

OFFICIAL HANSARD REPORT
WEDNESDAY
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10.29 AM
First Sitting

The Speaker: I will ask the Honourable Premier to say Prayers.

PRAYERS

The Premier, Hon. W. McKeeva 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. All this we ask for Thy great Name's sake.

Let us all 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.*

And Lord we ask too that you would remember all the people of these Islands, particularly those who mourn the loss of children today. We ask Lord that you especially be with them, comfort and shelter them in your everlasting arms.

We pray, O Lord, for all the young people in these Islands, that you will guide and direct and prepare a hedge around them. Help them, O Lord, to see your way, not the way of the world.

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 Speaker: Good morning everyone. Please be seated.

This Third Meeting of the 2010-2011 session of the Cayman Islands Legislative Assembly is now called to order.

**READING BY THE HONOURABLE
SPEAKER OF MESSAGES AND AN-
NOUNCEMENTS**

Apologies

The Speaker: I have apologies this morning from a number of people.

The Deputy Premier, Minister of District Administration, Works, Lands and Agriculture has travelled to Barbados to represent the Government at the funeral of the Prime Minister, Mr. Thompson; the Second Official Member is leading a conference in the Cayman Islands on Finance; the Elected Member for East End is also at the funeral in Barbados; the Elected Member for North Side is absent on personal business. We have apologies from the First Official Member for late arrival.

**PRESENTATION OF PAPERS
AND OF REPORTS**

**Report of the Standing Business Committee on
the Second Meeting of the 2010/2011 Session of
the Legislative Assembly**

The Speaker: Honourable Premier.

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

Madam Speaker, I beg to lay on the Table of this honourable House the Report of the Standing Business Committee on the Second Meeting of the 2010/2011 Session of the Legislative Assembly.

The Speaker: So ordered.
Madam Clerk.

**QUESTIONS TO HONOURABLE
MINISTERS AND MEMBERS
OF THE CABINET**

The Speaker: First Elected Member for Cayman Brac and Little Cayman.

QUESTION NO. 4

Mr. Moses I. Kirkconnell asked the Premier, the Honourable Minister of Finance, Tourism and Development to provide an update on the current status of derelict tourism properties, specifically to the Hyatt and the Divi Tiara Beach hotels.

The Speaker: Honourable Premier.

The Premier, Hon. W. McKeeva Bush: Madam Speaker, if I could just have a minute. Thank you, Madam Speaker.

Madam Speaker, the answer: The current status of derelict tourism properties is right where the previous administration left it, of which the First Elected Member for Cayman Brac and Little Cayman was part of for four years, still derelict.

Having said that, Madam Speaker, in relation to the derelict condition of the Hyatt Hotel, my Ministry has been in communication with the owner of the property prior to, and since the Planning Law was amended in July this year. The Chief Officer for Tourism and Development is to schedule a meeting with the owner to ascertain his intention regarding the rehabilitation of the property. Once that has been determined, an action plan will be developed and I will advise the public of that plan.

In relation to the derelict condition of the Divi Tiara Beach Hotel, the [First Elected Member for Cayman Brac and Little Cayman], should recall that during the debate of the amendment to the Planning Law it related only to zones and not properties, therefore, this amendment is not applicable to the Divi Tiara Beach Hotel, because there is no zoning on the Sister Islands [as requested by them]. We are, however, trying to find a solution to that problem.

[Having said that, Madam Speaker, in regard to what the situation is as far as the Law is concerned with Divi Tiara Beach, that is one aspect of it. But from a practical standpoint we certainly are trying our best to make sure that somehow pressure is put on those owners to make good that property. It has been derelict for far too long].

The Speaker: Are there any supplementaries?

First Elected Member for Cayman Brac and Little Cayman.

Supplementaries

Mr. Moses I. Kirkconnell: Thank you, Madam Speaker.

Madam Speaker, I believe the Premier has acknowledged the importance in his reply of dealing with the situation. I want to make sure that we don't limit ourselves to just those two properties.

In the tourism industry in Grand Cayman and Cayman Brac, one of the questions that we get from visitors here is about the derelict properties themselves. So, I thank the Premier for the answer. And any time there is any more information I would ask that he pass it on. Thank you.

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

Does any other Member wish to ask a supplementary? [pause] Any other supplementaries?

[pause] Any other supplementaries? [pause] Are there any other supplementaries?

If not, let's proceed to the next item of business.

The Speaker: I have notice of two statements by the Honourable Premier.

STATEMENTS BY HONOURABLE MEMBERS AND MINISTERS OF THE CABINET

Reply to the Leader of the Opposition

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

Madam Speaker, on 29 September 2010 while I was attending the OECD (Organisation for Economic Co-operation and Development) Global Forum, in Singapore, the Leader of the Opposition gave a national address on several points, to which I must make a reply. I had hoped that the Leader of the Opposition and the deputy who both spoke while I was at that meeting would be here this morning. It seems that they must still be at the radio show.

Madam Speaker, the thrust of that speech – the Leader of the Opposition's speech – was that I have done nothing to address the economy, that I have no plan and that I have done nothing to encourage investors, resulting in investors having no confidence in this Government.

Madam Speaker I would crave your indulgence for a minute. Thank you, Madam Speaker. It cannot be expected that in 16 months I would have been able to fully assess and solve the economic situation caused by the impact of the global recession and exacerbated by the mismanagement of the PPM Government. Assessments are hard to do when you do not have information, and that was the position my Government found itself in. We did not know the country was so bad off when we began our term.

The Honourable Leader of the Opposition said in his address that the country's fortunes have continued to decline under this Government; that we have no plan; that we are floundering hopelessly.

The first thing we had to do when we came to office was to stabilise the economy; stabilise, firstly, Government's finances, having inherited an 81 million dollar deficit. A great percentage of our time and effort was taken up with finances, including three budgets in our first year. By focusing on Government finances, the UDP Administration managed to reduce the deficit to less than \$15 million by 30 June 2010. In one year, we reduced the deficit by \$66 million. He said that we did nothing.

The Honourable Leader of the Opposition says that my Government has done nothing to create a climate of investor encouragement. In his address

he [went] on to say, and I quote: "Investors have no confidence in this Government."

Madam Speaker this is totally contrary to reality. If there is no investor confidence, why have there been over 21 proposals for a Waste to Energy facility which should be in the region of \$100 million to \$250 million. Why have we received proposals to lease the Water Authority and so much interest now in that?

If there is no investor confidence then why have eight companies expressed an interest in buying the sewerage system? Madam Speaker, I might have said that the Waste to Energy was \$200 [million] to \$250 [million]; it is the sewerage system that is of that value range. If there is no investor confidence, why, then, have eight companies expressed an interest in buying the sewerage system?

Why is an investor willing to propose a \$700 million to \$800 million cargo transshipment port facility project? And another wants to build a \$200 million cruise docking facility in George Town. Why are there plans for condominium projects valued at \$300 million?

As of 30 September 2010 in the financial industry arena, active partnerships are up by 9.7 per cent; new partnerships are up 18 per cent; and new companies up 1 per cent over the same date last year.

During our term, the \$200 million Water Colors project on Seven Mile Beach started. That is investor confidence. That brings in indirect revenue close to \$30 million to Government, much less what is being spent in the local industry.

Why are there investors making proposals to do new road systems with Private Finance Initiative?

The Grand Caymanian Beach Club is now a Ramada Hotel and has completed vast expansion and is still being renovated. That is investor confidence.

Why are there investors who want to do \$100 million in Airport re-development? If there is no investor confidence why is it that we have a proposal for Dr. Shetty's hospital?

Furthermore, if the world did not believe this to be a project in a country that is valuable to be invested in, and if the world did not believe this to be a project that could be realised in the Cayman Islands, why would the Prime Minister of the United Kingdom while in India talk to Dr. Shetty about such a project? There are other proposals for medical facilities.

Madam Speaker, the main reason for this *cry in the dark* by the Opposition is because these proposals did not come when he was leading the country. That, unfortunately, was when investor confidence, in fact, took a nosedive and our revenue streams began to dry up and thus cause the \$81 million deficit and the large borrowings.

The Leader of the Opposition is critical of my travel also, saying it is to correct the negative effects of my actions and comments. But that is not so, Madam Speaker! Indeed, I have had to travel to restore investor and financial industry confidence that

was eroded by his administration. If that is not so, why was Cayman put on the OECD grey list? And how much business did we lose because of that?

The immediate reason why Cayman was grey listed was because we did not have 12 Tax Initiative Exchange Agreements (TIEAs) in April of 2009. The OECD had given members of the Global Forum on Tax Transparency until that time—April 2009—to sign at least 12 TIEAs, that being the standard that the OECD had set with the support of the G20 as a benchmark for cooperation in the exchange of information in tax matters. Cayman had been warned, however, by the UK Treasury and the FCO back in August of 2008 that it must enter into at least five TIEAs with relevant partners (meaning relevant partners of the OECD – member countries of the OECD) within the next six months or so; August 2008, and six months from that at the latest.

The Cayman Islands entered into no TIEAs between August 2008 and April 2009 despite the UK's warning. The negotiating strategy at the time was to try to extract concessions from potential treaty partners which would normally only flow from Double Taxation Agreements (DTAs).

Most OECD or G20 countries do not want to enter into DTAs with low or no tax jurisdictions as in their view it would give an unfair advantage to residents of the no/low tax jurisdictions. In the worst-case scenario, they fear that persons who would be subject to taxation in their countries would set up companies or trust in low or no tax jurisdictions to pass themselves off as residents of those countries in order to avoid taxation back in their home country.

As a result of the stance then taken by the Cayman Islands negotiators, they were seen by the leading OECD countries and the OECD Secretariat as not being constructive in the process of cooperation. Thus we were placed on a grey list, which damaged us, as I found out when we went out into the international arena to correct it.

The Cayman Islands and the other OFCs had pressed the OECD to form the Global Forum on Tax Transparency and Exchange of Information for Tax Purposes so that all members could be on the same level playing field. We did that. We were party to it. It was felt by the OECD that Cayman was not prepared to live up to its commitment.

The attitude of the OECD changed since May 2009 when I became Minister and appointed Mr. George McCarthy as the Chairman of the TIEA Negotiating Team. We went to Paris to assure the OECD that the Cayman Islands was willing to meet the commitments previously made to enter into TIEAs with OECD members and other major partners and to play an active role in the Global Forum.

Since that time, Cayman has signed 20 TIEAs with another 7 negotiated and awaiting signature. It has also been elected to the Global Forum's Steering Group and the Peer Review Group in which it plays a leading role. The Country was removed from the

OECD grey list in August 2009—months after we took office.

Then the Leader of the Opposition (and perhaps his other partner) say we didn't do anything for the Financial Industry. Madam Speaker, why I have had to travel is to help restore confidence in the Financial Services Industry. In 2007/2008, the Fund Administration Association here in these Islands warned the Government that the financial industry was in trouble. The Minister—the PPM Government, the Minister then, Leader of Government Business, and the Minister with direct responsibility, who is now the Third Elected Member for George Town—paid them no mind. The Association gave the Government a strong analysis, showing that the Financial Industry was going from bad to worse, telling them of the eminent danger, and asked them to do something. They did nothing!

Here is what the Association said, and I want to read the executive summary. I hope we have provided you with a copy. Madam Speaker, they should have had at least the 18 copies that I asked them to bring down here to you. Anyway, this will be laid on the Table of this Honourable House, but you should have had a copy.

Madam Speaker, here is what the executive summary says:

“The financial services industry is arguably the most critical part of the Cayman Islands economy. But while the number of hedge funds and captive insurance companies domiciled in the Cayman Islands continues to grow, the administration and back-office operations are leaving Cayman. These administrative companies are leaving because there is no need for their operations to be located here and there are persuasive reasons for them to relocate. Already most of the largest fund administrators globally do not have a significant presence here and Cayman’s local top tier administration offices are moving to Halifax, Toronto, and Dublin. Cayman’s competitive advantage in this industry has always been its professional infrastructure comprised of top quality accountants, administrators, and lawyers. But it is becoming increasingly difficult to attract and retain this talent and Cayman’s immigration policies are compounding this difficulty. As the human capital leaves, the financial capital follows and, while the global financial services industry continues to grow, it is not growing at the same rate here. Caymanians are losing current and future employment opportunities along with government revenues to competing jurisdictions.”

Let me read that again: **“Caymanians are losing current and future employment opportunities along with government revenues to competing jurisdictions.”**

“The Cayman Islands currently enjoys a higher per capita GDP growth rate and a lower unemployment rate than Canada and the United

States. But the standard of living enjoyed by Cayman residents is only made possible by the contribution of Cayman’s financial services industry, and the Cayman economy is now threatened by the decline in this leading industry.”

“As more fully described in the attached exhibits, the Cayman Islands is on the edge of a watershed. With limitations placed on their ability to manage and grow their operations here, many fund administrators and captive managers have recently chosen to move their existing and new business away from Cayman. Although some of the factors driving these decisions are beyond control of Cayman, Government can still take action to reverse this trend, specifically:

- **Carving out the small number of financial professionals from term limits as allowed under the current legislation.**
- **Enabling the financial services industry to employ staff without professional designation to offset the cost advantages available in other jurisdictions**

“Now is the time for Government to embrace and protect our financial services industry before it’s too late.”

Madam Speaker, they have given many reasons as to what they are saying, and I am going to table this report. They talked about the competitive factors and they talked about Cayman’s positioning. Why the Government then did not heed this advice, I do not know. Maybe they have the perfect answer now, as they have a perfect answer for everything that goes on now, but they did not have any answer back then. That was from 2008.

Madam Speaker, I am laying this on the Table. I was just about to say to the Serjeant-at-Arms to lay this report on the Table of this honourable House for one and all to see.

The Speaker: So ordered.

Now, will you please take it, Serjeant, and have it copied so that every Member can have a copy?

Thank you.

The Premier, Hon. W. McKeever Bush: I do not need to add to that, Madam Speaker, because they have pointed out, in a compelling argument, the problems that the industry was facing and continues to face up until now. I am trying to correct those situations while being able to make sure that Caymanians’ jobs are not lost. And that is a key point in the whole matter. But we are trying to do that.

Their administration did nothing about it. They allowed the business to go. They allowed us to lose the revenue, and they allowed the Caymanian jobs, secretaries, and what have you, to be lost. Now they beat up on me and carry young children to the radio to say how we are not creating jobs.

Madam Speaker, it was his work—the work of the Leader of the Opposition now, while he was Leader of Government Business and his colleagues—that put our budget in the hands of the United Kingdom’s Foreign and Commonwealth Office. We had to travel to make people understand that this was something we could intelligently and financially handle. And we have done that, Madam Speaker.

We passed the Insurance Law this year. This Law more clearly differentiates the two markets that exist within the Cayman Islands insurance industry – the domestic market and the international market – and allows each to be regulated according to their different requirements.

It further strengthens legislation to promote Cayman’s residents, addressing known weaknesses in the law. It brings the law, not just the practice, up to international standards, thus addressing the concerns of the IMF and meeting the present standards of the International Association of Insurance Supervisors, and it opens up new frontiers of business development.

The IMF had told the Government a long time ago to do this. They did not do it. The same Member, who just walked out, the Third Elected Member for George Town, was the Member responsible. The fact is, this law already has brought business to this jurisdiction. Much less what you think if back in 2006, 2007, they had done this work . . . Cayman would be in a better position today. Yet, the Honourable Leader of the Opposition says we have done nothing.

Madam Speaker, let me turn to the short term and the assets we have, which we could have used to improve the economy in the short term, such as the sewerage system. If the sale of the sewerage works had been processed under a different, less time-consuming process than what is in the Public Management and Finance Law when we began working on it last year, about July, it could have already been hiring 600 to 700 people in these Islands. Because when that project gets up to par, that is what is going to happen. Hundreds of people will be employed because there will be a big dig. There will be plumbers, contractors, carpenters, electricians, casual labour workers. It could have already been hiring 600 to 700 people in these Islands. However, I said last year that bureaucracy is a stumbling block.

The problem, Madam Speaker, is the so-called Request for Proposal process, which at present is taking 9 to 12 months from the time you start on it until you see it in the paper. That is how long it is taking. In the meantime, Madam Speaker, nothing gets done, because of some civil servants blocking it and/or the Civil Service process blocking me from moving things along. That is a fact! Look at what I have to put up with because I chose not to listen to the technical committee on the borrowing. A good example, look at the fuss that it raised! All sorts of things, when people should really understand!

“Investors have no confidence in this Government.” That is what the Leader of the Opposition said. Get real! Get real, Mr. Leader of the Opposition!

As for not having a plan and doing nothing to create a climate that encourages investors, I announced last night that we are moving now to attract businesses to these Islands by offering a 25-year residential certificate to owners and/or CEOs and their dependents who move their businesses here. We will encourage business from China with a similar Chinese Investment Certificate.

We will also make it possible for foreign nationals who invest and develop property of at least \$2.5 million to be eligible to apply for permanent residence for themselves and dependents. Business people coming to the country for legitimate business meetings will no longer be held up at immigration control with questions about a work permit or their laptop taken from them—as seems to continue to happen, as much as we have preached to them about the need to allow business people to come in.

We set up a National Financial Services Council comprising the industry and the Government, chaired by a young Caymanian, Mr. Winston Connolly. (That was defunct: I do not know if they met three times during the last administration).

We set up the Financial Services Legislative Committee comprising of lawyers of the Government and the Private Sector. This is to examine legislation and make recommendation, chaired by Mr. Jennings. The Leader of the Opposition says I’ve done nothing to help, that I’m not consulting. Nonsense!

The fact is that I believe we are consulting too much! We are trying to listen to everybody and trying to please every association and every group. That takes time.

I have also set up the National Investment Council (NIC). The National Investment Council has been hard at work developing several very promising leads for investment. Since the start of this year, they have met with roughly 20 investors for projects valued at over \$5 million each and some significantly higher. For investments of this size, this is not an overnight process. Time is needed to develop sound business plans and to determine exactly how to proceed with such investments. While several businesses have made formal steps to establish themselves, it is premature to give details at this point.

What is certain from the interactions that the NIC has had with investors is that there is definitely confidence in our economic model of these Islands. That is not the problem.

The NIC has also been a key group working on potential solutions to our current economic woes. A draft strategic plan has been prepared by the NIC with consultation from experts within the private sector. This has been presented and work is underway to integrate these suggestions into an implementation plan.

Madam Speaker, this country would not be as bad off as it is if only the Leader of the Opposition when he was Leader of Government Business had heeded my Private Member's Motion 13/07-08. I think it was in [20 February] of 2008. [It was] titled "Reconsideration of Government Borrowing." I told him we were headed into recession and his most wise remarks were, and I quote: **"And it is again important for me to stress that not even on the kindest of mornings could the Government support this Motion."**[OHR, page 740]

Get the Motion! And we'll look at it. That is what the country needs to do. Had he listened, he would have been in a better position today.

The Leader of the Opposition concluded his address in September with a list of what the Government should do. That was while I was away at the OECD trying to help save this country. The *Caymanian Compass* in its editorial for the 1st October wrote the following opinion of his address and I quote, Madam Speaker:

(Editorial) **"Forgive us, but we at the Caymanian Compass found nothing particularly enlightening or helpful in Wednesday's national address by Opposition Leader Kurt Tibbetts."**

"Toward the end of the 20-page speech, Mr. Tibbetts stated his suggestions for the current government to help get the country's economy back on track. They were as follows:

"1. Roll back tax and fee hikes from the past 16 months and promise no new ones will be introduced.

"That sounds good, but how then does the opposition expect government to pay for the programmes the public is demanding in greater quantities every day?"

"2. Plan to get government costs under control in the next three to five years."

"Again, there were no ideas on how this might be accomplished. Certainly civil service cost-cutting efforts did not succeed when Mr. Tibbetts was the Leader of Government Business."

Well, last night, Madam Speaker, I announced where we had reached. And we have not finished what we started, thank God. And we have cut already at least \$15 million, which will be put in place over the next immediate future.

"3. Review immigration practices and law, but do it in public . . ."

Now hear this: "Review immigration practices and law but do it in public with full disclosure."

Now, I don't know what he meant by that, but the *Caymanian Compass* said this:

"We can only applaud the calls for transparency, but just what would the opposition like to see government do to change immigration policies, if anything?"

That statement is true Kurt Tibbetts! True to the core of the Leader of the Opposition. That's how he carries on. But then, Madam Speaker, what does he want . . . I should ask too, what does he want me to say after all I have done and said? What does he want me to say? *I really, really mean it this time, Board members? I'm tired of begging, Madam Speaker. I am tired of begging. What I can say is that we have taken steps to make certain changes. And we will change people on the Board because Government policy must be carried out whether or not they are supporters. The tail cannot wag the dog!*

"4. Establish "much needed alliances" with tourism stakeholders to develop a "tourism master plan."

"We've seen many of these plans over the past decade. Have any helped or even been implemented?"

And here again, Madam Speaker, I agree with the *Caymanian Compass*. We have started again on revamping plans. And this is a good time while things are down and we can see properly without probably rushing ahead and they will be announced here shortly.

"5. Tax breaks for small businesses."

"Always a political campaign favourite, cut current fees and then give tax breaks. But, hmmm, how to pay for government?"

I announced that last night as well.

"6. Get 'ill-considered' financial services legislation under control."

The *Caymanian Compass* says, **"Other than the Dormant Accounts Bill, what exactly is Mr. Tibbetts referring to here? He didn't say."**

Typical of him! (My words) But I am going to make a statement about the Dormant accounts Bill and just exactly what happened and then the *Compass* can also say what they think about that and those who have been talking, including the Third Elected Member for George Town—who would not sit in his seat to listen.

Madam Speaker, the *Compass* went on to say:

"This address to the country was yet another opportunity for Cayman's opposition party to present its own ideas and offer its guidance to government with specific proposals—for the betterment of the country."

“Sadly, Mr. Tibbetts chose to blast away with the political rhetoric, calling previous statements by the premier ‘idiotic’ and calling into question his ability to lead the country.”

“We’re not sure how this helps fix anybody’s problems at the moment.”

Madam Speaker, I agree entirely with that *Compass*’ editorial.

Thank you, Madam Speaker.

The Speaker: Thank you, Honourable Premier. You are given permission for another statement as well.

Chronology of events on decision to meet the financing needs of Government through Cohen & Company Capital Markets LLC (“Cohen and Company”)

The Premier, Hon. W. McKeever Bush: Thank you, Madam Speaker. I am sorry for the delay.

Madam Speaker, the purpose of this Statement is to provide a chronology of the events that led to the decision to award the provision of C\$155 million, or US\$185 million, to meet the financing needs of Government during its 2010/11 fiscal year that will end on 30th June 2011, to Cohen & Company Capital Markets LLC (“Cohen & Company”). The initial Statement on this matter was issued on Monday, 25th October 2010.

Approval to Borrow Granted by the Legislative Assembly

Madam Speaker the country continues to be aware that, after the four years spending spree of the PPM, we had to submit our budget to the FCO. After some discussions with them, the new Government in the UK approved our budget (this year’s budget) which included debt consolidation.

On 24th June 2010, the Legislative Assembly approved The Appropriation (July 2010 to June 2011) Law, 2010, and this was duly gazetted on 29th June 2010.

The Budget, as agreed with the UK, granted authority for the Government to borrow up to C\$155 million during the fiscal year that will end on 30th June 2011.

Initial Financing Needs of Government Were Tendered

With the authority in place to borrow being granted by the Legislative Assembly, and shortly after the start of the present fiscal year of 1st July 2010, the financing needs of Government were tendered. Unfortunately, Madam Speaker, due to the system that is in place, as the Minister of Finance I did not see those documents before they went out to the papers.

The Department of Treasury advertised for the provision of financing to Government on the 9th and the 16th July (and I knew about those dates). The initial bid submission deadline was the 23rd of July 2010; however, many of the entities interested in submitting a bid requested an extension to the 23rd of July deadline and, with the approval of the Central Tenders Committee (the CTC), the deadline was extended to 28th July this year. So, they all had extra time to prepare their bids.

Seven bids were received and these were opened on the 28th July this year. Of those bids, the company that was lowest was not recommended by the technical committee, consisting of the Financial Secretary, Mrs. Gloria Myles and Mrs. Debra Welcome. That company is the company with the 3.5 per cent rate that was referred to recently by the Leader of the Opposition in a statement to the press.

After the seven bids were opened, four additional financial institutions expressed an interest in providing financing to Government. The Department of Treasury sought the CTC’s approval for a further one-week extension to the 28th July 2010 deadline to allow these four institutions to submit their bids.

Madam Speaker, it was only at this point, when it was pointed out to me that no mention of the request was made in the papers for Government’s total refinancing. Well, Madam Speaker that is what was agreed with the FCO to be done by these Islands. That was what was agreed in order for us to get the budget that we now have.

So, Madam Speaker, the sole purpose of seeking this extension was to allow for the possibility of one or more of those four additional institutions submitting a bid that had a lower interest rate than rates submitted by the seven entities that did not meet the 28th July 2010 deadline. If this had occurred, the possibility was that the Government could have received better value for money.

My Administration considered this very important because the debt burden cost of the Government is quite significant: for the current 2010/11 fiscal year, we expect that interest payments on public debt and other financing costs will be at least C\$31 million per year. With budgeted revenue for the 2010/11 year being C\$510 [million], if we make that, such interest and other financing costs amount to 6 per cent of budgeted revenues. We are, therefore, quite right to concentrate on financing cost minimisation.

The Department of Treasury was advised that the only way bids could legitimately be considered from the four additional entities expressing an interest in making a financing submission, was to terminate the 28th July tender and to issue a new invitation to Tender. Essentially, the Department of Treasury had to start over the process to allow for the maximum possible interest to be shown in Government’s financing needs.

Accordingly, on 24th August 2010, the Department of Treasury presented a report to the CTC

that recommended the termination of the tender with the 28th July deadline and for a new tender process to occur. Again, I want to say that was in order to allow some things to happen. On 24th August 2010, the CTC accepted the recommendation to re-start the tender process.

New Tender Process Started

Madam Speaker, on 26th August 2010, a new tender was started that not only sought bids for providing Government with CI\$155 million (or US\$185 million), but the new tender also sought liability management solutions for details of how Government's existing debt portfolio of approximately half a billion Cayman Islands Dollars could be made less burdensome on these Islands, and how bidders could assist Statutory Authorities and Government-Owned Companies, such as Cayman Airways, with their financing needs during 2010/11. This is one of the reasons to re-tender in the first place.

Adverts were placed in the *Caymanian Compass* on 26th August 2010 and 3rd September 2010, which asked for bids in respect of: (a) the terms for the provision of CI\$155 million (or US\$185 million) of financing to Government; (b) liability management solutions for Government's debt of approximately half a billion Cayman Islands Dollars; and (c) financing for Statutory Authorities and Government-Owned Companies, to be submitted by 9th September 2010.

Brief Details of Bids Received by the 9th September 2010

Bids from seven financial institutions were received by the 9th September deadline, some local and some overseas, and these bids were opened at a meeting of the CTC on the 9th of September and handed to the technical committee for evaluation and submission of a subsequent report to the CTC.

On the 21st of September 2010, the technical committee of the Treasury that evaluated the seven bids received by 9th September presented a report to the CTC that recommended a joint bid by two banks that operate in the Cayman Islands. Note the timeframe: the 9th of September they received the report; and on the 22nd they dealt with it and presented a report to the CTC.

In the view of the technical committee, this (that Report) . . . I should say, on 22 Sept 2010 the technical committee of the Treasury that evaluated the seven bids received by the 9th of September presented a report to the CTC that recommended a joint bid by two local banks that operate in the Cayman Islands. In the view of the technical committee this was the second lowest cost bid and it was recommended for approval because there were doubts, according to the technical committee, about whether the lowest (that is, the 3.5 per cent Company that was mentioned by the Leader of the Opposition the day

before yesterday) could deliver the amount of financing that Government needed in the timeframe that Government needed.

Madam Speaker, the CTC's initial decision was to reject—listen to this—the CTC's initial decision was to reject the second lowest cost recommendation (the one that didn't get it now, the two local companies that did not get it now) and directed the technical committee to ascertain, by corresponding with the lowest cost bidder, whether the bidder would be able to deliver the funds Government needed in the timeframe required by Government.

On the 24th of September 2010, the lowest cost bidder (the company which had bid 3.5 per cent, the one mentioned by the Leader of the Opposition) responded after discussion with the technical committee, by stating that it was withdrawing its offer to provide financing of US\$185 million. Because the technical committee had given that company a tight deadline. The same company went back to the technical committee on the 28th of September asking for a schedule of when the government needed the funds, and they were given, on the 29th of September, an immediate deadline to provide a portion of the funding. That is why they pulled out. They could not provide funding in that time frame.

As Minister of Finance, I was only informed of this after the fact, and was simply told that the 3.5 per cent bidder could not provide the funding. It was subsequent to this that I learned some of the details.

Madam Speaker, the Leader of the Opposition has asked why I didn't know. Simply put, I was told, as I was not involved. I had no part; I am not involved in the technical committee. They report to the Financial Secretary. I am not involved in the CTC, and I have made no approaches to the CTC. Everything I have done has been done through the Financial Secretary.

I was told, as I was not involved, that the 3.5 per cent bidder could not provide the funding in time. I understand too, that at the CTC meeting there were not sufficient votes to go to the second lowest bidder and that there was a canvassing of CTC members, after that meeting to see if they would agree, to get the votes they needed to give it to the second lowest bidder.

In the late evening of 24th September 2010, CTC indicated that sufficient affirmative votes had been obtained from its members to allow the CTC to accept the second lowest cost bid: the joint bid made by two locally-operating banks.

On 25th September 2010, I indicated to the Financial Secretary after discussion with my fellow Ministers that the second lowest cost bid did not represent good value for money, nor was it offering the historical deficiency refinancing of CAL, which was mentioned in the press in the RFP, and pointed out to the banks making the bid offering.

At that point, Madam Speaker, when I, on the 25th of September, when I spoke to the Financial Secretary, reconsidered and informed the Financial Sec-

retary that because we were not accepting that recommendation, as it was not providing the financing to CAL and others, that the bid process had failed and I considered it abandoned at that point.

As the Minister of Finance, it is my Ministry (my Ministry being the Treasury) that asked the CTC, through the Financial Secretary, to undertake the process, so I considered that I had that authority. In other words, if I had the authority to start the process, I had the authority to stop it if it wasn't being adhered to. And that is how we stopped it. Two things were not adhered to.

Madam Speaker, I have said that as Minister of Finance, I made every effort to contact Cohen and Company while I was still in New York (I was there until the 25th night) and asked if they could provide the funding to Cayman Airways Limited, and that if they could that they should contact the Treasury with their proposal. They did that, I understand.

Madam Speaker I also had to realise at that time (the 25th of September) that Government was in need of its financing and that the timeframe was immediate, as was explained to me by the FS and, therefore, I had to make a decision to try and complete Government's financing needs at that point.

The Leader of the Opposition has said that I personally went to their office, meaning the office of Cohen & Company. How in the world could he say that, when I have said at least three times that I called! I didn't go, and don't even know where in New York their offices are. [This] just shows that what they are doing is making everything look as bad as possible and to confuse the process and confuse the Caymanian public. That is what they did from 2001 to 2005.

On 27th September [2010], even after I had indicated, on the 25th to the FS that the process was abandoned by the Ministry, the CTC indicated formally that the Committee had accepted the recommendation from the Ministry of Finance's technical committee to award the provision of financing to the joint bid by the two locally-operating banks. This is after, as Minister, I considered the process abandoned because it was not adhered to in (1) the financing of Cayman Airways; and (2) they did not adhere to that in the papers, even when asked by word of mouth.

Madam Speaker, my Administration has made it abundantly clear that we regard the provision of financing/the historical shareholder deficiency to Cayman Airways, to be very important. They made the case to us in Cabinet. Cabinet agreed. It came to the Legislative Assembly and the House voted unanimously to provide that financing.

One of the critical reasons, then, that led to the choice of Cohen & Company providing financing to Government, was the fact that Cohen definitively said it would be willing to provide financing for Cayman Airways' historical shareholder deficiency: none of the other bidders made such a categorical commitment to us for Cayman Airways, even though they

were asked to do so in the papers and by personal contact.

So the question is: Were they in compliance with the RFP? Were they legal? Were they legal to, after members did not support it in the meeting to still go ahead in the evening and contact them and then to say, *We can't get that other company that you want so you take this one?* That's what happened. And I am not overstating anything; that is exactly what happened.

As recent as 12th October 2010, Madam Speaker, I asked the two local banks that submitted the joint bid, through their press, which was accepted by the CTC, even when the CTC went ahead and did what they did, for adoption. I asked through their press on 12 October if they were willing to provide financing of CI\$19 million to Cayman Airways—that this House had passed. I did not receive a positive response.

I do not believe that there is anyone in this country that would not wish to see Cayman Airways secure its much-needed CI\$19 million in financing. What do they want us to do, let American Airways hold us hostage? If there was a time to shut down Cayman Airways, it is not now. Cannot do that now! If there was before, it is certainly not now. Hurricane Ivan proved that to us.

Legal Opinion that Minister for Finance Does Not Have to Accept Recommendations by CTC

Madam Speaker, I have sought a legal opinion as well from the well-respected Constitutional Law expert, Professor Jeffrey Jowell, as to whether the Minister for Finance or, indeed Ministers, are bound to accept the recommendation from the CTC as to a successful bidder.

And when the Third Elected Member for George Town might try—

[Inaudible interjection]

The Premier, Hon. W. McKeever Bush: Nothing I said is going to put you anywhere but where you ought to be! Where you are now in the Opposition!

The "opinion" told me several things. And I have not told any lies about what I did. On the surface it could be considered, *No you did not do the right thing.* But I have the authority as Minister! I do not have that opinion with me, but that is what he said.

I know what my responsibility is in regard to Government borrowings, its loans as section 34 of the Law says, and I want to take the time to read the powers relating to specific financial transactions. **"Subject to subsection (3) the [Minister for Finance] may, on behalf of the Governor in Cabinet -**

- (a) borrow money;**
- (b) make a loan;**
- (c) give a guarantee; and**

(d) enter into any financial transaction or financial obligation for the purpose of avoiding or reducing an adverse impact on executive assets”—

The Speaker: Mr. Premier, which law are you reading from?

The Premier, Hon. W. McKeeva Bush: Sorry, Madam Speaker, the Public Management and Finance Law, the one made by the last Government.

The Speaker: You [may] proceed, sir.

The Premier, Hon. W. McKeeva Bush: [Section 34] **“(d) enter into any financial transaction or financial obligation for the purpose of avoiding or reducing an adverse impact [An adverse impact!] on executive assets, executive liabilities, executive revenue, or executive expenses, that may be caused by currency or interest rate fluctuations, or by credit, liquidity or funding risks, on such terms and conditions as the Governor in Cabinet may determine.”**

Subsection [(2)] goes on to say, **“(2) Subject to section 33, no person other than the [Minister for Finance] may enter into any transaction of a kind referred to in subsection (1).”**

It goes on to say, **“(3) The Financial Secretary shall not -**

(a) borrow money on behalf of the Governor in Cabinet, unless the borrowing -

(i) has been authorised by an appropriation;

(ii) is consistent with the statement of borrowings included in the annual plan and estimates or supplementary annual plan and estimates for that financial year; and

(iii) has been approved by the Foreign and Commonwealth Office of the United Kingdom, where any of the principles of responsible financial management specified in section 14(3)(c), (d) or (e) are in breach;

(b) make a loan, unless the loan -

(i) has been authorised by an appropriation; and

(ii) is consistent with the statement of loans included in the annual plan and estimates or supplementary annual plan and estimates for that financial year; or

(c) give a guarantee, unless the guarantee has been authorised by resolution of the Legislative Assembly.

Reasons Cohen & Company was Chosen to Provide Financing to Government

Madam Speaker, I have made it clear in the 25th October 2010 Statement entitled, “CI Government Selects Financing Bidder” that the offer from Cohen & Company was accepted because it will enable the Government to benefit from the current very low interest rate environment while limiting our maximum interest rate over the entire life of the facility, by virtue of the purchase of a separate interest rate cap.

Moreover, the offer from Cohen & Company also included the provision of financing to Cayman Airways, whereas none of the other bidders were so positive and supportive of our national airline, unless they got the Government to give them the entire government loan, at the very high interest rate.

And, Madam Speaker, I should say, hopefully by the end of this month the total financing package will be complete. And then I am going to reveal what all those interest rates were. I am going . . . and I might call a special meeting here to do so here! That is, if the House is not still in session. It might be.

As a progressive and forward-thinking Government, with the support of my Ministerial colleagues, I have asked the Auditor General’s assistance in putting forward recommendations for changes to the tendering process that should result in a more efficient, modern and sensible process.

I want to assure this country that the decision made to accept the offer from Cohen & Company was made in the very best interest of this country and our national airline! This decision was noted in Cabinet, and then a Cabinet Paper was agreed upon on the indicative terms and conditions of the financing. And they ask where I get the authority. And the law says what is legal for me to do, and what is legal for the Cabinet to do. And that is what I did!

I have said time and time again that when the process is completed the full rates and conditions will be made public. But let me repeat again for the benefit of the Leader of the Opposition—who has not come into the House. I guess he will have a good excuse. This information had been given to the public, some in my first statement and then via a radio broadcast, and why is it that the Leader of the Opposition can’t understand this? Why is it that he would want to mention the word “corruption”? Is it because as the Bible says that *‘as a man thinketh so is he’*?

Have we forgotten Denny Diedrick and what went on with the Lands and Survey and Hampstead?

The Speaker: Honourable Premier, stay with your speech.

The Premier, Hon. W. McKeeva Bush: Yes, Ma’am. That was in the papers, though.

The Speaker: Still, stay with your speech and not [inaudible]—

The Premier, Hon. W. McKeeva Bush: Madam Speaker, I will do anything to please you this morning.

The Speaker: Thank you very much.

The Premier, Hon. W. McKeeva Bush:

Madam Speaker, in regards to Mr. Young, he is a successful accountant and yes, he is the Treasurer of the UDP. As I operate here as the Leader of the Party, we have a General Council. I must report such a matter which had drawn the anger of the Opposition on the airways, and the papers. As a senior Party official, would anyone believe that I would not report to the General Council the information I have reported here today? I did that, as I ought to have done! Or else the party system would be for naught. The party system would be the failure that some people want it to be.

Mr. Young has operated a successful financial services business for years. He knows and understands high finance, much less the basic aspects of such financing. So he can talk for any amount of time that he cares to on any medium he cares to. Fact is, because he is a party official, this does not mean that he owns the company that we have done business with—he does not! It is trading on the New York Stock Exchange and it is regulated by the Securities Exchange Commission. It is easy for them to find out, yet they carry on because they want to paint somebody black. You have seen them call for investigations before and they came to nothing!

What I challenge the Leader of the Opposition to do or anyone else is to say publicly what corruption he is talking about; go ahead in the public and make his allegations so that they too would have to stand the test of the Law as CNS must now do.

I have long said that the Leader of the Opposition and the PPM like to tout their so-called honesty and integrity, but they are not lily-white. When the Leader of the Opposition talked about the local banks being affected he is talking rubbish. Mr. Tibbetts, in his wild statement, shows that they do not know what they are talking about. And in the face of all the evidence and knowledge he is still talking about local banks losing and that they would be able to loan more if they had gotten the financing. Rubbish!

Look, Madam Speaker, each and every one of the bidders would have been the agents for a bond offering, and not direct lenders to the Cayman Islands Government (CIG). In other words, the lenders to CIG are the entities outside of those who subscribe to the bond offering. For example, in 2009 when HSBC were selected they were the agents for a bond offering not the direct lenders to CIG. So, his alleged benefits to the local banks and the local populace are completely inaccurate, confused and misguided. It is this lack of fundamental understanding of basic finance that got these Islands into the financial mess it did under the Leader of the Opposition and his PPM Administration.

When he says this financing is the single largest for the country (and I am quoting exactly what he said), he is telling an outright falsehood. And he

knows it! But he still wants to confuse the public. Blow it up! Blow it out of proportion!

The fact is, in 2003, we did a bond through the Bank of Butterfield and the Royal Bank of Scotland overseas. We chose Butterfield to do the bond as that was the better rate at the time. So, getting the local bank involved is not something we're against, of course, but we cannot, and should not, and will not, go with them if it is not in the best interest of the Government, and thus the people of these Islands.

The Financial and Stores Regulation of the Financial Regulations of the Public Management and Finance Law says, "**Subject to an overriding [requirement] (a) to ensure value for money and to ensure that the price and quality of goods and services is no more than overseas procurement—**"

The Speaker: Where are you quoting from again?

The Premier, Hon. W. McKeeva Bush: I am quoting from the Public Management and Finance Law, the Financial Regulations.

The Speaker: Section?

The Premier, Hon. W. McKeeva Bush: Section 36.

And I want to read the operative part: "**—to ensure that the price and quality of goods and services is no more than overseas procurement.**"

So, we chose Bank of Butterfield then because they had the better rate. [But] these people do not have the better rate locally now; they did not do financing as we asked them to do. We will not go with them if they are not in the best interests of the Government and the people of these Islands.

Last year after the PPM left the Country in such a financial mess, we did through HSBC, a US\$312 million bond, outside of this country. And yet he said that this US\$185 million is the single-largest, biggest one. Is that man sleeping? Who is he consulting: the Third Elected Member for George Town?

What is this? This is not consolidated; US\$312 [million] was to help run the budget that you all left behind.

[inaudible comment]

The Premier, Hon. W. McKeeva Bush:

Well, just leave me then! Listen and learn if you can!

Let me remind and tell the country now, perhaps what they didn't know before about the double standards that the Leader of the Opposition and the PPM operate under. They have cried aloud that we have chosen Cohen & company, a company outside of the Cayman Islands, but refuse to acknowledge that in February 2009 they were advised about a bond with J.P Morgan for USD \$185 million dollars, at an indicative rate of 7 per cent with a company operating outside of the Cayman Islands to be the sole lead placement agents for the Government, his govern-

ment. His Cabinet then agreed to that decision and they signed that agreement into action, at an indicative rate of 7 per cent!

So, what are they crying about now, Madam Speaker? Were they saying that they could have gotten a better rate after they signed that 7%? Perhaps they would have. But we could not take that chance, so we had to stop that process and we got the rate through HSBC. And I was not taking any more chances, so when I saw some of the anomalies in the process here, I took it upon myself to get financing. Even at that, last year we got it at 5.9%. So, Madam Speaker, I wonder how their actions in 2009 benefited I wonder how the local banks or the local business people, as they now claim we are not doing.

Madam Speaker, in the interest of transparency, my Government had to withdraw from this deal because we were able to get a rate of just over 5 per cent through the HSBC bond offering in order to save millions of dollars for these Islands and we did that!

Madam Speaker, that is the man (the Leader of Opposition), who goes on National TV to make insinuations about me? This is the man that talks about not doing business with the local banks? This is the man who talks about not following the law – not following the Governments Procurement process? Only the most vile, the most bitter and shallow individuals would attempt what the Opposition is doing today! What I can tell them Madam Speaker is that I asked them all—I have it in my statements—to wait until the process was complete as we now go to a bond issue, and I would inform the country at that time.

If we lose out on rates now because of the kind of airing—the wild and unfounded allegations this matter has got from the Opposition on TV, on *CNS* and on *Rooster*, the loss of the savings in millions of dollars, in interest for the Country, can only be blamed on their reckless and damning behaviour.

It seems, Madam Speaker that in their eagerness to cut me down – to trample the Premier as they have said *“you don’t have to have any reverence for the Premier”*— they have forgotten that what is being done here by them will have a negative effect on the bond rate. Is that what they want? For this Country to continue paying out more and more millions of dollars?

I hope the people of the Cayman Islands understand that I have got up until we signed with Cohen and Company, millions of dollars of savings for these Islands. That is on paper, signed and sealed and legally in place as an indicative rate.

I cannot now, though, give any guarantee that even with the falling interest rates in the United States of America—and we are going out to bond market now—that we can improve on the rates, because of the stupidity, the viciousness, the recklessness of the Leader of the Opposition and the radio show host on *Rooster*, and those who paid no mind to my call to, ‘wait until the financing is complete’. And then if they

want to beat me to pieces, well go ahead after that! But wait! Allow the process to finish!

Madam Speaker, I have said there will be changes to the process. I have asked the Auditor General to assist, but Madam Speaker, given Section 34 of the Law, I believe I have sufficient legality to carry out my duty to get value for money for the people of these Islands. And the Cabinet believes so when they allowed us to paper on such terms and conditions as the Government in Cabinet may determine.

While it might not specifically be set down in Law, the practice has always been over the years . . . at least the Second Member from Cayman Brac and the former Minister of Health knows this. If EXCO then, (the now Cabinet), was not satisfied with CTC, they carried out the process themselves. That was the precedent set in this Country. That’s not something new. And rightly so!

What I did, in not accepting the advice, is not new in this country. For who would want to believe, that even though a bid has been tendered that the Cabinet must not correct a situation when we know it is wrong? Particularly when nobody has been notified! And that is the key point!

Recently the schools management contract went to bid and one company bid \$3.8M, another \$6.5M and yet another \$8.7M. The Technical Committee of that Ministry recommended that we go with the company bidding \$6.5M. We said . . . the Minister said, “Go back out to tender”, Madam Speaker, that second round produced an agreed bid of \$2.8M. Ironically, but good for the Cayman Islands, the company who originally bid \$8.7M and was allowed to re-bid, produced the winning bid—\$2.8M instead of \$8.7M. This equated to a savings of approximately \$3.7M over the technical committee’s recommendation, even though some parameters have been changed. Was that wrong? Didn’t we do the right thing to save over \$4.7M?

If the local banks had agreed in the first instance to finance CAL’s long term deficiency financing, and before I asked Cohen and company to rebid, we perhaps would not be having this discussion. Still on the whole matter thus far, we have saved millions of dollars according to the indicative rate we have signed.

Let me say that I am not naive to the realities of politics. Nor am I insensitive to the concerns of our people. I understand why people in the community would have concerns when all of this is being said on the airwaves and by the Leader of the Opposition

My Government took a very grave but legal decision to disagree with a process which gives many a sense of safety. This matter has revealed to me that the Central Tenders Process cannot be a one-size-fits-all methodology for capital works, service contracts and financing. It works well for some things, but in this instance we encountered real, real difficulties.

Therefore this decision was not taken lightly and I anticipated significant public debate on this matter. Unfortunately, much of the debate, too much of the debate is coloured by partisan politics. The politicians who are Members of the House and the would-be politicians the radio show hosts, and of course the know-it-alls on CNS. Coloured by partisan politics, innuendos, rumours and misrepresentations of the facts, none of which answers the question that the public really wants to know! Did the country get the best deal? That is what matters. Did we save money?

It is for these very reasons that my Government asked for and welcomes the complete review by the Auditor General of the transactions, proposals, facts and decisions taken by my Government. We have nothing to hide. We were motivated by one thing and one thing only – that is securing the best deal for the country. Therefore, I suggest to all those who are not only vociferously complaining about my Government's handling of the Tendering Process, but injecting misleading information, sensationalism and rumours into the conversation, that they now allow the process with the Auditor General's to run its full course too.

When the facts are revealed, we can then examine the information gathered from the Auditor General's review process. And when people speak from a position of having the facts in front of them, it raises the quality of public debate and lends itself to free, yet responsible speech.

I look forward to reviewing the Auditor General's final report not only because it will show the tremendous savings that we secured for the Country, but it will put to bed any concerns about the Government's motivations and make timely suggestions for improving the Tendering Process so that the country can secure the best quality deals and the highest value for our precious small resources.

What we have done will not hurt these Islands, it will in fact help people because they will pay less in fees. It will only help us on our way to economic sustainability and financial viability. On my part as Minister of Finance, it was a fully responsible act, as my charge is for the financial security of the country.

Madam Speaker, I thank you very much for your indulgence this morning.

The Speaker: Thank you, Mr. Premier.

Third Elected Member for George Town.

Mr. Alden M. McLaughlin, Jr.: Thank you, Madam Speaker.

With your permission and pursuant to the Standing Orders, I would like to ask the Premier, Minister for Financial Services, a few short questions in connection with the statement which he just made.

The Speaker: You're quoting on the Standing Order—

Mr. Alden M. McLaughlin, Jr.: I'll turn up the relevant Order in a moment, Madam Speaker.

The Speaker: It's Standing Order 30(2). Is that it?

[inaudible interjection]

The Speaker: It's 30(2).

Mr. Alden M. McLaughlin, Jr.: Sorry, Madam Speaker, I thought you said 32, but it is 30, suborder 2.

Yes, Madam Speaker, pursuant to that Standing Order, I ask your permission to ask a few short questions to the Minister and Premier who just made the statement for the purpose of clarification.

The Speaker: Yes, Member for George Town, you may proceed. Short questions.

Mr. Alden M. McLaughlin, Jr.: Yes. Madam Speaker.

Madam Speaker, would the Premier and Minister of Finance say whether there are any fees associated with this financing arrangement by Cohen, and if so, how much? What are they?

The Premier, Hon. W. McKeever Bush: Madam Speaker, I had hoped that the Member for George Town and the Opposition would come with different questions. I have stated absolutely clearly that I am not going to get into the actual rates and what was charged until the whole process is completed.

Madam Speaker, I have said that they have forgotten that what is being done by them will have a negative effect on the Bond Rate. I have said that I cannot now guarantee because of what they and others have said. Can I give any guarantee that even with the falling interest rates in the USA—and we are now going to the Bond Market—that we can improve on the rates because of what they are doing? The viciousness! They understand this process, Madam Speaker. I am not going to say what those rates are from what I've been told. However, Madam Speaker, what I will say is that every one of them charged fees.

The Speaker: Member for George Town.

Mr. Alden M. McLaughlin, Jr.: Madam Speaker, would the Premier and Minister of Finance say whether or not Peter Young, the UDP Treasurer, is or was in any way involved with this financing arrangement with Cohen by introducing them, representing them, assisting them, aiding them, in any way with the financial proposal which went to Government or the CTC?

The Premier, Hon. W. McKeever Bush: Madam Speaker, I don't know what Mr. Young did or did not do. I can say he is a member of the Party, but I know [for] certain that he made no such representations to me, nor did Cohen and those say anything to me

about him. And, as I said, if there is anything being done, which I doubt, and I don't know if the Member for George Town cares to ask that in public, he should ask Mr. Young those things; he is on the radio enough. He was on for an hour this morning or some days ago talking to them; I don't know, but certainly, he made no such representation to me. I can say that yes, I asked his opinion on how the bonds work. I did, because he has that knowledge. I asked other people as well; some who are PPM.

The Speaker: Member for George Town.

Mr. Alden M. McLaughlin, Jr.: Madam Speaker, given the allegations of which the Premier and Minister of Finance is very much aware, is he then saying that he has not checked into these allegations to assure himself whether or not Mr. Young was in any way involved with this transaction with Cohen?

The Premier, Hon. W. McKeewa Bush: Madam Speaker, they like to spread these words broadly across this country about allegations. Allegations are sometimes made by dirty stinking individuals with a dirty mind.

The Speaker: Watch the adjectives please.

The Premier, Hon. W. McKeewa Bush: I said *stinking dirty*.

The Speaker: I know, watch the adjectives though.

The Premier, Hon. W. McKeewa Bush: I ain't going any further than that! But that describes some of them good!

The Speaker: Ah—

The Premier, Hon. W. McKeewa Bush: Madam Speaker, allegations can be made against anybody. If any one of them has evidence bring it to this Member, bring it to the Auditor General's attention, carry it to the police if they believe something nefarious is done; something wrong is done.

When this process is completed I am sure there will be a complete audit on it.

The Speaker: Thank you, Mr. Premier.
Third Elected Member for George Town.

Mr. Alden M. McLaughlin, Jr.: Madam Speaker, my final question is: Will the Premier provide to this House a copy of the legal opinion by Professor Jeffrey Jowell which he referred to in his statement?

The Premier, Hon. W. McKeewa Bush: Madam Speaker, if I had gotten a legal opinion from God it would not satisfy them. My legal opinion is mine, I can quote what areas I want from it; I know what was told to me.

The Speaker: Thank you, Mr. Premier.
We move to the next item of business.

GOVERNMENT BUSINESS

MOTIONS

Suspension of Standing Order 24(5)

The Clerk: Suspension of Standing Order 24(5) to enable the government Motion to be dealt with during the current Meeting.

The Premier, Hon. W. McKeewa Bush: Madam Speaker, I wonder if I could take a five-minute break.

The Speaker: Ah—

The Premier, Hon. W. McKeewa Bush: I'm asking if I could take a five-minute break.

The Speaker: You want to suspend the House for . . .

The Premier, Hon. W. McKeewa Bush: Well, [inaudible]

The Speaker: There is suspension of the Standing Orders to enable the Government Motion to be dealt with during the current Meeting, not today.

The Premier, Hon. W. McKeewa Bush: Okay, Madam Speaker, I would move suspension of Standing Order 24(5) to enable a Government Motion to be dealt with during the current Meeting.

The Speaker: The question is that Standing Order 24(5) be suspended to allow the Government Motion to be dealt with during the current Meeting (Meeting, not Sitting). All those in favour, please say Aye. Those against, No.

Ayes.

The Speaker: The Ayes have it.

Agreed: Standing Order 24(5) suspended to allow the Government Motion to be dealt with during the current Meeting.

The Speaker: With there being no further business on the Order Paper, can I have a motion for adjournment?

ADJOURNMENT

The Premier, Hon. W. McKeewa Bush: Madam Speaker, I hereby move the adjournment of this honourable House until 10 am tomorrow.

The Speaker: The question is that the House do now adjourn until 10 am tomorrow.

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

Ayes.

The Speaker: The Ayes have it.

At 12.14 pm the House stood adjourned until 10 am Thursday, 4 November 2010.