

**OFFICIAL HANSARD REPORT**  
**FRIDAY**  
**5 NOVEMBER 2010**  
**10.52 AM**  
*Third Sitting*

**The Speaker:** I will ask the First Official member to say Prayers.

**PRAYERS**

**Hon. Donovan W. F. Ebanks, Deputy Governor:** 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.*

*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. Proceedings are resumed.

Please be seated.

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

**Apologies**

**The Speaker:** I have apologies from the Deputy Premier, who is off on leave. And I have to apologise to

Mr. Anglin who sent an apology yesterday and it was missed off the Order Paper.

I also wish to welcome two very distinguished visitors in our gallery this morning; the Honourable John Delaney, the Attorney General of the Bahamas, and Mr. Garvin Gilkin, the Deputy Director of Public Prosecution in the Bahamas. I hope they will be subjected to some good Caymanian hospitality while they are here. We do appreciate their presence with us this morning.

Can we proceed?

**PRESENTATION OF PAPERS  
AND OF REPORTS**

**Financial Reporting Authority (CAYFIN) Annual  
Report 2009/2010**

**The Speaker:** Honourable Second Official Member responsible for Legal Affairs.

**Hon. Samuel W. Bulgin:** Thank you, Madam Speaker.

Madam Speaker, I beg the leave of the House to lay on the Table of this honourable House The Financial Reporting Authority (CAYFIN) Annual Report 2009/2010.

**The Speaker:** So ordered.

Does the Honourable Member wish to speak thereto?

**Hon. Samuel W. Bulgin:** Thank you, Madam Speaker, just briefly.

Madam Speaker, just by way of highlighting some of the salient provisions of the Report itself, the Report will show that the level of suspicious activity reports received during 2009/10 increased over the previous year. There were 358 reports received when compared to 320 for 2008/9.

The Report also highlights the fact that the trend of reporting has consistently increased during the last three years. This is an indication that reporting entities are indeed taking their reporting obligations seriously. And whilst it cannot be said with certainty the reason for the increase, it is refreshing to note that the vigilance with which the reporting entities have tried out their tasks have not in any way waned.

The Government will continue to support the industry in its effort; that is to send the message that the jurisdiction will remain hostile to those who wish to use it for money-laundering and terrorist financing. And in line with the Government's efforts to cut costs

during the year and beyond, the Financial Reporting Authority (FRA) used their range of strategies to meet budgetary constraints while ensuring that adequate training of staff as well as representation of the FRA in international fora is maintained.

Madam Speaker, on page 8 of the Report, there is ample demonstration of how the Cayman Islands Financial Reporting Authority interfaces with its overseas counterparts by way of MOUs. (Memoranda of Understanding). The Authority has signed approximately 11 MOUs with countries such as Australia, Canada, Chile, Guatemala, Honduras, Indonesia, Mauritius, Algeria, Panama, Thailand, as well as the United States. And they are at present negotiating two additional MOUs with some other countries which are now awaiting signatures. These MOUs sort of set the formal protocol for the exchange of information between the FRA and its overseas counterparts.

Madam Speaker, the Report itself is very user friendly and extremely informative and I would, therefore, commend it to all honourable Members of this House and, indeed, the wider public.

Thank you.

**The Speaker:** Thank you, Honourable Second Official Member.

## QUESTIONS TO HONOURABLE MINISTERS AND MEMBERS OF THE CABINET

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

### QUESTION NO. 5

**Mr. Alden M. McLaughlin, Jr.** asked the Honourable Minister of Health, Environment, Youth, Sports and Culture what the status of the proposed Healthcare project proposed by Dr. Shetty is, and if Government is still committed to the venture.

**The Speaker:** Honourable Minister of Health.

**Hon. J. Mark P. Scotland:** Madam Speaker, I can confidently say that both the Cayman Islands Government and Dr. Shetty's group are working diligently to move the project forward. Dr. Shetty and the Government both remain firmly committed to the venture.

As Members will be aware, the agreement between Dr. Shetty and the Government include several commitments by Government, a number of which are "conditions precedent", including:

- 1) A review of the Health Practice Law to put in place the necessary framework to recognise and register Indian qualified healthcare practitioners as well as to introduce an amendment

to provide exclusivity for large scale medical tourism for a period of time;

- 2) A review of the current legislative framework, and amendments to same, to facilitate organ and tissue importation and transplant; and
- 3) A review of the tort legislation to put a cap on non-economic damages for medical malpractice.

Madam Speaker, a note here that the cap being sought will cap non-economic damages, or so-called pain and suffering awards. There is no intention by Government to cap economic awards, such as out-of-pocket expenses, cost of future care and loss of income, et cetera.

Madam Speaker, my Ministry and, indeed, the Government, have been working with our public and private sector partners to meet our commitments under the agreement with Dr. Shetty. A stakeholder committee has been working on the review of the Health Practice Law. Some preliminary amendments to that Law are currently being considered by Cabinet and will be tabled in this honourable House in the next few weeks.

The Law Reform Commission has researched and prepared a position paper on Tort Reform which is currently out for public review and comment. I would like to take this opportunity to encourage all stakeholders, including the healthcare practitioners, insurance providers and others to take the opportunity to review and provide comment on the Law Reform Commission's report.

Members will also be aware of the Private Member's Motion brought by the Fourth Elected Member for George Town regarding organ and tissue transplants. The Member is currently chairing a committee, under my Ministry, which is working diligently to prepare a report outlining the necessary amendments of new legislation to create the framework to enable the Cayman Islands to participate in organ and tissue donation and transplant.

The scope of the work being done by this committee extends beyond the undertakings in the agreement with Dr. Shetty, including review and advice on the creation of an organ donor programme, membership in an organ-donor network, and the administrative capacity required to ensure that ethical, medical and legal best practices are followed.

With regards to the development of the facility, we are in regular contact with Dr. Shetty's team here in Cayman, and we have been advised that they have identified a shortlist of potential sites for the project, which they are currently investigating in order to assess each site's feasibility prior to finalising their site selection.

It is my understanding that they have been working on the design for the first phase of the project, which is a 150 bed tertiary care hospital. Once the site is selected they will be able to finalise the design and site plan.

It should be noted that the final site selection and acquisition is contingent upon satisfying the conditions precedent, which I detailed earlier, and thus the reason Government is diligently working to fulfill its commitments.

Madam Speaker, I believe I can say with confidence and based on my discussions with Dr. Shetty and his local team that he still remains fully committed to proceeding with all phases of the project, including an integrated hospital a medical university and assisted-living facility. Similarly, Government remains fully committed to the project which we see as an important and integral component in not only creating a medical tourism industry in the Cayman Islands, but also increasing local access to tertiary care.

Thank you, Madam Speaker.

**The Speaker:** Thank you, Honourable Minister.  
Are there any supplementaries?

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

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

### Supplementaries

**Mr. Alden M. McLaughlin, Jr.:** Thank you.

Madam Speaker, information reaching me indicates growing frustration by the Dr. Shetty team with the delays in having these various conditions, including those mentioned by the Minister, met.

I wonder if the Minister could give some indication as to the timelines to meet the outstanding "conditions precedent," as he has described them.

**The Speaker:** Honourable Minister.

**Hon. J. Mark P. Scotland:** Madam Speaker, it is clear that the information reaching the Third Elected Member for George Town is not that accurate as I meet with Dr. Shetty's group quite regularly and they have not expressed that type of frustration with the Government at all.

I think I have outlined in the substantive answer the conditions precedent we are working on. The legislation, as I said we propose to bring the majority of legislation to the House within the next sitting, including the Tort Reform and the Health Practice Law. The only other condition precedent outstanding for the Government at that point would be the Organ Donor Law, which is not a pressing one as far as both sides are concerned.

**The Speaker:** Thank you.  
Any further supplementaries?  
Third Elected Member for George Town.

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

One of the conditions [which is] precedent, is the Tort Reform legislation. Recently the Law Review Commission produced a very careful and comprehensive report and has concluded that it would be ill-advised to introduce legislation which caps the possible awards of damages for medical malpractice.

Is the Minister saying that regardless of that report, the Government is still intent on proceeding with the legislation he just mentioned that he hoped to bring to the House shortly?

**The Speaker:** Honourable Minister for Health.

**Hon. J. Mark P. Scotland:** Madam Speaker, the process which is underway now is a consultation process which has been formed by a paper put out by the Law Reform Commission that has not yet drawn any conclusion on the issue of Tort Reform. What has been put out is a position and is out for public consultation at this point, following that a report will be made to Cabinet on which Cabinet will be informed.

As far as we are concerned, the Government is committed to the Tort Reform because the whole issue of Tort Reform came about long before the Dr. Shetty hospital. There have been issues of high malpractice insurance for OBGYNs (Obstetrician/Gynecologist) in the Islands for many, many years and Government was considering that position for quite some time before that.

**The Speaker:** Thank you, Honourable Minister.  
Third Elected Member for George Town.

**Mr. Alden M. McLaughlin, Jr.:** Just to ask the Minister to clarify one point. I read the report and the report concludes—unless I have misunderstood it entirely—that it would be . . . well, let me reframe what I said—that the Law Reform does not recommend the placing of a cap on damages for medical malpractice. Is the Minister saying something else?

**The Speaker:** Member, I think you are debating the Law Reform now, questioning the Law Reform. That is not before the House. If the Minister wishes to answer, he can do so.

**Hon. J. Mark P. Scotland:** Madam Speaker, as I said earlier, what is in process now is a consultation process which has been informed by a paper put out by the Law Reform Commission. It is asking for wider consultation from other stakeholders, other interested parties, like the Medical and Dental Society, the insurers, even the wider public to a certain extent.

As I said, the issue of Tort Reform is not related directly, or solely to the Dr. Shetty Hospital, this has been an issue. When I became Minister I was approached by the OBGYNs practicing here who talked about having to stop practicing because of the increase in medical malpractice insurance, which has gone from, say, \$40,000 a year, five years ago, to

over \$160,000 a year for medical malpractice insurance for OBGYNs.

**The Speaker:** Are there any other supplementaries?  
Member for North Side.

**Mr. D. Ezzard Miller:** Can the Member say whether the amendment to the Health Practitioners Law is likely to include other areas than India, such as, other Caribbean countries like Cuba, Santo Domingo, and other places that have medical schools in the eastern Caribbean?

My second question is: Is he proposing that the exclusivity for this facility be included in the Health Practitioners Law?

**The Speaker:** I think we need to suspend Standing Orders to allow the questioning to go beyond 11.00.

**The Premier, Hon. W. McKeever Bush:** Madam Speaker, it sounds like deeper water than the question warrants. But, anyway, I had better suspend the Standing Orders and under the Standing Orders, the problem with the Opposition is that they are getting answers they didn't think they would get. That's your problem.

**The Speaker:** Ah—

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

**The Premier, Hon. W. McKeever Bush:** I ask for the Standing Orders to be suspended, Madam Speaker, in order for questions to be asked after 11.00 am.

**The Speaker:** May I have the relevant Standing Order that is being suspended?

*[Inaudible interjections and laughter]*

**The Speaker:** Please refrain from commenting.

**The Premier, Hon. W. McKeever Bush:** Madam Speaker, I think that is 23(7).

**The Speaker:** Thank you.

We have a question on the floor that Standing Order 23(7) be suspended to allow questioning to continue beyond the hour of 11.00.

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

**Ayes.**

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

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

**The Speaker:** Member for North Side, continue please.

**Mr. D. Ezzard Miller:** I am waiting on an answer, Ma'am.

Madam Speaker, would you like me to repeat the question? Because I had finished asking the question?

**The Speaker:** Yes, repeat the question please so we can get it straight on this.

**Mr. D. Ezzard Miller:** Madam Speaker, through you, to ask the Minister whether the conditions precedent amendment to the Health Practice Law is likely to include the ability to register health practitioners from neighbouring territories in the Caribbean, such as Cuba, Santo Domingo, and I think Anguilla or one of them has a big medical school in it too.

**The Speaker:** Minister for Health.

**Hon. J. Mark P. Scotland:** Madam Speaker, the approach that is being used to the Health Practice Law in terms of registration is not to add a specific country; but to add a classification called "Special Registration" which practitioners will be able to apply under that and once they satisfy all the requirements in the regulations set by the Medical Dental Council they will be able to be registered as "Special Registration".

**The Speaker:** Member for North Side.

**Mr. D. Ezzard Miller:** Madam Speaker, is that *special registration* likely to contain a condition of the place that they may work?

*[inaudible interjection]*

**The Speaker:** Please refrain from comments, unless you turn your microphone off.

Thank you.

**Hon. J. Mark P. Scotland:** Madam Speaker, it will not necessarily specify where they can work. All it is going to do . . . We did not find it practical to include, say, India, because of the wide variety of medical schools that exist in India. So, we included a new registration class called "Special Registration" which they still have to satisfy all the requirements of due diligence, the practical requirements and academic requirements, as usual, but it is not going to limit them to practise in any special facility.

**The Speaker:** One more question, or are you satisfied?

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

Shall we proceed to the next item of business?

## STATEMENTS BY HONOURABLE MINISTERS AND MEMBERS OF THE CABINET

**The Speaker:** I have a request and I have approved a statement by the Honourable Premier.

### Why Government's Financial Might Matters

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

There has been much discussion on Government's financial position and I would like to clear the air on the matter. The financial might of Government does matter. And by "financial might of Government" I mean the state of its financial position at any one point in time and its financial results measured over a period of time.

Let me state what is a well understood truism. The financial might of Government matters for the simple but inescapable and significant fact that it impacts our individual pockets. If Government is doing well and is in a strong financial position, there is no need to put any increased burdens on people's pocketbooks. On the other hand, if Government is doing poorly and is in a weak financial position, there is a great tendency that increased burdens will be borne by our pockets.

It is for this simple everyday reason that the financial might of Government will matter. The financial might of a government is determined by two separate, yet interlinked factors: 1) how a government has performed over a period of time, usually measured over a one-year period meaning whether its revenues and expenses result in a surplus, deficit, or a truly balanced budget result; and 2) the financial position base or foundation of a government at the start of the measurement period.

Let me address the Cayman Islands standing in relation to these two important factors. The Government's performance in the year to 30 June 2010: The Government has a financial year that runs from the 1<sup>st</sup> of July to the 30<sup>th</sup> of June. I wish to provide this honourable House with the results of the financial year from 1<sup>st</sup> July 2009 to 30<sup>th</sup> July 2010. This is the first year of the present Government's tenure.

**Revenue performance:** The operating revenues of Government for the year to 30<sup>th</sup> June 2010 were approximately CI\$502 million. When a revised budget was prepared around April 2010, it was estimated that revenues for the year would be approximately CI\$492 million. Therefore, our actual revenue performance has exceeded our revised budget expectations by \$10 million. I believe in these awful times that we are living in, that that is a decent result.

**Operating expenses:** The operating expenses of Government for the year to 30 June 2010 were approximately CI\$485 million. The single largest compo-

nent of operating expenses is personnel costs, which amounted to approximately CI\$228 million, or about 47 per cent of the total CI\$485 million for operating expenses. Our revised budget for the year indicated that operating expenses were expected at \$502 million. We therefore achieved a positive result in that we spent \$17 million less than anticipated.

Surplus existed from operating activities. Operating revenue of \$502 million versus operating expenses of \$485 million meant that the Government had a surplus from operating activities for the year to 30 June 2010 of \$17 million. I believe that is another decent result.

**Financing expenses** are the interest costs the Government has to pay on the amount of debt it owes. During the year such financing expenses amounted to approximately \$26 million and the revised budget expectation for the year was also \$26 million; hence, actual financing cost equaled our revised budget figure.

**Extraordinary expenses:** In the year to 30 June 2010, Government incurred approximately \$6 million in respect of extraordinary expenses. Extraordinary expenses are those expenses that lie outside the normal operating expenses and these are not expected to recur on a regular ongoing basis.

In the year that just finished, the lion share of the total \$6 million was used to help the good folks in the Sister Islands to recover from the effects of Hurricane Paloma. Our revised budget expectation for this category of expense was approximately \$7 million. So again, we spent less than the revised budget figure. Although we heard a call from the Opposition Member from the Sister Islands about doing more, we never heard him say anything about how much we had spent for him.

Overall, public agencies had a combined net deficit of \$1.5 million. The overall performance of statutory authorities and government-owned companies was a net loss of \$1.5 million for the year to 30 June 2010. This overall net loss result masks the fact that some statutory authorities, such as the Airports Authority and the Water Authority, to name just two, achieved surpluses for the year, whilst other agencies, such as Cayman Airways and the Turtle Farm incurred losses.

The revised budget indicated that the overall net loss of public agencies was expected at \$2.5 million. Since the actual overall loss of public agencies was \$1.5 million, a better than expected result was achieved.

Now, performance of central government itself: When all of the preceding is taken together, we find that central government itself incurred a small deficit for the year to 30 June 2010 of \$13 million. This is in stark contrast to, and a much better result than the revised budget expectation of a \$42 million deficit for central government itself.

In a nutshell, Madam Speaker, central government's actual deficit was \$13 million; a much better result than the expected \$42 million deficit.

Performance of the entire public sector: The entire public sector consists of central government, its statutory authorities and government-owned companies. The overall deficit for the entire public sector was approximately \$15 million for the year to 30 June 2010; significantly much better than the revised budget expectation of \$45 million. In simple terms, we have performed three times better than the revised budget expected.

My Government wishes to thank the public service for its sterling efforts and ask that this continues in the future. And I made a report at my Town Hall meeting in Bodden Town the other night that I expected that our statement would be made here also.

Conclusion on performance for the year to 30 June 2010: The preceding information addressed the first leg of the Government's financial might, how well it has performed during the immediate past year.

Position that existed at 30 June 2009: In order to determine the second leg of the Government's financial might, we need to combine the financial position based on foundations that existed at 30 June 2009 with the result for the year to 30 June 2010. What were the results for the year to 30 June 2009 (a month after my Government was elected and sworn in), and its position at the 30 June 2009 like? The results and positions were as follows:

- 1) A deficit by central government itself for the year to 30 June 2009 of \$70 million;
- 2) A deficit of the entire public service/public sector for the year to 30 June 2009 of \$81 million;
- 3) Debt of \$416 million or half a billion US dollars at the 30<sup>th</sup> June 2009, all racked up during the People's Progressive Movement . . . not all of it, the vast majority of it, acted up, during the last government's tenure.
- 4) An operating bank account balance of \$7.6 million at 30 June 2009.

This is the very poor financial position base or foundation that we inherited.

The financial position of Government at 30 June 2010: Although my administration achieved better than expected results for the year to 30 June 2010, it is our inherited shaky financial position at 30 June 2009 that causes us to remain in a less than desirable position at the 30<sup>th</sup> of June 2010. In brief, the key financial position indicators at 30 June 2010 were:

- 1) Debt owed by the Government of CI\$497 million, which has not increased significantly from the \$416 million that existed at 30 June 2009.
- 2) An operating bank account balance of approximately \$1 million.
- 3) General Reserves of \$44 million which have remained at the same level as my administration left them in 2005. In other words, in 2005, when I lost the Government and the group

over there took over, the general reserves were \$44 million, and not one single Cayman penny was added to it.

These financial results and positions for the financial year ended 30 June 2010, and the 30<sup>th</sup> June 2009, are taken from management accounts prepared by Treasury officials and these accounts are presented to Cabinet to facilitate decision-making by the Government. Therefore, the aforementioned results and positions have been noted by Cabinet.

I understand, I see where, Madam Speaker, the Opposition has doubted the veracity of what I have said and is trying to gain some hay out of that. But, try as they may, they cannot confuse the figures. They are plain for all to see. And I hope to publish the most recent unaudited accounts for the period ended 30 September 2010 once I have Cabinet approval in the spirit of openness and transparency and then I wonder what the Opposition is going to say.

The financial results and positions reflect what ministries and portfolios have posted in their general ledgers for the years ended 30 June 2010 and 30 June 2009. Confirmation was sought from and discussions held with ministries and portfolios and statutory authorities and government-owned companies for the purpose of ensuring that the general ledgers are amended to produce robust and meaningful results.

Management accounts are not audited by the office of the Auditor General. Nonetheless, the details contained in management accounts also form the basis for preparation of core government results that will be included in the consolidated entire public sector financial statements that are audited by the office of the Auditor General.

Whilst it is appreciated that the audit process may result in adjustments to the figures mentioned previously, the Government finds that it is nonetheless desirable to release these preliminary results and position as we have been asked for them. The trouble is, the Opposition was screaming about the accounts when we put them out they never asked, *Oh, is this the right figure?*

If Christ had come down—

**The Speaker:** Ah—

**The Premier, Hon. W. McKeeva Bush:** —and sat down here, Madam Speaker, they would not believe him!

**The Speaker:** Honourable Premier, please stay with your speech.

**The Premier, Hon. W. McKeeva Bush:** Madam Speaker, that was just for general knowledge about Jesus.

*[Laughter]*

**The Premier, Hon. W. McKeever Bush:** The purpose of infrastructure projects: Whilst our financial position is not like my administration would like it to be, we have moved in the right direction in our first year incurring a deficit of approximately \$15 million versus the previous year's \$81 million deficit.

Our chief economic partner, the United States, is perhaps as much as one to two years away from full economic recovery, if it happens. We will see. Given that the Cayman Islands lag behind the US by at least one to two years, if we do not take decisive action of our own, and simply rely on the rest of the world economies improving we could very well continue in our present difficult state for another two to four years. We cannot wait that long for recovery.

It is for this very reason that my administration has been pushing very hard to kick-start the local economy by going ahead with projects to advance our infrastructure projects, such as the port development project to permit cruise ship berthing facilities, the expansion of the sewerage system in the Islands, the establishment and functioning of a solid waste facility, planning new road development and cargo port development, which I understand they are going to throw themselves in front of the bulldozer for.

*[Inaudible interjection]*

**The Premier, Hon. W. McKeever Bush:** We must help ourselves, Madam Speaker. Just like the good Book says, prayers without action will fail.

My administration is for progress and advancement rather than stagnation and decline.

Thank you, Madam Speaker.

**The Speaker:** Thank you, Honourable Premier.

Third Elected Member for George Town, keep your questions brief, please.

**Mr. Alden M. McLaughlin, Jr.:** Sorry, Madam Speaker?

**The Speaker:** I recognised you, but I asked you to keep the questions brief, as per the Standing Order.

#### Short Questions thereon

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

I think, like everyone else in the country, I am delighted at the significant improvement in government finances as outlined by the Honourable Premier. I just have one question, Madam Speaker.

The premier delivered the budget on the 15<sup>th</sup> of June—a mere 15 days before the end of the financial year under review. When he delivered the budget, he indicated that the government projected a deficit of \$45 million. I wonder if the Premier can say either what transpired since the 15<sup>th</sup> of June that has changed the position so favourably, or, if that is not

the case, why the projections were so far wrong a mere two weeks before the end of that particular financial year.

**The Premier, Hon. W. McKeever Bush:** Madam Speaker, the Honourable Financial Secretary is here, and I am going to converse with him, but what does the Member want me to do? Brag or complain? Which one?

**Mr. Alden M. McLaughlin, Jr.:** That is the problem you have.

*[Long pause]*

**The Speaker:** Do we need to call a recess?

**The Premier, Hon. W. McKeever Bush:** We don't need a recess, Madam Speaker.

**The Speaker:** Okay.

*[pause]*

**The Speaker:** Honourable Premier.

**The Premier, Hon. W. McKeever Bush:** Madam Speaker, thank you. As I said, I had to converse with the Honourable Financial Secretary, and it behooves the House to give us chance to do that.

Madam Speaker, firstly, I am glad to hear that the PPM acknowledges that everyone else is glad to know and they understand that it was the right thing to do to vote for the United Democratic Party.

*[Inaudible interjection]*

**The Premier, Hon. W. McKeever Bush:** Madam Speaker, the forecast at the 15<sup>th</sup> of June when I delivered the Budget was not done on a forecast position for June. That \$45 million was done on a forecast position done in April.

So, Madam Speaker, the Treasury officials and the Budget Management Unit, the Financial Secretary, in giving their positions could only determine what they had just gone through with that side of the House. So, based on what they had, on the expenditures that had gone on, and what they had seen, that was the position they gave. I took that position. But it was done based on their experience with them.

What they now understand is that they have a different Government, and when I say that we are going to cut, I am prepared to take the licks and the wrath of the Opposition to do what is necessary to put Government's financial position aright from the mess that they left it. So, Madam Speaker, as I said, they keep questioning and doubting the veracity of what we are saying on the one hand, and then they are saying they are glad that we did it on the other hand, and

also they bring motions to get us to decrease our revenues now. What a pile of nonsense!

Anyway, Madam Speaker, the papers, for what I have said here, I am going to table them as soon as can get permission, and I hope to get that permission on Tuesday from Cabinet, God willing.

**The Speaker:** Thank you, Honourable Premier.

If there are no more questions can we proceed to the next item of business please?

## GOVERNMENT BUSINESS

### MOTIONS

#### Government Motion No. 7/2010-11—The Tax Exchange Agreements between the Cayman Islands and various Jurisdictions

**The Speaker:** Honourable Premier, Minister of Finance, Tourism and Development.

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

I beg to move Government Motion No. 7/2010-11, which is captioned, The Tax Information Authority (Tax Information Agreements) (No 2) Order, 2010.

**The Speaker:** Read the Motion please.

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

**WHEREAS** in 2000 the Government of the Cayman Islands entered into a commitment to the Organization for Economic Cooperation and Development for the effective exchange of information on tax matters;

**AND WHEREAS** it is acknowledged that the Government of the Cayman Islands has the right under the relevant terms of Entrustment from Her Majesty's Government of the United Kingdom to negotiate, conclude and perform tax information exchange agreements;

**AND WHEREAS** the Government of the Cayman Islands has negotiated and concluded Tax Information Exchange Agreements with the following countries, namely, Australia, Aruba, Portugal, Germany, Canada and Mexico;

**AND WHEREAS** the Governor-in-Cabinet, pursuant to section 3(5) of the Tax Information Authority Law (2009 Revision) has approved, by way of an Order, the scheduling of the abovementioned agreements to the said Tax Information Authority Law;

**AND WHEREAS** section 3(5)(a) of the Tax Information Authority Law (2009 Revision) provides that an Order made under the said section is subject to an affirmative resolution of the Legislative Assembly;

**AND WHEREAS** the Government of the Cayman Islands pursuant to section 3(5) of the Tax Information Authority Law (2009 Revision) is seeking approval of the Legislative Assembly for the agreements to be scheduled to the Tax Information Authority Law;

**BE IT THEREFORE RESOLVED THAT** the Tax Information Exchange Agreements, given by, The Tax Information Authority (Tax Information Agreements) (No 2) Order, 2010, be scheduled to the Tax Information Authority Law (2009 Revision) as follows:

Sixteenth Schedule Agreement Between The Government Of The Cayman Islands And The Government Of Australia On The Exchange Of Information With Respect To Taxes;

Seventeenth Schedule Agreement Between The Government Of The Cayman Islands As Authorised Under The Letter of Entrustment Dated 1 September 2009 from The United Kingdom Of Great Britain And Northern Ireland And The Kingdom Of The Netherlands, In Respect Of Aruba, For The Exchange Of Information With Respect To Taxes;

Eighteenth Schedule Agreement Between The Government Of The Cayman Islands (As Authorised By Letter Of Entrustment From The Government Of The United Kingdom Of Great Britain And Northern Ireland) And The Portuguese Republic Concerning Exchange Of Information On Tax Matters;

Nineteenth Schedule Agreement Between The Government Of The Cayman Islands And The Government Of The Federal Republic Of Germany On Assistance In Civil And Criminal Tax Matters Through Exchange Of Information;

Twentieth Schedule Agreement Between The Government Of The Cayman Islands Under Entrustment From The Government Of The United Kingdom Of Great Britain And Northern Ireland And The Government Of Canada For The Exchange Of Information On Tax Matters;

Twenty-First Schedule Agreement Between The Government Of The Cayman Islands With The Authorisation Of The Government Of The United Kingdom Of Great Britain And Northern Ireland And The Government Of The United

**Mexican States On Exchange  
Of Information On Tax Matters;**

**The Speaker:** The Motion has been duly moved. Does the Honourable Premier wish to speak thereto?

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

The domestic legislative infrastructure for the provision of tax information by the Cayman Islands to other jurisdictions is the Tax Information Authority Law. The Law provides the necessary framework and procedures for the affective implementation and administration of Cayman's international obligations in the area of cooperation in tax matters.

That Law establishes the Tax Information Authority as the Cayman Islands competent authority which is the sole dedicated channel in the Cayman Islands for international cooperation in matters involving the provision of tax related information.

Currently, Madam Speaker, there are 14 bilateral tax information exchange agreements which appear as schedules to the Law. The United States, Denmark, the Faroe Islands, Finland, Greenland, Iceland, Norway, Sweden, the United Kingdom, Ireland, the Netherlands, New Zealand, France and the Netherlands Antilles. And the Netherlands Antilles, just having received new constitutions, are now spilt territories. Nevertheless, for this purpose [it is] still the Netherlands Antilles.

Madam Speaker, to allow the addition of further agreements for the provision of tax information, the Law provides a mechanism in section 3(5) that the Governor in Cabinet may make an order adding such further agreements or schedules to the Law. To use the technical language of section 3(5)(a), that section reads as follows: **“add a Schedule to this Law for the purpose of setting out and giving effect to an agreement for the provision of information in tax matters.”** Where the Governor in Cabinet makes such an order it is subject to an affirmative resolution of the Legislative Assembly.

By order of the Cabinet on 26 October, six recently signed bilateral agreements for the provision of tax information were approved by Cabinet for addition as schedules to the Law, namely: Australia, which was signed on 30 March 2010; with Aruba, signed on 9 and 20 April 2010; with Portugal, signed on 13 May 2010; with Germany signed on 27 May 2010; with Canada, signed on 24 June 2010; and with Mexico, signed on 17 and 28 August 2010.

Madam Speaker, I therefore commend Government Motion No. 7/2010-11 to all honourable Members of this House for their support.

The effect of the House passing this Government Motion is to add six tax information exchange agreements to the Tax Information Authority Law. Madam Speaker, we are well on the way to showing Government's cooperation with the OECD (Organization for Economic Cooperation and Development).

Whereas we had been grey listed, we have proven that this Government takes the matter seriously.

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

Third Elected Member for George Town.

**Mr. Alden M. McLaughlin, Jr.:** Madam Speaker, just to indicate to the House the Opposition's support for the Motion and to congratulate the Premier and Minister of Finance for continuing the work begun under my administration.

*[Laughter]*

**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 on the mover of the Motion to exercise his right of reply.

**The Premier, Hon. W. McKeeva Bush:** Madam Speaker, there is not much to reply to except for the Member trying to steal our credit. But I will leave him with that, Madam Speaker. That is his usual tactic. “They were working on it.” Or, as they used to say, “It's in hand now.”

Yeah? Well, we were grey listed by them. I do not know what work he is talking about. The few islands that he signed with didn't really matter; we signed with the important countries, the G7, the G20 countries. That is what is important to the OECD process. The Member should be ashamed of himself trying to take our little credit.

*[Laughter]*

**The Speaker:** The question is: **BE IT THEREFORE RESOLVED THAT the Tax Information Exchange Agreements, given by, The Tax Information Authority (Tax Information Agreements) (No 2) Order, 2010, be scheduled to the Tax Information Authority Law (2009 Revision) as follows:**

**Sixteenth Schedule**      **Agreement Between The Government Of The Cayman Islands And The Government Of Australia On The Exchange Of Information With Respect To Taxes;**

**Seventeenth Schedule**      **Agreement Between The Government Of The Cayman Islands As Authorised Under The Letter of Entrustment Dated 1 September 2009 from The United Kingdom Of Great Britain And Northern Ireland And The Kingdom Of The Netherlands, In Respect Of Aruba, For The Exchange Of**

Eighteenth Schedule	Information With Respect To Taxes; Agreement Between The Government Of The Cayman Islands (As Authorised By Letter Of Entrustment From The Government Of The United Kingdom Of Great Britain And Northern Ireland) And The Portuguese Republic Concerning Exchange Of Information On Tax Matters;
Nineteenth Schedule	Agreement Between The Government Of The Cayman Islands And The Government Of The Federal Republic Of Germany On Assistance In Civil And Criminal Tax Matters Through Exchange Of Information;
Twentieth Schedule	Agreement Between The Government Of The Cayman Islands Under Entrustment From The Government Of The United Kingdom Of Great Britain And Northern Ireland And The Government Of Canada For The Exchange Of Information On Tax Matters;
Twenty-First Schedule	Agreement Between The Government Of The Cayman Islands With The Authorisation Of The Government Of The United Kingdom Of Great Britain And Northern Ireland And The Government Of The United Mexican States On Exchange Of Information On Tax Matters.

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

**Ayes.**

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

**Agreed: Government Motion No. 7/2010-11 passed.**

**The Speaker:** I think this is a good time to take the suspension for the lunch break; I do not want to interrupt the Private Members' Motions.

We will continue at 10 minutes to 2.00 [1.50 pm] which gives us two hours for lunch.

**The Premier, Hon. W. McKeever Bush:** Madam Speaker, just to point out, as I mentioned to the Clerk, that we need to suspend the Standing Orders in order to have Private Members' Motions today.

**The Speaker:** Can we take that suspension before we go for lunch?

**The Premier, Hon. W. McKeever Bush:** Unless she can find it quickly . . . I see where you are sticking to the book and asking for the relevant Standing Order. And, Madam Speaker, if you would allow me to say "the relevant Standing Order" then I will move the suspension. But, if not, I will have to have to depend on the clarity of the Clerk.

**The Speaker:** I think we will wait until after we come back to ensure that Members on the other side do not question my judgment.

The House is accordingly suspended for the lunch break until 10 minutes to 2.00. And I would like to invite our guests if they would like to remain for lunch with the Members, on your behalf. Thank you.

**Proceedings suspended at 11.54 am**

**Proceedings resumed at 2.18 pm**

**The Speaker:** I was informed by the Clerk that it is not necessary to raise Standing Orders for the business of the House to continue. And so, I will call on the Clerk to announce the next item of business.

## OTHER BUSINESS

### PRIVATE MEMBERS' MOTIONS

#### Private Member's Motion No. 4/2010-11—Duty Concessions

*(Continuation of debate thereon)*

**The Premier, Hon. W. McKeever Bush:** I am going to let it go, but I know what precedence is down here. [inaudible]

**The Speaker:** I understand, Mr. Premier, this is done when Government's business is taking precedence over Private Members' business on Thursdays, not on other days of the week—

**The Premier, Hon. W. McKeever Bush:** Madam Speaker, I am not going to belabour the point. But I have been here quite a few meetings now and what I spoke about this morning, I stand by that. We are sticking to procedures and precedents and I have seen it done before. And I just mentioned it. I am not going to belabour the point. It is not a big thing with me. We just need to get on with the business. I was only making sure that the Order Paper was correct.

**The Speaker:** When Government's business is completed, the next item is Private Members' business. And I have to take the legal advice I have been given in this regard.

Elected Member for North Side, you were debating yesterday; you had begun your debate. I am

sure you want it to be legal, so if you agree we will proceed.

**Mr. D. Ezzard Miller:** Thank you, Madam Speaker.

When we took the adjournment yesterday afternoon I had actually opened the debate on Private Member's Motion No. 4, Duty Concessions.

[pause]

**Mr. D. Ezzard Miller:** Thank you, Madam Speaker.

I had spent some time expressing my concerns that my belief is that the whole purpose of granting duty concessions to developers who are investing in the Cayman Islands is to promote growth in the local economy, and also, as a secondary item, to increase Government's revenue.

And when we grant these duty waivers and allow the developer to import goods completely bypassing the local economy, then the contribution of the project or the development to the economy of the Cayman Islands is next to zero, because the Government doesn't get any revenue [since] it's a duty free concession. The local merchants do not get any business out of it, so they do not get any benefit.

I have been told by some of the local businesses that because the large developers, in particular, who are given these concessions, do not give them any business, they are in the process of having to downsize their business and lay off Caymanians in these tough economic times. So, I believe it is an appropriate opportunity for the Government to legislate that when people get these duty waivers, whatever form the concession is in, whether it is a total waiver of duty, a percentage waiver of duty, or a deferment, that they should be made to buy the goods locally and, therefore, the money would stay in the local economy and we would get the multiplier effect.

Some of my constituents and some people who work in the Customs Department of Government, have concerns because there is really no certified master lists of materials or equipment to which this concession applies, it is basically left to the honesty and integrity of the investor to only ask for the duty concessions on items or goods related to that particular project.

But it is rumoured, Madam Speaker, that oftentimes people who get concessions, whether it be for a church (which would be on a smaller scale), or whether it is one of the larger developments that I mentioned yesterday, like what I understand from the MOU for the Dr. Shetty Healthcare City, that there is some abuse and the custom officers really cannot tell whether the Jacuzzi in the back of the container belongs to the hotel, because he has no master certified list from which to check, or if it belongs to the developer's private house for which he has no duty concessions, so they normally allow them in.

I believe there is also an opportunity to tighten up on this process and the Government should ask for

a certified bill of quantities that relates to that project and only the items on that list should get the concessions applied to them.

So, Madam Speaker, I believe that if we are going to achieve the objective of using this carrot to bring investment to the Islands through development, then we have a responsibility as parliamentarians to try and ensure that the country gets the biggest bang for the investment and part of ensuring that, Madam Speaker, I believe is to make it mandatory that in order to get the duty concession they must buy the products from a local supplier.

So, Madam Speaker, I seek the Government's indulgence in supporting the Motion.

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

Fourth Elected Member for George Town.

**Mr. Ellio A. Solomon:** Madam Speaker, I beg your indulgence to bring an amendment to Private Member's Motion 4/10-11, brought by the Member for North Side.

**The Speaker:** Ah . . .

**Mr. Ellio A. Solomon:** Madam Speaker, I am asking that I be allowed to bring an amendment to the Motion raised by the Member for North Side.

Thanks.

**The Speaker:** Yes, that is a little bit different.

Are you going to speak to the Motion at this point?

[pause]

**The Speaker:** You have moved an amendment to the Motion . . . who is going to second the [amendment]?

**Mr. Alden M. McLaughlin, Jr.:** Madam Speaker, as far as the procedure is concerned, just so to make sure that we, with your permission . . .

**The Speaker:** Yes.

**Mr. Alden M. McLaughlin, Jr.:** May I ask . . . the rules require that not less than two day's notice shall be given unless you have given special permission.

**The Speaker:** I have given permission.

**Mr. Alden M. McLaughlin, Jr.:** Okay. Very well.

**Mr. Ellio A. Solomon:** Madam Speaker, with that I beg to move the amendment to the Motion being brought by the Member for North Side. And, obviously . . . and that amendment reads as follows:

“BE IT NOW THEREFORE RESOLVED that the general government policy on all such duty waivers to developers will be to give a higher percentage to local purchases where practicable.”

**The Speaker:** Is there a seconder for that?

**Mr. Dwayne S. Seymour:** I beg to second this motion, Madam Speaker – the amendment to the Motion.

**The Speaker:** Please keep it straight. It is the amendment to the Motion.

Does any other Member wish to speak on this amendment?

**Mr. Ellio A. Solomon:** Yes, Madam Speaker.

Insofar as the issue of concession, I believe that it is first and foremost important to highlight for the benefit of those persons who will be listening to this conversation, Madam Speaker, that in terms of concessions, first of all it is nothing new to the Cayman Islands as we talk about duty concessions. And that, in fact, I think it is fair to say that administration over administration has utilised these concessions in various different ways. But I believe it is fair to say that primarily those concessions are utilised in such a way to be able to gain some inward investment into the country that perhaps would otherwise not have happened.

I believe it is important to highlight that, Madam Speaker, because it could be misconstrued that this administration, the previous or any other, would perhaps just be giving sort of duty waivers just to give them. So, Madam Speaker, it is a point of saying what can any government do in terms of saying what additional incentives can we offer to someone to attract their investment here in the Cayman Islands. And particularly as we talk about the times that we have today, insofar as the economic position that surrounds us and is definitely here domestically, I think that all the more there is a need to be able to offer concessions.

I believe the general public would have heard about some of the different projects. Perhaps one that comes to mind is the Dr. Shetty hospital. So, Madam Speaker, when it actually raised its head in terms of these concessions, the Government would actually be looking and saying in that particular case, if you are talking about a medical facility, let's talk about investment coming into the country, let's talk about this multiplier effect, we would hear, *Well, what is that multiplier effect?*

In respect of hospitals, for example, I think that the number you can use as a rule of thumb is that if you actually get involved with medical facilities, such as the Dr. Shetty hospital, it's 18 per cent. So, in other words, whatever your capital expenditure is—and just to give a very simplistic example, Madam Speaker: If it is a building that the capital cost of that building is a million dollars to construct, particularly if it is a medical

facility, that that capital cost actually amounts to pretty much in terms of 18 per cent of what is actually going to be spent . . . and I want to expound on this, Madam Speaker.

So, if the capital expenditure on, say, a building that is a million dollars, particularly medical facilities, it means that million dollars would be expended on an annual basis over pretty much every 18 months. In other words, a hospital being built for a million dollars, every 18 months that hospital, in terms of recurrent expenditure, be it electricity, be it water, be it insurance, staff, you name it, will pretty much be spending that amount of money every 18 months. I give that, Madam Speaker, as just an example in terms of when we discuss the issue of multiplier effect.

**The Speaker:** I hate to interrupt the Member, but somebody is using the phone in here and it is causing a terrific disturbance. I need you to put it away please.

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

So, it is an issue of saying that insofar as this multiplier effect that there is tremendous opportunities, and just to highlight, as I said, on Dr. Shetty's hospital, you can see particularly just as a rule of thumb when it comes to areas like medical facilities that there is a significantly large degree of that multiplier effect when you say that somebody's capital investment is going to be recurring pretty much every 18 months.

So, clearly, Madam Speaker, the issue of concessions is one that the Government has to utilise. It is an instrument that we should and we have to utilise to be able to say how we can recapture some of that foreign funds that we can actually have coming into the country that perhaps would not have come otherwise.

I think when we talk also about the issue of saying can we actually get persons to purchase locally, I believe that that is something that the spirit and intention is a noble one. I think that anyone looking at it practically, can say that there are some challenges to it because we have to ask ourselves in terms of saying you can get a duty concession but you get the duty concession if you purchase locally. Madam Speaker, I believe that there are significant challenges in that.

Without labouring on the math, Madam Speaker, I think it is fair to say that when you actually go to a local vendor, in terms of purchasing those goods that are supposedly going to receive concession on the shipping costs of those goods, as well as the additional duties (if there was any percentage at all), plus the individual saying, *I am going to take my cost and add my profit margin to it*, Madam Speaker, it becomes questionable. Really, at the end of the day, does it work out beneficial for the person who is trying to make a particular investment into the country? Does it work, out at the end of the day, being a lot cheaper?

One very arguably two-dimensional example: Let's just use a figure of, say, \$100 to try to keep it simple. Madam Speaker, if someone were to purchase goods for \$100 and if there were some \$15 in terms of charges being put on, for example, for shipping. That would be \$115. If you use arbitrary again, a number of, say, 20 per cent, in terms of duties, you add an additional 24 so you are talking about the total amount of goods in the country costing the \$139. And bear in mind that the local vendor ordinarily is in the business to make a profit, and, therefore, they tack on a bit of a charge.

Now, Madam Speaker, when you dice it all out in terms of being able to say that you are going to actually give someone a reduction (and you can run through the math; I will be happy to labour it, if necessary), in most of those circumstances we are going to find that at best it is probably going to be a case where you can get close to what the person could actually acquire if they were acquiring it from, say, overseas with the correct amount of duty concessions.

If we were to even carry it a little bit further and say, what if we were able to actually make it so that the local vendor when engaging in all the duty concessions, were able to sell it at the same cost that you were able to get it from overseas, Madam Speaker, I believe that what you [would] end up with is a scenario where when you compile that with all of the other pieces of legislation, be it the Sale of Goods Act, or whatever, or a law, that it would be a situation where the local vendor knows himself that he has to incur a risk in so doing as well, because it means that if something is wrong with that product they will have to return it. And all of those things, Madam Speaker, again, are just one or two of the additional reasons why the local vendor, knowing they have to incur those risks, knowing they are there to make a profit, in most circumstances foreseeable, will be a case where they cannot necessarily offer it at the same price.

Now, Madam Speaker, that said, I believe the spirit and intention and noble direction of trying to get persons to spend as much of their money locally is something that this Government for sure seeks to encourage. Even with respect to the affordable homes that we are now constructing. All of those goods are actually being purchased locally, Madam Speaker.

But, definitely, as I said before, just to reiterate, I believe that when it comes to a lot of these large projects, particularly those that would not have occurred without the additional incentives, that it is absolutely crucial that the Government maintains the instrument to be able to say we can give those concessions and we can give those concessions insofar as either 1) Definitely you can purchase overseas; and again not to remove those possibilities where it is practicable for those duty concessions to take place by purchasing locally. And if it is practicable, that is what this amendment is asking to be done.

I will read it again, Madam Speaker: "BE IT NOW THEREFORE RESOLVED that the general

government policy on all such duty waivers to developers will be to give a higher percentage to local purchases where practicable."

I believe that if, when and where it is practicable the Government should be able to look and ask, *Can we get those purchases to take place locally?* But I just wanted to mention that in no way at all do I want to have the wrong impression out there in the general public as to the importance of the Government being able to say it can offer duty concessions to persons who are willing to make the foreign direct investment in this country. That is an instrument we have to maintain.

It is not to say that simply because you are saying someone can get a percentage or even a full amount off on certain items that you are not going to end up with a multiplier effect. A large amount, Madam Speaker, because as I said before, with respect to Dr. Shetty's hospital, we can see that we are going to have potentially, for example, \$2 billion being expended in this country over a period of 10 or 15 years. And when you actually talk about facilities in the millions of dollars and knowing that that capital cost is going to be recurring pretty much every 18 months, it just gives you an indication to the volume and the large amounts of money that will be able to come into this country. And what does that mean? It means opportunities for our people, whether they are into gardening services, whether they are into medical services, employers, persons who are renting apartments, going to restaurants, you name it. Tremendous amounts of opportunity.

I think that persons who would want to argue against even some of the local purchases, and these are not just foreigners in terms of investment, but even locals, it would be a matter of saying that if you get up tomorrow and purchase from one of our local hardware stores, as an example, if somebody got an additional million dollars in any one of those hardware stores, does it automatically mean that the hardware store is going to double its staff? Or will they perhaps keep the same number of staff? Because they made the million dollars does not mean they are going to hire additional staff. It does not necessarily mean that you are going to get that much more of a multiplier effect. It may very well mean that you have someone who has made some additional profits.

But, that said, Madam Speaker, in closing I do not necessarily believe that it is a situation where anyone should view that the concessions are not a requirement and the Government has to maintain the position to be able to say that those concessions may very well result as concessions coming from other countries overseas and that it has tremendous benefits for the people of this country when the Government can encourage a project that would otherwise have not happened in this country.

And with that, Madam Speaker, are my comments very quickly insofar as the amendment.

**The Speaker:** Does any other Member wish to speak to this amendment?

Third Elected Member for George Town.

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

I just want to make clear that I am debating the proposed amendment and not the substantive motion at this point.

**The Speaker:** Yes.

**Mr. Alden M. McLaughlin, Jr.:** Madam Speaker, I think we need to make sure that we have it clear what it is that the Member who just spoke is seeking to do. He is seeking to amend Private Member's Motion No. 4 of this session.

Now, Private Member's Motion No. 4 already has a resolve section, which reads as follows: **BE IT NOW THEREFORE RESOLVED that all such duty waivers to developers require that they shall purchase their goods locally to obtain such duty waivers as have been authorised by the Government.**

Now, I believe it is the intention of the Member who moved the Motion to have that Resolve section deleted and replaced by his amendment, which reads: **BE IT NOW THEREFORE RESOLVED THAT the general government policy on all such duty waivers to developers will be to give a higher percentage to local purchases where practicable.**

But he hasn't said that.

So, if we do not fix that we are going to wind up assuming that [with] the amendment [it] carries a motion with two resolve sections, which is not, I believe, the intent. So, I am offering this, Madam Speaker, because I do not want the process here to flounder on some technical issue or problem. I am inviting the Member who just spoke, the Fourth Elected Member for George Town, to address that particular point when he is winding up his debate on the amendment so that we have clarity about what is being done.

Okay, that is the technical bit, Madam Speaker.

Madam Speaker, I have a real problem with the substance of this. To start with, it is not clear what is actually being sought by this resolve section in the amendment. It says, "BE IT NOW THEREFORE RESOLVED that the general government policy on all such duty waivers to developers will be to give a higher percentage to local purchases where practicable." Although, I think I understand what the Member is trying to achieve, I am not sure that it is expressed clearly enough in this Motion . . . higher percentage of what to local purchases? Developers will give a higher percentage to local purchases where practicable. So, I believe that if the resolution is to have any effect at all, what is being sought will have to be more clearly expressed than that.

But, Madam Speaker, I would have hoped in any event that it would be general government policy, and I hope that it is this Government's general policy to encourage developers to purchase as much of their supplies and materials locally as possible, in any event. But, what the Motion will achieve, even if issues that I just raised are addressed, is to completely neutralize what it is that the Elected Member for North Side is seeking.

Let's be clear. He is seeking a resolution of this House that in relation to any concessions on duties which are given to developers that they are required . . . and perhaps he should have said . . . or perhaps his resolution itself can be improved by saying 'are required where such goods or supplies and materials are available locally to have those purchased in the Cayman Islands.'

That kind of amendment is one that I believe the Elected Member for North Side could live with. It is certainly one that I would be happy to support. But what is being proposed, however problematically it is expressed in the amending motion, is to essentially say that Government is going to set a policy now to encourage them to give a higher percentage—we don't know what the percentage is now—of their purchases to local businesses *where practicable*. Any time you see lawyers write "wherever practicable" into a piece of legislation or into an agreement, that is an out that is being sought—

*[Inaudible interjection]*

**Mr. Alden M. McLaughlin, Jr.:** —to avoid having to be bound to do anything.

So, what is being attempted here, I believe, Madam Speaker, by the mover of the Motion is to completely neutralize the effect of any resolution this House makes about requiring—as opposed to encouraging—requiring developers to seek to acquire as much of their goods, their materials and supplies locally as is possible. That is what the Elected Member for North Side is trying to do.

And, Madam Speaker, to agree to this amending motion is to completely neutralize the objective that is being pursued by the Elected Member for North Side. So, if the Government is committed, as the Fourth Elected Member for George Town has said, to ensuring that local businesses get the lion's share of whatever business there is generated by these projects, then I would ask, I would even plead with the Fourth Elected Member for George Town to think again about what this amending motion is seeking to do, because this is not going to allow what is being sought, if it carries—and the Government has the numbers. And the country needs to understand that if this Motion fails, it fails because the Government has decided it should fail. And I am talking about the substantive Motion now, not the amending motion.

So, Madam Speaker, I am inviting, encouraging, whatever I need to do, the Government to think

again about supporting the thrust of the substantive Motion which is before the House by the Elected Member for North Side if, in fact, they really do support what he is trying to achieve. If they do not support it, then they need to be frank about it and say, *No, that is not our policy; we still want the present regime to obtain where developers have a free rein to choose where and from whom they purchase any material and supplies.*

So, Madam Speaker, I will leave it there as far as the amending motion is concerned. Thank you.

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

Member for North Side.

**Mr. D. Ezzard Miller:** Madam Speaker, I wish to make a few comments on the amendment that is being tabled.

First of all I listened very closely to the mover's rationale for amending the Motion in this way. I got lost with the numbers; I admit that, because I have been around medical facilities for longer than I would like to remember, and I don't know too many medical facilities that repeat the capital expenditure every 18 months. And I do not know where that standard comes from.

What I also found interesting was the fact that he said that the Government can construct low cost houses by buying all of their material locally from the local suppliers, even including the duty, and they can pass that cost on to the low income people of this country who we need to help get houses. But in the case of a foreign developer who is coming here to invest in this country on the whole principle that the development is to grow the local economy, we are not prepared to ask them to share some of their profit with the local businesses who operate here day in and day out and employ Caymanians and support the Government and all of their charges.

He also said that a reason for proposing the amendment to the Motion, is that he does not believe that if a local business got an extra million dollars from one of these developers that they would go out and hire additional staff. That may be so. But I would think at a minimum, having gotten an additional million dollars in business they would not lay off local staff. But they are doing it now because they are not getting any of this business!

Madam Speaker, the one developer in this country who has always produced houses for middle-to-low income people is Mr. Frank Hall, and he buys every nail, every piece of material that he uses to construct his houses from the local market and pays the local merchants their markup. If he can do it at a profit on low cost housing, certainly these big developers who are getting the duty concession—which he does not get—can afford to buy the material with the small profit that the local businesses are making.

The other reason I cannot support the amendment, Madam Speaker, is that I agree with the previous speaker. What this amendment does is neutralize what I am seeking in the resolve. And what that should require is a 'no' vote; and not a politically expedient amendment which means nothing to the resolve section before the parliament.

I also am not aware of any Sale of Goods Law that we have in the Cayman Islands that would have an impact on this. So . . .

Madam Speaker, I am really concerned. I am shocked to hear that the Government's current policy—because this is not what I believed up until the Member spoke—is not to encourage developers who come here to buy all of the stuff that they can locally. But he is now suggesting that the Government, through his amendment to this Motion, will adopt that as a policy. And I was always of the view that the policy of the current Government and that of previous governments in attracting development would be to encourage, particularly where practicable, developers to do that. Right?

[Inaudible interjections]

**The Speaker:** Can we refrain from the comments while we are debating?

[Inaudible interjections]

**Mr. D. Ezzard Miller:** So, Madam Speaker, I cannot support the amendment in its current form.

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

Minister of Education.

**Hon. Rolston M. Anglin:** Madam Speaker, I thank you for recognising me.

The contribution of the Third Member for George Town combined with the Member for North Side . . . I believe we have now actually gotten to the truth and the fact behind the *modus operandi* and the reason for this Motion.

Firstly, Madam Speaker, I must say that the Third Elected Member for George Town needs to ensure that his colleague, the Member for East End, is clear about the comment he made about surrounding whether or not this Motion needs to be amended. Because I agree with the Third Elected Member for George Town, that the substantive Motion does need to be amended because, Madam Speaker—

[Inaudible interjection]

**Hon. Rolston M. Anglin:** No, the Third Elected Member for George Town made it clear that he said that perhaps if the Motion . . .

*[Inaudible interjections]*

**Hon. Rolston M. Anglin:** Oh. Well, Madam Speaker, you see I was talking about who was formally part of the Opposition in the Motion. But that also extends to the Member for North Side. Then, Madam Speaker, I will clearly say then that he needs to speak to the independent Member for North Side and the Member for East End, who is a part of the Opposition.

I was not assuming that the Third Elected Member for George Town would have any influence over the independent Member for North Side. So I was talking about who he has influence over. So, I stand corrected now, Madam Speaker.

*[Laughter]*

**Hon. Rolston M. Anglin:** And so, I suggest that the Third Elected Member for George Town needs to speak to both the mover of the Motion, the Member for North Side, and his colleague, the Member of the Opposition, who is the Member for East End. Okay. So, I stand corrected.

Madam Speaker, let us make very, very clear what is happening here. You know it is very easy to confuse the matter. If you read the amending resolution, without the three WHEREAS sections in the Motion, naturally it will not flow as it should. So, the original Private Member's Motion No. 4 reads:

**WHEREAS Government often authorizes duty concessions to potential developers in order to attract their investment to the Cayman Islands;**

**AND WHEREAS these duty concessions are either, complete waiver of duty, a reduction in duty or deferred duty, on goods to be imported into the Cayman Islands;**

**AND WHEREAS these developers are allowed to import their goods themselves depriving the local merchants and local economy from any participation or benefits;**

**BE IT NOW THEREFORE RESOLVED THAT all such duty waivers to developers require that they shall purchase their goods locally to obtain such duty waivers as have been authorized by the Government.**

Now, Madam Speaker, as the Third Elected Member for George Town well knows, in that resolve is a very powerful word. That powerful word is "shall." And when you say "shall" there is no option. **"They shall purchase their goods locally to obtain such duty waivers as have been authorized by the Government."**

The Third Elected Member for George Town well knows, and this is the reason why he snuck the comment in, but I think it was kind of under his breath, but it came out. He snuck the comment in that maybe if the "Resolve" needed to be amended that it would encapsulate the potential condition as to when a product is not available locally.

So, first of all, Madam Speaker, how in the world can this House accept a motion that resolves to say that we shall—we shall!—we shall purchase their goods locally to obtain such duty waivers, when we know well that in this market that feeds only 50,000 people, there are many products that are not here?

Now, is the Member for North Side saying that he wants to create another market whereby then we would have all these agents popping up and so if the product is not available here then you have to go find some agent to bring it in? Who should that agent be? Is it a local person? Is it a person who already has a trade and business licence? Is it a current vendor? Could anyone, someone that's being anticipated (I don't know) all of a sudden go and get a trade and business licence to say that they are now going to be the specialist shop that will provide all of the products that are not here so they can be the supplier who would benefit from this? I mean, I don't know what the motive is.

But, let's go back. If we read the three WHEREAS clauses: **WHEREAS Government often authorizes duty concessions to potential developers in order to attract their investment to the Cayman Islands;**

**AND WHEREAS these duty concessions are either, complete waiver of duty, a reduction in duty or deferred duty, on goods to be imported into the Cayman Islands;**

**AND WHEREAS these developers are allowed to import their goods themselves depriving the local merchants and local economy from any participation or benefits;**

**BE IT NOW THEREFORE RESOLVED THAT the general government policy on all such duty waivers to developers be to give a higher percentage to local purchases where practicable.**

If you read all those, it clearly says and it clearly demonstrates that the amendment to Private Member's Motion No. 4 would ensure that any contemplated duty waiver in the future has to be more beneficial to local purchases. I thought that that was the spirit of what this was. I thought that what we wanted to do was push business to local vendors. That is what I thought. And I said 'where practicable' because what happens to goods that are not available locally? What happens in that situation, if we accept the original Motion that is before the House?

Madam Speaker, really, the second piece of the motive behind this has become very clear. The Member for North Side . . . and I wrote it down as he spoke. He spoke about foreign developers. "Foreign developers must share their profits and support the local economy." "These developers coming here. . ."

Madam Speaker, the amending motion and the original Motion . . . nowhere in either of these motions do I see any reference to foreign investors. So, is it just foreign developers that are contemplated? Is that the only thing that is contemplated and that this,

therefore, should only apply to foreign developers? Or is it all developers?

If it is all developers, Madam Speaker, surely the intent and spirit of the Motion is to ensure that as a point of focus that Government policy, when considering any form of duty concession, be slanted and worded in such a way that we definitively push to have the business be local. So, I do not know how this amendment in any way, shape, or form, waters down the intent of the original Motion.

The original Motion clearly . . . and even—with kind of half-hearted, but I am going to give him credit—by admission of the Third Elected Member for George Town, the original Motion is flawed, fatally flawed, because it says that “they shall purchase their goods locally to obtain.” That gives the Government no option, no way to maneuver, no way to negotiate, no way to compromise.

This economy is hurting. If the intent of this Motion is to simply go along the lines of trying to segregate and ostracize in some way and make it be such a bad thing that people outside this country would have confidence to invest in the country, if that is the intent, then I think the mover and seconder should get up and say it. They should get up and say that they are going to amend their Motion to speak to what the Member for North Side just spoke to—foreign developers. If that is what their gripe is, that is what they should do.

Madam Speaker, I say that this country, like every other country in the world, needs good development irrespective of where the person comes from. There is no country in the year 2010 that is not seeking foreign direct investment. Every country is seeking it, especially small countries like the Cayman Islands. Are they still going to be pushing that rhetoric that, *Oh, we don't need anyone from the outside; we don't need development from the outside because we have so much wealth in Cayman that we can keep the economy going. We can maintain the standard of living that we enjoyed five years ago?*

Have they not recognised yet that this economy is in deep recession? Have they not recognised yet that the previous administration only survived, or principally survived on the back of the Hurricane Ivan rebuild in this country? Are Members of this Legislative Assembly still so disconnected with the realities of what is happening in the world and in this economy that we are so narrow minded that we are still going to push the rhetoric that you hear every Tuesday morning on the talk show?

And that is the real motive here, in my opinion, Madam Speaker. The real motive here is to talk about foreign investment, and to try to ostracize it in such a way as to suggest that it ought to be treated differently than any other investment.

Now, Madam Speaker, this Government is going to try to put in place packages for good development. Do we want to see our Caymanian developers spending more, doing more and trying to put incen-

tives in place for them to do so? Yes, Madam Speaker! Of course!

But we well recognise that this economy is not going to survive without foreign direct investment. And why not be truthful with our people and tell them that? And stop this anti-foreign this and anti-this rhetoric, and start talking about what is good for the country. What is good for the country is good, honest people who have confidence in this country, who want to spend money, who want to help us move this country forward—whether they be Caymanian or otherwise.

Is this Government going to always have a preference for local investment? Yes. And I say that unapologetically. That is the case the world over. Every parliamentarian wants to see their local investors and local developers at the front of the line in getting things done and moving the economy forward. But, Madam Speaker, by gosh we ought to have recognised by now how this country has been built to get to this stage. By gosh, we still should not have to be going through the debate about the first phase of our initial start to development and what happened in the late 1960s through the 1970s and 1980s to take Cayman to what is now the new Cayman.

Just today on the lunch break, a group of us, along with Mr. Steve McField, were talking about the old Cayman and how basically two families controlled this country. At the end of the day we simply do not have the internal capacity to go it alone, nor do the vast majority of countries in this world, big and small.

So, Madam Speaker, let's go back. This Motion, this amendment clearly is in line with the spirit of what is trying to be achieved. If they see a word or a paragraph or a comma or whatever here and there that they think ought to be changed, then perhaps we will do that until we get a Resolve that is satisfactory to everyone in the House. But no one can tell me that the original Motion as crafted is not fatally flawed, impractical and unworkable. It simply is not workable when you talk about that “they shall purchase their goods locally.”

Madam Speaker, the other thing mentioned by the Elected Member for North Side, I am open-minded and I certainly hope that either privately or in his winding up on the original Motion he will be able to show us. He mentioned the small profit of local suppliers. Madam Speaker, I do not know. I am not a supplier. I have never been involved in that type of business, from an auditor's standpoint or otherwise. So, this is an area that I do not know about. But certainly, it would be good if the House (and by extension the Country) was shown the evidence to prove that the profit margin of local suppliers are small. Because if that is the case, like for like, there should be no issue about when either a developer—when I say developer here I am stretching to its widest definition: “Developer” even being a person who is going to build a house. Anyone who is going to invest; anyone who is going to build, if the profit margin is small, then it should be pretty logical that you are going to buy local

because the hassle of having to pay duty having to pay freight and not getting any volume discount as a big supplier ought to be getting, that should mean that they ought to be able to beat the pricing of anyone trying to go it alone and import on their own.

And, Madam Speaker, let's be very, very clear: The other thing that this Motion seems, and what I heard the Member for North Side say, seems to insinuate that somehow foreign investors—he did not mention Caymanians in this case, so I presume he is only talking about foreign investors—would naturally buy overseas anyway even if it was cheaper locally. Madam Speaker, I find that one ludicrous as well.

Madam Speaker, the one thing I know is that investors are going to try to make the greatest profit possible. Investors, developers, when they are going to develop are going to try to ensure that they get whatever quality product they need to match the level of development that they are carrying out to ensure that that standard is there. They are going to try to get it at the lowest possible cost because that's going to increase their profit.

So, Madam Speaker, if indeed everything that has been said thus far is accurate, then, I think the spirit of what is trying to be achieved is one then that the House should be agreeable to. Because if it is a small profit, if we know that an investor is going to try to maximise his return, then we should be in a very safe position to assume that persons will buy local.

The Third Elected Member for George Town also tried to insinuate in some way that he thought the general policy would have been to insist on local purchasing or to promote local purchasing anyway. And, Madam Speaker, I would have to say, and I would hope that certainly any prior administration would have had that as their ultimate goal, that as much purchasing that could take place during any form of development would be done locally. That is just common sense. But certainly, in my short time being a member of Cabinet, what I can say is that I have not seen (and I thought that this was what this Motion was trying to do) where there is that clear focus documented to say, *Let us try to drive the process and ensure that this is the way forward and that for anyone to do contrary would need them to do something otherwise*. In other words, would need them to say we are not going to continue to follow a particular path and a particular policy.

So, Madam Speaker, if indeed, as the Third Elected Member for George Town has represented to the House in his submission, that the spirit of the original Motion is to drive as much business local, then we should be able to come up with an amendment that is going to be sufficiently palatable to all sides. If the assumption of the Third Elected Member for George Town is incorrect, and that is not the spirit of the Motion, then perhaps we might not be able to reach a compromise. But if that is the spirit, Madam Speaker, I cannot see why the Elected Members of this House cannot come up with language to amend the “Re-

solve” section of Private Member's Motion No. 4 that would be agreeable to all.

So, Madam Speaker, I believe that this is an important juncture on the debate and on the substance of what we are doing. We do need to try and ensure that if for whatever reason the amendment is not supportable, that we can come up with some alternative that is supportable. Apparently, one of the things that the public wants is for Elected Members to try and work together for the benefit of the people and the benefit of the country. So, this would be, I believe, a good point for us to be able to prove that as a legislature we can do just that.

So I ask, Madam Speaker, Members on the other side to take the lead from the Third Elected Member for George Town, follow what he has said, and try to ensure that we look carefully at the language and that we can come up with a Resolve that is going to be one that is palatable. Madam Speaker, I know that the Third Elected Member for George Town has to be very uncomfortable as he alluded to with the Resolve section of the substantive Motion. I would say also that that applies to the Honourable Leader of the Opposition as well.

Madam Speaker, I think all Members of the Opposition would agree with the Third Elected Member for George Town and encourage there to be some amendment that allows us to find that compromise and that middle ground. And also, Madam Speaker, I want to ensure that when the Motion speaks to investors, that we are speaking about all investors; that this is something that we ought to push for all investors, not whether they are local, foreign or otherwise.

So, Madam Speaker, I think that this amendment has proved very useful because now I sense that the House can come closer to ensuring that we have a “Resolve” that is agreeable to all.

Thank you, Madam Speaker.

*[inaudible interjection]*

**Mr. D. Ezzard Miller:** *[inaudible]*. . . can't match up with that they will have to reply.

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

Member for East End.

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

I note that the Minister for Education could not resist . . . he needs to involve everybody, whether they are involved or not. But I have seen that since the 15<sup>th</sup> of November 2000, so I am used to that now.

Madam Speaker, I want to clarify a few points made by the Minister when he referred to me on certain positions he has taken as a result of the reasons why I seconded this Motion, in that he says that there seems to be some sinister intent by the mover, the Member for North Side, and I, against some foreign developers. And, Madam Speaker, let me put it this

way, there could be nothing further from the truth and the facts from the Motion that we brought.

I believe that all developers should be required to purchase locally and get the duty exemption. I will explain why. I know the Minister said he has only been in Cabinet for a very short period of time. I served my term of four years there. He also mentioned that we rode in on the wave of the development after Hurricane Ivan or something to that effect.

Madam Speaker, as a Member of Cabinet . . . just after Hurricane Ivan there were concessions, duty waivers, given by the previous Government, and they were extended by the PPM Administration during our tenure. And being the type of person I am, when they would come to Cabinet I would personally request material lists and would personally scrutinize those. And I will give a classic example of some of the things I found. For instance, there was a major established development, and they were seeking duty waivers for the repairs on that institution. I believe there was something (and I will use a hypothetical number here, so that I do not identify that institution) . . . I noted, for instance, if there were 100 apartments in this development institution, on that take-off list there were like 150 front exterior doors. I wondered if they had one and a half doors. That is the kind of thing we can find hidden in these things.

The other thing I asked and insisted [was] that when these concessions are given that someone be on site, that is a customs officer, so the proper accountability can be achieved when these goods are imported under that duty concession. Madam Speaker, this country loses much when we give these concessions. And we are dependent upon the honesty and integrity of the developer/importer. Those are my big concerns in this area, Madam Speaker.

Of course, I was told in many cases that there were insufficient customs officers to go and do the checks on these containerized (in most instances) importations. And I can appreciate that. The materials are not all going to be used the same day so they do not take them out of the container at that particular time. Now, there may be a requirement that we go that distance.

In another instance I saw where there was something like one and a half times the number of stoves in that same institution/development. So these are the types of things you have to watch out for.

Once Cabinet has approved those concessions, they go to customs with their importation forms and customs compares that to what is in front of them. Of course, Cabinet has issued a directive, that's it. So there is no going on the site to verify whether or not what they applied for, what Cabinet approved, is what is being used on that particular site because Cabinet approved it on the basis that it is being used on that particular site. Madam Speaker, there have been many, many instances of this in this country.

Now, I seconded the Motion for the Member for North Side because I believe the Government is,

1) losing; and 2) we need to do something about it—especially now. The Minister for Education talked about the time of plenty. Well, there is no time of plenty here now. And we need to ensure that whatever we can get, which must be done in accordance with directives from Cabinet, is done, and people pay their rightful dues.

Madam Speaker, the Minister talked about small profit margins on businesses here and if it is so small how come . . . if that is the case, then, maybe we need to amend this so we can arrive at our objective. Madam Speaker, I know many businesses in this country, particularly those in the business of supplying hardware will order materials for you if you are going to build a house or whatever, for a very small mark-up, a percentage of the cost; cost plus. That percentage is based on the amount of material that you need; the more material, the lower that percentage will be.

When I was building my house, albeit some time ago, that is how I got my material. But I had to clear it from the dock. I paid the same duties, but the profit margin for that importer was like 1 per cent of all his factory cost. So, there are options wherein I believe that developers can utilise existing importers to get reasonable costs. And I agree with the Minister for Education. If that is the cost, then, in most instances that is less than the developer importing it himself. And these are the types of things we should be encouraging so that the businesses here can enjoy some of that business, as opposed to the developer going overseas and bringing their own material in and it is duty waived.

Now, I know what is going to happen is that the one positive thing out of that, if we require them to do this, is that 1) the country will not get ripped off by them bringing in more than they were given permission to bring in (for different projects here and there) . . . And Madam Speaker, this does not only happen with foreign investors/developers, it happens with local ones too. We must address them all because there is no control after Cabinet has given that approval. That material (whatever it is) is brought in and very little of it is known about other than what was on that list. There were instances when I was in Cabinet where there was no list; they just wanted to waive the duties and get duty concessions on anything for that particular place. Well, there is no place that is going to be rebuilt or built that does not have a material list, a take-off list. There has to be.

*[inaudible interjection]*

**Mr. V. Arden McLean:** Madam Speaker, I believe that as a result of giving out these concessions . . . I think the Government said that with the Dr. Shetty hospital, duty concessions were given only on the medical equipment. Building materials and all of that were not duty free. So, I suspect they will be using local importers to bring their material in. But for years we have done this. And, yes, the Fourth Elected

Member for George Town said that successive governments have operated in this manner. That is true. I totally agree. That is not to say that when I was there I agreed with it, but, you know, I have always had my say about how we do it and how it should be done. Obviously, it is not being done the way that confirms to my opinion. That is like leasing Government property. Never, never, never, but . . . As far as I am concerned I will provide the property you provide the money and we will develop it together. I get my 20 per cent in it and you have your 80 per cent or whatever. Anyway . . .

Madam Speaker, if the Minister of Education is so keen on us working together, then maybe, just maybe, we should take a suspension and sit down and come up with a compromise on both—since they cannot accept the Resolve submitted by the Member for North Side and me, and we have a concern about their Resolve.

*[Inaudible interjections and laughter]*

**Mr. V. Arden McLean:** Madam Speaker, I know the Premier and his coat-tail are going to say that they have the amount of votes. That's fine. They can do that. That is what the Government is about. That is what any government is about. That is what democracy is about.

But the Minister of Education called for us to work together. And the public has called for us to work together. Here I am now saying, as the seconder of this Motion, let's sit down and deal with it instead of going through this motion of voting and flexing our muscles and making sure their amendment gets passed, it replaces the substantive Resolve section and then it gets approved in that manner. I mean, if they were genuine . . . unless the Minister of Education spoke out of turn—which he does sometimes—and the Premier was not in agreement with it—which happens quite often.

Madam Speaker, if we want to do it, we can do it. I mean, I am sure the Member for North Side will agree to amend our section 2 in line with what the Third Elected Member for George Town said which was, you know, where the goods can be purchased from local suppliers, that developers be required to purchase those goods locally; shall be required to purchase them locally, something like that. I don't have a problem with that and I don't think the Member for North Side does. The objective here is to ensure that the businesses in this country share in it.

Madam Speaker, I am going to leave us with this. I was just in Barbados. One of the big things in the east Caribbean was that they had Tomas, the storm. St. Lucia, Barbados, St. Vincent were somewhat damaged. And the Prime Minister of Trinidad said that whatever aid she gives to any of them, her country must share in the benefit. In other words, *You must buy the material from me.*

Further, last night (or this morning) she was on BBC explaining that, plus when earlier this year in Jamaica she said that Trinidad is not going to be used as an ATM any longer. So, if the Prime Minister of Trinidad can say that about aid, then we must be able to say it about duty concession. And I support the lady's position. She said she gave \$5 million, at least they can buy it back from her and both economies grow together.

Madam Speaker, I would think that the Government could consider that. Thank you.

**The Premier, Hon. W. McKeeva Bush:** Madam Speaker, I think that the Opposition believes that somehow some of us just got here. I've seen them coming long time before they arrived at the door.

Madam Speaker, I hear them calling—after we have had to table an amendment that makes sense—they are now calling to sit down. Well, perhaps if they did not know what they were doing, they should have asked. And so, we have had to table an amendment because, certainly, while we cannot agree with what their Motion said, perhaps, just perhaps, that they are genuine about it . . .

Mind you—it's not new! Uh-uh—this thing has been around for a long time and all sorts of things now: duty waivers to give people more money, social services, cut the fees. All these sorts of things are being jumped on because they believe that the Government is somehow in a weak position and they can get credit.

They want *[inaudible]* that somehow tries to make the Caymanian people believe that they are the saviours and we are the bad guys, that we do not want to do anything for the locals. They have said that. You heard them say that, Madam Speaker.

So, I have been listening the whole week to their arguments. I saw their motion. But they are not fooling me. None of them love the Caymanian people any more than anyone on this side. None of them! None of them has done any more than some of us on this side! None of them! But as the leaders of the country now, as the Government of the country now, we have to deal with the situations that we have before us.

**An Hon. Member:** Do what you will. *[inaudible]*

**Mr. V. Arden McLean:** That's your job.

**The Premier, Hon. W. McKeeva Bush:** Madam Speaker, it is not even a matter of doing what you will.

I didn't want to charge fees, Madam Speaker. I did not want to increase the fees the way we did. We did not want to have to cut 3 per cent from the Civil Service. We did not. We did not want to do that. When we look at all these fee cuttings and request for cutting fees they are never telling you what services you must cut back.

Oh, I hear them throw out a list talking about what the Premier gets. They would not even say "Premier," Madam Speaker, they said, "McKeeva Bush." Because that is what it is all about! As long as they can try to paint this side as bad as possible, that is their aim and objective. It is a pity that the Member for North Side has roped himself in with them.

*[Inaudible interjection]*

**An Opposition Member:** I got him good now.

**The Premier, Hon. W. McKeeva Bush:** Oh, you have him? Well, I hope he'll clear that up when he gets up!

**Mr. D. Ezzard Miller:** I am going to clear up plenty things when I get up!

**The Premier, Hon. W. McKeeva Bush:** Well, we hope so.

**The Speaker:** We are debating the amendment to the Motion that is before the House. Can we stick to that please?

**The Premier, Hon. W. McKeeva Bush:** That's true, Madam Speaker. I will try to do that. I wish other people would give me a chance, though.

You see, I have been here long enough so when things are said, it is sometimes carried in the records, Madam Speaker. And if you don't correct what is said, then it is left.

Madam Speaker, I think everybody went all over the world so perhaps I will try to refrain from doing that. But I think I have that obligation as well, to answer some of the things that have been said.

I think the Minister for Education has cleared up quite a bit, perhaps all of what the Third Elected Member for George Town tried to interject in his debate to confuse the world, as he usually tries to do. Madam Speaker, that is their long suit—confusing everybody and making everybody believe that everything has gone bad in the country after they left it. The only one who did any damage worse than them to this country was [Hurricane] Ivan!

Madam Speaker, I think also that the mover was very lucid in what he said in the amendment. I am sure that he is going to clarify it even more if that needs to be. It sounds like it needs to be, so I hope he takes the time, if that has to be until Monday morning, to do so if he needs to.

Madam Speaker, in this awful time . . . as I said, over the years we have given incentives to everybody—many hotels, condo projects, various other projects; various kinds of incentives—duty cutbacks on stamp duty, much less import duty. That is not new today either. Some people get more than others. When we came in, Madam Speaker, Water Colours was floundering to an extent and they wrote to the Government. It's a \$200 million project and they put the case to us. They showed us that they were going

to be paying around just over \$21 million to the Government in import duty. Now, that's just to the Government. Remember that every project generates tremendous other benefits to the country in employment and the trickle down effect. That was just what was paid to the Government.

So, when they did their numbers they said, "If you give us a duty waiver on one-point-something million dollars, we will still end up paying over \$19 million." So when I looked at it, as the Minister of Finance, and conversed with everybody else, we said, "But isn't it better for us to get \$19 million than for the project to flounder with all the need now that we have?" Certainly it is! It is much better for us.

Since the new Planning fees that we have instituted and the new hike that we have put in place, that project is going now, when they go to 10 floors, to be \$30 million to the country. But that is not all we did. We said to them, "Look, we want to make sure that you are hiring Caymanians where you can, only for those areas that you cannot find the necessary expertise. And you have to make sure that you are purchasing locally as well." And when we give away incentives that is something that we need to do.

The Financial Regulation says, however, that the procurement (and that is when we are purchasing, but nevertheless when you are giving away something it is still counted the same way), [is] that you have to make sure there is value for money. So, it might not necessarily be that you are getting the value for money out of the one side. I hope I am being clear in what I am saying. So, when we give something away, we have to take that into consideration.

But, at this particular time, when we have to be concerned with the conditions that surround the world and the region, and the conditions that we are finding ourselves in, in a declining economy, an economy where we have unemployment, the fact is that we cannot do much, and we should not do anything to dampen the spirit of investment. What we have to do is some things to encourage, because that is what is necessary.

When we look at our competition, remember this, all of us here: We are not facing anything much more than what the rest of the region—the Bahamas and all of our competitors and the whole world now—are facing. We look at the region because it affects us, but as I said in Bodden Town the other night, even the great United States, Madam Speaker, is granting incentives to people to stay or to come and relocate to their States. Canada benefitted tremendously when the fallout from the bad immigration policy here began, and we did not grant the permits and people were unsure. Canada benefitted because they gave incentives. A duty waiver is only one kind. I am talking about generally the whole matter of purchasing and the loss of revenue.

I saw in the United States where the Governor of Cincinnati, I believe it was (Ohio), the Governor himself had contacted Starwood's giving them com-

pletely tax free status if Starwood's would relocate their headquarters there—plus other benefits, you know. I think they said they were going to lose about \$800 million for the year. But when they considered the jobs, when they considered the purchasing power of the individuals and all the added on benefits, it more than compensated and the State was that much better off. But the Governor himself!

When we look at the Bahamas, Madam Speaker, on some of their deferrals and some of their waivers, particularly in the tourism sector, it is amazing. And it works! It works, Madam Speaker. Their Hotel Encouragement Act provided for duty free entry of approved construction materials, furnishing and fixtures for hotel development. They have, since the introduction of the law there, amended it to give it a little more balance to the country. But millions of dollars enter the Bahamas and jobs [were] created because of their incentive programmes.

Madam Speaker, I think one of the Members over there called it a politically expedient resolution. It may have been the Member for North Side. I don't think so, Madam Speaker. We just cannot accept how they have it. They have to be more balanced because we do not want to stifle any incentives; we don't want to stifle any programme that comes in here at this time. Cayman is not in that position. We have to balance it now. We have to be more careful. It cannot be done willy-nilly. We have to make sure that we are getting something out of it; not just giving up everything and it goes. But we cannot do anything that might frighten away investment or else we would not get anything at all. So it is not about being politically expedient in this matter.

They brought a motion. We looked at it, as we should as a Government. The Fourth Elected Member for George Town has come up with a viable alternative. And the truth is, when the Member for East End talked about getting together, if all their chat over the past 16 months had been just this, putting resolutions to the Floor of the House rather than chatting and accusing people and all sorts of things, it would have been better, if the resolutions had come, because then we have an opportunity to stand and do what we are doing. We are saying, No, that cannot work that way, and so the Government can accept it in this form. But, no, they did not do that.

In fact, they went out first and got on the radio and carried on about this before they brought it here and before we even knew it, it came as a surprise to us that they brought anything.

*[inaudible interjection]*

**The Premier, Hon. W. McKeever Bush:** Look in the mirror and say, *What a nice boy I am.*

Madam Speaker, on the matter that 150 doors were brought in but they only had space for one and a half, as was talked about by the Member for East End, why did they not bring a motion, if they feel that is the

case, to say that everything that is brought in on the waiver must be verified by a certified bill of quantities? Maybe that is what you should have done.

That is not what your Motion says.

Sorry, Madam Speaker, I don't mean to talk across; I should be talking to you, but . . . Madam Speaker that is not what the Motion says. They did not do anything like that. No! If there is any politics being played here, I think it is coming from them. They just did not think that we would be responding this week the way we are. And there is nothing wrong with what the Fourth Elected Member for George Town brought. It is a perfectly good enough situation as it is. Unless the Member for North Side can show some compelling reason—and he did not when he debated it, and now we have to vote on it, so . . . I think it is the best thing that we have before us.

Madam Speaker, there must be some stimulus. And I want to take the time to talk about that for a minute, because that is what the waiver is supposed to do. That is what I am thinking any waiver to do at this time. We are not going to get a waiver and then sit down on it for three years. If we give a waiver now it must be that it is going to benefit the people of these Islands now in this time that we need work to start and we need people employed and Government needs revenue to carry through to pay for roads programme that was left for us to pay for and other such services.

Madam Speaker, the Cayman Islands relies on two main industries, tourism and finance. And both industries create a need for development and construction. Development and construction generate significant jobs locally thereby creating local jobs for Caymanians and the need for additional imported labour. Such imported labour not only provides direct income for the Government, but directly impacts the local consumption market. Retail stores, rental apartments, financial institutions and others, are instantly impacted as the imported labour increases and consumes.

The Government recognises that the local design and construction industry has been hard hit with the current global recession. The Government recognises that while many projects have been or are being planned, developers are not keen to move forward to execute the projects at this time even where funding is available. So, we as a Government must give incentives if we are going to kick-start or jump-start the economy. It is therefore important for the Government to jump-start development and construction industries in the short term to get the local economy active again.

The Government will therefore be discussing the following incentive programmes with the relative people, that is, with NIC (National Investment Council) and local suppliers. The incentives we are proposing, Madam Speaker, are:

- 1) Temporary modification in development fee payment process: Current Planning

- fees shall remain due on application; half of building control fees remains due on submission, and final half of building control fees and all of infrastructure fees to be now due at time of building's completion for projects that require Planning permission by February this coming year. There is a one time modification to fee payment schedule.
- 2) Import duty discount for immediate projects: All projects that receive Planning permission in February 2011 and also imported or locally purchased materials for the project by July 2011, shall be charged a flat import duty fee across the board on all materials. Projects must have a certified bill of quantities registered with the Customs Department. Local purchases shall be registered with the Customs Department at the time of purchase and purchases from local suppliers will also receive discounted prices from local companies. Local companies will issue discounts directly to developers or builders and receive the duty rebate from Government in the re-stocking process or apply for a discount at times of imported or special order materials.
  - 3) Rebate on work permit fees for construction industry. All new senior and professional management related work permits in construction companies applied for between January and June 2011 shall carry a discount and we are looking at it, and I will say at the end where we are. But hopefully it will be a good enough discount to encourage them on approval of their second year's permit.

This is a one-time rebate at the issuance of a second year's permit. The existing senior management permits in construction who have had two years or more on Island, to receive a discount on the grant of their next permit. The stimulus is a one-time discount until June 2011. And, senior existing architect, engineers, and surveyors, to receive a discount on the next approval of existing permits [a] one-time discount until June 2011.

New permits for senior architects, engineers and surveyors, [which are] granted between January to June 2011, should be discounted in fees. As I said, this is a one-time discount as a stimulus. Madam Speaker, what I have said is that the three-year budget we have is committed to by the United Kingdom and we have agreed with the United Kingdom on this.

I just received a letter from the Foreign and Commonwealth Office (FCO) about the way forward here. But they did give us good praise for the way we have managed the budget thus far. In fact, they said that we are setting an example for the region in this

area. Perhaps soon I will be able to read the full text. But I can't do that because I do not have the permission as yet. So, Madam Speaker . . . but who knows? Mind you, we know where we are this thousand of years. This might well be on the Internet already. But anyway, I do not have the permission to read it.

Madam Speaker, what I am saying here is that we recognise that there has to be a stimulus; there has to be a jump-start for the construction because that is where the vast majority of unemployment lies right now; the blue-collar workers, in various aspects. Not just that, but that area. That is a big area.

Madam Speaker, who knows, once a thorough analysis is done and we see where we are at with the revenue and how that tracks from now until the end of June where we are committed to with the UK, then we will determine just how much of a stimulus package we can give to the industry. But we know we have to do this; and I am going to press on the UK, *Look, I understand what your position is as the administering power, but you have to understand too what our local conditions are.* I know that they know. And they are wary because they don't want to see us get into another \$81 million deficit. So they are being very careful. And they want to see us continue on the track we are and that is what they have said.

But when we have done that thorough analysis, Madam Speaker, I am hoping that we can give a fairly good reduction in the fees by the start of then.

The important thing is, and I have said this to the Governor and we have met with him, we need to jump-start the economy now. Let no one here believe otherwise. I know they have been saying that we need to do that, but yet some of the things are done to kill the revenue. And in this case, some of it will hopefully be able to bring revenue . . . maybe that is what they meant in the resolution. But if you drive away the investor, then you cannot get the revenue. So what happens then?

So, we have to be careful in what we do now for the next couple of months; what we say and what we do, because the investors have other places to go and, in fact, one has already said, *"I can keep my money in the bank."*

So, Madam Speaker, as I said, when the analysis is done we will see just how much can be given. And I hope that the media will not play on words and will be able to help explain this as best they can. I will go on radio myself and on television myself to do so. But the written media, Madam Speaker, I know is here in this Legislative Assembly. When they say the Minister did not give any percentages . . . no, I cannot give percentages at this time. But that is not a nefarious act. That is something that I am cautiously doing.

So, Madam Speaker, the Government is on track. And I believe that the Fourth Elected Member for George Town is doing the right thing in this Resolution when he discussed it with us.

What I would say to all is that when the construction starts—it is going to. I know their efforts, while they say one thing on one side, they say something on the other side and they are hoping something else that we never get anywhere. But it is going to start. And our people can believe that we are going to pull out of this situation that we are in.

And we have started. We are pulling ourselves out of the malaise by putting Government's finances in a solid position. That is the first thing to do. And the best thing to give the international world credit and give them a feeling that we know what we are doing here and confidence is to put right our own finances.

Madam Speaker, when the construction starts I hope that we make sure that the work permits asked for are those that are definitely needed. Caymanians must be hired. But they have to be going to work all week—not two days or three days. And far too many do that. The industry cannot move. There will be no good in Government saying that we can do this, then our people do not show up on time and they don't show up for the number of days. And that happens. Some for good reason! And I just want to encourage our people that when it starts that they take the opportunity because it might not come again. We are definitely in a bad period and as a Government we are going to do all that we can to help them get a job. They have to do the balance.

Madam Speaker, needless to say, or I don't need to say that we support the Resolution as proposed by the Fourth Elected Member for George Town and the Third Elected Member for Bodden Town.

**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 on the mover of the amendment to wind up the debate on it.

Fourth Elected Member for George Town.

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

I believe that first of all you will agree that when I stood earlier on to talk about the amendment that I would say I was a good fellow because I took my time and calmly, without any sort of pointing of fingers, Madam Speaker, attempted to speak a little bit about my amendment.

I think after I sat down, Madam Speaker, you yourself, myself, and the rest of this honourable House, had to deal as in the usual way when I deliver something nice and calmly, with all sorts of attacks. And, Madam Speaker, not only on the facts, but unfortunately, even with respect to my motives. We have people here who can even see beyond the facts to see the motives as well. So, Madam Speaker, I trust you will indulge me to be able to elucidate some of the

matters, and, at the same time, to address some of the pointing insofar as my motives.

Madam Speaker, the Cayman Islands at this point in time faces some tremendous challenges. We all understand that. We have seen the accounts that tell us clearly the facts that point out we are in a recession—a major one, a global recession. And there are efforts that have to be made by this Government for our benefit and for the benefit of all of those who will be listening. It is the objective incumbent on this Government to make sure that we can get this economy rolling.

One of the fundamental ways that the economist determine if an economy is picking up, if it is doing well, is based on the starts. And these new starts are when we talk about a new house being constructed. And a new house being constructed is very important because it says that not only are you going to engage in a capital expenditure to build a house, because what does that mean? It means if you are spending \$150,000, yes, you are going to stores, you are buying goods, materials, supplies, and you are employing persons in the work force to be able to do the work. In turn, those persons who you have employed are now going to go out and spend their money. They are going to pay their electricity bills, their water bills, and a long list of other things.

So, that money continues to change hands and that is what we mean when we say that there is a multiplier effect. So the immediate thing is that you will spend that capital, and whether it is \$100,000 or \$150,000 or millions, Madam Speaker, it creates opportunities. The money passes hands; it's good for the economy. So this Government seeks to get those new starts. And in order to do that, we seek to encourage investors, be they from a foreign country or local.

Let's understand that, Madam Speaker, whether they are local or otherwise, if it is a local person and they have funds in the bank, at this particular juncture the valley that we find ourselves in economically, [is that] if we want them to spend, we may very well have to provide them with incentives as well. What is the reason that they are going to reach into their pockets, into that bank account to spend the money to get the new starts?

So, Madam Speaker, we see that the immediate capital injection and the buying of supplies create this multiplier effect. But it does not end there because that residence is going to last more than in terms of the construction. It is going to last 25 to 50 years. Again, Madam Speaker, as I have said in this honourable House before, the house that I was born and raised in is still there. And I know it was constructed before I was born.

And in terms of those expenses there is a constant spending of money. I will give you an example. I am probably spending right now \$7,000 on insurance every year. Multiply that out by 50 years. And we know it is going to increase. What about the individual who is spending \$500 on electricity, \$6,000 for

the year. Multiply that out by 50. Continue on, Madam Speaker, and you come to find that a house that perhaps was a \$150,000 capital injection into this country created a lot of activity and a lot of opportunities, putting food on the tables that every Member in this House claims they want to see people fed and paying their bills. And on top of that, over the years it continues to grow. Money continues to be spent.

So, it is basic and fundamental, Madam Speaker, as to why this Government, particularly at the time we are in, has to create some new starts, some new opportunities.

When it comes to the foreign investors, there are persons out there, just like there are locally, around the world who may actually want to engage in a project. I mentioned one earlier, Dr. Shetty. Let there be no doubt, Madam Speaker, the Member for North Side has his issues about Dr. Shetty's hospital. So, it is a matter that insofar as those investors we want to make sure in the same way that we can offer some incentives so that those persons, perhaps when they are looking at all of the options laid out before them, at all of the options in terms of countries, that they will see the Cayman Islands as a place to do business. That our local persons who have the capital, whether for a small house or a large business, see a reason why they want to build, why they want to do something in the Cayman Islands at this point. Madam Speaker, I believe that is very, very much common sense.

So, when I rose earlier on to talk about the Motion brought by the Member for North Side, I delivered it softly, in terms of my amendment, because I believed generally, as my colleague from West Bay, the Minister of Education, raised; it was a matter that in that particular Motion it is saying "BE IT NOW THEREFORE RESOLVED THAT *all* such duty waivers to developers require that they *shall* purchase their goods locally . . ."

Madam Speaker, when we say that they *shall* do it, we might as well have said that they *must* do it. How can someone come and say that you *must* purchase it locally and you can now guarantee from that statement alone that at the end of the day the person who is proposing to make this investment is going to get the best deal?

Madam Speaker, if you are the owner of a store and I tell everyone in this country that they must buy from you, they must buy from some particular individual, I will tell you what the economic tendency is, just on that flat line. The tendency will be . . . *Well, if you have to buy from me, I could up the price a little bit.* It's called a monopoly. We cried about that for years. We have to go no further than CUC. We sit and say, *If you have no choice, I am the monopoly, I can play with the prices.*

And then we added to it. We talked about employment. And we say, *I am also the monopsony because at the end of the day if you want to get into the electrical business you have to work for me.*

So, Madam Speaker, we do not have to ask ourselves, that if you said to everyone "You must buy from this vendor" that you are potentially creating a problem.

Madam Speaker, I did not come here with any ill motives. I came here attempting to make modifications to something that I believed was fundamentally important and to say that you cannot say to the Government that they must make people purchase locally. So, just on the pure position of competitiveness, Madam Speaker, I can tell you, be it major investor from overseas, major investor locally, medium size, small size, any size you want to call it, even they will be upset with you telling them that the must purchase their goods locally. Or even upset if you tell them you must purchase it overseas, because the shopper wants to go where he can save a dollar. That's common sense. That has no ill motive. That is common sense and that is what this Government is trying to do.

So, when we look at this Motion, regardless if it offends the sensibility of some persons in this honourable House, Madam Speaker, you cannot accept the Motion that is saying that you are going to make it so that they shall purchase it, that they must purchase it locally.

What I am instead asking for, Madam Speaker, is that: **BE IT NOW THEREFORE RESOLVED THAT the general government policy on all such duty waivers to developers will be to give a higher percentage to local purchases where practicable.**

Madam Speaker, just to touch on that: I noted that when the Third Elected Member for George Town rose in his usual fashion, he was questioning everything. And I note that they keep raising it, particularly when I rise in this House, because they have to give me all the legal technicalities, the Standing Orders and all the rigmarole. But you see, Madam Speaker, I believe, seeing as how people are speaking of motives, I believe perhaps it offends some persons that I am actually attempting to do something. But they are going to have to get used to that, at least until 2013.

The Third Elected Member for George Town asked the question, for example, if this particular area where I talked about in my amendment "BE IT THEREFORE RESOLVED" is removing the "BE IT THEREFORE RESOLVED" section on the Private Member's Motion from [the Member for] North Side. With all due respect, Madam Speaker, I thought that was common sense. It should not take any two minutes to sit there and say that I believe there seems to be somewhat if anything consensus on the Whereas section and that somebody is asking to replace the BE IT THEREFORE RESOLVED.

And then the Member at the same time cries about legal learning. Madam Speaker, I believe that is beyond legal learning; that is in the common sense realm.

So, yes, Madam Speaker, what I am asking for, for the benefit of the Third Elected Member for

George Town, is that that BE IT THEREFORE RESOLVED section be replaced. That is what I am asking for. So I hope that he is clear on that.

Madam Speaker, he also mentioned that when I used the term “practicable” that I was using that, again speaking to motives . . . and I believe the Premier often times mentions that “as a man thinketh in his heart, so is he”. Perhaps that quote is relevant here today, Madam Speaker, because again he talks about motives and that “practicable” means when the Government is trying to find an escape route. Madam Speaker, that may be what the Third Elected Member for George Town did when he was the Minister of Labour or the Minister of Education. But that is not what this Government is trying to do.

We are talking about circumstances where it is practicable, Madam Speaker. I talked about a percentage situation. And again, the Member for North Side raised questions about him not understanding the math, not understanding perhaps what that percentage means. I would like to take my time and talk about that a little bit.

It is very straightforward, Madam Speaker, because I do not even think I’m going to . . . well, I might have to go a little bit beyond 4.30. But, Madam Speaker, it is straightforward and everyone knows that if you go to your local hardware store that the hardware store is not going to the local lumber yard, someone who is chopping pine in the Cayman Islands to get the wood. They are going overseas. And they are spending money overseas to purchase it from some lumber yard there. Then they are going to have to bring it here, which incurs shipping costs, and insurance costs in terms of delivering it here. And on top of that, the owner of that business now has to deal with the issue of duty. And all of the other little frills and expenses in terms of bringing it here, paying the duties, all of those administrative costs are added altogether, and, again, this is common sense. And they don’t stop there. They don’t add up all those costs and then just go and deliver that cost. He did not get into this as some sort of philanthropist, charity; it is a case that he can make a profit. So, he adds some little bit of a profit to it. So we say cost plus. That’s what we call it.

I beg one second, Madam Speaker.

[pause]

**Mr. Ellio A. Solomon:** So, Madam Speaker, when we add all of those things together, the local businessman does not stop there. He has to make a profit. And, therefore, that is where we get that expression of cost plus. He is going to add something on to it.

And in adding something on to it, Madam Speaker, there is a situation, and let’s get on the word “practicable,” that you do not know . . . the Member for North Side seems to have intimate knowledge. He talked earlier on about certain business people coming to him. So, I am wondering now if it is really for the

working man in this country or if it is just for one or two business people, Madam Speaker. But, I do not have the intimacies of knowing what so-and-so is actually going to make in terms of profit; what their lines are, what their costs are. I do not have that information. Maybe if the Member for North Side has it he can expound on it, but we don’t have it.

So, in terms of doing that it is a situation that in terms of percentage, you may very well, as an example (I am just throwing this out as an example) . . . where you may have been saying to someone you will get 10 per cent off, if they were purchasing, for example, overseas. In order to make that practicable (the word that the Third Elected Member for George Town does not like) in terms of the local purchaser, it may have to be 12 per cent. I don’t know. It might have to be adjusted in order to achieve the same objective of hoping that the person can come and in many of those instances purchase locally.

Madam Speaker, again, no ill motives; no “practicable” in terms of trying to escape. If that Member knows a window he must identify it. He must have been through it. It was simply an objective of saying let us not tie the hands of Government. Let us give ourselves an opportunity to say, *Listen, how can we attract investors, be they from foreign countries or local. How can we encourage them to spend without tying their hands?* And I believe that that is a good policy. I thank the Premier and I thank the Minister of Education for endorsing that.

One of the other things raised in terms of the Government was that the Member for North Side also stated that he would have thought it was the Government’s policy to purchase locally. Well, Madam Speaker, if that is legitimately what [he] believes the Government’s policy is, the question has to be asked: *Why are you bringing the Motion? Why bring the Motion?*

Madam Speaker, this is where I feel now that I am within my parameters now to speak to motives, because motive is being thrown around here all day.

**The Speaker:** Be careful how you go down that road.

**Mr. Ellio A. Solomon:** That’s fine, Madam Speaker. I won’t go any further than they have tread.

[Inaudible interjection]

**Mr. Ellio A. Solomon:** Right. I am not going to go any further than they tread.

So, the situation, Madam Speaker, is, that you see, when we talk to this *modus operandi*, as far as I am concerned, the Opposition (and that includes everyone on that side) recognises that in order for this Government to succeed, it is a matter that we have to carry the country from A to B, from a bad spot to a good one. The bad spot that they left us in and the good spot that the people want to reach. We have to carry them there, Madam Speaker. And they are go-

ing to come and say, *How can I find every way possible to prevent the Government from achieving those objectives?* And the only little balancing act that they have to make is, *How do I make it sound like it is in the benefit of the people while holding the Government back?* That's it, Madam Speaker.

Let's talk basics, so that all of us and the public can understand. If your intentions are good, all pure intentions, and you want to see some duty concessions, are you telling me that any Member of the Opposition and the Member for North Side, any one of them, could not come and sit with anyone in the Government and say, *Here is what my thoughts are? Can we work together so that I can bring a motion and we can do X, Y and Z?* Of course they could! And the general public knows it, Madam Speaker.

But did they come to us, Madam Speaker? They are not coming to us. If my intention is to help a particular business owner, I notice something in his or her parking lot, who am I going to talk to, the competition? No. I go and talk to the business owner. And I say I am noticing something there and I believe that I can help. Or, if I see a problem in my neighbour's yard, I talk to my neighbour; I don't talk to the other neighbour about one neighbour.

So, Madam Speaker, . . . sorry.

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

**The Speaker:** We need to have a suspension of Standing Orders to allow the House to continue beyond 4.30, or to adjourn the matter.

### **ADJOURNMENT**

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

We propose to adjourn this honourable House until 10.00 am on Monday.

**The Speaker:** The question is that this honourable House do adjourn until ten o'clock on Monday morning.

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

**Ayes.**

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

**At 4.31 pm the House stood adjourned until 10.00 am Monday, 8 November 2010**

