever Bush:** I want to thank the developers, Madam Speaker, who have come to our Islands. They have seen, they have looked, and they have studied. They have studied everything, Madam Speaker. They have taken the opportunity to invest their time and their money. They have put their trust and confidence in our Islands. That is a great thing.

And so, Madam Speaker, we are fortunate to have them here in an awful international financial environment that we have to deal with. They have put their trust and confidence in us. We need to put our trust and confidence in them. That is what a good partnership is. On top of that, Madam Speaker, they didn't just come in and say, *I want all this.* They are prepared to take local partners. And that's what they have done. They have already started hiring local people. This is what we want.

So this is, as my good friend the former Leader of the Opposition, said, “this is a good thing”.

**The Speaker:** The question is that a Bill shortly entitled the Special Economic Zones Bill, 2011, be given a second reading.

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

**Ayes.**

**The Speaker:** The Ayes have it.

**The Premier, Hon. W. McKeever Bush:** Can I have a division please?

**The Speaker:** A division in this House is to make everybody happy.

*[Laughter]*

**The Speaker:** Madam Clerk, please call the division.

**The Clerk:**

**Division No. 10–2011/12**

**Ayes: 13**

**Noes: 0**

Hon. W. McKeever Bush  
 Hon. Rolston M. Anglin  
 Hon. Michael T. Adam  
 Hon. J. Mark P. Scotland  
 Hon. Cline A. Glidden, Jr.  
 Capt. A. Eugene Ebanks  
 Mr. Ellio A. Solomon  
 Mr. Dwayne S. Seymour  
 Hon. Alden M. McLaughlin, Jr.  
 Mr. D. Kurt Tibbetts  
 Mr. Moses I. Kirkconnell  
 Mr. V. Arden McLean  
 Mr. D. Ezzard Miller

**Absent: 2**

Hon Juliana Y. O'Connor-Connolly  
 Mr. Anthony S. Eden

**The Speaker:** Please stop the back and forth across the hall.

*[Inaudible interjections]*

**The Speaker:** The result of the Division is 13 Ayes; 0 Noes, and 2 absentees.

**Agreed: The Special Economic Zones Bill, 2011 given a second reading.**

**Hon. Alden M. McLaughlin, Jr., Leader of the opposition:** Despite your best efforts you couldn't get us to vote "no", eh?

*[Laughter]*

**The Speaker:** We have the second Bill.

*[Inaudible interjections]*

**The Speaker:** Are we going to go ahead and begin that now, or are we going to conclude the evening?

I am not sure who is presenting the Bill.

**The Premier, Hon. W. McKeever Bush:** No, Madam Speaker, we have to deal with it now.

## SECOND READING

### Auditors Oversight Bill, 2011

**The Clerk:** The Auditors Oversight Bill, 2011.

**The Speaker:** Honourable Premier.

**The Premier, Hon. W. McKeever Bush:** Thank you, Madam Speaker.

I beg to move the Second Reading of a Bill for a Law to provide for the regulation of Auditors of market traded companies; and to provide for incidental and connected purposes.

**The Speaker:** The Bill has been duly moved. Does the Minister wish to speak thereto?

**The Premier, Hon. W. McKeever Bush:** Madam Speaker, thank you very much.

I want to begin by thanking the Department of Commerce for their work in these couple of areas that we have to deal with here today.

Madam Speaker, the Bill that just finished, we have to go yet into Committee. But the three officers, Dr. Dax Basdeo, the Chief Officer, the Deputy Chief Officer, Mr. Sam Rose, and Mr. Jonathan Piercy, put a lot of effort into this matter to help bring it to where we are. I want to also thank the Hon. Cline Glidden, the Third Elected Member for West Bay, for putting a lot of time and effort into this. We would not have gotten thus far, Madam Speaker, without them.

Commerce is in good hands, Madam Speaker. That is how I feel with the Department of Commerce and with the Chief Officer and the Deputy, in addition, Mr. Piercy, I believe we are going to go far. And I want to thank them as civil servants for their hard work.

Madam Speaker, Members of the Assembly are asked to approve the establishment of a new body or authority to assume the function of regulatory oversight of auditors in the Cayman Islands. Madam Speaker, in January last year, the Cabinet gave approval for the Cayman Islands to establish an independent oversight framework for local auditors. This initial approval was to allow the Cayman Islands Monetary Authority (CIMA) to include the auditor oversight

framework within their regulatory oversight of the financial industry.

However, in developing the framework it was recognised that there would have been some regulatory challenges with CIMA assuming this role, such as access to privileged information that is currently not generally allowed. The disclosure of confidential information to third parties that are not audit regulators and satisfying obligations under the multilateral Memorandum of Understanding with international standards set out such as IOSCO (International Organization of Securities Commissions). In light of the fact that these issues for apparent reasons cannot be easily resolved, it is being put forward to the Honourable Assembly, that a separate and autonomous authority would be established to assume the regulatory oversight of local auditors to satisfy European Union directives.

CIMA will, however, continue to act as the main liaison with the relevant institutions with which commitments have already been made to include its undertakings with the Canadian Public Accountability Board which is an internationally recognised independent audit regulator in Canada and the European Commission.

Over the course of 2010, last year, and this year, so far, significant advances have been made in drafting the legislation, establishing an agreement in principle with CPAB (Canadian Public Accountability Board), and in determining the practical implications and requirements in establishing a system of auditor oversight under equivalent rules to those set out in the European Union Directives in consultation with the industry.

Madam Speaker, the auditor oversight framework would allow the Cayman Islands to comply with the European Directive on statutory audit. The statutory directive essentially requires the oversight of auditors of certain entities that are classified as market traded entities that trade on the European Union markets to be subjected to a system of independent oversight and regulation.

So, Madam Speaker, the overall aim of the [Bill] is the establishment of an authority called the Auditor Oversight Board, which meets the European Union requirement that all auditors and audit entities that provide audit reports concerning the annual or consolidated accounts of certain companies incorporated out of or within the European community, whose transferrable securities are admitted for trading on a regulated market, are regulated and supervised, and to regulate recognised auditors to a system of quality assurance, investigation and penalties.

The [Bill] makes provisions for regulations, and rules and guidance, and they will address aspects such as professional standards, inspections, restrictions and sanctions, as well as board proceedings and fees. The European Commission gave an initial deadline of June 2010 to "third countries" which in-

cludes us, the Cayman Islands, to establish similar systems of oversight for auditors in our jurisdiction.

However, Madam Speaker, it is important to note that this deadline was extended for the Cayman Islands because of the public commitment formally made in 2010 regarding the establishment of a framework that it would satisfy the requirements of this directive.

In light of the ongoing evaluation by the European community of the progress being made by third countries towards compliance with the European Union Directive and the update sent by CIMA in December last year and June this year, the Cayman Islands have been included in a transitional period during which the Cayman Islands auditors will be allowed to perform their audit activities without being subject to the European oversight or being required to register with European competent authorities.

In a letter addressed to CIMA in February 2011, the European Community (EC) indicated that the granting of a transitional period allowing Cayman Islands auditors and audit firms to continue their audit activities in the European Union was dependent on the adoption of legislation establishing an independent public audit oversight system in the Cayman Islands during 2011. Further, Madam Speaker, by virtue of their letter of 11 July 2011 (this year), it is apparent that the European Union community will be assessing the progress made towards establishing the auditor oversight framework in early 2012 and thereafter intends to issue a final decision on equivalents by the Cayman Islands with European Union standards.

The consequence of not establishing an equivalent auditor oversight regime is that the Cayman Islands faces a great risk of diminishing its reputation as a major offshore jurisdiction that has equivalent standards of oversight as many other major financial centres. It may also expose these Islands to the risk of possible negative global perception and scrutiny as to its ability to uphold international standards.

Additionally, Madam Speaker, the Cayman Islands would lose its competitive position. Further, an unfavourable review may result in the shortening or retraction of the transitional period allowed which would lead to local audit firms being required to undergo registration processes with several jurisdictions in the European Union and other countries in order to continue producing valid audit reports for their affected clients.

This would require local audit firms to pay prohibitive registration fees and inspection costs that ultimately will be passed on to the clients. High audit fees would persuade potential and existing clients to move their business to other comparator jurisdictions, such as the Crown dependencies and Bermuda, that have either adopted or are in the process of adopting a system of equivalency with the European Union and other jurisdictions.

Madam Speaker, for the 2011/12 financial year, CIMA had estimated a financial expenditure of \$300,000, which included an estimate for CPAB, consultancy professional fees of \$100,000, office accommodation, common area maintenance services and electricity of approximately \$26,939.22; official travel allowance of \$40,000, as well as personnel costs of \$128,638.84. This personnel cost refers to one staff member in the post of managing director, his/her salary pension, and medical plans, that is starting September this year. An estimated \$5,000 will also be required as recruitment and relocation costs.

It is noted, Madam Speaker, that the estimated amount of \$300,000 does not include the recruitment of an overseas director, administrative or support costs, as those resources would have initially been shared with CIMA or invoiced and collected as a cost incurred in regulating the industry.

CIMA has sought and received support from the Cayman Islands Society of Professional Accountants (CISPA). Ongoing consultative meetings have been conducted between CIMA and CISPA over the past year, and formal comments were received and adopted prior to submission of the legislation to Cabinet.

Additionally, the Financial Services Legislative Committee has received a copy of the green Bill as part of the formal consultative process. To date no objection or negative comments have been received by CIMA from the industry. In addition, Madam Speaker, the new authority has been and will continue to be significantly assisted by CPAB, the Canadian entity I spoke of earlier, who have had sight of the Bill and have given their favourable feedback on it.

So, Madam Speaker, as a result of continued dialogue, we have received some further input from the private sector which will result in minor Committee stage amendments. I will detail these changes during the Committee stage, but as an example, clause 14 in the Bill currently uses the word "directors." The Committee stage amendment proposes to input the word "additional" in front of the word "directors" which is a simple amendment and which gives greater clarity to the Bill.

Madam Speaker, in summary, the Cayman Islands can only benefit from the establishment of an independent auditor oversight system, and, equally important, it is believed that this law is needed and is a strong step towards reinforcing our international standing.

So, in closing, I would like to express my deep appreciation to the Cayman Islands Monetary Authority, the Cayman Islands Society of Professional Accountants, and other key stakeholders in the private sector, along with the staff within my Ministry, for their faithful and diligent attendance to this matter.

This deals with the financial services. One of these days, Madam Speaker, you might even get a

law that regulates and oversees public auditing. Thank you.

*[Laughter]*

**The Speaker:** Does any other Member wish to speak? [pause] Does any other Member wish to speak? [pause]

Elected Member for East End.

**Mr. V. Arden McLean:** Thank you, Madam Speaker.

I rise to express our support for the Bill, however there are a few things that maybe the Attorney General needs to clarify that we have noticed.

Madam Speaker, the Bill makes provision for the appointment of a managing director in [clause] 8 of the Bill. **"The Board shall appoint a fit and proper person to be the Managing Director of the Authority."**

**"(2) The Managing Director shall be an employee of the Authority on such terms and conditions of service as the Board, may decide."**

[Clause 8(6)] says, **"The Board shall terminate the appointment of the Managing Director, where the Managing Director - (a) becomes of unsound mind or incapable of carrying out his duties; (b) becomes bankrupt . . ."** and the list goes on.

However, [clause 8(5)] says, **"In the event of the Managing Director's absence, or inability to act, the Governor in Cabinet may, after consultation with the Board, appoint a person to discharge the duties of the Managing Director during the period of his absence or inability."**

Now, Madam Speaker, I brought that to the attention because I am sure the Premier and his Government understand, as we did with CIMA, when CIMA's Managing Director would go on vacation, they had to come to Cabinet to appoint someone who was deputy to act in that capacity.

And then, a little further on the [Bill] makes provision for the Board being able to appoint deputies, but to be deputy to the managing director they can't appoint anyone, or approve anyone for the managing director being out sick, or on vacation, or anything of that nature. So, what it does is to hold up an authority from operating efficiently. I think, Madam Speaker, maybe the Attorney General can tell us if . . . as I recall, that is what used to happen at CIMA when the managing director was going off. Even if the managing director was taking one day off the Island, Cabinet had to approve the person who was acting during that period and this would be in the same instance, I believe; same formula. So, maybe we need to change that.

The other one, Madam Speaker, is [clause] 9 of the Bill says, **"A person shall not be appointed as or remain a director who is an elected member of**

**the Legislative Assembly or an official member of the Cabinet.”**

Now, being a Member of the Legislative Assembly eliminates the Ministers of Cabinet immediately. But then we have the Attorney General . . . the only other two that could be Official Members are the Attorney General and the Deputy Governor. And in [clause 6] (I hope I'm not confusing everybody here), says, **“There shall be a board of directors of the Authority which, subject to this Law, shall be responsible for the policy and general administration of the affairs and business of the Authority.”**

**“The Board shall comprise the following directors - (a) the Managing Director of the Authority as an ex officio director; (b) the Attorney General or his designate; . . .”**

I don't know, Madam Speaker. Now, I know the Constitution says the Attorney General and the Deputy Governor as ex-officio members because of virtue of their positions. But the only other person in Cabinet is the Governor, so—

**Hon. Aiden M. McLaughlin, Jr., Leader of the Opposition:** The Governor is not in Cabinet.

**Mr. V. Arden McLean:** The Governor is not in Cabinet, that's true; he presides over Cabinet. So, that means if we are referring to an Official Member in Cabinet it has to be the Attorney General and the Deputy Governor.

So, that needs to be looked at. I don't know if the Attorney General will reply to that. But those two things, I think, we need to look after. And, Madam Speaker, I may be wrong, but I need to bring it to the attention because I believe those things seem to be popping out at us over on this side.

Thank you, very much, Madam Speaker.

**The Speaker:** Thank you, Member for East End.

Does any other Member wish to speak?  
[pause] Does any other Member wish to speak?  
[pause] Does any other Member wish to speak?  
[pause]

If not, I call on the Premier to wind up his presentation.

**The Premier, Hon. W. McKeever Bush:** Madam Speaker, I want to thank Members for their tacit support. The Member for East End does not want the AG to sit on the Board. I am sure the AG will consider taking himself off the Board. *[laughter]* As I said, I am sure the Attorney General will look at it when we go to Committee stage.

I only want to thank, Madam Speaker, the persons who have worked on this Bill to get it ready because this is an important step for the country. It took some getting there, Madam Speaker. I want to thank Ms. Stephen-Dalton who did the drafting on this;

in fact, did all the drafting for the [Bills] that we have dealt with here today.

Having said that, Madam Speaker, I want to, again, thank everyone for their assistance.

**The Speaker:** The question is that a Bill shortly entitled the Auditors Oversight Bill, 2011, be given a second reading.

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

**Ayes.**

**The Speaker:** The Ayes have it.

**Agreed: The Auditors Oversight Bill, 2011, given a second reading.**

**The Speaker:** I will call for a motion for adjournment at this point.

## ADJOURNMENT

**The Premier, Hon. W. McKeever Bush:** Madam Speaker, before moving the adjournment, I would like to make note for the Order Paper tomorrow that we will put back on that suspension of Standing Orders to deal with the Pensions Bill—

*[Inaudible interjection]*

**The Premier, Hon. W. McKeever Bush:** Sorry?

*[Addressing inaudible interjection]* With the permission of this honourable House. That is why I am raising it here. Those things which are not dealt with on the Order Paper today will simply move over to the Order Paper tomorrow, plus the other—

*[Inaudible interjection]*

**The Premier, Hon. W. McKeever Bush:** Plus the other matters.

Madam Speaker, just to make certain, what was voted down was the suspension; it was not the Bill. So the Bill is free and clear and has not been dealt with by this House. So I can always put back a suspension on the Order Paper.

*[Inaudible interjection]*

**The Premier, Hon. W. McKeever Bush:** And that's just why I noted it, because I know what the argument is going to be, so I give them time to go and make another argument. But don't come with that one tomorrow morning.

*[Inaudible interjection]*

**The Premier, Hon. W. McKeever Bush:** *[Addressing inaudible interjection]* We shall see.

*[Inaudible interjection]*

**The Premier, Hon. W. McKeever Bush:** And to inform, Madam Speaker, that tomorrow is Thursday. We will deal with the Private Members' Motions on the Order Paper.

And, of course, Madam Speaker, I think what was intended was, if I remember correctly, that the other matters would be put on the Order Paper, of course, in case we get there.

**An Hon. Member:** What about the Immigration Bill?

**The Premier, Hon. W. McKeever Bush:** The Immigration Bill we should have had today, and definitely we plan to deal with that on Friday morning.

*[Inaudible interjections]*

**The Speaker:** It's time to go home.

**The Premier, Hon. W. McKeever Bush:** Yes.

Madam Speaker, I'm just asking Members to have some patience in regard to the Immigration matter because it is a very important one. It is not a long amendment. It is not a huge Bill that we are bringing. And while we won't have the 21 days, we are going to have to suspend Standing Orders, and the Opposition has already said that they are in agreement with the Bill. So I don't know why they would not want to suspend Standing Orders.

*[Inaudible interjections]*

**The Premier, Hon. W. McKeever Bush:** Madam Speaker, I propose to move the adjournment of this honourable House until 10.00 am tomorrow.

**The Speaker:** The question is that this honourable House adjourn until 10.00 am tomorrow.

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

**Ayes.**

**The Speaker:** The Ayes have it.

**At 6.31 pm the House stood adjourned until 10.00 am, Thursday, 29 September 2011.**

