



**CAYMAN ISLANDS
LEGISLATIVE ASSEMBLY**

**OFFICIAL HANSARD REPORT
ELECTRONIC VERSION**

2016/17 SESSION

30 May 2016

*First Sitting of the First Meeting
(Pages 1-32)*

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

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PRESENT WERE:

SPEAKER

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

MINISTERS OF THE CABINET

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

EX OFFICIO MEMBERS OF THE CABINET

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

ELECTED MEMBERS

GOVERNMENT BACKBENCHERS

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

OPPOSITION MEMBERS

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

INDEPENDENT MEMBERS

Mr Anthony S Eden, OBE, JP, MLA	<i>Deputy Speaker</i> , First Elected Member for Bodden Town
Mr Alva H Suckoo, MLA	Fourth Elected Member for Bodden Town
Mr Winston C Connolly, Jr, MLA	Fifth Elected Member for George Town
Mr D Ezzard Miller, MLA	Elected Member for North Side
Mr V Arden McLean, JP, MLA	Elected Member for East End

OFFICIAL HANSARD REPORT
THRONE SPEECH AND BUDGET ADDRESS
FIRST MEETING OF THE 2016/17 SESSION
MONDAY
30 MAY 2016
10:00 AM
First Sitting

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

The Speaker: Good morning, I will invite Pastor Shian O'Connor to grace us with prayers this morning.

PRAYERS

Pastor Shian O'Connor: I invite you to pray.

O God, our help in ages past, you are our only hope for years to come. We have gathered here in this Assembly to give you thanks and praise for all of your goodness, your blessing on these Islands, for health, security and prosperity.

We thank you, Lord, for the leaders that you have provided. Thank you, God, that these are men and women who still recognise you as the Supreme God of the Cayman Islands. We thank you and ask your blessing on your daughter, Her Majestic Queen Elizabeth II, and Philip, Duke of Edinburgh; and Charles, Prince of Wales; and all the members of the Royal Family, we ask your blessing today.

We pray in a very special way for our Governor as she continues to make her contribution to these Islands; for the Honourable Premier, on whose shoulders the daily responsibility of these Islands are rested. We ask that you bless him with the Wisdom of Solomon and the meekness of Moses.

We pray for the Honourable Speaker of the House, on whose faith is anchored in you. We pray, Lord, that you will instil in her an additional supply of tact and wisdom as she directs the affairs of this Hall.

We pray, O God, for the Honourable Leader of the Opposition; that you will charge him with the responsibility, that you will give him strength and wisdom, the wisdom of Samson and courage of David as he carries out his responsibilities to ensure the checks and balances in the procedures and policies of Government.

We pray O God, for the Members of the Cabinet, who will have to make decisions on a daily basis for the betterment of these Islands. We ask, God that you will direct their thoughts and their processes, and may everything be done according to your will and your favour.

We pray God for the Ex-officio Members of this Legislative Assembly; that they will work together

so that this body will be a united one for the good of the land.

Finally, Lord, we give you thanks for the budget that will be presented today. We have stopped by to ask your blessings on it for we are reminded somewhere in your Scripture that you are renown for multiplying five loaves and two fishes to feed 5,000. Because you have done it before, we know you can do it again. So we ask your blessings on the financial reserves that you have so provided for us, and may at the end, Lord, as it was in that story, those who gathered the fragments may see an increase in our reserves.

Thank you, God, for hearing our prayers. Bless our people and bless this land. And we ask it in the name of the Father; we ask it in the name of the Son, and in the name of the Holy Spirit. Let all God's people say, Amen.

The Speaker: Please be seated.

PROCLAMATION

The Clerk: PROCLAMATION No. 2 of 2016: BY HER EXCELLENCY, MRS. HELEN KILPATRICK, COMPANION OF THE MOST HONOURABLE ORDER OF THE BATH, GOVERNOR OF THE CAYMAN ISLANDS.

WHEREAS section 83(1) of the Constitution of the Cayman Islands provides that the sessions of the Legislative Assembly of the Cayman Islands shall be held at such places and begin at such times as the Governor may from time to time by proclamation appoint:

NOW, THEREFORE, I, HELEN KILPATRICK, CB, Governor of the Cayman Islands, by virtue of the powers conferred upon me by the said section 83(1) of the Constitution of the Cayman Islands HEREBY PROCLAIM that a session of the Legislative Assembly of the Cayman Islands shall be held at the Legislative Assembly Building in George Town, in the Island of Grand Cayman beginning at 10:00 a.m. on Monday, the thirtieth day of May 2016.

GIVEN UNDER MY HAND AND THE PUBLIC SEAL OF THE CAYMAN ISLANDS AT GEORGE TOWN IN THE ISLAND OF GRAND CAYMAN ON THIS TWENTY-THIRD DAY OF MAY IN THE YEAR OF OUR LORD TWO THOUSAND AND SIXTEEN IN THE SIXTY-FIFTH YEAR OF THE REIGN OF HER MAJESTY QUEEN ELIZABETH II.

ADMINISTRATION OF OATHS OR AFFIRMATIONS

OATH OF AFFIRMATION AND DUE EXECUTION *(to be administered by the Clerk)*

The Speaker: I invite the Honourable Dr. Dax Basdeo, the Honourable Acting Deputy Governor, to approach the dais.

Please stand.

Dr. the Hon. Dax K. Basdeo, Acting Deputy Governor: I, Dax Krishna Basdeo, do solemnly and sincerely affirm and declare that I will be faithful and bear true allegiance to Her Majesty Queen Elizabeth II, her heirs and successors, according to law.

Dr. the Hon. Dax K. Basdeo, Acting Deputy Governor: I, Dax Krishna Basdeo, do solemnly and sincerely affirm and declare that I will well and truly serve Her Majesty Queen Elizabeth II, her heirs and successors, and the people of the Cayman Islands in the Office of Member of the Legislative Assembly.

The Speaker: Honourable Dr. Dax Basdeo, it is indeed my distinct honour and pleasure to welcome you to this honourable Chamber this morning. I now invite you to occupy your seat.

Please be seated.

READING BY THE HONOURABLE SPEAKER OF MESSAGES AND ANNOUNCEMENTS

The Speaker: There are no readings for this morning.

MOTION FOR THE SUSPENSION OF THE HOUSE

The Speaker: I invite the Honourable Premier.

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

I beg to move that this honourable House do rise to await the arrival of Her Excellency the Governor, Mrs. Helen Marjorie Kilpatrick, CB, to receive a gracious message from the Throne.

The Speaker: The question is, that this honourable House do rise to await the arrival of Her Excellency the Governor, Mrs. Helen Marjorie Kilpatrick, CB, to receive a gracious message from the Throne.

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

Ayes.

The Speaker: The Ayes have it. The House is accordingly suspended.

I invite the Serjeant-at-Arms to invite Her Excellency into the Chamber.

Agreed: That this Honourable House do rise to await the arrival of Her Excellency the Governor, Mrs. Helen Marjorie Kilpatrick, CB, to receive a gracious message from the Throne.

Proceedings suspended at 10:05 am

ARRIVAL OF HER EXCELLENCY THE GOVERNOR

Her Excellency the Governor: Please be seated.

THRONE SPEECH

*Delivered by Her Excellency the Governor
Mrs. Helen Kilpatrick, CB*

Her Excellency the Governor, Mrs. Helen M. Kilpatrick: Good morning, Honourable Speaker, Premier, Honourable Ministers, Leader of the Opposition, Members of the Legislative Assembly, ladies and gentlemen, it is my pleasure to be with you in this honourable House to outline the Government's plans for the 2016-17 Budget Year.

I congratulate this Government on its careful stewardship and adherence to the principles of good governance. Much has happened since I delivered my first Throne Speech in 2013.

Since then, I have developed a strong affection for the people of the Cayman Islands. As you know, I hope to continue to serve as Governor until September 2017. I look forward to what the next year holds.

As I said in my first address, good governance, which I am charged to promote, involves the careful and planned management of resources, so that we all benefit in a sustainable way. This Government has worked hard to achieve the goals it set out at the beginning of its term—to strengthen the economy, improve government finances, and enhance the lives of those who live on these Islands. Because of this hard work, the initiatives set out in last year's Throne Speech are either under way or have been accomplished.

In addition, with this Budget, the Government will have met all the targets required by the Public Management and Finance Law and the Framework for Fiscal Responsibility and within the time span agreed with the United Kingdom Government. This Budget should, therefore, be the last that requires advance approval from the United Kingdom.

This achievement is the result of a disciplined approach to governance that has created a substan-

tial surplus. It has helped boost business confidence and investment. And the surplus has allowed the Government to reduce import duties and fees, as well as to continue addressing the problem of civil service pay stagnation. Individuals and businesses have felt the benefits of both this increased economic activity and of lower taxes across the economy.

We have seen the average prices of goods fall, helped by the reductions in import duty on most goods. Electricity costs are also lower because of falling oil prices, but also because of the lowering of import duty on the diesel used to generate electricity.

Importantly, because of the growing economy, employment—particularly of Caymanians—has improved significantly. The past year has seen the best employment figures since 2007.

To help Caymanians who have challenges getting, and keeping employment, the Government has collaborated with the private sector in the “Ready 2 Work” programme. This important initiative seeks to give individuals the dignity of work as well as to provide economic benefits for employees and employers.

The Government is also continuing with major capital works which will enhance air and cruise tourism, modernise waste management system, improve roads and revitalise George Town. Work has begun on a new boardwalk and park in South Sound, and other new public parks are expected to be completed in the coming year. Work will also continue to make a Long Term Residential Mental Health Facility for Caymanians a reality.

The National Solid Waste Management Strategy has been finalised, and work is progressing on the Integrated Solid Waste Management System. The Government will be making announcements about recycling, and the removal of old tyres at the landfill, soon.

The Government maintains a strong and clear determination to meet International Standards across its wide range of operations. I refer not only to regulation of the Cayman Islands international financial services sector, but also to procurement standards, gender equality, and improvements to intellectual property and copyright laws.

All of these matter to Cayman’s economy and to providing for a fairer society for all. The introduction of a National Minimum Wage, just two months ago, along with pending amendments to the Labour Law, will contribute to this aim.

The Government’s commitment to International Standards was evident from the Cayman Islands participation at the recent anti-corruption summit in London. At the summit, the Government stated, and the UK Government agreed, that the Cayman Islands has proven its commitment to transparency and should have a seat at the table when decisions are made. The relationship between the United Kingdom and the Cayman Islands Governments remains

strong, and both are committed to working together for the good of the global economy.

In addition to new initiatives around beneficial ownership, the Ministry of Financial Services is preparing for several important international assessments in the year ahead. The Ministry is also prioritising enhancements to mechanisms for the exchange of beneficial ownership information, ahead of the June 2017 deadline agreed with the UK. And the Government will also enact and amend legislation dealing with financial services and data protection.

Importantly, the Ministry of Financial Services, and the financial services industry continue to maintain a high level of cooperation and partnership. To highlight this, Cayman Finance supported the Government’s position and assisted the Government’s efforts at the conference in London.

The public sector is committed to providing a level of service that is on par with competing jurisdictions. The Deputy Governor is leading on the professionalism and effectiveness of the civil service. The first item from the Project Future programme that Cabinet has approved is the creation of an Office of the Ombudsman. This combines the functions of the Complaints and Information Commissions, as well as the new Police Complaints Commission. This should be in place by the end of this calendar year. Other projects are in development and the Government will speak to these in due course.

In addition, the Public Authorities Bill will be introduced in the 2016 Fiscal Year, and will aim to increase the effectiveness and efficiency of the public sector more widely.

To facilitate a more modern approach to doing business, the Cabinet Office will coordinate public sector efforts to make improvements in cyber security and strategic communications during the next financial year. There will be continued focus on the use of technology to deliver and improve services.

The Government knows that innovation is necessary to ensure a vibrant public sector, as well as a thriving and sustainable economy. It continues to encourage and support businesses of all sizes.

Economic sustainability is, of course, a particular concern to Cayman Brac and Little Cayman. The Ministry of District Administration has plans for projects that will help to meet its goal of job creation.

The Ministry of Finance, meanwhile, is working to develop tools that will provide more up-to-date and detailed information about all areas of our economy. This kind of evidence based decision making will be a model for the public sector.

The Ministry of Health will continue its efforts to eradicate the *Aedes Aegypti* mosquito, and thus help keep residents safe from harmful mosquito borne illness such as the Zika virus.

This September, the Ministry of Education, Employment and Gender Affairs, will launch a second action plan focusing on targets for improvement in

schools. Labour and pensions legislative reform will clarify the law and increase compliance. The Government is also working to improve the care for those most in need through better social policy, programmes and services. Work will continue on improvements to school infrastructure.

In addition to introducing a national policy for older people, the Ministry of Community Affairs will streamline the processing of applications from those most in need. Caymanians and residents of all ages rightly place great importance on personal security. I will be asking the new Commissioner of Police to review the operations of the Royal Cayman Islands Police Service and to put forward recommendations for improvements.

In addition, the Ministry of Home Affairs will develop interdisciplinary approaches to crime reduction and child protection between the agencies responsible for criminal justice, public safety and national security. Capacity building, standard setting and, as elsewhere, the use of technology will be prioritised.

The Office of the Director of Public Prosecutions will upgrade its electronic case management system, in order to collect performance data more reliably and improve the link between the Police and Courts.

The Judicial Department will introduce mediation for family proceedings in both the Grand and Summary courts to help parties reach settlements and avoid protracted legal proceedings.

We will also see change with the introduction of the new electoral system. The civil service will ensure that the electorate is educated about the new system, as well as ensuring that everything goes smoothly on Election Day.

Ladies and gentlemen, while the agenda that I have outlined today highlights the plans for the current political administration over the coming year, the civil service, oversight bodies, private sector and civil society all play important roles in supporting our thriving democracy.

As we address the demands of today, we must also consider the new opportunities and challenges of the future, and follow a course that will benefit future generations. It will be important that all of us who are lucky enough to call the Cayman Islands home, work together to deliver a strong, safe and stable environment for everyone to enjoy.

Thank you for your attention.

[Departure of Her Excellency the Governor]

Proceedings resumed at 10:18 am

The Speaker: Please be seated.

I call the House to order.

MOTION OF THANKS TO HER EXCELLENCY THE GOVERNOR

The Speaker: I recognise the Father of the House for the Motion of Thanks to Her Excellency the Governor.

Hon. W. McKeever Bush, Leader of the Opposition: Thank you, Madam Speaker.

The Motion: BE IT RESOLVED THAT this Honourable Legislative Assembly records its grateful thanks to Her Excellency the Governor, Mrs. Helen Marjorie Kilpatrick, CB, for the Address delivered at this Sitting.

I do regret that the Opposition had to pass out copies for themselves.

The Speaker: Not part of the Motion is the regret, so the Motion therefore reads: BE IT RESOLVED THAT this Honourable Legislative Assembly records its grateful thanks to Her Excellency the Governor, Mrs. Helen Marjorie Kilpatrick, CB, for the Address delivered at this Sitting.

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

Ayes and Noes.

The Speaker: I believe the Ayes have it. The Motion is carried.

Agreed: That this Honourable Legislative Assembly records its grateful thanks to Her Excellency the Governor, Mrs. Helen Marjorie Kilpatrick, CB, for the Address delivered at this Sitting.

MOTION TO DEFER DEBATE ON THE THRONE SPEECH

The Speaker: I recognise the Honourable Premier.

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

I beg to move the following Motion: BE IT RESOLVED THAT the debate on the Address delivered by Her Excellency the Governor, Mrs. Helen Marjorie Kilpatrick, CB, be deferred until Wednesday 1 June 2016.

The Speaker: The question is: BE IT RESOLVED THAT the debate on the Address delivered by Her Excellency the Governor, Mrs. Helen Marjorie Kilpatrick, CB, is deferred until Wednesday, 1 June 2016.

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

AYES.

The Speaker: The Ayes have it.

Agreed: That the debate on the Address delivered by Her Excellency the Governor, Mrs. Helen Marjorie Kilpatrick, CB, deferred until Wednesday, 1 June 2016.

PRESENTATION OF PAPERS AND OF REPORTS

ANNUAL PLAN AND ESTIMATES FOR THE GOVERNMENT OF THE CAYMAN ISLANDS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2017

ANNUAL BUDGET STATEMENTS FOR MINISTRIES AND PORTFOLIOS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2017

PURCHASE AGREEMENTS FOR STATUTORY AUTHORITIES, GOVERNMENT COMPANIES AND NON-GOVERNMENTAL OUTPUT SUPPLIERS FOR THE YEAR ENDING 31 DECEMBER 2017

OWNERSHIP AGREEMENTS FOR STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES FOR THE YEAR ENDING 31 DECEMBER 2017

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

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

Madam Speaker, I beg to lay on the Table of this honourable House the following documents with respect to the Government's financial year that will end on the 31st of December 2017: Plan and Estimates for the Government of the Cayman Islands; Budget Statements for Ministries and Portfolios and Offices; Purchase Agreements for Statutory Authorities, Government Companies and Non-governmental Output Suppliers; and Ownership Agreements for Statutory Authorities and Government Companies.

Thank you, Madam Speaker.

The Speaker: So ordered.

Does the Honourable Minister of Finance and Economic Development wish to speak to the Reports?

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

When you invite me to speak to the Second Reading of the Appropriation Bill I will make my comments at that time.

STATEMENTS BY HONOURABLE MINISTERS/MEMBERS OF THE CABINET

The Speaker: There are no statements down for this morning.

I recognise the Honourable Premier.

POLICY STATEMENT

“DELIVERING ON OUR PROMISES”

The Premier, Hon. Alden McLaughlin: Thank you, Madam Speaker, for the privilege of delivering the Government's Budget Policy Statement.

Madam Speaker, I deliver this final budget policy statement of this term with a sense of fulfilment and pride that this Government has done what we were mandated to do in the 2013 election; return stability to the country and its economy, stabilise Government finances, restore the good name of the Cayman Islands—both here at home and internationally—and improve employment opportunities for our people.

This is a remarkable achievement in just three years and one of which the entire Cayman Islands can be justly proud. To quote Winston Churchill, **“The truth is incontrovertible. Malice may attack it, ignorance may deride it, but in the end, there it is.”**

The budget that will be delivered today highlights this truth. It also highlights a determination by us to continue the programme of positive change we began in 2013, and doing so with the same determination that has characterised the spirit of ‘getting things done’ that we have shown over these past three years.

Today, the economy is moving again. People are investing in Cayman again. Businesses are growing again. Caymanians are finding work again. Government finances are back on track, again. And tax cuts are benefiting everyone.

The work is not over by any means and there is still much to be done, but without question, Cayman is in a much better position now than when we assumed office three years ago. We have restored confidence in the Government and by so doing we have the confidence of our people, of investors and of the United Kingdom Government. We have succeeded in doing so through methodical and careful planning and disciplined execution.

As a result Madam Speaker, I am pleased to be able to report to this honourable House and the entire country that the Foreign and Commonwealth Office has approved the 2016-2017 Budget quickly and on the first submission. This has been the case for each and every budget this Administration has delivered. To all involved, I say congratulations and well done.

Madam Speaker, please allow me to read the letter from the United Kingdom's Overseas Territories Minister James Duddridge congratulating us on this newest budget.

The Speaker: So ordered.

The Premier, Hon. Alden McLaughlin: “Dear Premier,

“Thank you for your letter dated 18 May outlining the Cayman Islands’ 2016-17 Budget revenue and expenditure levels.

“Firstly I would like to congratulate you on the success of the 2015-16 Budget, which will now bring the Cayman Islands into full compliance with the agreed limits as defined in the Framework for Fiscal Responsibility. This step you have taken to manage the public finances is important for securing sustainable economic growth for the Cayman Islands.

“I was also pleased to see that you have presented another strong Budget for 2016-17 consistent with the forecast set out in Strategic Policy Statement. I note this Budget will be 18 months long in order to transition to calendar year budgets in the future. My officials inform me your decision in part reflects the advantage of having a more informed view of the revenue position at the start of the year in order to manage the budget more effectively.

“Finally, thank you as always for continuing to work closely with my officials in the Foreign and Commonwealth Office. I value the close partnership between our governments and look forward to maintaining this in the future.”

And it’s signed “**James Duddridge, MP, Minister for Africa, the Overseas Territories and the Caribbean.**”

Madam Speaker, with your permission I will lay a copy on the Table of this honourable House and I have a copy for yourself and for all Members.

The Speaker: Permission granted.

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

The Premier, Hon. Alden McLaughlin: Madam Speaker, before I get too far along in my presentation I wish to thank Her Excellency for presenting the Throne Speech and for her wise counsel and continued support of the Government. We have an excellent working relationship and I was pleased to learn that she will be staying through the balance of this term and beyond.

I also wish to thank the Minister of Finance and his team for their tireless efforts in preparing the 2016-2017 Budget, which he will present shortly. When he does, Madam Speaker, this House will appreciate that this budget continues what has been a hallmark of this Administration—a prudent and pragmatic approach to spending and minding of the public purse.

Indeed the Minister of Finance will again present a budget for economic growth, for jobs and prosperity. A budget that continues this Administration’s commitment to no new borrowings and no new taxes;

a budget that continues the tax concessions previously granted by this Administration; a budget that benefits families and businesses; a budget that shores up government cash reserves and repays debt; a budget that continues to fulfil the ambitious plans we set for ourselves three years ago; plans to stabilise Government finances, restore confidence in Cayman and in the Government, strengthen the economy, and improve employment and economic opportunities for our people. The latter goal that speaks to opportunities for our people is not an add-on. It is the primary reason we do all the other things.

Indeed, Madam Speaker, each of these goals is important and interlinked. Prudent money management, coupled with honest and transparent government and honest procurement systems, give investors’ confidence in government and the country. And investor confidence is central to any plans to grow the economy.

Investors, including Caymanian investors, who are confident that their investments in the Cayman Islands are safe, start businesses here, develop properties here, and import products and equipment. Madam Speaker, they attract tourists and international financial services business and provide employment for our people.

The economic activities they create benefit Caymanian businesses and the people they employ. And this economic activity also provides the fees and import duties that Government relies on for revenue. Solid Government revenues, coupled with sensible money management create useful surpluses.

Surpluses that can be used to pay for Government services, to top up cash reserves and save for rainy days, to repay debt and provide benefits for our people, such as education, healthcare, and policing, as well as to build infrastructure such as roads, docks, hospitals, airports, schools and waste management plants. Surpluses also allow for tax reductions that put money back into the pockets of families and businesses; money that may help a family to save for a home or a business or to afford a new delivery van.

And as government finances and the economy continue to improve, this encourages even more investment in Cayman. The virtuous cycle continues, bringing even more economic and employment opportunities for our people. This is not rocket science, but it does take ability, discipline, credibility, integrity and loads of hard work. These are qualities for which this Government has become known. And, which is why we are (as the Deputy Premier likes to say) a Government that gets things done.

Let us reflect on what this Government is getting done.

The restoration of Government finances: When the Minister of Finance speaks he will address this at length and will point out that we have met all the targets needed to bring us back into full compli-

ance with the requirements of the Public Management and Finance Law. He will also show that we have maintained firm control over expenditures and delivered strong revenues and surpluses. He will highlight that this Administration continues to operate from cash rather than an overdraft, and that this is a budget that continues to reduce debt and to make provision for matters like Government's past service liability to pensioners.

This has not happened by chance, but is the direct result of this Administration's sound planning and disciplined implementation of those plans. We were determined to deliver and keep our promises to bring government finances back under control.

Madam Speaker, we understand that a government with the discipline to use its available funding wisely is a government that does not overtax its people. And this Government has used the peoples' money wisely. Over our last three budgets we have generated net surpluses totaling almost \$400 million dollars. We did this despite giving up about \$30 million dollars annually in tax reductions and correcting inequalities in civil servants' salaries. Effectively, this represents a \$30 million dollar annual economic stimulus. By comparison, the UDP's last three budgets created net surpluses totaling only \$41 million dollars.

So, how are we using these surpluses?

In a number of ways, including returning cash reserves to the levels required by the Public Management and Finance Law. We are also using surpluses to repay Government debt. Over the past three years surpluses have given us the ability to pay down debt by \$71 million dollars. As the Minister of Finance will no doubt mention, the current budget will have sufficient surpluses to reduce the debt burden even further. And we have set aside \$17 million dollars in a debt service sinking fund, which can be used to repay debt in future years as needed.

Paying down debt, as we have done, reduces the burden of financing costs to Government and also frees up funds for other uses, such as improving education, funding the cost of a proper waste management system, or providing needed infrastructure. Surpluses also allowed us to lower taxes over the past two budgets, thus reducing the cost of living.

The duty paid by licensed traders was reduced from 22 per cent to 20 per cent during the last budget. This cost Government \$4 million dollars per annum in lost revenues but also reduced the import duty costs to businesses and allowed them the ability to provide better pricing to local customers, helping to reduce the cost of living to households and businesses.

Duty on fuel used by Caribbean Utilities Company to produce electricity was also reduced under this Administration from a high of 75 cents per gallon to 25 cents per gallon. This cost Government some \$17 million dollars annually in foregone revenue but represents money that will be retained by families and

businesses. And these reduced duty costs will continue to benefit families and businesses regardless of what happens to the price of diesel in the future.

To assist micro businesses and entrepreneurship, fees were reduced or waived, at a cost to the Government of \$1 million dollars annually. This has allowed new businesses to start up and others to become qualified to bid for Government contracts. These concessions have been successful and we have seen the number of small business applications dramatically increase over the past year.

Surpluses have also been used to bolster our cash reserves. For 2015-2016 there is sufficient cash in reserves to fund more than the required 90 days under the Public Management and Finance Law. And because we have had good surpluses, during last year's budget we were able to announce an across-the-board cost of living increase of 4 per cent for civil servants that became effective July 1st, 2015. The cost of this was about \$7.5 million dollars per annum but represents money that is spent here at home and put right back into this economy. This was in addition to a 2.5 per cent gratuity payment provided to civil servants in June 2014 in recognition of the hard work done to help improve Government efficiencies.

Madam Speaker, I am pleased to be able to announce that given the continual improved performance of the budget over this past year, Government will this year pay a one-time gratuity of 2.2 per cent of annual salary to all civil servants. This will be paid with June salaries and amounts to about \$3.7 million, which will be paid from the 2015-2016 surplus. It therefore will not impact expenditure in the upcoming budget. Again, this is to recognise the valuable contributions that civil servants have made over the past year.

As we announced during the Strategic Policy Statement delivered in November, Government will also start to address pay stagnation for some of our longest serving employees by making provision in the upcoming budget. Some of these hardworking and dedicated staff members have had their salaries frozen for as long as seven years and yet they see new entrants to the service being able to negotiate higher salaries when they are employed. We will begin the work to correct this in the 2016-2017 Budget.

Madam Speaker, as I have noted before, the surpluses are a consequence of both prudent financial management and sound policies by this Administration, as well as the recovery of the global and local economies. Cayman's economy is continuing to expand with economic growth of about 2 per cent annually since 2013—far exceeding the 0.81 per cent economic growth experienced during the first three years of the UDP's administration. So yes, since we took office there has been a tremendous economic boost.

Today we have an economy buoyed by increased investor confidence where private sector investment is growing and is set to grow further with

major initiatives that are under way or in the planning stages.

The Kimpton's Seafire hotel on Seven Mile Beach is expected to open in November. The plans for the upcoming development of Ironwood where Golf Legend Arnold Palmer will design and build a golf course are currently with the Central Planning Authority. Approval is expected soon.

Camana Bay continues to expand and the old Hyatt hotel site is being redeveloped, Treasure Island is being refitted as a Margaritaville Resort and things are progressing for a resort at Beach Bay in the District of Bodden Town.

Madam Speaker, the developments I mentioned are just part of the 1,269 applications the Department of Planning has received since May 1st, 2015. So far 934 of those applications have been approved with an estimated project value of \$451 million dollars. Applications pending carry an estimated project value of \$300 million dollars.

Tourist arrivals by air are at record numbers, with about 383,000 visitors arriving in 2014 and 385,000 in 2015. These are the highest arrivals by air in more than two decades. And so far, this year's arrivals are doing very well, with some 113,000 visitors in the first quarter of this year.

Cruise arrivals also tell a good story, with about 1.61 million cruise visitors in 2014 and 1.72 million in 2015. These are the best cruise arrival numbers we have seen since 2006. The cruise numbers for 2016 are off to a good start with 612,000 arrivals in the first quarter—this is up by 68,000 visitors compared to the first quarter of 2015.

This hasn't happened by accident. It is a result of sound policy measures and of this Government rolling up its sleeves and showing our willingness to work with our industry partners and the private sector. Very early in our term the Minister of Tourism and Deputy Governor met with the cruise industry to seek to persuade them to include Grand Cayman in more of their itineraries. The aim was to get more ships arriving here. When we took office, tour and taxi operators, as well as business owners, were crying out because of reducing numbers of cruise visitors. Our efforts have been successful and the cruise tourism numbers have been on the upswing.

Similarly, we worked with local tourism partners in an effort to encourage increasing air arrivals during the slower tourist season. I am sure the Deputy Premier and Tourism Minister will speak more on this during his contribution to the debate.

To accommodate increasing air arrivals we have pushed the redevelopment of the Owen Roberts International Airport. The first phase of this project involving the construction of a new baggage hall and related amenities is almost complete. This past week we signed a \$42.5 million contract with McAlpine to build the second phase of the Owen Roberts International Airport arrival and departure areas. This project

is expected to create about 100 new construction jobs and groundbreaking will be in just a few weeks. The entire airport redevelopment is expected to cost approximately \$60 million. It is being built without any borrowing and is expected to be completed by mid-2018. When opened, the redeveloped airport will be capable of accommodating the throughput of 2.5 million visitors a year, much more than the optimum volume of the current airport which is a mere 500,000.

Cayman Airways has also launched a modernisation plan to replace its aging fleet of jets with four new state-of-the-art aircraft over the next four years, with the first new jet arriving later this year. The airline has been able to negotiate for competitive lease pricing for the new aircraft and no Government guarantee will be required to secure these new planes.

The airline will get the benefit of newer aircraft with lower maintenance costs, and increased seating and cargo capacity. It is a win-win situation. This Government promised in our Manifesto to ensure that airlift from our source markets stays in step with demand. This Government is delivering on our promise. A modern and efficient fleet of planes for Cayman Airways will benefit both residents and locals as well as improve the image of the flag carrier of the Islands.

Dialogue between Government and the tourism sector will continue to ensure that our own Caymanian people are trained for and get the tourism-related jobs that are available to them; another promise we are delivering upon. To this end, Madam Speaker, it was this Government that helped institute the Hospitality Training School, which had been talked about by the previous administration. It took this Government to get the job done. We are proud of the school and the achievements of its graduates.

We are also making headway on a cruise berthing facility and an expanded cargo port. The assessment on how best to minimise any potential environmental damage is ongoing. It is planned to move the cruise piers into deeper water, which will doubtless drive up the cost of the project, but will provide greater protection of the near shore marine environment. This next step, which will include civil engineering design works and full costing, represents significant progress and is needed for the financing model for this project.

We will continue to grow our tourism business for both cruise and stay over visitors within our targeted market segment. Again, the Deputy Premier and Minister for Tourism will speak more to this when he rises to make his contribution.

While I am on the subject of tourism, Madam Speaker, I want to highlight the Cayman International Film Festival, which will draw film stars and film industry professionals to our shores from 1 through 4 July. Included in that mix will be Anthony Daniels (better known as C-3PO from Star Wars) who will be arriving,

having just completed the wrap-up of the newest Star Wars Episode-8.

But more importantly, Madam Speaker, we welcome home our own son of the soil, Frank E. Flowers, who is bringing back to the Islands the cast and crew of his debut feature film *Haven*. I am happy to see that this annual film festival continues to grow from strength to strength and to encourage a community of young local artists who are taking Cayman movie making to the next level.

As this film festival grows it will not only bring in more tourists, but will serve as an incubator for a niche film sector that could help diversify our economy and create opportunities for Cayman.

We will continue to work with the private sector to enhance Cayman's offerings. Private sector businesses, Madam Speaker, like the Dart organisation, which earlier this year announced plans to build another resort which, when complete, will create unique experiences for not only tourists but also residents. And speaking of Dart, Madam Speaker, early on in our term we engaged with the Dart Organisation to renegotiate what is known as the 'Dart and NRA Agreement'. There were aspects of the UDP negotiated agreement that in our view were not good for Cayman. It has been a long journey, but I am happy to announce that the third amendment to the Dart/NRA Agreement has now been executed.

It commits Dart to certain levels of development sooner rather than later, including the completion of needed enhanced road networks. Some of that work is already underway in the form of the ongoing expansion of lanes on the Esterley Tibbetts Highway. Government is partnering with Dart to construct a further two lanes of the Esterley Tibbetts Highway from the roundabout at Galleria south to the Butterfield Roundabout near to A.L. Thompson's Home Depot.

The NRA Third Amendment also removes the concessions on tourism room tax, which had been given away by the UDP administration. This amended agreement is good for Cayman. The new terms will guarantee construction jobs once the Kimpton is complete. Jobs working on the roadways that Dart will build and jobs that will come once Dart starts to build out Camana Bay as well as new resorts.

And local business will also benefit from this increased economic activity. Local contractors, trucking companies and heavy equipment operators will have business. And, of course, once the developments are complete the businesses will provide employment. And this economic activity will also bring in revenue to Government that will benefit all of Cayman.

Madam Speaker, these developments, along with Government works on key infrastructure projects like the airport and road works have created jobs for Caymanians. In the strengthened economy under this Administration, unemployment for Caymanians, which peaked at 10.5 per cent in 2010, has decreased to 6.3 per cent; the lowest Caymanian unemployment rate

since 2007. And as the economy continues to expand, and more businesses of all sizes open their doors and create jobs, Caymanian employment will continue to improve.

In terms of the cost of living, the Consumer Price Index (CPI) has been falling consistently. The most recent survey indicates that it has fallen again by 2.8 per cent in March this year compared to March 2015. Undoubtedly, lower oil prices are helping drive this, but decreases have been aided by the reductions in import duty on consumable goods and on the diesel used by Caribbean Utilities Company to generate electricity. The fuel duty decrease has also helped lower the cost of desalinated water. Consumers would have seen their utility rates falling since last year.

Madam Speaker, we have been able to provide these cost reductions because we continue to present sensible, realistic budgets with sound financial projections that underpin good policies. The 2016-2017 Budget continues this trend, but is for a period of 18 months rather than the customary 12 month cycle. In this respect, this is a first for our country. It sets in motion this Government's plans to move toward two-year budgets, which will make the budget process more efficient, saving thousands of hours annually in budget preparation by civil servants and Ministers.

It will also enable better strategic planning for the physical and socio-economic development of these Islands for the benefit of both ordinary people and businesses. It will give both households and businesses the ability to plan their affairs with greater certainty in accordance with Government's fiscal and social policies.

This change will also move the budget year-end to December. With May elections, this allows six months after an election for incoming Governments to prepare new budgets with their priorities in mind. It avoids the current mad scramble to get a temporary budget in place in just a few weeks following the swearing in. Since the greatest percentage of government revenue is received in the first quarter of the year, it will also provide the advantage of having a more informed view of the revenue position at the start of the year, allowing better management of the budget. The Minister of Finance will provide more detail when he presents the actual budget.

This Budget, like all of our past budgets, does not focus on numbers for the sake of numbers. Rather the numbers reflect this Government's policies aimed at continuing sound financial management, creating solid economic growth, and further improving opportunities for Caymanians.

This budget also continues our promise of no new taxes, with tax concessions continuing to help hold down the cost of living and to leave money in the pockets of families. It is a budget that supports business and assures a prosperous future for Cayman and our people.

A prosperous future for our Islands will depend on maintaining a robust and diverse business sector that includes tourism and financial services. While we still depend on our two main economic pillars we know that for this country to continue to prosper, we need other economic drivers to help ensure we maintain a robust and sustainable economy. So, we are helping small businesses develop and they are reporting good growth and confidence in this Government. We also work constantly to encourage burgeoning business sectors such as medical tourism, sports tourism and attracting tech and other niche business sectors to Cayman.

This Administration has worked closely with Cayman Enterprise City to help ensure the growth of businesses within the Special Economic Zone. In addition, we work with them to promote Cayman. An example of this was my attendance at an Internet Marketing Association (IMA) Conference in Las Vegas in 2014. This has led to that association holding a mini conference here in early 2015 and a very successful larger conference earlier this year. This brought to Cayman, leaders from large tech companies such as Google, Microsoft and Evite.

This partnership should bear good fruit in the years to come, as the IMA intends to host these conferences in Cayman on an annual basis where leaders in tech businesses will be exposed to the Cayman Islands and see the benefits of doing business here. I can also add, Madam Speaker, that the IMA itself has set up in the Special Economic Zone, further showing its confidence in Cayman, which undoubtedly will give its member businesses the confidence to do the same, where a Cayman entity makes sense to their business plans.

We also renegotiated the Special Economic Zone agreement with Cayman Enterprise City to allow for certain types of tech companies to enter Cayman without the need to use the zone but as a trade-off we also allowed the zone to expand to other areas such as a maritime park. This already appears to be paying dividends as the recently held Cayman Islands Shipping Summit is a positive sign that we may be able to expand the types of business we do in the maritime sector.

Health City is also continuing to grow and expand and its reputation as a world-class medical facility has spread throughout the region. And the value of this facility to local healthcare has proved itself over and over. This venture, Madam Speaker, is one that members of this Government supported from the inception. Our support continues.

Government also remains committed to keeping up to date our legislative and regulatory framework to ensure we maintain our enviable spot in the global economy. We made a promise to nurture our Financial Services Industry, attract new business and encourage more financial service providers to set up shop in Cayman. We are delivering on our promise.

We have consistently worked with the industry to create or amend legislation regarding financial services products. For example, last August this honourable House approved amendments to the Mutual Funds Law and the Securities Investment Business Law, which aim to assist the Cayman Islands in qualifying for the "third country passport" under the European Union directive. The passport allows Cayman funds to be marketed to professional investors across the European Union rather than through private placement in each EU member state individually.

Additionally, the Limited Liability Company Law 2015 was unanimously passed to provide for the formation of a new type of business vehicle that is a hybrid between a company and a partnership. We created the law in conjunction with the private sector and we are confident its passage will generate new business, keeping Cayman at the forefront of offshore services.

We have also proved our willingness and ability to fight on the international stage to defend Cayman's business model and reputation; whether at Chatham House in London, on BBC's HardTalk, in Brussels where the Minister of Financial Services recently faced down a room full of hostile Members of the European Parliament, or more recently, at the Anti-Corruption Summit in London. We will go where we need to go to fight our case. But much of the defending, negotiating and arguing our case occurs outside of the public's eye. When necessary, we remind those on the other side of the table that we will not roll over and we will defend ourselves at all costs, even going to the courts if necessary.

There are those who believe that it is better to shout and stomp your feet and threaten. Despite these tactics failing, they still refuse to accept that firm diplomacy beats idle threats and useless noise. We prefer firm diplomacy. Successful negotiations with the United Kingdom on beneficial ownership and the positive outcome at the Anti-Corruption Summit help prove our point.

The letter of 10 May, 2016, from the UK Chancellor, the Exchequer George Osborne, speaks volumes. And with your permission, I would wish to read that letter and to lay a copy on the Table of this House and provide copies to yourself and Members.

The Speaker: So ordered.

The Premier, Hon. Alden McLaughlin: It is addressed to the Minister of Financial Services, The Honourable Wayne Panton. It reads:

"Thank you for your letter of 6 May setting out the Cayman Islands' commitment to the recently launched initiative for the development and subsequent implementation of a new global standard for the exchange of beneficial ownership information.

“I very much welcome your joining this initiative at this early stage. As you say, exchange of such information on a global basis will make a marked difference to the ability of law enforcement authorities to tackle the abuse of corporate structures and other arrangements as a cloak to criminal activities, including money laundering, illicit finance and tax evasion.

“Cayman has taken a lead on global transparency as a cooperative jurisdiction, including through your early commitment to the Common Reporting Standard, your joining of the Multilateral Convention and the important role that you have played and continue to play in the Global Forum for Tax Transparency. This has been influential in helping achieve rapid global uptake to these standards and a step-change in global tax transparency.

“I have asked my officials to ensure that arrangements are put in place so that the Cayman Islands, along with other committed jurisdictions, will be able to participate in discussions as the global standard is developed. It will be important, as you say, to ensure that the new standard respects the confidentiality and security of data and that appropriate legal gateways are in place. I also very much agree with your comments about the importance of a level playing field and hope that we can work together to convince all countries and jurisdictions to join this important initiative.

“I hope that your Premier will be able to attend the Anti-Corruption Summit in London on 12 May, which will provide an opportunity to set out how this initiative, together with the Common Reporting Standard and other enhancements to global transparency arrangements, will make a real difference in tackling crime and corruption.”

“Yours,

“George Osborne, Chancellor of the Exchequer.”

[Copy of letter laid on the Table of the House]

The Premier, Hon. Alden McLaughlin: Madam Speaker, this, coupled with Prime Minister Cameron’s defence of the Overseas Territories and Crown Dependencies represents an extraordinary shift in the conversation. Under this Government, Cayman is in the best position it has ever been in dealing with these matters. I give this House and this country the assurance that we will be confident and we will be bold in the defence of our interests, but we will not be reckless.

This Government is also creating new opportunities for the growth of the Financial Services Industry through the ongoing modernisation of our intellectual property regime. Immediate focus is on trademark reform and the implementation of new copyright protection locally.

Madam Speaker, preparations for international assessments are of critical importance in the 2016-2017 Budget. The first is an effectiveness assessment under the Financial Action Task Force standards, which will focus on the anti-money laundering and counter financing of terrorism regime of the jurisdiction. Next, is an assessment of the Cayman Islands Monetary Authority conducted by the International Monetary Fund (IMF).

The third is an assessment of the Cayman Islands under the International Maritime Organization Instruments Implementation Code. This assessment will focus on port and coastal state responsibilities and a broader requirement for Government to develop and maintain a clear strategy to achieve, maintain and improve overall organisational performance and capability as a flag, port and coastal State.

Enhancements to mechanisms to exchange beneficial ownership information will also be of significance, especially with a June 2017 deadline to implement a centralised platform as agreed with the United Kingdom. We have confirmed to the United Kingdom that Cayman will join the initiative for the development of a global standard for the sharing of beneficial ownership.

I wish to be clear Madam Speaker that this Government has signed no agreement for the automatic sharing of beneficial ownership information. What we have done, as the letters by the Minister of Financial Services and the response by Chancellor Osborne plainly indicate, is to agree to participate in discussions regarding the development of a new global standard. As is indicated in Mr. Osborne’s letter, the Cayman Islands will have a seat at the table as these standards are developed.

Other measures Madam Speaker that we are taking include the repeal by this September of the Confidential Relationships (Preservation) Law, which often has been misrepresented as Cayman’s ‘secrecy law’. It will be replaced with the Confidential Information Disclosure Law, which will better clarify the mechanisms through which confidential information may be shared with appropriate authorities. Furthermore, acknowledging privacy as a basic human right, in September this Government will introduce new data protection legislation that is on par with what is in place in the European Union. While bearer shares in the Cayman Islands have been immobilised since April 2000, Cayman recently passed legislation to completely abolish bearer shares by 13 July this year.

Madam Speaker, the Portfolio of Legal Affairs will continue to partner with the Ministry of Financial Services and other relevant Government Departments and agencies to prepare the jurisdiction for the fourth round of mutual evaluations scheduled for the second quarter of 2017.

In this regard, there will be strategic focus on key legislative changes and the creation of the necessary administrative framework to achieve the desired

results. The key legislative changes include, but are not limited to, the enactment of a new Non-Profit Organisations Law and amendments to The Proceeds of Crime Law (2014 Revision), The Money Laundering Regulations (2015 Revision), The Terrorism Law (2015 Revision), The Proliferation Financing (Prohibition) Law (2014 Revision) and The Monetary Authority Law (2013 Revision).

This Government has not only been legislatively and fiscally responsible, successful in stimulating the economy and creating greater economic and employment opportunities for our people, but we have also practiced—and not just talked about—good governance. We have demonstrated our commitment to good governance, not just with the way we operate the business of Government, but in more tangible ways such as the passage of the Standards in Public Life Law in 2014. We also made further amendments this year to improve the operations of the Anti-Corruption Law.

Madam Speaker, good governance is also about the efficiency and effectiveness of the public service. That is why we have initiated Project Future. In November last year Government unveiled 51 projects selected by Cabinet to take forward as part of the five-year Project Future initiative. As I said at the launch of Project Future, it establishes a comprehensive and far-reaching programme of public sector reform that will drive efficiency and improve the effectiveness of public services.

Madam Speaker, I will make a separate statement on the status of Project Future during this meeting of the House. The process is following best practice standards of project management, which though not speedy, should bring about successful outcomes. I can say there are several projects in the pipeline including the establishment of the new Office of the Ombudsman, a review of the postal system and a review of the National Roads Authority, among others.

Good governance also requires that the technology Government uses is not only fit for purpose but is also secure. To that end, Government has developed an E-Government strategy that will be released to the public shortly. A pilot project that will include enabling infrastructure, which covers all government entities, should be functional within nine months of Cabinet approval. The approach being proposed, while very advanced, is extremely economical and based on the proven model developed by Estonia.

A concerted effort to encourage the growth of E-Government was a Progressives manifesto promise—so here again we are continuing to deliver on our promises. In parallel with the wider E-Government implementation we are nearing completion on a project to automate the process for Tax Exempt Certificates, which generates about \$10 million dollars per year in revenue. When complete this will free up considerable staff time to focus on other areas. This is all

part of making Government more efficient and cost effective.

We have reached an agreement with Deloitte for business process re-engineering and technical writing support in preparation for digitizing processes within Government. Under this arrangement business processes for the Department of Commerce and Investment are being re-engineered and a business case is being developed for an online system for the Department of Planning.

Over at Lands and Survey an Online Forms System will be introduced by July this year to improve the experience of our customers. This new product will significantly reduce turnaround times for registration, improve accuracy and customer service and reduce the burden on Lands and Survey staff to allow greater efficiencies in other areas.

Madam Speaker, we are considering moving to an electronic vehicle registration system. It is anticipated that this system will improve work flow at the Department of Vehicle and Drivers Licensing to better serve the public. It will also allow better tracking of unpaid vehicle licensing fees and will assist law enforcement in the ticketing of traffic offenders.

Madam Speaker, good governance is also about communication. To that end this Government will continue to enhance Government's internal communications. Following last year's review of our communications by a group from the UK Government Communications Service, the Cabinet Office is implementing that report's recommendations.

One major focus will be to modernise Government's internal communications to better engage staff and connect them with the Government's priorities and promote collaboration within all ministries and departments. This is being done with the support of a UK Government communications professional whose service is being provided at no cost to the Cayman Islands Government.

There are further plans to appoint a Director of Communications within the Cabinet Office to coordinate and improve overall communications across the public sector.

Madam Speaker, while good governance means sound financial management, ethical leadership, community engagement and long-term development and planning, it is also about providing value for money and providing a responsive service to the people of these Islands.

With regard to value for money, Government will soon create a Public Utilities Commission, which will regulate the provision of electricity, water, telephony and Internet broadband services. It is expected that changes to accommodate the new commission will provide several economic and social benefits throughout the Cayman Islands, including the possibility to attract additional investment thereby ensuring the Cayman Islands continues to have modern, competitive and reliable utilities services.

Good governance also relies on an honest and transparent procurement system, and so the Ministry of Finance and Economic Development will lead the full implementation of a new Procurement Law, which will lay the foundation for all future public sector procurement in these Islands, enable a strengthened process with increased transparency and provide a greater focus on value for money and improved opportunities for local suppliers to be successful. It will give comfort to Caymanians and residents that their tax dollars are being spent honestly and in their collective interests and not to the benefit of a select few as has happened in the past.

The Ministry of Finance and Economic Development will also enhance the robustness of economic impact studies through the preparation of a System of National Accounts “supply and use table”, which will show the value of major goods and services supplied and used across all economic sectors of the Cayman Islands.

Madam Speaker, good governance also means a level playing field for each and every voter in our jurisdiction. Following the next dissolution of this House, the Elections Office will administer the first general elections in these Islands to be conducted on the basis of 19 single-member electoral districts with the One Person One Vote system. This is one more illustration of a fulfilled commitment as set out in the Progressives Manifesto.

Good governance is also being carried forward through the newly developed Civil Service five-year Strategic Plan, which spans from 2016 through to 2021. This is being led by the Deputy Governor who is championing the ‘Civil Service Re-imagined’ campaign. As part of the campaign, upwards of 300 employees and external stakeholders were consulted. It was from that consultation that the strategic plan was formed. It focuses on five strategic areas: leadership; customer service; talent development; as well as communications and governance. Over the next five years the Civil Service will focus on improving capabilities and performance in these key areas so that it is better poised to deliver on the policy mandate of the elected government and demonstrate how its work is positively impacting outcomes within Cayman society.

Madam Speaker, in this next fiscal year the Portfolio of the Civil Service will systematically work to promote accountability at all levels of the organisation. As headcount within the Civil Service has been mostly constrained and the work that needs to be delivered on behalf of the community continues to increase, it is important that every employee performs to a high standard. Staff who consistently underperform cause more work for fellow employees and threaten the achievement of results.

The Deputy Governor is also leading the change on this and is committed to tackling poor performance in the Civil Service, which, unchecked, can cause reputational damage and equally concerning,

can stifle the morale and productivity of high performing staff.

During the coming year Government will also modernise the terms and conditions of the civil service by bringing legislation to increase the retirement age within the civil service, progress considerations to introduce cost sharing for health care and correct the longstanding pay inequities that resulted from mandatory policies that stifled pay progression for long serving staff. While we are righting the terms for public servants, we are also cognisant of the need to address employment issues, education and the overall health of everyone in this community.

I spoke earlier of the falling unemployment rate amongst Caymanians. As will be obvious to anyone who has listened so far, this Government has been working and will continue to work to create opportunities, including employment, for our people. So while Caymanian unemployment is at its lowest since 2007, we in this honourable House know full well that there are good, honest members of our community who need some additional help to obtain and keep employment.

The Ready-2-Work Cayman programme is a partnership between Government and the private sector whereby private sector firms provide jobs and training and Government provides some human resource assistance and also assists prospective job holders with counselling and other soft skills needed to get and retain employment.

Individuals who are feeling down and out may not always present their best efforts in the workplace, which can be a hindrance to getting as well as keeping employment. Many times all they need is someone to talk to, someone they can trust, someone who can provide the proper guidance and some reassurance.

This approach has never been tried in Cayman before. But this Government and this Minister of Employment remain committed, as we have always been, to ensuring that every willing and able Caymanian without a job has access to one. We believe that the best social programme is a good job. For some the Ready-2-Work programme will be their best chance to regain and to keep employment.

There are currently 33 active participants in various phases of the programme, which is growing each month, with the goal being to place 175 people in jobs by February next year. The results so far have been promising and I thank the public servants heading this up as well as the private businesses that have come on board to provide jobs and training. Thanks too to the many private sector individuals who volunteered for the Taskforce and work with Government to guide this important initiative.

This is not all the Ministry of Education, Employment and Gender Affairs is doing to ensure that our people are trained. In September this year the Ministry of Education and the Department of Education Services will launch the second annual Education

Plan of Action. The plan was developed through collaboration between the Ministry, Department and all Government school principals and will focus on nine targets in the areas of literacy, numeracy, technical and vocational education training, special education needs and disabilities, science and behaviour. The plan demonstrates a cohesive framework for improvement for education leaders in the public education system.

The Ministry and Department will also build upon the work started in 2015-2016 to implement a positive behavioural intervention in all Government schools. The initiative is a prevention-oriented way for school personnel to organise evidence-based practices, improve their implementation of those practices and maximise academic and social behaviour outcomes for students.

A Strategic Outline Case has been approved for the continuation of the building of a new John Gray High School. The Ministry of Education has started the tendering process with the intention to pre-qualify potential contractors to be selected for the process. Construction is expected to begin within the next few months with the first phase, the school's gymnasium to be completed in May 2017. Madam Speaker, we chose to start with the gym because that building is a central part of the school's infrastructure, it is the closest structure to the current John Gray site and it is already 60 per cent complete. Also, it will provide an improved sporting facility for school and community use. This is yet another Manifesto promise being kept. And it is an important promise that is being kept because those who benefit are Caymanian youngsters who are the future of these Islands. They deserve to be educated in facilities that assist their education process and help them succeed.

Madam Speaker, we also promised in our Manifesto to implement a national minimum wage, which we introduced in March this year. We said from the beginning that the implementation of a minimum wage was a priority. We have delivered on that promise.

Madam Speaker, we are also the Government that has had the political will to tackle the archaic National Pensions Law. I am proud to say that we were able to get the legislation approved in this House just a few weeks ago. Firstly, the new Law sets Cayman's normal private sector retirement age at 65, instead of the previous 60, and it requires higher earners to put more into their retirement savings each year. With this change we are giving employees and employers the option of keeping on staff, workers who are capable and willing to work past the age of 60.

Madam Speaker, the Ministry of Education, Employment and Gender Affairs will continue to build upon its work to create a culture of compliance through its legislative reform. Now that the National Pensions (Amendment) Bill, 2016, has been approved, it is anticipated that the Pensions Investment

Regulations and its General Regulations will be finalised during this financial year.

We also anticipate that the current Labour Law will be repealed and replaced with the Labour Relations Law 2016. This legislative reform will clarify the law for the benefit of all users, employees and employers and other stakeholders, institute a more effective deterrent to non-compliance by introducing an administrative fine regime; and introduce efforts to lessen the opportunities or loopholes for structural discrimination against Caymanian employees.

Madam Speaker, we know that the country is badly in need of a proper mental health facility. We are spending tens of thousands of dollars to send people overseas for treatment and the number of people in need continues to rise. Here at home some of our residents with mental illness are homeless, some go in and out of our inpatient unit; some live with family and friends while others are in prison. With that in mind, this Government has determined that we need to find a way to correct this. As such, an Outline Business Case has been prepared, which Cabinet has approved. The 2016-2017 Budget contains funding to start this work in earnest so that we can provide a modern, humane environment for the treatment of mental illness in our community.

A modern Disabilities Law has also been long overdue and I am pleased to be able to say that in the course of this coming year we will bring to this House a Disabilities Bill which will seek to correct this situation.

We have also funded and continue to fund the Mosquito Research and Control Unit in the fight against mosquito-borne illnesses. MRCU has partnered with biotechnology company Oxitec to eradicate the *Aedes Aegypti* mosquito, which carries diseases such as the Zika, chikungunya and dengue viruses. MRCU has done an extraordinary job over the years to protect our community from these diseases and Government is committed to providing the funding for them to continue their good work.

At the forefront in the fight of all ailments are our doctors and nurses. During this next year the Department of Health Regulatory Services will review the registration process for healthcare practitioners with a view to introducing an electronic system to file applications. They will also work with the Health Insurance Commission to investigate the feasibility of a national health insurance plan for retirees and senior citizens.

Madam Speaker, I also wish to advise the House and the country that after carefully considering the merits and demerits of legalising the use of medical cannabinoid oil to treat those in our community with a debilitating disease, whether cancer, glaucoma, or perhaps even severe epilepsy, Government is persuaded that it is better to favour hope and compassion over fear. Thus Cabinet has issued instructions to the Legal Department to draft a Bill that will allow medical doctors to prescribe cannabinoid oil to patients who

may benefit. We are treating this as a matter of urgency for we are keenly aware that time is not a luxury for many of those whom this drug may benefit.

Madam Speaker, for those who may doubt the wisdom of this decision, I wish they could have been present when a young Caymanian, who in making a case for his very sick wife to be able to access the oil that they believe will help defeat her illness, said that his wife's choice currently is 'death or death'. That is their reality for there is no standard medication or treatment available that gives them hope.

I want to add, Madam Speaker that I am speaking here about an oil extract from the cannabis plant that has been prepared for medical purposes and that will be imported into the Cayman Islands in a fashion similar to medical morphine. I am not talking about legalising the use of the cannabis plant itself for medical or other uses.

Madam Speaker, good nutrition is also important to health. This Government has long understood that a healthy agriculture and farming community is necessary for a healthy community. The Progressives Manifesto promises to support agriculture and farming and to encourage the use of modern farming techniques and technology. This we have been doing and we have seen an increase in both the quantity and quality of available local produce and livestock. And as farming is becoming more attractive there are more commercial farms starting up. All of this is good for farmers and for consumers.

Indeed, given the growth and popularity in the Market at the Cricket Grounds there will be a second phase built on the same location to accommodate the demand. Next year will be the 50th anniversary of the Agriculture Show and plans are to celebrate this auspicious occasion in the manner benefitting it. As a farmer myself I am certainly looking forward to that happy occasion.

Also, in October of this year, the Cayman Islands will be host to the Caribbean Week of Agriculture where 400 delegates from the region will gather to discuss agriculture and exchange ideas. In conjunction, local merchants will host a trade show to highlight and sell their products. All of this should come as no surprise to anyone. Agriculture has always advanced with the Progressives in Government. And we will ensure that this continues to be the case in the future.

Physical and mental health does go hand in hand with the health of our society, from the youngest to the oldest among us. The Ministry of Community Affairs, Youth and Sports is continuing its work to develop a National Policy of Older Persons and is completing the Poor Persons Relief Regulations to streamline the processing of the applications of those most in need. The Ministry will continue to advocate for and strengthen child safeguarding measures and therapeutic rehabilitation for the protection of all children in the Cayman Islands.

Counselling and family services will be expanded and enhanced to more effectively address a broader range of emerging needs in our society with a goal to improve the lives of those who access those services.

When the family unit does break down, they often turn to the Courts. In June, the Courts will be ready to introduce mediation within the context of family proceedings in both the Grand and Summary courts. This is going to be a completely different role for judges and magistrates who, as mediators, will encourage and facilitate parties to arrive at settlement. This should expedite family proceedings and avoid expensive, protracted legal battles.

Just as we have to look after the health and wellbeing of our people and our citizens, we also have to employ vigilance when taking care of our environment. We all know, Madam Speaker, that it is our pristine environment—our clear emerald waters and our powder white sandy beaches—that draws visitors to our shores day after day, year after year.

As you will recall, Madam Speaker, it was this Administration—not even one full year in office—that in December 2013, after 10 years of talk and in the face of significant resistance from all sides and nooks and crannies, was able to pass the National Conservation Law. The Department of Environment will continue to work with the National Conservation Council to realise the full implementation of that Law.

Conservation of the beautiful waters and its inhabitants is not just a Cayman concern, but a regional one. As such, the Department of Environment will host the 69th Gulf and Caribbean Fisheries Institute conference in November this year with the theme "Fishing for fun, food and the future: fitting recreational fisheries into Marine Protected Areas management". About 250 people from countries throughout the region and beyond are expected to attend this conference. It will be another opportunity for the Cayman Islands to showcase its pristine environment and prove that we care for all that is above and below the water.

Our waters provide so many sporting opportunities for pleasure and fitness and it is incumbent on us to make sure that our land lovers also keep physically fit. The Ministry of Community Affairs, Youth and Sports, has developed preliminary recommendations for the improvement of physical education and school sports. Madam Speaker, we believe physical education and school sports are important to our community as a whole, to increase physical competence, health-related fitness, self-responsibility and just plain old enjoyment of physical activity. I firmly believe that most youngsters who are physically active and fit throughout their school years will keep up the practice during their adult years, helping them ward off the non-communicable diseases that are prevalent in Cayman's society, particularly diabetes and heart disease. We vowed to put an emphasis on the improve-

ment of our sports regime and we are delivering on that promise.

As such, we have built a track at the Bodden Town Primary School for the use of school children, to give another venue for sports tourism and to provide exercise opportunities to the broader community. And because our young people are so important to the future of the Cayman Islands, the Ministry will continue to partner with non-governmental entities to deliver a wide variety of youth programming throughout the districts.

If we do not enable our young people to grow up to be good responsible citizens, they may turn to a life of crime and that, Madam Speaker, is not what any of us in this House desires. But we know that crime does exist in Cayman, just as it does in any jurisdiction. However, even though someone may have broken the law, they still need to be dealt with humanely.

In March this year we opened the new Cayman Islands Prisoner Detention Centre. With the opening of this facility this Government addressed the deplorable conditions of the holding cells at the police stations in West Bay and George Town. The suites can hold up to 24 individuals. It is safe, secure and well-monitored.

Over at Northward Prison a comprehensive business case is in the works to either refurbish or rebuild that prison's B-Wing. This Government also plans to develop a livestock and agriculture programme at the prison, which will not only assist with feeding the prison population, but will hopefully give inmates the skills and interest to continue in these endeavours when they leave prison.

Those who do find themselves afoul of the law, often end up in our courts system, Madam Speaker. Once again, the Honourable Chief Justice, in his Grand Court Opening Speech, identified relevant statistics concerning the growth of court work and the need for enhanced facilities in order to adequately administer justice in the Cayman Islands. This Government has engaged PricewaterhouseCoopers to produce an outline business case for new court house facilities. That business case is expected to cover the existing and future needs of the court, which include appropriate security features, adequate facilities to accommodate mediation and other tribunal services and complex large scale trials. The design also reflects the needs of third party courthouse users, which include jurors, counsel, other government agencies and members of the public.

Madam Speaker, over the next 18 months the Office of the Director of Public Prosecutions will continue work on the implementation of the recommendations of the Criminal Justice Adviser, including, in particular, work on refining its electronic case management system, to enable more reliable collection of performance data and interface with the Police and Courts. Work has begun and will continue on the de-

velopment of a system of cautioning of offenders to divert them from the criminal justice system in appropriate cases. Such a system will be beneficial to those accused of minor offences, and may have the effect of reducing public expenditure in the criminal justice system as a whole. The Office also hopes to explore the possibility of developing a witness care unit to better cater to the needs of victims and witnesses.

While members of the Royal Cayman Islands Police Service continue their efforts to identify and confront crime, the public and members of this House should, at all times, ensure that they have our full support. That said, we are all aware of recent incidents that have given Members of this honourable House, and the public, concern around aspects of policing.

I know that Members of this House would have been pleased to hear the Governor confirm earlier that it is her intention to have the incoming Commissioner of Police review the service and make any changes that may be necessary to improve policing in these Islands.

As we have seen, the Governor has already convened a recruitment panel to select the new commissioner of police. The panel includes two prominent private sector individuals, Dr. the Hon. Linford Pierson, a former member of this House and former Speaker, and Mr. Don Seymour. I am sure that all Members of the Honourable House would wish the Governor and the panel every success in filling this key leadership role within the RCIPS. And I am sure that all honourable Members of this House would join me in thanking both members, the Dr. the Hon. Linford Pierson and Mr. Don Seymour for agreeing to carry out this important duty.

As Members of this House would have also learned through the press, after a comprehensive local recruitment process, Chief Superintendent Kurt Walton has been selected for promotion to the rank of Deputy Commissioner of the Royal Cayman Islands Police Service. On behalf of the Government and this honourable House I take this opportunity to congratulate him and wish him well.

Madam Speaker, we have to be mindful of the security of the country as a whole, and do our best to keep our borders free of illegal activity. That, Madam Speaker, involves our Customs Department and our Immigration Department. This Government will see the completion of the construction of a new 3,000-square-foot facility to house the Customs Department's \$2.1 million dollar mobile X-ray machine and provide offices for both the Freight Security Initiative Section and the Container Processing and Inspection Unit. That building is being constructed adjacent to the Port Authority's Cargo Distribution Centre off Portland Road in George Town.

Our Immigration department will seek to strengthen business processes by automating the submission of documentation with regard to services

such as permanent residency, work permits, visas and border control. This is part of an ongoing focus on improving customer service, and these efforts will continue in other areas such as service quality and speed.

Madam Speaker, we have also been working toward making Cayman a more attractive place for ultra-net worth individuals to visit and, more importantly, to live and invest here. I expect Cabinet to receive and consider the various proposals to reach this goal in the coming weeks

The House would be aware that following the judicial review decision last year that highlighted concerns regarding the Permanent Residency 'points system', the Government engaged local law firm Ritch and Conolly to conduct a thorough legal review of the matter. An extensive report was received from the firm last Friday. Once an analysis of the report has been done, I expect to be able to make a statement with respect to the matter later in this meeting of the House. This is too important an issue for us not to get it right.

Madam Speaker, we also have to look inward at Government when it comes to security. A multi-agency approach has been adopted to address cybersecurity with participation from IT leaders across the public sector coordinated by the Cayman Islands Government Cyber team consisting of the director of E-Government, the assistant chief officer in the Ministry of Home Affairs and the managing director of the Information Communications Technology Authority. Assistance was also received from United Kingdom cybersecurity experts.

In December 2015 Cabinet tasked the team to address known IT security vulnerabilities. The team subsequently presented its plan, which aims to address people, process, technology and governance challenges. The team has completed two requests for proposals, one for new firewalls and modern network architecture for the core government network and the second for consultancy support with the implementation of the National Institute of Standards Cybersecurity Framework, which Government has adopted as its standard. Additionally, cybersecurity awareness education and training support will be instituted across the public sector. There will be a continued focus on cybersecurity in the coming year.

Madam Speaker, notwithstanding all of the above, without addressing critical infrastructure needs the quality of life in these Islands will suffer. Cognisant of this, this Administration has striven to take on issues, which have been dodged or ignored by Governments in the past.

I'll begin, Madam Speaker, with the George Town Landfill. We knew even before we were elected that taking on the issue of the George Town Landfill was going to be an arduous and complex task, but we campaigned on the promise that we would find a viable long-term solution for the processing of our refuse.

We do not need stopgaps or temporary measures. We need a modern International Strategic Waste Management System that uses several options in managing waste. Madam Speaker, we all know that the landfill didn't just develop overnight; neither will the resolution. But we are well on our way.

The Strategic Outline Case has been finalised and published, and the draft Outline Business Case is under review. The Outline Business Case will be made available to the public for comment when it is released. After approval, it is anticipated that the procurement of a waste management system will take place later this year and a suitable request for proposals will be advertised seeking private sector partners. The construction and commissioning of the project will follow.

I can also confirm that in addition to any private sector partner, sources of funding are being identified to meet Government's ongoing financial contribution to the project over the next 25 years. This is a further indication of our seriousness and commitment to provide a modern, sustainable waste management solution for the Islands.

While we will not have a system in place by the end of this term, I do believe, Madam Speaker, that we will see shovels in the ground next year. I admit that I smile wryly when I hear some in the press and elsewhere repeating over and over—"Just fix the dump". I smile, because if the fix was that easy, then past Governments would have fixed it already. The path we are on is the closest that the country has ever been to having a waste management solution that will not only help solve the problem that we now call Mount Trashmore, but will ensure that there are no more Mount Trashmores. We are identifying the best way forward, as well as finding funding sources.

Given the list of accomplishments under our belt, we have proved our determination to finish what we start. The same applies here and 'the dump will get fixed.'

Madam Speaker, we are also making progress on other aspects of waste management. Cabinet has already approved funding for the contract for the removal and shredding of the hundreds of thousands of old tyres at the landfill in George Town and Cayman Brac. The shredded tyres will be recycled for use by two local companies as what is called tyre derived aggregate. Once gone, the area taken up by the tyres will be used as a composting site for organic matter, further reducing the trash that goes into the landfill.

Following the recent announcement by the private sector company "Junk" that it would close its collection depots on 1st June, the Department of Environmental Health has stepped into the breach and will temporarily take over the seven recycling depots located at local supermarkets. This Government, and this Minister of Health, did not wish to see the recycling initiative end and lose the momentum that has

been achieved so far. The private sector will have the opportunity to bid to take over recycling efforts once the request for proposals for the entire waste management solution for all three Islands is advertised.

Madam Speaker, a review of the Environmental Health Laws and associated regulations will also be undertaken in the course of the year to more effectively regulate all of environmental health and waste management functions.

As our economy grows, so will our population. As such, it is important for the country to ensure that we have the necessary road infrastructure to cope. In addition, the success of the George Town Revitalisation Project depends heavily on improving the road network in and out of the city centre.

During this Administration many road work projects have been completed while others are scheduled. We have already seen the widening of Godfrey Nixon Way and Smith Road. Humber Lane now joins to Smith Road, connecting Smith Road to Elgin Avenue. Red Gate Road has been extended so that it now connects to the Airport Road. All of these improvements are helping to take traffic congestion out of the town centre and will ultimately allow some roads to be pedestrianised. Work is under way to make Esterley Tibbets a four-lane carriage way, which is a joint project between Government, the National Roads Authority and Dart; and improvements are slated for Thomas Russell Way, Edward and Fort Streets. Bobby Thompson Way and Linford Pierson Highway will both be expanded to four lanes over the course of the coming year. Work will shortly commence on these projects starting on the eastern end of Linford Pierson Highway near the church and the roundabout adjacent to the Lions Centre. Work is also currently being done to improve the road between Bodden Town and Breakers.

Madam Speaker, all of these road works are paving the way for the much-needed revitalisation of George Town, an initiative on which this Government campaigned. Again, Madam Speaker, we are implementing our promises and motorists, whether visiting Cayman or living here, will benefit. Improved road networks mean less time spent in traffic, which leads to less gasoline consumption, time saved and reduced stress.

All of the public infrastructure projects, as well as the private sector development I spoke of earlier, strengthen our economy and create employment for our people. This includes employment for our people on the Sister Islands where we will continue to facilitate the creation of jobs in the tourism sector and its other related sectors.

Madam Speaker, in this next fiscal year we will also see completion of the construction of the 25-metre swimming pool at the Brac playfield as well as the internal works of the multi-purpose hall on the Bluff.

We are attracting more visitors to the Brac with the improvements that were made to the Charles Kirkconnell International Airport and Cayman Airways has increased flights to that destination. Because of the increase in tourists, the Department of Tourism has been licensing private villas to accommodate our visitors.

As I am sure you are aware, Madam Speaker, the Cayman Brac Beach Resort has expanded, offering visitors a unique experience that can only be found in the Sister Islands. We made a promise to stimulate development and encourage sustainable growth on the Sister Islands and we are delivering on our promise. I am certain that the Deputy Premier will speak to these issues in greater detail when he rises to make his contribution.

Madam Speaker, all of these efforts collectively create a platform to diversify our economy and provide opportunities for Caymanian entrepreneurship to thrive, for Caymanian businesses to grow, and for Caymanian workers to have good jobs to support their families and live good lives.

As has been our practice in years past, in a few days this Government will present to this House our Annual Report. In it we will highlight our many accomplishments and once again the country will note that we are continuing to keep our promises. This is a Government that gets things done.

While that report will be thorough, I want to summarise some of the highlights and progress that this Government has made in the past three years. It will be apparent that we are delivering on our promises and that we have gotten a lot done.

- George Town revitalisation project and road improvements – we started that.
- We reduced fees for small businesses and assistance for entrepreneurs.
- We introduced a National Minimum Wage
- We began the review of the Public Management and Finance Law and are making required changes.
- We are supporting agriculture and farming community, promoting modern farming techniques and technology.
- We are Modernising the Owen Roberts International Airport.
- We have upgraded the Charles Kirkconnell airport to international airport status.
- Our plans to improve the cargo port and build a cruise berthing facility have begun.
- We are working to create a long term waste management solution.
- We are reviewing and improving the education system. We are moving to complete the John Gray High School.
- We are in the process of reviewing and passing new Labour legislation.

- We have introduced single member constituencies and concept of One Person One Vote.
- We have updated the Pensions Law, including increasing the retirement age.
- We are moving swiftly to increase the retirement age for Civil Servants.
- Our plans for civil servants to contribute to their health care costs are underway.
- We have approved amendments to the Trade and Business Licensing Law.
- We have updated the Builders Law.
- We have approved a National Conservation Law.
- We have approved a new Liquor Licensing Law.
- We are creating local jobs through tourism development in the Sister Islands.
- We have improved air service to and from both Cayman Brac and Little Cayman.

This is an impressive resume and track record of achievements by this Administration. It shows clearly that we do what we say and what we do is for the benefit of the Caymanian people and the Cayman Islands—it is not for personal gain or for ego.

Madam Speaker, whilst I am pleased with all that we have achieved, I cannot close today without recognising that we on this side have had our challenges. Amongst the challenges has been the reduction of our majority in this House. It has increased the burden of work for those on this side and has created logistical difficulties. It has caused delays, including the delivery of this budget. But over the past six months Madam Speaker, the loss of the three Members has made the remaining 10 of us even stronger and more committed. We, who still remain, believe our principal duty is to keep our promises and complete the work our people sent us here to do. We, who still remain, place the ambitions and interests of our people above personal ambition or conviction.

I am proud Madam Speaker of this team as we enter the home stretch. We have shown mettle and determination. We will not be distracted or intimidated. We will fight on for those who elected us and the Cayman Islands as a whole. And we will complete the work we set out to do. We will close out the term delivering on our promises and showing that we are indeed a Government that gets things done. We started our term with ambitious goals. And we remain ambitious for the future of our Islands and our people. We have accomplished much and have put in place the platform from which to achieve even more. This is a Government that does not plan in four year terms, but for the long term. The budget that we will present today is one that provides benefits for our people today, tomorrow and beyond. We will not gamble with the future of Cayman. Neither do we intend to fight the wearisome political battles of yesterday.

As we have seen as the events around beneficial ownership have played out, these times require a new kind of politics. Bravado and bluster may be amusing at times, but there is too much at stake for mere entertainment. This is a Government of responsibility, of honour, of dignity and integrity. We have proven our worth, both here at home and on the global stage. We have delivered on the promises we have made.

In the words of former New Mexico Governor Bill Richardson, “**We as a people, as a state, and as a community, have too much promise, too much potential and too much at stake to go any other way than forward. We are too strong in our hearts, too innovative in our minds, and too firm in our beliefs to retreat from our goals.**”

In closing it only remains for me to thank my team, Ministers and Councillors, for their commitment, dedication, and discipline in adhering to our philosophy of fiscal responsibility and caring Government.

I also wish to thank the team in the Office of the Premier that provides support to me and the Government Caucus.

I also wish to thank the Deputy Governor and the Attorney General as well as the Cabinet Secretary for all their hard work and support.

I thank you, Madam Speaker, for your commitment and for the wisdom and patience you display as you chair meetings of this honourable House.

As I did last year, I urge the House to remain focused on those things that are good, those things that are right, and those things that are in the best interest of the people of the Cayman Islands. After all, that is why they accorded us the great privilege of being here.

Thank you, Madam Speaker.

[Thumping on desk]

GOVERNMENT BUSINESS

BILL

FIRST READING

APPROPRIATION (JULY 2016 TO December 2017) BILL, 2016

The Clerk: The Appropriation (July 2016 to December 2017) Bill, 2016.

The Speaker: The Bill is deemed to have been read a first time and is set down for second reading.

SECOND READING

APPROPRIATION (JULY 2016 TO December 2017) BILL, 2016

The Clerk: The Appropriation (July 2016 to December 2017) Bill, 2016.

The Speaker: I recognise the Honourable Minister of Finance and Development.

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

Madam Speaker, I beg to move the Second Reading of a Bill entitled The Appropriation (July 2016 to December 2017) Bill, 2016.

The Speaker: The Bill has been duly moved, does the Honourable Minister wish to speak thereto?

Hon. Marco S. Archer: Yes, thank you, Madam Speaker.

The Speaker: Please proceed.

BUDGET ADDRESS

Hon. Marco S. Archer, Minister of Finance and Economic Development: Madam Speaker, I thank God for the privilege to rise today to speak to The Appropriation (July 2016 to December 2017) Bill, 2016, and for the success that He has bestowed upon us.

The 2016/17 Budget is my fourth Budget as Minister of Finance and Economic Development and represents yet another steady step in our progress toward long term fiscal stability, economic growth and ensuring a sound financial future for our Islands.

Madam Speaker when I presented this Administration's first Budget on 7th October 2013, my Budget Address was entitled "Economic Growth through Fiscal Prudence" and I put forward the sound reasoning that if the Government would practice fiscal prudence, economic growth would follow due to investors' and business entities' having increased confidence in the Cayman Islands.

Over the past three fiscal years this Government has worked to do just that; improving the state of public sector finances, restoring investor confidence, lowering the cost of doing business, lowering the cost of living in certain circumstances, and bringing back national pride and optimism for our people. This was not easy and we had to make some hard decisions along the way regarding certain services or planned capital investments.

The hard decisions were necessary. It was only a few years ago that the country was experiencing increasing operating expenditure and deficit budgets; rising national debt from borrowings; falling cash reserves; and non-compliance with the Principles of

Responsible Financial Management set out in the Public Management and Finance Law (the "PMFL").

It was these conditions that led the United Kingdom to step in and prescribe by law the Framework for Fiscal Responsibility or the FFR. The FFR set extremely stringent financial rules for the Government to follow. However, we have now achieved full compliance.

Upon taking office in May 2013, this Administration embraced the challenges imposed by the FFR and immediately tackled them head-on by establishing a Medium Term Fiscal Strategy which set out our key fiscal policies.

These fiscal policies have guided our approach to financial management, yielding strong positive results, placing the Cayman Islands in an enviable financial position we are now experiencing which includes:

- continuous economic growth;
- operating Surpluses by controlling expenditure;
- rising Cash Reserves;
- declining Debt Balances;
- declining Debt-to-GDP ratio;
- declining Expenditure-to-GDP ratio;
- declining Revenue-to-GDP ratio (Tax Burden)

The 2016/17 Budget continues these efforts and calls for no new borrowings and no new tax measures while delivering enhanced public services and advancing the development of key infrastructure projects.

With respect to fiscal achievements during the three-year period: 2013/14 to 2015/16 budgets, Madam Speaker, over the last three years this Government has made significant progress to improve the financial affairs of the Cayman Islands. This achievement is due to the combined efforts of many - the Cabinet, public sector managers and employees, private sector partners, and the wider public.

With respect to Medium Term Fiscal Strategy ("MTFS") the foundation for the Government's fiscal achievements was articulated in the MTFS, which was finalised on 15th August 2013. The MTFS covers the 4-year period ending 30th June 2017. The UK Government's Foreign & Commonwealth Office ("FCO"), conveyed its agreement to the MTFS on 22nd August 2013 and, it was Tabled in the Legislative Assembly on 21st November 2013. The strategies detailed in the MTFS included:

- stabilising revenues;
- lowering expenditures;
- lowering financing costs;
- reducing Public Sector Debt;
- improving cash balances;
- lowering the cost of operations for small businesses;

- redeveloping Owen Roberts International Airport; and
- developing a modern cruise-berthing facility.

Over the past three years, Government's Operating revenues have grown steadily with economic growth at an average annual rate of 3.7 per cent, surpassing the targets set out in the MTF5.

These rising revenues over this period are the result of economic growth that was spurred in large part by the specific policy decisions of this Administration to:

1. Not introduce new revenue measures that would increase the tax burden.
2. Reduce taxes in those areas that would yield the greatest impact by encouraging economic growth while also reducing the cost of doing business and the cost of living where possible for residents.

The specific policy measures that we introduced are as follows:

1. Reduced import duty on diesel fuel used by CUC to generate electricity.
2. Reduced import duty for licensed traders.
3. Reduced import duty on building materials.
4. Reduced Trade and Business Licence Fees for Small Business licensees.
5. The continuation of current stamp duty and import duty concessions for the Sister Islands. Following the amendment of the Customs Tariff Law on 5 April 2012 that removed the duty exempt status for schools, this Administration in February 2014, took a reasoned approach to waiving import duty for all private schools for all items to be used directly in the classroom in order to keep the cost of education from rising.

Madam Speaker, when the Government decided to remove the requirement for government agencies to pay import duty as part of cost reduction measures, government schools also benefitted from not paying import duties.

To ensure that education remains affordable for all, as part of the aforementioned exercise, this Administration also amended the law to make all school supplies duty-free for private citizens and businesses alike.

Madam Speaker, I am pleased to say that the Board of Directors of at least one private school, for a number of reasons related to reduced operating cost of doing business, have announced that they will not be increasing school fees for the school year starting September 2016.

With respect to lower expenditures, this Administration took decisive actions very early to reduce operating expenditure where possible and to strictly control any growth in expenses to ensure that the Government would not have to cut jobs, even though

this was alluded to by Hon. Minister Simmons at the FCO in June 2013. During the 2013/14 and 2014/15 financial years, expenditure was kept well below the 2012/13 expenditure levels. In 2013/14, operating expenditure was some \$18.4 million less than the 2012/13 year and between 2013/14 and 2014/15 expenditure fell by a further \$15.2 million.

These reductions were achieved by strengthening the overall governance and management of the finance function across the public sector. Significant emphasis was placed on compliance with procurement policies and strict adherence to best practice.

A significant contributing element to the decrease in operating expenditures has been the cost-control measure of requiring any requested increase to head-count in the Civil Service, to be subject to scrutiny by a "Moratorium Committee", which is headed by the Honourable Deputy Governor.

The Portfolio of the Civil Service has confirmed that over the past three years there has been a clear decrease in the size of the Civil Service: at 30 June 2013 there were 3,601 civil servants, and this dropped to 3,571 at 30 June 2014, and further to 3,484 at 30 June 2015.

In respect to lower financing costs, financing costs have decreased steadily over the 2013/14 to 2015/16 period, as the Core Government debt balance has been declining at an average rate of 4.3 per cent or CI\$23.5 million year-on-year since July 2013. This reflects the following important factors:

- Government has not undertaken any borrowing over the three-year period;
- Government eliminated its revolving overdraft facility in July 2014. Madam Speaker, I will point out that the Cayman Islands has been using an overdraft facility for at least the past 20 years;
- Debt principal has been reduced by Government's repayment of debt; and
- Government's renegotiation of the interest rates with respect to several of its loans has secured lower interest rates, and reduced the amount of interest payable each year.

It is expected that Government will save CI\$6.2 million in financing expense over a 10-year period from these actions.

With respect of capital investments, Government has also restricted the level of capital investment funding to surplus cash generated from operating activities whilst remaining cognisant that there is a delicate balance to be struck between the containment of capital investment spending and the need for adequate investment in a growing economy such as ours.

With respect to reducing public sector debt, our aggressive debt management strategy of no new borrowings, accelerated payments and debt restructuring has yielded a \$116.4 million reduction in Entire Public Sector debt over the past three financial years

from \$709.8 million at 30 June 2013 to a forecast balance of \$593.4 million at 30 June 2016. Madam Speaker, this figure is inclusive of the debt balances for both core government and the SAGC's [Statutory Authorities and Government Companies].

A country's debt-to-GDP ratio is a measure of the size of its debt compared to its economic output or the size of its economy. It is an excellent indicator of the overall health of an economy and its resilience to periods of economic slowdown. Generally, the higher a country's debt, the less able it is to spend in order to stimulate the economy, respond to natural catastrophes or external shocks, or invest in improved services to its people.

Moody's Investors Service, in a 2nd February 2016 article entitled: "**Caribbean sovereigns face a silent debt crisis**" stated: "**The Caribbean region has become one of the most indebted in the world as a slow and steady build-up of debt has left the region's economies vulnerable to external shocks and the heightened risk of sovereign defaults...it happened gradually over many years. Currently, 12 of the 20 Caribbean economies for which data is available have government debt-to-GDP ratios of over 60% and four have debt-to-GDP ratios in excess of 100%.**"

Madam Speaker, I am happy to report, that the Cayman Islands is not in this category, and our Debt-to-GDP ratio has improved over the past three years, from 22 per cent in 2012/13 to 18 per cent in 2015/16 fiscal year for the Core Government, and from 27.2 per cent in 2012/13 to 21.2 per cent in 2015/16 fiscal year for the Entire Public Sector (EPS). We are on track to see further improvement in these ratios in 2016/17 fiscal year.

With respect to improving cash balances, the expected results of growing revenues with economic growth, reducing operating and financing expenses and containing capital investments is improved cash/bank account balances held by the Government.

Government's significantly improved bank account balances led to its decision in July 2014 to cancel the revolving overdraft facility, thereby reducing financing expenses. Furthermore, Government's improved bank account balances led to the UK Government's FCO acknowledging, in an 18 February 2016 letter, that Government had satisfied the key Cash Reserves Ratio, which is specified in the FFR.

It is clear from the preceding information that Government's fiscal achievements in the three years, 2013/14 to 2015/16, have been impressive and undoubtedly demonstrates our commitment to stabilise the country's finances and Securing Cayman's Future.

With respect to improved financial management, Madam Speaker, in addition to the specific fiscal achievements that I just spoke to, this Administration has strengthened the overall financial management within the Government, placing significant importance and emphasis on improved internal business

processes, adherence to PMFL and compliance with the International Public Sector Accounting Standards (IPSAS).

During the past three years, significant progress has been made to improve the quality and timeliness of the financial statements being produced by public sector entities and audited by the Office of the Auditor General.

Audited financial statements are necessary to allow for the Cabinet, legislators, public service managers, and the general public to make informed financial decisions and assess performance.

Last November, I provided this honourable House with an update on the status of the production of annual accounts and the relevant audits for Government entities. I think that it is appropriate now, to remind Honourable Members of the issues and our actions to improve the overall quality of the financial statements being produced.

In my November 2015 update I noted the vast improvement which was reported by the Auditor General in his reports dated 25 September 2015. These reports noted that Core Government along with Statutory Authorities and Government Companies have made significant strides over the last few years towards improving the quality of financial statements. It was also noted that the 2013/14 financial year would likely be the first time that no Ministry, Portfolio, Statutory Authority or Government Company would receive an adverse opinion or a disclaimer of opinion. Of the thirty-seven audits completed for the year ended 30 June 2014 all of them received either an unqualified or qualified opinion—remarkably, the majority of these were unqualified; the best possible audit opinion an entity can receive.

Additionally, for the financial year ended 30 June 2015, 30 audits were completed and eighty per cent of those completed received an unqualified opinion with the remainder being qualified opinions.

The last element of financial reporting is the Entire Public Sector consolidated financial statements which are prepared by the Ministry of Finance. This involves taking all of the financial statements of the Government's 42 Public Sector Entities and consolidating them.

I noted previously that while the financial statements for the year ended 30 June 2014, received an adverse opinion, this was also the first audit opinion that had been issued on the EPS since the Law was introduced in 2004. While this is not the desired opinion, it did show the vast improvement where we are now able to have an audit conducted versus the disclaimer of opinion issued in previous years.

Madam Speaker, you will recall that I previously identified five issues which lead to the adverse opinion for the Entire Public Sector accounts which are as follows:

1. Material Omissions;

2. Property Plant and Equipment, Valuation and Completeness;
3. Erroneous Opening and Closing Balances;
4. Revenue and Related Receivables Completeness; and
5. Consolidation Integrity Issues.

These five qualifying issues pose substantial challenges. However, significant action has been taken to address these which I will now explain.

With respect to material omissions, this honourable House will no doubt recall that the issue regarding Material Omissions relates to the requirement to recognise the pension and the post-retirement healthcare liabilities.

Madam Speaker, the Audit Office identified that both post-retirement benefits (pension and healthcare) and the accounting for the Public Service Pensions Board were not fully included in the EPS consolidated financial statements. The post-retirement healthcare liabilities, of approximately \$1.2 billion, were not included on the face of the primary statements in the 2013/14 EPS consolidated financial statements, but are referenced as disclosures in the Notes of the financial statements.

It was a policy decision of the Government to disclose details of the post-retirement healthcare liabilities and expenses in the Notes of the financial statements. This has been the practice since the implementation of accrual accounting under the PMFL in 2004. Pension obligation liabilities, on the other hand, Madam Speaker, have been stated on the face of the Government's Balance Sheet for many years and further details relating thereto are provided in the Notes to the financial statements.

Madam Speaker, you will recall that I noted recently in this honourable House that the Government is exploring options to reduce the pension and post-retirement healthcare obligations such as: increasing the retirement age of Civil Servants from 60 to 65 years; introducing health insurance premium co-pay for Civil Servants; and reducing the maximum lifetime medical benefits for Civil Servants. It is expected that such changes will not occur until 2018, allowing sufficient time for discussions.

With respect to property, plant and equipment, valuation and completeness, Madam Speaker, I recently reported how IPSAS requires that consistent accounting policies are applied across all entities in the EPS and that not all of Government's assets are reported at their revalued amounts as most Statutory Authorities and Government Companies have yet to complete a revaluation of their fixed assets. I am pleased to announce that we currently have our first Entire Public Sector valuation process underway. This valuation includes both real estate and the entire roads network and will address the issues raised by

the Auditor General and is scheduled to be completed in time to be included in the 2015/16 annual accounts.

With respect to erroneous opening and closing balances, Madam Speaker, you will recall the issue of erroneous opening and closing balances generally related to audits not being completed within the statutory deadline which prevented the EPS Accounts from reflecting any changes which may arise out of those audits.

While it is not for me to speak on behalf of the Office of the Auditor General, I would like to state my support for the proactive step taken by their Office to conduct interim audits during the financial year. These interim audits will allow their office to conduct a significant amount of audit work before the start of the two-month window which is legislated for them to complete their audits. This approach will provide them with the best chance of completing audits within the statutory timeline and, by extension, will give the Ministry of Finance time to include any adjustments into the EPS Accounts.

While this addresses the audits going forward, the Ministry of Finance is still working with a few agencies who have not managed to finalise their audits from prior years. It is anticipated that these will be brought up to date in time to be included in the 2015/16 EPS Accounts.

With respect to revenue and related receivables completeness, Madam Speaker, the Audit Office reported that there is no system in place to ensure that the Government is collecting and reporting all revenues and related receivables. The Ministry of Finance has taken this audit qualification seriously and is in the process of developing a Revenue Management Framework which will include a comprehensive approach to ensure the completeness of revenue.

This Framework will include the following Policies:

1. Internal Control;
2. Risk Management;
3. Revenue Collection;
4. Financial Ethics;
5. Financial Reporting;
6. Revenue Waiver;
7. Financial and IT systems;
8. Bad Debt; as well as
9. Training and continuing education for staff involved in financial management.

With the implementation of this robust and comprehensive framework we are certain that the Auditor General's Office will agree with the accuracy of the revenue collected and recorded.

With respect to consolidation integrity issues, Madam Speaker, you may recall that I mentioned previously, the Auditor General's concern that there was no formal reconciliation of inter-agency transactions and balances between Public Sector Entities. In some cases, the Ministry of Finance has to make judgments

to eliminate entries for some inter-agency transactions. The Auditor General's Office has noted that this approach is not robust enough to ensure that all inter-agency transactions are fully eliminated.

For the 2014/15 financial year, the Ministry of Finance required Public Sector Entities to confirm and agree inter-agency charges. Transactions that were not substantiated were written-off. The Audit Office will undoubtedly find that in auditing the 2014/15 financial year, disagreements of inter-agency transactions are substantially reduced. This is another example of the progress being made.

Based on the findings of the Office of the Auditor General from the 2014/15 EPS Audit, the Ministry of Finance will determine if it is necessary to implement the inter-agency module known as Advanced Global Inter-company System ("AGIS") in the Government's financial reporting system by 31 December 2016. The use of AGIS will reduce inter-agency transaction mismatches as these transactions will require agreement by both counterpart agencies prior to recognition in their respective ledgers.

The Ministry of Finance also continues to work on a Public Finance Manual, which is in accordance with best practices and Generally Accepted Accounting Principles, or GAAP. The Manual will be disseminated to all Public Sector Entities and will serve to improve the consistency in the application of GAAP. It is expected that the Manual will be completed by 30 June 2016.

Madam Speaker, these are the actions being taken at present to address the issue of an Adverse opinion on the EPS accounts, however, I am of the view that improving the audit opinion alone is not sufficient. Therefore, the Ministry of Finance is not only working towards improving the EPS audit opinion but work is also underway to improve reporting through the development of a more comprehensive Annual Report which will be specified in an Amendment to the PMFL during the 2016/17 financial period.

At present, the public is only provided with the financial statements of the Government and in many cases it would require an accounting degree to interpret these complex reports. The Ministry of Finance is therefore seeking to develop a reporting template that provides more insight into the operations of the Government and provides the public with more information, particularly related to the outcomes achieved for the year.

For this expanded report to be beneficial it is important that information is presented in a format which is easily interpreted by members of the public. A more comprehensive Annual Report will also provide the Public Service with a means by which to demonstrate the outcomes achieved with public funds. This is yet another progressive move being made by the Ministry of Finance.

With respect to the 2015/16 financial forecasts, Madam Speaker, the current 2015/16 financial

year which ends on 30 June, has been a notable one in terms of financial performance and is the base from which 2016/17 Budget is prepared. The 2015/16 Forecasts were last updated on 23 May 2016. The Government is forecasted to earn \$696.1 million in total revenue for 2015/16. This amount is \$34.9 million higher than the \$661.2 million shown in the original budget. The significant overage is mainly as a result of \$16.0 million higher revenues from stamp duties related to land transfers; \$5.3 million more from motor vehicle and other import duties; and \$2.0 million more from tourist accommodation taxes.

The forecast operating and financing expenses for the Core Government are expected to be \$567.8 million for 2015/16 fiscal year. This amount is \$13.5 million higher than the original budget of \$554.3 million. The increases were mainly as a result of the following:

1. \$8.4 million to fund an increased number of uninsured, underinsured and indigent persons requiring specialist tertiary level medical care outside of the Cayman Islands;
2. \$2.0 million to fund services to respond to the higher than expected number of illegal migrants landing in the Cayman Islands; and
3. \$1.4 million to fund additional mosquito control measures to mitigate the potential for outbreaks of mosquito borne diseases such as the Zika virus.

With respect to the performance of Statutory Authorities and Government Companies, Statutory Authorities and Government Companies (also referred to in the Budget Documents as Public Authorities) are forecasted to have a net operating surplus of \$12.4 million for the fiscal year ending 30th June 2016. This amount is closely in line with the \$12.9 million forecasted in the original 2015/16 Budget.

Agencies forecasted to perform better than expected, include the Civil Aviation Authority, which is on track for a \$2.9 million higher surplus, and Cayman Airways is forecasting a \$2.0 million higher surplus. These positive variances are offset by underperformance at the Cayman Islands Airports Authority and the Port Authority of the Cayman Islands with forecasted reductions in their budgeted surpluses by \$4.0 million and \$2.2 million, respectively.

With respect to the forecast surplus from operating activities, the 2015/16 fiscal year forecast operating surplus for the core government is \$128.3 million which is a \$21.4 million improvement on the \$106.9 million estimated in the 2015/16 approved budget.

Madam Speaker, our Cash Balances are a key indicator of the Government's overall financial performance and a critical component for Securing Cayman's Future.

The Core Government is forecasted to have bank account balances totaling \$414.4 million for this

fiscal year ending 30th June 2016, some \$72.8 million more than the \$341.6 million shown in the 2015/16 Budget. The forecast closing cash position consists of an anticipated \$281.6 million in the operating bank account and \$132.8 million in restricted and reserve accounts. The improved cash position is primarily due to the higher than expected operating performance and improving economic conditions.

Based on the forecast cash results, the Government has recently taken the decision to transfer \$18 million to the Public Service Pensions Fund by 30 June 2016, to reduce the liability associated with the provision of pension benefits to retired civil servants and parliamentarians. This has been factored into the 2015/16 financial forecasts.

In addition, we will transfer \$50 million to the General Reserve Fund by 1 July 2016, bringing that Fund up to \$95.9 million. These transfers help to reduce our long-term liabilities and secure our continued compliance with the Cash Reserve requirements. This is another clear demonstration of the Government's commitment to responsible financial management. This is the first time since the 2004/5 fiscal year that funds have been transferred to the General Reserves.

Madam Speaker, one might ask the question: *How is responsible financial management securing Cayman's future?* Madam Speaker, the vastly improved operating and restricted bank account balances are necessary to fund current activities, remain compliant with the 90-day cash reserves requirement, and prepare for November 2019 when we will have to repay in one lump sum the US\$312 million bullet bond.

Madam Speaker, there really is an important and productive purpose for this money. If it is squandered and not used productively, this and future generations will bear the burden for a very long time. If we are not careful, the country may become like Venezuela today where squandering of the country's wealth and resources has created an economic disaster and third world living conditions.

With respect to the 2015/16 compliance with Principles of Responsible Financial Management, Madam Speaker, overall the Government has practiced prudent financial management during 2015/16 fiscal year and achieved compliance with the Principles of Responsible Financial Management and the Framework for Fiscal Responsibility. This has been confirmed in writing by the FCO in their letters of 18 February 2016 and 25 May 2016.

Turning now to the 2016/17 Budget: The 2016/17 Budget covers an 18-month period (1st July 2016 to 31st December 2017). This is consistent with the provisions of the Public Management and Finance (Amendment) Law, 2015, which reflects Government's policy decision to transition the Government's financial year away from the current 1st July to 30th June period to the 1st January to 31st December period. This 18-month budget provides a transitional period in order to

change the Government's fiscal year from the current 1st July to 30th June to a 1st January to 31st December period. Therefore the 2016/17 financial forecasts are not directly comparable with those of a regular budget period of twelve months.

The two main reasons why the Government chose to change the financial year are:

1. Annually, the Government collects approximately 65 per cent of its revenue during the January to June period with expenses generally spread evenly over the year. Aligning the start of the financial year with the high revenue earning period means that if the Government were to experience a significant reduction in revenue during the January to June period, it would have sufficient time remaining in the financial year to take corrective actions to mitigate the impact of the reduced revenue. With the financial year starting in July, the January to June period occurs in the last half of the financial year and severely limits the ability of Government to mitigate the consequences of any significant revenue reduction.

2. With General Elections occurring in May, switching the financial year will allow an incoming Government six months to properly plan, prepare, and pass their substantive budget. Under the current system, an incoming Government has to immediately deal with the preparation of an interim budget, followed by the full budget. This process places extreme stress on the Cabinet, Members of the Legislative Assembly, and the public servants and increases the risk of errors.

Madam Speaker, the change of the financial year is the first phase of reforms to the Government's Budgeting and Reporting systems. The next phase will see the implementation of a multi-year budgeting which will come into effect in on 1 January 2018 when the Budget and Appropriation Bill will articulate appropriations to cover two financial years spanning 24 months.

However, government agencies will be required to continue to produce annual audited accounts along with a performance report detailing their actual performance compared to their budget. There will also be an annual review process via the Finance Committee of the Legislative Assembly to allow an opportunity for Legislators to review the Government's budget.

With respect to economic outlook, Madam Speaker, the preparation of the 2016/17 Budget takes into consideration global and domestic economic conditions. As a Government, we have a responsibility to act prudently and support sustainable economic growth. Over the past three years we have done just that and today we see the benefits of those actions, a growing economy, falling unemployment and the absence of inflation.

The economy of the Cayman Islands is an open, services-based one focused primarily on financial services and tourism, making it largely dependent on the free movement and flow of people and Capital.

Our economy is directly influenced by global economic trends, particularly those occurring in the USA, which is our largest source market for tourists. In addition, the Government's main sources of revenues (fees, charges) are directly linked to economic growth and the levels of consumption and transactions for goods and services.

These characteristics combined with our relatively small population and geographic size means that the Government has limited economic tools available to influence economic activity.

With respect to the world economy, in its April 2016 World Economic Outlook, the International Monetary Fund ("IMF") reported that the global economic growth in 2015 was 3.1 per cent, down from 3.4 per cent in 2014. Global growth is forecasted to remain modest at 3.2 per cent in 2016, with stronger growth in 2017 at 3.5 per cent. The advanced economies are anticipated to expand by 1.9 per cent and 2.0 per cent in 2016 and 2017, respectively. Emerging markets and developing economies are projected to have a gradual recovery with average growth of 4.1 per cent in 2016 and 4.6 per cent in 2017.

With respect to the Cayman Islands' Economic Performance and Forecasts for the 2016 to 2019 period, Output (GDP) Growth in 2015 was estimated at 2.0 per cent which is lower than the 2.4 per cent recorded for 2014, but higher than the average of the previous four years of 1.6 per cent.

The services sector which accounted for 94.7 per cent of GDP in 2015, led the economic performance with a 1.9 per cent growth rate, driven by greater economic activity in real estate, renting and business activities; other services; utilities; and financing and insurance services. The exception was hotels and restaurants which declined slightly due to a slowdown in the growth of stay over arrivals primarily due to a lack of available room stock.

The real estate, renting and business activities sector was estimated to have increased by 2.9 per cent with business services dominating the growth supported by higher registration of companies and partnerships for the second consecutive year. The real estate sector recovered during the year as the total value of property transfers grew by 8.8 per cent to \$612.2 million, aided by the transfer of properties along the Seven Mile Beach corridor. Other services, which included activities of households as employers, expanded by 3.4 per cent in 2015 as work permits for "domestic workers" increased.

GDP generated by the utilities sector was higher by 2.1 per cent as consumption of both electricity and water grew in 2015 with the increase in population. The growth in utilities was also due to lower cost, particularly fuel cost.

The financing and insurance services sector which accounted for approximately 41.0 per cent of GDP was estimated to have expanded by 1.3 per cent in 2015 from 1.0 per cent in 2014. Insurance services

grew as the increase in gross premiums outweighed net claims. Modest growth in financing services was due mainly to higher interest income in the local banking sector as domestic credit increased and the weighted average interest spread widened.

Indicators of construction sector activity, such as, the volume of imported building materials suggests that the sector expanded by 5.2 per cent, which may be associated with several large on-going private and public sector projects. The wholesale and retail trade sector grew at an estimated 1.1 per cent, bolstered by a 2.0 per cent growth in non-oil merchandise imports.

Growth in the transportation, storage and communication sector was estimated at 0.7 per cent. This sector benefitted from a higher number of cruise visitor arrivals coupled with the higher volume of cargo transportation. In the telecommunications sector, broadband connections grew by 16.7 per cent; however, total domestic and international paid calls, measured in minutes, continued on a downward trajectory as the use of Voice over Internet Protocols (VOIP) becomes more popular.

Government services expanded by 2.3 per cent; this was due mainly to the combined effects of a marginally higher staff count and a 4.0 per cent increase in salaries for core government employees in mid-2015.

With respect to inflation, in 2015, the average consumer price index (CPI) declined by 2.3 per cent compared to an average increase of 1.3 per cent in 2014. The deflation occurred as downward pressure on prices for oil and oil-related goods and services and housing rentals outweighed upward pressure in housing rentals caused by an expansion in domestic demand from a higher population and increased economic activity.

The deflation in 2015 was directly related to the lower price indices for housing and utilities, transport, restaurants and hotels, and miscellaneous goods and services. The price index for housing and utilities fell by 6.9 per cent. The cost of electricity, gas and other fuels, water supply and miscellaneous services also fell with the decline in oil prices. The latter also reduced the operation of the personal transport equipment component within the transport price index. The restaurants and hotels price index declined mainly due to slower growth in the numbers of stay over visitors.

With respect to employment, in 2015 the growth in GDP was accompanied by growth in the labour force by 3.6 per cent to reach 39,138 persons. Total employment increased by 4.0 per cent. The unemployment rate fell to 4.2 per cent, with both Caymanian and non-Caymanian unemployment rates falling to 6.2 per cent and 1.4 per cent, respectively.

With respect to the current account, in 2015 the balance of payments current account deficit was estimated to have narrowed by 23.1 per cent due

mainly to lower merchandise imports. Additionally, estimated visitors' expenditure was higher because of strong growth in cruise visitors and marginal improvement in air arrivals. Financial services continued to provide significant inflows of revenue as new company registrations and new partnership registrations continued to increase. On the other hand, the outflow of workers' remittances is estimated to have grown slightly as foreign employment also increased.

With respect to economic stimulus measures, for the 2016/17 Budget period, the Government will continue with the following economic stimulus measures which are designed to support economic growth and lower the cost of doing business and living here in the Cayman Islands:

1. Reduced import duty on diesel fuel used by CUC to generate electricity.
2. Reduced import duty for licensed traders.
3. Reduced import duty on building materials.
4. Reduced trade and business licence fees for new licences
5. Continuation of current incentives for Cayman Brac and Little Cayman.

Madam Speaker, with respect to Reduced Import Duty on Diesel: Effective 1st January 2016, the Government further reduced the import duty charged on diesel imported by Caribbean Utilities Company Limited (CUC) for the generation of electricity from 50 cents per imperial gallon to 25 cents per imperial gallon. This measure provides essential financial relief to all consumers of electricity in Grand Cayman, residential and commercial, freeing up "real cash" allowing for the opportunity to save that cash or spend it in other areas more beneficial to the wider economy.

On Reduced Import Duty Rates for Licensed Traders: Effective 1st July 2014, for licensed traders only, the Government reduced import duty rates on items regularly charged at 22 per cent down to a 20 per cent rate. This reduction to 20 per cent will remain in effect for licensed traders. By reducing import duty rates, we are lowering the cost of doing business and expect that retailers and service providers will be able to pass these savings on to their customers, thereby lowering the cost of living and increasing aggregate output through demand for goods and services.

Reduced Import Duty on Building Materials: The Government will also continue to offer the import duty concession on building materials which are currently being charged import duty at the rate of 15 per cent versus the normal range of 17 per cent to 22 per cent. This will continue to act as an incentive for the construction sector.

Reduced Trade and Business Licence Fees: As an incentive to support the development of small and micro business, the Government will continue to offer the following discounts on Trade and Business

Licence fees based on their location: George Town and West Bay – 50 per cent discount; Bodden Town, North Side, East End, Cayman Brac and Little Cayman – 75 per cent discount.

Continuation of Current Incentives for the Cayman Brac and Little Cayman: The Government will continue the following economic incentives for Cayman Brac and Little Cayman—a 100 per cent import duty waiver on building materials imported to Cayman Brac and Little Cayman; a 100 per cent import duty waiver on diesel fuel for Cayman Brac Power and Light; a 12.5 cents per gallon import duty rate (or a 83.3 per cent duty rate waiver) on the importation of motor gasoline to Cayman Brac; and a 100 per cent waiver on stamp duty for the purchase of land in Cayman Brac.

Madam Speaker, when trying to stimulate our economy and especially with large projects by developers, we have to find the right balance between concessions and incentives, and the ability of Government to earn revenue that it can use to provide valuable public services and infrastructure while minimising the burden on future generations.

The Government is currently developing a Concessions and Incentives policy framework and expects to complete this by 30 September 2016. It is intended that this policy will transition the country more toward deferring revenue to be paid at a future date rather than completely waiving the revenue to be paid. This approach will go hand-in-hand with truly incentivising the projects most beneficial to the country financially, socially and economically.

Turning now to 2016/17 Financial Forecasts. Details of the financial forecasts included in the 2016/17 Budget. Forecast Operating Revenues: Operating Revenues are forecast to be \$908.5 million. These forecasts are based on economic projections, specific market conditions, Government policies, and historical trends. In line with our commitment to keep the tax burden low, there will be no new revenue measures introduced in 2016/17.

With respect to forecast operating expenditures, the 2016/17 Budget forecasts total operating and financing expenses of \$862.4 million for core government represents a 3.7 per cent annualised increase over the 2015/16 Budget and is driven by the following:

- \$4.2 million for enhancements to Public Education Services through the implementation of recommendations emanating from the recent independent review of the Cayman Islands Public Education System and also a series of baseline school inspection reports;
- \$3.2 million for improvements to the regulatory services provided by the Cayman Islands Monetary Authority for the financial services industry in order to keep pace with ever-evolving international regulatory requirements

- and to prepare for the upcoming IMF and FATF assessments in 2017;
- \$2.1 million for improved public health programmes and management and control of communicable diseases;
 - \$2.0 million for the implementation of a remuneration strategy to address pay stagnation and pay competitiveness for Civil Servants;
 - \$1.4 million for the May 2017 General Election;
 - \$1.1 million for additional resources for the Needs Assessment Unit and the Department of Children and Family Services to enhance services to the most vulnerable and at risk persons in our society;
 - \$1.0 million for increased support services to the Judiciary and Legal Aid;
 - \$0.4 million for the implementation of various public sector reforms under the umbrella of Project Future;
 - \$0.5 million for the implementation of a Conditional Release Programme to better enable prisoners to successfully reintegrate into society as productive citizens following release from incarceration; and
 - \$0.3 million for the creation of an Office of Public Ombudsman.

The Government is very aware of the potential impact that increased operating expenses can have on the overall financial performance. Accordingly, we have limited increases to the above priority areas in order to achieve positive long term benefits that support economic growth, enhanced security, improved quality of life, and improved efficiency in the delivery of public services.

The major components of the 2016/17 forecast operating expenses, as shown in the financial statements are:

- Personnel Costs – are budgeted at \$402.3 million and include funding for additional staff to deliver the initiatives included in the budget that I just spoke to.
- Supplies and Consumables are budgeted to be \$142.3 million and include additional expenditure for the maintenance of public buildings and parks; and supplies for new programmes.
- Outputs from Non-Governmental Output Suppliers are budgeted at \$34.4 million, the major items being:
 - \$17.2 million for tertiary medical care at various overseas and local providers for uninsured, underinsured or indigent persons;
 - \$4.0 million for Legal Aid services;
 - \$2.9 million for rental accommodation for persons in need;

- \$2.3 million for primary and secondary education by private schools; and
- \$2.1 million for the care of the indigent, elderly and disabled persons.
- Outputs from Statutory Authorities and Government Companies are budgeted to be \$152.6 million during 2016/17 and will be used to purchase various services, the major ones being:
 - \$44.6 million for the Health Services Authority for the provision of various medical services to the community;
 - \$42.9 million for Cayman Islands National Insurance Company – health insurance for civil service retirees; seamen and veterans;
 - \$24.7 million for Cayman Airways Limited to provide airlift to the Cayman Islands from strategic tourism markets and between the Cayman Islands;
 - \$20.8 million to the Cayman Islands Monetary Authority for the regulation of the financial services sector of our economy;
- Transfer Payments are budgeted to be \$48.9 million. The major items in this category are:
 - \$15.9 million for Local and Overseas Scholarships;
 - \$11.7 million for Poor Relief Payments and Vouchers;
 - \$9.0 million for Ex-Gratia payments to Seamen and Veterans; and
 - \$2.3 million for Employment Initiatives.
- Financing Expenses are budgeted to be \$38.9 million and covers the interest payments associated with the portfolio of Core Government Debt which is scheduled to decline during 2016/17 by \$52.3 million, from \$503.4 million to \$451.1 million.
- Depreciation is budgeted to be \$39.67 million.

Turning now to Capital Investments, Madam Speaker, the Government is committed to making sound capital investments which will enhance the country's infrastructure and strengthen opportunities for long term economic growth. These investments are being made only after thorough analysis to determine their appropriateness, cost effectiveness and sustainability while also following all of the best practice procurement processes set out in the PMFL.

For the 2016/17 fiscal year, the Government intends to make investments totaling \$103.3 million, without any new long-term borrowings. The planned Capital Investments will be entirely funded from existing resources, that is, cash generated from operating activities and surplus cash reserves.

- \$68.1 million will be invested in Core Government assets, the major investments in this category being:
 - \$7.9 million for the continued development of the new John Gray High School;
 - \$6.9 million for the revitalisation of central George Town project;
 - \$6.5 million for improved solid waste handling facility;
 - \$6.0 million for the purchase of lands for national environmental conservation purposes – this item will be funded by a withdrawal from the Environmental Protection Fund;
 - \$1.0 million for enhanced cyber security for the Government's information technology infrastructure;
 - \$3.4 million for upgrades to the road network;
 - \$2.5 million for a residential mental health treatment facility;
 - \$1.5 million for a Household Recycling Centre; and
 - \$0.5 million for the ongoing development of the cruise berthing project.

A total of \$35.2 million will be invested in SAGCs to fund debt service obligations; operational losses and various capital projects. The major investments in this category include:

- \$12.7 million to the Cayman Turtle Farm (1983) Limited to fund debt servicing and operational losses;
- \$7.7 million to Cayman Airways Limited to fund debt servicing obligations;
- \$7.5 million to the Cayman Islands Airports Authority to fund the redevelopment and expansion of the passenger terminal at the Owen Roberts International Airport;
- \$3.4 million to the National Housing Development Trust to fund debt servicing obligations;
- \$2.0 million to the Cayman Islands Development Bank to fund debt servicing obligations; and
- \$1.6 million to the Health Services Authority to fund the purchase of various medical equipment and upgrades to facilities.

With respect to cash and debt management, in 2016/17 the Government will continue to focus on cash and debt management, while also proactively managing our long-term liabilities. It is critical that we continue with this strategy, not just from the perspective of FFR compliance but because it is prudent and wise. We need to make certain that we build a firm foundation for truly sustainable long-term financial stability, enabling the country to provide high quality public services to future generations of Caymanians.

We have been handed a rich legacy by our forefathers and today, as guardians, we must act responsibly for future generations of Caymanians.

During the 2016/17 year, there will be no new borrowings and the Entire Public Sector Debt balance will decline by \$70.3 million to \$523.1 million resulting in a Debt-to-GDP ratio of 17.8 per cent for the EPS. This is a significant improvement over the 27.2 per cent that existed in 2012/13.

Long Term Liability Management, Madam Speaker. The Government has been a leader in the Cayman Islands in terms of being a responsible employer and offering its employees' pension and post-retirement healthcare benefits. These benefits come at a cost but they help to ensure that thousands of persons have valuable financial and healthcare benefits to sustain them in their twilight years.

The 2016/17 Budget provides clear information about these two significant liabilities and the plans and strategies in place to manage them over the long term. The Government has always met its expenses associated with the provision of these benefits.

With respect to pensions, there are three established pension plans for the Government—the Public Service Pensions Plan, the Parliamentarian Pension Plan, and the Judiciary Pension Plan—to provide pension benefits to its employees. The Government continues to make contributions to the pensions plans on a monthly basis.

The 2016/17 Budget includes approximately \$388.3 million of pension liability based on an actuarial accounting valuation report as at 30th June 2015 and estimated pension expenditure of \$49.2 million. The forecast also includes an additional cash contribution to the Public Service Pensions Fund of \$15 million in 2016/17, which directly reduces the pension liability.

An accounting valuation is required by International Public Sector Accounting Standards (IPSAS) 25, Employee Benefits.

An accounting valuation report is only a snapshot of a Plan's estimated financial condition at a particular point in time; it does not predict the Plan's future financial condition or its ability to pay benefits in the future and does not provide any guarantee of future financial soundness of the Plan. The underlying principle of this requirement is to recognise the costs of providing employee benefits in the period which the benefit is earned by the employee, rather than when it is paid or becomes payable.

With respect to post-retirement healthcare, the Cayman Islands Government (CIG) provides post-retirement healthcare benefits to current pensioners, seamen and veterans and future civil service retirees. Civil servants are required to complete a minimum of 10 years in service and also retire from the Civil Service in order to obtain such healthcare benefits in the future.

IPSAS 25 requires the accounting and disclosure by public entities for employee benefits inclusive of post-retirement healthcare benefits. IPSAS 25 does not require the Government to actually fund these benefits, but to report the future costs of benefits already earned by current and past employees and to assign a yearly budget expense to take account of the promised and actual benefits associated with each year's service. These amounts are to be reported in the Statements of Financial Position and Financial Performance. Each year's cost will then add to the healthcare obligation.

The results of an IPSAS 25 healthcare liability actuarial valuation completed in September 2014 by actuaries, estimated the post-retirement healthcare obligation as at 30 June 2014 to be \$1.2 billion with the post-retirement medical expense totaling \$117 million for the year ended 30 June 2014.

The Government currently operates on a "pay as you go" basis in which healthcare costs for retirees are included as operating expenditure each budget. This method of managing post-retirement healthcare liability is similar to that practiced by many other jurisdictions around the world.

The 2016/17 Budget includes \$42.9 million of expenditure for providing healthcare benefits to current pensioners, seamen and veterans; this amount represents 4.9 per cent of the Government's overall operating expenditure budget. While the healthcare liability over the long term appears to be significant, the actual cost of covering the healthcare on an annual basis, despite continually increasing, has proven to be manageable and should not be compared to a bullet bond that is due and payable all at once.

Nevertheless, the Government is committed to reducing the cost of healthcare which is anticipated to substantially reduce this growing liability. Additionally, legislative changes have been made recently to increase the retirement age from 60 to 65. This increase in retirement age will also impact the healthcare liability calculation. A new actuarial valuation will be commissioned in the near future which will take these changes into consideration.

The 2016/17 Budget Plan and Estimates document includes the details of the 30th June 2014 valuation on post-retirement healthcare in the Notes to the Financial Statements providing transparency with respect to the information currently available.

With respect to compliance with the Principles of Responsible Financial Management set out in the Public Management and Finance Law and the Framework For Fiscal Responsibility, the 2016/17 Budget forecasts the following levels of compliance with the principles:

1. Net Operating Position: should be positive – Core Government's Revenues should be greater than its expenses. For 2016/17, compliance is achieved as the Government forecasted revenue of

\$908.5 million is \$46.1 million greater than its forecast operating expenses of \$862.4 million;

2. Net Worth: should be positive – Core Government's assets less its liabilities should be positive: at the end of the 2016/17, the Government's assets are forecasted to exceed its liabilities by approximately \$1.2 billion;

3. Debt Service: that is, the annual payments of interest and principal related to all public sector borrowing commitments should be no more than 10% of core Government Revenue – the Government is forecasting a debt servicing ratio of 9.8 per cent for 2016/17;

4. Net Debt: The total debt of Core Government, plus the weighted average debt balance of Public Authorities less Core Government's liquid assets, should be no more than 80 per cent of Core Government's revenue for the fiscal year – for 2016/17, the Net Debt ratio is forecast to be 34.3 per cent;

5. Cash Reserves: The unrestricted cash reserves (Operating Bank Account plus General Reserve Fund) of the Core Government – measured at the lowest point in the fiscal period – should be sufficient to cover 90 days of Core Government's estimated operating expenditures. For 2016/17, the Government is forecasted to have sufficient cash reserves to cover approximately 154.3 days of operating expenditures at the lowest point during the fiscal period.

Madam Speaker, in the coming months, the Government intends to hold discussions with the United Kingdom with a view of clarifying the interpretation of some of the FFR ratio requirements. For example, as it is written currently, any repayment of debt during a year increases the debt service ratio thereby effectively penalising us for acting prudently and paying down debt. We do not believe that one-off debt repayments should count against compliance with the FFR.

In conclusion, Madam Speaker, the preparation of the Government's Budget is an enormous undertaking and this year would not have been possible without the hard work and commitment of many, and I wish to thank the Honourable Minister for Overseas Territories, Mr. James Duddridge of the United Kingdom's Foreign and Commonwealth Office and his team for their swift approval of the 2016/17 Budget. We formally submitted the Budget to the FCO on the 18 May 2016 and received approval on the 25 May 2016.

I also wish to thank Her Excellency the Governor; the Honourable Premier; Cabinet Ministers; Official Members of Cabinet; Councillors; Chief Officers and their staff. I especially wish to thank the team within the Ministry of Finance for their excellent work and commitment to secure Cayman's Future.

It has been both an honour and a privilege to present this Budget today. I now humbly commend the Appropriation (July 2016 to December 2017) Bill,

2016 to this honourable House and ask all Members for their support of the Bill.

Thank you, Madam Speaker.

[Applause and desk thumping]

MOTION FOR THE DEFERRAL OF DEBATE ON THE BUDGET ADDRESS

The Speaker: I recognise the Honourable Premier.

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

I beg to move the following motion: BE IT RESOLVED THAT the debate on the Budget Address be deferred until, Wednesday, 1st June 2016.

The Speaker: The question is: BE IT RESOLVED THAT the debate on the Budget Address be deferred until, Wednesday, 1st June 2016.

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

AYES.

The Speaker: The Ayes have it.

Agreed: Debate on the Budget Address deferred until, Wednesday, 1 June 2016.

MOTION FOR THE THRONE SPEECH, POLICY STATEMENT AND BUDGET ADDRESS TO BE DEBATED SIMULTANEOUSLY

The Speaker: I once again recognise the Honourable Premier.

The Premier, Hon. Alden McLaughlin: Madam Speaker, I beg to move the following motion: BE IT RESOLVED THAT the Throne Speech, Policy Statement and Budget Address be debated simultaneously on, Wednesday, 1st June 2016.

The Speaker: The question is: BE IT RESOLVED THAT the Throne Speech, Policy Statement and Budget Address be debated simultaneously on, Wednesday, 1st June 2016.

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

AYES.

The Speaker: The Ayes have it.

Agreed: Throne Speech, Policy Statement and Budget Address be debated simultaneously on, Wednesday, 1st June 2016.

ADJOURNMENT

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

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

Madam Speaker, I beg to move that this honourable House do stand adjourned until Wednesday, 1st June 2016.

The Speaker: The question is that this honourable House—

I recognise the Member for East End.

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

I wonder if the Premier can tell us what the Government's intent is with regard to trying to get this Budget approved and completed by . . . well, in advance of 30th June for its implementation on the 1st, because of the gazettal processes and the like? What is the Government's intent? If he could expand on what is the Government's intent on going forward over the next month or three weeks, because we received notification that we were going to work until 7:00 at night. Is it also the Government's intent to work on Tuesdays as well, instead of just the four days? Or Over the weekends, or whichever the case may be, if the Premier could expand on that so that we will be better informed moving forward in the next three weeks.

The Speaker: Honourable Premier, the Member is seeking elucidation on the Government's plan to manage its Budget prior to July 1st.

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

It was precisely because of concerns about the length of time it normally takes to get the speeches through, as well as the scrutiny by Finance Committee that I asked the Clerk to indicate to Members that we would begin by working late. I believe that if we work until 7:00 from the outset, we may avert the need to work into the wee hours of the morning, as has been the case in the past.

Depending on the progress we make, we may have to resort to more extreme measures, but I hope not. So, starting this week, obviously tomorrow is normally Cabinet day in any event, but Members of the House will have the opportunity to start preparing for their debate. There are 19 Members to speak, usually, because the Official Members speak as well. And I think that if we work until 7:00 we should be able to get through the debates, I hope; if not by the end of this week, by early next week.

I am also asking for Members of the Opposition who have Private Members' Motions to agree to what has been the convention, certainly for the 15

years that I have been here, of during the Budget Meeting we defer Private Members' Motions until the conclusion of Finance Committee. That will give us that additional day, Thursday, to get through the business of the Budget.

So, I think we will take this week on the basis that we work until 7:00 and see what progress we make. And then, next week, if necessary, with the agreement of the Business Committee and Members, we can perhaps make some other adjustments.

The Speaker: Member for East End, was it not sufficiently explained?

Mr. V. Arden McLean: Well, Madam Speaker, the Premier is asking us to give up our Thursdays, and I am going to ask him if he can ensure that the Government is here at 10:00 in the morning each morning.

The Speaker: Members know that Standing Orders set out the procedure of the Order of the Business. If Members cannot deal with that with consent, as would be the desirable position, then the motion is put to suspend that particular Standing Order.

I now put the question that the House stands adjourn until 10:00 am, the 1st day of June.

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

Ayes.

The Speaker: The Ayes have it.

At 1:33 pm the House stood adjourned until 10:00 am, Wednesday, 1 June 2016.