



Cayman Islands Government

Leader of Government Business, Hon. D. Kurt Tibbetts, JP

Budget Speech, delivered 30 April 2008

“Keeping the Faith – Securing the Future”

Thank you, Madam Speaker!

The Book of Ecclesiastes powerfully reminds us of an eternal truth. It's that the human experience is characterized and shaped by exposure to a sequence of seasons. With linguistic elegance and simplicity, Chapter 3 of Ecclesiastes tells us there is a time and a season for everything under the sun. A time to sow and a time to reap. A time for peace and a time for war. A time when there is little and a time when there is plenty.

Madam Speaker, some seasons bring rich blessings. Others, however, bring untold misery. Turn on your television set on any given day! Switch to BBC World, CNN or any other major news channel! You will see vivid images of the misery people in certain parts of the world are experiencing. In many instances, theirs is simply a struggle for the basic necessities of life – clothes to wear,

food to eat, a decent house to live in. There is a constant struggle against considerable odds to make ends meet.

Madam Speaker, in a world where so many things seem to be going wrong, we are indeed fortunate here in the Cayman Islands. Despite the challenges, a lot of things are going right for us. So much so that we have become one of the most sought-after places internationally to live, work, and enjoy a good quality of life. Yes! We are not without our problems but, generally speaking, we have been richly blessed as a nation. Yet, sometimes when I listen to public debate, I get the impression some of us are taking our good fortune for granted. It seems that all certain persons can see is gloom and doom.

Madam Speaker, some of these persons may be hearing my voice right now. In response, they very well may be asking: "Why is he comparing the Cayman Islands with other countries? What is the relevance? What do these other countries have to do with us?" The answer is a lot. A whole lot! Madam Speaker, it would be a great mistake if we continue to believe that we live in isolation from the rest of the world. The world has fundamentally changed.

The world of the first decade of the 21st Century is characterized by growing interdependence among nations. It's a situation where what happens in some distant land can easily affect developments here

without our even being aware of it. We are a connected, rather than a disconnected world. It is a reality of the world today. A world shaped by the phenomenon known as globalization.

Madam Speaker, I wish to urge our people to be more mindful of the impact which globalization is having on our lives. Practically every job, every investment decision, prices we pay in the supermarket or at the gas pump, the relevance of our education system, our competitiveness as a place to do business they are all influenced in some way by globalization. Through trade, investment and communication, the Cayman Islands are fully integrated into the global economy.

It behooves Caymanians, therefore, to start seeing their experience, not in isolation from, but more in relation to the rest of the world. If we do so, it will be more readily apparent how fortunate we are and how much the Good Lord has blessed us. As that well-known missionary hymn urges us:

*"Count your blessings; name them one by one;
Count your blessings; see what God has done;
Count your blessings; name them one by one;
And it will surprise you what the Lord has done."*

Madam Speaker, as I deliver this policy statement on the 2008-09 Budget, I am particularly mindful of the many blessings which this PPM Government has received. Indeed, our very first blessing was the decision of Caymanians to make the PPM their choice for change and to entrust the destiny of this country into our hands.

The PPM's assumption of office following the general election of 2005 ushered in a new era. A new approach to governance through what is known as 'government in the sunshine'. That is, government committed to and guided by the principles of honesty, openness, transparency and accountability. In our words and actions, the PPM Government has given full expression to these core principles. We have restored trust in government, re-introduced fiscal discipline, eliminated corruption in government and upheld the rule of law. We hold ourselves accountable to the people of this country and have faced the press on a weekly basis almost from the date we assumed office. We have introduced Freedom of Information legislation which, when it comes into force at the start of next year, will introduce even greater levels of accessibility to government information and thus increase transparency and accountability in government generally.

We have kept the faith. We have made a difference. The evidence is there. We have laid a strong foundation and are on course to securing the future. Our critics are free to voice their opinions. But what really matters is the fact that our track record can stand up to

objective scrutiny. When we took office, the Cayman Islands were in crisis. Devastation from Hurricane Ivan was widespread and very much in evidence across the land. Crime had become a serious problem. There were serious concerns about governance and allegations of corrupt practices in government.

It seems, based on how they speak today, that the other side has conveniently forgotten these things. The Government of the day, which comprised of members on the other side, had no solutions. It proved unable to rise to the challenge of recovery and reconstruction. Caymanians therefore weighed them in the balance and found them wanting. Fed up, frustrated and deeply worried, Caymanians turned to the PPM for leadership. For a restoration of hope. For a new beginning.

While it is practically impossible to please everyone, we have delivered in key areas. Never mind what the critics on the other side and a certain talk show may say. They operate on the premise that Caymanians have short memories. And they seek, from this self-serving perspective, to manipulate the thinking and cloud the judgement of Caymanians to promote their narrow agenda. As I shall demonstrate by way of example, the PPM Government's track record speaks for itself.

Madam Speaker, look at the amazing transformation in education --- from pre-school right through to university. We are significantly expanding opportunities for Caymanians to grow, develop and achieve their potential. Additionally, we have reformed our curriculum to ensure what is taught in our institutions of learning is not only relevant to the country's development needs but also supports our international competitiveness. Government's goal in education is to put our people on the cutting edge and equip them to compete with the best in the world.

How many people remember the worrying state of health care a few years ago? It was in shambles when we took office. Nothing exemplified the crisis more than the fact that the Health Services Authority was operating without a budget for two years. Madam Speaker, that this occurred is nothing short of scandalous. It demonstrated in a powerful way that the Government of the day was asleep at the wheel.

As a result of the various interventions we have made, health care is in much better shape today. However, we still have some way to go before we achieve our desired goal of providing health care in a wider range of areas that is comparable to what is available anywhere in the world. As we pointed out from the outset, as much as we would love to, the problems of health cannot be resolved overnight. It will

take time. Upgrading the quality of health care remains very much a work in progress.

Through various initiatives, this PPM Government has made it easier for Caymanians to qualify to own a home. If Caymanians are to feel a genuine sense of belonging in the country of their birth, land and home, ownership is the key. In most Caribbean societies, land and home ownership is comparable to what is referred to in the United States as the American dream. Caymanians purchasing their first piece of land can now do so free of paying duty on lots up to a value of CI\$50,000. Madam Speaker, in light of the increasing cost of land I am pleased to say today that we are presently reviewing that ceiling with a view to increasing it to CI\$75,000.

Additionally, Caymanians buying house and land where the house is valued up to \$300,000 pay a marginal rate of stamp duty of 2%. For the first time, 100% mortgages are also available. There is also the affordable housing programme. Madam Speaker, these are some of the initiatives taken by the PPM Government to give Caymanians a chance to own a piece of the rock. We are delighted with the response of Caymanians. Many have seized the opportunities and have become proud property owners.

We have now received the first installment of the EU funds to be used for Hurricane Ivan related works to be carried out through the National Recovery Fund offices. The total amount forthcoming is 7 million Euros, the first installment being the equivalent of CI\$1.3 million. We expect that the tendering process will begin very shortly, with construction to commence immediately thereafter. This Madam Speaker will go a long way to providing relief for all qualified persons. We expect these funds to complete all recovery efforts relating to Hurricane Ivan damage to homes and displacement of families. The added benefits of this will be to provide work for the many small contractors who have been pre-qualified to tender for all of the construction, and most importantly Madam Speaker it will improve the quality of life for the many hundreds who will benefit from once again having a decent roof over their heads.

Madam Speaker, this PPM Government has invested heavily in expanding and modernizing our network of roads. We have done so to facilitate hassle-free travel for motorists and also to open up parts of the country – for example, East End – to economic activity. We are already reaping the benefits. For example, getting into George Town on mornings now takes place minus the stress which resulted from the heavy traffic congestion that was commonplace just a short while ago. Less stress means improved safety as a result of a reduced possibility for accidents and injury on our roads.

The road development programme undertaken by the PPM Government is the most ambitious in the nation's history. It involves the construction of 165 lane miles of roadway. Our critics, with their myopic view of development, have questioned the wisdom of making such a major investment. They have difficulty understanding, it seems, that it serves as a platform, along with other infrastructural improvements, for taking the development of the Cayman Islands to the next level. For ensuring that we remain competitive as a place where people would wish to invest and do business. For promoting the long term prosperity of these islands and, thereby, securing the future.

Madam Speaker, I have cited but a few examples to demonstrate in a tangible way that the Cayman Islands today are in much better shape than in 2005. In other words, Madam Speaker, it has been a good season for the Cayman Islands and Caymanians under the PPM Government. In the fullness of time, I am therefore confident that Caymanians, in their wisdom, will extend the season of the PPM Government.

We have kept the faith. We have built a strong foundation on which to secure the future for the benefit of Caymanians. This is not the time for looking or going back. It is the time to look and move ahead in order to seize the exciting opportunities that await us. Of course, as a Government, we would have liked to do more. However, we have had

to be realistic in implementing our agenda for change because of the limited resources at our disposal.

At the same time, we also had to be mindful that in trying to do so much, we could actually undermine what we were seeking to achieve. We therefore had to strike a balance. History teaches us that Rome was not built in a day. Similarly, the Cayman Islands cannot be built in a day or, to be more specific, a single term. Good things always come to those who have patience.

Madam Speaker, this budget is the fourth to be presented by the PPM Government since our election to office. It fits into a continuum. In other words, it builds on the previous three budgets, it is grounded in the same philosophy, principles and values, and supports the overriding objective of the PPM Government. Namely, it is to improve the quality of life of Caymanians and other residents of these islands.

I explained in my Strategic Policy Statement last November, that when we speak of improving the quality of life, we not only mean improving health care, education, roads and opening up access to affordable housing; we also mean developing the talents of our people so that everyone has the opportunity to achieve his or her potential. We also mean improvements in law enforcement and public

safety, and other issues such as our constitutional arrangements which have an undeniable tangible impact on the quality of life.

Government's approach to improving the quality of life is therefore comprehensive and holistic. We strongly believe in a balanced approach to development of the three islands. We do not believe that Grand Cayman should be developed and Cayman Brac and Little Cayman allowed to be left behind. There should be a fair and equitable distribution of resources among the three islands which has been a policy focus of the PPM Government. This is in sharp contrast with what transpired under the former administration.

Additionally, we do not believe that development today should jeopardize the quality of life for future generations. Therefore, Madam Speaker, the concept of sustainable development lies at the heart of the PPM Government's development strategy. We are building today to meet our current needs whilst taking care of tomorrow.

Madam Speaker, I spoke earlier about the impact of globalization and how increasing interdependence among nations means that the Cayman Islands are not immune from what is happening externally. This year's budget was prepared against the backdrop of an unfavourable external environment. An environment that is, in fact, more unfavourable than last year.

Oil and food prices are steadily rising. It seems as if no end is in sight. The United States economy is also showing signs of being in recession. As the saying goes, when the United States sneezes, the rest of the world catches a cold. Obviously, these developments have implications for the performance of the Caymanian economy during the coming fiscal year. In the prevailing circumstances, fiscal prudence and discipline are required. We have always practised both but they are needed now more than ever.

Particular emphasis in this budget is placed on safeguarding the gains of the past three years whilst cushioning the Caymanian economy from the full impact of the current economic downturn in the United States. There are also signs of sluggishness in the global economy. United as a country, I am confident we will keep our heads above water and ride out the storm. Government is optimistic. You too must be optimistic!

Human belief is a powerful force. A man or woman is driven by what he or she believes. Have you ever noticed if you are sick and believe that you will get well, your recovery is so much quicker? Similarly, if you believe the future is bright, you will be motivated to work to make it bright. The same applies to economic downturns. If you notice, downturns tend to accelerate when the view that there is a downturn becomes dominant. With booms, the opposite happens. There is a

belief that things are bright and people show it through their behaviour.

One might wonder why there is cause for Government to be optimistic? Because the fundamentals of our economy remain strong. So much so that despite a projected decline in revenue, Government has honoured a commitment for the third straight year not to introduce any new taxes that would have the effect of increasing the cost of living and the cost of doing business here. Indeed, Madam Speaker, Government has already acted decisively on other fronts to tackle the rising cost of living.

I should mention, in passing, Madam Speaker, that a wide range of foodstuff are already imported free of duty. They are mainly staples and include milk, poultry, beef, grains, macaroni, butter and cheese, among other items. An area where Government intervention to combat the cost of living is already making a difference, is in the cost of electricity.

After years of negotiations, both by the last administration and this government earlier this year, the Minister for CWI signed on our behalf signed a new license agreement with Caribbean Utilities Company which has significantly reduced the cost of electricity to the consumer. In addition to securing a better deal for consumers from

CUC, Government is also subsidizing the supply of electricity to the consumer through a duty rebate on the fuel used by CUC in the generation of electricity. This is costing the Treasury some CI\$6 million a year but we have concluded this is money well spent and there is a direct benefit to the people of this country. As a result of this intervention, residential consumers are now paying 15% less for electricity than would otherwise be the case.

Madam Speaker, Government is projecting a budget for the 2008-09 fiscal year with a healthy surplus as was the case in each of the last three years. This is despite a projected fall in revenue in the order of some CI\$11 million if we compare to our SPS projections made in December of last year when I delivered the Strategic Policy Statement. Contrast this, Madam Speaker, with budget deficits which many governments elsewhere are projecting because of the impact of the global economic downturn. Government also is committed to maintaining public sector employment at the current levels. In other words, we have no plans to send people home.

The key point I wish to emphasize, Madam Speaker, is that the economy is in safe hands with the PPM Government. If what obtained prior to 2005 is a strong indicator, the same certainly cannot be said about the other side. Indeed, Madam Speaker, one of the first priorities of this Government after taking office, was the restoration of fiscal discipline which was thrown out of the window by the previous

government. In relation to the management of public finances, it was a policy of anything goes. As the late philosopher George Santayana warns us, "those who do not remember the past are condemned to repeat it".

PRIORITIES

Madam Speaker, with your indulgence, I now wish to provide, for the benefit of this Honourable House and for the citizens on the outside, a summary of the major priorities to be pursued by the various ministries and portfolios of Government during the new fiscal year. These priorities support the pursuit of the overriding objective of the PPM Government which, as I have explained before, is to improve the quality of life in the Cayman Islands. In other words, to make life better, more enjoyable and fulfilling for Caymanians and all others who choose to live here.

I need to say this publicly, I hope private sector will take lead in what government is doing. Government has agreed to add a 3.2% cost of living increase for civil servants to be paid in July 2008 and retroactive to 1 July 2007. If we check history we know it is only every 8-10 years there has been a cost of living increase for government. Now that government has applied this policy we will be current as we can with cost of living increases. The civil service has been cooperative but they have agreed to take this increase from their

budgets. Now that government has taken lead I'd encourage private sector to do the same in regards to cost of living increases.

I wish to begin with the **Ministry of Communications, Works and Infrastructure**. This Ministry has been playing a pivotal role in transforming the physical landscape of our country with tremendous benefits for everyone residing on Grand Cayman, Cayman Brac and Little Cayman. Thanks to major upgrades of our roads, what we have today is comparable – and in some cases superior -- to what exists in some developed countries with more resources than the Cayman Islands.

During the coming year, the public can expect the following – and a whole lot more – from the Ministry of Communications, Works and Infrastructure working through its various departments.

National Roads Authority

- The Government recognizes the great need for the Linford Pierson Highway to continue through to Walker's Road. We will be examining all options and the relevant costs, along with an environmental assessment in order to decide exactly which route the road should take. I wish to make it clear that the Government is mindful of the environmental concerns regarding the proposed route through the Ironwood Forest and I can

assure the country that we are doing everything we can to preserve this important environmental asset. I can also say that no further work on this aspect of the road will occur until we have a clearer understanding of the costs of an alternative route and the environmental impact of the road proceeding through the forest.

- Road repairs and repaving in all districts. Major works will include re-grading and asphaltting Walkers Road and South Sound Road in George Town, Rum Point Drive in North Side and Queens Highway in East End.
- Continuation of coastal protection/armouring works along the most vulnerable coastlines. For example, between Bodden Town and Breakers, and possibly South Sound Road.
- Improving street lighting in some neighbourhoods to enhance public safety.

Cayman Water Authority

- Continue to increase the amount of piped-water lines throughout Grand Cayman. For example, in North Side and along Queens Highway.
- Upgrade underground water pipes which are now on average approximately 20 years old. For example, along Walkers Road.

- ☐ Increase the capacity of the Reverse Osmosis plant in the Sister Islands.
- ☐ Continue development of the Frank Sound Reservoir.

Department of Environmental Health

- ☐ Landfill reorganization in Grand Cayman and the Sister Islands.
- ☐ Increase the export of used oil, spent batteries, and establish a new contract for the export of scrap metals.
- ☐ Expand recycling activities in all three islands.
- ☐ The Government is committed to the development of a Waste to Energy facility.

Recreational Parks and Cemeteries Unit

- ☐ Increase the number of public boat ramps and docks. In conjunction with the Ministry of Tourism's "Go East!" initiative, there are plans to construct a public boat ramp, public dock, car park, toilet block, and kiosks at the Coe Wood Beach site in Bodden Town. It will provide a major benefit to fishermen, boaters and emergency crews who will have a more central public access to the South Coast, instead of having to go to South Sound or East End to launch or effect emergency services.

- ☐ Increase public cemetery capacity in each district.
- ☐ Increase the number of public parks in each district.

Postal Services

- ☐ Increase the number of post boxes installed throughout the Islands
- ☐ Improve the Airport and Central George Town post offices.
- ☐ The long awaited new Savannah Post Office will be officially opened this afternoon at 5:30 p.m.

Now to the priorities of the **Ministry of Health and Human Services**. As part of plans to improve the Health Services, the following are some of the proposed actions:

- ☐ A restructured Public Health Department will be established.
- ☐ Merging the Health Insurance Commission and the Health Practice Commission to form a new Department of Health Regulatory Services. The anticipated result is more efficient use of resources and improved oversight of the health care and health insurance regulatory services.
- ☐ Increasing physician services at district health centres to provide greater public access to primary care services.

- Renovations will be made to the physical structure and technical capabilities of Faith Hospital in Cayman Brac.
- Establishment of a Hospital Foundation for the purchase of capital equipment. The public will be able to make donations toward specific projects.
- A comprehensive review and adjustment of fees for services provided by the Health Services Authority will be carried out in order to ensure the organization appropriately accounts for the cost of services provided.
- New programmes will be implemented to achieve greater levels of efficiency in staffing, equipment utilization, patient services and finance.
- Formal accreditation for the DNA lab is currently being pursued so that the Cayman Islands will be positioned to become a major operational centre for the provision of professional forensic DNA services.

To strengthen the family and community, the following are among actions proposed:

- Restructuring the Department of Children and Family Services to create a dedicated Department of Children's Services.
- Recommendations from the National Assessment of Living Conditions will be used as a platform to develop various

strategies and programmes required to promote sound social development.

- Development of a National Anti-Drug Strategy.
- Amendments to the Poor Persons Relief Regulations, the Adoption of Children Law, and the Children Law 2003 will be completed early in the next budget year, taking into account our obligations under the Convention on the Rights of the Child.
- A Community Empowerment and Development Agency will be created.
- Men's well-being, and the roles of men in family and community, will be promoted in the context of the National Gender Policy.

To support the continued development of our women, these and other actions are proposed:

- Appointment of an Officer of Gender Affairs who will review and update the draft National Gender Policy, and spearhead the establishment of the Office of Gender Affairs, as well as the policy of gender mainstreaming across the public sector.
- Passing legislation to give domestic application to the UN Convention on the Elimination of All Forms of Discrimination Among Women.

- Placing greater strategic focus on the delivery of outreach and support services to victims of sexual violence.

The following are among actions proposed in relation to young people at risk:

- Construction of a purpose-built youth therapeutic facility to accommodate a total of 18 boys and girls in separate wings. This facility will enhance rehabilitation through therapeutic and drug rehabilitation programmes.
- Moving the Young Parents Programme under the new Empowerment Agency, following completion of a review by a multi-agency team.
- In response to the amended Youth Justice Law, training will be sought in the areas of Victim Offender Mediation and Family Conferencing in order to provide the Youth Court with alternatives to sentencing in these areas.

Madam Speaker, we have not forgotten the elderly. In many societies, they are pushed to the margins and forgotten. The needs of the elderly are receiving attention so that they too can enjoy a good quality of life.

With this objective in mind, the following actions are proposed:

- ☐ Development of a National Plan for the Elderly.
- ☐ Complete the redevelopment of the Golden Age Home in West Bay.
- ☐ Expansion of the home for the Elderly in East End.
- ☐ Construction of a new home for the elderly in North Side.

Madam Speaker, the government is deeply conscious that in times of rising costs those most vulnerable and adversely impacted are the elderly and indigent and so for the second time since we assumed office the government has decided to increase financial assistance to the elderly and disabled to \$550 per month. This increase will also apply to seamen and veterans receiving the monthly *ex-gratia* payment.

Madam Speaker, having outlined some of the plans of the Ministry of Health and Human Services, I now turn to another Ministry which is equally people-centred --- the **Ministry of Education, Training, Employment, Youth, Sports and Culture**. This Ministry's agenda over the coming year will focus on service delivery through legislative reform, programme improvements across the various units, and an intensive capital works programme.

The following are among expected outcomes.

- A comprehensively restructured Education Law and an updated Employment Law. Both laws, with input from key stakeholders, seek to equip the Ministry to be more effective in addressing present-day realities.
- The Cayman Islands Government Central Tenders Committee has approved the award of contracts for the construction of two of the three new secondary education campuses, John Gray Campus in George Town and Clifton Hunter Campus in Frank Sound, signaling the imminent start of these much-anticipated capital works projects. Whilst plans to start construction on the Beulah Smith Campus in West Bay are also progressing, further dialogue is required at this sensitive stage of contract negotiations, in order to secure the best value for public expenditure. It is hoped that these negotiations will be resolved in the near future at which time details will be submitted to the Central Tenders Committee for review and evaluation.
- Challenges facing the government's capital funding programme have necessitated an extension of the originally anticipated project lead-times. This revised schedule means that the new secondary campuses, including the Beulah Smith Campus, will be completed by September 2010, when all the facilities will be fully operational for the start of the 2010/2011 academic term.

- Meanwhile work on the design new facilities for George Town Primary School continues in earnest, with construction expected to start early in 2009. The new George Town Primary School will open its doors to students in September 2010.
- The launch of a new National Curriculum at the start of the next school year in September. This will be followed by a range of professional development initiatives to support teachers and education professionals in the delivery of 21st Century teaching and learning practices.
- Developing protocols to ensure children with disabilities cannot be discriminated against when it comes to access to education. This follows the introduction of protocols to provide similar support to children with special needs.
- Stepping up the promotion of literacy through various interventions at the primary and secondary school levels.
- Upgrading of facilities at the Truman Bodden Sports Complex with the completion of work on the track and pitch and the new boxing gym. Work on the two fields at the Ed Bush stadium is also scheduled to be completed.
- A number of community playing fields are also being restored and upgraded to international standards. When completed, these community stadia will be able to host regional and international competitions.

- Improvement and expansion of library services. It is only right to recognize the generous grant of US\$2.5 million from Maples.

Madam Speaker, permit me now to turn to the **Ministry of Tourism, Environment, Investment and Commerce**. Here is a glimpse of what is on their agenda.

- Continuing to focus on policies and programmes that promote sustainable development. At the same time, enhancing physical and human resources to support competitiveness.
- Redevelopment of key tourism infrastructure. For example, the expansion of the Owen Roberts International Airport and the establishment of berthing facilities for cruise ships in George Town.
- Expansion of customer service training programmes. Apprenticeship training for Caymanians seeking entry level of managerial positions in tourism.
- In response to the challenge which climate change poses to island nations such as ours, the Ministry will work with the Cabinet Office to develop a National Climate Adaptation Strategy and a National Sustainable Development Framework.
- The Department of Tourism continues to work closely with the private sector to preserve and grow upon a solid track record of growth in air arrivals despite challenging external economic forecasts. The Ministry of Tourism's diversification initiatives

which began increased promotions in Europe and Canada during the past two years have aided the recovery of the tourism sector in the aftermath of Hurricane Ivan and these markets will continue to be targeted for their potential contributions.

- Turning to Public Transportation which is vital to Cayman's infrastructure, following a comprehensive market analysis of this sector, the Public Transportation Unit is being restructured to improve the economic and service-related performance of this sector. A professional, vibrant and disciplined public transport sector not only benefits the tourism industry but has the potential to stimulate local demand for public transportation and thereby decrease carbon emissions which result from such high reliance on private vehicles.
- I would like to take this opportunity to congratulate Cayman Airways as it celebrates its 40th anniversary. While mention was made earlier of organizational improvements, it is the dedicated and professional staff of CAL that has made our airline a success. Cayman Airways has therefore undertaken to enhance customer satisfaction while working with the Department of Tourism's PRIDE initiative to provide customer service training for all front line employees. An employee-focused program designed to enhance employee morale and performance has begun, while improved corporate

communications has improved transparency and public awareness. Also, Cayman Airways has made major strides towards modernizing its fleet. Recently, two Boeing 737-200s have been retired and have been replaced with more efficient Boeing 737-300s.

- Continuing to support the development of entrepreneurs through the Cayman Islands Investment Bureau and the Cayman Islands Development Bank.

Madam Speaker, rising food prices are a major concern around the world. In response, Government is keen on encouraging and supporting farmers to expand production so that we can all eat more of what is produced locally. A one-year-old initiative by the Government – namely, the Saturday farmers 'Market at the Grounds' – has provided a tremendous boost in this regard.

No longer than two days ago the Government and backbenchers met with representatives from merchants and we intend to continue discussions to see if there can be a collaboration between Government and merchants to bring relief to the ever increasing costs of food. Merchants are aware and eager to help. We'll also meet with the farming community to be specific as we can for inducements to farmers to produce locally. Even less than a year ago when I said we should be as self-sufficient as possible we never knew we'd be rationing rice.

For the **Ministry of District Administration, Planning, Agriculture and Housing**, which I have the honour to lead, expanding domestic food production is a major goal during the new fiscal year. In terms of focus areas, food crops, livestock, horticulture and aquaculture have been earmarked for special attention. The Department of Agriculture will support farmers by providing services, technical assistance and training in order for them to not only enhance volume but diversify products.

These interventions are aimed at helping farmers to gain the best value from their products through processing, marketing and promotion. Special emphasis will be placed on encouraging farmers to adopt a more business-oriented and technology-driven focus. This will be pursued through the promotion of agri-business techniques and the introduction of enhanced production systems, including lower capital cost greenhouses.

Madam Speaker, the following are among other priorities of the Ministry of District Administration, Planning, Agriculture and Housing for the new fiscal year.

- The launch of an expanded disease prevention programme by the Mosquito Research and Control Unit. The aim is to thwart a possible outbreak of dengue fever which has become a major health problem in some Caribbean countries.

- Stepping up the affordable housing programme for low-income Caymanians. The National Housing Development Trust has land available in East End, Bodden Town, George Town, and West Bay for the construction of affordable homes for Caymanians.
- Expansion and upgrading of the road networks is planned for Cayman Brac and Little Cayman by District Administration. Public beach and park facilities are also earmarked for improvement. Construction of the sports' playfield plans on the Bluff in Cayman Brac will continue. As I understand it from the District Commissioner and the second elected member from the Sister Islands turf is being placed as we speak so there is good progress. There are plans to host the first international match there in the summer of 2009. The expansion of the District Administration building will also be completed this year.
- Promoting Cayman Brac and Little Cayman as domestic tourism destinations. I believe it is fair to say these initiatives are reaping success as I've seen more and more Grand Cayman residents visiting the Sister Islands.
- We are also in discussion with the owners of the Point of Sand beach property in Little Cayman with the objective being for the Government to acquire it over a period of time for the benefit of future generations of Caymanians. I dare say for those of us who know where this property is located it

is fair to say there is no property like this in the Cayman Islands. We have met with the owners and they are quite happy to sell the property to government, financed over a period of time – we just need to agree on the terms.

Madam Speaker, I turn now to the **Portfolio of Internal and External Affairs** which has responsibility for public safety and national security. These are vital elements in creating the right environment to support continued economic growth and prosperity for our country. The following are some of the portfolio's main priorities, on a departmental basis.

Royal Cayman Islands Police

- ☐ Reducing crime and road traffic casualties.
- ☐ Increasing detection of threats of violence and drug offenders.
- ☐ Construction of a new Drug Task Force and Marine Base is becoming a reality. Improved border protection with the scheduled arrival of new vessels, including the helicopter will also make a tremendous difference.
- ☐ Strengthen neighbourhood policing.

Fire Department

- Completion of the Bodden Town Emergency Centre is a high priority and construction should begin shortly.
- Design of a new Cayman Brac domestic fire station will be completed and construction will begin in 9/10 budget year.

Immigration Department

- Maintaining strict border controls.
- Madam Speaker, I previously announced our intention to make fundamental changes to our work permit regime aimed at improving the speed and efficiency with which certain non-contentious categories of work permits can be dealt with. This will involve significant changes to our Immigration legislation and it is planned that this will be brought to the House later in this meeting.

These changes will improve service to the business community and is further demonstration of this Government's commitment to enhancing the economic environment in these Islands.

- Strengthening measures to detect and prosecute employers and employees who fail to abide by immigration laws and regulations.

Cayman Islands Prison Services

- Improving prisoner education and rehabilitation programmes.
- Commencing the first phase of construction of a new prison. Inmates will be involved in construction of the new facility.

911 Emergency Communications

- Introduction of electronic monitoring of offenders. This is an important component of the new Alternative Sentencing Law. I believe as we speak this new system is being tested.

Hazard Management Cayman Islands

- Design of a National Emergency Operations Centre with new construction to begin in 9/10 fiscal year.

Madam Speaker, the following are some of the priorities of the **Portfolio of Legal Affairs**.

- Development of a comprehensive and coordinated criminal justice strategy. It will cover areas such as alternative sentencing, post incarceration initiatives, prison reforms as well as early intervention programmes for "at risk youth".
- Drafting laws to improve protection of children from child pornography and also to improve the protection of witnesses in criminal cases.

- Reviewing the law relating to environmental health and regulating the incidence of tobacco use and its consequent harm.
- Completion of the review of the system of legal aid.
- Being proactive in the global fight against money laundering, terrorist financing and other financial crime.
- Strengthening ties with international partners as a reflection of the commitment of the Cayman Islands to having a sound regulatory financial regime.

Finally, Madam Speaker, the **Portfolio of Finance and Economics** which has responsibility for our vital financial services industry posted another solid year of growth in 2007. Leading this growth on the transaction side was the investment funds sector, which posted a 17% increase over 2006; the company registration sector generally, which posted a 16% increase in new registrations over 2006; and exempted limited partnerships, which posted a 42% increase in new registrations. Figures for calendar Q1 in these sectors are healthy, with new fund registrations up 14% over Q1 2007; new company registrations running equal with Q1 2007; and new exempted limited partnerships up by 45%. In addition in terms of calendar year 2006 over calendar year 2007, there was a 3% increase in the number of licensed captives; a 45% increase in listings on the CSX and an 8%

increase in new pleasure vessels registered on the Cayman Islands Shipping Register.

On the institution side, 2007 saw further, but minor – i.e. 3% --, contraction in the number of 'Class B' banks, but a 17% increase in the number of full fund administrators, compared with 2006. The number of 'Class A' banks, insurance managers, trust companies and other licensed service providers remained stable.

We know that we are operating in a very competitive environment and that part of the mutual compact we have with our financial services sector is that we work together to ensure that the industry has the tools and support it needs to compete successfully, which ultimately rebounds to the health of our economy. We know that we have work to do in this area, and we are committed to getting it done. We need our legislation, our regulatory regime, including our Business Staffing Plan and Work Permit regimes, and our administrative processes to fully align with our economic needs and goals.

On this score, there are important developments to report. Firstly, during this meeting of the House we will bring amending legislation to the Banks & Trust Companies Law and the Mutual Funds Law that will, among other things, underpin two lines of business: Islamic financing structures, which are significant globally and in which Cayman has good prospects for increasing market share, and private

trust companies, in which Cayman to date has only been competitive in a minor segment of this huge global sector. This legislation and supporting regulations is expected to enhance the competitive landscape for our industry and we look forward to our service providers capitalizing on it so that it generates revenue for all of us!

Most excitingly, the Government, with the benefit of recommendations from the Reinsurance Task Force, is pleased to announce full support for the promotion of the Cayman Islands as a location for reinsurers. Cayman already has a strong and vibrant insurance industry, including a world class captive insurance sector, a very successful existing reinsurance company and strong participation in the structuring of reinsurance vehicles such as sidecars and catastrophe bonds. This, together with our vibrant hedge fund sector, a key source of capital for reinsurers, and our strong financial, legal and regulatory infrastructure make the reinsurance industry a natural area of expansion.

Government support will take the form of a clear, effective and tailored entry regime, including an enhanced Business Staffing Plan regime, for qualified reinsurers, designed to appeal to either start-up reinsurers or existing reinsurers looking for viable options for locations in which to grow their business. In turn, the Government expects reinsurers who wish to take advantage of the entry regime to enter into a “social contract” reflecting a partnership approach to joining our financial services community, via specific commitments to education and training opportunities for Caymanians. The Portfolio

of Finance & Economics as executing agency will be coordinating the delivery of the regime, which is expected to be rolled out very shortly. The Government welcomes the continued growth of the reinsurance sector and the substantial activity that it can generate in and for our financial services industry.

CONCLUSION

Madam Speaker, the presentation of the 2008-09 budget is anchored on the theme – 'Keeping the Faith - Securing the Future'. It was meant to put the performance of the PPM Government in its true perspective; to demonstrate that we have matched our promises at election time with our performance, even in the face of tremendous odds. We also wanted Caymanians to be clear about the Government's overriding objective. Namely, to improve the quality of life, to leave no one behind in this process, and by so doing, to build a strong foundation on which to secure the future.

Madam Speaker, I have demonstrated that the PPM Government is indeed doing so through its various policies, programmes and projects. However, there is another key element which supports securing the future. It is the adoption of a modernized constitution which is long overdue. A modernized constitution, as the supreme law of the land, is vital to establishing the basis of a new relationship between Government and Caymanian citizens and residents, and also between the Cayman Islands and the United Kingdom.

The present Constitution has been in effect since 1972. The world has fundamentally changed since then. Our needs have also changed but we have a situation where the existing Constitution was designed for needs as they existed back in 1972. The inadequacy is quite apparent. A modernized constitution is the only answer.

Our critics have been exploiting the natural fear which people have about change. However, when you look at it objectively, change is the only constant feature of life. We may not be conscious of it but we undergo change every day. It becomes necessary from time to time to pause, take stock, and decide how to adjust to change. Such a time is now. Otherwise, we could find ourselves at a disadvantage. This is a real danger which the Cayman Islands face if we fail to modernize our constitution. The world is moving on. It is not going to wait on us.

Government is heartened by the fact that more and more Caymanians are recognizing the need for a new Constitution. The approach of the Opposition on this issue has been most disappointing. However, the Opposition has proved by its words and actions that it cannot be taken seriously. A few months ago, it was saying Caymanians should vote no if they did not know. The Opposition chose to place emphasis back then on scaremongering instead of helping the people to know. With the recent publication of

its discussion paper, the Opposition has made a dramatic u-turn. It is now saying a modernized constitution is important. It is now saying that Caymanians must be informed to make a decision.

Government has been forthright with our people from the outset. It has laid all of its cards on the table. Government has proven there is no hidden agenda, as suggested by the Opposition. Any new Constitution that will be adopted will be informed by the views and wishes of Caymanians. It will be a constitution that comes from the people, not the Government. Government is merely acting as the agent of the people. And this Government, this PPM Government, will vigorously defend the interests of our people. I therefore urge Caymanians to participate in the upcoming referendum, the date of which will be announced very shortly. The participation of the people in this exercise is another way of securing the future.

Madam Speaker, I wish, on behalf of the Government, to thank everyone who has contributed in some way to another successful budget exercise. I also wish to thank our hard-working public servants who have carried forward the Government's vision through successful implementation of our many policies, programmes and projects.

From the utter devastation of Hurricane Ivan, the Cayman Islands have just about achieved full recovery in three short years. An

exciting future lies ahead. Now is not the time to change course. Now is not the time to gamble with the future.

With faith in God, confidence in our people, our inner strengths and indeed our proven ability to succeed, the Cayman Islands will grow from strength to strength and serve as a shining beacon of good governance and prosperity in the Caribbean and wider world.

I'd like to personally thank my elected colleagues on this side – the ministers and backbenchers. We can't be accused of not working hard! I appreciate their contributions and hope this country does as well.

Madam Speaker, this Government, this PPM Government has faithfully, earnestly and honestly served the people. We have provided effective leadership. We have kept the faith. We are securing the future.

Thank you Madam Speaker.