

CAYMAN ISLANDS
LEGISLATIVE ASSEMBLY

OFFICIAL HANSARD REPORT
ELECTRONIC VERSION

2016/17 SESSION

10 June 2016

Eighth Sitting of the First Meeting

(Pages 271-308)

Hon Juliana Y O'Connor-Connolly, JP, MLA,
Speaker

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PRESENT WERE:

SPEAKER

Hon Juliana Y O'Connor- Connolly, JP, MLA
Speaker of the Legislative Assembly

MINISTERS OF THE CABINET

Hon Alden McLaughlin, MBE, JP, MLA	*The Premier*, Minister of Home Affairs, Health and Culture
Hon Moses I Kirkconnell, JP, MLA	*Deputy Premier,* Minister of District Administration, Tourism and Transport
Hon D Kurt Tibbetts, OBE, JP, MLA	Minister of Planning, Lands, Agriculture, Housing and Infrastructure
Hon Marco S Archer, MLA	Minister of Finance and Economic Development
Hon. Osbourne V Bodden, MLA	Minister of Community Affairs, Youth and Sports
Hon G Wayne Panton, MLA	Financial Services, Commerce and Environment
Hon Tara A Rivers, MLA	Minister of Education, Employment and Gender Affairs

EX OFFICIO MEMBERS OF THE CABINET

Hon Franz I Manderson Cert. Hon., JP	Deputy Governor, ex officio Member responsible for the Portfolio of the Civil Service
Hon. Jacqueline Wilson	Acting Attorney General, ex officio Member responsible for the Portfolio of Legal Affairs

ELECTED MEMBERS

GOVERNMENT BACKBENCHERS

Mr Roy M McTaggart, MLA	Second Elected Member for George Town
Mr Joseph X Hew, MLA	Sixth Elected Member for George Town

OPPOSITION MEMBERS

Hon. W. McKeeva Bush, OBE, JP, MLA	*Leader of the Opposition,* First Elected Member for West Bay
Mr Bernie A Bush, MLA	Third Elected Member for West Bay
Capt A Eugene Ebanks, JP, MLA	Fourth Elected Member for West Bay

INDEPENDENT MEMBERS

Mr Anthony S Eden, OBE, JP, MLA	*Deputy Speaker,* First Elected Member for Bodden Town
Mr Alva H Suckoo, MLA	Fourth Elected Member for Bodden Town
Mr D Ezzard Miller, MLA	Elected Member for North Side
Mr V Arden McLean, JP, MLA	Elected Member for East End

APOLOGIES

Mr. Winston C. Connolly, Jr., MLA	Fifth Elected Member for George Town

OFFICIAL HANSARD REPORT
THRONE SPEECH AND BUDGET ADDRESS
FIRST MEETING OF THE 2016/17 SESSION
FRIDAY
10 JUNE 2016
10:36 AM

Eighth Sitting

[Hon. Juliana Y. O'Connor-Connolly, Speaker, presiding]

The Speaker: Good morning.

I invite the Acting Attorney General to grace us with prayers today.

PRAYERS

Hon. Jacqueline Wilson, Acting Attorney General: *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 Premier, the Speaker of the Legislative Assembly, the Leader of the Opposition, Ministers of the Cabinet, ex officio Members 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 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: Please be seated.

Madam Clerk.

ADMINISTRATION OF OATHS OR AFFIRMATIONS

The Speaker: There are none.

READING BY THE HONOURABLE SPEAKER OF MESSAGES AND ANNOUNCEMENTS

The Speaker: I have apologies from the Fifth Elected Member for George Town and the Third Elected Member for West Bay will be arriving a bit later.

PRESENTATION OF PETITIONS

The Speaker: There are none.

PRESENTATION OF PAPERS AND OF REPORTS

The Speaker: There are none.

QUESTIONS TO HONOURABLE MINISTERS AND MEMBERS OF THE CABINET

QUESTION NO 4 —RECENT POLICIES CHANGES FOR FILLING OF PRESCRIPTIONS AT DISTRICT CLINICS

The Speaker: Honourable Member for North Side.

Mr. D. Ezzard Miller, Elected Member for North Side: Thank you, Madam Speaker.

Madam Speaker, I beg to ask the Honourable Minister of Home Affairs, Health and Culture the following question standing in my name: Can the Honourable Minister explain the clinical and economic benefits of the recent policy changes related to the filling of prescriptions at the district clinics?

The Speaker: I recognise the Honourable Premier.

The Premier, Hon. Alden M. McLaughlin: Thank you, Madam Speaker.

Madam Speaker, the answer: The clinical benefits are: The district clinics are staffed by a full-

time pharmacist as follows: North Side, Tuesdays and Fridays; East End, Mondays and Thursday; Bodden Town, every day except on Tuesdays; and West Bay, Monday to Friday.

Because there is no full-time pharmacist every day in North Side or the East End clinics, patients are encouraged to collect their medications during the opening hours of the pharmacy, as the pharmacist is specifically trained to counsel patients on their medications. Where the medication has been dispensed by the pharmacist, but has not been collected by the patient, the registered nurse on duty at the North Side and East End clinics are allowed to hand out medication and collect payment where necessary.

Madam Speaker, the economic benefit is as follows: Previously nurses would hand out medications to patients without collecting payment. With the registered nurses trained to collect payment, this will result in increased cash flow for the HSA. In addition, patients who are in urgent need of their medications on the days when the pharmacist is not available, they are encouraged to visit one of the East End district clinics where doctor and pharmacist are on duty.

The Speaker: Member for North Side, I am not sure whether the smile means that you have a supplementary or. . .

Mr. D. Ezzard Miller: Madam Speaker, the problem with this is that the question has been overtaken by time, because this question was submitted quite a while back. In fact, what is stated today is a correction of the policy on which I had submitted the question.

[Inaudible interjections]

Mr. D. Ezzard Miller: Yes.

The Speaker: I recognise the First Elected Member for the District of Bodden Town.

SUPPLEMENTARY

Hon. Anthony S. Eden, First Elected Member for Bodden Town: Madam Speaker, this is not to do with the district clinics, but it has given me the opportunity after visiting the George Town pharmacy at times where, to say the least, at times it seems to be chaotic. I am made to understand they are trying to make changes, but I don't know if you have been there, Mr. Premier, but it's totally different from how it used to be. I would beg, not for me, but some of the older people that I see there all hours of the day and night trying to get their prescription and going from one window to the next, not quite sure, although it is labelled, to please take a look at it, sir.

The Speaker: Honourable Premier.

The Premier, Hon. Alden M. McLaughlin: Madam Speaker, I am aware of the issues that are being experienced, and have been experienced there for quite some time, no doubt. I am expecting that when we get to Finance Committee there will be some questions asked and hopefully satisfactory answers provided with respect to this.

The Speaker: Member for North Side.

Mr. D. Ezzard Miller: I have one supplementary in addition about the economic benefits. The answer says that in addition patients who are in urgent need of their medications on the days when the pharmacist is not available, are encouraged to visit one of the eastern district clinics where a doctor and pharmacist are on duty. The problem with that part of the answer, Madam Speaker, is that many of these people, both in North Side and East End, do not have the transportation available that would allow them to travel to Bodden Town (for instance) to pick up these medications. Many of these who are so adversely affected are in fact shut-ins, and people who the nurse visits at home. So, I don't know if we can look at it to make sure that, particularly in these case, the nurse can dispense medication from the existing stock, in either North Side or East End in the interim period which could be, in most cases, only be one or two days.

The Speaker: Honourable Premier.

The Premier, Hon. Alden M. McLaughlin: Madam Speaker, these are operational issues into areas which I fear to tread. But what I will undertake to do is to have that discussion with the relevant people to see how we can resolve what a legitimate logistical issue is.

The Speaker: I recognise the Honourable Leader of the Opposition.

[Inaudible interjections]

The Speaker: Okay. If there are no further supplementaries we will move on to the next item.

QUESTION NO 5— POLICY FOR PRIMARY SCHOOL TEACHERS TO BE CERTIFIED IN FIRST AID

The Speaker: Honourable Member for North Side.

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

I beg to ask the Honourable Minister of Education, Employment and Gender Affairs the following question: Can the Honourable Minister say

what the policy is for primary school teachers to be certified in first aid?

The Speaker: Honourable Minister for Education.

Hon. Tara A. Rivers, Minister of Education, Employment and Gender Affairs: Thank you, Madam Speaker.

The answer: The revised Department of Education Services Handbook, August 2015, states that all teaching staff should have CPR training. The Handbook further states that all schools have first aid equipment kits and principals must ensure that their first aid equipment is readily available at all times and the first aid kit is kept in an accessible place. The revised handbook supersedes the previous handbook guidance which had been operational for many years and which did not include a requirement for first aid training. The older document stated: "The Education Department encourages members of staff to avail themselves of the opportunities provided by the Red Cross for acquiring appropriate skills in first aid management." [UNVERIFIED QUOTE]

The Speaker: Honourable Member from North Side.

SUPPLEMENTARIES

Mr. D. Ezzard Miller: Through you, Madam Speaker, can the Minister say whether the Education Department has made any arrangements for the Red Cross, which I know does this for free, to attend these primary schools and properly train and certify the teachers? Or is this left for the teachers to find a way to get certified?

The Speaker: Honourable Minister for Education.

Hon. Tara A. Rivers: Thank you, Madam Speaker.

Madam Speaker, I do not have the information on hand specific about the arrangements with the Red Cross, so I wouldn't want to answer that at this stage, but, of course, I am sure we can do so during Finance Committee if the Member would like further information. But what I do know is that the first aid training is being built in as a part of the professional development policy that I spoke to before in terms of training for the teachers and staff so the Ministry of Education has actually allocated as a part of that professional development process and budget training on an ongoing basis. They are also in discussions. I am made to understand the Ministry of Education is in discussions with Health Services Authority to kind of develop a 'train-the-trainer' model for our first aids in the schools.

The Speaker: If there are no further. . .

Honourable Member for East End.

Mr. V. Arden McLean, Elected Member for East End: Madam Speaker, thank you.

Madam Speaker, the Minister in her substantive answer says that all teaching staff should have CPR training. Is it mandatory or not?

The Speaker: Honourable Minister of Education, I believe you said that this was what the previous policy was?

Hon. Tara A. Rivers: Madam Speaker, the policy that states that all staff should have CPR training came into effect in August 2015. The previous policy did not make it a requirement, so going forward this is going to be a part of the professional development policy that is being rolled out to ensure that teachers are trained. Now, the methods of training as to whether or not they are working directly with Red Cross is something that I need to get further information on, about how they plan to roll it out across the system, but it certainly is a part of the professional development strategy going forward to ensure that teachers and the relevant staff members are trained and they are kept abreast with their training.

The Speaker: Honourable Member from East End.

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

Madam Speaker, seeing that it is nine months since the policy has changed and they should have training, I wonder if the Minister can tell us how many have been trained thus far.

The Speaker: Honourable Minister for Education.

Hon. Tara A. Rivers: Thank you, Madam Speaker.

I don't have those details at hand, but certainly, as I said, if you have more questions of this nature, when the technical staff members are here, I am sure they will be able to provide those answers. But I can commit to getting that answer in time for Finance Committee.

The Speaker: Honourable Member for North Side followed by the Fourth Elected Member for Bodden Town.

Mr. D. Ezzard Miller: Through you, Madam Speaker, I believe the Minister in her answer to the supplementary question suggested that the Education Department has put in place, or is considering putting in place a 'train-the-trainer', I would assume, so that the teachers, somebody in education, could do training in first aid. I hope that is not so, Madam Speaker, because the last thing we need to do is have teachers doing any more stuff than they currently do, other than teaching the children.

The Speaker: Honourable Minister for Education.

Hon. Tara A. Rivers: Again, Madam Speaker, I will be happy to entertain more these questions during Finance Committee when the technical people are here to be able to assist in those discussions.

The Speaker: I recognise the Fourth Elected Member for Bodden Town.

Mr. Alva H. Suckoo, Jr., Fourth Elected Member for Bodden Town: Thank you, Madam Speaker, through you to the Minister of Education.

Can she state whether or not any emergency medical care is available at the Bodden Town Primary School beyond this policy where teachers are first aid certified, because as I understand it, there still may not be a full-time nurse, or even part-time nurse, at the campus and no arrangements with the Bodden Town clinic for emergency care.

The Speaker: Honourable Minister for Education.

Hon. Tara A. Rivers: Thank you, Madam Speaker.

I am aware that there are some arrangements with the Bodden Town branch of the HSA [Health Services Authority], but the extent of details, again, I would need to have at hand in order to be able to answer the question more fulsome. So, again, I will ask my team to make sure that they are able to provide the information during Finance Committee.

The Speaker: Perhaps the Chair ought to make an observation at this time so that supplementaries can be more meaningful. If Members would make arrangement to bring down one or more of their technical staff when they have questions on the Order Paper, it would bring a little bit more cohesiveness and coherence to the question time.

Madam Clerk, next item please.

STATEMENTS BY HONOURABLE MEMBERS AND MINISTERS OF THE CABINET

The Speaker: I recognise the Honourable Premier.

The Premier, Hon. Alden M. McLaughlin: Madam Speaker, during the early stages of the meeting, I undertook that I would lay on the table of this Honourable House the third amendment to what is known commonly as, NRA Agreement between the Cayman Islands Government and Dart Realty and the NRA. Madam Speaker, with your permission, I now wish to do so.

The Speaker: So ordered.

Does the Honourable Premier wish to speak to this Agreement?

NRA AGREEMENT BETWEEN THE CAYMAN ISLANDS GOVERNMENT AND DART REALTY

The Premier, Hon. Alden M. McLaughlin: Yes, Madam Speaker.

Madam Speaker, in addition to laying the report, I wish to provide the House and the broader community with a report on the main improvements to the original agreement.

Madam Speaker, the original NRA Agreement was executed in December 2011 under the UDP Administration led by the now Leader of the Opposition, and in the main, included the extension of the Esterley Tibbetts Highway to West Bay, the development of Kimpton's Seafire Resort and Spa on the property of the former Courtyard Marriott, which had been closed since 2008, as well as various other developments by Dart Realty and the closure of a section of West Bay Road, as well as the realignment of the old Barkers Road. It also included various concessions for the development of new hotels as well as amenities for government and Cayman residents. And, lastly, it included the 50 per cent of the hotel room tax concession with all Dart hotels. This final aspect of the agreement was contentious.

A subsequent amendment in April 2012, which was termed the first amendment, extended the period for the completion of an independent value for money review of the agreement, which was required under the law.

A second amendment was executed in July 2012 and did the following things:

- It brought in the concept of a new public beach in place of future public rights of way through Dart properties to the beach, such rights arising by law upon the grant of Planning consent. This ensured or would ensure that Dart can develop its beachfront land without having to facilitate providing public beach access from the public road.
- It removed from the agreement the realignment of the gazetted corridor from Pappagallo to the head of Barkers, which was included in the original agreement. This has been deferred until, and if Dart gains consent to develop its land in Barkers, should it wish to.
- It set aside three acres for the future development of a new Sunrise Adult Training Centre and 20 acres in West Bay for educational and community use.

To meet the legal requirements under the Framework for Fiscal Responsibility (FFR), PricewaterhouseCoopers was selected through tendering as the independent consultant to conduct a value for money review on the original agreement and the second amendment. This review concluded that value for money in the agreement was a mixed bag

and specifically pointed out that while it did provide some value for money, it also proposed several concessions, especially the sharing of the hotel room tax, which could lead to significant competitive disadvantages for others in the local hotel and tourism market.

Before going further, it is important to note that however bad a deal we and others may believe the original agreement was, it, and the two subsequent amendments to the agreement were legally binding and committed the UDP government of the day and all future governments to its terms.

Madam Speaker, I want the country to understand that this was the starting point when this Government took office.

Be that as it may, we campaigned on renegotiating certain aspects of the agreement and we also advised Dart of this in meetings with them prior to the elections. In particular, we were unhappy with the 50 per cent hotel tax concession aspect of the agreement. The PwC value for money report indicated that we were right to be concerned.

We understood then and indeed still do understand the value and importance to the Cayman Islands of the development done by Dart. However, we could not allow the 50 per cent tourism tax and various other aspects of the agreement to remain because of the harm to Government revenues and distortions it created in the market.

We explained this to Dart Realty and invited them to sit down with us to negotiate a third amendment. They were agreeable because they, like us, appreciated that the relationship between Dart and Government had to be mutually beneficial and congenial. Ours is a relationship for the long term and compromise was important, as it is in all relationships.

The broad goals we were determined to achieve with a third amendment were to:

- Remove the 50 per cent hotel tax sharing concession;
- For Dart to provide alternative access through Dart property in the event of the closure of the Esterley Tibbetts Highway for any emergency;
- Maintain the future public rights of way access to the sea along developed Dart properties. This also left control of such public rights of way with the Central Planning Authority [CPA] rather than allowing Cabinet to make these changes.

The following were also considered desirable to encourage Dart to complete its development sooner rather than later:

- Allow Dart Realty to do its development over a shorter time frame than the original 30 years;
- Allow Dart to construct different types of development beyond hotels and tourism-related businesses.

In furtherance of all of this, Madam Speaker, in 2014, Government contracted with PwC to provide consulting services during the negotiation period. Negotiations were carried out with the benefit of their advice and guidance and technocrats in government managed the process.

The National Roads Authority Board of Directors was kept apprised during the negotiation period and provided its feedback to the process, and it has reviewed and accepted the final amendment. Indeed, the board was a signatory to this third amendment.

The improvements that comprise this third amendment are in the main aspects the following:

1. The removal of the sharing of hotel room tax concession is one of the major achievements of the third amendment.
2. The amendment also broadens the development mechanism to include residential and commercial developments. The original agreement focused predominantly on hotel and tourism development; however, broadening the mechanism had several advantages:
    a. Incentivize and focus development for the first 10 years;
    b. Potentially utilise the concessions more effectively and efficiently;
    c. Of particular note, Madam Speaker, the divestiture of the freehold of the Dragon Bay lands for potential residential development was seen as part and parcel of this objective, as this property, which was formerly known as SafeHaven, had over the past 25 years proven unattractive to residential developers and purchasers because it was leasehold.
    d. Redefined the net present value abatement to include the value of the hotel tourism tax for the Kimpton. (That is the Kimpton Hotel that is under construction.) This is part of the revised arrangement to have Dart Realty agree to remove the hotel concession tax from the agreement.

I must note, Madam Speaker, that the sale of the freehold interest in the Dragon Bay lands will be done in accordance with the Governor (Vesting of Lands) Law (2005 Revision). This is the law that governs the sale of Crown property.

The law calls for three valuations to be done on the property including two independent evaluations and one by Lands and Survey. These came in between US$12.448 million dollars at the low end and US$16.686 million dollars on the high end. Negotiations were carried out on the sale by senior ministry and department staff and the final agreed

price was US$14.574 million dollars. In determining the sale price a number of factors were taken into consideration.

Dart already owned the leasehold on the property parallel to a 99-year lease, which still had about 75 years to run. There were no other parties that would have been able to develop the property unless Dart wanted to sell the leasehold interest. Further, it needs to be appreciated that few buyers were attracted to the already developed condominiums or to build houses on the lands for at least the last 25 years because the property was leasehold. Why should they buy leasehold when a stone's throw away there are many options that are freehold? At the end of the day, the value of any property is what a willing buyer and a willing seller agree. So, the sale of the Dragon Bay lands will be carried out according to law and a price was obtained that was within the expectations of the various evaluations.

In exchange for the freehold interest in these lands, Government will receive US$14.574 million dollars, and as Dart develops and sells the property, Government will receive millions of dollars in stamp duty and development fees and jobs will be created for our people during the development phase.

So, the sale of the Dragon Bay lands is a win-win for Dart and Cayman and Cayman will continue to receive benefits for decades to come.

I would add that as we negotiated the sale, we ensured that the rights of all stakeholders were considered, including those who now own leasehold rights to condominiums on the property, as well as access to waterways passing through the property. Sorting through these types of issues is another reason the third amendment took all this time to complete.

Continuing with the main improvements to the agreement:

3. The third amendment commits Dart to US$400 million dollars of development (excluding the Kimpton and infrastructure costs) over 10 years versus the original agreement that spread the development over 30 years. This change recognised the preference by Government to have Dart start and complete development projects sooner rather than later. This also recognised that it was difficult to predict or truly commit to the magnitude of development over several decades as called for in the original agreement.
4. It should be noted that the current works on the Kimpton and infrastructure will on completion be worth at least an additional US$400 million dollars. Thus, all combined over the 10 years, Dart will have spent around US$800 million dollars.
5. It was thought that the original agreement was too wide-reaching with regard to waivers and allowed Dart to receive concessions on new infrastructure works or development. Therefore, this third amendment does not allow for much of the infrastructure costs being undertaken by Dart Realty to be included in the US$400 million dollars. Of particular importance, the realignment and upgrading of the Esterley Tibbetts Highway from a new roundabout just south of Camana Bay (Airport Connector Road 1) to the Century 21 Roundabout is not included in the US$400 million dollar investment package.
6. In fact, these road works are being undertaken and paid for at significant costs by Dart [Realty] after being approved by and through the National Roads Authority. They will benefit Dart properties but will also benefit the Cayman Islands as it will allow for the creation of an additional two lanes in either direction. This is work the Government would not have been able to afford and that Dart is doing out if its own pocket. It is also work they have in fact already commenced on their own land.
7. These roads built by Dart will be gazetted as a public road. This gives the added assurance that:
    a. This portion of the road, which is paid for privately by Dart Realty will become a public road, or Crown Property; and
    b. Costs associated with the expansion can receive a waiver under the existing agreement, which again assists in utilising the concession quicker. Dart has agreed to waive rights to compensation under the Roads Law in respect of its land required for the new corridor.

8. Government has agreed to sell Dart the remaining property known as part of the "Soto Land," comprising approximately 4.2 acres of undeveloped Crown land located east of the car park at Seven Mile Public Beach. Dart holds the remaining term of a 99-year lease of most of this land from the Crown; Dart having acquired the lease from the Sotos. The sale will be carried out in accordance with the Governor (Vesting of Lands) Law and will be sold for a price still to be negotiated, but based on market value, in the same fashion as the Dragon Bay lands. Dart will also surrender the remainder portion of this lease of the Soto lands, being the area on which is located the children's play area, public beach car park, beach football pitch and beach

volleyball courts, collectively known now as the Public Beach Park.

9. Dart agreed to remove the provision in the second amendment that allowed them to relocate future public rights of access to the sea into a new public beach. This means that whilst there may be no new public beach, the public will maintain future rights of access to the sea through Dart beach front lands that are developed in the future, and importantly, the CPA [Central Planning Authority] will maintain control over such public rights of way, and not Cabinet.
10. Madam Speaker, for the benefit of the House and the listening public, let me try to explain briefly the purpose of the net present value and the change introduced by the third amendment. The original NRA Agreement sought to recognise that Dart would be making significant investment in the Islands with the building of the Esterley Tibbetts Highway extension, as well the monies extended to the UDP Government to be used for community purposes, such as the Save the Mortgage scheme. In other words, it recognised the value of money spent now verses what is spent later by way of a discount rate, in this case 10 per cent, compounded annually. It is regrettable that the original agreement had such a high discount rate. But that is the rate we were bound by.
11. Madam Speaker, we recognised from the outset as did PwC, that Dart Realty would be looking to replace any value lost when giving up a concession in this third amendment. This included the hotel room tax rebate for the Kimpton Hotel, which had an estimated value of US$13.1 million dollars. It should be noted that Government sought hard to reduce the discount rate of 10 per cent agreed by the previous Government in the original agreement, but was not successful in doing so. Therefore, we sought to widen and encourage Dart to greater development so as to utilize this abatement as quickly and effectively as possible. And Madam Speaker, this inclusion of US$13.1 million dollars to the NPV cap, in place of the hotel tax rebate, is certainly more preferable than leaving the status quo, as this would have cost Government much more over the long term. PwC in its original value for money review noted that the hotel tax rebate could potentially provide Dart Realty with a tax rebate until the year 2052 under the terms of the second amendment agreement. It also estimated that a total rebate given to Dart on their developments proposed at the time, could amount to as much as US$62.3 million. Compared to this amount, the US$13.1 million included for the Kimpton alone under the third amendment is a huge win.
12. Government has the option to accept three acres of lands to build a new Sunrise Adult Training Centre or accept US$1.35 million dollars as a cash payment. In addition, Government also has the option to accept 20 acres of land for education and community purposes in West Bay or receive US$1.85 million dollars as a cash payment. Government has up to six months following the signing this agreement, which was the 30th of May, to decide on an option.
13. Dart Realty will construct the expansion of the Esterley Tibbetts Highway between the Airport Connector Road 1 [ACR1] (that is, the proposed new road) and the Butterfield Roundabout at a cost to the Government that has been negotiated by the National Roads Authority and which has been deemed to be commercially competitive.
14. Government will enact new legislation that covers volumetric parcels (sometimes known as air parcels—virtual parcels of land above ground) as well as the concept of positive covenants. The work on this is ongoing and when complete will benefit Dart as well as all developers, facilitate new types of land development above public roads and make the development of land more efficient.
15. The Government has also been cognisant of the procedures for negotiation and Ministry staff and relevant Government technocrats have endeavoured to participate fully in the process. All meetings were held at the Government Administration Building with senior Ministry staff present.
16. The Ministry of Planning (Minister Tibbett's Ministry) is liaising with the Planning Department and the Financial Secretary's Office to track development spend and concession waivers by and for Dart to inform Cabinet of Dart's spend within the $400 million 10-year commitment.

Prior to signing this third amendment, the Ministry requested that PwC review the third amendment and compare it to the earlier amendments that were the focus of their value for money review. They were asked to give an assessment as to whether this third amendment provided improvements over the earlier versions. They concluded in the following terms: "In general, the provisions of the draft third amendment reflect the goals of the Cayman Islands Government and perhaps more importantly the removal of the hotel tax rebate." [UNVERIFIED QUOTE]

The letter went on to recognise that even with the third amendment the deal remains imperfect, but it recognised the benefits brought in by the third amendment coupled with the substantial investment undertaken by Dart, which was not included in the original value for money review.

PwC noted that: "In light of the above, the Cayman Islands Government can have some confidence that the objectives of supporting economic growth through encouraging significant private sector investment will be achieved through this draft third amendment." [UNVERIFIED QUOTE]

It concluded: "We believe that it would be to the Cayman Islands Government's advantage to conclude negotiations of the NRA Agreement and not seek further changes than those foreseen by the draft third amendment. Future development agreements or other transactions with Dart should be negotiated on their own merits and without reference to the NRA Agreement, as amended." [UNIVERIFIED QUOTE]

That is sound advice indeed, Madam Speaker.

The third amendment agreement was signed on the 30th May, 2016. Government will now move forward and request that Cabinet consider the closure of the remainder of part of the West Bay Road so as to complete our obligation in that regard.

We also wish to recognise the ongoing commitment to the Cayman Islands shown by Dart, and I extend our appreciation to Dart for working with this Government and for having the confidence to start the agreed works, even though we have only now been able to complete the signing.

Madam Speaker, I thank Honourable Members for their kind attention.

The Speaker: Madam Clerk.

PERSONAL EXPLANATIONS

The Speaker: There are none.

OBITUARY AND OTHER CEREMONIAL SPEECHES

The Speaker: There are none.

RAISING OF MATTERS OF PRIVILEGES

The Speaker: There are none.

GOVERNMENT BUSINESS

BILL

SECOND READING

APPROPRIATION (JULY 2016 TO DECEMBER 2017) BILL, 2016

DEBATE ON THE BUDGET ADDRESS AND THE THRONE SPEECH TOGETHER WITH THE GOVERNMENT'S POLICY STATEMENT

[Continuation of debate thereon]

The Speaker: I recognise the Honourable Minister responsible for Finance.

Hon. Marco S. Archer, Minister of Finance and Economic Development: Thank you, Madam Speaker.

[Pause]

Hon. Marco S. Archer: Madam Speaker, thank you for your indulgence.

Madam Speaker, before I begin to address some of the points that were raised in the debate on the Throne Speech, the Policy Statement and the Budget Address, I would first like to say, Madam Speaker, that all things considered, we still live in a beautiful country. We have the ability, the freedom to criticise the policies, the actions, the words, and the efforts of one another. But, Madam Speaker, we still have the ability to move freely within the various districts and not be in fear of any violence or anything because a representative may not be from that particular district. So, Madam Speaker, I just want, for the benefit of the Members in the House and the listening public, whatever is said, let us remember that we still live in a beautiful country. Not just physically, but the people and the way we relate to one another and the way we discuss things.

So, Madam Speaker, having said that, I would like to say thank you to all those in the Parliament, those in the Government, and those on the Opposition, who congratulated the Government on the success of the budget and the achievements over the last couple of years and having recognised what it means for the country.

Madam Speaker, I try very hard not to look at this from a personal standpoint but what is best for the country. Because if what is best for the country is what is done, then it ought to be the case that somehow, somewhere the livelihood, the opportunities and the quality of life are made better for the people of the country. Madam Speaker, if the country does well, then the people of the country are better off. If the country does not do well, well then, it is almost impossible for anyone in the country to be better off.

So, Madam Speaker, I won't try to address everything that was said because I have been here now for three years and I realise that not everything is substantive enough that it requires a response. I will concentrate on those issues, those points that were

raised and, those comments made, that are, to me, of significance and to the country of significance. Madam Speaker, I hope that in the way that I will deliver this, that I will be able to inform the people of the country because that has always been my objective. I don't pander to crowds, I don't pander to people. I know that's a weakness of many people in here; I don't do it. Because when this charade is over for many of us, we still have to live within this country and we will be judged by what we said and did. So I don't play the game.

Madam Speaker, there is great criticism as to the Government having a surplus for the last four years. I have spoken about the actual dollar values on several occasions, so that will not be the focus of my attention this morning. Madam Speaker, the question is: Why is it that the Cayman Islands Government produces surplus budgets? I have spoken at great length as to the purposes for which the surpluses are used. But why is it that the Government has to produce a surplus budget?

Madam Speaker, unfamiliar to many in this House (hopefully not those in the listening public, but many in this House), based on what they say, there is something called "Principles of Prudent Financial Management." And they are applicable to your personal life, they are applicable to your household, they are applicable to a business and then by logical extension they are applicable to a government. So, principles of prudent financial management, Madam Speaker, have been enshrined in our law, the Public Management and Finance Law. I will speak to the reasons why later on in my speech. But just for the public to understand that the Government has a legal, mandatory requirement to produce a surplus budget, and then the logical question is: How much?

Madam Speaker, we could comply with a surplus budget of $1 million and that would be when you started out. But having been Minister of Finance for the last three years, I now can say to anyone that the budget and the projections that you make during the month of June for a budget to commence the 1st of July, and then to run for 12 months previously and now 18 months for this 2016/17 Budget, the projected surplus that you start out with, the projected revenues, the projected expenditures that you start with, those are just projections. You could comply with the surplus budget requirement with just a surplus budget of $1 million. But, Madam Speaker, only the very foolish will start off to say that we are going to produce a surplus budget of $1 million and then you reduce all of your revenue measures to try to get that $1 million, not knowing that over the next 12 months any number of events could occur that would blow your expenditure out of proportion. And then you no longer have a $1 million surplus, you have a deficit of whatever amount that it would be.

So, Madam Speaker, the Government has certain revenue measures in place and we made projections. We look at global events. We look at global projections. We look at what some of the more informed minds at the IMF [international Monetary Fund], the World Bank (WB), and so on and so forth, And we look at what they think will occur over the fiscal period. We then look at the past performance of our revenue measures and of our own projected economic growth, and we estimate a surplus. But, Madam Speaker, for the benefit of the listening audience and the Members in this House, I want to say, this country, the Cayman Islands that we call home, as successful as it is (and thank the Lord for that, to God be the Glory)—

An Hon. Member: Amen!

Hon. Marco S. Archer: Thank you.

As successful as we are, Madam Speaker, we have a very limited, a very limited range of economic policy tools available to us.

Madam Speaker, in other more developed countries where there are institutions capable of monitoring the health and strength and growth of an economy on a daily basis, many of those. . . and everyone in Cayman is more familiar with the United States than they are with many other countries for the simple reason we are 500 miles away and we watch American television every night. So we are far more familiar with the US than we are with any other country. So I will use the US as an example. Madam Speaker, in the United States they have policy tools available to them that they can almost, with great certainty, predict, the outcome of economic activity, barring unforeseen circumstances. We have no such luxury in the Cayman Islands.

Madam Speaker, to the best of my knowledge, and I have heard people in here get up and overnight become economists and espouse all sorts of theories that actually make no sense. I, on the other hand, prefer to err on the side of caution. I like to know what I am talking about when I get up to speak about it, and if I don't know, I don't say anything that makes me look uninformed.

Madam Speaker, with respect to stimulating and contracting economies in order to arrive at a desired economic outcome, there is fiscal policy and there is monetary policy. I will speak to monetary policy first and dispense with that. It has to do with interest rates and the buying and selling of bonds and treasuries to the general public. We have no such ability in the Cayman Islands. We do not set interest rates and we do not have any open market operations where we buy and sell bonds on a daily basis to contract or stimulate economic activity.

That leaves us, Madam Speaker, with fiscal policy only. Fiscal policy has to do with Government expenditure and taxation within the economy. Limiting us even more, Madam Speaker, with respect to taxation there are two kinds: direct and indirect. I think

it is only a kindergarten student who does not know that the Cayman Islands do not have direct taxation. So with respect to fiscal policy, all we have is Government expenditure and indirect taxes, in order to stimulate or contract an economy. But, Madam Speaker, I can tell you, of all the things I just mentioned, the one that is least effective and takes the longest to bear fruit is the indirect method. Madam Speaker, the Government sets an annual budget and, when necessary, in order to stimulate the economy, we will give tax breaks to the people of the country.

Now, Madam Speaker, having established that we employ . . . and I am not arguing for one over the next. Having established that we employ the method that has the slowest reaction time in terms of what you want to achieve when you employ those policy measures, that being the indirect method, I want all the Harvard economists and Nobel Laureates on the other side to say to me and the listening public, how do you set out and decide that you are going to achieve just the exact amount of surplus that would appease their conscience? The fact is Madam Speaker, none of them can. None of them! Neither they nor their supporters can do so.

Madam Speaker, the Government sets in motion an annual budget, puts in place the economic policy measures, those being stimulus measures with respect to tax breaks, and then, by the Grace of God, we hope and pray . . . and I can say that publically, Madam Speaker, because I always laugh at those who think that they have control. I find it rather humorous when they think they have control and then they take credit for something that they couldn't do with their own personal finances, let alone a Government budget. But I feel something coming on, so I am going to speak.

Madam Speaker, hypocrisy is something I don't like. Never did like it; never will! It is disingenuous, it is destructive, and it is everything negative.

Madam Speaker, we listen to great criticism about the size of the surplus. And I have just established that no Government, for all the time of the Cayman Islands' existence, has been or will ever be able to say exactly what the surplus will be. We rely on the policy measures and we rely on the economic growth. And if the economy performs as expected, we are close to what we expected. If the economy performs better, then the surplus is bigger. The indirect taxation method depends on the level of economy transactions. And for the listening public, I don't have to explain to everyone in here because I realise that there are many Harvard economists in this Chamber.

[Inaudible interjections]

Hon. Marco S. Archer: Got to speak the truth, sir.

Mr. Alva H. Suckoo, Jr., Fourth Elected Member for Bodden Town: Madam Speaker, point of order.

The Speaker: Honourable Fourth Elected Member for Bodden Town, please state your point of order.

POINT OF ORDER

Mr. Alva H. Suckoo, Jr.: I keep hearing the Minister refer to these Harvard economists on this side, and I just want to clarify. I am a Syracuse MBA. I am a Syracuse economist, not Harvard. And when I speak it is from a position of authority, because as I said, I do have a MBA from Syracuse University. So everyone on that side does not have the franchise on brains in here, and I think he is going down a tack that I find disrespectful because I did study very hard to get my MBA, Madam Speaker.

The Speaker: Honourable Member, that's a point of elucidation. The Chair notes it. I am sure that Honourable Members note it. I would also indicate for the record that as far as my cognisance is from listening to the Honourable Minister of [Finance], he did not specifically say who it was, and obviously you made it clear that it could not have been intended for you.

Honourable Minister of Finance.

Hon. Marco S. Archer: Thank you, Madam Speaker.

Madam Speaker, I apologise if my reference to Harvard economists was offensive to anyone. But I also have an MBA, Madam Speaker, as well as a bachelor's in economics and finance.

[Inaudible interjections and laughter]

Hon. Marco S. Archer: Madam Speaker, as I was saying earlier, I challenge anyone, regardless of the level of education, to stand up and say to this country that they have the ability to predict with great accuracy the exact level of surplus that they would find palatable. Madam Speaker, it would be different if the Government was running budget surpluses and then throwing parties, wasting the money. But, in fact, Madam Speaker, we are being prudent with the resources that have been entrusted to us to ensure that the future of Cayman can be secured. There are people who will live in this country after we have gone. And there are people who will work in this country and will want to build houses [and] establish families long after we have retired.

So, Madam Speaker, we give tax breaks, and I will speak to those in a minute. We give tax breaks, but at the same time, no one recognises that in giving those tax breaks we are also reducing the size of the surplus. And we are giving back to the people what is due to the people. The surplus is then set aside for productive use. It is used to pay down principal on our

debt. It is used to assist statutory authorities and Government companies that provide services to the general public and employ Caymanians. It is used to assist some of those with respect to their operational expenditure. They are not all in a position to make a profit, Madam Speaker. It is used to assist some of them that were foolishly set up in the way they were set up and were set up to make losses in perpetuity. It is used to help some of them pay off their massive debt. Against all advice, some of those were set up for whatever reason, Madam Speaker, and only those who set them up can speak to it, but of course they never do.

So, the surplus, Madam Speaker, isn't something that I go home and dream about. It isn't something that I sit down and gloat over because not one dollar out of it is any more mine than it is everyone else's in here. There are Caymanians in this country . . . and Madam Speaker, I am going to say this without fear of ridicule. Even though we have a population of 60,000, approximately, the surplus belongs to the Caymanians only. It belongs to the citizens of the country only. So whatever number of Caymanians there are, I am one of those, and together, collectively, we own the surplus. It is for the citizens of the country. It benefits all residents, but the ownership is for the citizens. Because if I—

[Inaudible interjections]

Hon. Marco S. Archer: Madam Speaker, as I said before, tax breaks versus surplus, no one can say beforehand that a $30 million surplus is sufficient, and they can engineer the economy to produce just $30 million for the Government budget. The fact is no one can. It would be hypocritical, disingenuous, misleading, irresponsible and everything negative for anyone to say so.

Madam Speaker, this Government took office just after what is known globally as the "Great Recession." Now, Madam Speaker, it is often said by those who mean us no good, that somehow this Government is cruel, out of touch, and does not care for the people. Madam Speaker, I am going to refer to the more social expenditure and just point out some facts.

In the Fiscal Year 2009/10, expenditure on Social Security and Welfare was $68.7 million. Education, Madam Speaker, I would say openly that what I have here is expenditure with respect to the Ministry of Education, Employment—and I don't know what other duties and responsibilities were in the Ministry back then. But I do know it encompassed Education and Employment, which would have covered the Labour Office. I know the name was changed to the NWDA [National Workforce Development Agency] and Department of Labour. So, Madam Speaker, in 2009/10, they spent $87 million on that area of responsibility. Health was $61.4 million. So, Madam Speaker, those are your more social areas of expenditure. And a big one that is always a big one and refutes every argument that has ever been made that the country does not spend on national security, the biggest one has always been National Security. That accounted for $94.9 million in 2009/10.

Madam Speaker, turning to 2010/11, the expenditure on Education and Employment, and whatever else was in that Ministry, dropped from $87 million to $83.3 million. I repeat that. I am not loud; I don't shout. I don't dance and I don't believe in theatrics. I believe in quiet repetition. It dropped from $87 million in 2009/10 to $83 million in 2010/11. That is Education and Employment. Social Security and Welfare dropped from $68.7 million in 2009/10 to $41.2 million in 2010/11.

[Inaudible interjections]

Hon. Marco S. Archer: Madam Speaker, I am being told that the difference was spent somewhere else. Well, let's see.

Recreation, Cultural and Religious was $10.5 million in 2009/10, so along with Social Security and Welfare it equated to $79.2 million, if you add the two together in 2010. Now, when you go to 2010/11, Recreation, Cultural and Religious also dropped to $10.1 million, down from $10.5 million. Add that to Social Security and Welfare and you get $51.3 million. [So,] $51.3 million compared to $79.2 million is a very much smaller figure. Now, I don't know where the rest of it went. But I am going to look and tell the House.

[Inaudible interjections]

Hon. Marco S. Archer: Madam Speaker, National Security between 2009/10 and 2010/11 fell from $94.9 million to $88.9 million. Health, between that same period, increased from $61 million to $80 million. But those reductions, Madam Speaker, are far greater than the increase of $19 million in Health.

Madam Speaker, turning now to 2011/12, we see Social Security and Welfare increases by a mere $6 million. It is now in 2011/12 only, $47.2 million. So we see a reduction, Madam Speaker, from $68 million down to $41 million, and then to $47 million. National Security, Madam Speaker, $102.2 million. So I am being fair in saying that at no time has this country ever been irresponsible in dealing with National Security to refute public statements that have been made recently.

Madam Speaker, Education still hovered around $88.6 million; not a major increase. Health dropped back from $80 million to $63 million, and the year before that, it was $61 million. So, $61 million, then $80 million, and then back to $63 million—$63.9 million, call it $64 million.

[Inaudible interjections]

Hon. Marco S. Archer: Madam Speaker, I will speak to why certain things had to take place. In due time, I will speak to it.

Madam Speaker, coming now to 2012/13, we see Social Security and Welfare is still at $47 million. It didn't increase; actually, it declined by $100,000. It was $47.2 [million] the previous year. It declined $47.1 [million]. Education increased to $93 [million.]; National Security declined to $99.9, call it $100 million. Health dropped to $57 million.

Now, Madam Speaker, can anyone question when it comes to social responsibility and caring for the people, that this Administration has been any worse?

[Inaudible interjection]

Hon. Marco S. Archer: Madam Speaker, turning now to 2013/14 Fiscal Year, the start of this administration—

[Inaudible interjections and crosstalk]

The Speaker: Order! The Honourable Minister is trying to conclude his debate.

[Inaudible interjections]

Hon. Marco S. Archer: Madam Speaker—

[Inaudible interjections and crosstalk]

Hon. Marco S. Archer: Madam Speaker, 2014/15 we—

[Inaudible interjections]

The Speaker: Honourable Minister of Finance . . .

Honourable Leader of the Opposition, you are the father of the House. You know when to comment. You had your two hours debating, and I will not entertain any type of Trump debate or economics in this House.

I now turn to the Honourable [Minister] of Finance.

The Speaker: Order! Honourable Leader of the Opposition!

Hon. W. McKeeva Bush, Leader of the Opposition: I have a right!

The Speaker: You have your right under the Standing Orders, and I have made very, very clear and unambiguous attempts to give every Member their right, not [excluding] you, sir.

[Inaudible interjections]

The Speaker: Honourable Minister of Finance, please continue.

[Inaudible interjections]

Hon. Marco S. Archer: Thank you, Madam Speaker.

Madam Speaker, 2014/15 the Social Security and Welfare figure was restored to $47.2 [million]. So, Madam Speaker, we didn't cut it. Contrary to what is often said, we did not cut it. Despite the constraints that we also faced, National Security increased to $109.2 million. Health jumped back up, Madam Speaker, from the $57 [million] to $79.3 [million]. So, Madam Speaker, during 2015/16 Social Security and Welfare under our administration increased by $12.5 million from $47.2 [million] in the 2014/15 year to 2015/16, $59.7 [million]. So, $59.7 [million] minus $47.2 [million] is $12.5 [million]. So, Madam Speaker, I want anyone to say that this Administration cut expenditure on Social Security and Welfare.

Madam Speaker, National Security was $108.8 million; Health, $88.4 million. So, Madam Speaker, 2015/16 compared to 2014/15, Health increased under this administration from $79.3 [million] to $88.4 [million]. Education increased from the $88.4 million in 2014/15 to $93.6 million in 2015/16. So, there are all sorts of shenanigans and everyone is saying this and everyone is saying that. But did anyone ever take the time to look at the numbers? Or do they believe that just by saying so, reasonable and wise thinking people will be fooled by them just saying so?

Madam Speaker, those were all 12-month fiscal years. The 2016/17 fiscal year, or fiscal period, is 18 months. So, Madam Speaker, there isn't a direct comparison because unfortunately, we didn't produce that. But what I do have is rough numbers. Madam Speaker, a rough calculation with respect to Education, for the 18 months, is $150 million. And we will respect and recognise that the expenditure isn't a smooth pattern. There are ups and downs depending on what is happening during the year. So, Madam Speaker, for 2015/16 of the $93.6 million, a rough estimate for a 12-month period in the 2016/17 budget is $100.3 million. So, $93.6 [million] compared to $100.3 [million], again, increased expenditure with respect to Education.

With respect to Health, the overall amount for the 18-month period is $133.5 [million]. But, Madam Speaker, again, for calculating purposes of 12 months, Health increased from $88.4 [million] to $89 million. And, Madam Speaker, Social Security, again, the Government has maintained its responsibility. And, Madam Speaker, there are many who say that the Government has a responsibility, a social responsibility, a moral obligation, and we respect that. We know that we have that. We have demonstrated

our recognition of that. But, Madam Speaker, it is also expected that we should encourage people to seek employment. The Government has put in place programmes to encourage that. There are social workers who say to us, *You need to encourage the people to get back into the workforce.*

So, Madam Speaker, to those who would say that the Government is just building a surplus and not caring about the people, I would say that is not correct. I am going to quote from an article entitled, "The Fatal Sickness of Free Stuff." It is written by Richard Rahn. It was published in the *Washington Times* on June 7, 2016. Madam Speaker, I hope that this is understood in the manner in which it is meant. But I quote, Madam Speaker: **"Politicians, at least going back to ancient Rome (with its bread and circuses), quickly understood that they could buy temporary support from the people if they were promised 'free stuff.'"**

Madam Speaker, it is irresponsible to promise more than the country can reasonably afford. To do so we run the risk of taxing people to death in order to afford what we have promised that is more than reasonable.

So, politicians—and I am quoting again—**"Politicians, at least going back to ancient Rome (with its bread and circuses), quickly understood that they could buy temporary support from the people if they were promised 'free stuff.'"**

[Inaudible interjections]

Hon. Marco S. Archer: Madam Speaker, I take no responsibility for what is happening in the United States. What they do in their country and what they spend on their campaigns is up to them.

So, Madam Speaker, I have demonstrated that this Government is no less concerned about the people who are need of assistance, and in some cases, from what I have just seen in the numbers, we are more concerned if that is reflected in the budget. We are more concerned, Madam Speaker. So I want them to analyse that. Comprehend that, and then refute that.

Madam Speaker, I now turn to GDP growth and GDP per capita. It is undeniable that there has been continuous economic growth in the Cayman Islands for the last three years. The numbers are for 2013, real GDP grew at a rate of 1.5 per cent. For 2014, real GDP grew at a rate of 2.4 per cent. And in 2015, real GDP is forecast to grow at a rate of 2.0 per cent. And that forecast increased from a forecast of 1.7 per cent. And the reason for that, Madam Speaker, is based on global events and projections from the IMF and the World Bank. So, these are not numbers that were plucked out of thin air. All of our trading partners, all of our neighbouring advanced economies were also projected to grow significantly when the numbers were revised.

Madam Speaker, for the sake of comparison, I am going to read some numbers now because I like numbers. I deal with them quite comfortably. But thank the Lord I also know how to explain them, unlike others.

[Inaudible interjections]

Hon. Marco S. Archer: Madam Speaker, in 2000 . . . I like numbers, and years are numbers, so I am going to use years and then I will use numbers and it will be understood what I am saying.

[Pause]

Hon. Marco S. Archer: In 2009. . . sorry, Madam Speaker. I will go back before that.

In 2001 real GDP in the Cayman Islands grew by 0.6 per cent. In 2002 it grew by 1.7 per cent. In 2003 it grew by 2.0 per cent. In 2004 it grew by 0.9 per cent. Madam Speaker, that four-year period the average rate of growth was less than the preceding three years and less than the two years or the three years that followed it.

So, in 1998 our economy grew at 5.8 per cent. In 1999 it grew at 3.4 per cent and in the year 2000 it grew at 1.0 per cent. So that average of three years, Madam Speaker, and I haven't done the math, but I can tell that 5.8 and 3.4 is 9.2, plus 1 is 10.2. I can tell that those three numbers divided by three is a higher number than any of the growth rates in the four years that followed—3 point-something is higher than 2. And 2, is the highest in that rate period from 2001 to 2004.

Madam Speaker, I am establishing a common denominator in what I am saying. And for those who have ears and are able to comprehend, they will understand what I am saying.

In 2005 the economy grew at 6.5 per cent. In 2006 it grew at 4.6 per cent. And in 2007 it grew at 4.3 per cent. So, again, Madam Speaker, we see that the rate of economic growth in the Cayman Islands before 2001 to 2004, exceeded the rate of economic growth during that period and then the rate of economic growth after that period of 2001 to 2004, also, exceeded the rate of economic growth between 2001 to 2004, for those three years, 2005, 2006, 2007. Madam Speaker, the economy went into recession because of the global, the Great Recession.

So, Madam Speaker, in 2008 the economy contracted. The rate of growth actually declined, 0.2 per cent. In 2009 it contracted to 3 per cent *[sic]*. In 2010, 2.7 per cent and then, in 2011 it grew at 1.2 per cent.

The Speaker: Honourable Minister, would you beg indulgence of the Chair and repeat 2009?

Hon. Marco S. Archer: In 2009, Madam Speaker, the economy contracted by 6.3 per cent.

The Speaker: Thank you.

Hon. Marco S. Archer: You are welcome, Madam Speaker.

In 2011 it grew at 1.2 per cent. In 2012 it grew at 1.3 per cent. And in 2013 the economy grew at 1.5 per cent. In 2014 the economy grew at 2.4 per cent, and 2015 the economy grew at 2.0 per cent.

So, Madam Speaker, for those who are listening, what is obvious is that whenever the economy contracts, granted not necessarily just the contraction, let me just say, slower rates of economic growth, because between 2001 to 2004 the economy did not contract but the rate of growth was slower than the years prior to and slower than the years after.

Madam Speaker, I would like to think that I am a fair person. So, I would say that the Great Recession that started in 2008—and I will go on to explain later on how that also impacted the Government's finances. The Great Recession that started in 2008 also would have played a part in 2009 to 2010. But, Madam Speaker, there is a difference between what you can attribute to the global economy and what you can attribute to understanding how you manage an economy during tough times. Because, Madam Speaker, we did not have it easy.

When we took office in 2013, the global economy was still struggling. We were told by the United Kingdom Government that they wanted us to cut Government expenditure by about 4.0 per cent, or $25 million, at the time. Madam Speaker, if we did not know better, and if we did not have the ability to argue logically, we would have been forced to cut—logically and successfully—we would have been forced to cut the budget by $25 million and throw the country back into recession. But because we understand a thing or two, we were able to discuss and agree to 2.0 per cent [in] 2013/14 and another 2.0 per cent in 2014/15. And for 2013/14, instead of cutting by $25 million, we cut by $18 [million]. And, Madam Speaker, we didn't cut one job. And from what I've seen in the numbers just now, we didn't cut spending on the Social Security and Welfare either. So despite the hard times that we faced, we did not cut spending on Social Security and Welfare. We looked for other places in the Government's budget to cut expenditure, those places where cost had just continued to increase with no real improvement in productive value from the expenditure.

Madam Speaker, in the 2014/15 Fiscal Year, we reduced expenditure by another $15-plus million. But, again, we did not cut one job. Neither did we cut expenditure on Social Security and Welfare. So I want all the talk after this to say anything different. I know it is difficult to compliment your opposition, but Madam Speaker, humility is something that everyone should have. And if you are worthy of compliments because you have done the job, then by all means, please be reasonable and do so.

Hon. W. McKeeva Bush, Leader of the Opposition: Lord, lord.

Hon. Marco S. Archer: Madam Speaker, I have demonstrated economic growth over those periods. I will now look at job creation.

Madam Speaker, how much time do I have left?

The Speaker: Exactly one hour, Honourable Minister.

Hon. Marco S. Archer: Thank you, Madam Speaker.

Madam Speaker, job creation, as part of economic growth there is also job creation. As the economy grew between 2013 and 2014 and 2015, the number of jobs created between 2013 and 2014 . . . and the listening audience would bear in mind that during the year 2013 there was only one labour force survey. And there was only one labour force survey from 2007, 2008, 2009, and so on and so forth, up until we reintroduced two surveys per year, April and October, in the year 2015. So, up until 2014, there was only one labour force statistic per year. So, Madam Speaker, between October 2013 and October 2014 the economy created 1,617 jobs. Between October 2014 and October 2015 the economy created another 1,415 jobs. Madam Speaker, job creation is a natural part of economic growth.

Madam Speaker, I don't want to offend my good friend across the aisle, but for the listening audience I will explain why job creation is a natural part of economic growth. Madam Speaker, as business owners realise that there is increased demand for the services and the products that they are selling, they then seek to employ more people. The added jobs, the added employees, the salaries they earn, the expenditure and the transactions that they engage in creates further economic growth.

[Inaudible interjection and laughter]

Hon. Marco S. Archer: Madam Speaker, I reiterate, we live in a beautiful country. We still laugh and joke with each other despite the fact that we oppose the views of each other.

Madam Speaker, the unemployment rate is the lowest that it has been—it is the lowest it has been since 2007. I am grateful that I can hear the comments from across the aisle and I now hear that they are recognising what I am saying is correct.

With respect to employment and unemployment, in economies there will never be a time within an economy where 100 per cent of the people are employed. It never happens. So, Madam Speaker, when economies reach 96 per cent employment levels, or the converse of 4.0 per cent unemployment, it is considered that that economy is at full employment. Madam Speaker, we are now at 4.2 per cent overall, or 6.2 per cent for Caymanians.

And that 6.2 per cent, Madam Speaker, is the best that it has been since 2007.

Madam Speaker, it was said that 30 per cent of Caymanians with a tertiary level education are unemployed. I would be the first to admit that, yes, there are Caymanians with tertiary level qualifications who are unemployed, but Madam Speaker, when the statement was made that there were 30 per cent, of course, I listened, and then I sought clarification. If we relied on the labour force survey for employment-related statistics, then that is the authoritative source to which we must return. Because how else did the Member calculate 30 per cent? Where did the statistic come from? So, Madam Speaker, upon investigation what we are told by the Economic and Statistics Office from the Labour Force Survey of October 2015, only 1.3 per cent of Caymanians with tertiary level education are unemployed. Now, Madam Speaker, we are not saying that people are not unemployed. But what we are saying is that with respect to tertiary level educated Caymanians being unemployed, the figure is not 30 per cent; it is 1.3 per cent.

[Pause]

[Inaudible interjection]

Hon. Marco S. Archer: Correct, Madam Speaker, I am citing sources. I am a responsible man and I have a responsibility to be responsible.

[Inaudible interjection]

Hon. Marco S. Archer: Fortunately, others do not believe the same.

So, in 2007 one of the best years of economic activity the country has seen. Madam Speaker, I will just say, our economy has not yet grown to be the size that it was back then, comparing absolute dollar value with respect to the size of the economy. In 2006/07 (and I am trying to find the table and I hope that I can). In 2006/07 the Cayman Islands economy was bigger than it has been since the Great Recession. But in 2007, unemployment amongst Caymanians, and 2007 being one of the better years, unemployment amongst Caymanians was only down to 5.8 per cent. We are down to 6.2 per cent and down from 10.5 per cent when we took office.

And, Madam Speaker, with respect to all of that, the number of college educated people has also grown. Madam Speaker, can I follow the example set before me and say I am just starting my speech now?

[Laughter]

The Speaker: You can if you still don't intend to commence Finance Committee at 2 pm.

[Laughter]

Hon. Marco S. Archer: Thank you for the humour, Madam Speaker.

So 2007 compared to 2015, 2007 economy in dollar value bigger than 2015 economy in dollar value. In 2007's unemployment rate for Caymanians was down to 5.8 [per cent]. We are now down to 6.2 [per cent] after starting out, or inheriting, 10.5 [per cent]. I challenge anyone, anyone, Madam Speaker, to say that this Government has not performed and we have not met our obligation to the country to restore health and strength of the economy and therefore create jobs and employment.

Madam Speaker, I will now turn to GDP per capita. GDP per capita is only useful for international comparisons. No respectable economist would use it within a domestic setting. The simple reason is, Madam Speaker, it is just a straight average. You take the dollar value of the economy and you divide it by the number of people resident in the country. There are other statistics that you can use to test and judge the health and strength of the economy, Madam Speaker. There is such a thing as "gross national product." We often use gross domestic product [GDP]. But, Madam Speaker, GDP per capita is used to compare growth between countries and relative positions. You can't compare the economic growth within countries when the circumstances are different. But you can compare the GDP per capita across countries to see which country has performed better over time by employing certain economic policies.

Madam Speaker, look at countries like Saudi Arabia, Kuwait, [and] Brunei. They all have very high GDP per capita. But it says nothing to the social freedoms that the people enjoy. Absolutely nothing! Madam Speaker, at the risk of offending anyone else, I would simply say that no respectable economist would say that.

Madam Speaker, it has and will always be that the best measure of the help and strength of an economy is the rate of growth of GDP, the rate of growth of jobs, and stability of prices generally within the economy, or otherwise, inflation. Our economy is growing and it has been growing for the last couple years. I have just demonstrated that we have created so many jobs between the years 2013 to 2015—over 3,000 jobs. Our inflation is under control, but there are factors that influence inflation over which the Cayman Islands Government for all time has no control. But if you don't know it, you won't recognise it. There are external factors that affect prices and there are domestic factors that affect prices in a country. Madam Speaker, we live on an island. And except for what is produced locally, everything else is imported.

Madam Speaker, before I go to that, let me say what is, how do we arrive at measuring inflation? There is something called the "consumer price index" that the Economics and Statistics Office has been using for quite some time. It is a collection of approximately 1,000 good and services, and the

prices are collected for those. And over time, with each survey, and right now there is a household budget survey that was conducted in the year 2015 that they are seeking to update that basket of goods and services to more closely reflect the consumption patterns within the economy and households.

So, Madam Speaker, you have a basket with goods and services with 1,000 items in there. And based on the amount of your household's expenditure on each of those items, that particular item is giving a weight, a significance, and, an importance as part of your overall household expenditure. An index is created and every quarter they then survey the prices of those goods and services. And if the index increases, it is considered inflation. If the index decreases, it is considered that there is no inflation; therefore, it is considered deflation. The statement that inflation in the country is raising is inaccurate; grossly inaccurate.

You see, Madam Speaker, the index for the year 2015 declined by 2.3 per cent and the first quarter of 2016 compared to the first quarter of 2015 declined by a further 2.8 per cent. So, for the year 2015 it declined by 2.3 [per cent] and then for the first quarter 2016 compared to first quarter 2015, it declined by 2.8 per cent. To say that there is inflation in the country is inaccurate and I am going to explain why it is inaccurate.

Madam Speaker, I challenge anybody—anybody—to find me a partial consumer. Somebody who only consumes part of the goods and services, the basket of goods and services is indicative of the overall consumption within the country, the average consumption within the household. Madam Speaker, the division of items listed on the basket of goods and services speaks to food and non-alcoholic beverages; alcoholic beverages and tobacco; clothing and footwear; housing and utilities; household equipment; health; transport; communication; recreation and culture; education; restaurants; and miscellaneous goods and services.

Madam Speaker, no one consumer consumes all of those goods and services, because, I for one, do not consider myself someone who partakes of alcoholic beverages and tobacco. I may drink a glass of wine with dinner occasionally, but I never drink spirits, I never drink beer, and I don't smoke cigarettes, or cigars.

[Inaudible interjections]

Hon. Marco S. Archer: But, Madam Speaker, everyone consumes electricity; food; housing and utilities (which is electricity and water); clothing and footwear; health; transport; and communications; education—If you have children of school age. If you have an MBA like you and I, we have finished with education.

[Inaudible interjections]

Hon. Marco S. Archer: Madam Speaker, I read but I am finished with formal education. I have all that I need to do what I am doing.

The Speaker: That seems an appropriate time to take a luncheon break, Honourable Minister.

[Laughter]

Hon. Marco S. Archer: Thank you, Madam Speaker.

The Speaker: We will reconvene at 2:00 pm.

Proceedings suspended at 12:38 pm

Proceedings resumed at 2:23 pm

APPROPRIATION (JULY 2016 TO DECEMBER 2017) BILL, 2016

DEBATE ON THE BUDGET ADDRESS AND THE THRONE SPEECH TOGETHER WITH THE GOVERNMENT'S POLICY STATEMENT

[Continuation of debate thereon]

The Speaker: Please be seated.

Proceedings are resumed. I invite the Honourable Minister of Finance to continue with his debate. You have 40 minutes remaining, sir.

Hon. Marco S. Archer: Thank you, Madam Speaker.

Madam Speaker, just before we took the luncheon break I was explaining that the consumer price index (CPI) measures the changes in general price level throughout the economy. Madam Speaker, I mentioned that there are approximately 1,000 items within the basket of goods and services that make up the consumer price index, or from which the index is drawn.

Madam Speaker, it is correct to say that no Government in this history of the Cayman Islands has ever had full control over the prices in the economy, for the simple reason that there are external and domestic factors that influence the prices that consumers experience in the Cayman Islands. Two of the most volatile products consumed in this country are fuel and food. I think everyone is pretty much familiar with the fact that the price of oil affects the price of diesel, which also affects the price of gasoline, kerosene, propane, and any other fuel that is derived from oil. It is a commodity that fluctuates greatly. I think it is somewhere around $50.00 per barrel now, give or take a couple of dollars (I may be off by a few dollars).

In August 2014 the price of oil was somewhere around $130.00 per barrel. That is just to

give an indication, Madam Speaker, of how much the price of oil can fluctuate. It was only a few months ago that it dropped as low as $29.00 a barrel on the world's market.

Another product listed in the basket of goods and services is food. Madam Speaker, if we think about food and its broad categories, it includes plants and animals. We get meats from animals and we get fruits, vegetables and juices from plants. So, Madam Speaker, when there is a natural disaster related to weather in the US, which is where we import the vast majority of our fruits and vegetables from, and our juices, and our meats, a weather disaster that impacts prices, we cannot escape the laws of demand and supply. Just because a natural weather phenomena affects the supply, does not mean that the demand contracts accordingly. No, the demand remains what it was before the weather disaster and, therefore, the price goes up.

To give an example, Madam Speaker, a few months ago when there was a disease with respect to the poultry population in the US, I think it is decimated one third of their laying population, and the price of eggs skyrocketed. When there was a flood in the south-western United States a few months ago which killed 40,000 head of cattle, the price of beef was obviously affected. When there was a four-year drought in the state of California, which produced one third of the fruits and vegetables in America, the price of oranges, strawberries and everything else that California produces also increased. So, Madam Speaker, the Government has limited ability to control the price of items that are provided for sale in the Cayman Islands.

Madam Speaker, on the domestic side of things, that being within our borders, the only control Government has is the import duty rate that we charge. We did what we could with respect to reducing the rate of duty charged on consumables as imported by licensed traders. And, Madam Speaker, there is a reason why we limited that to licensed traders. If people depend on business owners to provide jobs, then we also have a responsibility to ensure that businesses remain viable in order to provide jobs. We cannot decimate the business community and expect that they are able to provide jobs.

We reduced the duty on consumables as imported by licensed traders. We also reduced the duty on diesel used by CUC to produce electricity. The cost of electricity goes throughout the cost of doing business. If you can affect the cost of electricity, which we did by reducing the duty on diesel, because even though the price of oil declined on the global market, the Government by reducing the duty on diesel also helped to reduce the cost of CUC providing electricity, and that is because the price of the cost the fuel used is a pass-through and any reduction in that is a direct benefit to the consumer.

So, Madam Speaker, there is only so much you can criticise the Government for with respect to the prices on the shelves.

Madam Speaker, I want to list the number of food items which are duty free. That includes: poultry live (and of course we know that poultry is birds); salt beef; poultry carcases and parts, whether fresh, chilled, frozen, but not cooked or prepared (that's pretty much anything you find in a freezer that's called "chicken" or "duck"; fish whether it is fresh, frozen or chilled; milk and cream, whether fresh, preserved, concentrated or not; butter, natural, fresh or salted; cheese; onions, shallots; Irish potatoes, fresh; peas and beans, dried; coffee, fresh, ground, or otherwise prepared; tea and tea concentrates; cocoa and drinking chocolate; greens, natural husks or broken, but not further prepared. Madam Speaker, I think that would be cereals. Macaroni, spaghetti, whether raw, packaged or not; lard, margarine; sugar, whether raw or refined; cereal flours; breakfast cereals, Madam Speaker; bread, loaves, whether whole or sliced; baking powder; salt.

Madam Speaker, I have just listed a number of items that are all basic food items. The only thing I think that is missing from there is, perhaps, beef. And there are different types of beef, or maybe Alaskan king crab, or lobster. But those are all delicacies.

Madam Speaker, the reason why beef still attracts duty, because everything I just mentioned is duty free. So how does the Government reduce the price of something upon which they do not charge duty? It is already zero per cent. How can you blame the Government when the Government does not charge duty on those items? The reason why beef is 17 per cent, Madam Speaker, I believe is a protectionist policy in order to assist the farmers, in order to protect them so that we can build up our local beef production. The rate of duty on beef is 17 per cent. And also health reasons, Madam Speaker.

[Inaudible interjection]

Hon. Marco S. Archer: For the health reasons, it would be free of hormones and all that kind of stuff. So, the only reason why beef attracts duty is to protect our local farmers. Madam Speaker, for those who think you shouldn't protect your local farmers, I will simply say any nation that is incapable of feeding itself is at the mercy of its neighbours. It is no different from the house next door. It's a simple fact. We need to do more for agriculture in order to become more self-sustaining. But at least we recognise that with beef.

So, Madam Speaker, having pointed out that the Government is not some cruel set of people who only concern themselves with the surplus, in many respects we are limited as to what we can do. We reduced the duty on consumables as imported by licensed traders in order to ensure that we enable the licensed traders to remain viable as businesses to

provide employment. And we reduced the duty on diesel to reduce the cost of electricity. And, Madam Speaker, we would have liked to have gone lower. But we also have to bear in mind that the ratios as applied within the Framework of Fiscal Responsibility (and I will explain how we got to that) relate to revenue. And one of them is that our debt service payments should not be more than 10 per cent of our revenue. Therefore, your debt payments are fixed, but your revenue can fluctuate based on economic performance and the level of transactions within the economy. Reduce the revenue too greatly, and you run the risk of being in breach, or being in further breach of the debt service ratio.

The country will remember that we are always hovering around a 10 per cent. We were at 11 per cent for a year or two, and then we were able to get that below 10 per cent to the point now where we can stand and say to the country, you now have the pride in knowing that at least internal self-government means that the UK no longer approves your budget.

Madam Speaker, I also want to demonstrate that the items in the basket of goods and services are given a weight based on the amount of money that the average household spends on that particular item within a one-year period. Madam Speaker, housing and utilities account for just under 40 per cent of the annual household expenditure. It is actually 39.44 [per cent] to be exact, but it is just under 40 per cent.

The next highest category is miscellaneous goods and services, and then after that is transport. Miscellaneous goods and services is 13.02 per cent; transport is 9.61 per cent; food and non-alcoholic beverages 7.96 per cent. So, Madam Speaker, while it may be argued that certain items within the basket of goods and services may have increased, the mathematical fact is that because they account for a smaller percentage of the overall expenditures within the average household over the course of 12 months, their increase was overshadowed, was outweighed, was outdone by the decrease or reduction in the categories of housing and utilities, transport, and miscellaneous goods and services.

So, Madam Speaker, it is not correct to say that the cost of living in the Cayman Islands is going up. The fact is the same people who consumed clothing and footwear, food and non-alcoholic beverages, communication, also consumed housing and utilities, transport and the other catchall category of miscellaneous goods and services. And it is that group with the highest weighting, and the weighting is derived from the amount of money that the average household spends on those items over a 12-month period. The group that declined accounted for a greater percentage of household expenditure and, therefore, the savings on those would have been greater than the increase in those that went up. And, Madam Speaker, I already established, because of external factors the Government has very limited control to the extent we probably have none, over food, clothing.

Madam Speaker, I know sometimes we get up here and we speak and we may get in the heat of the moment, and we may say something that we probably have not thought about. But I am one of the least experienced of the bunch. I have only been here three years. But I also try to be very careful of what I say when I say it, in order not to mislead the listening public. Madam Speaker, if it is perceived and, therefore, stated that the Government is in some way responsible for the cost of living and the high prices in the supermarkets, when much of those prices are imported because of the original price paid in the US, or wherever it is imported from, and the cost of transporting it to Cayman whether by air or by sea . . . and Madam Speaker, I just want to point out one thing: Meats (that would be beef, because everything else is duty free), fruits and vegetables, by their very nature are perishable and, therefore, have to be kept cool during transport. Therefore they are imported within refrigerated containers. And therefore, a refrigerated container costs more than a regular hot, dry container. So, from the very outset, weather disasters in the US, disease in the US, those price fluctuations are then compounded by the cost of transport to the Cayman Islands. That is before it gets to customs. And, as I pointed out, there are numerous food items on which there is no duty whatsoever.

So, Madam Speaker, it was not said, but by everything that was said it was almost inferred. How then does the Government control prices in the Cayman Islands? Consumer protection has a limited effect. It has to do with issues of defective products. The other influence, Madam Speaker, with respect to the items that increased, is price control. If the Government is to blame, well, then the Government must have the ability to implement price control. Madam Speaker, I will always say to any business owner, you have the right to make a reasonable profit. You took the risk; you started your business. You have the right to a reasonable profit. But, it is probably not a good idea to go beyond a reasonable profit. You could price yourself out of business. You could get a bad reputation. And some businesses in Cayman go out of business while the economy was booming. Why? They just got a bad reputation, and customers decided to vote with their money. They stopped going.

So, Madam Speaker, if businesses are not allowed to make a reasonable profit on items they import, what is the logical conclusion? They will not import that item. And no one else will import that item because they cannot make the profit on it that they want to make on it. People go into business to make a profit. If a business person cannot make a reasonable profit on something that they have imported, they simply stop carrying it. Who stocks their shelves with items that cannot be sold?

Madam Speaker, there is one thing to go into a business and find a variety of products all with the same function or purpose but at different prices. You choose the one that provides you with the value that you are looking for and the price you can afford. That is a totally different thing from saying to the proprietor you cannot charge more than X amount for this item, when you do not know what price pressures the proprietor faces with respect to that item. He will simply not import it. So when you go looking for it, you cannot find it. That is true of food, clothes, equipment, machinery, anything. A reasonable, rational business person will simply say, *Well, if I can't charge the price that I think it's worth, I won't bring it in.* The business suffers, the consumers suffer, eventually people lose jobs and then instead of rowing about prices, we row about something else. So, when we make inferences, we should follow it through to the logical conclusion.

Madam Speaker, I spoke about tax breaks for consumers.

How much time do I have left, Madam Speaker?

[No audible reply]

Hon. Marco S. Archer: Fifteen minutes? That's enough.

I spoke about tax breaks to consumers. We reduced the duty on consumable goods imported by licensed traders. I have already mentioned many times the Government gave up approximately $4 million to $5 million on that reduction. The duty on diesel used by CUC was approximately $8.4 million per year when we calculated how much revenue the Government would give up back in May 2014, because it would be implemented in January 2015. And that was dropping it from 75 cents down to 50 cents (or a 25 cent reduction). The following year we reduced it by another 25 cents. So it has now gone from 75 cents down to 25 cents (a reduction of 50 cents).

Madam Speaker, as the amount of fuel imported by CUC increases, so does the revenue foregone by Government also increase, because the rate of duty is assessed on the volume of the fuel imported to use in producing electricity, not the value of it.

Madam Speaker, people say this is of no benefit. But, Madam Speaker, I have had some business people say to me, *Thank you very much. With the savings we were able to give salary increases.* I mentioned when I presented the budget a few days ago that at least one private school in the country has reduced their operating cost so much because of the savings, that they had decided that starting September 2016 when their new school year begins, they are not going to increase their school fees.

Madam Speaker, if that is not providing benefit of value to the people of the Cayman Islands, let someone tell me different.

Madam Speaker, we are always told the Government charges work permit fees and collect revenue from that, approximately $60-odd million over a 12-month period, and in some ways I will agree the Cayman Islands Government is in a position where they depend on work permit revenue to a certain extent. Not totally. But the fact is, Madam Speaker, if you reduce the work permit fees, then you will be cursed for that too, because you will be told that you made it cheaper for people to higher foreigners.

Madam Speaker, if you remove the fee altogether, then in effect you will be allowing people to work in the country for free. You will be cursed for that too. The very fact is irrefutable. We have an economy that has grown beyond the size of the local population to support and sustain it. And we depend, whether we like it or not, on a certain level of imported labour. I will not argue the social aspects of that, Madam Speaker. My job is to argue the logic behind the Government's finances. There are other Ministers with responsibility for those things. They argue those things.

So, Madam Speaker, we are victims of our own success. There are other countries in the Caribbean that would love to have an economy the size of ours and would happily rely on some imported labour. Until we find that happy medium, happy balance where we know exactly the size of the economy that we want and the exact number of workers, the combination of local and imported, to sustain that economy, Madam Speaker, until then we will always have this argument back and forth. But the fact is, no one knows. And I know people like to talk about plans. But plans are just plans on a paper. There are real societal factors that influence how well plans perform.

Madam Speaker, I also hear people talking about plans that they had. It's like building a house. If you go to the architect and he draws you a set of plans and you never build the house, well, what good are the plans?

Madam Speaker, unemployment and work permits, we need to balance those, yes. But, Madam Speaker, we need to do that in a manner that does not destabilise the economy. It is far more difficult to rebuild an economy when you destabilise it than to purposefully go about finding that balance.

Madam Speaker, they also criticised concessions to investors. To a certain extent I would say they may have a valid point. The country got into a cycle of giving concessions to anybody who asked, regardless of whether or not it was justified. Over the years we have lost a lot of money because some projects did not perform. They were implemented but they did not perform, so therefore you did not get the economic benefit you thought you were going to get. But there are times when you need to allow or assist

in order to get the project off the ground so that you can then have the spinoff economic effects, the employment, the importation of goods, the economic transactions that they create the revenue for the Government which then offsets the money you have given up for the concessions.

Madam Speaker, what we need to do is to ensure that whatever we give up, we are certain that the benefit will come back in another way to the country. I have already said we have very limited tools available to us with respect to stimulating and contracting our economy. The only thing we have, are import duty rates, the indirect methods, Madam Speaker, planning fees, so on and so forth. We need to ensure that in dealing with the concessions we do not give up the revenue when it is not necessary to give up the revenue. The whole reason people ask for concessions is to assist the cash flow to get the project started. If we are assisting, Madam Speaker, we are assisting to get the project started. And then the way to do that is to defer the revenue that is to be paid. The project is up, is viable, is functioning, the Government has served the benefit and we have enabled them to get their project going. And then the Government collects the revenue. If we continue to do what we have always done, well, then, when the hard economic times come again, we have no money to sustain the economy. We resolve to begging and borrowing again. And then the FFR comes right back knocking at the door.

Madam Speaker, the 18-month budget. The question is: Why are we transitioning—

The Speaker: Minister, you have five minutes remaining.

Hon. Marco S. Archer: Thank you.

The question is: Why are we transitioning to an 18-month budget? Madam Speaker, the reason for that is because we are on our way to a 24-month budget. But because the budget year ends June 30th there is a six-month window between July 1st and December 31st. Therefore, we want to start the new fiscal year, when we do go to the 24-month budget, we will also transition to a new fiscal year for better financial management. And the fiscal year would then start in January and end in December.

So, the question is, why are we running an 18-month budget this time? And why did we choose to have one Finance Committee now and there will not be another one until December 2017? Madam Speaker, we could have done it any number of ways. We could have done a six-month budget now, go through this Finance Committee, come back in December and do a 12-month budget that will end December 2017, but the fact is the civil service and everyone would have had two Finance Committee [meetings] within a six-month period. That is not very productive when we are trying to get away from the time that it takes to deal with budgets.

If we ran a 12-month budget from this July to June next year, that would suffice for this Finance Committee. But come next year, May, because the budget would have to be approved before the 1st of July for a six-month budget that will end 2017, the country would be in elections. You could not have a Finance Committee then. The most sensible thing to do, Madam Speaker, is what we have done; run a budget for 18 months that ends next year, December, and you have your Finance Committee in June to approve the budget. And then next year, after the elections, whoever is elected, Madam Speaker (I don't pretend to know, despite those who think they do know, I don't pretend to know), whoever takes office in May 2017, will then have six months to sit down, assess the situation within the country and prepare a sensible budget and have sufficient time to get it through the parliament before the fiscal year starts January 1st 2018.

Madam Speaker, that is the reason why we are going from a 12-month budget to an 18 [month budget], because we are on our way to a 24-month budget and we will then start the fiscal year in January, no longer in July.

Madam Speaker, in the Budget Address I made a statement that was not absolutely correct with respect to the Cayman Islands Airports Authority. And I want to correct that now, Madam Speaker.

In paragraph 2 on page 12 of my Budget Address there was a misstatement regarding the 2015/16 performance of the Civil Aviation Authority and the Cayman Islands Airports Authority. The Civil Aviation Authority is forecast to have a $2.9 million net operating surplus for the 2015/16 financial year, which is in line with their original 2015/16 expected performance of $2.9 million. The Cayman Islands Airports Authority is forecast to have a $9.5 million net operating surplus for the 2015/16 financial year, which is approximately $1.1 million less than their original 2015/16 expected surplus of $10.6 million.

The misstatement regarding these two entities will not impact the total 2015/16 forecast net operating surplus of $12.4 million for the Statutory Authorities and Government Companies.

Madam Speaker, I am on my last point so I ask your indulgence for maybe five minutes beyond my two hours.

The Speaker: I have already engaged an indulgence, but please proceed.

Hon. Marco S. Archer: Thank you, Madam Speaker.

Madam Speaker, the country has struggled for quite some time. And I say "struggled" because of the way it is often argued. The country has struggled for quite some time as to why the UK Government imposed the Framework for Fiscal Responsibility.

Madam Speaker, there is something called Principles of Prudent Financial Management. As I said earlier, they apply to the management of personal finances, they apply to the management of household finances, they apply to the management of a business, and, consequently, they also apply to the governance of a country and the management of its resources.

Madam Speaker, our country became quite comfortable over the years of producing budgets that did not always balance. Some of them were surplus budgets; some of them were deficit budgets. Whenever there was a deficit budget we went out and borrowed the money to cover the deficit. We did not cut the garment to suit the cloth; we just went out and asked for more cloth.

Madam Speaker, the Principles of Prudent Financial Management are codified or established in law in the Framework for Fiscal Responsibility that is now a part of the Public Management and Finance Law. So, Madam Speaker, deficit budgets are nothing new for the Cayman Islands Government. We have always had deficit budgets.

Madam Speaker, every administration prior to the administration that experienced the implementation of the Framework for Fiscal Responsibility was in breach of the Principles of Prudent Financial Management if they did not run a balanced budget. In 2008 the world experienced what was called the "Great Recession." Now, Madam Speaker, I want to establish a timeline because when you put things in chronological order it is difficult for anyone to confuse anyone else.

We know that our budgets have to be approved before June of any year. There is an approximate six-month time lag between what impacts the US and what impacts the Cayman Islands economically. So when the Great Recession hit the US in 2008, the 2008/09 budget would have already been approved by this Parliament. But because our financial year ran from July 1st to June 30th the 2008/09 financial year would have run from the 1st July 2008 to 30th June 2009.

Madam Speaker, that first six months of July 1st to December 31st 2008, the Government would have been well on its way and would have well established its expenditure patterns. But you would not have known that revenues had fallen off until January, February, and March 2009. By that time, Madam Speaker, the only time to reverse the deficit is to shed weight, to cut staff. What would that have done for the country? It would have made a bad situation worse, Madam Speaker.

Madam Speaker, it is often said that there was an $81 million budget deficit. From what we can find, the deficit was $62 million, Madam Speaker. Correct. That is the audited figure. Not $81 million; $62 million. And as I said, because of the way the Government's fiscal year runs and the way and the timing in which we collect our major revenue from the financial and tourism industries, December, January to March, April, the fiscal year is almost over before you know that you are in a deficit.

So, Madam Speaker, the country went into deficit in June 2009. That is when the fiscal year ended. That is at the point of which we calculate our deficit. So, we were in breach of the FFR that was established in 2004. We are in breach of the Public Management and Finance Law that was implemented in 2004/05. Now, for those in Parliament and those listening, ask yourself a question: If the Government breached the Principles of Prudent Financial Management in June 2009, and those principles are established in the Public Management and Finance Law, if the breach occurred in June 2009, why did the UK Government wait until December 2012 to impose the Framework of Fiscal Responsibility as reflected in the amendment to the Public Management and Finance Law?

Is it because it was demonstrated that there was no real attempt to comply with the Principles of Prudent Financial Management?

So, Madam Speaker, I do not want anyone from this day forward to say that it was the deficit in 2009 that caused the imposition of the amendment to the Public Management and Finance Law in 2012 when the FFR was imposed on the country. And for those who are not aware, this Administration is the first administration that had to operate under the constraints of the FFR. I don't think many people realise that. Yet, Madam Speaker, we achieved what we achieved—full compliance within the time set by the United Kingdom Government.

Madam Speaker, it says a lot. And it proves a lot, that when things are done according to plan, according to law, according to just good old fashioned financial management, you can experience economic growth. And that has been the fact for the last three years. The country has grown economically, we created over 3,000 jobs, we have run surplus budgets, yet we have given back $30-odd million in concessions to the people, we have managed to give the civil servants an honorarium in 2014, a 4 per cent COLA [Cost of Living Adjustment] in 2015, and a 2.2 per cent honorarium in 2016. Madam Speaker, all of those things are what you might regard as stimulus packages that help create further economic activity.

So, Madam Speaker, I will wind up.

Madam Speaker, I think that from what I have said it is irrefutable. No one can argue that this administration has gone a very long way to securing Cayman's future. We are in a much better position today than we have been in a very long time, and having said that, Madam Speaker, in terms of dollar value, our economy is still not as big as it was in 2007.

In conclusion, Madam Speaker, as done for this current fiscal year we are in, I intend to have a set of budget documents re-tabled that contain signatures

by honourable Ministers, Official Members, chief officers, chief executive officers and managing directors of public entities, and signatures of relevant persons from entities that government does transactions with. The Ministry of Finance will make the change in narrative in the Plan and Estimate document with respect to what I have just mentioned, Madam Speaker.

Madam Speaker, I have not commented on the valuable contribution made by each honourable Member that spoke to the Bill. But that does not mean that the points that they made which were valid were not appreciated. The public has heard their comments. And they have heard the comments of everyone who spoke in rebuttal. When we go into Finance Committee next week there will be further scrutiny of the budget.

So, Madam Speaker, the Appropriation Bill and the supporting budget documents laid on the Table of this House represent a responsible approach to administering the finances of the Cayman Islands. The 2016/17 Budget is expected to comply with all the ratios specified in the Principles of Responsible Financial Management that are stated in the Public Management and Finance Law. And that law incorporates the Framework for Fiscal Responsibility, or what everyone pretty much knows as the FFR.

Madam Speaker, this is a tremendous achievement that should not be understated. The most powerful effect is that it adds to investor confidence. And there are no investor confidence fairies, Madam Speaker. These are real people who come to us and say, *Thank you, because this is the impact it has had on my life and my business and I can now award salary increases to my employees or afford to hire someone else.* So investor confidence is back, and there are no fairy tales being told.

Madam Speaker, securing Cayman's future has been a great accomplishment for this Government. We will continue to endeavour to strive to improve upon this solid foundation established for the future of our country and our people. The great significant of the planned $50 million transfer to the Government's general reserves by 1st July 2016 has largely gone understated as it represents a tremendous accomplishment for the Government and, furthermore, it also indicates Government's mind set on securing Cayman's future.

Madam Speaker, assuming that the House approves the Second Reading of the Appropriation Bill when the vote is taken, we intend to commence Finance Committee next week, Tuesday afternoon. In conclusion, I wish to thank all honourable Members for their explicit and tacit support of the Appropriation Bill now before this honourable House and I respectfully ask that they so vote for the Second Reading of the Appropriation Bill.

Thank you, Madam Speaker. And thank you for allowing me a few minutes over.

[Applause]

The Speaker: I recognise the Honourable Premier.

The Premier, Hon. Alden McLaughlin: Thank you, Madam Speaker.

Madam Speaker, I debated whether I even needed to rise after that contribution from my Finance Minister, for if ever there were a master class in economics delivered to this House, we just heard it. Madam Speaker, I hope he doesn't take this the wrong way, but I have witnessed today our Finance Minister coming of age as a politician. [There has] never been any question about his technical ability, but today he demonstrated what we need, and I am delighted, for I expect that he shall occupy that position for many years hence, and I hope long after I have departed this House.

Madam Speaker, hearing the debate from both sides of this House confirms that voters made the right decision in 2013 by placing the stability, security and integrity of the Cayman Islands in this Government. I must tell you, Madam Speaker, that I was filled with pride when we delivered another good and balanced solid budget a few days ago, because we once again gave the country a budget that secures our financial future, as the Honourable Minister of Finance has just underlined, and one that provides for a more secure economy, one that assures jobs and economic opportunities for our people.

Madam Speaker, the usual procedure that has existed long before I entered these hallowed halls of the Governor delivering the Throne Speech on behalf of the Government was followed. It has been the subject of much comment and derision by some Members on the Opposite side of this House. I think the principal protagonist, being the Member for North Side who, Madam Speaker, bemoaned the fact that the Speech was so short, I believe, Madam Speaker, it was 11 or 12 minutes.

Madam Speaker, the Member also bemoaned the fact that we no longer have separate debates on the Throne Speech and Budget, harking back to the days when the Throne Speech was delivered in February and the Budget in November. I, Madam Speaker, was never able to understand how any Government could operate that way having its financial plans quite separate and distinct and separated by months from its policies. And so I was, and remain, a bit flabbergasted that the Member from North Side—who is a very strong advocator, as I am, of the advancement of Cayman's political independence in the sense of, it is the local people who take charge of developing policies and administering the affairs of the country—seems to want to drag us back to a time and constitutional provisions and budgetary legislation when the control of everything was, quite frankly, in the hands of the

Governor and when the Cabinet was merely an advisory body to the Governor.

Madam Speaker, we have fought long and hard. In fact, nine years of my political career, a great part of them were spent—regardless which side of this House I was on—in trying to push the Cayman Islands forward constitutionally, where we were able to take greater control of our destiny and to make these kind of key decisions.

Madam Speaker, part of that advancement is what we are seeing in the practice, or some of the practices, in this House and I hope we get the Standing Orders so we can move it forward some more, and I do hope we can get the transition of the control of this House to where it needs to be which is under the office of the Speaker. But, Madam Speaker, we can't do it if every time we take two steps forward people like the Member from North Side get nervous and say, *No. No. No. I want it the way it was 25 years ago.*

Madam Speaker, even in the United Kingdom the role of the Monarch of the Sovereign, Her Majesty Queen Elizabeth II in the involvement of Parliament continues to diminish. In case the Member for North Side and others might think that the Governor's speech was short at 11 or 12 minutes, the Speech delivered from the Throne of Her Majesty Queen Elizabeth II recently to the UK Parliament was eight minutes long. Eight minutes! Recognising, as we recognise, the shift in responsibility for the development and articulation of the policies of the nation, that is not the role for Her Majesty, and it is not the role for Her Excellency; a fact which she fulsomely acknowledges.

The Governor's role under Her Constitution, aside from the overall responsibility for good governance, are the matters which are settled in section 55 of the Constitution generally referred to as the "reserve powers" responsibility for national security, external affairs to the extent they have not been delegated to a Minister's responsibility for the public service. The Constitution makes it very plain that with respect to all other matters, it is the Cabinet which is responsible for the formulation, development, articulation, and direction of implementation of all policy matters with respect to this country. Madam Speaker, the Cabinet is made up of the Premier and six Ministers, the Deputy Governor and the Attorney General, ex officio. Neither of the latter has a vote. The Governor herself has no vote. So, Madam Speaker, the policies that are developed, articulated and implemented, as I said, save with respect to those under section 55, are the responsibility of the elected Government. It is therefore the elected Government through its Ministers that is charged with the responsibility of articulating those and defending them.

So, in the context of the State Opening of the House and the way things have developed, the Governor delivers an overview of the broad policies of the Government. And this Governor—and this is at her own request—with each Throne Speech that she has delivered, she has insisted to the civil servants who work on it, that it be shorter and tighter; that it is not her role to expand or expound upon what the Government policies are.

Essentially, Madam Speaker, the exercise of Her Excellency coming here and delivering the Throne Speech is a ceremonial one. I do hope and pray that I never again, no matter how long I am here, see the display of disrespect to the Governor as I saw demonstrated by two Members in particular of this House while she was here. I have apologised to her profusely for that Madam Speaker, and I am grateful to you, as I know she is, for your statement (if I may call it) or your speech to this House on the day we resumed following the delivery of the Throne Speech.

Madam Speaker, it does not matter how we feel about the person in that office, it is the office that we must accord respect. We may disagree as much as we wish with what they do, or what position they take with respect to anything, and we may disagree with the speech. All of that is quite right and proper. But courtesy is due to everyone, and particularly in these hallowed halls there are certain lines we ought never to cross, for it brings the entire House into disrepute. It demeans each and every one of us who complain often that we don't get enough respect. But I can tell you, that's not the way. What I saw on Monday, a week ago, that's not the way to engender respect and regard for any of us or this House.

Madam Speaker, despite the doom and gloom which emanated from most Members on the other side, and I have to in this case, distinguish really, the First Elected Member and Deputy Speaker for Bodden Town, I don't put him into that category at all. But despite the doom and gloom which was generally what came from the other side, the reality is that this country is in one of the best positions it has been in many, many a year.

Madam Speaker, no matter where I go, and I go plenty places, I hear generally positive things about what is happening in the country. Yes, as others have said, we are by no means in a perfect condition. There are still people who are struggling economically. There are still people who are struggling to get employment. But generally speaking, things are on the up and up and people are in a positive mood.

Madam Speaker, it would be difficult to have come to that conclusion if we listened to, much of what was said on the other side. Madam Speaker, I suppose for me the most disappointing bit, really, was to hear two Members who were with this Government up until five, six months ago, in each case, and who contributed to the development of Government policies over the course of the years before their departure in December and January, speak as though they had never been near this administration.

Sometimes I had to pinch myself to wonder if I was dreaming or . . . Where were they?

And, Madam Speaker, I was so pleased when the Minister for Education actually went back to the Hansard, because I guess she was pinching herself as well to wonder if the same person who had been her councillor in Education and Labour for two and a half year was the same person, the Fifth Elected Member for George Town, who had delivered the response which he did to the Budget Speech, Policy Statement and Throne Speech.

Madam Speaker, there is one lesson that is important to learn in life. Do not take people for fools. Just because they are not sitting in here, do not think that those people who walk the street and go to work and raise their families do not understand and appreciate. How can you stand on this side of this House for two and a half years, have sat in the caucus of the Government for all of that time, contributed to the development of the policies, helped make some of the critical decisions which have brought us to this good place—and it is a very good place—sat in the Cabinet as temporary Ministers, sat in the Minister's seat in the Ministries, chaired committees of the Government and of the Ministries, stood up on platforms all across these beautiful Islands and spoke on behalf of the Minister (of Ministers) in many cases, articulating with apparent pride the good work that the Minister and the Ministry and the Government had been doing. And then lo and behold, something happens and you decide for whatever reason, because I think for most of us with the exception of the First Elected Member for Bodden Town and Deputy Speaker, all of whom know full well his conviction and the basis on which he departed. Everybody else is still speculating why the other two left.

I can only believe they think it is a better place to be politically. That's a matter for them. That's a matter for them. But, Madam Speaker, to expect to leave this Government in December of last year and January of this year, having contributed to all that the Government has done and achieved, and spoken highly about, yourself, really expect the people of this country . . . you take them for that big of a fool? Because that is what you are doing, to come down here now in June and say, *Listen people of the country, don't mind what the Minister of Finance has said and the Premier has said, and any of the other ones has said, this is a bad budget. This is a bad Government. They don't have any care for you. They don't worry about what your social issues are. They don't care about employment. In fact, the Minister of Finance has really got it around his neck. He doesn't even know how to calculate GDP.*

Really?

Really? You expect the people of this country to believe that?

I mean, if you had even got up and said, *Well, I disagreed fundamentally with this and that and that and I have been telling them and I have been . . . but they wouldn't listen.* But nobody said that. It's all of sudden now, having swum the great distance between this side and that side, and having bathed in whatever they bath in over there that converts them into pessimists, all of a sudden everything the Government has done is bad and wrong.

Madam Speaker, I can tell you this: Unless I know nothing about the politics of this country, you have a hard sell to convince the people out there that you who were here and part of this, are now better placed over there in the Opposition to help them, because if you can't help the people when you got 10 on your side, you go over there to a disunited, dysfunctional Opposition, now tell the people what you are going to achieve for them. I think the Minister of Education said it best of all—*Leaders do not quit!*

Madam Speaker, there are very few things you can get done all by your little self. I can tell you, unless you have the willingness to compromise, unless you have the willingness to say, *I can't get everything that I want done, but I believe that the way the country is going is generally good. I will stay, make my contribution to the debate, bring whatever motions I need to bring, put whatever pressure I feel I need to put on the Government to get things changed, but I can actually exercise real influence over the development and implementation of Government policy. I can actually, because I am a councillor who sits in the caucus, I sit as a temporary Minister, and I can actually make a real difference to the lives of the people who I represent.*

Madam Speaker, I am listening intently to hear what the Fourth Elected Member for Bodden Town and the Fifth Elected Member for George Town are going to say to the electorate of this country as to why they think they ought to be re-elected. Because, Madam Speaker, if you can't get things done as part of a Government like this, you really believe you are going to get it done over on the other side where the Opposition can't even hang together? Where you have a *Leader* of the Opposition—grand title, but he leads three. I have never seen three be a majority of eight before until I came down here. It is the first time I've seen it. I thought the *leader* would have been the one who commanded the support of the majority of the Opposition. I read the Constitution about eight times; that is what it says. So, Madam Speaker, we all make our bed.

Hon. W. McKeeva Bush, Leader of the Opposition: Oh you better hush with that.

[Inaudible interjections and laughter]

The Premier, Hon. Alden M. McLaughlin: I knew that would get him here. I knew, Madam Speaker, that that would get him in here.

Well, Madam Speaker, I leave them to their own devices. I am just saying to this House and to those within the sound of my voice, that when you hear the conviction in the voices of those who have just departed, speak so plaintively, and so critically about the efforts of this administration and this budget, bear in mind—*bear in mind*—their pedigree. Bear in mind where they have just come from and ask yourself which story you want to believe. The one they told for the last two and a half years? Or the one they are telling you now? And decide which you think is true, or indeed whether you can believe any of it.

Madam Speaker, coming back from there, there is no question that our management of the economy has helped deliver record tourist arrival numbers. The Deputy Premier very ably detailed this when he spoke. Madam Speaker, despite claims from the other side, this is the achievement of this administration, not previous administrations. Members will remember that I mentioned in my (this is an example) Policy Statement the Cayman Film Festival. I am proud to report, Madam Speaker, that yesterday I learned that the Festival has been featured in the *Hollywood Reporter* magazine under the title "Original 'Star Wars' Trilogy in the Spotlight for Cayfilm Cayman Film Fest." This is but one small example of our efforts in tourism that is bearing fruit. There are many more examples, including the winds that Cayman has had on the international front fighting for financial services industry. Madam Speaker, I say, *Well done* to our stalwarts in both the tourism and financial industry sectors.

Madam Speaker, back to the budget, again, this is one that proves to all and sundry that this Government delivers on its promises. Madam Speaker, I must say that the Opposition was hard-pressed to find much to complain about. In fact, each of them, some more grudgingly than others, acknowledged that this Government has had much success in putting the country back on sound financial footing. Of course, they had to find something to criticise. I didn't expect less. Madam Speaker, I welcome criticism, especially if it is constructive. I have found over the years that if I take on criticism that is meant for the good, I learn new things. Things I had not pondered.

Unfortunately, though, Madam Speaker, the occasions during these debates which served up pearls of wisdom were rare, especially from the contribution of the Fifth Elected Member for George Town. His debate was lengthy and overloaded with what he himself called "buzz words." If I may offer him some constructive criticism, think again. Think again.

Madam Speaker, while most of the debate from the Opposition included kudos to the Government and our budget management, it was rather interesting to hear some of the differences. The Fifth Elected Member for George Town accused us having no plans, and having access to magical pixie dust. Others say we had a plan, but it was not very good. And then there was the Leader of the Opposition, helped by his new supporter, the Fifth Elected Member for George Town, who claimed we had a plan but it was in reality *his* plan, only we had painted it red.

Hon. W. McKeeva Bush, Leader of the Opposition: You normally do that.

The Premier, Hon. Alden M. McLaughlin: Madam Speaker, if the Leader of the Opposition had a plan during his stint at the helm of the country, he certainly didn't leave it behind. Madam Speaker, it was difficult to discern such a plan when he was in charge, and impossible to find it once he was gone. The plans I recall were of the then-Premier grasping at every straw that blew past his nose. He was too busy globetrotting and he was never in the Islands long enough to actually come up with any plans. And what became of his travelling? Nothing but mounting expenses paid by us—we, the people of the Cayman Islands.

Madam Speaker, lest the country forget, I will remind us all that his tenure was filled to overflowing with chaotic leadership, a lack of transparency, a cruise dock fiasco that cost the country $2 million, the Cohen loan deal fiasco that racked up another $450,000, the $10 million Nation Building Fund catastrophe, that infamous proposed expat tax, increased taxes, an economy that continually slid backwards, a decrease in the salaries of civil servants that was then increased, but then decreased again. And crazy talks about building islands in the North Sound, and equally as crazy, building an oil refinery.

That's what he calls plans?

And that, Madam Speaker, is what he termed the hard choices. Madam Speaker, the cold, hard truth is there was no plan. Instead, it was irresponsible management of the economy and the country's finances. When he did make choices, it was with pressure from both the UK and the private sector. But this pressure came about because of his very many bad decisions and actions. And to all of this, Madam Speaker, the damage he did to the reputation of the Government and the country through mismanagement and constant bickering with the UK, the budget failures each and every year, the Stan Thomas payment controversy, the illegal explosives debacle, I could go—

Hon. W. McKeeva Bush, Leader of the Opposition: Madam Speaker, on a point of order.—

The Speaker: I recognise the Honourable—

Hon. W. McKeeva Bush, Leader of the Opposition: —the Member constantly—

The Speaker: —Leader of the Opposition.

POINT OF ORDER
[Misleading]

Hon. W. McKeeva Bush, Leader of the Opposition: Well, the Member is misleading this House and he is being—

The Speaker: Leader of the Opposition, all I said was that I recognised you, sir.

Hon. W. McKeeva Bush, Leader of the Opposition: Well, I am telling you. I am telling you. I thought that was what I was doing. This microphone is a little bit louder than mine. I didn't realise that. I am by a different seat. You can see that, I hope.

Madam Speaker, the Member is misleading the House—

The Speaker: If you are going to make a point of order, you can make a point of order; but I can tell you straight up, I will not tolerate any type of bullying from this Chair. I recognised you, Honourable Leader of the Opposition—

Hon. W. McKeeva Bush, Leader of the Opposition: Madam Speaker, go ahead because what you always do—

The Speaker: I am speaking!

Hon. W. McKeeva Bush, Leader of the Opposition: —is do the wrong thing!

The Speaker: I am making a point of order! And you make it, but you must do it within the range of decency.

Hon. W. McKeeva Bush, Leader of the Opposition: Decency? You got the nerve to talk about decency?

[Inaudible interjections and crosstalk]

An Hon. Member: No, no, no, no, no.

Hon. W. McKeeva Bush, Leader of the Opposition: Better don't go that far.

The Speaker: This is the House of Parliament. It is not West Bay.

Leader of the Opposition, please continue.

[Inaudible interjection]

The Speaker: Honourable Premier, please continue and please don't do it as the Leader of the Opposition just did.

The Premier, Hon. Alden M. McLaughlin: Thank you, Madam Speaker. I am sorry about all of that.

Madam Speaker, I could go on, but I shall restrain myself.

Hon. Osbourne V. Bodden, Minister of Community Affairs, Youth and Sports: Can't take the truth.

The Premier, Hon. Alden McLaughlin: Madam Speaker, the now-Leader of the Opposition was not only Premier, but he was Minister with responsibility for Finance, for Financial Services, for Tourism, and for Development. So he bore the ultimate responsibility for Government finances. They were squarely in his hands. That, Madam Speaker, was the state of play in the Cayman Islands that we found when we took over and began to properly run Government. We had to overcome low investor confidence and an economy that wasn't just sluggish, it wasn't even moving. And, yes, Madam Speaker, I am all too familiar with his rhetoric of blaming me for the impact of the world economic recession on Cayman, where revenues fell off by large amounts.

But, Madam Speaker, even if I was guilty, in my four years between 2005 and 2009 as Minister of Education and other things, my actions could not come close to the chaos and mismanagement he was able to cause in just three and a half years. That is what really caused the UK to force him to sign the Framework for Fiscal Responsibility [FFR]. He had to sign that agreement because the Foreign and Commonwealth Office was increasingly concerned about the state of government finances in Cayman, and rightfully so. But they were equally concerned about the erosion of good governance standards. But even then it seemed that the now-Leader of the Opposition would not, or could not—

Hon. W. McKeeva Bush, Leader of the Opposition: On a point of order, Madam Speaker.

The Speaker: Honourable Leader of the Opposition, please state your point of order.

POINT OF ORDER
[Misleading]

Hon. W. McKeeva Bush, Leader of the Opposition: The point of order is that the Member is wrong. He is misleading the House, not telling the truth because, Madam Speaker, for this House . . . I got elected in 2009. I had to go to the UK in 2009. Chris Bryant, the then-Minister, told me, *You are going to have to make a change to the Finance Law because there will not be any more huge projects for the country to be at*

risk. That is when the FFR notice came to me—2009! Say what else he wants to say, but he can't tell me that that is not a fact. That is a fact! Now, we didn't get to it, because I resisted, knowing full well that we were going to need to do things. I resisted, but I had to or else they would have closed us down completely. No, I am not lucky like them. I am not lucky like them. But that is a fact, Madam Speaker.

The Speaker: Honourable Premier, the Honourable Leader of the Opposition has stated from his position that he had received notice from 2009 of the FFR and he has stated what the Honourable Chris Bryant has said to him, unless there is evidence contrary, I have to take the word of Leader of the Opposition on this.

So, please proceed outside that boundary.

The Premier, Hon. Alden M. McLaughlin: Very well, Madam Speaker.

Madam Speaker, we warned the then-Premier in those early days, warned him not to pretend that he could fix the impact of the global crises in one year, but instead to do so responsibly over three years. He didn't listen. Madam Speaker, the result was what we all lived through. And so, Madam Speaker, we got to the elections in 2013. I will skip over the rest of the stuff.

Once the dust settled post-election, we faced—

[Inaudible interjections]

The Premier, Hon. Alden M. McLaughlin: We faced what some thought was an uphill battle. The Members now on the Opposition benches who sat with us for almost three years know this, and they know it well. They and we know what hard choices had to be made in those early days, of this Administration. They understand well what real hard choices and decisions consist of.

Madam Speaker, within weeks of taking office, the Minister of Finance and myself and the Financial Secretary had to go to London and sit down with the Minister and the team there and tell them what our plans were and convince them, as the Minister of Finance has pointed out, of the fact that we understood what it is we were doing and that this was going to be a very different administration. And if anybody thinks one meeting caused the UK to repose trust in us, they really don't understand. The trust that we now have and we enjoy, we have earned that by blood, sweat and tears.

Madam Speaker, the Members who were over here until recently also know well that our first few budgets required that we cut expenses every single year, as well, to meet required targets. And that we have done. We did it by making the very hard decisions and by being smart and careful with managing the people's money. And the country today is the better for it. We did it by restoring confidence and getting the economy going again. We did it without laying off any civil servants, which seems to have disappointed my friends at the *Cayman Compass* Editorial Board. We did it without raising any taxes. And as the Second Elected Member for George Town has said, *What other Government in Cayman can say that?*

In fact, Madam Speaker, we have reduced taxes over this term. Indeed! What other Government can say that? Today we have an economy buoyed by increased investor confidence where private sector investment is growing, and it is set to grow further, with major initiatives that are underway or in the planning stages. Today there is restored confidence in Cayman in the Government and in Government finances. Today we are working with businesses to grow the economy to provide key infrastructure to support the country and business. All of this provides surpluses to repay debt, but then frees up money that can be spent to benefit our people. And, Madam Speaker, importantly, it creates benefits that create jobs for Caymanians.

Madam Speaker, the Leader of the Opposition and the Fifth Elected Member for George Town both claim that this Government is benefiting from investments started by the Leader of the Opposition and his Government. Certainly, Madam Speaker, the Kimpton Hotel being built by Dart was started under him. But he really cannot stake a claim to the other works planned since the 2013 election. We renegotiated the Cayman Enterprise City (CEC) agreement to enable it to include a maritime park, and to allow other businesses to come in here and establish themselves without necessarily having to go in to Enterprise City. We also continued to work with CEC to bring new business to Cayman with changes to intellectual property copyright laws, as well as support the work they are doing with the Internet Marketing Association and its members. The Ironwood deal that includes the Arnold Palmer group was signed under this administration watch. The Beach Bay Development was negotiated and signed under this administration and it took a few years before we got both of these done. Perhaps, Madam Speaker, because I see him smirking over there, these were started under the now Leader of the Opposition.

[Inaudible interjections]

The Premier, Hon. Alden M. McLaughlin: I don't know, but if they were, it was obvious that he could not seal the deal.

Hon. W. McKeeva Bush, Leader of the Opposition: I didn't have any land to give anybody.

The Premier, Hon. Alden M. McLaughlin: Perhaps it was because of his bad track record with cancelling other agreements, such as the GLF [Construction Corporation] cruise dock plans,—

Hon. W. McKeeva Bush, Leader of the Opposition: It is the roads—

The Premier, Hon. Alden M. McLaughlin: —or the Wheelabrator landfill contract, both of which created uncertainty. Or maybe it was because of the *everything-including-the-kitchen-sink* deal that was part of the original Dart NRA Agreement that created certain expectations of developers that he could not meet. But I digress.

Madam Speaker, we also signed a deal for the redevelopment of the Treasure Island as a Margaritaville, and that is underway. And because the economy is going again there are new developments all along West Bay Road through South Sound and East toward Bodden Town. And our roads and airport infrastructure projects are moving forward. Work continues on the cruise docking facility and we now have new cruise lines looking to include Cayman in their routes. We restored investor confidence because of our management of the budget and of the economy. That confidence was also restored because businesses realised that this Government is serious about working with them, provided their business is good for Cayman. It is because, Madam Speaker, we have a plan!

Let me remind the Fifth Elected Member for George Town and his colleagues what these plans were, because he cannot seem to recall. He was with us when we had our retreat in 2013 prior to deciding on specific plans which became this Government's set of broad goals and objectives. And he knows that we have been moving forward with these plans, so I don't understand how he says he doesn't know that we have any plans.

The George Town road works and revitalisation of George Town is part of those plans. The redevelopment of the airport is part of those plans. Our proposal with respect to the landfill and the cruise berthing facility, are all part of the plans. Madam Speaker, we are going forward with the things we planned to do. So, I am not sure how he is now asking what plans we had.

The Fifth Elected Member for George Town asked me specifically, he called me out, to prove that investor confidence has been restored. As I said, Madam Speaker, he knows what the economy is like today. He knows of the improvements made since 2013 and he knows full well what the state of the country was when he won his seat and then later decided to join this administration. He cannot pretend that he did not sit with us for two and a half years helping make those hard decisions, debating, and agreeing on concessions for investors, debating and agreeing on policies and budgets. He knows there were no secret deals done behind closed doors.

Madam Speaker, the Member for North Side in particular is critical, publically, of my use of the caucus. But, Madam Speaker, I don't know of any other way to operate. Maybe I have paid and the Government has paid something of a price for it, but I still would not operate any differently. I have been part of a Government which included the Leader of the Opposition and others, including my Minister of Planning (who was then the Leader) in which, as a backbench supporter of the Government, I knew little of what the Government was doing. I believe I recall in the year before the Government changed, in November of 2001, I might have been to two, possibly three meetings with the full Government. And as a backbench supporter, I felt really hard done by. I was being asked to support Government policies. I was being asked to support bills and motions in the House, of which I had little understanding and appreciation of the basis for it.

So, Madam Speaker, having lived that life as a backbench supporter of the Government, I know that is not a good place to be. And so the way that I have operated this Government since I was sworn in and appointed my ministers and councillors was to include every single member of the Government bench except your good self, Madam Speaker, who, although a Member of the party has taken what I believe is a principle position that you should not attend caucus, that if there is some specific matter you need to have addressed with respect to your constituents, you relate that to me or to the Deputy Premier and we take it and address it as best we can. But with that notable exception, every single Member of this Government had the entitlement to sit around the caucus table, usually every Monday afternoon. And to have access to all of the deliberations with respect to decisions the Government was taking—except those matters where Cabinet has an appellate jurisdiction those are separate and caucus can't really, properly consider those—but with respect to policy development, legislation, whatever the issue is, all of my Members of my Government sat around the table, each entitled to make the same contribution. Everybody around that table had one vote. I don't have two, Deputy Premier doesn't have one and a half—everybody has the same. Ministers and councillors get treated the same way.

So, don't come three years later and pretend that you weren't part of the decision-making. Don't come and pretend that you did not have a voice, because it is just not true. Madam Speaker, the Fifth Elected Member for George Town cannot pretend that he did not sit with us for almost three years, helping make those hard decisions, debating and agreeing on concessions for investors, debating and agreeing on policies and budgets. He knows no secret deals were done behind closed doors. He knows that we have

been transparent and we have announced every deal that was struck. Every single one of these negotiations was done with appropriate technocrats from the civil service leading the way.

Madam Speaker, the Fifth Elected Member for George Town knows that for several of the proposed projects, the existence of the Dart NRA Agreement and, indeed, the behaviour of the previous administration—the UDP administration (let me be careful)—created certain expectations of developers to which we would not agree. He knows the reason the negotiations took so long was because we would not capitulate to what was being asked for. We pushed for the best deal for Cayman, and it took time, longer than we would have wanted, but it took the time it needed to allow us to get the best deal for Cayman. And, Madam Speaker, this morning I laid on the Table of this honourable House the Third Amendment to the NRA Agreement, signed on the 30th of May this year; one example of the outcome of one of those long, difficult, complicated, arduous, negotiations.

Madam Speaker, the Fifth Elected Member for George Town also went on to say, that the Government is caught in a circular argument. We say that the economy has improved because of investor confidence and investor confidence is great because the economy improved, but we can't demonstrate that the actions of this administration, as I say, of which he was a part, are actually the reason why things are as good as they are. Well, Madam Speaker, it is always difficult to prove those sorts of things. But let me point to something. At least I can tell him how bad investor confidence was before we took office, because the Chamber of Commerce carried out a business survey in February of 2013. I have the results here.

The survey indicated that 88 per cent of businesses taking the survey were located in George Town. There was, 92 per cent of the businesses surveyed that were not satisfied with the way things were going in Cayman—92 per cent! Almost 57 per cent of the respondents to the survey rated the economic conditions at the time as fair, and almost 40 per cent thought economic conditions were poor. Government competence was the overwhelming concern, followed by crime, public spending, national debt, and cost of living. Unemployment and job growth, as well as education and ethics, infrastructure, and Cayman's image abroad were also concerns.

Madam Speaker, I do not think it would be an undue boast on my part to say that these are all things that this Government has significantly improved. Madam Speaker, this administration won our election based on a promise of hope. Caymanians took a chance that we would restore hope and make things better—and we have. So, Madam Speaker, I say to the Fifth Elected Member for George Town, we did not sprinkle pixie dust. What we did do, as he well knows, is, we rolled up our shirt sleeves and we got to work. And, Madam Speaker, we continue to work, those of us who still remain.

He questioned why the NRA Third Agreement took as long as it did to get signed. I don't know why he is asking this question. He was part of the caucus that received a report on a regular basis as to the obstacles and issues that we were dealing with. But, Madam Speaker, we are past that point now. We have signed the agreement. It has been laid on the Table of this honourable House. We now need to proceed with its implementation.

Madam Speaker, the same Member has a lot of advice to give about preventing governments from being handcuffed by the deals of past governments. He seems to believe that a plan today is all that is needed. He forgets that every government—or maybe he doesn't know—comes with its own promises and plans, and when it is gone, there is no way to prevent an incoming government from bringing its own plans and changing even the best-made plans of the previous administration. But, Madam Speaker, it has to be this way. This is a consequence of the democratic process. If it were otherwise, the country would have been saddled with an original NRA Agreement and we would have been stuck with it if we didn't have the ability to change it to match what we regard as the proper priorities of the country.

Madam Speaker, the Member also spoke about the national Infrastructure Fund that Mr. Bo Miller was seeking to start. The fact is, Madam Speaker, that Mr. Miller had two meetings with the caucus. We told him that we were happy to support his idea, but his fund would have to compete and bid on projects as required under the law. This was the only way to ensure the best deal possible for our people. Nothing prevented Mr. Miller from getting his investors lined up and bidding on the request for proposals of the various projects which this Government has undertaken and is proposing to undertake.

However, Madam Speaker, if anyone believes that simply because you come to this Government and say, *We are a group of Caymanians and we want to loan Government money* (because that is essentially what we are talking about) *to do this project or the other*, that this Government is going to simply say, *Thank you very much. Where do we sign?* The reality is while it is preferable, very preferable, to have a Caymanian group or a Caymanian institution involved in projects like this, at the end of the day, what matters more to Cayman and its people is that it gets the best possible value for the money that we are spending, that we make the best possible deal we can. If you cannot match the rates that are available at the retail banks, then I am afraid that under this administration we are not going to do the deal with you because we are not going to go down the road which winds up costing the people of this country more.

Madam Speaker, the Member spoke about employment and the "Ready-2-Work KY" programme. He read an e-mail and he passed it around where he was suggesting in 2013 that the Government give businesses $5,000 for every Caymanian they hire and if the Caymanian is with them for a year, that they then get a further $10,000. Madam Speaker, if we had brought this to the fore, our people would have stoned us. But what he is saying is that we did not take his idea, but instead introduced the Ready-2-WorkKY two years later, which was based on his idea. Madam Speaker, he could not be more wrong. Let me remind him that Ready-2-WorkKY was developed when he was a councillor in the Ministry of Education and Employment. He was the councillor there. He was part of caucus when the ideas were initially presented on November the 3rd, 2015.

Ready-2-WorkKY emanated from the work done that produced a report on barriers to employment for Caymanians. This was work done for the Ministry of which he was a councillor. This report allowed the Ministry to realise that what was needed was not only incentives to encourage businesses to hire Caymanians, but these businesses needed some human resource assistance and the potential employees needed counselling, guidance, and support to help them not just get a job, but stay in the job. Today most of the companies that are involved in the Ready-2-WorkKY programme are paying individuals themselves because they are committed to the idea and are not just looking to take Government's money.

Madam Speaker, the Fifth Elected Member for George Town's approach would have failed because it sought to only throw money at the problem and omitted the crucial support element that potential employees need. The approach taken by Ready-2-WorkKY is based on evidence of what the real issues are. It is a programme that seeks to remove as many of these barriers as possible. It is a programme of evidence-based solutions, not pie in the sky wishes. The Member's approach is more like the pixie dust that he spoke of. But if he was truly passionate about this type of programme and its success, Madam Speaker, why would he not accept the leadership of the programme when it was offered? He walked away.

Why did he not accept the chairmanship of the National Energy Policy Committee when it was offered to him? He walked away.

Why did he not stay to assist the Government to complete the work we started? Again, he walked away.

Madam Speaker, I can't help but note something of a pattern of behaviour here. Rather than grab the mantle and get real work done, the Fifth Elected Member for George Town prefers to stay on the sidelines and complain. Well, he has gone over there in the right company.

Madam Speaker, this Premier and this Government prefer to get real work done that helps people and builds the country. But as I mentioned, Madam Speaker, the Member's debate was filled with conjecture and buzz words. He is good with words, not so good with action. But he will have to speak to his accomplishments over these past three years, and show what has been achieved, other than the buzz words, come May next year.

Madam Speaker, there were aspects of the debate of the Fourth Elected Member for Bodden Town that were quite good. He also acknowledged the hard work and success of the Government and he noted that in terms of budgets people look for different things. He said that Caymanians looked for increased revenues, lower Government costs, surplus and policies that bring about employment, lower the cost of living and increase opportunities. The economists look for growth, economic stability, budget surpluses, reduced inflation and debt. And politicians look for achievements and accomplishments that inspire voter confidence. I believe I have quoted him correctly, or paraphrased it, anyhow.

Madam Speaker, in this respect I think he is right. This is what this Government and all our budgets have done. That is why the Fourth Elected Member for Bodden Town was so able to articulate this because that is the way he knew it was done when he was here. Although he tried to deny it afterwards, anyone looking at his list would see that this fits in exactly with what we have achieved in three short years. But as I said, I know he knows this.

Madam Speaker, sometimes in his debate I was scratching my head and saying, *So, if you believe all of that, what are you doing over there?* Madam Speaker, I have struggled over the course of these past six months to understand how either he or the Fifth Elected Member for George Town can seriously believe that they can achieve more for the people they were elected to represent, wandering in the political darkness with a disunited and dysfunctional Opposition, than working with an ambitious and able Government in the spirit of compromise. But, Madam Speaker, I suppose at this stage it really is not important that I understand that, but trust me, I have been around the political process long enough to know that is a question those goodly Members will have to answer when they are called to account for their tenure come the 24th of next year.

An Hon. Member: May 24th.

The Premier, Hon. Alden M. McLaughlin: May 24th of next year.

Madam Speaker, even the elected Members for North Side and East End had to dig deep to criticise the budget and our achievements.

The Member for North Side claimed that the Government's finances had only been improved

through controlled spending, instead of creating revenue, and there was too little done to eliminate waste and inefficiencies. Madam Speaker, he is incorrect in most instances with that remark, but to be frank, the fact is Government expenditure needed to be controlled. That is the whole point of prudent money management. The facts are that revenues have grown and expenditures have been reduced. That is the reason the country has enjoyed surpluses every year over the past three.

This continues, Madam Speaker, with the new budget of surpluses that have allowed us to repay debt, rebuild our cash reserves to required levels and ensure that we are able to provide benefits for our people, including education, health care, and infrastructure needs such as roads, docks, hospitals, airports, schools, and yes, even waste management plans.

Madam Speaker, in terms of seamen's benefits, Government has increased the budget to accommodate more retired seamen getting assistance. We are doing the best that we can to meet those needs, along with the many other needs of the country. The same applies to resources required at the Needs Assessment Unit.

I confess, Madam Speaker, I was confused by the Member for North Side's contribution with regard to improving employment of Caymanians. In my policy statement I made Members aware that at the last survey the unemployment rate for Caymanians had fallen from a high of 10.5 per cent in 2010 to a low of 6.3 per cent, currently. Now, Madam Speaker, the Honourable Minister for Finance spoke to this in considerable detail in his windup. This represents a tremendous improvement during our term and is a good indicator of the growing economy that is creating jobs for Caymanians. I went on to say that these were the lowest Caymanian unemployment numbers since 2007.

However, Madam Speaker, the Member asked why Government is comfortable comparing results to the worst year and claiming success. I am not sure where he was going with that, and I am not sure which worse year he was talking about. But facts are stubborn things; more Caymanians are working now than at any time since 2007. And, yes, Madam Speaker, this is down from a peak of 10.5 per cent during the UDP's administration. Things have gotten better and Caymanians are getting back to work. The Member stated they should be 100 per cent employment of Caymanians, but I know he knows that we have never achieved that at any point in our history and we never will. I don't know of any country that has. But we will continue to work to grow the economy and to grow opportunities for jobs for Caymanians.

The Member for North Side also disapproved of the concessions granted to encourage development. As I indicated, Madam Speaker, we have not been in the practice of throwing out the baby with the bathwater. Any concessions granted were done only because we felt sure that the projects were good for Cayman and that they would help provide those jobs for Caymanians that the Member claims he believes are important. In addition, they help the projects get started sooner, rather than later, sparking economic activity sooner than later.

Let's be clear, Madam Speaker, we are not giving up money that is now in Government's bank accounts. Instead, we are foregoing potential revenue, or we have been, because as the Minister for Finance and Economic Development pointed out, our policy has changed as things have improved economically. But the projects that we previously approved, we were foregoing potential revenue today to ensure that the projects are started and successful, thereby providing jobs for Caymanians during the construction phase and employment after the project is completed. In addition, the economic activity provides revenue to Government for decades to come.

I feel certain, Madam Speaker, that as the Ironwood and Arnold Palmer Group plans start to bear fruit, and if we are able to successfully complete the extension of the East-West Arterial Road, his constituents in North Side will certainly be happy that we granted the concessions for that project. As a matter of fact, I feel certain that if he takes time to speak to them today or tomorrow, even at this early stage, he would get to understand how concessions work and why they are necessary. The concessions in the manner this Government has managed them, serve as investments for the future benefit of the Cayman economy and the Caymanian people.

[Pause]

The Premier, Hon. Alden M. McLaughlin: Madam Speaker, the Member also went on to discuss comments by the Office of the Auditor General. Madam Speaker, while I do hesitate to get into a public fight with the Office of the Auditor General, in particular because the Office presently does not have a substantive head, but an acting one, I have to say that we are looking forward with great anticipation to the arrival of the new Auditor General. And, Madam Speaker, I do hope that one of the first things she is able to do is to organise a class in constitutional law for those who work in the Office of the Auditor General, because some of those who are currently there who are making statements quite broadly and publically, and being critical of various Government processes, seem not to understand that the authority to make policy decisions for the Government of the Cayman Islands rests in the Cabinet of the Cayman Islands, not in the Office of the Auditor General.

Madam Speaker, section 44, subsection (3) of our current Constitution, is probably the most hard-fought provision in this constitutional document

because under the 1972 Constitution and all amendments thereto, Cabinet was merely an advisory body to the Governor. The Governor, as a matter of the Constitution and of the law, was the office that actually made the decisions. Under the current Constitution, section 44(3), **"The Cabinet shall have responsibility for the formulation of policy, including directing the implementation of such policy, insofar as it relates to every aspect of government except those matters for which the Governor has special responsibility under section 55, and the Cabinet shall be collectively responsible to the Legislative Assembly for such policies and their implementation."**

So, Madam Speaker, it is not the Legislative Assembly, and it is certainly not the Office of the Auditor General, that is responsible for the formulation of policy or the directing of the implementation of such policy. Sometimes, Madam Speaker, when I see certain things in the Auditor General's reports, I wonder if there had been an election and I didn't know about, because while the Office of the Auditor General is there to conduct audits, whether they are value for money audits or good governance audits, that is fine. But they are not responsible and they are in breach of the Constitution and are treading into areas where it becomes, frankly, dangerous constitutionally when they seek to direct the making of policy and to say that they disagree with a particular policy or set of policies of the Government. It is not for them to decide what the development plan of this country should be. It is for the Cabinet to do so, and ultimately, for this House to pass the necessary legislation.

Madam Speaker, I am afraid that it seems that in this instance the Member for North Side in his capacity as Chairman of the Public Accounts Committee has swallowed that particular issue, hook line and sinker.

Madam Speaker, my old friend, the elected Member for East End in his debate, did what he does best—complain, complain, complain. But he has his job to do, which is to hold the Government to account and to point out areas where he thinks Government is failing, no matter how wrong he might be. Madam Speaker, he grudgingly applauded this Government on restoring the finances of the country.

The Speaker: Honourable Premier, we have reached the hour of interruption. Can we have a motion to suspend Standing Order 10(2)?

SUSPENSION OF STANDING ORDER 10(2)

The Premier, Hon. Alden M. McLaughlin: Thank you, Madam Speaker.

Madam Speaker, I beg to move the suspension of Standing Order 10(2) in order that the business of the House may continue beyond the hour of interruption.

The Speaker: The question is that Standing Order 10(2) be suspended to allow the House to continue its business beyond the hour of interruption.

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

AYES and one audible NO.

The Speaker: I believe the Ayes have it.

Accordingly, Standing Order 10(2) is hereby suspended.

Agreed: Standing Order 10(2) suspended.

[Debate continued]

The Speaker: Honourable Premier.

The Premier, Hon. Alden M. McLaughlin: Madam Speaker, the Member for East End grudgingly applauded this Government on restoring the finances of the country, but he went on to claim that we have balanced the budget on the backs of the people. I am not sure which Cayman he resides in, because while we have balanced the budget and restored the country's finances, we have done so while also reducing taxes, improving Caymanian employment, reducing the country's debt burden, and also without laying off a single civil servant. In fact, we have provided badly needed salary increases to civil servants and we have embarked on resolving other salary inequities in the civil service. So this is not a budget balanced on the backs of people. None of our budgets have been.

We have not—contrary to what he was saying—we have not reduced Government's expenditure to education. As a matter of fact, it has increased. We have not reduced the amount we spend on health care, including for seamen and our poor. In fact, we have increased it. Specifically, with regards to seamen, we have not reduced the number of people getting benefits; we have increased it.

[Inaudible interjection]

The Premier, Hon. Alden McLaughlin: We have not reduced the spending on our uniform branches, but instead we have increased it. There is not one area, Madam Speaker, where the Member can truthfully say that this or any of our budgets have been balanced on the back of anyone.

Madam Speaker, I was concerned by the pronouncement of the Member for East End when he said "there can no longer be Cayman status except by marriage or by descent. Caymanian status must be reserved for spouses and those of our heritage." [UNVERIFIED QUOTE] Talk about playing to a particular audience!

Madam Speaker, we are in the year of our Lord 2016. The Member knows as well as I do [that] we cannot go back to 1976. The country has advanced. We attracted outside labour and expertise to help us grow and build the country. Countries the world over, including the United States, Canada, and the UK have shown that when you have fair but suitable immigration policies, they help attract and keep the best and the brightest. We need to ensure that Caymanians have opportunities for available jobs, by all means. But we all know that if we are to attract new talent, we need to allow them the ability to not only work and grow Cayman, but to also invest in the country directly to participate fully in society, and to at a minimum, have a fair opportunity to qualify for residency. It will not help us to think that we can put up walls and close our doors.

This type of thinking is regressive, and if ever implemented it will do real harm to Cayman and Caymanians. I believe our cousins in Bermuda have come to appreciate this. Their Government and the entire island have been debating the benefits that may be derived in encouraging sustainable immigration. So, in regard to his call to stop granting Caymanian status, I have to say, in my view, he is wrong.

The Member for East End also read a letter from the former Commissioner of Police, David Baines, in which he told the members of the East End districts that officers were not allocated to those areas because he did not have the proper funding from Government. Mr. Baines claimed that he was faced with a Hobson's choice regarding how to use the additional funds that he was provided. Madam Speaker, everyone in Government wants more money from our overall budget. The exercise in determining priorities and allocating budgeting requires the Wisdom of Solomon. Nobody ever gets what they want. The Royal Cayman Islands Police Service [RCIPS] probably has one of the highest ratios of police officers per capita in the world.

A big part of the Commissioner of Police's job is to determine how the resources he has are allocated and deployed. As David Baines has said, he made certain judgment calls about how to best use the additional funding which the Finance Committee had decided to use in the eastern districts. So, Madam Speaker, no, he did not have to make a Hobson's choice. He had to make a "Baines" choice. Perhaps if it were not for his poor judgment in firing or wrongfully dismissing police officers for which Government has had to pay or will have to pay, there may have been additional funds to do all those things he complained about in the letter.

That is what he should have written about in that letter. What I do know, Madam Speaker, is that seven officers were dismissed who appealed and were reinstated, or paid out in terms of compensation, costing this Government $1.463 million and there are still five pending matters with RCIPS personnel. We cannot give specific details to the seven matters because all matters negotiated by Legal include a nondisclosure of confidentiality clause which we cannot breach.

So, Madam Speaker, we don't know the financial implications at this time of those particular actions, and we won't make projections because this could prejudice the proceedings and future negotiations. But, Madam Speaker, the Member for East End and the Member for North Side should take the letter that they were written with a full box of Morton's iodized salt.

The Speaker: Honourable Premier, I think this is a convenient time for me to take the afternoon break.

The Premier, Hon. Alden M. McLaughlin: Thank you, Madam Speaker.

Mr. V. Arden McLean: Why didn't you get up here and say that when we had that motion going on him?

Mr. D. Ezzard Miller: Don't worry, the record is there. The record of what was said then and what was said now still exists.

Mr. V. Arden McLean: Alden, the blood is spouting out of all two sides of your mouth now [INAUDIBLE]. Come on man! Don't do that behind my back. Look him straight in the eye and—

[Inaudible interjections]

Mr. V. Arden McLean: You did? All of a sudden now it is me who got [INAUDIBLE] to come down here and beat him. Beat that sucker!

Proceeding suspended at 4:43 pm

Proceedings resumed at 5:17 pm

The Speaker: Please be seated. Proceedings are resumed.

I recognise the Honourable Premier. You have 37 minutes remaining, Honourable Premier.

BILL

SECOND READING

APPROPRIATION (JULY 2016 TO DECEMBER 2017) BILL, 2016

DEBATE ON THE BUDGET ADDRESS AND THE THRONE SPEECH TOGETHER WITH THE GOVERNMENT'S POLICY STATEMENT

[Continuation of debate thereon]

The Premier, Hon. Alden McLaughlin: Thank you, Madam Speaker.

I don't propose to use all of that time. Madam Speaker, I think I have addressed most of the issues. My voice is kind of letting me down today too.

Madam Speaker, I do want to address something that was raised by the Third Elected Member for West Bay in his contribution yesterday. Before I do that I will just make an observation. Madam Speaker, I thought the contribution by the Member yesterday was certainly the best that I have heard since he has been here. I just thought it was unfortunate that what was a good, solid speech, in most instances, which had lots of the Member invested in it and his passion and his care and his thought, that it was, to a certain extent, detracted from by him reading the obituary of the UDP during part of it.

Hon. W. McKeeva Bush, Leader of the Opposition: Say what?

Mr. V. Arden McLean: The old dictionary, Alden; the old dictionary [INAUDIBLE].

The Premier, Hon. Alden McLaughlin: And he stumbled. You could tell when he was reading this stuff that somebody else had written for him, because he stumbled over parts of it. It was not the Member's own words and probably not even his own beliefs, but, nonetheless, Madam Speaker, he did raise an important matter which I would like to deal with.

He read a letter from the Leader of the Opposition to me in my capacity, principally, as the Minister with responsibility for Health, which addressed the MRCU Oxitec project and the use of the genetically modified mosquito, *aedes aegypti* mosquito, as part of the control measures being employed by MRCU to reduce significantly, if not eliminate, this very dangerous vector of diseases, in particular chikungunya, dengue and now the fearsome Zika virus.

Madam Speaker, we thought that having been able to, the MRCU and Oxitec folk having been able to address the Members, specifically the Members for West Bay, about this matter that we were able to proceed with their blessing. But as the letter read yesterday indicates, apparently some other influences (if I may call them that) have caused the Leader of the Opposition and his two West Bay colleagues to now take the position that we should not proceed with the programme.

Perhaps if I could find a copy of the letter I could read it. But, Madam Speaker, the Leader of the Opposition is saying that what, in fact, they are asking for is that the project be put on pause, essentially, until they get more education about the matter. Madam Speaker, the situation is grave. And the risk of this disease actually occurring in Cayman is significant. The only way to deal with it is to significantly reduce it, not eliminate the *aedes aegypti* vector. And that is why there is real urgency in dealing with the matter.

Madam Speaker, I responded to the letter from the Honourable Leader of the Opposition this morning. As the Third Elected Member for West Bay has read their letter into the Hansards of this House, I would like to apprise Members of the response. And the response sets out in some detail the background to this matter and how this programme is being implemented, and I hope will go some way to alleviate the concerns which have been raised by the Leader of the Opposition.

The Speaker: Is it your intention to [table] the letter, Honourable Premier?

The Premier, Hon. Alden McLaughlin: With your permission, Ma'am, yes.

The Speaker: Please proceed.

The Premier, Hon. Alden McLaughlin: The letter is the 10th of June to the Honourable Leader of the Opposition.

"Dear Sir: RE: MRCU's Oxitec Project—release of genetically modified Aedes aegypti mosquitoes.

"I am writing further to your letter of 8 June 2016 expressing your concerns regarding the release of genetically modified Aedes aegypti mosquitoes asking the Government to put the project on hold to get 'scientific answers to scientific questions.'

"The Aedes aegypti mosquito is an invasive species that has become established in locations around Grand Cayman. It is the vector for many of the major vector-borne diseases - dengue, yellow fever, chikungunya, and now Zika. The World Health Organisation *[sic]* (WHO) estimates that there are over 390 million dengue infections per year, resulting in hospitalization of nearly half a million people annually, of which approximately 2.5% (over 12,000 people) die. Yellow fever has seen a recent re-emergence, with the WHO reporting more than 30,000 deaths in 2013. Chikungunya, which leaves some affected people with agonizing and debilitating joint pain for several months, swept across the Caribbean region in recent years with one million suspected cases reported in the Pan American region alone in 2014. You will have read that the WHO has declared that Zika virus is a 'public health emergency' due to its explosive spread and the very concerning link that has been established between Zika virus and microcephaly and Gullian-Barre syndrome. These four vector-borne diseases, with their significant global burden, all

have the potential to impact the residents and visitors of the Cayman Islands because we have the Aedes aegypti established here.

"The MR.CU has done an outstanding job in controlling the Aedes aegypti population here. However they are finding it increasingly difficult to do so. The Aedes agypti are showing resistance to many of the available insecticides, and their ability to lay their eggs in very small quantities of water around houses makes it virtually impossible to eliminate all of their breeding sites. These are challenges that are not unique to our situation here; they are being faced around the world wherever the Aedes aegypti is found. As a result, there is an urgent need to identify and employ new tools in the control of this disease vector. The Oxitec genetically modified mosquitoes are one such tool. The use of genetically modified sterile males will be an additional tool to be used in an integrated way with all other feasible methods to combat the public health danger posed by this mosquito. This is being done as a proactive measure, and is therefore a preventative approach to public health protection. The government has endorsed the Oxitec project as we believe we have an obligation to protect our residents and visitors from these vector-borne diseases, and we believe that this project will help us improve that level of protection.

"In your letter to me you expressed your concerns about the need for further risk assessments and 'scientific answers.' You should be aware that the World Health Organisation *[sic]* recommends the use of this technique, following a thorough review by an independent group of renowned scientists from around the world. In addition, in March 2016 the United States Food and Drug Administration published a preliminary Finding of No Significant Impacts which concluded that a planned Oxitec trial in Key West would not have a negative impact on human health or the environment. The public consultation phase on this preliminary finding has recently finished and the final position of the FDA will be issued in due course. There was a tremendous amount of information and research submitted to the FDA as part of the process leading up to the preliminary [finding of no significant impacts], and I believe that, combined with the endorsement from the WHO and the results from Oxitec's work in other jurisdictions, represents a robust body of "scientific answers" to support the project.

"I am of the view that the Cayman Islands stands to benefit tremendously from Oxitec's collaboration with MRCU. It represents a new and innovative tool that the MRCU can add to their arsenal to help reduce the Aedes aegypti population and, therefore, protect our people. It also gives us an opportunity to make a contribution to public health on a global scale, by being part of finding solutions to this global health problem.

"With the rainy season recently started, we are already seeing increasing mosquito population numbers, including the Aedes aegypti, so time is of the essence if we want to ensure our people have the best possible protection from dengue, chikungunya and zika. With that goal in mind, I regrettably cannot accede to your request to put the project on hold, as I do not believe it would be in the best interests of the Cayman Islands.

"I have asked the MRCU and Oxitec Cayman to continue their public education efforts, and I encourage you, and the people of the Cayman Islands, to continue to engage with MRCU and Oxitec and learn more about this important and innovative project.

"Yours sincerely, Alden McLaughlin, Premier."

And so, Madam Speaker, I thought it was important. This is a critical public health issue, and one which the Ministry and the Government are taking most seriously. And I felt it was important that not just the Leader of the Opposition and his West Bay team, but all Members of this House and the broader public are aware of not only the measures the Government is taking to deal with this issue, but to also be aware of the fact that this is something that has been very carefully considered and is supported by scientific evidence.

Madam Speaker, if I may now lay a copy of this letter on the Table.

The Speaker: So ordered.

[Copy of Letter laid on the Table of the honourable House]

The Premier, Hon. Alden McLaughlin: Madam Speaker, before wrapping up, as this was raised in the course of debate as well, I want to say to this honourable House that I have listened to varying views around the rights of LGBT people. I do appreciate and, indeed, respect the views of every single Member of this House on this issue. And I know, Lord do I know, that some of you have very deep convictions around this issue.

Madam Speaker, my view and the one which I have espoused before, is simply this: When I read my Bible and ponder the teachings of Christ, I recall well his exhortation to us to *love one another as I have loved you.* I do believe we need to love and be tolerant of one another and appreciate that discrimination in any form is wrong. Our Constitution specifically speaks to Cayman being a God-fearing country, based on traditional Christian principles, including tolerance. So, I implore this House, Madam

Speaker, that in all of our deliberations amidst all of our convictions we always try to put tolerance of others at the fore of what we say.

Madam Speaker, there has been a call by the First Elected Member of Bodden Town, and I believe it was picked up by the Leader of the Opposition as well, for a referendum on the issue of . . . I am not sure if it was same-sex marriage or same-sex relationships, being acknowledged or recognised. I can't quite remember which, or if there was a distinction, but around that issue, anyhow.

Madam Speaker, we have said before, I have said before, this Government is not pushing, nor are we prepared to move towards the recognition of same-sex unions, or same-sex . . . or civil unions or whatever they want, or same-sex marriages, or any such thing. So there need not be any concern on the Opposition side or anywhere else that that is what is part of this Government's agenda. Quite what the UK does with respect to this issue is another matter entirely. And the efforts we have made so far, although we have gotten so far nowhere, really, are about avoiding as far as possible the making of an Order in Council which would impose such things on a country and a people who, thus far, I have no indication would like to see as part of our culture.

When I speak about the discrimination issue, we must recognise always and bear in mind that we have a Bill of Rights that is part of our Constitution, which expressly prohibits discrimination on a range of issues, including, as the case law has interpreted the section, sexual orientation. And we are also bound by the provisions of the European Convention on Human Rights which is in similar terms.

So, all of these things bear on what we can and cannot do as a Government, and I just wish Members to take all of those things into consideration when they are espousing on this particular and most controversial point. But no one needs fear, nor do I believe we need a referendum because the Government is certainly not moving in the direction to recognise same-sex unions. That is not part of our agenda.

Madam Speaker, in closing, I know that the country can see that we have delivered on our promises and have been one of the most productive Governments this country has ever seen. We have made many promises in the election campaign and early in our tenure we set out our plans. We have worked hard and long over these three years and I am grateful to all of the members of this Government who have worked to help us get where we are to achieve these things.

Madam Speaker, whilst we have regrettably lost a few along the way, I wish to thank our former colleagues for their contributions during their time with the Government. They were part of us, and while I may not fully understand all of their reasons for leaving, the reality is they made significant contributions while they were here. The facts are the facts.

We will work over the course of the year to complete our plans and to gear up for the election to come. We remain ambitious for the future of these Islands and for the future of all Caymanians. We have put in place the platform from which to achieve our collective ambitions, with delivery of the promises we made and with successful implementation of our plans. We have achieved our goals of strong economic growth and sound public finances. Our achievements over the course of this term are proof positive of this Government's ability to achieve our ambitions. Some politicians, some Members opposite, particularly the Leader of the Opposition, as well as the Members for East End and North Side, appear more comfortable being stuck in and living in the past, fighting the same wearisome old battles of yesterday.

Hon. W. McKeeva Bush, Leader of the Opposition: Oh! Hear who's talking!

The Premier, Hon. Alden McLaughlin: That attitude and approach achieves absolutely nothing for the people of the country.

[Inaudible interjections]

The Premier, Hon. Alden McLaughlin: It does the opposite and ruins the prospects for our people. But the country can rest assured that neither I, as Premier, nor the Government as a whole, will be distracted from our duty and mission by political stunts and sideshows by those whose future is now well and truly past.

Madam Speaker, as I said in previous times, there can be no going back. No going back to the days of personality politics and a Government focused on self-aggrandisement and political survival.

[Inaudible interjections]

The Premier, Hon. Alden McLaughlin: Instead, Madam Speaker, what we need is the politics of ambition and action with Government focused on what is best for the people it serves. What we need is not to go back, but to go forward. What we need is continued progress.

Madam Speaker, I believe that this Progressive's led Government has shown it can deliver this and more. We have delivered on our promises and we have shown that we are the Government that can get things done.

Madam Speaker, I thank you for your time and attention and I believe that concludes the debate on the Throne Speech, Budget Address and the Government's Policy Statement for this 2016/17 financial year.

The Speaker: The question that a Bill shortly entitled the Appropriation (July 2016 to December 2017) Bill, 2016, be given a second reading.

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

AYES.

The Speaker: The Ayes have it.

Agreed: The Appropriation (July 2016 to December 2017) Bill, 2016, given a second reading.

The Speaker: I recognise the Honourable Premier for the motion to adjourn.

ADJOURNMENT

The Premier, Hon. Alden McLaughlin: Thank you, Madam Speaker, for your assistance.

I move the adjournment of this honourable House until the completion of Finance Committee on the budget just presented.

The Speaker: Member for North Side, do you wish to make a contribution?

[No audible reply]

The Speaker: The question is that this honourable House be now adjourned to allow the Finance Committee to commence its proceedings at 2:30 on Tuesday afternoon, until the completion of Finance Committee.

All those in favour—

Honourable Leader of the Opposition?

Hon. W. McKeeva Bush, Leader of the Opposition: Madam Speaker, do we come back to the House or do we come back to Finance Committee? That is the question.

The Speaker: We come back to Finance Committee. That is what I was just proposing.

Let me repeat: The question is that this honourable House do stand adjourned until the completion of Finance Committee which is to convene at 2:30 pm on Tuesday.

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

Ayes.

The Speaker: The Ayes have it.

At 5:42 pm the House stood adjourned until the completion of proceedings in Finance Committee (to commence at 2:30 pm on Tuesday, 14 June 2016).

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