



**CAYMAN ISLANDS
LEGISLATIVE ASSEMBLY**

**OFFICIAL HANSARD REPORT
ELECTRONIC VERSION**

2012/13 SESSION

7 November 2012

Second Sitting of the Second Meeting

(pages 287–312)

**Hon Mary J Lawrence, MBE, JP
Speaker**

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Present:

Hon Mary J Lawrence, MBE, JP.
Speaker of the Legislative Assembly

MINISTERS OF THE CABINET

Hon W McKeeva Bush, OBE, JP, MLA	<i>The Premier</i> , Minister of Finance, Tourism and Development
Hon Juliana Y O'Connor-Connolly, JP, MLA	<i>The Deputy Premier</i> , Minister of District Administration, Works, Lands and Agriculture
Hon Rolston M Anglin, JP, MLA	Minister of Education, Training and Employment
Hon Michael T Adam, MBE, JP, MLA	Minister of Community Affairs, Gender and Housing
Hon J Mark P Scotland, JP, MLA	Minister of Health, Environment, Youth, Sports and Culture

OFFICIAL MEMBERS OF THE CABINET

Hon Dr Dax Basdeo	Temporary <i>Deputy Governor</i> , ex officio Member responsible for Internal and External Affairs and the Civil Service
Hon Samuel Bulgin, QC, JP	Attorney General, Member responsible for Legal Affairs

ELECTED MEMBERS

GOVERNMENT BACKBENCHERS

Hon Cline A Glidden, Jr, MLA	<i>Deputy Speaker</i> , Third Elected Member for West Bay
Capt A Eugene Ebanks, JP, MLA	Fourth Elected Member for West Bay
Mr Ellio A Solomon, MLA	Fourth Elected Member for George Town
Mr Dwayne S Seymour, MLA	Third Elected Member for Bodden Town

OPPOSITION MEMBERS

Hon Alden M McLaughlin, MBE, JP, MLA	<i>Leader of the Opposition</i> , Third Elected Member for George Town
Hon D Kurt Tibbetts, OBE, JP, MLA	First Elected Member for George Town
Mr Anthony S Eden, OBE, JP, MLA	Second Elected Member for Bodden Town
Mr Moses I Kirkconnell, JP, MLA	First Elected Member for Cayman Brac and Little Cayman
Mr V Arden McLean, JP, MLA	Elected Member for East End

INDEPENDENT MEMBER

Mr D Ezzard Miller, JP, MLA	Elected Member for North Side
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OFFICIAL HANSARD REPORT
SECOND MEETING 2012/13 SESSION
WEDNESDAY
7 NOVEMBER 2012
11.01 AM
Second Sitting

The Speaker: Good morning everyone.

I call on the First Elected Member for Cayman Brac to read Prayers this morning.

PRAYERS

Mr. Moses I. Kirkconnell, First Elected Member for Cayman Brac and Little Cayman: Let us pray.

Almighty God, from whom all wisdom and power are derived: We beseech Thee so to direct and prosper the deliberations of the Legislative Assembly now assembled, that all things may be ordered upon the best and surest foundations for the glory of Thy Name and for the safety, honour and welfare of the people of these Islands.

Bless our Sovereign Lady, Queen Elizabeth II; Philip, Duke of Edinburgh; Charles, Prince of Wales; and all the Royal Family. Give grace to all who exercise authority in our Commonwealth, that peace and happiness, truth and justice, religion and piety may be established among us. Especially we pray for the Governor of our Islands, the Speaker of the Legislative Assembly, Official Members and Ministers of Cabinet and Members of the Legislative Assembly, that we may be enabled faithfully to perform the responsible duties of our high office. All this we ask for Thy great Name's sake.

Let us say The Lord's Prayer together: Our Father, who art in Heaven, Hallowed be Thy Name. Thy Kingdom come, Thy will be done on earth as it is in Heaven. Give us this day our daily bread, and forgive us our trespasses, as we forgive those who trespass against us. Lead us not into temptation, but deliver us from evil. For Thine is the Kingdom, the power and the glory, forever and ever. Amen.

The Lord bless us and keep us. The Lord make His face shine upon us and be gracious unto us. The Lord lift up the light of His countenance upon us and give us peace, now and always. Amen.

The Speaker: Please be seated. Proceedings are resumed.

ADMINISTRATION OF OATHS OR AFFIRMATIONS

Oath of Allegiance
(Administered by the Clerk)

Dr. the Hon. Dax Krishna Basdeo: I, Dax Krishna Basdeo, do swear that I will be faithful and bear true allegiance to Her Majesty Queen Elizabeth II, her

heirs and successors according to law so help me God.

The Speaker: On behalf of this honourable House I welcome you as the Temporary ex officio Member, and ask you to take your seat at this time.

Please be seated.

READING BY THE HONOURABLE SPEAKER OF MESSAGES AND ANNOUNCEMENTS

Apologies

The Speaker: I have apologies for late arrivals from the Second Elected Member for Bodden Town and the Leader of the Opposition, the Third Elected Member for George Town.

Statement by the Honourable Speaker—Re: Motion seeking to debate a Ministerial Statement

The Speaker: At this time I am also going to make a message to this House. I consider it necessary in view of the mis-information that was placed before the public yesterday.

On Monday, the day before yesterday (I'm sorry), on November the 5th when this Legislative Assembly began the first Sitting of the Second Meeting for the 2012/13 Session, the Honourable Premier presented a statement to the House re[garding] the contents of a letter sent to him by the Honourable Mark Simmonds, Foreign and Commonwealth Representative with responsibility for the Cayman Islands.

The statement dealt in considerable detail with the FFR document which is due to come before the House in the form of legislation incorporated in the Public Management and Finance Law in this Meeting. The presentation of this Bill will afford all Members an opportunity to debate the subject, with each Member being allowed two hours to present their viewpoint on the matter. Under the [Standing Orders](#) of the Legislative Assembly a Minister is allowed to present such a statement. The statement is not open to debate!

The Minister followed the provisions of Standing Order 30 (1) in the presentation of his statement, and I quote: "**A Member of the Government who intends to make a statement on a public matter for which the Government is responsible shall inform the Presiding Officer of his intention before the**

beginning of the sitting at which he wishes to make the statement.”

Standing Order 30 (2) states, **“No debate may arise on such a statement but the Presiding Officer may, in his discretion, allow short questions to be put to the [Member] making the statement for the purpose of clarification.”**

In my discretion I allowed Members of the House to question the Minister extensively on his statement for a period of thirty minutes. No Member was denied the opportunity to ask a question!

As Speaker I have the authority to regulate the procedures in this House. At no time is that authority in the hands of a Member, save that of the Deputy Speaker, the Third Elected Member for West Bay, when he sits in this Chair.

After a time I stated that the last questions to be accepted would be from the Member for East End who proceeded to ask four questions consecutively.

I then proceeded to move to the next item of Business on the Order Paper. I was interrupted by the Member from North Side who claimed that I had terminated questions and (I will quote him), “I was given an opportunity.”

He then proceeded to state that in accordance with Standing Order 24(9)(h), and I quote him: **“I wish to move a motion that the statement delivered by the Honourable Premier be rejected by this Parliament and therefore give Members ample opportunity to debate what was said in the statement, and allow everybody to drill down as deep as they want into the matter.”** [Official Hansard Report, 5 November 2012, page 12]]

I reminded him of Standing Order 30 (2) which states that, **“No debate may arise on such a statement . . .”** I had not noted any attempt by him to raise a question as allowed under the Standing Orders, and which other Members, I might add, had availed themselves of. I reminded him I had closed the matter and moved on.

The Member persisted and was joined by the Leader of the Opposition who said he seconded the Motion.

In the ensuing dialogue in which I patiently tried to determine where the Member was going, the Member for North Side quoted Standing Order 24(9)(h), and I will quote it: “The following motions may be made without notice—” (I am still quoting), section (9)(h) says: **“arising out of any item of business made immediately after that item is disposed of and before the next item of business is entered upon;”**

The item of business preceding his request was the statement made by the Honourable Premier. The Standing Orders are very clear. No debate may arise on a statement made by a Member of Government. The correct procedure was followed when I allowed 30 minutes of questions on the statement by Members.

Further, whether a motion comes before the House with notice or without notice, there is a procedure to be followed:

1) The permission of the Speaker must be sought and received before any wish stated by a Member can be given consideration as a motion.

The Chair is in charge of the proceedings of this House at all times. No motion comes to the Floor of the House without the permission of the Speaker. No permission was given for the Member to proceed, nor was any formal motion tendered to the Chair on the Member’s behalf. The fact that it was being brought without notice does not exempt the Member, or any Member, from observing the procedures to be followed in attempting to bring a motion to the House.

Indeed Erskine May states, and I quote: **“Even when notice of a motion is not required, the motion should be placed, in written form, in the Speaker’s hands; as, except where any informality in the form of the motion necessitates the Speaker’s intervention or compels him to decline to propose the question from the Chair, the Speaker proposes the question in the words of the mover.”** [24th Edition, page 400]

Wishing to propose a motion without notice does not put it before the Legislative Assembly. Offering to be a seconder does not put it before the Legislative Assembly. The procedure is: a Member may seek leave of the Speaker to bring a motion without notice.

It is the duty of the Speaker to determine whether such a request is in keeping with the Standing Orders of the House. If the Speaker accepts that it is, the Speaker calls on the mover to present it. Following presentation, the Speaker inquires if there is a seconder, as in the case of a non-Government Member, and then places it before the House for debate by reading the resolve section of the motion as stated in the words of the mover into the records of the Assembly.

This section of the Standing Orders, that is, section 24(9) contains several forms of motions which may be made without notice. They are all subject, however, to the consent of the Speaker who is in control of the House.

To allow a request to place a motion before the House, the Speaker must first determine whether the motion is valid and complies with the Standing Orders of the House. For example, in that same section [24] (9)(g) a motion can be proposed by a Member “that the question be now put” which would terminate a debate. To give consideration to allowing that motion the Speaker must turn to Standing Order 38 and can rule to disallow that motion if it appears that it is an abuse of the rules of the House, or an infringement on the rights of the minority.

Standing Order [24](9)(d) allows a motion to be proposed “for the withdrawal of strangers.” Standing Order 85 outlines the process to be followed.

Standing Order [24] (9)(e) allows a motion to be proposed relating to a matter of privilege. Standing Order 28 tells the procedure to be followed.

There has been considerable talk about the motion floating around the Assembly. There was no motion, as there was no recognition by the Speaker given [to] a wish made by the North Side Member for him to bring it forward as a motion. To have done so would have breached section 30 (2) which states, and I repeat again, no debate may arise on such a statement, that is, a statement made by a Member of Government. The only “drilling down” (to use the Member’s words) which is allowed, is in the form of short questions for the purpose of clarification.

I was further surprised to see the statements made by others that a decision made by the Speaker can be taken to court for judicial review. I am not sure if this was intended to intimidate me or merely to place misinformation in the public domain.

The powers of the Speaker, which have been developed over centuries, are broad and far-reaching. Anyone who has sat in this Chair should be aware of that, as well as any Member who fills one of the chairs in this Legislative Assembly. The Standing Orders and the [\[Legislative Assembly\] \(Immunities, Powers and Privileges\) Law](#) are guidelines of this House, its Members and its Speakers.

To cover any omission, section 88(1) of the Standing Orders states, “**In any matter not herein provided for, resort shall be had to the usage and practice of the Commons House of Parliament in Great Britain . . .**” I invite anyone who is unfamiliar with these documents to obtain a copy from the desk in the lobby of this Legislative Assembly Building.

And I further invite you, if clarification is needed, to read Erskine May [*Parliamentary Practice*].

Thank you.

PRESENTATION OF PAPERS AND OF REPORTS

Auditor General’s Special Report on Review of Loans and Expenditures of Funds at Boatswain’s Beach, Summary Report

Standing Public Accounts Committee Report on Special Report of the Auditor General on Review of the Loans and Expenditures of Funds at Boatswain’s Beach Summary Report

Auditor General’s Special Report on Review of the Legal Aid Programme

Standing Public Accounts Committee Report on Special Report of the Auditor General on the Review of the Legal Aid Programme

Auditor General’s Special Report on Review of Expenditure for Operations Tempura and Cealt, Summary Report

Standing Public Accounts Committee Report on Special Report of the Auditor General on the Review of Expenditure for Operations Tempura and Cealt, Summary Report

Auditor General’s Special Report on Internal Audit’s Report of Fuel Card Usage and Management

Standing Public Accounts Committee Report on Special Report of the Auditor General on Internal Audit’s Report of Fuel Card Usage and Management

Auditor General’s Special Report on State of Financial Accountability Reporting (Update) July 2010

Standing Public Accounts Committee Report on Special Report of the Auditor General on the State of Financial Accountability Reporting (Update) July 2010

Auditor General’s Reports on the Management of Government Procurement 5 July 2011; and Management of Government Procurement Case Studies—August 2011, Summary Report

Standing Public Accounts Committee Report on Reports of the Auditor General on the Management of Government Procurement 5 July 2011; and Management of Government Procurement Case Studies—August 2011 Summary Report

The Speaker: First Elected Member for Cayman Brac and Little Cayman, the Chairman of the Public Accounts Committee.

Mr. Moses I. Kirkconnell: I beg to lay upon the Table of this honourable House the following reports:

- Auditor General’s Special Report on Review of Loans and Expenditures of Funds at Boatswain’s Beach, Summary Report
- Standing Public Accounts Committee Report on Special Report of the Auditor General on Review of the Loans and Expenditures of Funds at Boatswain’s Beach Summary Report
- Auditor General’s Special Report on Review of the Legal Aid Programme
- Standing Public Accounts Committee Report on Special Report of the Auditor General on the Review of the Legal Aid Programme
- Auditor General’s Special Report on Review of Expenditure for Operations Tempura and Cealt, Summary Report

- Standing Public Accounts Committee Report on Special Report of the Auditor General on the Review of Expenditure for Operations Tempura and Cealt, Summary Report
- Auditor General's Special Report on Internal Audit's Report of Fuel Card Usage and Management
- Standing Public Accounts Committee Report on Special Report of the Auditor General on Internal Audit's Report of Fuel Card Usage and Management
- Auditor General's Special Report on State of Financial Accountability Reporting (Update) July 2010
- Standing Public Accounts Committee Report on Special Report of the Auditor General on the State of Financial Accountability Reporting (Update) July 2010
- Auditor General's Reports on the Management of Government Procurement 5 July 2011; and Management of Government Procurement Case Studies—August 2011, Summary Report
- Standing Public Accounts Committee Report on Reports of the Auditor General on the Management of Government Procurement 5 July 2011; and Management of Government Procurement Case Studies—August 2011 Summary Report

The Speaker: So ordered.

Does the Member wish to speak thereto?

Mr. Moses I. Kirkconnell: Yes, Madam Speaker.

I would like to speak to all of them in the Annual Report of the Public Accounts Committee to this honourable House.

Madam Speaker, the establishment of the Standing Public Accounts Committee of the Cayman Islands Legislative Assembly, was established under Standing Order 77. The following Members of the Legislative Assembly were elected as members of the Standing Public Accounts Committee on 27 May 2009: Mr. D. Ezzard Miller, Chairman; Mr. Moses I. Kirkconnell, MLA; Hon. Cline A. Glidden, Jr., MLA; Mr. Ellio A. Solomon, MLA; Mr. Dwayne S. Seymour, MLA.

The Chairman, Mr. Ezzard Miller, resigned effective 11 March 2011, and on 3 August 2011 Mr. Moses Kirkconnell was elected as Chairman, and the Hon. D. Kurt Tibbetts was elected as a member.

Madam Speaker, the Public Accounts Committee [PAC] held meetings on the following dates in 2011: 4 August, 6, 13, 27 September, 4, 5, 21 October (those three were with witnesses in this honourable House); 7 December.

Meetings were scheduled on the following dates. Those meetings could not be called to order because a quorum was not present, mainly due to

Members' other commitments: 15 February and 8 March 2011.

PAC meetings were also held on the following dates in 2012: 22 March, 13 June, 11 July, 18 September, 18 and 19 September with witnesses, 23 October.

There has been no committee clerk assigned to the Public Accounts Committee since October 2009. As a result, the Committee has had to depend on the Clerk of the Legislative Assembly to prepare its reports and the Auditor General's reports.

The following reports have been tabled in today's sitting of this honourable House along with the Auditor General's Reports:

Public Accounts Committee Reports on:

- Special Report of the Auditor General on Loans and Expenditures of Funds at Boatswain Beach
- Special Report of the Auditor General on the Review of Expenditure for Operation Tempura and Cealt
- Special Report of the Auditor General on the Review of Legal Aid Program (March 2010)
- Special Report of the Auditor General on Internal Audit's Report of Fuel Card Usage and Management
- Special Report of the Auditor General on the State of Financial Accountability Reporting
- Reports of the Auditor General on the Management of Government Procurement (5 July 2011) and The Case Studies (August 2011)

In addition the PAC has prepared reports on the following Auditor General Reports which will be tabled during this meeting:

Auditor General's Reports on:

- Fuel Card Usage and Management Follow-up
- Management of Overseas Medical Services – May 2012
- Affordable Housing Initiative and the National Housing and Community Development Trust, which was a very old report that had taken some time because of the different aspects of that report well known to the public.

The following Auditor General's Reports were tabled in the House previous to this:

Report of the Auditor General on:

- Financial and Performance Reporting – Progress Update as at 31 July 2011—tabled on Thursday 29th September 2011
- Financial and Performance Reporting Progress Update as at 31 March 2011—tabled on Thursday 29th September 2011
- Financial and Performance Reporting Progress Update as at 2 December 2011—tabled on Wednesday 4th April 2012

The Public Accounts Committee has received and is considering the following Auditor General's Reports:

- Financial and Performance Reporting Progress Update as at October 2012
- Management of Major Capital Projects—June 2012
- Road Paving Expenditure in Cayman Brac

Madam Speaker, the Committee continues to voice its concern regarding the fact that the Government's financial statements are not up-to-date and continues to work with the Auditor General to better understand why the accounts are not being managed in a satisfactory manner.

In the verbatim transcript of the Standing Public Accounts Committee proceedings held in this honourable House on 18 September 2012, commencing at 10.40 [AM] in the Chamber of the Legislative Assembly, we asked the question to the Auditor General in regard to the audited financial statements for 2010/11 forward.

"The Committee has discussed this, and it is minuted in our last meeting, that we believe the major concern that we as a Committee have, is to work diligently to do what we can to make sure that the accounts of this country are audited, that the asset base is known to every person.

"The Auditor General has made some reports on this in the past and we have offered our assistance and instructions to the Auditor General on what we feel he should do to go forward. We are in a position, and we are offering support, that if the recommendation from the Auditor General's office is to call witnesses from the different ministries and authorities, we are quite prepared to do that. So, at this time, I would ask the Auditor General if he would give the Committee an update as to where we are. And before he closes the update, I will give him time to consider whether witnesses should be called and how quickly they should be called for updates from the different ministries."

The Auditor General's reply was: **"Thank you, Mr. Chairman.**

"My office also wholeheartedly agrees that it is important to diligently bring forward the financial statements of the Cayman Islands Government. Before going on further into my comments, I think it is worthwhile mentioning that we have a draft report [nearly] finished." And, Madam Speaker, that draft report is what I spoke about earlier which is now under consideration by the Committee.

A lot of work has been done by this Committee. I would like to take this opportunity to thank the previous Chairman who was involved in this report and did quite a bit of work to help bring the Committee up to date. Also, Madam Speaker, the Third Elected Member for Bodden Town, the Fourth Elected Member for George Town, the Third Elected Member for

West Bay, the Deputy Speaker, and the First Elected for George Town deserve thanks.

The Committee is most appreciative of the efforts of the Auditor General and his staff in the Summary Reports and for the support, assistance and constructive advice given throughout its deliberations.

Finally, we wish to thank the staff of the Legislative Assembly for the assistance provided, with special mention to the Clerk of the Legislative Assembly.

Thank you, Madam Speaker, and I have a document for you and I would like to ask the Serjeant if he would [table] that for me as well.

The Speaker: You are going to lay your statement on the Table? Is that what you are saying? I need to know—

Mr. Moses I. Kirkconnell: Yes, Madam Speaker, that was the annual report bringing the Members of the Legislative Assembly up to date.

The Speaker: Okay. So ordered.

Thank you, Member for Cayman Brac [and Little Cayman.]

STATEMENTS BY HONOURABLE MEMBERS AND MINISTERS OF THE CABINET

The Speaker: I have received three statements [from] the Premier which I have reviewed: one on Technology Bill of Rights; one on the New Media Coverage, and one on the Cruise Facilities. I have received a fourth statement which I have not had time to peruse, but will allow later on in the sitting today.

Honourable Premier.

Cayman Islands Government Television CIGTV-20

The Premier, Hon. W. McKeeva Bush: Thank you, very much, Madam Speaker.

Today we enter into a new era in media coverage of this honourable House. Radio Cayman has done a sterling job over the years of bringing us recorded radio coverage of Legislative Assembly proceedings for decades. But today, Madam Speaker, we take the first step in regular television coverage of our proceedings by the Cayman Islands Government Television, or CIGTV, as it will be branded. Not only will the people of the Cayman Islands now hear the proceedings of the Legislative Assembly, they will now be able to see their Representatives at work, our demeanour, and will gain a better understanding of the workings of the Legislative Assembly.

While coverage of the Legislative Assembly will be a very important and significant part of the programme content, CIGTV will have a much wider spec-

trum and mission. There will be an update of Government news featuring developments in the Government; there will be interviews with Ministers, features on departmental initiatives, a community bulletin board and weather forecasts. CIGTV will also carry Government news conferences in their entirety.

The first programmes will be developed and added over a period of weeks as it is not possible to launch all the planned programs in a short period of time. In the medium term the aim is to have programming that includes community access programmes, such as religious programmes and productions from independent producers; arts and cultural shows; coverage of Legislative Committees and Government Boards that are open to the public; special events such as Hero's Day and the Agriculture Show; children's programmes; shows featuring information and education such as health and agriculture and sports. Of course, CIGTV will be available for broadcasting emergency information.

In the long term I believe that CIGTV will fill a gap in local programming of topics that relates directly to programmes that Government either pays in full or contributes to for the people of these Islands.

I want to take the opportunity of thanking my Press Secretary, Mr. Charles Glidden, for his hard work in establishing CIGTV-20. Well known broadcaster and commentator, Ms. Donna Bush, will be the broadcaster on this channel. This is just the beginning for CIGTV. It will have to crawl before it walks. But before long, I believe that the value of this Government television channel will be evident to all.

Thank you Madam Speaker.

The Speaker: Member for East End.

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

I beg to ask a few questions of the Premier under Standing Order 30(2) please.

The Speaker: Please proceed.

Short Questions

[Standing Order 30(2)]

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

I would like to ask the Premier if this is a free channel, or will it only be received by subscription to CITN.

The Speaker: Would you repeat that please, if you don't mind? I don't think he quite heard what you said.

Mr. V. Arden McLean: What I am asking is if this is a free channel for all, or is it only accessed through subscription to CITN. Because I noticed that it was channel 20, and I know under the licence they are

required to provide two public broadcasting channels, and [channel] 20 was never one of them.

The Premier, Hon. W. McKeeva Bush: Madam Speaker, the Member is correct. Ever since there was licensing for television in this country it was stipulated that there would be at least one—I always heard it was one. I never heard anything specific as to what channel you could use, but certainly there was that agreement, and that is what the Government is utilising, that agreement. That is my understanding.

Mr. V. Arden McLean: Madam Speaker.

The Speaker: Member for East End.

Mr. V. Arden McLean: Is the Premier telling us, then, that the country is not paying anything to broadcast this?

And he has indicated yes. But also, there are many people in this country who are paying for that station who cannot, or will not, because of the cost of it being too cost prohibitive for them, have a subscription to CITN. Can those people put up a regular antennae and get that channel?

The Premier, Hon. W. McKeeva Bush: Madam Speaker, there is no cost to anyone because this is free TV, it's Government television, and this is all . . . probably there will be, of course, production costs because you have to pay somebody to do it. And this is all done through the offices of Government Information Services. My press secretary and Ms. Donna Bush, together with the Government Information Services, will do production.

Mr. V. Arden McLean: Madam Speaker, if I may, I don't know if the Premier understood what I was driving at. Any household in this country—

[Inaudible interjection]

Mr. V. Arden McLean: No. You have to pay for a box, or you can put up antennae and stick it right in the back of your television, a wire in the coaxial cable right in the back of your television, which is free. Is that what this will represent?

The Premier, Hon. W. McKeeva Bush: Madam Speaker, I am not going to sit here and try to talk technicalities because I am not a technician. It is free, that's what I can tell you. It is free—¹[F-R-E-E](#).

Mr. V. Arden McLean: Madam Speaker, one last question please.

I also want to ask the Premier . . . as a Member of Parliament, I was not made aware of these pro-

¹ See further discussion at page 295

ceedings being broadcast until recently. I heard that it was going to be, but I was never consulted as a Member of Parliament. It is unfortunate that we have not seen a House Committee report that considered this, or Members were not consulted. I was not consulted. I am a Member of Parliament. The House Committee has not reported to the membership of this Parliament, so I wonder how the rules are laid out that affect every Member of this honourable House that should have had the opportunity for input which is typical—

The Speaker: Are you asking a question, Member for East End? This is a time to ask a question for clarification.

Mr. V. Arden McLean: Madam Speaker, I think I just asked a couple of questions in there, with all due respect.

Is there a report from the House Committee where it was decided how the rules are, what is available, how it's going to be conducted, who is going to do it? The only thing I saw was an email saying that those who are speaking will be on and those who are next to them should be aware that they might be on TV as well. That's all I know about this system, and as a Member of Parliament, it is somewhat disrespectful to come here and get an email from a press secretary saying that we are going to televise proceedings.

The Speaker: Honourable Premier.

The Premier, Hon. W. McKeeva Bush: Madam Speaker, I am a Member of the House too, and I knew that the House was going to be televised because that was said many times by me standing right here. There was a public announcement to the country saying that the television station, the channel, would start on Monday, but it didn't happen on Monday.

Now, I am not a member of the Business Committee and I do have a press secretary who would have . . . sorry, the House Committee. I am not a member of the House Committee, and, therefore, I would not know what obtains there. The press secretary dealt with all of this. I presume he would have dealt with it through the Speaker's Office that controls the media in this House. So, I don't know what obtained with the House Committee. I don't know there.

All I know is that I am glad that we are doing it. I am here. And all we have to do is carry ourselves properly, conduct our business properly.

Now, I undertake to find out about any additional rules that might be needed. I will find out about that from the press secretary. And I will certainly either table it or write to Members about it.

Mr. V. Arden McLean: Madam Speaker, I said it was the last one, but thank you very much. Madam Speaker, I hope this is the last one.

I would like to know from the Premier if we are simultaneously broadcasting on the radio because there are many people who don't have TVs in this country, contrary to what we would all like to believe. Since we have Radio Cayman, which was initially the intent of this House many years [ago] to do radio live. If we have now gone to this point of TV, why can't someone sit at their desk and turn on the radio, or are we going to do that?

The Speaker: Honourable Premier.

The Premier, Hon. W. McKeeva Bush: Thank you, Madam Speaker.

I don't believe that Radio Cayman is carrying this simultaneously as we are being broadcast. This is live to the country. I don't think Radio Cayman is doing so. We know that on certain occasions Radio Cayman is allowed to broadcast the proceedings live, but it's not happening now, I don't think. Nevertheless, Radio Cayman will carry their usual broadcast of proceedings of the honourable House.

But I would think, Madam Speaker, that in trying to broadcast this House live and doing it simultaneously with the broadcast of CIGTV-20 it would entail other work for Radio Cayman. But I don't know those things, and I don't profess to know those things. But if the Member is very, very interested, and if it pains him, I will certainly help ease the problem and try to find out about it for him.

The Speaker: Thank you, Honourable Premier.

Can we move on to the next statement please?

Honourable Premier.

Cruise Facilities Project

The Premier, Hon. W. McKeeva Bush: The people of the Cayman Islands are well aware of the dire need for improved cruise facilities. You will have heard me say many times that the industry demands better facilities, and that without such improvements we will continue to lose business and fall further behind our competition.

Over the last three years we have worked long and hard to bring a world class facility to Cayman. These facilities would have stemmed the tide of massive loss of business in the cruise sector. In fact, we are down 12.3 per cent in 2011. This project would have helped people keep their businesses running, probably open new business, find jobs, and pay their mortgages.

No reasonable person could say that our process has not been fair, open, and carefully scrutinised. It has been as robust as the present standard form of tendering in these Islands and would have produced good value for money with the help of KPMG and Maples and Calder. However, we are told

by the United Kingdom that it is the specific type of process that matters, not the outcome; and it is not acceptable to use any other process, even one that can be shown to be as good as the one they prescribe.

Accordingly, in spite of the sustained efforts this Government has made to bring improved port facilities to reality we have been stymied, unless we follow their prescribed approach to the letter. I must therefore regretfully say that the Government is left with no choice but to abandon the present contract negotiations which were on the verge of being completed.

As Premier and Minister for Finance, Tourism and Development, I have given my utmost endeavours to delivering the many benefits of this project to the people of the Cayman Islands. I thank those in the Government, and in the private sector, who have made such great efforts towards this goal.

I want to publicly extend an apology to China Harbour Engineering Company, the Chinese Government and the Chinese people. They have worked very hard with us and showed their ability to deliver what they promised, including, no government or Port Authority loan, no government guarantee to pay off of a \$10 million debt owed by the Port Authority. They made no demands for ownership. They have agreed to have three large Caymanian construction companies with them, a pier at Cayman Turtle Farm, the renovation of the Spotts Pier and a cruise pier facility in Cayman Brac when all the very necessary works had been done for those matters; and a minimum of 10 academic scholarships for young Caymanians among other things.

I trust that having to abandon these negotiations will not harm future relations with Chinese companies or the Chinese Government.

The Framework for Fiscal Responsibility Law: The United Kingdom calls for us to implement the Framework for Fiscal Responsibility [FFR] into Law without debate or amendment. As I have said publicly, I agree with the United Kingdom on much of the FFR because of the large loans and debt left by the last government, the People's Progressive Movement. The Opposition has joined in the hue and cry for implementation without amendment. They should both be concerned for the position of the Cayman Islands Government, should we suffer financial or reputational loss as a result of following budget management advice handed down by the United Kingdom.

The Framework for Fiscal Responsibility Bill will therefore be debated shortly as prescribed, and God help us all if it proves to have the negative consequences that some experts have warned are likely.

Madam Speaker, I make these announcements, yes, with a heavy heart. I am a fighter, and I have fought against certain positions, but I am now forced to do so through the dictate of the United Kingdom Government, which is supported by the Opposi-

tion in their call to put this through as it is. While I am prepared to bear the political pressures that would result in continuing to resist these demands, I am not prepared to expose the country to what was planned and what was said by the Opposition. I have always tried to avert those things. Nor am I prepared to expose my family to the political turmoil and the recent threats being brought into play to us as a family, including my wife, at the present time.

I can only pray that the worst will be averted, and that we will find a way forward that shields our population from too painful a decline in our living conditions. The Government will continue do its utmost to bring forward the swiftest possible advances towards an improved economy, and trust our industry partners will appreciate, that while our hand is now being forced, we will do everything within our power to perform our obligations and to work for mutually beneficial outcomes now and in the future.

Thank you, Madam Speaker.

Hon. Alden M. McLaughlin, Jr., Leader of the Opposition: Madam Speaker, I beg leave under Standing Order 30(2) permission to ask the Premier a few short questions arising from his statement this morning.

The Speaker: Please proceed.

Short Questions *[Standing Order 30(2)]*

Hon. Alden M. McLaughlin, Jr., Leader of the Opposition: Madam Speaker, can the Premier indicate what the Government will now do in relation to moving forward with cruise berthing facilities in light of the statement he delivered yesterday evening and repeated in the House this morning?

The Premier, Hon. W. McKeever Bush: Madam Speaker, I think I have mentioned and I have said that the Government will continue to work towards getting improved facilities. Already, our project manager is preparing documents that will put it out to what the United Kingdom has said, as to what they call a tendering process. Well, we will do that, and that's what is being prepared at present. Documents that will go out on an RFP [Request for Proposal] and, as I understand it, take the other course through Cabinet, which the process we had started was going to do. And, of course, when that is all done, it will go to Central Tenders Committee, which is what we were going to do as well.

The Speaker: Leader of the Opposition.

Hon. Alden M. McLaughlin, Jr., Leader of the Opposition: Madam Speaker, can the Premier indicate what period he has in mind for the tendering process?

The reason I ask that question is [because] immediately what springs to my mind as a concern is the fact that those who have participated previously in the process would have a significant advantage now in the tendering process.

I just want to inquire of him if he has thought, or if he is thinking about the issue of fairness and that he will ensure that there is a long enough period that those contractors who have not previously been involved in this process can be able to submit a reasonable tender.

The Speaker: Honourable Premier.

The Premier, Hon. W. McKeeva Bush: Madam Speaker, the Opposition has had more to say about this than anybody else. And certainly, I am not a quantity surveyor and I am not putting the tendering process together. The Port Authority is a body. While I am the Minister, the Port Authority is the body that will work with and work through our Ministry. Yes, as I am the Minister responsible.

But I will take the advice of Mr. Alistair Patterson, the quantity surveyor and our project manager. I will take, of course, the legal advice from Maples and Calder and any that KPMG is giving on the whole matter. It is left up to them. I am a step above it. When it comes it will go out to tender as they propose.

My concern is that we get value for money, that the Cayman Islands get value for money. Hopefully we can still get some of those things that I think are important and that I have outlined just now to the people of this country. That's what I want to see. And hopefully, we can get it started quickly enough that it will give the hundreds of jobs it can give that I started out in the beginning to try to get done.

The Speaker: Member for East End.

[RE: CIGTV-20]

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

I beg your permission, not to ask a question, but to clarify something from the previous statement which I just received.

I inquired about the subscription, and I was told by CITN staff that you can only get this channel through subscription. So I would ask that the Premier look into that because it's the people who are paying for this and they should have the privilege of watching their Members of Parliament speak for free. And it's not for free, they are paying for it. It's not F-R-E-E.

The Premier, Hon. W. McKeeva Bush: Madam Speaker, I am glad he repeated that. I am going to repeat it from my standpoint, from how we started out and from what has been told to me by the people doing it. And I would like for him to bring the person who he says told him this. And I am going to find out and I

will report back to the House before the day is out. But I want to know from him who told him this. There is going to be production cost, but no cost to get onto that. That is Cayman Islands Government TV-20, and it is free.

[Inaudible interjection]

The Premier, Hon. W. McKeeva Bush: Madam Speaker, the Member across the way, the Leader of the Opposition, likes to interrupt. It's a pity that he didn't do all the work that he was supposed to do when he was leading the Government from behind the scenes.

Madam Speaker, I can only tell Members what I know, and that is what I have done.

The Speaker: Thank you, Mr. Premier.

The matter has been aired before and we had moved on to another statement.

[Inaudible interjection]

The Speaker: Yes, I understand it was a matter of clarification. I don't want more questions on it at this time though.

Second Elected Member for Bodden Town.

[RE: Cruise Facilities Project]

Mr. Anthony S. Eden, Second Elected Member for Bodden Town: Thank you, Madam Speaker.

In regard to the last statement by the Honourable Premier, I understood that he said there would be no debate and no amendments to the Bill.

The Premier, Hon. W. McKeeva Bush: The FFR?

Mr. Anthony S. Eden: Yes.

The Premier, Hon. W. McKeeva Bush: No. Let me clarify that, Madam Speaker. I didn't say that at all.

There is going to be debate. There will be no amendment to the FFR as the UK drew it up. I was trying to get that amendment. That's why the fuss came about, because of the two amendments that I wanted: one, to move the \$10 million up to the \$25 [million] lifetime; two, to give sanction to the UK to allow them or to make them the partner I think they should be, Madam Speaker, to have to compensate the Cayman Islands for any reputational damage or financial loss we may [experience] out of their advice given to us on these matters that the FFR relates to.

No. Those were the only two. The Bill is now a new Bill before the House. It only deals with the FFR as the United Kingdom drew it up and as we had to sign.

And, Madam Speaker, when I say no amendment, there is no amendment by Government;

but the FFR is a Bill now before the House, and I can't control Members to the extent that they will not offer an amendment or otherwise. I do know that what was signed says, subject to the agreement of the Legislative Assembly, the revised PMFL will enter into force at a certain date. So, "subject," and that's what was signed.

The Speaker: We are anticipating the Bill which is coming before the House shortly.

The Premier, Hon. W. McKeever Bush: No, I appreciate the Member's question.

The Speaker: Yes, I appreciate the Member's question as well.

You have another one, Member for Bodden Town?

[Inaudible interjection]

Bill of Rights

The Premier, Hon. W. McKeever Bush: Madam Speaker, as this honourable Assembly was not sitting yesterday, I take this opportunity today (the day after implementation Day for the Bill of Rights, Freedoms and Responsibilities) to acknowledge its coming into force.

Madam Speaker, yesterday began a new era; but I am happy to say it began quietly. I am happy that we live as a free people, and that there is no burden of denial of the rights of persons, such that yesterday would inspire any great public outburst of celebration.

As I see it, Madam Speaker, the Bill of rights is more of a codification, and consolidation, of rights we already enjoy; and it provides greater clarity as to the means by which persons whose rights may be denied or trampled upon, may seek redress. This is a bold step, Madam Speaker, and one which we embrace, but not without caution. Caution, I say, because for those of a litigious leaning, this Bill of Rights may appear to be an invitation to sue. I say caution, because the Bill itself is balanced between rights and freedoms on one side and responsibilities on the other. I say caution, because as a nation, we are on a steep learning curve when it comes to optimal functioning in our civic lives.

Free and responsible citizens become so, by practicing both modes of behavior, by learning to carefully weigh and balance their speech and their behavior in ways that express their opinions—and that includes writing and websites—beliefs, and aspirations; but also make room for the opinions, beliefs, and aspirations of others. We become free and responsible citizens by practicing and pursuing the attainment of our own happiness and fulfillment, whilst respecting the equal rights of others to do likewise.

It is in this sense that implementation day of the Bill of rights is also a day signaling new hope for many, hope that that level of maturity as free and responsible citizens, if not already enjoyed amongst us, is within our reach; hope that we can be that kind of people, and together build that kind of community, in common pursuit of the common good.

We can all give three cheers for Implementation Day and trust that it works for the building of a better community, a better Cayman Islands.

The Speaker: Thank you, Honourable Premier.
Are there any questions?

[Inaudible interjection]

GOVERNMENT BUSINESS

BILLS

SECOND READING

Health Insurance (Amendment) Bill, 2012

[Continuation of debate thereon]

The Speaker: Does any other Member wish to speak? [pause]

Second Elected Member for Bodden Town.

Mr. Anthony S. Eden: Thank you, Madam Speaker.

I rise to make a short comment on the Bill before the House. I must give my appreciation to the Minister of Health for bringing these amendments. These are amendments that we have talked about for quite some time. I know the Minister of Education (who is not here at this moment) . . . we talked some-time back about increasing the coverage under the SHIC [Standard Health Insurance Coverage] plan from the \$25,000, which can be expired in a short time, to \$100,000, and then the individual lifetime maximum of \$1 million.

I would also like to say that I support the former Minister, the Member for North Side, in the two amendments that he has put forward in the definitions.

I remember way back when we first talked about insurance, this was one of the areas where I said to the Member for North Side when he first introduced legislation for health insurance where he advocated that these insurance companies should take on those, especially in the groups, those that are sick, instead of penalising them where (and I will admit that I was part of certain legislation that came to this House) they have to go and get the approval of two separate companies and then CINICO takes over as the last resort for insuring them, which, as we know, the liability is an area where all and most of the big expenses are.

In Part 3, under the exclusions, number 7, I would like to put forward for consideration . . . and this refers to treatment for obesity or weight reduction. I have had representation, I am sure the Minister has also had in the past, where some people, no matter how they try, can't seem to get their weight under control whether for medical reasons or otherwise. I would urge that based on a medical assessment we consider providing some help with this. Thank you.

The Speaker: Thank you, Member for Bodden Town.

Does any other Member wish to speak?
[pause] Does any other Member wish to speak?
[pause] Does any other Member wish to speak?
[pause]

If not, I will call on the mover of the Bill to make his concluding remarks.

Hon. J. Mark P. Scotland: Madam Speaker, I rise to complete my contribution on the debate for these amendments to the Health Insurance Law.

As I said in my tabling remarks, health insurance is a very topical issue in healthcare itself at present due to the rising cost of healthcare, ageing populations, improvements in technology nowadays which has driven up the cost of healthcare. You don't have to look any further than the US which had their election yesterday. Healthcare was one of the key issues in the debate leading up to that election. In fact, we know that with Obama Care, which played a significant role in the whole debate leading up to the election yesterday, the Supreme Court upheld the ruling on Obama Care. And one of the key components of that is mandatory health insurance.

We know from when mandatory health insurance came in the late 1990s (1999 or so), the Second Elected Member for Bodden Town just alluded to it, the discussion was happening from long before that. I believe, as he said, the discussion started from when the Member for North Side was the Minister of Health and there was a long discussion from the early 1990s until the late 1990s when health insurance actually came in. And the reasons why some of that discussion took so long to be implemented at that time was with issues such as the ones the Member for North Side is speaking about now to do with high risk persons and uninsurable persons and how those persons would be dealt with.

We know that the mandatory health insurance was implemented with the provisions that are there now which have definitions for high risk and uninsurable persons, definitions which are being tightened up. But the question of whether we remove those definitions altogether is a very difficult one because what I think Government's mandate should be is to ensure that the health insurers provide that adequate coverage, which is the SHIC plan and the enhance SHIC plan that we are now putting forward, at an affordable price to the public. Because if the law mandates that

you have to have insurance then it should be affordable to have that basic coverage, but also at the same time minimise the possibility for insurers to exclude you, or exclude conditions or to exclude you entirely from coverage because you are deemed to be a high risk or uninsurable.

Madam Speaker, I believe that with the changes we are bringing we have achieved just that. We are not going to entirely prevent insurers from being able to exclude persons or to exclude some conditions because we have to admit that there are persons who are going to be high risk and persons who are going to be uninsurable. But what we have done is minimise the numbers who will be dumped, cherry-picked and so on (as the terms that we use), and fall then into the coverage, or government having to provide coverage for those persons. So, like I said, we have minimised those numbers by tightening up on these restrictions.

Madam Speaker, when we look at our population—a very small population in comparison to big countries like the US—and the number of insurers we have, if we look at the numbers based on the number of insured persons just in early October this year, the average number of insured persons per insurance company is still under 6,000. So, the entire population seems to still be a very small pool when compared to countries like the US.

If you rely on information from the approved insurers the size of the groups that they insure in their plans, each group is less than 20 persons. So, when you talk about insuring against risk, you are doing . . . and it's not as if the insurers put the 5,000 people into one pool and insure that risk amongst that pool. Each pool is insured on its own so we are looking at very small pools for each company of less than 20 persons.

So if we were to remove the definition of high risk insurance person and uninsurable person, it would require that each approved insurer would provide insurance coverage for every person without any consideration of their medical condition or the severity of their illness, and it wouldn't give them any ability to assess any risk at all if we remove these definitions. And, Madam Speaker, one of the principles of health insurance requires the assessment of risk so that people can know how to manage that risk best (that's the insurance companies).

As I said, due to the small size of the groups in the Cayman Islands, if the insurers were required to cover all the risks without some means of assessment it would certainly result in them having very much difficulty in sourcing reinsurance, resulting in a significant increase in premium rates for every insured person.

There was a suggestion of adding 10 per cent and putting that in a pool. Madam Speaker, even that alternative would not be a very sustainable or long-term viable alternative as it would also . . . you know,

one big case a year could wipe out that 10 per cent that is being put aside by each insurer for these high risk or uninsurable persons.

So, Madam Speaker, the provisions we have made and where we are tightening up on these definitions we feel will address it to the extent it is addressable at this point and minimise the numbers that fall back onto the responsibility of government and minimise the numbers that the insurance companies can cherry pick or use the term "pre-existing conditions" in their definition.

Madam Speaker, I appreciated the comments of the Second Elected Member for Bodden Town. As he said, we are increasing the coverage under the SHIC plan, and we think this is very important. When I get to the regulations we'll speak more about it, but we certainly are increasing hospitalisation to \$100,000. We are putting benefits in there that were not there before, such as in-patient mental health benefits. We are increasing the air-ambulance benefit. We are also increasing benefits for maternity that were not there. The other benefits for dialysis, this is a very significant benefit when we consider the number of persons requiring that treatment nowadays.

So the enhanced SHIC is a much-improved benefit plan. We have already spoken about how it's going to be rolled out to the public. From 1 March next year persons can start to transition or migrate over to that SHIC plan. I think it is a very significant improvement. I think it is a great milestone for healthcare and health insurance for the country.

I want to mention one other point that the Second Elected Member for Bodden Town spoke about, and that's treatment for obesity and weight reduction. Madam Speaker, there were discussions in the deliberations on this Bill over the last two years as to how we would deal with that. What we are proposing is an increase in the contribution to the segregated insurance fund as part of the amendments to the regulations coming forward. Currently, insurers contribute \$5 per individual policy and \$10 per family or group policy to what is termed the segregated insurance fund which funds are used for healthcare for indigents. Madam Speaker, we propose to use funding from that fund to treat obesity and weight reduction with the approval.

These will be cases or individuals who have gotten the referral or the approval of the Chief Medical Officer, these individuals who would require that treatment, and they would go through nutrition counseling and all the other preparation prior to doing that procedure, and it would be covered under the segregated insurance fund, as opposed to including that benefit in the SHIC plan.

We think that with the number of those procedures that have been done in the past few years (we have looked at those numbers), if we were to include that in the SHIC plan that would unnecessarily increase the premium rate for all insured persons on the

SHIC plan. We can cover it under the segregated insurance fund and allow those persons to get treated because treatment for obesity would be prevention in preventing those kinds of diseases from occurring later on in life.

So, Madam Speaker, again, with those very brief closing remarks I want to again thank those persons who contributed significantly to putting this Bill together over the last few years, Mr. Mervin Connolly, Superintendent of Health Insurance; my Chief Officer, Jennifer Ahearn, Janet Flynn, Senior Policy Advisor in the Ministry of Health; as well as the Health Insurance Standards Commission; Mrs. Myrtle Brandt of Legislative Drafting, and all those others who contributed significantly to this Bill. I commend it to this honourable House and thank all the other honourable Members for their tacit support.

The Speaker: Thank you, Honourable Minister.

The question is that a Bill shortly entitled the Health Insurance (Amendment) Bill, 2012, be given a second reading.

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

Ayes.

The Speaker: The Ayes have it.

Agreed: Health Insurance (Amendment) Bill, 2012, given a second reading.

Suspension of Standing Order 46(1) and (2)

The Speaker: Honourable Premier.

The Premier, Hon. W. McKeever Bush: Thank you, Madam Speaker.

I move the suspension of Standing Order 46(1) and (2) to enable the Public Management and Finance (Amendment) Bill to be read a first time.

The Speaker: The question is that Standing Order 46(1) and (2) be suspended to enable the Public Management and Finance (Amendment) Bill to be read a first time.

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

Ayes.

The Speaker: The Ayes have it.

Agreed: Standing Order 46(1) and (2) suspended.

BILL

FIRST READING

Public Management and Finance (Amendment) Bill, 2012

The Clerk: The Public Management and Finance (Amendment) Bill, 2012.

Suspension of Standing Order 46(4)

The Speaker: Honourable Premier.

The Premier, Hon. W. McKeever Bush: Thank you, Madam Speaker.

I move the suspension of Standing Order 46(4) to enable the Public Management and Finance (Amendment) Bill to be read a second time.

The Speaker: The question is that Standing Order 46(4) be suspended to enable the Public Management and Finance (Amendment) Bill to be read a second time.

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

Ayes.

The Speaker: The Ayes have it.

Agreed: Standing Order 46(4) suspended.

The Speaker: I think this is a good time now to take the lunch break, so that when we come back we will go into the second reading of the Bill.

The House is suspended until 2.30.

Proceedings suspended at 12.25 pm

Proceedings resumed at 2.57 pm

The Speaker: Proceedings are resumed. Please be seated.

SECOND READING

Public Management and Finance (Amendment) Bill, 2012

The Clerk: The Public Management and Finance (Amendment) Bill, 2012, Second Reading.

The Speaker: Honourable Premier.

The Premier, Hon. W. McKeever Bush: Thank you, Madam Speaker.

I beg to move the Second Reading of a Bill entitled The Public Management and Finance (Amendment) Bill, 2012.

The Speaker: Thank you, Mr. Premier.

The Bill has been duly moved. Does the mover wish to speak thereto?

The Premier, Hon. W. McKeever Bush: Madam Speaker, thank you very much.

I rise to present the Public Management and Finance (Amendment) Bill, 2012, on behalf of the Government. The Bill seeks to amend the Public Management and Finance Law (2010 Revision) (which I shall refer to as the "principal Law"). This Bill seeks to incorporate between work for Fiscal Responsibility (or FFR) which was agreed between the Government of the Cayman Islands and the United Kingdom on 23rd November last year.

Madam Speaker, as you are aware, the United Kingdom Government's stated objective of the FFR is to strengthen public financial management, particularly in the areas of borrowings and robust procurement procedures that endeavour to achieve value for money.

Madam Speaker, the detailed clauses of the Public Management and Finance (Amendment) Bill, 2012, are as follows:

Clause 1 of the Bill provides the short title.

Clause 2 amends section 2 of the [principal] Law to delete the definition of "borrowing," but the Bill introduced a wider-encompassing definition of "public borrowing." It will also expand the definition of "generally accepted accounting practice" and define nine new terms.

Clause 3 amends section 14 of the principal Law to require compliance by the Governor in Cabinet with the borrowing limits prescribed in the Seventh Schedule and to stipulate the conditions which must be adhered to when borrowings have exceeded those limits.

Clause 4 seeks to insert into the principal Law a new section 14A that speaks to any non-compliance with the FFR by Government by establishing a process for the rectification of the breach.

Clause 5 would amend section 23 of the principal Law to comprehensively enumerate, by way of the Seventh Schedule, the components of a strategic policy statement.

Clause 6 would insert into the principal Law a new section 29A to identify the information which the Government is required to submit to the Government of the United Kingdom, in accordance with the time-scales specified in the Sixth Schedule unless otherwise agreed in writing by the parties.

Clause 7 would amend section 34 of the principal Law by placing further limits on Government's authority to borrow and it establishes a scheme by which debts incurred by Government are to be repaid.

Clause 8 inserts into the [principal] Law a Sixth, Seventh, Eighth and Ninth Schedule.

The Sixth Schedule sets out the types of information required to be submitted by the Cayman

Islands Government to the United Kingdom Government.

The Seventh Schedule contains definitions and interpretations of certain central concepts and expressions contained in the Bill.

The Eighth Schedule outlines the borrowing limits with which Government must comply.

The Ninth Schedule lists the risk-weights applicable to any borrowing by a statutory authority or a government company for the purpose of calculating borrowing ratios.

Madam Speaker, it is also important for the House to know that some of the provisions of the FFR are affected by means of amendments to financial regulations. Those amended regulations cannot be approved by Cabinet until the Bill before the House is approved.

Now, Madam Speaker, although this Framework for Fiscal Responsibility has been published many times and read in this House and in various other media, I am going to read verbatim—because this is what we are enacting, the agreement between the Government and the United Kingdom. And then this is the Cayman Islands Government Framework for Fiscal Responsibility.

“The Cayman Islands Government remains” and this is what the Agreement says, Madam Speaker.

The Speaker: Yes. Can I have a copy?

Hon. Alden M. McLaughlin, Jr., Leader of the Opposition: Tell us the date.

The Premier, Hon. W. McKeever Bush: Okay.

Madam Speaker, I am being asked to give the dates. I will be giving the full Framework for Fiscal Responsibility.

The Speaker: Yes. I would just like a copy since it's a long document, so that I can follow along while you read.

The Premier, Hon. W. McKeever Bush: Madam Speaker, it will take five minutes to get a copy of it.

I'm getting a copy of it. Madam Speaker, the Agreement reads:

The Cayman Islands Government remains fully committed to deliver on the promises it has made to the people of the Cayman Islands. These include:

- creating a vibrant and sustainable economy;
 - enhancing tourism and financial services as the twin pillars of the economy; and
 - creating opportunities for Caymanians.
- Restoring prudent fiscal management is central to achieving these objectives and will help

create an environment in which people and business can plan for the future with confidence. The Cayman Islands Government's fiscal strategy consists of the following five components:

- Controlling Government expenditure;
- Limiting new borrowings;
- Re-aligning the revenue base;
- Improving the performance of Statutory Authorities and Government Companies; and
- Reducing costs by working in partnership with the private sector.

The Cayman Islands Government's approach will continue to be open and transparent, consistent with the highest standards of governance and democracy. That is why the Cayman Islands Government published its Cayman Islands Government 3 Year Budget Forecast (2010/11 to 2012/13) (“three year plan”) in June 2010, and is committed to strengthening its Public Management and Finance Law (PMFL).

This Framework (“the Framework”) sets out the key principles that will be encapsulated in the revised PMFL which will also specify the detailed requirements necessary to deliver the principles in practice. Subject to the agreement of the Legislative Assembly, the revised PMFL will enter into force by 1 July 2012.

The Cayman Islands Government and the United Kingdom Government reaffirm their commitment to work in partnership and to respect the rights and responsibilities specified in the Framework and the revised PMFL.

POLICY PRINCIPLES: The Cayman Islands Government is committed to the following principles:

- a. Effective medium-term planning, to ensure that the full impact of fiscal decisions is understood;
- b. Putting value for money considerations at the heart of the decision making process;
- c. Effective management of risk; and
- d. Delivering improved accountability in all public sector operations.

IMPROVING MEDIUM TERM PLANNING: Strategic Policy Statement: The Cayman Islands Government will assess the impact of all proposals and decisions on expenditure, revenues, and borrowing in the context of a Strategic Policy Statement (SPS) covering a period of at least three fiscal years.

The SPS will include, as a minimum, the information defined in paragraph 14 of Annex A.

Transparency: The SPS will be updated and published annually. The budget that is presented for the forthcoming fiscal year will be consistent with the SPS.

Measurement: The collection of accurate internal and external economic, business and social data is fundamental to effective medium term fiscal planning.

The Cayman Islands Government will assess any gaps in information that is required and take steps to improve inputs to the SPS, by:

- publishing and delivering a plan to improve the quality and independence of statistical data gathered from both the public and private sectors in order to measure accurately key national data including economic growth, inflation, and employment;
- developing robust econometric models to assist with forecasting coercive revenue; and
- developing a reporting framework to ensure that the Cayman Islands Government receives information about in-year developments in expenditure, performance against objectives and developing risks (whether or not quantifiable) from government departments and other bodies in receipt of public funds.

DELIVERING VALUE FOR MONEY: The Cayman Islands Government recognises that achieving value for money is central to the appropriate use of public funds. Central government and other public sector bodies will therefore ensure that effective processes are in place to provide confidence and ensure suitability, effectiveness, prudence, quality, good value and avoidance of error and other waste.

Projects: There are five key stages that will be undertaken by the Cayman Islands Government in the planning, development and execution of a project:

- a. appraisal and business case;
- b. procurement;
- c. contract management;
- d. delivery; and
- e. evaluation.

Appraisal and business case: The Cayman Islands Government will ensure that all projects, whether funded from recurrent surpluses, conventional borrowing or all alternative financing transactions, are suitably appraised before the procurement stage to ensure value for money and that a robust cost-benefit analysis has been carried out.

For projects with a lifetime value above CI\$10 million and for those where the use of Public Private Partnerships (PPPs) or any other form of alternative financing is being considered, the Cayman Islands Government will also retain independent accounting, legal, financial, economic, environmental and other technical advice as appropriate to ensure robust investment appraisals are produced.

For all projects, the business case which results from the appraisal process should: demonstrate the economic need for the project; include a fully argued and costed risk and impact assessment; and specify the benefits the project is designed to deliver to ensure that an informed decision can be made on whether or not to proceed to the procurement stage.

PPPs or any other form of alternative financing will only be considered:

- a. where there is a sound appraisal underpinning the proposed project before the financing means has been determined;
- b. where a financial appraisal demonstrates improved value for money against a conventionally financed alternative;
- c. where the long term affordability case has been assessed and agreed by the appropriate technical experts retained by the Cayman Islands Government; and
- d. where an independent opinion has been received from a qualified accountant of good standing on the correct accounting treatment in the Cayman Islands Government's accounts.

PPPs or any other form of alternative financing will not be considered by the Cayman Islands Government for:

- a. projects with a lifetime value of less than CI\$15 million and therefore too small to justify the transaction costs; or
- b. projects where the fast pace of change in the sector makes it difficult to effectively define the outputs it requires in a long term contract (such as Information and Communication Technology projects).

All proposed capital projects with an expected lifetime value of CI\$10 million or more will be incorporated in the published SPS, and appraisals will be published for public consultation prior to procurement.

Procurement: Procurement processes will be open, transparent and competitive. The Cayman Islands Government will adhere to agreed statutory tender processes. For projects with a lifetime value above CI\$10 million and for those where the Public Private Partnerships or any other form of alternative financing is used, the Cayman Islands Government will retain independent accounting, legal, financial, economic, environmental, and other technical advice to ensure value for money.

Contract management: The Cayman Islands Government will retain sufficient expert ad-

vice, whether internal or external, to ensure that it is an intelligent customer of services or other arrangements agreed with private sector suppliers.

Delivery: The Cayman Islands Government will put together sufficiently competent teams to manage all projects and ensure receipt of high quality services and products as agreed at the procurement stage.

Evaluation: For projects with an expected lifetime value of more than CI\$10 million, the Cayman Islands Government will undertake an evaluation of project performance within a reasonable timescale. This evaluation will be made publicly available. This will ensure that the lessons learned will strengthen the decision-making process and overall project performance.

Processes: The Cayman Islands Government will establish and maintain robust processes to:

- a. measure the performance of government departments and other bodies in receipt of public funds;
- b. allocate expense budgets, profile expenses and monitor actual results against profile budget in a timely manner;
- c. determine revenue targets, profile receipts and monitor actual results against budget on a timely basis;
- d. track and quantify developing risks to determine the value of actual and contingent liabilities to assess calls on current expenditure budgets and, in exceptional cases, the reserve;
- e. report total public sector debt, profile debt repayments and determine debt service costs;
- f. undertake timely internal and external audits and act on the findings.

MANAGING RISKS: Contingent and actual liabilities. The Cayman Islands Government is committed to managing risks and ensuring that contingent and actual liabilities which accrue are consistent with sustainable public finances.

The Cayman Islands Government will make contingent and actual liabilities, including (but not limited to) pensions and healthcare schemes, subject to actuarial assessments at least every three years. Actuarial assessments will be published within three months of receipt. The Government will publish its proposals to address the results of the assessments no later than the budget following the receipt of the actuarial assessment.

The Cayman Islands Government will set out in the SPS their strategy for managing contingent and actual liabilities and report on progress in delivering the strategy.

Debt: Unless in exceptional circumstances different arrangements are agreed in writing by the Cayman Islands Government and the Secre-

tary of State, the Cayman Islands Government will borrow only to fund capital expenditure where:

- a. the proposed project is forecast to yield sufficient revenue to fund the additional debt service costs; or
- b. the Government can demonstrate that it has sufficient surplus operating cash flow to fund the additional debt service costs which arise from borrowing to finance such capital expenditure.

The Cayman Islands Government will give preference to borrowing from concessional lenders which should ensure that the lender's expertise is brought to projects.

To ensure that the level of debt is affordable and consistent with the delivery of macroeconomic and fiscal sustainability and financial stability in the short, medium and long term, the Cayman Islands Government will:

- a. comply with the borrowing limits defined in Annex A by no later than the dates specified in Annex D;
- b. remain in compliance with the borrowing limits subsequent to the dates specified in Annex D or such earlier date by which compliance is achieved; and
- c. put in place arrangements to repay loan principal.

The repayment of principal will be achieved either through:

- a. agreeing a fully amortised structure with the lending institution; or
- b. establishing a dedicated sinking fund with a binding contribution schedule capable of offsetting the outstanding principal repayment on maturity of the debt.

ACCOUNTABILITY: The Cayman Islands Government is committed to delivering improved accountability mechanisms through the transparency delivered by the Framework and subsequently the revised PMFL and by ensuring that public accounts are:

- a. prepared on a timely basis in line with International Financial Reporting Standards and International Public Sector Accounting Standards; and
- b. subject to an annual external audit the results of which will be subject to the Public Accounts Committee's scrutiny and publications.

PARTNERSHIP WITH THE UNITED KINGDOM: In support of the commitments to deliver fiscal responsibility made by the Cayman Islands

Government, the United Kingdom Government will:

- a. undertake an annual assessment of the economy of the Cayman Islands, including the state of the public finances;
- b. provide technical assistance by monitoring compliance with the Framework and the revised PMFL;
- c. provide support in identifying sources of expertise at the request of the Cayman Islands Government;
- d. consider requests for technical support made by the Cayman Islands Government where any such requests are accompanied by a business case and specific terms of reference.

Exchange of information: The Cayman Islands Government will submit the information specified in Annex C to the person(s) from time to time specified by the United Kingdom Government.

The Speaker: Order please. This is being aired and it is difficult to hear the speaker.

The Premier, Hon. W. McKeever Bush: The Cayman Islands Government will supply the United Kingdom Government with such other information it may request, including further information on:

- a. any aspect of the SPS (Strategic Policy Statement), including specific capital investment projects and proposed borrowing; and
- b. the draft budget.

All information will be submitted by the Cayman Islands Government within the timescales specified in Annex C unless, in exceptional circumstances, different timescales are agreed in writing by the Cayman Islands Government and the United Kingdom Government.

Consideration of representations: The Cayman Islands Government will consider fully any representations made by the Secretary of State on the information provided.

The Cayman Islands Government will not proceed with any project on which the Secretary of State has made representations until 15 working days after a full written response has been received by the Secretary of State to those representations.

Approvals Process: Where the Cayman Islands Government is not in compliance with the Framework, the Cayman Islands Government will present, for the approval of the Secretary of State, a plan that is consistent with the SPS to remedy the breach. The maximum period which may be permitted to rectify a breach is three fiscal years

from the point at which the breach occurred or, in exceptional circumstances, such other period that may be agreed in writing between the Cayman Islands Government and the Secretary of State.

In the event of any non-compliance by the Cayman Islands Government in the respect of the Framework and until the breach has been rectified the Cayman Islands Government will obtain, on an annual basis, written approval from the Secretary of State before:

- a. the SPS is finalised;
- b. any public borrowing or any refinancing of public borrowing is undertaken;
- c. proceeding with any project with a lifetime value of more than CI\$10 million;
- d. using public assets as collateral as part of any arrangement with a party external to Cayman Islands Government;
- e. the hypothecation of any revenue stream; or
- f. the divestment of public assets.

For the avoidance of doubt, any failure to comply with the borrowing limits or forecast failure to comply within the lifetime of the SPS will be deemed a failure to comply with the Framework.

In exceptional cases, the Cayman Islands Government may request the Secretary of State's approval to make in-year changes to the approach set out in the SPS. In such cases, the Cayman Islands Government will supply the Secretary of State with:

- a. a written request to make the changes, to be received no later than two months before such changes are considered to be required by the Cayman Islands Government unless a shorter period is agreed in writing by the Cayman Islands Government and the United Kingdom Government;
- b. a compelling evidence based business case to support the request for approval; and
- c. a revised SPS, which sets out the measures the Cayman Islands Government intends to take to return to the course set previously. If approval is granted, the Cayman Islands Government will publish the revised SPS.

Signed by the Premier of the Cayman Islands, dated 23 November 2011. Signed [by the] Minister for Overseas Territories, Foreign and Commonwealth Office, dated 23 November 2011.

ANNEX A: DEFINITIONS

Expenditure: Unless otherwise specified, refers to all public expenditure (inclusive of subventions, capital and recurrent expenditure).

Public accounts include all the accounts of the Cayman Islands Government and of all Statutory Authorities/Government Companies.

Public borrowing includes:

- conventional borrowing from commercial and concessional institutions;
- the capitalised value of all alternative financing transactions (including PFI/PPP arrangements) that will place future financial obligations (in terms of increased expenditure or reduced revenue) on the Cayman Islands Government;
- the risk weighted debts and PPP/PFI arrangements of statutory authorities, government corporations and companies;
- borrowing that is contracted by the Cayman Islands Government, but then on-lent; and
- any other debt guaranteed by the Cayman Islands Government.

Public borrowing taken out to clear informal debt (including arrears) will be treated as new debt.

The risk weighting attached to debts and PPP/PFI arrangements of Statutory Authorities/Government Companies will be agreed with the Secretary of State according to the following criteria:

Risk-weighting	Description
100%	Outstanding contractual commitments to PFI or PPP arrangements of any form, agencies with a consistent demand for subventions
80%	A high likelihood of subventions being required
50%	Moderate likelihood of subventions being required
20%	No subventions required in the last three years

A list of Statutory Authorities/Government Companies with assigned risk-weights is attached at Annex B. Risk-weights can be updated to reflect recent financial performance at the request of either the Cayman Islands Government or the Secretary of State.

The Cayman Islands Government and the Secretary of State will agree risk-weights for new Statutory Authorities/Government Companies before any such Statutory Authority/Government Company can take on debt. Borrowing limits mean the following:

- **Net Debt:** 80 per cent maximum of operating revenue
- **Debt Service:** 10 per cent maximum of operating revenue
- **Liquid Assets:** At least 25 per cent of operating expenses

Operating revenue consists of coercive and non-coercive revenue as defined in the Public Management and Finance Law.

Net Debt is defined as the total outstanding value of public borrowing minus liquid assets.

Debt service is defined as annual payments resulting from public borrowing commitments and finance leases or any other form of borrowing.

Liquid Assets are defined as the lowest total balance of unallocated liquid funds at the disposal of the Cayman Islands Government during the fiscal year. These funds should not be pledged against budgeted expenses or liabilities of any form.

Past fiscal performance, unless otherwise specified, should be assessed on the basis of audited financial statements for the previous financial year, where available. In the event that such statements are unavailable, the summary Operating Statement with associated variance analysis to original budget should be used.

Lifetime value is defined as the discounted net present value of financing obligations calculated using a discount rate of 3.5 per cent, which will be subject to periodic review to assess its appropriateness.

Strategic Policy Statement means a document which, at a minimum, sets out;

- a statement of the Cayman Islands Government's economic and fiscal objectives;
- a summary of the broad outcomes, the specific outcomes, and the links between them, that the Cayman Islands Government intends to achieve in the next financial year and for at least the following two financial years;
- summary of recent economic statistics, trends and forecasts; statement of the prior two years fiscal performance, and analysis of variance from previous budgets and plans;
- a statement of existing public sector borrowing, including Statutory Authorities/Government Companies (whether guaranteed by government or not). For each loan this should include quantum, currency, date and origin of issue, maturity, and interest rate structure;

- the Accounts Receivable Aging Summary of the Cayman Islands Government and the associated Bad Debt Summary;
- the detailed breakdown of forecast operating revenue and expenses for the current and next three financial years;
- a statement detailing the actual and contingent liabilities of the Cayman Islands Government and an explanation of how each will be managed/financed, progress to date and intended financing for the current and next three financial years;
- a capital investment plan for the next financial year and for each of the following two financial years. This should include details of new and continuing projects which are anticipated to have a lifetime value of over CI\$10 million for the next financial year and for each of the following two financial years;
- anticipated revenue and expense measures and actions for the next financial year and for each of the following two financial years;
- a statement of the current position and forecasts for the next three financial years for each of the following:
 - Forecast summary Operating Statement;
 - Forecast summary Balance Sheet;
 - Forecast summary Statement of Cash Flows;
 - Operating expenses performance by Ministry/Portfolio;
 - Operating Revenue performance by Ministry and Portfolio;
 - Reserve levels for each month;
 - Borrowing;
 - Performance against borrowing limits;
 - Surplus or deficit, being the difference between total operating revenue and total operating expenses;
 - Net worth;
 - Net cash flows for each of its operating, investing and financing activities;
 - The anticipated impact of any proposals to refinance existing debt;
 - The value of contingent and actual liabilities, including pensions and healthcare schemes, and the steps taken to mitigate these liabilities;
 - The approximate amount of executive expenses allocated to each minister, official member, the Office of the Complaints Commissioner, the Office of the Information Commissioner and the Audit Office for each financial year.

Statutory Agency/Government Company	Risk Weight
Cayman Airways Ltd	80%
National Housing Development Trust	80%
Tourism Attractions Board	80%
Cayman Turtle Farm (1983) Ltd	80%
Cayman Islands Development Bank	50%
Cayman Islands Airports Authority	20%
University College of the Cayman Islands	20%
Port Authority	20%
Water Authority	20%
Civil Aviation Authority	20%

ANNEX C: MONITORING

The Cayman Islands Government will provide the following information to the United Kingdom Government:

Triennially: Actuarial reviews of contingent and actual liabilities, including healthcare and pensions provisions.

Annually:

- Annual audit reports for the Cayman Islands Government and Statutory Authorities/Government Companies.
- Debt and PPP/PFI breakdown for Cayman Islands Government and Statutory Authorities/Government Companies.
- Annual updates on GDP figures, employment, and the performance of key sectors to the extent that this is not separately identified in budget documentation or the SPS.
- The Cayman Islands Government's SPS, accompanied by a written request for any approvals that may be necessary over the course of the next fiscal year owing to the Cayman Islands Government failing to comply with the Framework. Both should be submitted to the United Kingdom Government no later than five weeks before the SPS is due to be published.
- The Cayman Islands Government budget in draft no less than five weeks before it is due to be presented, and when finalised.

Monthly:

- Liquid Assets fund balances and variance analysis.
- Revenue and capital and operating expenses, actual performance and forecast reports with accompanying variance analysis.

On request:

- Details of the stock and composition of debt, currency, date and origin of issue, maturity, and interest rate structure.
- Updates on capital project progress.
- Details of proposed capital investments, PFI, PPP and alternative forms of private finance, an independent accounting opin-

Annex B: STATUTORY AUTHORITY AND GOVERNMENT COMPANY RISK-WEIGHTS

ion on the IFRS accounting treatment and the capitalised value of the arrangement, and implications for public expenditure prepared and signed off by appropriate independent professionals.

- Completed investment appraisals.
- Such other information as may reasonably be requested.

ANNEX D: TRANSITIONAL PROVISIONS

The unprecedented global financial crisis has forced the Cayman Islands Government to operate beyond the borrowing limits defined in Annex A.

The Cayman Islands Government will return to compliance with the borrowing limits by the following dates:

- Net debt: by no later than the beginning of the Cayman Islands Government financial year 2015-16;
- Debt service: by no later than the beginning of the Cayman Islands Government financial year 2015-16; and
- Liquid assets: by no later than the beginning of the Cayman Islands Government financial year 2015-16.

Madam Speaker, this is the full Framework of Fiscal Responsibility as dictated by the United Kingdom, and that they want us to implement in full in the PMFL. That is now before the House. All Members ought to know what they are voting on.

The Speaker: I missed it; were you going to lay that document on the Table?

The Premier, Hon. W. McKeever Bush: Yes, Madam Speaker, I will lay the document on the Table, although it's already a public document. But I will lay it on the Table of the House.

The Speaker: So ordered.

The Premier, Hon. W. McKeever Bush: Madam Speaker, I commend the Public Management and Finance (Amendment) Bill, 2012, to this honourable House for passage.

Members ought to vote their conscience. They know what we are being asked to do. They have heard the parameters, they have read the parameters. And, Madam Speaker, I am obligated to ask Members to vote for this Public Management and Finance (Amendment) Bill, 2012.

I thank you for your indulgence, Madam Speaker.

The Speaker: Does any other Member wish to speak? The Honourable Leader of the Opposition,

who just stepped outside, will be back to take up the debate.

Does any other Member wish to begin their debate while we wait for him?

[pause]

The Speaker: We have paused proceedings awaiting the return of the Leader of the Opposition who will be taking up the debate as the next speaker.

[pause]

The Speaker: The Honourable Leader of the Opposition will now begin his debate on the Bill.

Hon. Alden M. McLaughlin, Jr., Leader of the Opposition: Thank you, Madam Speaker, and thank you for your patience.

Madam Speaker, we come to this debate this afternoon somewhat surprised, for in the long and storied history of this ill-fated Framework for Fiscal Responsibility, this past week has been the most exciting and worrying and concerning part of that rather long saga.

Madam Speaker, the Premier signed this [Agreement](#) with the United Kingdom Government, the Overseas Territories Minister, Henry Bellingham, on 23 November last year. The Agreement says on its first page that “**subject to the agreement of this honourable House it will be incorporated into a revised Public Management and Finance Law,**” to come into force by 1 July this year. There was no discussion with the Opposition about the terms of this agreement in advance of the signature. None of us knew anything at all about what was transpiring within the inner sanctum of Government.

But the Premier, accompanied by the Minister of Education, travelled to the United Kingdom, signed this document, came back and announced it to us in late November of last year. No explanation was given at the time as to why it had been entered into. But, subsequently, the Premier has gone on at considerable length about how he was forced to sign this Agreement because he needed to get through the Budget, and that this had been forced upon the Government of the country because of the mismanagement of the government finances by the previous administration, that the UK had grave concerns about the budgeting process, they had grave concerns about the borrowing, they had grave concerns about the debt. And if you listen to him, they didn't have many concerns about procurement, but procurement formed a part of the Agreement nonetheless.

Madam Speaker, as things have unfolded it has become clear to all discerning listeners that, in fact, the reason for this Agreement could not have been the financial conduct of the affairs of the country

by the previous administration. If that had been the case, Madam Speaker, one would have to wonder why the UK took more than three years to address such a serious issue.

One also has to question the Premier's assertion that his signature was obtained under duress because he needed to get the Budget through. By the time this Agreement was signed on 23 November 2011, the Premier had presented not one, not two, but three Budgets to this House and had passed each of them. And so, Madam Speaker, there must have been some other compelling reason why this Agreement was signed in a big hurry in great secrecy, remotely in London by the Premier. I submit, Madam Speaker, that the country still has not been given a proper explanation as to why the Premier acted as he did when he did and executed this Agreement.

And the great irony in all of that, Madam Speaker, is that having signed this Agreement and not complying with the provision in it which says that the terms of it would be incorporated in a revised Public Management and Finance Law to come into operation by 1 July this year, the Premier then finds himself in a situation where, yet again, he, as Minister of Finance, is in grave problems with presenting to the country a Budget which meets the approval of the United Kingdom Government. And in what can only be termed as an unprecedented way, the Budget was presented to this House a full three months late.

One of the conditions which the United Kingdom Government imposed when it finally gave its assent to the terms of that Budget was—*surprise, surprise*—that the Framework for Fiscal Responsibility document had to be incorporated into legislation, I believe it was by 1 September. I have forgotten precisely what date; it may have been October—but certainly before now. And the Premier's response to that was to take issue with certain provisions in the document and the absence of other provisions in the document and to say that experts have been telling him that this may have disastrous consequences for the Cayman Islands if this Framework for Fiscal Responsibility document is incorporated without amendment as part of local legislation.

And, Madam Speaker, let me just finish the chronology narrative. That led us to the brink, I believe, over the course of the last week or so, when the Premier was told in no uncertain terms last Friday in writing by the Minister of Finance, in some of the strongest diplomatic language I have ever seen employed, certainly since I have been in this honourable House, that if he did not pass legislation incorporating the Framework for Fiscal Responsibility document without amendment, the UK would have to resort to what they called "alternative measures," which must be interpreted in this context as meaning that they would legislate for the Cayman Islands by order in Council.

And then, Madam Speaker, in what I can only describe as a curious turn of events there emerged the letter dated 30 November [*sic*], signed by the Premier, purportedly having been sent to the Foreign and Commonwealth Office, but neither the Governor nor the Foreign and Commonwealth Office could find any trace of having received the letter.

The Speaker: May I interrupt you a minute? What was the date of that letter?

Hon. Alden M. McLaughlin, Jr., Leader of the Opposition: The 30th November, Madam Speaker. I have a copy of it here. Sorry, 30 October; we're just in November. I have a copy of it here, Madam Speaker.

The Speaker: I just wanted the date corrected.

Hon. Alden M. McLaughlin, Jr., Leader of the Opposition: Madam Speaker, one has to wonder about the date on this letter, if perhaps the typist got the date wrong and it should have read the 2nd or 3rd of November instead of 30th October. But thus far there is no indication from the Governor or the Minister, Mark Simmonds, of ever having received this letter in advance of the Minister writing to the Premier on [2 November](#). The terms of that letter are now widely known and, indeed, the letter has been laid on the Table of this honourable House.

But, Madam Speaker, the Premier's response to Minister Simmond's letter was a statement made in this House on Monday—a statement I can only describe as belligerent—in which he made it plain that Mr. Simmonds clearly didn't have all the facts, clearly didn't understand, that he was not going to be intimidated by the FCO and he was not going to be pushed down certain courses by the Opposition, and so forth and so on, and that the first version of the amendment to the PMFL which had been circulated to Members earlier, and which did not comply with the document the Premier had signed in November last year, would be proceeded with and that Members of the House would then have to decide how to vote, and, of course, the FCO could do what they thought fit.

But, Madam Speaker, something happened. Something extraordinary must have happened between the delivery of this statement by the Premier on Monday morning and the very subdued and beaten Premier that delivered an address to the country last night in which he told the country that the big bad United Kingdom Government and the evil Leader of the Opposition had forced him to capitulate and to agree to legislate the Framework for Fiscal Responsibility in its original terms, and, indeed, to back down on his determination to sign a contract with China Harbour (CHEC it's called—China Harbour Engineering Corporation Limited), for the construction of berthing facilities in the George Town Harbour.

Madam Speaker, these two points were dealt with extensively by Minister Simmonds in his letter to the Premier on 2nd November. So, quite what happened between Monday morning and yesterday evening, I suppose only the Premier can properly tell us—and thus far has chosen not to do so. But, we are here this afternoon dealing with this document.

Madam Speaker, we continue to have grave concerns about the Bill as it has been presented. Even though we have only had sight of it this morning, and maybe we have missed something, there is no reference in the Bill to the major issue which has concerned the United Kingdom Government, which is the whole issue of procurement practices within the Cayman Islands Government. Madam Speaker, our concern is that it does not appear to us that the Bill complies with the requirements of the United Kingdom Government which is to incorporate the terms of the Framework for Fiscal Responsibility document into a revised Public Management and Finance Law. And, as I said, procurement has been the principal issue, the principal worry of the Foreign and Commonwealth Office with this current administration.

When the Premier claims, as I have demonstrated just now, that he was forced to sign this Agreement because there was an upcoming Budget that they needed to approve, that is demonstrably untrue, Madam Speaker. There was not another Budget due until June 2012. What has been operating, I am sure, Madam Speaker, on the minds of the people at the FCO had been the blatant disregard of the current administration, and the Premier and Minister of Finance in particular, for the provisions of the Public Management and Finance Law as they relate to procurement.

We had the situation with the Cohen financing, which had not been properly processed through the Central Tenders Committee. We have been through all of that in detail over the course of the last couple of years, and I am not going to spend a great deal of time today going through all of the sordid details of that. But the result was that a company that had been cherry picked by the Premier wound up getting the contract, supposedly for providing financing (I think it was \$155 million, or something like that). In the end, it had to be terminated. According to the Auditor General it cost the Government some \$450,000.

We had the situation where GLF, who had been agreed to be the contractor for the ill-fated cruise berthing facilities, had their agreement terminated by the Premier. Wrongfully terminated, I may say, because the country wound up paying some US\$3 million as compensation to GLF. And then we had CHEC (China Harbour Engineering Corporation Limited) again being cherry picked by the Premier and a contract being negotiated over the course of the last 18-plus months, which now, it seems, has come to naught.

Madam Speaker, in my respectful submission, it is those kinds of matters and increasing concern expressed by people locally, by the Governor, by Minister Bellingham when he was Minister of Overseas Territories, and by the Auditor General, about the procurement practices of the present administration that has largely led to their insistence that the terms of the Framework for Fiscal Responsibility document need to be incorporated in a revised Public Management and Finance Law. But we are here this afternoon with a Bill that doesn't deal with any of the procurement issues.

Now, Madam Speaker, I expect that what I will hear is that the procurement points (and I won't read them again, because the Premier has read the entire document into the Hansard, and everyone knows what they are by now) . . . what I expect I will hear is that the provisions relating to procurement will be promulgated later on by Cabinet as part of the regulations. Madam Speaker, I am not saying that there would be anything wrong in principle with that approach, but particularly given the sensitivity of this issue, and the fact that the Premier is down here this afternoon having this done because somebody, or some bodies, have told him that dire consequences will follow if this isn't passed, the least I would have expected, Madam Speaker, is that we would have had a copy of the draft regulations which would contain the procurement provisions so that not only Members of this House would be able to derive some comfort that in fact, finally, the Premier was actually going to do what he ought to have done a long time ago in relation to complying with what is clearly a directive from the United Kingdom Government—

The Premier, Hon. W. McKeever Bush: Madam Speaker, on a point of order, if the Member would give way I would enlighten him. He has correctly—

Hon. Alden M. McLaughlin, Jr., Leader of the Opposition: A point of clarification.

The Premier, Hon. W. McKeever Bush: Well—

Hon. Alden M. McLaughlin, Jr., Leader of the Opposition: Fine.

Point of Clarification

The Premier, Hon. W. McKeever Bush: Whatever you want to call it, Madam Speaker. I want to gain some clarity and give the House some clarity.

The Member well knows that regulations can't be passed before the substantive legislation; that is never heard of. The regulations are made, and we have the regulations, and I intend to table them when I get to the point of getting those copies delivered to me from the Ministry of Finance. And I will table them, Madam Speaker. But, as I said, they can't be made

until the substantive legislation has passed, given assent to from the House and the usual processes of assenting.

The Speaker: Thank you, Honourable Premier.
Leader of the Opposition.

Hon. Alden M. McLaughlin, Jr., Leader of the Opposition: Madam Speaker, I hear all of that. But the Premier still misses the point.

We are here as Members of the Cayman Islands Legislative Assembly. We have a Bill which he has—quite frankly in breach of the Constitution—produced today. But we forgive him for that because this needs to get done. He ought to have done this a long time ago so we could comply with the constitutional provisions and everything else.

But anyhow, that's not the big point today at all. We are here debating a Bill which we received this morning. The country has been on the brink of what many people, including myself, perceive as something of a crisis because the Premier was determined to get into a major battle with the FCO about this issue. Now, as I said, someone has had a come-to-Jesus talk with the Premier, and he has said he is going to do the right thing, and he is doing it quickly. And for that I am thankful.

But if we are asked to debate this Bill and to vote on it on the basis that what we are doing is ensuring that the Government, the Premier honours the commitment that he gave to the United Kingdom Government—not once, but twice—how are we to know whether or not the Bill and its accompanying regulations do comply with the terms of the Framework for Fiscal Responsibility document if we do not have before us for our consideration a copy of the regulations which, we understand now, will contain all of the provisions relating to procurement?

I am not suggesting, Madam Speaker, that the regulations could be passed, because the regulations would be promulgated under the Bill. We understand that. But we should have before us the draft regulations so that we can check and see whether the Government has done what it is supposed to do in ensuring that the procurement terms are contained in the Regulations and the Bill that we vote on is, in fact, a Bill which complies with the Agreement which our Premier has made with the United Kingdom Government.

Madam Speaker, we are now in this very uncomfortable place where we don't know what we are being asked to vote for, certainly as far as procurement is concerned. And I would urge the Premier to ensure that Members on both sides of this House know what it is we are being asked to vote on, particularly on a matter as critically important as this has become.

Madam Speaker, I am afraid that I do not take at all the assurances that are given by the Premier. I

am a little too long in the tooth, and I have had just too many unpleasant experiences when it comes to relying on what was said by him in this House or elsewhere. And I am not about to vote in favour of this Bill without knowing what it is that I am saying "Aye" to, because if it transpires—as it has transpired over the last almost a year—that the Premier does not carry through on his promise, on his word, then all of us are left looking like absolute idiots for having voted for something which falls short of what the UK has made plain they will accept.

The Premier, Hon. W. McKeeva Bush: [Inaudible]

Hon. Alden M. McLaughlin, Jr., Leader of the Opposition: Madam Speaker, we are left, I think, as a country to wonder about the Premier's conduct in the affairs of this country and how much attention he really is giving to the affairs of Government. For, Madam Speaker, it appears from Minister Simmonds' letter that he wrote to the Premier about this matter on 1 October . . . and as of the date that he wrote to the Premier, last Friday, 2 November, no reply had been received in relation to a matter that had, by this point, become not only critically important, but extremely urgent.

Madam Speaker, while the Premier seems to trivialise it, I don't think most people in this country truly accept that we should have been brought so close to the brink of a possible intervention by the United Kingdom Government because of the seeming inattention to a matter like this by the Premier. This is a concern that is growing increasingly. The Premier spends so much time airborne and in other places that perhaps there is good reason why he cannot apply himself properly to the affairs of this country.

I noted just now as I was online that we have another situation where this new company that has taken over the Ritz Carlton is saying that they were prepared to pay \$6 million, which Michael Ryan has owed to the Cayman Islands Government ever since (as part of the deal in concluding that particular purchase), but they tried time and time again to contact the Premier and the Premier was unavailable, or never responded. As a result the deal has closed and there is no opportunity now for Government to recover that \$6 million, notwithstanding the fact that the Premier told the *Caymanian Compass* on Friday that he was in the process of negotiating the recovery of this money.

The lawyers for this company, RC Cayman Holdings LLC, have now issued a statement this morning saying that they are in no such negotiations, they have no intention to pay the \$6 million owed by Michael Ryan to the Cayman Islands Government and that the Premier has missed the opportunity to do so. Indeed, Madam Speaker, on a TV show with a panel last night the Premier asserted again that this was something that was still in the process of negotiation.

Madam Speaker, this must be a matter of grave concern to the Premier's Cabinet colleagues, to his caucus, and is certainly a matter of grave concern to all Members on this side of the House, and I believe must be a matter of concern to the broader community. The Premier is not—plainly is not—paying sufficient attention to the affairs of this country. And that is why, in my submission, we are constantly finding ourselves in these kinds of crises.

Madam Speaker, I simply want to close by saying that the Members in the Opposition—and I am not speaking for the two Independent Members, necessarily, they will obviously make their own contribution—but we are supportive of the Framework for Fiscal Responsibility. We believe that whatever negotiations ought to have taken place ought to have taken place before the Premier put his “John Henry” on it and committed the country to an Agreement with the mother country. The time for saber-rattling and quarrel about whether this is a right provision or a wrong provision, or whether it's in the best interests of the country or not, was before the Premier actually signed the document. Not at this stage or, indeed, any other stage.

So, Madam Speaker, we believe that everything that can be done has to be done to try to retrieve the situation with the United Kingdom Government to start to give them some degree of confidence in the administration of the affairs of this country. Without that, Madam Speaker, the Cayman Islands Government is not going to get very much done, particularly in the present global economic situation.

Madam Speaker, I hope and pray that the Premier is not going to put us on this side in the position where we find ourselves either voting against this document or abstaining from the vote because we do not believe that we have sufficient information, and we certainly do not have the confidence that we can believe any undertakings given by the Premier about what is going to be contained in those Regulations. And so, Madam Speaker, I am not going to make a big meal about this, I am going to sit down now. But I believe and I hope I have made it very clear, very plain, what the position of the Opposition is in relation to this matter.

Thank you, Madam Speaker.

The Speaker: Thank you, Mr. Leader of the Opposition.

Does any other Member wish to speak?
Member for North Side.

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

Like the Leader of the Opposition, I also find myself in an uncomfortable position. The Agreement which I have clearly states that the provisions of the Agreement must be put in the law. From where I sit, that means the substantive law which, in order for any

changes to be made, would have to come back to this Parliament to change it, and not in subsidiary regulations which can be changed in Cabinet without my knowledge and in some instances without the knowledge of the UK. Any changes to the substantive law would have to alert the UK because the Governor would have to assent to it.

Madam Speaker, while I understand that the current Public Management and Finance Law (PMFL) does in fact provide the procurement provisions in regulations, in my view that should not have prevented the parts of this Agreement that relate to procurement to be placed in the law as the Agreement asks. Madam Speaker, I have not seen the regulations. Even if I am presented with the regulations, as a Member of this Legislative Assembly who is not a member of Cabinet, I will not vote for this Bill that says certain parts of the Agreement are going to be put in the regulations over which I will have no knowledge, no input, or no control [over] either what goes into it, or when, where and how it can be changed without my knowledge in the future.

So, Madam Speaker, unless the Government is prepared to amend the Bill before the House to incorporate the procurement measures that they intend to put in regulations as part of the substantive law which will require it to come back to this House to be changed, as long as I am a Member . . . I'm not worried about when I'm not a Member, because I won't have any responsibility to the people. It would be whoever represents the people of North Side that has that responsibility at that time, and it won't be mine. But as long as I am a Member, I want to know that the conditions placed in this Agreement are placed in the legislation.

Madam Speaker, I would ask the Acting Deputy Governor to determine by phone call or whatever, and inform this House ASAP whether it is the Governor's view that this legislation that we are now debating and expected to vote on has been accepted by the United Kingdom Government as being in compliance with the Agreement as the legislation says. Failing those two things, Madam Speaker, I will abstain from [supporting] the Bill because it does not represent what is there. I will not vote against the Bill because I understand and support the provisions that are contained in the Bill, but I will not vote in support of the Bill unless the procurement measures are placed in the law itself.

Thank you, Madam Speaker.

The Speaker: Thank you, Member for North Side.

Does any other Member wish to speak? Does any other Member wish to speak? [pause] Does any other Member wish to speak? [pause]

Member for East End.

Mr. V. Arden McLean: Thank you, Madam Speaker. I shall be brief.

Madam Speaker, I have my own concerns about this Bill to amend the Public Management and Finance Law, which is to transpose the Framework for Fiscal Responsibility into. I have similar concerns as the Member for North Side and the Leader of the Opposition with regard to regulations being made. We know the only time regulations come to this honourable House is when there is a requirement for affirmative resolution wherein it is laid, and if no one opposes it within 21 days then it becomes a regulation.

Madam Speaker, regulations outside of those can be changed by the Cabinet at any time and gazette without anyone knowing what is put into those regulations unless they see the gazette. Madam Speaker, the concerns I have are, if England is prepared for this country to do that, having been so forceful recently in ensuring that this Framework for Fiscal Responsibility was transposed into law in its entirety. That is what I understood that Minister Simmonds required of this Government subsequent to the Framework for Fiscal Responsibility being committed to by the Premier.

Madam Speaker, I said in this honourable House recently when we had the Budget and we were going through a number of issues with England, the United Kingdom Government, on the Budget, as to whether or not it was approved, or whether or not it had proper provisions for the Budget, I said then that we needed to stop playing Russian roulette with the United Kingdom Government because at some stage the loaded chamber is going to roll to the top. And the only ones that will get hurt as a result of that loaded chamber being snapped upon, is the people of this country. And we cannot afford for our people to go through any more hurt.

Madam Speaker, our people, besides being hurt over the last few years, are confused. And we are putting them into further confusion with the conduct we are carrying out between us and England. Our people are scared; they are concerned about what the 15 of us are doing in this honourable House, and how it affects their future. And we continue without regard to go down the same road we have always done, or have been doing for quite some time, with no concern about their future or how they view it.

Madam Speaker, I too ask the Government to confirm whether or not England, the United Kingdom Government, is asking for all of the principle provisions in this Framework for Fiscal Responsibility to be in law, or is there room to put some of them, such as the procurement processes, in the Regulation. Madam Speaker, I appreciate under normal circumstances procurement processes are placed into regulations in order that Cabinet and the Civil Service and the Governor, when they come up on issues in the operation of those regulations that do not accord with the requirements of the day they can change them. It is the operation of the law that regulations are.

Moment of interruption—4.30 pm

The Speaker: May I ask you to pause for a minute please?

Honourable Premier, we have reached the hour of 4.30.

The Premier, Hon. W. McKeeva Bush: Madam Speaker, we don't propose to go beyond 4.30. We propose to adjourn the House until tomorrow morning at 10.00 am. Before that, as I said earlier, Madam Speaker, if you will allow me, I had sent to get the copies of the financial amendment regulations to the Public Management and Finance Law, and I wanted to pass them out to Members so that they will have them, and they can't say that they don't have them. And they well know that regulations can't be made until a law is made. And all our financial procurement matters are dealt with by regulations.

So this is where it came through Cabinet and I think the UK must understand that. I don't know of any change of that opinion, but that is what we proposed and that's what's happening. So . . . give that to them and make them sleep on it, and they can look at it and read it and then they can't say that they didn't get it.

[Inaudible interjection]

The Premier, Hon. W. McKeeva Bush: Read it and you will see.

[Inaudible interjections]

The Premier, Hon. W. McKeeva Bush: So, Members are getting these and if they have anything to add . . . in fact, I would ask them. I am giving them this. Please tell me if you see something that you think needs to be added to it.

The Speaker: Honourable Premier, can you make the motion for adjournment now, please?

ADJOURNMENT

The Premier, Hon. W. McKeeva Bush: Madam Speaker, we ask for the House to be adjourned until 10.00 am tomorrow.

The Speaker: The question is that this honourable House do adjourn until 10.00 am tomorrow.

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

Ayes.

The Speaker: The Ayes have it.

At 4.35 pm the House stood adjourned until 10.00 am, Thursday, 8 November 2012.

