



CAYMAN ISLANDS
GOVERNMENT

GETTING BACK ON COURSE

2013/14 Policy Statement
Delivered Monday 7th October, 2013
Hon. Alden McLaughlin, MBE, JP, MLA
Premier

As we meet in this Honourable House today to present the first full Budget of this Government, I am minded to recall for Honourable Members the words we read in Proverbs that *'A good name is to be more desired than great riches, favour is better than silver and gold'*. On the 22nd of May of this year the People's Progressive Movement was given a mandate to restore the good name of the Cayman Islands; to restore the lustre to our tarnished reputation.

A reputation that had been sullied both at home and abroad by charges of corruption, abuse of office, mismanagement of the economy, a soured relationship with the United Kingdom and all manner of unsavoury practices and unseemly behavior.

Socrates entreats us to, *"Regard your good name as the richest jewel you can possibly be possessed of - for credit is like fire; when once you have kindled it you may easily preserve it, but if you once extinguish it, you will find it an arduous task to rekindle it again. The way to a good reputation is to endeavor to be what you desire to appear."*

A good reputation is the flip side of the confidence coin. As we promised in our Manifesto, *'The first and most challenging task of a new administration, therefore, will be to restore trust and confidence in the government and the Cayman Islands as a whole. Nothing is possible without that.'*

Restoring that confidence, Madam Speaker, was our very first step in getting our country back on course. We believe we have made considerable headway in this regard. Suspicion and skepticism by the Foreign & Commonwealth Office have been replaced with trust and respect; foreign investors have certainty that

transparent, legal processes will protect their investments, while local business owners have been buoyed by the consultative process that we bring to managing the affairs of this country.

We know that the restoration of confidence is not a one shot deal and we shall continue to consult regularly with stakeholders in business and civil society and maintain our promise to be open, transparent and accountable. We will continue to work hard with the public servants and our private sector partners to bring back pride to Caymanians and residents and all who love this country,

With the return of confidence has come an air of hope that was absent prior to May 22nd. We wish to take that hope and through sound financial management and responsive social policies, transform it into a better quality of life for all who live here and contribute to the growth and development of these Islands.

We shall do so Madam Speaker, in a disciplined, deliberate and transparent way. There will be no silver bullets or one size fits all cures. We still face the challenges as a country that we did prior to May 22nd, but we believe that with a new approach to managing our affairs we can indeed move forward to a better tomorrow.

And you may well ask what is this new approach. It will be characterized by prudent financial management, as the Minister of Finance will explain later in his presentation to this honourable Chamber. It will see a targeted approach to improving the lives of Caymanians through specific educational and training programmes. Investment in a modern infrastructure will be within our means and will yield maximum returns for the country. Expenditure on government and by government will give value for money. While government will do its part as

facilitator, principally growth and employment will be private sector driven. At the core of future economic expansion will be a reformed immigration regime that will protect the right of Caymanians to have gainful employment, while acknowledging the necessity for businesses to have a reliable labour force.

Madam Speaker, the road that brought us to the delivery of today's Budget was not the yellow brick road, but the journey was made easier when in August the Foreign and Commonwealth Office approved the Cayman Islands Government's four-year fiscal plan covering the years 2013/14 to 2016/17. It was one of the first steps to restoring the UK's confidence in us. It also demonstrated how positive results can be achieved when processes are followed and a logical, credible and consultative approach is taken toward fiscal planning.

For our first two months in office, we kept our heads low and worked steadfastly to develop this plan, which followed weeks of meetings between the Ministry of Finance and key stakeholders across the public sector. The resulting plan is credible, sustainable and charts the necessary trajectory for the country to meet the fiscal targets outlined in the Public Management and Finance Law. Because of the hard and diligent work of my team, ably led by the Minister of Finance, the UK was able to approve the Plan on its first submission; an historic occasion.

The Plan favours an initial aggressive reduction in public sector operating expenditure, significant increases to Government's cash reserves, no new long-term borrowings, continued repayment of existing loans and zero inflationary revenue measures. The Plan assigns to the Government the role of facilitator of economic growth by virtue of its support for various private sector initiatives, does

not propose any major capital expansion programmes and is not dependent on any revenue measures for success.

We are proud of the budget we are presenting today, Madam Speaker. It is balanced and has a healthy operating surplus realized through cost saving measures. The Government is all too aware of the cost of living in the country, both for individuals and businesses. We have no plans to introduce any measures that would further burden the cost of living; as a matter of fact we are looking for ways to give our people, residents, visitors and businesses some relief when it comes to their pocketbooks.

This budget provides the financial basis to address the problems of the Cayman Islands and gives life to the government's plans, vision and programmes that Her Excellency the Governor outlined in the Throne Speech and which will be expanded upon in this speech and that of the ministers to come in the upcoming debate.

Madam Speaker, while fiscal responsibility and discipline are important principles for government, ensuring the populace has a better quality of life is one of our main objectives.

At the forefront of this is getting jobs for all qualified and capable Caymanians who want to work. The Government is revamping the work of the National Workforce Development Agency (NWDA) to make it easier for Caymanians looking for work to register. Under the plan, which is nearing completion, businesses in the Cayman Islands will work with NWDA to find and employ

Caymanians. We have heard the cries of our people in their search for jobs and we are doing much to ensure jobs for Caymanians in the near and far future.

But, Madam Speaker, I have to be honest with you. The lack of jobs for Caymanians was not created by this Government. Like many other issues facing this country, we inherited this problem. This Government was elected to face and fix the problems, and we are doing just that. A sustainable solution to the issue cannot be implemented overnight, but the combination of increased economic activity, new provisions to protect the rights of Caymanians in the Immigration Law, new programmes by NWDA in the short term and expanded vocational training in the near term will put Caymanians back to work and the country back on track.

I have heard much rhetoric in recent weeks about whether this Government is more concerned about expatriates than Caymanians; about whether we are against foreigners. I can only characterize much of the debate as ill-informed political sniping, Madam Speaker.

As Caymanians, we know that there is a history in this country of Caymanians being unwilling to do certain jobs. We have to ensure that the labour needs of the market are adequate to service the areas where Caymanians are not qualified or not available for a myriad of reasons.

Under the new Immigration reform proposals, it will now be an offence, carrying a fine of up to \$20,000 in the first instance, for an employer to fail to disclose that a Caymanian, a spouse of a Caymanian or a permanent resident has applied for the position, when applying for a work permit or renewal. But everyone must

remember, despite people playing on the emotions of Caymanians, the Immigration Reform proposal is not employment legislation.

The Ministry of Education, Employment and Gender Affairs is working on a suite of programmes to get Caymanians into the workforce. We have identified 200 unemployed Caymanians who have expressed interest in working in the Hospitality Industry. Those people will be matched to available jobs in the industry for hires beginning this month and next month.

We are also working with the private sector, including Health City and Cayman Enterprise City, both of which have made commitments to hire Caymanians.

Employment opportunities for Caymanian artisans and construction workers will improve with the start of construction on DART's new hotel property on the West Bay Road and a new hotel in East End being proposed to service Health City. A proposed new golf course development in Frank Sound will also provide opportunities for employment.

I am sure you will be pleased to learn Madam Speaker, that in order to promote job growth in Cayman Brac, Cayman Airways will establish a Reservations Centre in Cayman Brac. This Centre on the Brac will not only assist in creating jobs, but will also further the disaster mitigation efforts of Cayman Airways.

There are many other initiatives that will help Caymanians get jobs, not the least of which is education and vocational training. Under the previous PPM Administration, great strides were made to improve the level of education our children receive. I am proud to say our work continues to this day and we will see

full-scale implementation of the National Strategic Plan for Education with a continued focus on improving teaching in maths and literacy.

The Minister of Education will provide in greater detail the elements of the NWDA plan as well as the core aspects of the Strategic Plan for Education during her presentation, so I will not go into any further detail at this point.

Madam Speaker, before I move on to address further specifics of our policies to get the country back on course, I feel I must first speak to a matter that is of great concern to the Cabinet, the Government and indeed most Caymanians and residents of these Islands and that is the recent increase in gun-related crime.

I wish to assure the country that while we work on improving our economy, we are also going to pay close attention to the safety and security of all persons who live in and visit our Islands. This recent rash of firearm related robberies and burglaries cause me and the Government grave concern. I am happy to be able to report to the House today that the RCIPS has been successful in apprehending and taking into custody a number of those suspected of committing the recent spate of burglaries and robberies. However we recognize that much more must be done to prevent these kind of crimes.

The Commissioner has briefed both Cabinet and the National Security Council on his strategy of responding to reported crime. Law Enforcement Officers have a number of assets at their disposal, which are deployed when needed. Assets like the Police helicopter, the National CCTV System, which boasts over 230 cameras spread across Grand Cayman. There are also electronic monitoring tags that can be used to virtually monitor the exact whereabouts when suspected persons are

released on bail by the police or the courts.

You would have read about the recent interception of a Jamaican Canoe and the arrest of a number of Jamaican nationals and Caymanians who are suspected of importing hundreds of pounds of ganja into our islands. This interception carried out by the officers in the Sister Islands, assisted by the Joint Marine Unit, is the kind of result we want to see continue until the message becomes clear to all...the Cayman Islands is open for business, but closed for criminal activity and corruption.

Whilst the Police and other Law Enforcement agencies play an important part in responding to and investigating criminal activities, our Country's safety and security is a national issue that requires all hands on deck to stop the unacceptable levels of criminality.

Government will be looking at further ways for private individuals and businesses alike to better protect themselves. We see that a number of the crimes committed recently have occurred where the victims are vulnerable or the premises unsecured. We will be making provisions, whether by legislative change or by duty concessions, to better assist persons and businesses from falling victim to criminal activity.

A bit later during my presentation I will speak to the aims and progress of the National Crime Prevention Strategy.

I turn now to our plans for the Financial Services industry.

Madam Speaker, at 49 per cent of GDP, and accounting for 55 per cent of Government revenue, the Financial Services industry is the most important driver of our economy today. Challenges to our on-going success as an international financial centre are many – from increased competition and new international regulatory initiatives, to continuing, uninformed attacks on our reputation and quality of business.

But there have been several victories since we took office, and we are poised to make great strides this fiscal year.

You would have heard Prime Minister Cameron’s defence of the UK’s Overseas Territories quite recently. By saying that the OTs should not be maligned as tax havens, he has recognised Cayman’s leadership in addressing tax evasion, and our commitment to participating in the global automatic exchange of tax information. Other OTs are now moving quickly to more closely emulate our position, and to demonstrate similar levels of commitment.

To the naysayers who suggest our actions will cripple our industry, this small victory must be seen in the context of a complex and global political agenda that continues to rapidly head in one direction. Cayman cannot stand alone against this global tide. Our future success depends largely on an approach of international engagement; providing expertise to the multilateral dialogue; and importantly, reaffirming our sovereign right to maintain a responsible public revenue system that benefits our people, and also supports the efficient and ethical functioning of the global financial community.

As noted by recent Government administrations, including this one, our participation in these global initiatives will have a cost to Government and local industry; specifically, we will have compliance and administration costs related to our Model 1 intergovernmental agreements for US and UK FATCA. But this is necessary and indeed inevitable as the alternative would have surely brought us ruin.

These international challenges notwithstanding, we also need to focus locally, and to recognise the strength that has resulted in our vaunted position in the first place. The breadth and depth of financial services expertise in Cayman has been a key driver of our success – driving innovation and new markets expansion, and enhancing the quality of our services.

The government which I have the honour to lead is therefore very supportive of a renewed partnership with industry, and closer ties with organisations such as Cayman Finance will help us to regain an innovative edge among international financial centres. During this fiscal year, we will consider several amendments to existing financial services legislation, and new legislation as well, that are much anticipated by industry. Among these is the introduction of a new corporate governance regime that will reaffirm the quality of our home-grown directorships industry, further raising the bar for others to follow us as the leading domicile for funds worldwide.

As we continue to work to ensure that Caymanians are educated and employed, we are also mindful of the social needs in our Country. During the 2013-14 financial year, the Ministry of Community Affairs will focus on implementing some of the efficiency recommendations from the Civil Service Review of the Department of

Children & Family Services, the major one being the separation of the welfare aspects into a Need Assessment Unit.

Provision and management of financial assistance services will be covered by the Needs Assessment Unit in a more efficient and comprehensive manner inclusive of poor relief, school lunches, food vouchers and burial assistance.

In order for the Needs Assessment Unit to operate in an effective manner, amendments to the Poor Person's Relief Law as well as the development of accompanying Regulations will be required.

With the implementation of the Children Law (2012 Revision) and its enabling Regulations, it is important for the Department of Children and Family Services to ensure that it is in compliance with the various requirements of the legislation. As a result, there will be a separation of clinical services from welfare services. A crucial aspect of the clinical services is the Child Protection Unit.

In compliance with the Children Law, homes in which children are placed will now be inspected to ensure that they provide nurturing and safe residential care for children in need of care and protection.

The Adoption Law was amended in March 2013. The Adoption Regulations are expected to be passed in early 2013-14. In the Judiciary, rules of court are now in place and steps are being taken to create the panel of *guardians ad litem* required under the Law, which the Judicial Administration will direct.

The Department of Counselling Services will continue to provide community-based counselling and residential programmes to people who require assistance with drug and alcohol issues, family and relationship difficulties and/or issues related to personal development (these include issues such as trauma, grief, depression, anxiety and substance abuse.)

Another important aspect of the Department of Counselling Services is the delivery of family programmes that will assist parents to develop positive and effective parenting skills and that are relevant to communities within the Cayman Islands. The Ministry of Community Affairs will continue to work across ministries and alongside key stakeholders to ensure that the needs of children, families and communities are met holistically.

October is the Month of Older Persons and I invite all members of this honourable House to participate in the many activities planned. However, as a country we need to ensure that the elders continue to be included and protected. This year we will review the services provided to the elderly by DCFS.

The Government wants to recognise those who have gone before us by celebrating our heroes in cultural heritage, the theme for National Heroes Day 2014.

The nomination form for National Heroes day has the following definition:

“Cultural Heritage is fundamental to a people’s memories, identity, and creativity, and adds to the richness of cultures. It is the legacy of tangible physical artefacts and the intangible attributes of a people that are inherited from past generations, maintained in the national identity, and bestowed for the benefit of future generations.”

Madam Speaker, it is sometimes said that our society is judged by how we treat our vulnerable, including our intellectually or physically challenged. As a society we have a duty to do our best for our most vulnerable. Section 16 of our Constitution – the Bill of Rights – establishes that “...*government shall not treat any person in a discriminatory manner in respect of... rights under...the Constitution.*” This section includes persons with mental or physical disability.

The Cabinet Office in partnership with persons with disabilities and other key stakeholders will be completing a national policy for persons with disabilities. The vision of the policy is “*ensuring persons with disabilities live with dignity, are respected and participate fully in society.*”

I must state, this is a matter that is near and dear to my heart. This process commenced under the previous PPM Administration and originated within my then Ministry. Continuing to build on the foundation set during our previous administration, I am pleased to see that the last government recognised the important work that had been done and continued the process. These efforts over successive governments are leading up to the creation of a comprehensive national policy and bespoke legislation aimed at bettering the lives of persons with disabilities. To this end the draft goals of the policy are to:

- Ensure persons with disabilities have a quality education in the most appropriate inclusive setting, and access to lifelong learning;
- Have equal access to employment opportunities, fair pay and benefits;
- Have access to the highest standard of health care;

- Enjoy their highest level of independence and full inclusion in society; and finally,
- Collect, analyze and disseminate information on Persons with Disabilities to inform policy, legislation and services.

History shows that too many policies have been shelved or partly implemented over the years. To increase the likelihood of implementation effectiveness of the National Disability Policy, action plans will support policy objectives, strategies, goals and the vision. The ultimate aim is to ensure persons with disabilities can live with dignity, are respected and are able to participate fully in society.

As Premier, I have taken a personal interest in seeing this process through and I am pleased to say that I have the full support of my colleagues especially in the key Ministries of Education, Employment & Gender Affairs and Health, Youth, Sports and Culture. A better, more just Cayman is a Cayman that finally enshrines protection for the most vulnerable in our community. Nothing can be more edifying and Christian.

Madam Speaker, we also need to pay some attention to those among us who we have lost, and are losing, to debilitating diseases like diabetes, hypertension and cancer. Although there is already an established Cancer Registry, the reporting of the incidence of cancer has been very poor. This means that the data collected does not accurately reflect the incidence of cancer, or provide accurate information regarding the most prevalent types of cancer.

In order to better target prevention programmes, educational efforts, and oncology services, we need to have better information regarding the incidence and prevalence of cancer in the Cayman Islands.

At last year's National Healthcare Conference, there was a breakout session that focused on cancer, and one of the recommendations from that group was to enhance the collection of data regarding cancer in the Cayman Islands. The proposed legislation from the Ministry of Health will make it mandatory for healthcare providers to report incidences of cancer to the registry and make provisions regarding the confidentiality of the registry. It is currently in initial drafting stages, and should be completed during the course of the current financial year.

As we continue to identify the non-communicable diseases that are doing us the most harm, we are in the process of identifying a major overseas healthcare provider to explore partnerships to further enhance our capacity to provide our residents with world-class healthcare.

The Health Services Authority will be issuing a Request for Proposal seeking an overseas healthcare provider to establish a formalised partnership to facilitate training of HSA staff in all areas (healthcare providers and administration), assist the HSA to further establishing their robust framework of policies and procedures based on global best practice standards, investigate the feasibility of pursuing international accreditation of the George Town Hospital, and if determined feasible, establish a critical path to achieve it, and, assist the HSA in reaching a standard of excellence in customer service, patient-centered care, and financial management.

We are also working on the Mental Health Law and Mental Health Commission Law, which represent significant advancements in the legislative framework for mental health. One of the key components of the new legislation is the creation of the Mental Health Commission, a new oversight body for mental health in the Cayman Islands. Once appointed, the Mental Health Commission will act as an appellate body for patients who are involuntarily detained under the Mental Health Law, advocate for and promote increased education and awareness of mental health issues in the Cayman Islands, provide policy advice to the Minister of Health and the various health councils, as well as providing a central point of data collection for mental health statistics.

The Ministry of Health will work with the Mental Health Commission to investigate the feasibility of undertaking the WHO AIMS (Assessment Instrument for Mental Health) study, which was developed by the World Health Organisation to assess key components of a mental health system, and thereby provide essential information to strengthen mental health systems. Through the WHO-AIMS it is possible to identify major weaknesses in mental health systems in order to have essential information for relevant public mental health action.

While we are committed to taking care of our people, the Government is also taking steps to get the House of Government in a state of wellness.

Madam Speaker, as we seek to strengthen the institutions of Government to protect against abuse of office and corrupt practices by those in government, Cabinet, supported by the Cabinet Office, has begun to review Cabinet's Guidelines and develop a revised Code of Conduct for Cabinet. This has not been done since

September 1995 and Cabinet still functions under this guide to the Operations of Executive Council, which is woefully out of step with the 2009 Constitution. In 2005, the previous PPM Administration commenced the process of updating the new Cabinet Guidelines and now that we have a modern Constitution, this is all the more essential. We have therefore again made this a priority.

Furthermore, once the process of updating this critical document has been completed, it is the Government's intention to publish these revised Cabinet Guidelines as a public document for the very first time! In anticipation of the revised Cabinet Guidelines, the Cabinet Office will be posting to the Government's website also for the very first time the existing 1995 Guide to the Operations of Executive Council, which until now, has been a restricted document. This will hopefully give the people of the Cayman Islands a greater understanding of the structure and functions of the Cabinet.

The review, which began when we took up office, is expected to align processes and procedures with the 2009 Constitution and will be informed by international best practice. While there is a code of conduct in the existing Guide to the Operations of Executive Council, we have found this to be too limited in its scope. The landscape of policymaking has changed dramatically and the public demands for good governance, accountability and transparency warrants a revised and up to date Code of Conduct.

Therefore this new Code of Conduct will seek to address some of the following areas:

- Ministers interests in greater detail, clearly addressing interests of family and close associates;

- The management of conflicts of interest (recognizing that some conflicts simply cannot be avoided), but outlining measures to deal with them;
- The handling of constituency interests recognizing that as Ministers we still have to represent constituents and at times this may intersect with our Ministerial duties.
- The handling of gifts
- Ministerial travel including approval, costs, reporting, accompanying family members and staff.

We will also seek to enshrine the seven principles of public life, known as the Nolan Principles, in this code which include Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership.

It is for us as the elected government to take ownership of the new Cabinet Guidelines and the revised Code of Conduct. By signing on to this we are making a public declaration of the standards to which we will hold ourselves as Cabinet, setting the bar for any future Government. As Premier, I will hold myself as well as my Cabinet Members accountable to this standard. It should also be noted that the guidelines and the Code of Conduct will also apply to the ex-officio (non-voting) members of Cabinet, but it is for the Governor to hold them accountable in that regard. It is expected that the review will be finalised before year-end, thereby fulfilling another of our promises set out in our manifesto.

The Government is also focusing on public sector reform. The original design of the public sector reform model promulgated more than a decade ago contained three components that were to be supported by three pieces of legislation: the Public Management and Finance Law and the Public Service Management Law

were passed to cover the financial and personnel aspects of the model but the governance component of the trilogy was never introduced.

The Public Authorities Bill was prepared and consultations took place during 2006 but there was little support for it from the public authorities so it was shelved. The Auditor General in recent reports has highlighted a number of governance issues pertaining to public authorities and a number of these issues have been played out in the media, in terms of appointment to boards and conflicts of interests.

The Government has commissioned a review of all statutory authorities and government companies. The primary objectives of the review team are twofold: to improve the governance of statutory authorities and government companies and to improve the financial performance of statutory authorities and government companies.

Following on from the report that developed the present ministry/portfolio structure, the Government will be reviewing in depth all public entities with a view to identifying to Cabinet those that are no longer fit for purpose and need to be abolished, those that are misplaced and need to be transferred or require separation where there are governance, regulatory or human rights conflict issues or combining those where synergy would better serve the needs of the country. The review will also focus on those functions that would be better carried out by the private sector, either through privatization or the contracting out of services.

Meanwhile, in its continuous effort to modernise legislation on our books, the Law Reform Commission will be introducing a number of Bills relating to important social issues. These include:

The Family Property (Rights of Spouses Bill), 2013 which seeks to give recognition to *de facto* relationships of a duration of five or more years. Such persons would have the same rights in a family home and to division of property as married persons and can apply to the court for financial remedies in the same way. The Bill also provides that each spouse to a union or marriage shall be entitled to one-half share of a family home on the grant of a decree of dissolution of a marriage or the termination of cohabitation; on the grant of a decree of nullity of marriage; and on the grant of a decree of judicial separation. The entitlement is not an absolute one and the court will have the power to vary such entitlement.

The Sexual Harassment Bill, 2013 was submitted to the AG earlier this year and seeks to eliminate sexual harassment in workplace and other institutions. Both sexes would be protected under this legislation.

The Legal Aid Bill, 2012 is at drafting stage. That Bill seeks to reform the system of legal aid in the Islands in order to ensure the more efficient management of such aid. The Bill also provides for the establishment of a legal aid office with a legally qualified attorney as Director and other supporting staff.

The Commission is working on a paper and Bill relating to **conditional fee agreements** to provide for a different way of funding legal actions in order to give persons greater access to justice. A **conditional fee agreement** is defined as an agreement with a person providing advocacy or litigation services which provides for legal fees and expense, or any part of them, to be payable only in specified circumstances.

The Maintenance Bill, 2013 seeks to reform the law of maintenance by giving men an equal right to maintenance and by expressly setting out the matters which must be taken into account by the court when considering maintenance applications by both sexes.

In accordance with section 5 of the current Matrimonial Causes Law a woman has only to prove ordinary residence for two years in order to be able to file for a divorce under the Law while a male has to prove the more difficult fact of domicile. The **Matrimonial Causes Amendment Bill, 2013** seeks, among other things, to eliminate this inequality and to apply the same criteria to both sexes based on nationality or residence.

These are all important social issues that as a mature society we intend to make right.

Madam Speaker, a series of factors have coalesced to cause renewed interest in the production of food locally. The health conscious among us want fresh, naturally grown and reared food. More and more people are recognizing the cost savings to be derived from backyard and community farming and there is greater interest and acceptance in using local produce in fine dining restaurants catering to the hospitality industry. All of this plays into the Government's policy of greater food security.

The Department of Agriculture's efforts are designed to increase production efficiencies, expand production, increase food security and enhance safety of domestic food supply.

Working closely with farmers through commodity groups, the aim is to identify and target crops and livestock initiatives that offer the greatest potential for import replacement and the constraints that must be addressed to achieve these objectives.

At a broader community level, the focus will be on the promotion and support of backyard farming as a means to both increase domestic food production and encourage healthier dietary habits among the population.

The department's marketing support for the sector will continue to be focused on support of '*The Market at the Grounds*' which has proved a successful model to date. There is a need to expand linkages with the tourism sector; providing farmers greater access to local hotels and restaurants while supporting the growth of culinary tourism. The Market at the Grounds has already proven itself as successful model for providing greater exposure for local produce and fostering linkages between the producers and chefs. A number of leading chefs now visit and purchase weekly from the market, with the menus in their restaurants featuring and promoting local fare. The Department and the market vendors are actively looking at ways to build on this success and to continue to broaden the exposure for local products both to the restaurants and directly to visitors themselves.

One key area already identified and recommended for immediate attention, is the development and expansion of agri-processing. It is critical that the sector move away from a traditional focus on primary production and encourage and promote secondary processing that will both enhance value added returns and enable agri-

entrepreneurs to tap into previously unavailable markets and in so doing, enhance linkages with the tourism sector.

Owners and operators of motor vehicles will be pleased to learn that the petroleum inspectorate will be working with fuel importers to establish quality standards for all petroleum products, while the Department of Vehicle and Drivers' Licensing will be looking to improve its service by electronic vehicle registration and offering more of the Department's services online.

Meanwhile, the Water Authority has planned the continuation of various pipeline extensions and upgrades in Grand Cayman. Additionally, the Authority will commence work on the upgrade and extension of the piped water distribution system in Cayman Brac.

Madam Speaker, as I said earlier, critical attention is being given to keeping the Crime Reduction Strategy alive by the National Security Council - supported by the Policy Coordination Unit in the Cabinet Office. In order to have meaningful impact on crime, relevant Government agencies, civil society, private sector and the public all play an important role in the Crime Reduction Strategy.

The strategy covers four approaches to reducing crime: Early Intervention; Situational Prevention; Enforcement; and Reducing Re-offending. In recent years we have perhaps focused on enforcement due to the increase in serious crime. While we must continue to ensure that law enforcement is provided adequate resources to fight crime, in order to have any significant medium to long term impact, we must emphasize early intervention, prevention and reducing re-

offending. This takes “all hands on deck”, from parents, teachers, residents, civil society, the private sector, communities as well as government.

Numerous programmes to fight crime exist. Obviously, programmes are not our problem. But to really make a dent in crime we must ensure a coordinated effort toward enhancing synergy, communication, accountability and effectiveness of these various programmes and efforts. Here are some quick examples of how this should be working:

- Government and other entities involved with implementing parts of the Crime Reduction Strategy must provide progress updates to the Cabinet Office when requested and be accessible for monitoring purposes.
- Civil society organisations receiving public funds to implement programmes must prove their effectiveness in order to secure future Government funding. (The mere existence of a programme does not equate to effectiveness).
- Both Government and the private sector could do more to hire ex-offenders in appropriate jobs. I am pleased to say that the Civil Service is finalizing a policy on employing ex-offenders.

Madam Speaker, the Government is optimistic that coordinated efforts will bear fruit. The public deserves no less. While not wishing to single out any particular programme due to the stellar efforts of many, too often we hear of doom and gloom and not enough about outstanding efforts.

I would like to highlight the work of the Youth Anti-Crime Trust (Youth Act), which recently partnered with the Department of Education, Police and Prison Services in delivering Youth Crime Prevention Day to high schools. Students heard first hand from prisoners who visited their schools and others about the

importance of taking personal responsibility for choices and the consequences of poor choices. Through role play, students also experienced the loss of freedom that comes with convictions for breaking the law. They were on “lock down” throughout the day, escorted to and from workshops by Prison and Police Officers, with the restrictions that would be applied to prisoners. An important aim of the Trust is a reduction in suspensions in the school system and a decrease in youth criminal offences contributing to a safer society for all. This is just one example of where coordinated action can yield promising results.

The steadfast commitment and coordinated actions of all stakeholders toward reducing crime is vital toward significant short, medium and long-term implementation progress.

Madam Speaker, as much as we appreciate the men and women who make up our forces, we know that we need mechanisms in place which hold them accountable, too. The Attorney General developed the Police Bill 2008, which was enacted in 2010, which established the Police Public Complaints Authority as a statutory authority. Although this law has been enacted, the Authority has not been set up as it has been determined that to do so would be an unacceptably costly exercise. However, the absence of an oversight body to deal with complaints against police officers leaves Government vulnerable if there is a major police incident that requires independent investigation into the conduct of a police officer.

The Government has therefore agreed to amend the Police Law to provide for a Commission that will act as an independent civilian oversight body for the Police and will receive and order investigation of all complaints made by a member of the public against a police officer and or civil servant acting under the auspices of the

police. The necessary amending legislation will be brought to this honorable House shortly. It is envisaged that any complaint regarding death or serious injury as a result of police action will be investigated by a team of investigators from overseas.

The Commission will be supported by the existing Commissions Secretariat with the additional resource of an independent investigator. If the facts of the case show potential alleged criminal activity, the Commission will pass the file to the Director of Public Prosecutions.

I turn now Madam Speaker to that other important economic pillar – tourism.

Sports Tourism is an area ripe for further expansion. We have already seen such successful events as the NORCECA Beach Volleyball events, the Cayman Invitational Track Meet, the CARIFTA track championships, and more recently, the CONCACAF under-15 boys football tournament that brought some 700 players, their coaches, family, and friends, to our shores during August of this year. Plans are already under way for the CONCACAF under-20 women's tournament in January, which will bring international media exposure to the Cayman Islands through the broadcast of the tournament on Fox TV.

On Cayman Brac, the certified FIFA pitch will be improved with amenities such as changing rooms and bleachers. This will allow for internationally recognized soccer matches to be played on Cayman Brac.

We are also blessed with ideal conditions for watersports such as sailing, fishing, and kitesurfing, all of which will see international competitors coming to our shores over the course of the next year.

The promotion of sports tourism presents an opportunity to not only promote the Cayman Islands as a tourism destination, but also enhances the profile of sports in our community which has the potential to lead to more and more of our residents choosing to embrace active lifestyles and life-long participation in sports.

Just as in sports, there is a playing field – globally and locally – for commerce. Similar to the way we have fought for a level playing field internationally, Government is pursuing several initiatives that intend to ensure a level playing field locally.

A tremendous amount of work has already gone into a substantial amendment to the Trade & Business Licensing Law – to modernise its provisions, allow for greater efficiency in its administration, and ensure a level of enforceability to address the imbalances that are often highlighted by local businesses. We hope to take this Bill to the LA in the first quarter of 2014, recognising that public consultation and education will be a very important part of the process.

And there is more to come. We already have created two working groups – one to review the Local Companies (Control) Law, and the other to review the Liquor Licensing Law.

Both of these, but especially the latter, have seen their fair share of controversy. But Government will not shy away from tackling difficult, yet important issues, and from striving to put in place an even better framework to foster and support local business.

There are several passionate and competent members of this Government with a keen interest in supporting entrepreneurship and ensuring that our small businesses have a fair shot at success. We will create a task force to evaluate current small business programmes, explore new initiatives, and drive the implementation of new services that will increase the viability of this dynamic and important sector of our economy.

A tremendous amount of work is being done to support our business environment, but we will not lose sight of the equally important duty to protect and conserve our natural environment and resources.

The long-awaited National Conservation Bill will be brought to this honourable House before the end of this year. This important legislation has the support of my caucus, and we have ensured that the Department of Environment, or DoE, will be in a position to support this legislation once it is passed. The draft Bill being presented is substantially the 2009 version prepared by the former PPM administration, updated to address concerns raised by the past UDP administration and independent Members.

While Government plans to allow Members of the House and the public significantly more time than the required 21 days to review the draft Bill, we do

not anticipate significant amendments, and we look forward to unanimous support for this seminal legislation.

The Government also is committed to continuing the consultation on proposals to enhance our current system of marine parks. DOE research shows that, while the marine parks are providing some protection, a confluence of factors has caused serious changes to our reefs, and the current protections therefore are no longer enough. These factors include population increase (resident and tourist), overfishing, coastal development, invasive species, disease of coral and other marine organisms, and climate change.

The future for our marine resources is bleak without decisive and timely corrective action. An appropriately configured and enhanced system of marine parks is the best tool available for actively managing our marine resources in order to achieve fisheries sustainability, biodiversity conservation, and ecosystem resilience, in the face of the existing and emerging threats.

Further, we recognise the importance of addressing climate change. We acknowledge the sobering message of the report by the Intergovernmental Panel on Climate Change, a summary of which was released on Friday, 27 September: Climate change is real, it is caused by human actions, and it continues unabated.

Cayman simply cannot afford to ignore the conclusions of this worldwide committee of eminent scientists, as the implications for the continued rise in sea levels will have severe consequences for future generations if left unchecked. The Government therefore intends to adopt the draft climate policy, produced in 2011

by a multidisciplinary public/private sector initiative led by the DoE, and to begin urgent work on an implementation plan.

And lastly, in an effort to honour our commitments made under the Convention on International Trade in Endangered Species of Flora and Fauna, Government will take all necessary steps to bring into force the updated, local CITES-implementing legislation – the Endangered Species Trade and Transport Law – which was passed by this honourable House in 2004.

Madam Speaker, we must do all that we can to protect the environment on all three Islands to ensure that we preserve paradise for future generations of residents and tourists alike. Just as we are protecting our flora and fauna, we are making moves to improve the infrastructure to make our visitors' stays more comfortable and accommodating.

Over on Cayman Brac, enhancement of the Charles Kirkconnell International Airport will include expansion to accommodate security and screening equipment for the processing of international flights. The first phase of the enhancement will be an area for hold baggage screening, which will consist of such equipment as an X-ray machine for checked luggage. This improvement will allow for the processing of international flights in Cayman Brac, which will provide an important economic stimulus for Cayman Brac. Further phases of enhancement will include an expanded departure lounge facility and an enlarged arrivals facility.

Madam Speaker, the redevelopment of the Owen Roberts International Airport is proceeding in line with the procurement process set by the Foreign and Commonwealth Office. The Strategic Outline Case for the redeveloped airports

facilities across the three islands will be considered by Cabinet this month. This document will form the basis for a Request for Proposals for an Outline Business Case to be produced, similar to the cruise berthing facility. Following this process, tenders will be invited for the construction of the first phase which is envisioned to be an expanded departure lounge facility.

The Strategic Outline Case mentioned earlier will also examine the way forward for a Cayman Islands Airports Authority owned and certified airport in Little Cayman. This airport will be built to international standards and will allow for more cost effective turbo prop aircraft to service Little Cayman. The airport is to be constructed on Cayman Islands Airports Authority property, with the runway being the first phase.

Keeping our attention on the Sister Islands, the Hurricane Shelter site on the Bluff is to be converted to a High School to replace the present Layman Scott Senior School site. This project will be undertaken in phases, with the initial concept drawings being currently discussed by Ministry of Education, Ministry of District Administration, and the Public Works Department.

Madam Speaker, we desperately need berthing for big cruise ships that, as of now, are passing us by on a daily basis. The procurement process for the cruise berthing facility remains on track. The Outline Business Case is to be considered by Cabinet this month. Once approved by Cabinet, the Outline Business Case will be released to the public. After public consultation, the Request for Proposals for an Environmental Impact Assessment is to be developed and disseminated.

The Royal Watler Cruise Terminal has recently been enhanced with new tents and benches to improve the cruise visitor experience. Further organizational improvements are to be made in the immediate term in order to prepare for a significant increase in cruise visitors in 2014.

The current version of the Port Authority Law is the 1999 Revision, which is some 14 plus years ago. There are various provisions in the law that are to be reviewed and considered for an update.

Madam Speaker, another ongoing project is the George Town Landfill. The Ministry will embark on the RFP process, in accordance with the requirements of the FFR, with the goal of a comprehensive sustainable, integrated waste management solution for the Cayman Islands. It is anticipated that due to the significant capital investment that would be required to properly address this issue the Business Case will recommend a Public-Private-Partnership for the delivery of the solution.

This RFP will include all three Islands, and it is expected that it will result in recommendations to achieve waste reduction, enhance recycling, and determine the feasibility of waste-to-energy as a component of the waste management system.

Madam Speaker, there were two reports issued by the Office of the Auditor General in July and August 2011 that have been critical of the management of procurement. In addition, the new Constitution set up the Commission for Standards in Public Life, which is mandated to review and establish procedures for the awarding of all public contracts. A Working Group was established and a new legislative framework for procurement was recently agreed by Cabinet.

A new Procurement Bill will be brought to the House shortly and Government will establish a three person Central Procurement Office in the Ministry of Finance to be headed by a suitably qualified and experienced Director of Procurement.

The Central Procurement Office will be responsible for establishing procurement policies and procedures, developing and maintaining standard government procurement documentation, procurement oversight, carrying out some centralized procurement, advising government entities on procurement and training of employees involved in procurement. The Office will also undertake contract and post implementation reviews. The Director of Procurement will also be a member of a new Public Procurement Committee which will replace the Central Tenders Committee.

In addition, the “competitive dialogue” form of procurement to provide appropriate procurement options for complex procurements will form part of the new regulations. There will be an amendment to the regulations to clarify roles and strengthen oversight for procurement that takes place in the \$50 – \$250,000 range.

There will be a mandatory requirement for business case production in a standard format prior to a project being implemented for all projects over \$250,000. The existing Public Sector Investment Committee will be reactivated and the membership appointed by the Minister of Finance. Policies and procedures will also be developed to ensure that adequate project management is in place for all significant projects.

Madam Speaker, there has been an increasing interest from international health researchers to come to the Cayman Islands to conduct health research and clinical trials. High costs and an onerous regulatory pathway have driven many clinical trials and innovative medical therapies outside the US.

Due to our proximity to the US, our stable political climate, our reputation for public safety, and our attraction as a destination, companies are looking to the Cayman Islands as a possible location for their research and clinical trials. The Health Practice Commission has already received applications from a number of groups looking to conduct their research and trials here.

There is an opportunity for the Cayman Islands to facilitate the development of centres of excellence in health research and clinical trials, but this must be done under a suitably robust and efficient regulatory regime in order to ensure that risks are not outweighing benefits, and our international reputation as a medical tourism destination is protected and enhanced.

To this end, the Ministry of Health and the Health Practice Commission will be forming a taskforce to make recommendations on appropriate policies and procedures to facilitate the development of this emerging area while ensuring appropriate research standards and patient safety are being adhered to.

While we are luring private sector investment, we are also aware that we have to nurture the small businesses already here.

The Progressives made very clear in our manifesto our desire to help small businesses and to pursue the benefits of e-Government by providing transactional

services and informational services on line. The Progressives Manifesto stated the following: “Streamline the bureaucratic requirements that currently hamper the setting up of new businesses” and “Encourage and enforce the use of technology for service improvements, better efficiency and improved cost effectiveness of the Civil Service”.

The Cayman Islands has a high saturation of computer users (74 per cent) Internet users (65 per cent) and cell phone owners (98.5 per cent). It is planned that the Government will use technology to a greater extent to enhance its service delivery to the business community and cut “Red Tape”. The percentage of Internet enabled mobile phones is not known; however, mobile devices are on the increase and need to be taken into account when developing the strategy.

In conjunction with the private sector, a review of government transactions will be undertaken of government departments with a view to maximising the use of information technology to provide better services to the public. The purpose of the review is to create greater efficiencies in government and increase responsiveness through the establishment of procedures that eliminate inconsistency and bureaucracy and develop systems that do not impede innovation; create unnecessary barriers to trade, investment and economic efficiency.

The liberalisation of Information and Communications Technology (ICT) networks and services, the promotion of competition in the provision of such networks and services and the development of e-Business continue to be a top priority for the Government.

It is anticipated that further competition in the Internet provision and Broadcasting (television) markets will develop within this fiscal year. As a result, consumers can look forward to greater choice (including more local content) and more competitive prices in terms of their Internet and television service. The ICT Authority will continue to develop the regulatory environment for telecommunications, sound and television broadcasting, all forms of radio operations including amateur radio, and the .ky Internet domain.

- ● This year will see the continued rollout of fibre (fibre optic cable) across Grand Cayman, allowing more people across Grand Cayman access to faster Internet speeds.
- ● The Authority has recently assigned spectrum to both mobile providers who will introduce the latest high speed mobile broadband technology available today, known as LTE (Long Term Evolution). The introduction of this new service will keep Cayman on par, with regard to mobile technology, with such countries as the US, Canada, UK, etc. and is expected to be available by the end of January 2014.
- ● In addition, the Authority aims to build on its current consumer protection measures looking to ensure that consumers are properly protected from unfair commercial practices, including such things as raising consumer awareness on pricing issues, addressing misleading advertising and providing for appropriate switching processes for when a consumer changes their telephone or broadcasting provider.

- ● Two existing Licensees (Logic and LIME) have recently entered the Broadcasting market and another is preparing (Infinity). Also, each is (or will shortly be in the case of Infinity) building out their respective fibre optic networks which will provide customers with much greater Internet speeds. The incumbent Broadcasting Licensee, WestStar, is also continuing to build out its fibre optic network across Grand Cayman. All will be able to provide enhanced TV services as well as high speed internet services. As a result, customers can look forward to greater choice (including more local content as each Broadcast provider is obliged to provide a stated amount of local content) and more competitive prices in terms of their Internet and television service.

- ● The ICT Authority will continue to develop the regulatory environment for telecommunications, sound and television broadcasting, all forms of radio operations including amateur radio, and the .ky Internet domain.

Conclusion

Madam Speaker, as you would have observed we have not been idle in the 4 months since we took office. Much has been done but there is much more to do. This budget, which the Minister of Finance is about to present, will underpin these plans and provide the confidence and the environment and the oxygen to stoke the economic fires of these Islands.

Many hands and hearts and heads have contributed to the preparation of this budget and I wish to take this opportunity to express my profound gratitude to those who have burned many hours of midnight oil to bring this most important document to completion. I also wish to express my thanks to the many civil

servants who are charged with implementing our many policies, programmes and projects.

In Paul's first letter to Timothy he tells Timothy to "guard what has been entrusted to you".

In May this year the people of this country entrusted the Progressives to form a government to get this country back on course. As Leader I have striven from the very outset to honour that trust by forming as inclusive a government as possible. I am grateful to you, Madam Speaker, who despite having been the previous Premier in another administration, was prepared to join the Progressives and serve as Speaker. I am grateful too, to the 3 Independent Members of the C4C who have joined the government and have brought new perspective and abilities to the government team. I am no less thankful to the members of the Progressive team for their wisdom and commitment to providing Cayman with the best government possible. The result is an administration of immense depth and ability and which I am most honoured to lead.

Since we took office we have kept and are still keeping the faith and serving the people of the Cayman Islands honestly and earnestly. I thank God for his grace and mercies and with His continued guidance, we continue to work towards a better tomorrow, keeping the country on course through vision, teamwork and perseverance.

Thank you Madam Speaker.