

**Statement by**  
**The Premier and Minister for Finance, Tourism and Development**  
**The Hon. W. McKeeva Bush, MLA, OBE, JP**  
**In the Legislative Assembly**  
**5 November 2012**

Madame Speaker, the Leader of the Opposition through the Executive of the Peoples Progressive Movement, has issued a statement in relation to matters set out in a letter dated 2nd November 2012, from the FCO, which is of significant importance to the islands and I now wish to make a statement on these important matters referred to by the Leader of the Opposition.

Madame Speaker, on the 2nd of November 2012 the Hon Mr. Mark Simmonds the newly appointed Minister for Africa, the Overseas Territories, Caribbean and International Energy addressed a letter to me. It would appear to me that the Honorable Minister was not provided with the full facts and circumstances in relations to a number of important matters which are briefly and un-specifically referred to in his letter. I wish to address those matters and to clarify my position in relation to the same as Premier and Minister of Finance, Tourism and Development.

As a member of this Legislative Assembly having been elected consecutively for 7 terms, nearly 28 years, I have always worked to develop a very positive relationship with the United Kingdom Government: a relationship which has always been intended to benefit the people of the Cayman Islands and to foster a harmonious partnership with the various Governments of the United Kingdom. From time to time over the last 28 years, there have been areas in which the United Kingdom and the Cayman Islands have not always seen eye to eye. In most of the areas of disagreement it related to the United Kingdom's policies which were specifically designed to assist the European Union but were detrimental to the people of these islands.

As an MLA, elected in a democratic process it was my responsibility and that of the government of the day to object to and in most cases negotiate amicable solutions which would adversely impact the people of these islands. Since the election of the Conservative-led Government, I have gone out of my way to foster and develop a positive working relationship and partnership with them and as the new Minister has indicated in his letter I am also keen to further develop this relationship for the betterment of the Caymanian people.

In May 2009 when the United Democratic Party became the elected choice of the people of the Cayman Islands and I was elected as the Premier, I found the state of the government finances was shocking to say the least. There were significant deficits and recurrent expenditure had been increased by many multiples since my last term in government. The economies of most if not all of the world's most developed countries were in serious decline and the deficits in most of the leading western economies were so significant that economic growth and the standard of living of their people were impacted and continue to be impacted. After various discussions with the previous Minister in the United Kingdom, the government agreed in keeping with its partnership for progress to enter into an agreement known as the Framework for Fiscal Responsibility (FFR). Madame Speaker, it was my understanding at the time that the FCO were concerned with the capital projects that were started by the previous government and the increases in the recurring expenditure. The terms of the FFR have been incorporated into a legislative enactment which is due to be debated and passed in this meeting of the assembly, if Members agree.

Madame Speaker, I have instructed the legislative drafters and the draft will incorporate the terms as contained in the FFR and agreed with the previous of Minister in the UK, but it will contain two additional provisions which in the government's opinion are extremely important for the peoples of these Islands. One of the provisions increases the permissible capital expenditure over the lifetime of any specific project from CI\$10Million to \$25Million.

The second addition, incorporates a provision that specifies that, in the event that the FCO insist on the Cayman Islands Government taking or agreeing to any action emanating from the FFR, that the United Kingdom Government accepts the responsibility for any fiscal or reputational damage which the people suffer as a result of their insistence that the Government act upon their advice. These two provisions can only in my opinion enhance the positive working partnership and the relationship for the benefit of the people of the Cayman Islands, and I am sure the Minister in the United Kingdom has had an opportunity to review the provisions and understand the same, and should be able to agree that they are reasonable and in keeping with a positive working partnership. Unfortunately, the Minister's letter of the 2nd of November does not provide any specific reasoning as to why these provisions may not be acceptable.

Madame Speaker, our government and in particular myself have always been willing, and continue to be available for positive discussions to resolve any issues with the Minister in relation to the FFR.

Madame Speaker, the Minister indicated in his letter that by reason of the inclusion of these changes, that I am disregarding good governance and I continue to be in breach of a series of commitments without any reference to what those commitments are. It appears that he is referring to these two changes in the FFR which in my opinion are reasonable and accord with good governance, particularly in the light of the financial working relationship with the FCO which the document requires. In this day and age, an expenditure of \$25M on a capital project will only permit minimal projects to be undertaken and as the minister indicated there is a shared responsibility between the UK Government and the Cayman Islands Government, towards the people of these Islands. It can only be reasonable should the UK government insist on a measure which costs and or damages the people of the Cayman Islands, that they bear the responsibility for such measures: this is a responsibility for good governance that they ought reasonably to accept-it is a straight forward fiduciary duty.

Madame Speaker, Minister Simmonds, in reaffirming his commitment to the economic development of the Cayman Islands agrees that a new cruise ship facility is an important project to such economic development. The Minister is aware that that a transparent and competitive process has been undertaken in relation to this project. He is aware that Maples one of the leading law firms in the Cayman Islands and together with KPMG one of the big four leading accounting firms have been retained by the Port Authority and the Government to ensure that this project is affordable and represents the best value for money. I have told the FCO all of this.

It has been progressed in compliance with international procurement best practices. Madame Speaker, we have instructed our attorneys at Maples, acting on behalf of the Government and the Port Authority to prepare for the Minister a full and comprehensive outline of the processes which are being carried out and the process for the ascertainment of good value for money will be verified by KPMG and the project placed before the central tenders committee.

I am confident that when the attorneys and KPMG provide the Minister with the facts that the Minister will be pleased at the efforts which the Government and PACI are making, to ensure transparency and that it represents best value for money, for the people of the Cayman Islands. This is essential to sustain the economic viability of our people and to produce revenue for the government.

Madame Speaker the Minister's concerns as expressed in his letter in relations to this project appear to have arisen from a lack of correct and factual information being provided to him in a timely manner, despite our best efforts to keep the FCO informed. The instructions to Maples and to KPMG will correct this and will be delivered directly to the Minister. However let me point out to these Honourable House facts that are pertinent: The cruise port facility, including the Spotts pier is seriously needed right now. If we fail to upgrade our cruise ship facilities, we will continue to lose business as the Florida Caribbean Cruise Association has told us in no uncertain terms.

(1) The CHEC agreement, which is now in the framework stage, is having a "Business Case" carried out by KPMG and a "value for money" exercise will be done by KPMG also, when that point is reached.

(2) The CHEC group was chosen out of a total of 5 companies after the two other companies which the port choose did not proceed. Decco pulled out and GLF did not show proof of funds. To the contrary of what the Opposition would have you believe, CHEC did tender a proposal to build the cruise port facility. They were among the five companies that submitted tenders.

(3) When our lawyers and accountants, MAPLES and KPMG, who specialize in these kinds of complex projects give the go ahead, then the CHEC agreement will go the Central Tenders Committee.

(4) There is no disregard for good process in this matter. The CHEC project has gone through the same process that was followed by Cabinet and the Port Authority for the other two companies, that is Decco and GLF .

The difference with the CHEC agreement is that it is going to the Central Tenders Committee while the proposed agreements from other two companies did not.

The FCO knows all the above. So, what is the problem?

Madam Speaker, the FCO is also fully aware of the following:

There is no "Chinese city" as the Leader of the Opposition has claimed, to be built to compete with local businesses and there will be no "army of Chinese workers" employed to construct the port while thousands of Caymanians remain unemployed as they have claimed in their press release. The PPM continues to makes false allegations to get people riled up in their misguided attempt to instigate, and I quote from the press release, "loud and very public demonstration". These are the same people who walked out of the Legislative Assembly and went out in to Hero's Square instead of debating the issue at hand. They have no solutions so they create drama.

The Chamber of Commerce and other businessmen were given a briefing and have been told that the framework agreement says that CHEC will be allowed to have some technicians. The reason I'm pushing ahead with this project is to give Caymanians jobs, hundreds of them. Why would I want thousands of Chinese to do it. The PPM is misleading the people.

CHEC has even agreed in the signed framework agreement to rent all Caymanian owned apartments and or houses for their staff and to only get their food from Caymanian restaurants. There will be no 'work camp' environment here.

CHEC have also agreed for Decco, McAlpine and Hurlstone, which are Caymanian construction companies to join them in constructing the port facility. They agreed that other local investors can purchase into the development.

Madam Speaker, my objective is to get a proper cruise facility for the Cayman Islands in the most cost effective manner. CHEC is offering it to us with NO government loan. NO government guarantee and at a 1.5 to 3% rate of interest. What is the FCO quarreling about? Or is it that they don't they want us to move forward with anything.

I am not negotiating, nor is there any MLA negotiating the contract with CHEC. I have engaged MAPLES who have specialized commercial lawyers conducting this matter. We have Mr. Alastair Paterson who is a long-time respected citizen of these islands and is well known to all of us, as our project manager. He works along with the lawyers and the KPMG accountants.

Madam Speaker, the Chinese are a world power. They have various investments right here in Cayman. They are offering us a better proposal than any company has ever offered to build the port. If we show them that we want to be partners with them there is much for the country to gain from their friendship. However, if we drive them away, there is much to be lost from the resulting bad feelings.

Madame Speaker, the Leader of the Opposition is without any knowledge of the circumstances and facts in this matter yet as is his usual fashion, he calls for civil unrest. It is incumbent on the Leader of the Opposition before he exhibits such reckless

behavior to at least understand the full facts and circumstances. Madame Speaker, he has obviously received a copy of the letter of the 2nd of November and issued an immediate statement on the 3rd of November.

Any reasonable person with the responsibility for good governance would have at least first sought to ascertain the facts and circumstances, but his zeal to become the Premier apparently knows no bounds.

He disregards the facts, but as deputy leader of the previous government the FFR is directly related to his government's wanton expenditure on projects way in excess of \$25M and in fact many of them above \$100M without any regard as to how the people of the Cayman Islands would meet such capital expenditure and the recurring expenditure associated there with. He jumps to the conclusions that the Minister in the UK is intending to suspend the constitution of the Cayman Islands without any such statement being made by the Minister, this is irresponsible and damaging to the people of the Cayman islands and to use his own words "is treacherous".

Madame Speaker the leader of the opposition's statement indicates that he has little interest in protecting the people of the Cayman islands and suggest that whatever is contained in a document sent by the UK be it the FFR or otherwise that he would be willing to consent to the same. This consent is without any protections for damages which may be caused to the people of these islands and disregards the suffering which would be paid for by our people in these various matters instituted by the FCO. One of these matters he agreed to, not too long ago, and for which the people are still paying.

His opinion of good governance appears to be limited to becoming the Premier, perhaps he has forgotten that the cruise ship facility was urgent when his government came to power and they signed an agreement with Atlantic Star to build, to own, and to operate a cruise ship facility and to move it to another location, north of where it is now. The effects on the merchants and Caymanians who had invested millions in GT was not considered, nor discussed until the project came to light. Fortunately for the people and the major investors who stood to suffer, this project never came to fruition.

There was no tender process then, where was the good governance, openness, honesty, transparency? or does he think our people have forgotten this. His concept of good governance, transparency, and value for money was nowhere to be seen and didn't even raise its head in relations to this attempt. The leader of the opposition in his quest to become the Premier seems to suffer from selective amnesia. I can assure him that in relation to the present project good governance, transparency, value for money and local participation are well taken care of.

I want to assure the Honourable Members of this House and the people of this country that my first interest, my first concern is the state of the Cayman Islands and the welfare of the Caymanian people.

The economy, getting people back to work, saving people's homes, , cutting down crime drastically. To do this people must be put back to work, JOBS, JOBS, JOBS. That's what these projects are intended to do.