



**CAYMAN ISLANDS
LEGISLATIVE ASSEMBLY**

**OFFICIAL HANSARD REPORT
ELECTRONIC VERSION**

2012/13 SESSION

20 August 2012
Third Sitting of the First Meeting
(pages 97–128)

Hon Mary J Lawrence, MBE, JP
Speaker

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PRESENT WERE:

THE SPEAKER

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

MINISTERS OF THE CABINET

Hon W McKeeva Bush, OBE, JP, MLA	<i>Premier</i> , Minister of Finance, Tourism and Development
Hon Juliana Y O'Connor-Connolly, JP, MLA	<i>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 Jennifer M Ahearn	Temporary <i>Deputy Governor</i> , Member responsible for Internal and External Affairs and the Civil Service
Hon Jacqueline Wilson	Temporary 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 D Kurt Tibbetts, OBE, JP, MLA	First Elected Member for George Town
Mr Moses I Kirkconnell, JP, MLA	First Elected Member for Cayman Brac and Little Cayman
Mr Anthony S Eden, OBE, JP, MLA	Second Elected Member for Bodden Town
Mr V Arden McLean, JP, MLA	Elected Member for East End

INDEPENDENT MEMBER

ABSENT

Mr D Ezzard Miller, JP, MLA	Elected Member for North Side
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APOLOGIES

Hon Alden M McLaughlin, MBE, JP, MLA	<i>Leader of the Opposition</i> , Third Elected Member for George Town
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**OFFICIAL HANSARD REPORT
STATE OPENING AND BUDGET MEETING
2012/13 SESSION
MONDAY
20 AUGUST 2011
4.26 PM
Third Sitting**

The Speaker: I will ask Pastor Anna Josephs to lead us in Prayers.

PRAYERS

Pastor Anna G. Josephs : 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: Proceedings are resumed. Please be seated.

Before we proceed any further, I will call on the Government, the Honourable Premier, to make a motion that the proceedings of this House take place after the hour of 4.30 pm.

Honourable Premier.

Suspension of Standing Order 10(2)

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

Madam Speaker, I move that we suspend Standing Order 10(2) in order for this honourable Legislative Assembly to conduct business after 4.30.

The Speaker: Thank you.

The question is that Standing Order 10(2) be suspended to allow this honourable Legislative Assembly to conduct business after the hour of 4.30. All those in favour, please say Aye. Those against, No.

Ayes.

The Speaker: The Ayes have it.

Agreed: Standing Order 10(2) suspended.

ADMINISTRATION OF OATHS OR AFFIRMATIONS

Oath of Allegiance [Administered by the Clerk]

The Speaker: Mrs. Ahearn.

Will Members of the House please stand?

Mrs. Jennifer Ahearn, Acting Deputy Governor: I, Jennifer Margaret Ahearn, 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: This honourable Legislative Assembly welcomes Mrs. Ahearn to be the Acting Deputy Governor, and to take her seat.

Mrs. Wilson.

Oath of Allegiance [Administered by the Clerk]

Ms. Jacqueline Wilson, Acting Attorney General: I, Jacqueline Wilson, 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: This honourable House welcomes Ms. Wilson as the Acting Attorney General and invites her to take her seat.

Please be seated.

READING BY THE HONOURABLE SPEAKER OF MESSAGES AND ANNOUNCEMENTS

The Speaker: I have no messages or announcements today.

MOTION FOR THE SUSPENSION OF THE HOUSE

The Speaker: Honourable Premier.

The Premier, Hon. W. McKeeva Bush: Madam Speaker, I move that this honourable House do rise to await the arrival of His Excellency the Acting Governor, Mr. Franz I. Manderson, Cert. Hon., JP, to receive a gracious message from the Throne.

The Speaker: The question is that this honourable House do rise to await the arrival of His Excellency the Acting Governor, Mr. Franz I. Manderson, Cert. Hon., JP, to receive a gracious message from the Throne.

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

Ayes.

The Speaker: The Ayes have it.

This honourable House will be suspended to await the arrival of His Excellency the Acting Governor.

I invite the Premier to accompany me to meet His Excellency.

Agreed: That this honourable House do rise to await the arrival of His Excellency the Acting Governor to receive a gracious message from the Throne.

Proceedings suspended at 4.38 pm

ARRIVAL OF HIS EXCELLENCY THE ACTING GOVERNOR

His Excellency the Acting Governor: Please be seated.

The Speaker: It is my great honour to welcome His Excellency the Acting Governor of the Cayman Islands, Mr. Franz I. Manderson, to the Legislative Assembly to deliver the gracious message from the Throne on behalf of Her Majesty. Thank you.

Mr. Manderson

SPEECH FROM THE THRONE

Delivered by His Excellency the Acting Governor
Mr. Franz I. Manderson, Cert. Hon., JP

Hon. Franz I. Manderson: Madam Speaker, Members of the Legislative Assembly, it is a great honour for me, in my capacity as Acting Governor, to present the long awaited Throne Speech for the 2012/13 fiscal year.

The Throne Speech, as we know, is the product of policy direction from the executive branch of Government and the specific operational plans developed by civil servants to make these policies a reality over a 12-month period. Each year's speech is the product of service-wide collaboration. Along with the annual budget document, it provides an invaluable tool for the public to ensure that it receives the best possible value for money and to hold the elected Government and the Civil Service accountable for the promises that it makes.

As such I would like to take this opportunity to encourage the media but also the general public to use this document to learn about the public sector initiatives that they can expect to see this year. It will be available on the Government and Legislative Assembly websites.

Having worked in the capacity of Deputy Governor and Head of the Civil Service since February of this year, I have become ever more aware of the role that the public sector plays in the health of the overall national economy. As such, the Civil Service is committed to providing the Cayman Islands public with value for money. We believe that this is particularly important in a global economy that is still struggling to recover fully from the effects of the recent recession.

There have been some bright spots in the local economy, such as an upward trend in stay over visitors, since last year's throne speech. Yet we are all aware that there are serious social concerns that we have only begun to tackle, such as crime and unemployment. In the past few months we have seen major arrests for serious crime; it is obvious that the additional funds which the police received late in the last financial year, have proved to be an example of a fruitful investment. It is important that we acknowledge the work performed by all our law enforcement agencies and emergency services; we owe them all a debt of gratitude.

This financial year, additional funds will not be readily available as in previous years and Government must address these issues within the guidelines established in the three-year plan for reduction of spending, agreed with the Foreign and Commonwealth Office (FCO). This requires a delicate balancing act by the public sector, but it is also one that is faced by Governments around the world.

We are all aware that larger more developed economies have been struggling to make ends meet

as a result of the economic situation. As a small-island nation, the Cayman Islands finds itself in a similar situation, but must strive to maintain its reputation as a world-class jurisdiction with far more limited resources. This can only be done by a public sector that is committed to good governance and ensuring that its citizens and residents receive value for money.

To help the Cayman Islands achieve this goal, the new financial year marked the introduction of the Framework for Fiscal Responsibility (FFR), agreed with the United Kingdom Government, which aims to strengthen public financial management and fiscal planning.

Furthermore, our image is inseparable from our economy. For us to retain our edge among global competitors for our tourism and financial services markets, it is important that the Government be seen to function as a rights-based democracy that is dedicated to enforcing the rule of law.

The imminent enactment of the Bill of Rights which is enshrined in the 2009 Constitution is a significant step in this process. Fulfilling its requirements, in the present economic climate, may call for a certain amount of creativity and innovation, as well as commitment to sustainability and good governance. Yet I am confident that these things are within the grasp of the Cayman Islands public service, although not without cost. Full implementation in the public sector is estimated to cost millions of dollars, much of which is in the present Budget. Thus it is with considerable anticipation that I now share with you the plans of the Ministries, Portfolios and Departments for the financial year 2012-2013.

Institutions Supporting Good Governance

The Civil Service includes three independent commissioners: the Auditor General, the Complaints Commissioner and the Information Commissioner. Core activities for the Office of the Auditor General will include the financial audits of the 43 Government entities and providing the Legislative Assembly with up to four financial and performance audit reports.

The Office of the Complaints Commissioner (OCC) will strive through public education and outreach work to be more accessible to all residents of the Cayman Islands. It will also focus on the effectiveness of internal complaints processes throughout Government, recognising good practice in an awards ceremony in October 2012.

Meanwhile, the Information Commissioner's Office (ICO) will continue to promote the public's understanding of the Freedom of Information (FOI) Law, and encourage public authorities to proactively publish information where possible.

Judicial Administration

The Judiciary will explore ways in which a new court house can be funded, while making temporary use of other suitable spaces to reduce the waiting times for cases. Following the success of the Drug Rehabilitation Court, the Judiciary will seek to expand this approach to areas such as mental health and domestic violence.

Another important objective will be to ensure that proposals for the reform of legal aid avoid placing undue bureaucratic or fiscal restraints on the efficient administration of the justice system.

Furthermore the implementation of the Bill of Rights will require new procedures to be developed to ensure that the Court is properly able to deal with applications alleging breach of those provisions. While the Judiciary will draw on experience elsewhere in the region, in Europe and in North America, its preparations will strive to ensure that its approach properly reflects the Cayman Islands culture and history.

The Judiciary will also continue to modernise its operations by implementing an information technology (IT) strategic plan.

Cabinet Office

In addition to advising on policy development and implementation across Government Ministries and Portfolios, the Policy Coordination Unit of the Cabinet Office will continue to implement the Crime Reduction Strategy. The unit will also broaden training to policy advisors and decision makers on policy development and implementation.

The Protocol Office will work to develop a greater online presence for quick access to protocol-related guidance, facts and information.

The Freedom of Information (FOI) Unit will assist the Data Protection Working Group with the development of a Data Protection Bill, and will help to present the draft legislation to both the public and private sectors.

Computer Services will continue to expand online Government services and electronic document management to help agencies revamp processes and procedures, improve workflows, and minimize costs for delivering services.

Government Information Services (GIS) will refine its business processes to ensure a more targeted delivery of services to stakeholders across all of its areas of operations, and, in particular, to the general public. An increased use of strategic planning, technology and market research will be integral to this process.

The Temporary Homes Unit will endeavour to transition the John Silver's facility in West Bay, which is the sole remaining site under its control, to the Ministry with relevant responsibility.

The Portfolio of the Civil Service

The Portfolio of the Civil Service will work to raise professional standards in the Civil Service by implementing a new audit programme that offers a real-time perspective of performance management compliance across the Civil Service. It will also launch the Deputy Governor's Award initiative to recognize high performers. In addition, the Portfolio will expand human capital development opportunities by introducing a framework of academies which will link training to specific job clusters.

Other plans include amending the Public Service Management Law and Personnel Regulations to effect recommendations contained in recent reviews of the public sector. These changes should also ensure compliance with requirements emanating from other legislation, such as the Bill of Rights and the Gender Equality Law.

The Deputy Governor's Office

Staff of the Deputy Governor's Office, in conjunction with the Portfolio of Legal Affairs, will continue to prepare Government for the November 2012 implementation of the Bill of Rights. Specialist training for those public officials who have powers of arrest commenced earlier this week.

Phase 4 of the Review of the Public Service will be completed in 2013 and will focus on a rationalization of the civil service, implementation of reports geared at financial and human resources (HR) reform, as well as the implementation of recommendations contained in the past three reviews of the Public Service.

In addition, the Deputy Governor's Office and the Attorney General are in the process of developing new legislation to give a legal footing to the parole system.

Portfolio of Internal and External Affairs

Over the coming year, the Portfolio of Internal and External Affairs will continue to emphasise security. The Royal Cayman Islands Police Service (RCIPS) will strive to maintain the reduction that it has achieved in gang-related violence and to ensure that a similar reduction is achieved in relation to armed robbery offences.

The police will continue to utilize a pro-active task-force to patrol at-risk locations, as well as to actively stop and check known suspects. These efforts will be augmented by the use of trend data compiled at the conclusion of cold-case reviews, and by enhanced professional development opportunities for officers.

The completion of the RCIPS/Customs & Immigration Marine Base will have a strongly positive impact on law enforcement capacity.

The Immigration Department will continue to prepare for the enactment of the Bill of Rights later this year. To the extent that finances will allow, the Department will also continue to implement improve-

ments to workflow processes through an expansion of its information technology (IT) systems. The review of the Islands' immigration legislation will also continue. In accordance with Government policy, the Immigration Department will eliminate outgoing immigration.

Her Majesty's Cayman Islands Prison Service is restructuring operations to ensure the strengthening of the two key pillars of corrections: security and rehabilitation. Accordingly the prison service will recruit a number of positions essential for the operation of critical rehabilitation programmes, intended to improve the reintegration of offenders into the community and reduce recidivism.

Furthermore, feedback from the recent visit by the UK Prisons Inspectorate will facilitate enhanced compliance with the requirements for the treatment of incarcerated offenders outlined in the Constitution and the Bill of Rights.

The Department of Community Rehabilitation will leverage synergies with the Prison Service in order to ensure a more comprehensive and effective continuum of care. The department, with support from the Judicial Department and the Department of Mental Health, will also work to establish a Mental Health Court, a pilot of which has already proven to be very successful in reducing the level of recidivism amongst participants.

Meanwhile the Legislative Assembly will focus on using modern tools and technologies to enhance its operations and ensure the timely and accurate delivery of content such as, Bills and Hansard.

Through the European Union Funded R3i project, Hazard Management Cayman Islands (HMCI) remains committed to providing critical hazard risk assessment information to inform land development and general development decisions. An ongoing vulnerability assessment is far advanced and upon completion, will provide the necessary tools to aid relevant agencies in this area.

The Department of Public Safety Communication's Electronic Monitoring Centre provides offender monitoring services in addition to monitoring the National CCTV Programme cameras. Phase 1 of the CCTV project will shortly be completed, at which time 226 high definition video cameras will be in operation at 79 different locations on Grand Cayman.

Portfolio of Legal Affairs

The Portfolio of Legal Affairs will carry out a program of legislative work that includes piloting a number of draft laws such as:

(a) The Child Pornography Bill to prohibit child pornography and related acts in keeping with the Islands' international obligations under a number of human rights instruments;

(b) The Attorney General's Reference of Questions Bill which seeks to empower the Attorney

General to refer constitutional and other questions to the Court of Appeal; and

(c) A revised Notaries Public Law. In collaboration with other agencies, the Portfolio will also continue its ongoing review and modernization, where necessary, of the anti-money laundering framework in light of the revised Financial Action Task Force (FATF) recommendations.

In addition it will engage in, and assist core government agencies with, their ongoing preparation for the coming into effect of the Bill of Rights in November 2012.

Office of the Director of Public Prosecutions

The Office of the Director of Public Prosecutions has completed the process of physical separation from the Attorney General's Chambers, by moving into its own offices at Bermuda House.

The Office will publish a Prosecution Witness Charter which will set out the standards of care for witnesses in the Cayman Islands. The document will guide persons as to how they can expect to be treated by the Prosecution if they are witnesses to a crime, or incident, and have been asked to give evidence for the prosecution in a Criminal Court.

The Office will also continue to work with criminal justice departments and law enforcement agencies in determining and implementing ways to improve the efficiency of the criminal justice system.

Ministry of Finance, Tourism and Development

In the area of Public Finance, the Ministry of Finance, Tourism & Development will ensure that government finances improve, fulfilling the reporting requirements of the new Framework for Fiscal Responsibility as previously outlined; and limiting the need for such controls.

Under this new agreement, the Strategic Policy Statement will also entail a detailed approach to medium term planning that will provide the FCO with an in-depth view of Government's planned financial affairs for the next three fiscal years.

The framework will also involve an expedited timeframe for the country's fiscal planning, in order to fulfil the FCO's requirement to review the finalized Statement and annual budget document at least three weeks prior to publication or presentation to the Legislative Assembly. Government is determined to work in accordance to the framework, with the view that it will assist with improving the state of the economy, in a timely manner.

Meanwhile the Economics and Statistics Office (ESO) will participate in a world-wide initiative called "International Comparison of Prices."

The Customs Department will reform and modernise its programmes to enhance border security and revenue collection.

These programmes, in the areas of: compliance management, intelligence, risk management and specialist officers, will complement the recently acquired automated system known as "TRIPS", or Total Revenue Integrated Processing System, and x-ray scanners.

A major objective for the Internal Audit Unit will be to strengthen its operating framework through the establishment of an Audit Committee.

In the coming year the Maritime Authority of the Cayman Islands (MACI) will establish services in Switzerland, Turkey and the Middle East through the appointment of a representative. The Authority also plans to expand and re-structure its Far East Services to include Korea, Malaysia and Thailand, by broadening the scope of existing representation there. In addition it will continue to reduce operational costs by contracting out some functions and moving its head office into the new Government Administration Building.

In the area of Financial Services, a number of key initiatives are planned. The enforcement arm for Trade and Business Licensing will investigate complaints, conduct on-site inspections, and work to collect outstanding fees.

The Department of Commerce and Investment will continue to seek to diversify investment interest in the Cayman Islands by determining a framework and action plans for new niche markets.

The Financial Services Secretariat will facilitate changes to legislation that will enhance the robustness of the financial services industry. Furthermore, it will address global tax and regulatory matters that affect the economic and financial services sector, including Phase II of the Peer Review by the Global Forum on Transparency and Exchange of Information for Tax Purposes. The Department will also continue to promote the Islands in various jurisdictions, such as China and Brazil.

Finally, the General Registry will provide new online services to enhance the experience of corporate clients and improve the competitive position of the Cayman Islands. The Registry will also introduce business continuity capabilities in the event of a disaster or other interruption to service.

I now move to the Ministry of Tourism where work continues on a variety of initiatives and projects geared towards stimulating market growth and ensuring sustainability.

The Department of Tourism continues its focus on the establishment of a hospitality institute. An advisory committee has been appointed and discussions are ongoing. The Department will also continue to support medical and sports tourism which should provide incremental boosts to visitation and aid in industry diversification.

Cayman Airways Limited plans to maintain its best financial performance over the past 10 years by working on methods to reduce fuel costs, while continuing to provide an improved service.

The Cayman Islands Airports Authority also plans to proceed with medium term re-development to address current and future capacity demands at both international airports. Ground has been broken for development to commence at the Charles Kirkconnell International Airport, formerly the Gerrard Smith International Airport. Work to improve the Owen Roberts International Airport will commence shortly.

In the area of Development, the Department of Planning is working to increase the efficiency of the planning process through initiatives ranging from legislative updates, to the increased deployment of E-government services.

Ministry of District Administration, Works, Lands and Agriculture

In the area of District Administration, work will continue on the Brac multipurpose building shelter, the Public Works Department's vehicle maintenance building, as well as the Little Cayman Command Center. Furthermore the Sister Islands Affordable Housing Development Corporation (SIAHDC) plans to complete 16 homes in the coming financial year.

At the Sister Islands Sports Field professional lighting is expected to be completed to FIFA standards later this month.

In the area of Infrastructure, the Department of Environmental Health (DEH) will focus on more efficient technologies such as waste to energy. It will also promote comprehensive solid waste disposal management for Grand Cayman, and complete a solid waste environmental impact assessment for Cayman Brac.

The Mosquito Research and Control Unit will complete construction of its new aircraft hangar, which is to include a maintenance workshop, secure storage and a purpose-built pesticide store to enhance aerial operations for better mosquito control.

Once the National Weather Service completes the new Doppler Early Warning Radar project, this will close the weather black hole in the Caribbean, and improve the quality of warning information.

In the area of Core Services, new Laws and regulations are being introduced to enhance and promote road safety. These include the Traffic Law (2011) and associated regulations, as well as the Official Road Code (2012). This legislation allows for the registration and licensing of electric vehicles for the first time and will contribute to reduced carbon emissions and a greener environment.

In addition the Petroleum Inspectorate is drafting the Dangerous Substances and Storage Law to improve safety and help the department become self-sustaining.

Food security will continue to be a priority for the Department of Agriculture, which will seek to address the issue through promoting backyard farming, community gardens and commercial farms.

Ministry of Education, Training and Employment

The Ministry of Education, Training and Employment will continue to support lifelong learning and development for the people of the Cayman Islands. Key objectives and initiatives include:

In the area of Education:

- A new legislative framework and strategic plan to facilitate the Ministry's continued drive towards a world-class education system;
- The introduction of reception classes in three additional Government schools. This will be accompanied by an increase in the age of school entry to five years, and full implementation of the Early Childhood Curriculum Framework ;
- The Ministry will open the new Clifton Hunter High School and four new primary classroom blocks;
- It will also launch an initiative to provide high quality teacher education and leadership development;
- The Ministry will also develop new library programs and services for target groups, and enhance National Archive community outreach and education programmes.

In the area of Training:

- The new National Workforce Development Agency will support work readiness and job placements for Caymanians actively seeking employment or career progression;
- A national workforce development and training agenda will be established; as will:
- A national work readiness programme, Vocational Education and Training (TVET) strategy, registration standards and a quality assurance framework for training institutions.

In the area of Employment:

- The new Department of Labour and Pensions will seek to improve compliance and enforcement in its subject areas;
- It will also develop enhanced systems for a more rapid resolution of pension and labour disputes, and strive to promote best practice in labour and pension compliance.

Ministry of Community Affairs, Gender and Housing

The Ministry of Community Affairs, Gender and Housing adopted a collaborative, holistic approach to addressing human needs and have identified a number of broad strategic goals.

In the area of Community Affairs, the Ministry will strengthen youth rehabilitation services with the formation of a new public authority that will oversee and manage therapeutic programming for juvenile offenders.

Key legislative initiatives for the Ministry in this area will include:

- Training practitioners on the enacted Children Law (2003), Children (Amendment) Law, 2009 and Regulations;
- Amendments to the Youth Justice Law (2005 Revision);
- Establishment of a public authority to oversee the youth rehabilitation facilities;
- Amending the Poor Person's Relief Law & enacting regulations; and
- Revisions to the Cinematograph Law;

In the area of Gender, the Ministry will request the UK to extend the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) to the Cayman Islands.

Ministry of Health, Environment, Youth, Sports and Culture

In the area of Health, the Ministry will prepare and implement action plans for the National Health Policy and undertake a public education campaign to increase awareness and understanding of the amendments to the Health Insurance Law and Regulations.

In the area of Environment it will table the National Conservation Law in the Legislative Assembly, bringing a much-needed legislative framework for the conservation of our valuable natural environment; and it will, finalise a National Climate Change Policy to create a policy framework to guide mitigation of, and adaptation to, climate change.

In the area of Sports, the Ministry will prepare a National Sports Strategy to help guide the development and promotion of sports in line with international best practices, while recognizing the unique needs of the Cayman Islands.

And, in the area of Culture, work will begin on a National Cultural Policy in collaboration with all cultural partners, including the National Gallery, the National Museum, and the Cayman National Cultural Foundation.

Conclusion

Madam Speaker, Members of the Legislative Assembly, I would like to recognise all those public servants responsible for developing and implementing the plans that I have just outlined. The budget process can be challenging, stressful and prolonged and no doubt often seems like a thankless and unending task.

Yet each year thousands of public servants across Government pool their talents, resources and initiative to bring us to this stage, thereby helping to ensure that Government agencies are able to accomplish their proposed goals for the good of our nation.

I pray that God will provide wisdom and guidance to the Members of the Assembly in any delibera-

tions that are to follow, and that He will continue to bless and protect the Cayman Islands.

[Desk thumping]

DEPARTURE OF HIS EXCELLENCY THE ACTING GOVERNOR

Procession departed in the following order:

Serjeant-at-Arms

The Honourable Speaker

His Excellency the Governor

Mrs. Manderson

Aide-de-Camp

The Honourable Acting Chief Justice

Reverend Anna G. Joseph

Proceedings resumed at 5.17 pm

The Speaker: Proceedings are resumed. Please be seated.

MOTION OF THANKS TO HIS EXCELLENCY THE ACTING GOVERNOR

The Speaker: Honourable Premier, the Honourable Minister responsible for Finance, Tourism and Development.

The Premier, Hon. W. McKeeva Bush: Madam Speaker, I am indeed privileged as the Father of this honourable House, having just listened to our own Deputy Governor making history in delivering the Throne Speech in this honourable Legislative Assembly. What a day! And no guns have boomed and all is well. I am proud to move:

BE IT RESOLVED THAT this honourable Legislative Assembly record its grateful thanks to His Excellency the Acting Governor, Mr. Franz I. Manderson, Cert. Hon., JP, for the Address delivered at this Meeting.

The Speaker: The question is: Be it resolved that this honourable Legislative Assembly record its grateful thanks to His Excellency the Acting Governor, Mr. Franz I. Manderson, Cert. Hon., JP, for the Address delivered at this Meeting.

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

Ayes.

The Speaker: The Ayes have it.

Agreed: The Legislative Assembly recorded its grateful thanks to His Excellency the Acting Governor for the Address delivered at this Meeting.

MOTION FOR DEFERRAL OF DEBATE ON THE THRONE SPEECH

The Speaker: Honourable Premier, the Honourable Minister responsible for Finance, Tourism and Development.

The Premier, Hon. W. McKeeva Bush: Madam Speaker, I beg to move the following resolution:

BE IT RESOLVED THAT the debate on the Address delivered by His Excellency the Acting Governor, Mr. Franz I. Manderson Cert. Hon., JP, be deferred until Wednesday, 22nd August 2012.

The Speaker: Thank you, Mr. Premier.

The question is: Be it resolved that the debate on the Address delivered by His Excellency the Acting Governor, Mr. Franz I. Manderson, Cert. Hon., JP, be deferred until Wednesday, 22 August 2012.

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

Ayes.

The Speaker: The Ayes have it. Debate is accordingly deferred.

Agreed: Debate deferred until Wednesday, 22 August 2012.

GOVERNMENT BUSINESS

BILLS

FIRST READING

Appropriation (July 2012 to June 2013) Bill, 2012

The Clerk: The Appropriation (July 2012 to June 2013) Bill, 2012.

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

SECOND READING

Appropriation (July 2012 to June 2013) Bill, 2012

The Speaker: Honourable Premier.

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

Madam Speaker, on behalf of the Government, I beg to move the Second Reading of a Bill shortly entitled, the Appropriation (July 2012 to June 2013) Bill, 2012.

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

BUDGET ADDRESS

Responsible Governance in Challenging Times

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

Madam Speaker, I've met many, many challenges in my life. This has been the biggest. I am sure the Government that I lead, Madam Speaker, could probably say the same. There have been times when I thought I would give up the fight. It is not easy for any man to be pushed around. It is not easy for anyone who has been involved in this Legislative Assembly for four years, much less to be elected for seven terms, as I have been; not easy after 40 years of having our own say in our Budget to be now told when I should move and when I should sit. It is not easy.

Some are proud of this day, I know, Madam Speaker. I am not! And it hurts to the core. Not to have someone watch over your shoulder, I have always believed that that is good for someone to say, *stop, think, look and think again*. I have always been able to take advice. But by God, Madam Speaker, people must be reasonable.

Nevertheless, Madam Speaker, we have come this far because good people have been praying for us. Good civil servants and elected Members have worked hard. I am thankful, as an elected Member, that I do have the team I have. I have an elected team that will work when we give them something to do. I have a Financial Secretary who is steadfast. I have a Deputy Governor now that I feel I can trust and will work with me, although, Madam Speaker, he is a civil servant and has to do according to what he is told. But no one can say that they should not be proud in this day to stand or sit here and hear him read and see him deliver the Speech from the Throne.

And all of those people over the years who said that this would be a bad day for Cayman [are] proved wrong. They are wrong! And they will ever be wrong! Because, after all, we are not fool-fool, we are not over-ambitious and we are loyal to these Cayman Islands. Madam Speaker, I am pleased and humbled to rise as Cayman's first Premier in this 60th year of the reign of Her Majesty Queen Elizabeth II, Her Majesty's Diamond Jubilee year, to offer heartfelt congratulations to Her Majesty, and best wishes and God's blessings to the whole Royal family on behalf of the Government and people of the Cayman Islands from this vantage position.

The Jubilee spans the past 60 years, during which Cayman has come from being a Crown Colony and Dependency of Jamaica, to the vigorous Overseas Territory it now is. While I will speak in some detail on our solid fiscal performance over the term to

date, the question I would like to keep focused on is 'What of the next 60 years'?

Madam Speaker, in May 2009 the people of our beloved country elected those of us in this Chamber, entrusted us to take up the powers and duties of Government, to positions of leadership in the economic, social and political development of the Cayman Islands. On taking office we found the most challenging environment for managing our public and economic affairs. Before we could plan for success, we had to plot a course to keep us afloat. I had to travel to sit with people that I didn't know to get us off the black list. And then to be beat over the head at home for traveling to do so. And the beatings have not been relentless, they have been constant from one end to the next; from the political end to the official end at the Foreign [and Commonwealth] Office. Nevertheless, we faced the challenge without fear or favour.

We formed genuine partnerships—public/private partnerships, domestic/foreign partnerships and employee/employer partnerships—to pave a path to economic recovery. And I have done so with my Ministers and backbench support. And we have made friends throughout the world. There is no territory that we are not friendly with, that we have not tried to do good by. There is no territory that I don't have a good relationship with. Even the mother country speaks of a good relationship. So, we formed the partnerships to pave a path to reach economic recovery. Have we reached economy recovery? Getting others to believe in the process required our commitment to curb the growth of government while promoting the role of the private sector. We have done that.

These recent challenges confirmed what we know: that Caymanians are a resilient people; that we believe in fairness, and trust good leadership. We give them thanks, and salute their spirit of resilience in our people. The man on the street, the private and public sectors, our churches, our education facilities, our teachers, our judicial services, the NGOs; all have worked hard, past and present Members of this House, to keep and bring these Islands to where we are today.

Unfortunately, the international economic environment has remained unfavorable and very uncertain over the last four years. Indeed, just recently two major European economies slipped back into recession. The United Kingdom and Spain experienced two consecutive quarters of economic decline, with Spain's unemployment rate approaching 25 per cent, and they have now had to seek assistance for their banks.

The UK's slippage prompted the British Prime Minister David Cameron to deliver a speech on the economy on May 17th, in which he said:

"We are living in perilous economic times. Turn on the TV news and you see the return of a crisis that never really went away. Greece on the brink . . . the survival of the Euro in question.

"Faced with this, I have a clear task: to keep Britain safe. Not to take the easy course—but the right course. Not to dodge responsibility for dealing with a debt crisis but to lead our country through this to better times." That's what I've been trying to do as well, to lead our Islands through all this to better times.

Madam Speaker, in my first Budget Address in 2010, speaking in a spirit of optimism, I said, **". . . in spite of the threatening clouds, my government is focused on strengthening the economy of these Islands; pursuing responsible financial management that will pave a better way forward for the citizens of these Islands; and leading Caymanians and residents to safer and calmer waters, no matter what the season."**

In last year's Budget speech, I stated that **". . . there is evidence that the country is heading in the right direction, through our Partnership for Recovery. But we must stay the course; we must make some tough decisions, to guarantee a brighter future."**

The United Democratic Party Government found significant budget deficits in 2009—the result of the last Government's lack of grasp of fiscal prudence. In last year's Reply to the Budget, the Leader of the Opposition confirmed their aversion to fiscal prudence when he queried whether or not I was correct in suggesting that poor management of our economy, especially, poor management of our fiscal affairs, could trigger a devaluation of the Cayman dollar.

Madam Speaker, the Government was also confronted with huge financial commitments for capital expenditure—in the hundreds of millions—which were not properly provided for. This situation was compounded by significant increases in debt. We, however, faced the situation and we fixed it! We fixed it, Madam Speaker, but it has burned every budget we produced, and will continue to do so until the world and our economy move upwards.

In the grip of a declining economy, we found the government's revenue base also declining. This compounded the fiscal difficulties of the Government, and made prudent management much more difficult, as large recurring public expenditure had to be carried to maintain the Civil Service, to maintain capital plant and other standing commitments, along with those that the last government shocked us with! You heard in the Deputy Governor's speech some 54 new policemen. This cut deep into what we were bearing back then.

My Government takes comfort from the fact that the mother country is moving in a similar direction. Prime Minister Cameron is saying, and I quote, **"We must resist dangerous calls for us to retreat. Yes, we are doing everything we can to return this country to strong, stable economic growth. But no, we will not do that by returning to the some-**

thing-for-nothing economics that got us into this mess.”

My government understands this. So we have adopted the something-for-something economics, through encouraging private sector investment to assist us in our partnership for recovery. But in doing that, also to remind ourselves that we have to take our people along with us. And where there is failure in the private sector to do that . . . and they are not going to take care of the poor people. No. For far too long we said we didn't have poor people. Oh, some can do better; but I think time has proven us wrong. So, Government's budgets rose in the Ministry of Community Affairs. There were more calls for more and more scholarships as more and more children sought to go overseas and locally (thank God).

Madam Speaker, the entire Cabinet has spent many hours in contemplation. We have reflected on the tasks of governing in these times, and found solace in the words of Governor Adlai Stevenson, who was nominated for president many years ago by the Democratic Party in the United States. He said: **“Help me to do the job in the autumn of conflict and of campaign. Help me to do the job in these years of darkness, of doubt, and of crisis which stretch beyond the horizon of tonight's happy vision, and we will justify our glorious past and the loyalty of silent millions who look to us for compassion, for understanding, and for honest purpose. [Thus we will] serve our great tradition greatly.”**

While our little country is not on the scale of the United States of America and there are not millions of us (that was in 1952), yet some 60 years later, the world's current period may be characterised as also one of doubt and of crisis. While we do not have millions of people, our thousands of people are looking to us for compassion, understanding and honest purpose. And we too have years of self-governance, and a great tradition that has grown through steadfastness.

The builders of our country over the past 60 years, for decades, long before we learned some of the skills of the trade of marketing, long before there were ad campaigns, and brand developments, they themselves, our forefathers, were the brand. The phase after our men, our fathers and grandfathers and brothers, our uncles in their droves went to sea, was not a phase where our people stopped being hard workers, and stopped achieving. No! Men came home and began adapting and ensuring that their children were going to be prepared for what was coming.

Women—the wives, mothers and grandmothers—didn't lose their leadership skills. They didn't have television, they barely had a radio. But they provided large amounts of the drive to embrace the new opportunities, much of the grounding that enabled us to continue our proud traditions of private good manners, and public graces.

We have in many ways been blessed, as a people. And our elders have behaved, and shown to the world such simple class in their ways of being, to make them—to make us—justly renowned. That is why we celebrate them and this is why we shower them with praise and thank the good Lord for his guidance and watchfulness over their lives and ours.

Times are changing. The demands on families are changing, and the stress on governments is changing. Caymanians seamen used to travel the world—from Japan, to South Africa, to Greece. Now the world is at our door. We serve interests from around the world, and we have rapidly learned to serve them well. We continue to learn to serve them because the requirements of business becomes increasingly complex, the technology to manage business transactions is evolving rapidly, and the regulatory framework here to keep one step ahead of all of this.

We have come a long way, Madam Speaker. When we face rough seas now, they are across the negotiating table or perhaps on the phone, seeking new business and trying to ensure Caymanians' interest are protected. We have come a long way. To think that our eldest had few radios to go around; if you wanted to hear something you probably had to go somewhere down the street or maybe even in another community as in West Bay, somewhere else to hear the news. I will never forget when the late teacher Beulah Smith went to Jamaica to receive her Badge and Certificate of Honor from the Queen. There was no television, but we were so proud to listen to the JBC [Jamaica Broadcasting Corporation] and RJR [Radio Jamaica] when they called her name. To think that our eldest had few radios to go around and now probably the only person who doesn't walk with or work with a cell phone, or some other personal computerised device, is a person who doesn't really want one.

The challenges of governance press increasingly hard on those with responsibility. This applies to Cayman and every other country in the world. The current world economic stagnation has reminded us of all that. Peoples around the world need to fully appreciate that making economics work so people can benefit, while ensuring that this is sustainable both socially and environmentally is all a much daunting task.

The people in and out of Government, who made us what we became over the last 60 years, could not have done so had Cayman not already developed a tradition of robustly working on our own initiative, using our own strong sense of judgment and good common sense, and, having been left alone, even encouraged in that way by the UK.

As we celebrate the great nation-building contributions of our good and strong Caymanian people, we do so keen to look towards, to work for, an even better future. We can look back; but this is no time to turn back. Let us all . . . for those naysayers who say

you can't and you mustn't and you shouldn't, and those who would yield a mortar pestle . . . we can't turn back, for no one of us wants to live as we had to back in the 60, 70 years ago. Let us pledge to work together—this House first—for the common good. But in today's Cayman, it's not just this House, Madam Speaker, that is setting trends.

There are other institutions, or should be institutions, that are setting trends. Thank God that we still have a church that is still strong. We do! But let those in the private sector who stand and accuse Government, whether it be civil servant or Members of this House, let them put their best foot forward. Let them take up the call and the challenge to hire more people now. Don't change the advertisement so that our people can't qualify.

Madam Speaker, I said a few nights ago that the little boy might not be able to be the accountant, but he can be. The little girl who should be a clerk at the stores, at the supermarkets, might not be able to manage a billion dollar hedge fund, but she can be. They can be that shop clerk! And I should not have to take money every day out of my pocket—as I am sure all Members of this House are doing—to help feed them in this day and age. And so, Madam Speaker, I am beat upon and cursed and made fun of, and I am threatened. But I won't give up. No! I nearly did, but I won't give up.

There is much work to be done, but all of us have to pull in the same direction. Civil servant, have your political alliances if you want. It's up to you. Democracy works. But, by God, stick with me and work with me. I say the same of my membership; stick with me. And I say across the floor, your job is not just to cry foul. Your job is not just to walk out of this honourable House. I don't believe that anyway. But you must pull with us when you see forces greater than us fighting us. You shouldn't clap your hands with glee, because today it's me; tomorrow it will be somebody else. We should not be rowing over fire ants while elephants are trampling us! And the delegations to his Excellency's office should carry with them, the Bible. Don't carry a political manifesto; carry the Bible and tell the truth, because they don't work in a vacuum. They are working based on what they hear; based on the division they feel and they see and that they can create! That's how they work.

Haven't you read history? Haven't you read what happened in Africa, India? Don't you know? Oh yes you do; you know. You read. They didn't lock up Kenyatta for nothing. Oh, they locked him up so that he couldn't be a challenge. Montserrat's financial industry was not closed down back in the 70s just so; it was a plan. This country has too much going for it. For those that are being led down that path, so that they can criticise and have something to hold and say, *See? This is what the Governor has said.*

And then you point your finger, one; the other four are somewhere else. And it's not my business; it

is your business as well. We must work together, Members of this House, independents as much as those of us who are affiliated with a party. Those who are on work permits, those who we have made Caymanian. We all must work, for any seeds we plant now for future development have fertile ground in which to take root. That fertile ground can be good. But for those who go abroad and were educated and now are using the airwaves and using the social media . . . if we step in the wrong direction, those who have much more education than some of us will chose something else that we might be forever unhappy about. Let us chose the fertile ground. Let us help it to take root. Good can't done!

We take self-reliance and personal responsibility seriously. We believe, nevertheless, in fairness, in being good neighbours. We believe in the rule of law, and justice tempered with mercy. We have held onto these things, they continue to shape our expectations and evaluation of good government and the way in which to secure the place and order that make good government possible, because we humble ourselves to the grace of an Almighty God. I know some do not believe there is a God. We know of the atheists. We know. You see it when you talk about nation building and giving to the church. What I am talking about here are at the core of our resilience, our hope in the future, our capacity for self-governance.

In the knowledge that the Almighty does not put more on man than he can bear, I have tried "to do justly, to love mercy, and even walk humbly with my God," as the prophet Amos proclaimed.

Madam Speaker, in an effort to put systems in place to deal with the challenges of leadership and management of the Islands, we started immediately in 2009 to correct and improve the country's international image by means of real performance. Early in this term, we engaged in intense negotiations with the then new Government in the United Kingdom to permit us as the new Caymanian Government the space to renegotiate existing credit facilities. The law had been broken, and so we had to go at the master's feet. The restructured government loans resulted in some fiscal space to assist in working our way out of the inherited economic problems.

In addition, this UDP Government made changes to major areas of policy to assist businesses, and agreed to the construction of a major medical tourism facility as an example of our foreign investment strategy. It didn't make that without opposition, even in Cabinet.

To find solutions to the challenges before these three great little islands, we embraced the philosophy of essential partnerships for recovery in which new emphasis was placed on private/public sector partnerships to drive our economy forward. We also put a renewed emphasis on the partnership between the government and the people to deliver social cohesion. In addition, we established a stronger partner-

ship between the government and public institutions to secure our political stability.

I have said it before, Madam Speaker. Caymanians have a history of stability, in our economy, society and politics. It is known that our stability was founded on the backs of hard-working people, respect for the law, accompanied by the freedom to allocate our limited resources and to distribute the benefits of our collective efforts.

Over the past four years, we have had to work even harder to combat the negative effects of the most prolonged international economic recession in recent history which has witnessed rising oil prices, rising food prices and a sluggish economic recovery, accompanied by painfully slow, if any, job creation. These negative effects have combined to make the management of our economy that much more difficult. It is a remarkable positive in our favour that in this area of international economic turbulence and uncertainty, Moody's—the International Credit Rating Agency—maintained an Aa-3 credit rating for the Cayman Islands.

Madam Speaker, it must not go unnoticed that in 'Navigating Towards Prosperity', the title of last year's Budget Address, that the Government was taking a step forward from a 'Partnership for Recovery', as described in the Budget Address of 2010. This recovery was conceptualised in the context of the three-year plan which we agreed with the FCO and which identified five key strategies: (1) public sector reform; (2) limits on new borrowing; (3) broadening the revenue base of government; (4) reducing operating expenses; and (5) creating public/private finance initiatives.

The approach in the public sector reform is on maintaining employment levels and delivering services more efficiently. This boils down to higher productivity in the sector—that is, achieving more output from the available inputs. To achieve this, greater attention is paid to training and the use of technology, which demands keeping an eye on the quality of the workforce including its capacity to be trained and re-trained.

The initial sacrifice requested of public sector workers has paid dividends and has contributed to the improved fiscal position of the government over the course of the last three years. We are therefore grateful to the civil servants for their role in restoring hope, through assisting in paving the way for future prosperity. Madam Speaker, it didn't stop there. The Civil Service has again come forward and cut a 3.2 per cent of their income, their salaries. It's difficult.

Madam Speaker, perhaps the single greatest indicator of the maintenance of fiscal discipline is that the country incurred no new long-term debt in fiscal year 2011/12 and there is no plan to incur any such debt in the current fiscal year 2012/13. Our national debt management strategy rests upon solid principles of controlling borrowing especially external borrowing,

improving pension security, increasing reserves and working towards the achievement of budget surpluses. So now we have to reorganise the bonds that we have. I think it's the right climate to do so, and we can save. And we are on that trajectory also.

So far, all four principles are on course that I spoke of. The strategy has allowed us to reverse the mess we found, when unsustainable budget deficits, rising debt, and declining reserves were the order of the day.

Madam Speaker, even when my Government has increased its revenue base, it has done so very responsibly by taking on board sound tenets of public policy. We have been clear, in outlining the purpose of the policy. We have been certain, in assessing the incidence of the policy. We have been sure, in measuring the cost-effectiveness of the policy. So much so that sometimes I wonder if we have gone mad! Perhaps the best example of this approach is demonstrated in the very modest fee on 'master funds' regulated by the Cayman Islands Monetary Authority (CIMA), since it was introduced in last year's budget.

The certainty of the incidence of the 'master funds' fee goes without saying, but more importantly the leaders in the local financial services sector agreed that the fee could be introduced without any adverse effects on the sector. This agreement provided strong assurances of the cost-effectiveness of the policy. So, when some people in the private sector push their ideas about the direction you are going and how wrong it is, nobody wants to give up any dollar, Madam Speaker. It's as simple as that. They don't want to give up anything. They expect the best services that the country can give. Well, if their services must be paid for by the millions of dollars in the accounting firms, in the various machineries of commerce, lawyers, and I work with them and will protect them and struggle, but if they have to charge what they charge, and if they have to pay the salaries they pay and they themselves earn, well then, what of the people who are struggling to maintain? What helps them make theirs? Simply put.

All of my career I have heard that—how much we must get the Civil Service to do. I read a report that my chief of staff gave me when Governor Crook talked about the increasing pressure (I think it was maybe 1970) to grow the Civil Service because of the pressures from the private sector to produce the services that they needed. And it was the right thing to do. That's what made us what we are today.

But the public service couldn't do it with a pot and a pan and a spoon! We had to retrain and retool. And that's necessary. Teachers have to do that. Public sector managers have to do that. It costs, it costs, it costs, it costs. And sometimes, as I said, I think we are going mad. But the facts are the facts. You can't build a strong house out of straw.

Madam Speaker, as noted in last year's Budget there are major benefits inherent in the good fiscal discipline of the government:

- It puts checks on government's expenses and this in turn means that the private sector can price its goods and services to remain competitive.
- It reduces the need for external borrowing – which in turn reduces the debt burden on the public purse, and as such government's resources can then be more extensively utilised to provide services that the public needs.

The fiscal discipline achieved over the last three years is even more remarkable, when it is recalled that in the first two years of my Administration, the government incurred debt for the continued building of the Clifton Hunter High School and the John Gray High School started by the previous Government. These schools will each cost approximately one hundred and ten million Caymanian dollars (CI \$110 million), to construct, equip and furnish. And it's going to cost, and cost and cost to maintain it! Don't think you can do that with a million dollars. Watch what I say.

My Administration has also completed the Government Administration Building at a total cost of approximately one hundred million US dollars (US\$100 million). Well, Madam Speaker, they say we didn't do anything. I wonder how we finished that. Who did it? I heard one campaigner say one time "I did it." Well, it wasn't me by myself; it was the entire Government. We worked hard to get it done, having been committed to it.

Madam Speaker, the way in which the last Government went about the financing of the two high schools is a lesson in how not to conduct the fiscal affairs of government. The lack of planning is indicative of how small vulnerable countries can find themselves overnight almost paralysed by a self-induced stroke. *Humph*, Madam Speaker, I knew it wouldn't be long. Some people like to sport a new shoe; but they can't take the pinch.

You know, Madam Speaker, I don't want to divert from my speech because it is long—

The Speaker: Member for East End, the Premier is delivering his speech, please be courteous and allow him to do so without interruption. That is a part of the rules of this House. Please do not make me rise on the matter.

Mr. Premier, please continue.

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

Mr. V. Arden McLean: Madam Speaker, on a procedural matter.

The Speaker: Member for East End, please sit down.

Mr. V. Arden McLean: Madam Speaker, can I speak on a procedural matter?

The Speaker: Member for East End, please sit down! Mr. Premier, please continue your speech.

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

Madam Speaker, the truth is that if I walked out of my house door and there was a huge hole that had been dug and I didn't know it was there, and I fell in and I had no ladder to get out, was I to blame? Or was the person who dug the hole to be blamed?

You have murderers in prison charged, convicted for murder, 20-odd long years. Who's charged? Who did it? Yes.

Madam Speaker, I know how much to blame ourselves. We have our faults. We have made mistakes. But I don't lie down, nor stay home and plant cassava when I make a mistake. If I make a mistake and find out so, get up, correct it and move forward. That's always been my *modus operandi*. I am not an angel; I am a human being. And there was only one perfect man. There was only one perfect human being. So, we make our mistakes and we shall say . . . and the world knows everything you do today before it even gets out, it's gone. Your very letters are on the Internet, even before you can get it signed sometimes—it's gone. So, everybody knows what you're doing. Nothing to hide! But mistakes are made and when mistakes are made, we say it was a mistake that we should not have made, or we couldn't help, and we move on, correct it and move on. But it's a pity because some people don't want to see that, Madam Speaker, while they grumble and carry on and curse you. And then if you make a change, you've done the wrong thing still.

Fortunately for us, we could manage the symptoms found in 2009 once the appropriate diagnosis revealed the facts and the Government acted immediately. Now, if the Opposition doesn't like that, well, I'm sorry. If they pick up and walk out, well they have to go.

The potential paralysis from the swelling debt in the Caymanian economy was enough to further encourage, the Government to find a more viable approach to investing, both domestic and foreign. We have made encouraging progress with this alternative approach.

In June 2011, we announced the contents of the investment alliance with Dart Cayman Islands, known as the ForCayman Investment Alliance. At the time, I stated boldly that investment around the world has been uncertain. The Government will not plan to engage in further long-term borrowing—even for needed projects, including schools and roads. Investors the world over are still exercising caution, waiting

and watching before committing to large projects. Therefore, the need for partnerships with the private sector to build national infrastructure, facilities, social and educational programmes, without incurring any debt or obligation to repay, now or in the future, is an essential part of my Government's economic growth strategy. This approach is far superior to that which the PPM government pursued prior to 2009.

Madam Speaker, Government's investment strategy is integrated with our debt strategy. An everlasting principle of investment is that it is done out of national savings. However, not even large countries are able to rely only on their domestic savings for investment and therefore foreign investment is an absolutely essential component of their strategy. This is even truer for small countries with limited financial resources, and truer still for countries like the Cayman Islands which live and thrive on providing internationally credible opportunities and services for foreign financial sources.

In the circumstances, anyone who goes against such a clearly articulated debt strategy, given what the country has had to contend with through the most prolonged economic recession for decades, must do the responsible thing, and come forward with something better. This is why they are supposed to be called Her Majesty's Loyal Opposition. It is however understandable that the Opposition party, having failed to conceptualise a plan of action for managing the Caymanian economy in its last term in office, would wish to ascribe improper motives to such a well-conceived investment strategy that we have put forward. Oh, they have done everything in the world to throw cold water on it, to stop it. This is their way of diverting attention from their failure to perform when in office, and their failure now to conceive of credible alternatives. I haven't heard one! In how many months of prolonged debate, I haven't heard it! Where is it?

Cut the Civil Service by \$70 million. Oh yeah? Then they said, *Cut it by [\$]20 [million].* Make up your mind. I'd rather take the last approach because, by God, you would destroy the country. What is it? *Oh, put in a lottery.* A lottery? Some on my side would vote against it. And you are not going to get what everybody thinks you are going to get out of lottery in this country. They are not going to get it, and it is not an alternative. You are not going to get it. If you got \$3 million after all the expenses—if—you would be lucky to get it. Studies have shown it.

And let me say quite bravely, it would be better for them to legalise it and let those that are doing it do it lawfully so you wouldn't get the criminal activity around it. But don't hold it up as a panacea to our Budget woes! Come with something better.

Where is your plan? *Oh, we'll give you a plan next year when you go campaign.* Well, what happened to your campaign for three years? Where is it? Put up or shut up! In all this prolonged debate and anguish, heartache, pain and loss of sleep by civil

servants and elected Members, they haven't come with one solid idea. They run to the Governor and ask him when he is going to do something about me. That can't fix the Budget or the future. It can't. When they are going to do something about me—to divert, cause problems, destroy what we have.

In the speech to which I referred earlier, I said that the Dart Group of Companies has contributed very significantly to the economic growth and development of our country. And anyone who has any knowledge, any foresight and we can even see today; don't look into the future look at what's happening now. And if they tell you that the company hasn't done something for this economy is talking nonsense. And it's no good of you cutting off your nose to spite your face. No matter who we like, I don't have to sleep with them, I don't have to go to their place for dinner, I don't have to be with them. I want people that can invest in this country and give our people an opportunity to do business and to get a living and for government to get revenue that our grandchildren, yours and mine, and every one of our people can have a chance to succeed.

No sense in cussing Dr. Shetty. None! Particularly when there is no truth—trumped up charges, trumped up lines that sit on a radio and say, *What a nice group of fellows we are, look how sensible we are. We can cuss the Premier and say all manner of evil about him and we can say all kinds of foolishness.* People call themselves 'Captain' when they can't find themselves from the car door to the house door. And these are the people that I must listen to and spend time with in this House and outside? I'm not! I am not going to do so. Not listening to them. When they bring a credible plan they will get a listening ear.

In fact, when we look at the total economic impact to the Cayman Islands by their Camana Bay project, it has been estimated at approximately eight hundred and twenty-six million US dollars (US\$826 million) and its construction has generated more than a thousand jobs since it began in 2005.

I pray that if nobody else listens, that at least the ears in here tonight are listening. And I hope that in another couple of days some more people will know. The truth is the truth. Let not people worse off than us lead us around by the nose. That's the disgrace, when those that have the knowledge, those that have the sense, listen to people . . . Madam Speaker, sometimes I give up. They say I don't have a high school education. Well, I didn't. But I got good common sense; and a good grounding in what is right and wrong. And if I were a pharmacist I would be a pharmacist. I know that! And if I had (and this is in my Speech, I am following my Speech) a finance degree, I would be the best that I could be. I am not going to listen to people who don't know what they are and what they are doing. And they haven't done anything for me to say that Government should listen to them.

Now, why should we? If I were a pharmacist, I would be a pharmacist—and a good one!

Madam Speaker, the Dart group, has demonstrated its commitment to help make Cayman a better place through its charitable activities and contributions, which have exceeded thirty million US dollars (US\$30 million) in the last decade alone. I repeat. We are proud of that partnership agreement. I want more from them (and I will try to get it too) for these Islands.

The ForCayman Investment Alliance satisfies the underlying principle that government facilitates while the private sector finances. This principle is born out of a more enduring philosophy that we believe in—that the best strategy for achieving sustainable growth in these Islands' economy is to inspire the private sector to do what it does best, create wealth and generate jobs. And don't hide those jobs from our people. I see the people who are talking about doubt and making insulting statements. I see the editorials. Madam Speaker, I would have been a fool to have believed that we could go out and get investors when there were none, sit down and go through the strategies, and knew what we were facing then. The people have to sit and plan. I would have been a fool to believe that all of this would have been done at one time. No. I didn't believe that then, I don't believe so now.

Madam Speaker, what I have said is that:

- the Dart projects;
- ForCayman Investment Alliance;
- enhancements to our Immigration policy;
- the Narayana Cayman University Medical Center;
- cargo dock to do trans-shipment;
- the Dart agreement with new hotels and other commercial property developed;
- a golf community development in North Side/East End;
- a new 4-star hotel in the Bodden Town area;
- a re-development for a cruise ship jetty at Cayman Turtle Farm to make it more tourism oriented and to become sustainable, to pay its way;
- numerous partnerships with the private sector in the building of condos and commercial development that is keeping the construction industry going today; and
- new gateways for CAL and other airlines to enhance tourism.

I say that those things will put these Islands in a good economic position in the future. The country will be better off when those projects are developed.

So, Madam Speaker, we recognise that since 2008 the growth in the world's wealth has been cut dramatically, or the spending thereof, and so too has the capacity of the world's economy to create jobs. This woeful combination was triggered by the pursuit of greed within certain sectors in the world's largest

economy, without the appropriate regulatory framework in place to prevent the misuse and abuse of financial resources. As a result, the governments around the world saw the need for intervention to protect not only their own economies but also to shore up major economies as well.

The intervention was carried out by respective governments and effectively shifted the burden of adjustment to the public sector. Eventually, it was recognised that the public sectors, especially in European countries, were, themselves in need of reform and not just their financial systems.

In the process of reform, several major European countries and even the United States of America suffered downgrades in their credit ratings from international rating agencies like Moody's. So the international economic environment has not been favorable to either wealth or job creation, and yet these three blessed little Islands founded upon the seas are riding the pounding waves and looking forward to the lull and rewards of a calm sea.

Government Finances: Madam Speaker, since assuming office in 2009 Government has brought down the unaudited deficit of the entire public sector operations from a whopping eighty-one million (CI\$81 million) at the end of June 2009, to a mere ten million (CI\$10 million) at the end of June 2012. The make-up of these unaudited deficit results is: Central Government experienced a small deficit of approximately \$2.0 million for the year to 30 June 2012; and the performance of Statutory Authorities and Government Companies resulted in an unaudited net deficit of \$8.0 million. This has been achieved without having to send home the 20 per cent of civil servants the Labour Government in the UK wanted me to do, and without compromising the quality of goods and services delivered by the government. And we must stand firm to not let that happen under this Government of the UK either. And I must say that the Budget we have produced, the one that I am speaking to, the one that we will examine, will not do that.

There is absolutely no doubt that the Government continues to play its part in the "partnership for recovery" through sustained fiscal discipline. But the fiscal performance in the current financial year is even more remarkable when it is recognised that the Government does not plan to incur any new external debt during the financial year. In fact, we are not going to be able to do that for the next four years, because that's the way the Budget is now fixed with the UK. They have the say.

In order for the public to understand the magnitude of my Government's accomplishments, they must review the financial statements and look at the facts. Madam Speaker, rumour is rife in Cayman today. As the old people used to say, 'Don't believe everything you hear. Look at the facts.'

It is time for all concerned to recognise the fiscal discipline exercised by my Government, and to

hopefully give credit where credit is due. It is known that last year there were differences of opinion between the FCO and my Government with respect to the level of budgeted operating expenditure. Indeed it was suggested that our proposals be reconsidered—and this was done about four times. The bone of contention came over the operating expenditure in 2011/12 not exceeding four hundred and ninety point two million dollars (CI\$490.2 million), as set out in a letter by the FCO of 10 June 2011. This figure represented total operating expenses before financing for the core government.

Madam Speaker, a year has passed and the budgeted amount for operating expenses has been revised from four hundred and eighty-nine point nine million dollars (CI\$489.9 million) to five hundred and nineteen point four million dollars (CI\$519.4 million) for the year ended June 2012. This represents an increase of twenty-nine point five million dollars (CI\$29.5 million); but on the other hand, the total government revenue was forecast to be sixteen point nine million dollars (CI\$16.9 million) more than budgeted for. Therefore the fiscal deficit for the 2011/12 year was forecast to be a breakeven result for central government for the year ended 30 June 2012.

The preceding was the revised forecast position for the core government. The unaudited actual results for the year ended 30 June 2012 indicate that central government experienced a small, that is, \$2 million, deficit for the year. When we include financing expenses—and those are not small . . . You see, they get hot, Madam Speaker, when we talk about it. But we are paying close to \$60 million in interest and the entire bill (let's put it this way) is close to \$60 million. So, when they get up and walk out because I say so, it's a fact! It's no lie. And when we include financing expenses we find that the total operating expenses of the Cayman Islands Government increased from five hundred and forty point seven million dollars (CI\$540.7 million) for the financial year ended June 2009, to five hundred and forty-six million dollars (CI\$546.0 million) for the year ended June 2012. This amounts to an extremely small increase of five point three million (CI\$5.3 million) over three years, or an average of just one point seven million dollars (CI\$1.7 million) per year. Again I must say that this is a remarkable testament to the entire government's fiscal stewardship. You can't get out of the fact that you have interest on principal to pay.

Put another way, our total operating expenses have remained virtually unchanged between the comparison dates of 30 June 2009 and 30 June 2012. This has been achieved during the worst international economic recession in over 80 years. By any measure this shows remarkable fiscal prudence on the part of the Government.

On the other hand, over the last three years, growth in total operating revenue contributed to the reduction in the deficit. Revenue grew by forty-five

point nine million dollars (CI\$45.9 million), predominantly on the back of higher prices, and some nominal growth in the economy. Madam Speaker, the other major contributor to the reduction in the fiscal deficit has been a deliberate strategy on the part of Government to avoid investing in extraordinary items and restricting deficits on investments in public authorities.

I now turn to some specifics for the fiscal year 2011/12: Instead of the budgeted surplus for the entire public sector of three point six million dollars (CI\$3.6 million) stated in the original 2011/12 Budget, the unaudited actual results is an entire public sector deficit of ten point three million dollars (CI\$10.3 million) for the year ended June 2012 is a difference of thirteen point nine million dollars (CI\$13.9 million).

In terms of total revenue, a figure of five hundred and fifty-two point seven million dollars (CI\$552.7 million) was budgeted for the financial year, but the unaudited actual results indicate revenue of five hundred and forty-four million dollars (CI\$544.0 million) was earned in the year ended 30 June 2012.

The one new revenue measure introduced during the course of this past fiscal year was a very modest fee of twenty-five hundred dollars (CI\$2,500) on certain master hedge funds that I spoke of earlier.

On the expenditure side, central government's operating and financing expenses of five hundred and fifty-two point eight million dollars (CI\$552.8 million) were budgeted for. But the unaudited actual results for the year to 30 June 2012 were five hundred and forty-six million dollars (CI\$546.0 million). That is six point eight million dollars (CI\$6.8 million) less than budgeted.

Madam Speaker, the lower than budgeted figure for operating and financing expenses is a consequence mainly of reduced personnel costs of seven point three million dollars (CI\$7.3 million); higher than budgeted outputs from non-government suppliers of four point eight million dollars (CI\$4.8 million) and less transfer payments of three point two million dollars (CI\$3.2 million).

I will provide more details for the movements in these latter two components of operating expenses just mentioned above. The category of outputs from non-government suppliers was budgeted for twenty-four point six million dollars (CI\$24.6 million) but actual costs incurred in the year were twenty-nine point five million dollars (CI\$29.5 million) in the financial year 2011/12. The jump in spending is attributed to certain critical components. For example, the allocation for tertiary care at various overseas institutions has been exceeded by five point three million dollars (CI\$5.3 million), from thirteen point two million dollars (CI\$13.2 million) to eighteen point six million dollars (CI\$18.6 million).

In respect of the expenditure account, rental accommodation for persons in need, actual costs incurred were point seven million dollars (CI\$0.7 million) more than the original budgeted amount of one point

one million dollars (CI\$1.1 million). These are the kinds of increases in spending that cannot be avoided. These represent some of our development challenges, Madam Speaker—both to come to grips with the chronic non-communicable diseases, which represent such a large share of our health expenses, and to turn our welfare system from entitlement to enablement. Both the ministries involved recognise these challenges and are seeking to address them.

I now turn to transfer payments. That has taken the beating in this Budget discussion. An initial figure of twenty-eight point eight million dollars (CI\$28.8 million) was budgeted, but this was increased during the year to thirty-four point two million dollars (CI\$34.2 million). The actual unaudited expenditure for the year to 30 June 2012 is thirty point nine million dollars (CI\$30.9 million). The increase in the allocation for transfer payments of five point four million dollars (CI\$5.4 million) comes predominantly from “poor relief vouchers” which was initially budgeted at one point one million dollars (CI\$1.1 million) and subsequently increased to two point nine million dollars (CI\$2.9 million).

Unaudited results show cost for this category was two point one million dollars (CI\$2.1 million) for the 2011/12 year. In addition, the category of local and overseas scholarships and bursaries had expenditures by the end of June 2012, of eight point nine million dollars (CI\$8.9 million), up from an initial budgeted amount of seven point five million dollars (CI\$7.5 million). Again, these increases in spending are virtually compulsory for a caring government. They also highlight a combination of existing development challenges, that I spoke of earlier, and actions to facilitate positive human development.

I say again, Madam Speaker, they talk about the transfer payments because some of that includes what we term nation building. It's okay because we had to do that, whether or not some people believe that. You see, Madam Speaker, it seems all right for this country to spend \$52,000 per year on a prisoner. But I mustn't spend and give the church to help them with their renovations, or help them with an after school programme, or give a scholarship, to give that young person a chance who can't qualify otherwise; it seems that that is all right. Let's build the prison bigger, let's create more police so they can lock up more children, more people and give more officers to the court so that they can judge them and send them to good old Northward. Fifty-two thousand dollars per year per child and we mustn't give the youth organisation, we mustn't give . . . I don't believe that; never did.

I believe that our social policy has to meet those challenges because for far too long they have been unmet. And this policy, this Budget Statement creates that policy to move forward with our social development. We have had to cut it and cut it and cut it, but we will set it on the right footing, because no matter how much we develop up the country, no mat-

ter how much we build up our civil service, no matter how much we promote abroad, no matter how much we care, whoever comes here and works, we don't want to charge them anything, no matter how much we protect the finance industry, no matter how much we do those things. If we leave our young people to drift and do not present the alternative for those bad deeds down the road, all of that is for naught.

All of it is for naught. And, instead of Government helping old people with a hammock or a hurricane window, they are going to have to help people put up bars around our windows and our doors. Not if I have any say in it. That could be shortly, that might be the end of the next term. But up until then I will do my best to assist the people who altogether did not have that opportunity and will not have it.

Isn't it better, Madam Speaker, I say, to give Professional Automotive \$50,000 or \$70,000 to help them train 12 boys to be mechanics and get them off to college in Jamaica, the Heart Institute, to do their tests? Isn't it better to do that than to build another Clifton Hunter? Isn't it better? Isn't it better to help the church build its hurricane shelter than for me to take \$6 million, put it up, lock it up in the day, and maintain it, and maintain it and maintain it? Isn't it better to give the church even \$1 million and then maintain it, and then the community gets the use of it. Which is better? Come on my friends, don't smite your conscience.

Tell the truth! You know the truth.

Madam Speaker, as I said, Government debt grew. And most of the new debt was commitments made by the last Administration. And we successfully restructured some of the debt in a way that increased the maturity period of the debt and realised some short benefit for the country. For this we have been criticised too. Look at the things they said, Madam Speaker. Ha! Look at the investigation. You think I don't know! Check to see if McKeever made a dollar out of it. Me? Yeah? I'm sorry, Madam Speaker, because as a man thinketh, the Bible says, so is he. The things that they accuse you of are the things that they do. Or if they are not doing here, they have done it someplace else.

If we had gone with Cohen or anybody else we would have saved millions of dollars on the interest rate. Look at what the US rate is—the low rate there; some .025 per cent base rate. We would have saved millions of dollars. That's why the accounts can't get published. That's why the public accounts have not made their report yet, because it would show . . . I see my friend laughing a little bit. He knows what I am saying is true. All that they say has come to hit them in the face, and the reports when they come out will show it, except for those they want to destroy the chief officer and destroy everybody else because some of that is going on. And I tell you, my friends, while we are rowing over fire ants elephants are trampling us.

So, we are being advised now to restructure more debt. We intend to do that by the end of this year.

In 2009, public debt with a maturity period of five years and less accounted for one hundred and eighty-six point six million dollars (CI\$186.6 million) out of the total public debt of four hundred and nineteen point seven million dollars (CI\$419.7 million). In other words, short/medium-term debt accounted for almost 45 per cent of total debt.

Madam Speaker, our restructuring of the debt resulted in the short/medium-term debt being reduced to 22 per cent in the financial year 2011/12. This short/medium term debt is now one hundred and thirty-one point six million dollars (CI\$131.6 million) out of a total public debt of five hundred and ninety-nine point two million dollars (CI\$599.2 million). This is change for the good! It is something-for-something economics!

Despite not borrowing during the fiscal year 2011/12, my government has been able to sustain a very credible capital investments programme. Equity Investments in Ministries, Portfolios and Offices amounted to sixty-two point four million dollars (CI\$62.4 million). The total figure also includes a four point one million dollars (CI\$4.1 million) Budget allocation for the construction of the Mosquito Research and Control Unit (MRCU) aircraft hangar.

To date, the major equity investments made for the fiscal year include:

- Ministry of Education, Human Resources and Culture, some forty-four point two million dollars (CI\$44.2 million), been spent on the John Gray and Clifton Hunter Campuses, Sunrise Adult Training Centre and other capital works and capital purchases.
- Ministry of Health, Environment, Youth, Sports and Culture, one point six million dollars (CI\$1.6 million) spent on the purchase of equity assets, plus write off of overseas medical debts for indigents and uninsured.

And you know, that's another thing, Madam Speaker, which really gets me. We have CINICO. And we have changed the law and we have to make it move forward. But the next point besides doing something about them taking on the people who they claim are uninsurable and send them to us, then it costs us millions of dollars and then they run and tell us that we have to cut it. So, what are you going to do? Lay them down and make them die? That is something that has to be dealt with seriously, but more on that, Madam Speaker, is the fact that the amount of money we are spending on house insurance in this country. (A little outside my budget speech, but it came to mind), because the truth is, commercially if you have a building, it is \$20,000 to insure it. For those that have good homes, or who have added on, you are spending that

on your home for house insurance. Where is the balance in this country? Where is it? This is something that as Minister of Finance that I am going to dig hard at in the next year here, Madam Speaker. It must be looked into and something has to give with it.

I know they are cussing us too about the pension. I know that. They are making all kinds of excuses how we are going to die. We can all die now. Everybody is going to die because you are saying that the companies must not pay the 5 per cent. Oh, what a bad thing that is. But who are these pension providers that lost millions and millions of dollars for us in our pension? Have we forgotten? Or have they forgotten the thousands and thousands, hundreds of thousands of dollars, millions of dollars that were lost here in pension scheme? On the backs of the poor people of this country! And they want to kick Government in the face because Government is now saying that the Caymanian companies and other companies here are not going to have to pay that 5 per cent.

Madam Speaker, fairness they say? Fairness must be for both sides. We know what the Bible says about the worker? So, we have to spend on the indigent. But those matters will have to be looked into.

In the Portfolio of Internal and External Affairs, some two point nine million dollars (CI\$2.9 million) was invested for crime suppression equipment and assets for use by the RCIPS.

Equity Investments in Statutory Authorities and Government Companies were some twenty-two point one eight million dollars (CI\$22.18 million). Some five point one million dollars (CI\$5.1 million) was spent to repay debt for Cayman Airways Limited. In a similar vein, Cayman Turtle Farm (1983) Limited received nine point five million dollars (CI\$9.5 million) for debt repayment and working capital injection.

The forecast for the coming fiscal year 2012/13 (which is presented later) will benefit from the fiscal prudence practised over the last three years. I am happy to be able to report that there has been some expression of confidence in the fact that the government has evidently committed itself to a budgetary process that is both credible and sustainable.

As I said in my letter dated 14 June [2011] to the Parliamentary Under Secretary of State of the Foreign and Commonwealth Office: "Please be assured that the Foreign and Commonwealth Office's objective and that of my government is the same: to improve the state of public finances in the Cayman Islands on an ongoing basis." [UNVERIFIED QUOTE] The evidence over the last three years supports our performance according to that commitment.

Madam Speaker, in a recent speech given by British Prime Minister David Cameron (some of which I quoted earlier), I wish to make reference to speeches delivered by the US Treasury Secretary Tim Geithner, and the Managing Director of the International Monetary Fund (IMF) Christine Lagarde, in May and April 2012, respectively. And those really caught

my attention. However, for reasons relating to the issues and the themes, Cameron's speech was especially noteworthy, and I will draw further from it before turning to the others.

The British Prime Minister identified some familiar themes such as the debt crisis with the need for rebalancing, and for the creation of wealth, as responses, and with special emphasis on the reform of education, as a necessary investment to yield medium to long term benefits. He said, **"This is not a conventional economic crisis, of the kind Britain has had to deal with in the recent past. This is a debt crisis."**

This observation is important because the coming financial year 2012/13 will be the last year in which this Government falls short of any of the compliance targets in the Public Management and Finance Law (and I'm speaking of Cayman's Government). But it is more pertinent to note that the two targets which we will miss, are related to debt. The first target relates to debt servicing cost, and the second is the net public debt relative to our government's revenue.

In December of last year when Moody's, the international credit rating agency, maintained Cayman's credit rating at double A, it observed that debt to GDP ratio was still low by international standards, but had grown significantly since 2007. The Moody's Report also noted that recent actions by the Government had reduced the fiscal deficit, which contributed to the stable economic outlook for the Islands.

Madam Speaker, this leads me back to the theme of rebalancing mentioned in Cameron's speech. He stated **"First, we must continue to get to grips with the deficit and build recovery at home."** He further stated **"Getting our debt under control is necessary for growth."** We similarly believe that these two economic strategies will help rebalance Cayman's economy away from debt-fuelled consumption and towards exports and investment.

The theme of recovery was the focus of my first budget speech. In concert, last year with the view taken in most parts of the world we said that to ensure a healthy and sustained economic recovery globally, rebalancing has to take place on two fronts: the external and internal. Those on the other side of the aisle may not wish to recognise it, but the internal rebalancing is the main reason for Moody's positive assessment of the Cayman Islands' economic outlook.

The world economic recovery has been timid, with economies around the globe still quite fragile. Figures from the OECD predict that global growth will increase by 3.4 per cent this year, following last year's 3.6 per cent, but further improvement (4.2 per cent growth) is predicted for next year. However, fears abound that this momentum could be derailed.

Madam Speaker, in April of this year Christine Lagarde publicly recognised that the global economy still faces high risks with some dark clouds on the

horizon. She identified the Euro Zone as the epicentre of potential risk, but added that action taken during the last six months displayed significant determination to defend the common currency. The other dark clouds on the global economic horizon, Lagarde said, are sustained high unemployment in many corners of the world, not just the advanced economies; protracted slow growth; potential bank deleveraging; renewed financial stress in the euro area; and potential oil price hikes.

US Treasury Secretary, Geithner, observed that the economic challenges we face today can only be met with an economic agenda that focuses on strengthening economic growth, investing in education and innovation so that we are expanding income growth and opportunity, and a balanced approach to restoring long-term fiscal sustainability.

To help the international economic recovery, the IMF [International Monetary Fund] is advocating the building of a stronger global firewall of resources to contain any further financial crises, and up to April 2012 had accumulated US\$320 billion worth of pledges from member countries.

Madam Speaker, it is my fundamental belief that wealth creation is necessary to economic recovery and prosperity in the Cayman Islands. We have talked about the need to let the private sector do what it does best, create wealth and generate jobs. It is therefore inspiring to hear the eloquence of Prime Minister Cameron on this theme: **"A government resolutely committed to being on the side of enterprise, entrepreneurs, businesses large and small, wealth creation of all types and descriptions and hardworking people right across the country and that is what I am committed to delivering."**

At the global level, what is being advocated is the adoption of an economic structure, which not merely produces economic growth, but is also concerned about the attendant issues of equity and inclusiveness. We endorse this approach as the common good must remain front and centre of any programme for development. If the concerns of the IMF are followed, at least important major sub-goals are likely to be adopted internationally which would also support this approach.

These sub-goals will focus on financial systems with key considerations; appropriate regulation and supervision, and coordination across countries; job markets reform and social programmes to protect safety nets that may be in danger as a result of other economic reforms. Fiscal adjustment is still being seen as a necessary step for advanced countries, but it is being suggested that the pace of the adjustment must be country specific.

For us here in the Cayman Islands, given our political and economic relationships, even as we move to engage with emerging markets such as Latin America, the performance of the United States and the Eu-

ropean economies remain of extreme importance. Britain has been facing high inflation which is driven by the higher Value Added Tax (VAT)—oh, they say that we should do that too—commodity and import prices. Dealing with this issue remains problematic as economists fear that the use of monetary policy could expose the country to the risk of deeper recession and unemployment.

Few, if any, are predicting when normalcy will return to global affairs. But there is awareness that the current conditions have left many countries with little macroeconomic policy space to implement the kind of short-term measures that could build towards a remedy for economic recovery.

Madam Speaker, the development of the 2012/13 Budget has been a most arduous process—vexing, hurtful, sometimes demeaning—but it has provided Government with further valuable experience. The current Budget preparation process started in earnest from December 2011 to establish a Budget for the Government's fiscal year that started on 1st July 2012.

In December 2011, the Legislative Assembly approved the Strategic Policy Statement, which is the foundation for the establishment of a Budget for the 2012/13 fiscal year. But those are just projections. That's what they are. Even as the main Budget will be, they are only projections. In mid-January, as Minister for Finance, I issued a Budget Circular that granted ministries, portfolios and offices that make up government, their expenditure allocations for both operating and capital expenditures. These allocations should not have been exceeded when agencies of government submitted their expenditure requests for the 2012/13 fiscal year; however, the expenditure limits set out in the Budget Circular were exceeded by a significant extent—in the region of \$150 million. That was the first hit.

Honourable Ministers of Government and senior civil servants have spent the past several months (in fact, up until today) reviewing expenditure submissions with the objective of reducing those submissions to more affordable and sustainable levels. As an example of the seriousness of our efforts, the policy has been implemented that there is a moratorium on the recruitment of civil servants. The notable exemption granted has been to enable continuity of classroom-cover by teachers.

On 13 June 2012, the Government presented to the FCO for its prior approval, its intended 12-month Budget for the 2012/13 fiscal year before presenting the Budget to the Legislative Assembly and Finance Committee. The key elements of the 2012/13 Budget that were presented to the FCO were:

- operating revenues of \$598 million;
- operating expenditure of \$576 million;
- an operating surplus of \$22 million;
- capital expenditures and investments in public entities of \$83 million;

- new borrowings of \$59 million; and
- operating overdraft of \$65 million for the period 1 July 2012 to 31 January 2013, and for it to revert to \$25 million from 1 February 2013 to 30 June 2013.

We all know that the FCO refused that Budget request. The FCO insisted that the Government strengthen its fiscal position by implementing a greater level of expenditure reductions than had hitherto been made by Honourable Ministers and senior civil servants. The concern expressed by the FCO was that expenditures should be made more sustainable going forward into future fiscal years. The FCO is also of the firm view that the strengthening and improving of fiscal results for the Government must not occur solely as a result of reductions to expenditure, but revenues of the Government need serious enhancement and expansion.

The FCO's economic advisor came down. We offered him the access that he wanted to come down to oversee some of the various measures we were taking. He came here on 4 July. And that was, like I said, to assist with an understanding of what the FCO would like to see the 2012/13 Budget, and subsequent years' Budgets. And they, of course, wanted that to turn out to be in order so that Minister Bellingham [would] be in a position to approve Government's 2012/13 Budget.

The advisor established what he referred to as the "frame" for the 2012/13 Budget and subsequent years' Budgets. By the "frame" the FCO's economic advisor meant the aggregate levels of: operating revenues; operating expenses; financing costs; and, ultimately, the net operating surplus expected to be achieved by Government.

The net operating surplus established by the FCO's economic advisor for 2012/13 was \$76 million. You might ask why such a very high level of surplus was established for the Government. This high level of surplus is explained by one simple condition: the FCO does not want the Government to finance or fund any of its operations by increasing Government's long-term debt. Which is what we don't want either! The FCO wants Government to fund its operations first and foremost from revenues and, secondly, by making use of an overdraft facility.

As I have just said, Government was told in no uncertain terms that, simultaneously, revenues should be increased and expenditures should be reduced. Indeed, it was suggested to Government that the total improvement in our fiscal results and position should be achieved by 50 per cent (or half) from revenue measures and 50 per cent (or half) from expenditure reductions. Hence Government had to do both—increase revenue and reduce its expenditures.

Since 28 June, there have been material reductions to Government's Operating Expenditures. Government has established an Expenditure Review

Committee (ERC). That committee consisted of Mr. Michael Nixon, Mrs. Sonia McLaughlin, Mr. Ian Fenton, Mr. Andy Bonner, Mr. Wesley Howell, and Dr. Dax Basdeo. It was comprised of a broad and knowledgeable team of civil servants (as I just said) who made a number of recommendations to reduce expenditures.

The Government accepted a number of them, but not all of them. Some of them could not be done immediately in any event. Some of these represent what I call a “sea-change” to the sharing of expenses between the Government and members of the public service. An example that illustrates this fundamental shift from the past is the fact that civil servants will be required . . . Madam Speaker, well, what has happened since then is that they have taken a salary reduction again. That is just one of the results of what was produced, not from the committee, but it came up after some of their recommendations.

Government is of the firm view that in order for expenditure reductions to be truly sustainable, such reductions should not be restricted to a particular category of expenses; instead, the reductions should be spread across a broad base. So, you will naturally ask the question: Where are we now or how close is the Government to satisfying the broad “frame” that the FCO’s economic advisor developed on 30 July 2012 which culminated in an Operating Surplus of \$76 million?

On 31 July, the Government submitted details of another 12-month Budget for the FCO’s consideration. The key features of the 31 July submission were:

- operating revenues of \$661.9 million;
- total operating and financing expenses of \$592.3 million;
- operating surplus of \$69.6 million;
- capital expenditures and investments in public entities of \$56 million; and
- no long-term borrowing.

On 6 August the FCO declined such a submission, arguing that revenue measures should not have been included within the overall Revenue figures at 100 per cent, but should instead have been discounted by up to 30 per cent.

Now, Madam Speaker, to get the revenue, Government also set up and worked with the private sector committee that consisted of Mr. Dan Scott of Ernst & Young; Mr. Roy McTaggart of KPMG; Mr. Gene Thompson, local businessman; Mr. Wilber (that is, Bing) Thompson, local businessman; Mr. Alfred (that’s Al T.) Thompson, a local businessman; Mr. Woody Foster, local businessman; Mr. Anthony Travers, lawyer, finance industry; Mr. Michael Alberga, lawyer, finance industry; Mrs. Brigitte Kirkconnell, businesswoman; and the Financial Services Council also assisted by recommending and reviewing the revenue measures.

So, when they tell you that McKeeva Bush did all this by himself . . . no, no, no, no. All these people were involved with us and made the recommendation—both the private sector and the public sector. But the FCO said, no. *No, we can’t give you 100 per cent of this.* After 60 years or 40 years of collecting this revenue . . . well, up until that point, though, it included the payroll fee, the community enhancement fee. And they could have been right about that aspect of it, in that it was new. But \$60 million of it came from the finance industry and we had been collecting 100 per cent of that for the last 40 years. But they said, *No. We don’t want you to do that.* And that’s where it became untenable for me. It became untenable because it was wrong! It is still wrong!

I don’t know about how they collect their revenue, but our civil service has done a good job, as much as we complain, in collecting revenue in this country. And the people pay, because for one thing we’re small and everybody knows you, and everybody knows everything that happens in Government. If you don’t pay your bill people are going to know. So they pay! And then the systems of government are robust. Our Company Registry, CIMA, the Immigration system, as much as we complain, they collect the revenue. We know what it is on a given month. We know. But I will come to that a little later on.

I still have a ways to go, Madam Speaker. I am glad there is some good attendance in the House and I am going to ask them to bear with us.

On 9 August, the Government provided the FCO with further details in respect of revenue measures. In particular, the information submitted to the FCO showed individual items of revenue measures at various percentages—ranging from 70 per cent to 95 per cent—for inclusion in the overall revenue estimate figure. The Government received verbal representation after the 9 August submission that a compliance factor of 95 per cent was deemed too high by the FCO.

On 12 August, the Government made another submission to the FCO which had all revenue measures being subjected to a compliance factor of 75 per cent for inclusion in the 2012/13 Budget. After 12 August, again the Government received verbal representation that its 2012/13 Budget was not acceptable to the FCO as the latter considered that further operating expenditure reductions were required of the magnitude of twenty million dollars (CI\$20 million). You see what they were doing, Madam Speaker? Every time they set a goal for us to meet, we would get there and they shifted it. That was from the very first day that man came here, because when he said, *No, I want you to reach that figure, but I want you to add \$15 million more on it.* All good—he wanted that for the past service liability. We agreed, because we had gotten \$60 million of revenue. But when we found that, he asked for another \$10 million, and they kept

going, and they kept going up until Friday of this week.

In response thereto, yesterday, 16 August, the Government made further operating expenditure reductions totaling three point four million dollars (CI\$3.4 million) . . . well, it wasn't yesterday, but it was the 16th of August . . . totaling \$3.4 million to Transfer Payments and Non-Governmental Suppliers.

The public should therefore draw the conclusion that the Government has not, in any way, been deficient in its preparation of the 2012/13 Budget. The preparation of this year's Budget was done with the same degree of competence as previous year's Budgets were compiled. What distinguished this year from previous years is the level of detail required by the FCO in the formulation of this year's Budget. That is what has taken the time. Every time you sent them a bundle of papers, they wanted another bundle, a level of detail that was not required in previous years. That takes time according to our system. That's why the Budget documents, the Annual Plan and Estimates, the Annual Budget Statement, the Ownership Agreements and Purchase Agreement are not here today. They will be delivered to Members on Tuesday. That's why, because they keep shifting.

So, the Government has diligently performed its responsibilities in respect of the formulation of this year's Budget. We have had hard work, Madam Speaker. Civil servants have been up all night, dropping to sleep. I know that the Foreign Office made a statement. And let me say to that, that the Foreign Office wanted an initial level of \$528 million of expenditure. That's where we got to on Friday and they said no. We were just about \$10 million more than that . . . anyway, we're up above that, and they said no. They wanted \$10 million to \$15 million more and they wanted it brought back down. I think it was around [\$]543 [million]. So, they wanted it brought back down to [\$]528 million of expenditure. That was Friday. That's why we couldn't come here on Friday. Late!

That's when a number of cuts were made again. Civil servants came in with 3.2 per cent. We cut more from the TPs [Transfer Payments] than we had cut before. Many, many areas, consumables were cut. Some of them had to be put back in because it certainly became unsustainable for the Service to operate. Yet, they were holding fast in saying [\$]528 million. However, after working with the FCO to agree on that Budget, we have reached the level of expenditure of [\$]531 million which is in compliance with what we agreed.

Today, the FCO agreed that since Minister Bellingham is off they could not comment or consent until the Minister saw the figures and was more fully briefed. However, they did not see a problem with him accepting the \$531 million level of expenditure. And the Governor reiterated the same support.

The FCO gave us a two-month legislative deadline for a temporary Budget. Everyone knows that I came here and I complained about it. I said it was too much of a tight timeline, give us three months. *Oh no*, they said. *You can't get three months, you can only get two months*, when our Law says we could have up to four months! They said no. But that temporary Budget ends on the 31st of this month. So, we had to come to the House at this time, this day, this hour, because of the time it takes to get the Budget through, present it, give Members time to examine it, debate it, examine it through Finance Committee process, then have the legislative staff do their work on it, and the Governor go through his process of assent. All of this could not be completed by the 31st of August if we did not begin the process today. We had to come here today or we would be out of time—the time that they gave.

So, on behalf of the Government, I certainly want to thank the Civil Service Expenditure Reduction Committee, and the private sector that made the various recommendations for cuts and new revenue measures. I want to thank our Chief Officers at this juncture, Mrs. Sonia McLaughlin, Mr. Michael Nixon, Ms. Ann Owens and all the others who worked, other Chief Officers who worked; our Deputy Governor, the Financial Secretary. They worked day and night, Saturday and Sunday, staying past their Sabbath to get to where we are. Madam Speaker, still a last minute effort to tell us to be good children we will soon get to you.

Madam Speaker, I turn to the outlook for the 2012/13 fiscal year: Our fiscal strategy continues to be similar to that followed for the two previous budgetary periods. The primary goal of the strategy is to comply with the principles of responsible financial management. The benefits of genuinely pursuing such principles over the last three years are reflected in the numbers, and are consistent with the objectives of the three-year plan agreed with the FCO.

In order to convert the principles enshrined in the PMFL into action, the aggregate financial targets for the core government are set by the Cabinet. The aggregate targets fall into three categories: operating targets, balance sheet targets and cash flow targets. Apart from the setting of targets, it is necessary to speak to the conceptualisation of the three-year fiscal plan in May 2010 between the government and the Foreign and Commonwealth Office, as this Government undertook to clean up the fiscal mess that we inherited. To date, the greatest endorsement of the plan has come from the double A international credit rating assigned to the Cayman Islands during the depths of the world's most prolonged international recession in recent decades.

It must also be reiterated that Government was proactive in commissioning the Miller Report. You know what I think, Madam Speaker. I have to say this, because it is the truth. How come when we did that

we didn't know what we were doing? We had to get the economist, they said, to help us. And what a bad thing the report was. And now today, the same persons who said that are saying, "But you're not following the Miller/Shaw Report!" The same ones! The Leader of the Opposition, being one!

"Why are you not following it today?" You know, they often give that analogy of the people who burn down the fire station are the same people who stand on the sidelines and cuss the Government for not getting the fire out so quickly. Same ones! I use that a lot.

But the findings and recommendations of the report did not sit on a shelf to gather dust. Instead the recommendations were taken seriously, and initiatives to review the public sector were put in place. There is no doubt that such action contributed to increased efficiency so evident in the public sector during a most unfavorable economic environment.

Having not given in to suggestions to trim the size of the public sector in the way that Mr. Bryant (the previous UK Labour Government) wanted done in the face of the recession, those same public sector workers have had to put the systems in place to achieve the targets consistent with our fiscal plan. As a consequence, the Government has been able to comply with all non-debt related principles of responsible financial management outlined in the PMFL.

Madam Speaker, the forecast operating surplus is expected to reach eighty-one point nine five million dollars (CI\$81.95 million). This represents a significant improvement from the actual unaudited operating deficit for the 2011/12 fiscal year of ten point three million (CI\$10.3 million). I don't know who is going to be here the next time, but whoever is here after May next year is going to have something to work with, because the Budget of the country is going to be in good shape (if they don't burn it down!).

The total forecast operating revenue is projected to improve significantly due to the introduction of some twenty-four (24) revenue enhancement measures along with the slow but steady recovery in the economy. As such, the revenue target is six hundred and forty-nine point five million dollars (CI\$649.5 million) for the fiscal year 2012/13.

The 24 revenue measures included in this Budget have been developed in conjunction with input and support from various private sector partners. These new revenue measures are a combination of increases to existing fees as well as the introduction of some completely new fees. Together they are expected to generate approximately ninety point four million dollars (\$90.4 million) in new revenue for the Government during the 2012/13 fiscal year.

The main revenue measures being introduced for the 2012/13 fiscal year are:

- Increases in fees charged to directors for various regulated and unregulated entities under the Companies Law. This is fore-

cast to earn approximately twenty-one point three million dollars (\$21.3 million).

- Increases in fees charged to exempted limited partnerships which is forecast to earn approximately thirteen million dollars (\$13.0 million).
- The introduction of new set of fees for Professional Directorships. This is forecast to earn approximately ten million dollars (\$10.0 million).
- Increases in bank and trust license fees. This is forecast to earn approximately nine point four million dollars (\$9.4 million).
- Increased work permit fees are forecast to earn approximately six point three million dollars (\$6.3 million), which is the larger amount on these fees (on the finance industry).
- Increased annual registration fees for exempt companies. This is forecast to earn approximately five point two million dollars (\$5.2 million).

Other revenue measures included in the Budget are: import duty on cigarettes; import duty on alcohol; tourist accommodation taxes; departure taxes; stamp duty of land transfers; stamp duty on property insurance policies; master hedge fund registration fees; traffic regulatory fees; boat fees for non-commercial vessels; company registry fees; and Monetary Authority transaction fees.

Our confidence in the revenue projection is consistent with the development and implementation of a more stable and sustainable revenue base for government, which is one of the elements of our fiscal strategy. The total forecast operating expenditure of five hundred and sixty-seven point five million dollars (CI\$567.5 million) for 2012/13, reflects Government's strategy of taking definitive steps to control expenditure in a sensible and logical manner.

Madam Speaker, of the two balance sheet targets, net worth is the easier to comply with because it represents the difference between the assets and liabilities of the core government. The other balance sheet target is borrowing, which is set in terms of debt servicing cost for the year; bearing in mind, however, that debt servicing cost in any given year is the cost associated with debt that has accumulated over preceding years.

Therefore, the fact that the Government did not engage in any new borrowing in 2011/12 does not necessarily translate into an immediate reduction of debt servicing cost on outstanding debt. This is why in 2009 Government embarked on restructuring some of the Government's existing short-term debt to more long-term debt, to achieve some reduction in interest costs.

Typically governments around the world are involved in deficit financing, but this option is not available in the context of Cayman's PMFL legislation. As a result, the best of initiatives have to be conceived within available operating surpluses, which we are expected to achieve. The green initiative to push for solar power and other alternative energies is a case in point. This policy is so crucial that we tried to borrow some twenty to twenty-five million dollars (CI\$20 million to CI\$25 million) to make it happen. This is another critical development challenge, Madam Speaker. To ensure sustainable development, we need sustainable energy sources, and we need to start in earnest now. However, the FCO rejected that financing plan so we had to pull the plan to come back another day. That \$20 million or \$25 million is not in the Budget and has been out for the last two months.

Madam Speaker, being in a position to not have incurred new long-term borrowing in 2011/12 is a major accomplishment that will be continued in the 2012/13 fiscal year. And I think well after the 16th year. This demonstrates in a most profound way, my Government's commitment to and ability to sustain fiscal discipline as a major plank of our fiscal strategy.

I stated in last year's Budget Address, and I can repeat it this year, that fiscal discipline has reduced the need for external borrowing, and has accordingly reduced financing costs. As a result, the available resources can now be applied to provide services which the public needs. Furthermore, the country's debt burden will decline over time, thereby protecting the public purse for the longer term.

The fiscal year 2012/13 will be the second consecutive year in which the Government does not undertake any long-term borrowing. Government claims this as a major accomplishment for the second time in a row. We have made meaningful progress as my Government paid down the outstanding public debt by twenty-five point nine million dollars (CI\$25.9 million) in 2011/12, and plans to pay down a further twenty-six point four million dollars (CI\$26.4 million) in 2012/13. Mind you, that does not take down all the interest, or include all the interest.

Madam Speaker, cash flow targets relate to the three categories that make up the cash flow statement: operating cash flows (consisting of operating receipts and payments); investing cash flows (made-up of equity injections and the purchase or construction of assets); and financing cash flows (which relate to loan repayments).

It is imperative that the 2012/13 financial year becomes the last year in which the Government does not meet any of the compliance targets in the PMFL. Madam Speaker, the best ways to address this lack of compliance will entail ongoing control of operating expenditure, limiting long-term borrowings, and a return of healthy sustainable growth in the economy. The latter is also clearly the best way to ensure incremental growth in Government revenue.

This course of fiscal prudence will put our Government in a position to make better use of the public budget to chart the Cayman Islands' social and economic development path. As we seek to address the broad development agenda. However, it is inappropriate at this stage in our development that failure to comply with a PMFL ratio by a narrow margin should be enough to allow any external authority, including the Foreign and Commonwealth Office, to dictate the nature of our annual budget, but they do.

I have said it before and I say it again, in my capacity as Premier and Minister of Finance, and on behalf of the Government, this is a retrograde step for Cayman, with our long history of competent self-governance, and our ability to pay our own way without grant aid. But we cannot get away from this situation, which was brought about when the last Government left the Islands' finances in a terrible state.

Notwithstanding such sentiments, my Government is determined to comply with the financial targets as outlined in the Public Management and Finance Law, within the context of the three-year plan. So committed is my Government to the principles of prudent fiscal strategy that we are prepared to finance executive capital investment activity out of cash generated from operating surpluses and existing cash reserves only—no borrowings.

This commitment makes it more critical to partner with private sector investors in ways that do not add to the country's public debt in the immediate future.

Turning now to the domestic outlook and strategic focus: While I have presented solid evidence of the improvement in Government's finances over the last three years within the framework of the three-year plan, as a Government we do not intend to rely solely on growth in the international economies as the basis for growth in the Cayman Islands' economy. Therefore my Government's focus, having restored some stability to its finances, is to revive the country's economic activity by continuing to encourage investment and creating jobs through private/public sector partnerships.

These partnerships present both great investment vehicles in a soft economy, and an excellent means to assist in the management of the public debt. Instead of borrowing externally to fund capital investments or operating activities, the Government is opting to give incentives to the private sector with the objective of creating jobs, facilitating wealth investments across different economic sectors and to the benefit of both small and large businesses.

Madam Speaker, I say again: the best strategy for achieving sustainable growth in the Cayman Islands' economy is to inspire the private sector to do what it does best—create wealth and generate jobs. In the meantime, we will manage the Government's finances to stave off any threat of devaluation of our

currency, and maintain an international credit rating befitting of a country of choice.

The seriousness of the need to have a workable strategy which supports inward and domestic private sector investments is brought home sharply in light of the downgrading of the economic outlook for both the United States and the Euro Zone. Last month, the economies of Britain and Spain went back officially into economic recession. These developments suggest a continuing high degree of uncertainty among the advanced economies, which remains a threat to the pace of the Cayman Islands', and the whole world is economic recovery. It is of particular concern that the two major source markets for our financial and tourism services are not yet over the hump.

Madam Speaker, the GDP [Gross Domestic Product] in the Cayman Islands is 2.3 per cent for 2012/13, supported by modest but stable growth of demand for tourism and financial services, and some concrete evidence of startups in the construction sector. These startups include the development of Cayman Enterprise City, the new Narayana Cayman University Medical Center plus other projects, as well as the ForCayman Investment Alliance development of hotel and related services to enhance tourism and infrastructure facilities along the Seven Mile Beach.

In addition, government projects such as the cruise ship berthing facility in George Town, the extension of the Owen Roberts Airport, and the extension of the Charles Kirkconnell International Airport, the continuing work on the schools and Spotts jetty, which is intended to start up in the last quarter of this year, will assist in boosting construction.

Any significant stimulation of growth prompts a rise in the level of population on the Islands. This in turn stimulates demand for services in several other sectors such as wholesale and retail, real estate, renting and business activities, hotels and restaurants and even financing and insurance. We are grateful for these investments and happy to encourage them, since clearly the inability to borrow as part of our fiscal strategy, reduces the capacity of the Government to assist in stimulating economic activity. All of this will bring growth and jobs and people's pocket. Our Immigration reform will help do that.

And, Madam Speaker, for peace sake, I wish our people would recognise that what is needed here and what everybody wants in business is to keep up what we have. Fifty-four thousand people cannot do it. Businesses are going to fail. We do not have the population base for it, no matter whom we like and who doesn't like us. I don't like some of them either. They don't like me. You can see that in the *Compass*, but I don't care about that! They can be here and make a legal contribution. Fine! The country has to grow and we need to set this country on that path where we can make it grow by encouraging good families to relocate. They want to be here. Don't listen to the editori-

als. Those people do not know anything about business, just chat, chat, and chat. And what they think, they write, write, write. And they are not right!

This country is on solid footing for the future. Major economies around the world are in problems. Europe is paying well over 30 per cent to 40 per cent tax. Canada, big time! United States, big time and it gets worse if there is a new Democratic Administration. This Island stands ready for it, but we must allow it to happen. People, don't let people who do not know, who don't have the understanding, tell you and lead you by the nose. Watch carefully.

There is a power struggle here. They are like that story, Br'er Rabbit and the Tar Baby. *I don't want to be Premier, I don't want to be in finance, I don't want, I don't want, don't throw me in the brier patch*—that's where they want to go, though. Power struggle! And they are prepared to destroy. You heard them. They will burn it down, they said. Plain! That's what they will do—anything to take power. Anything! Anywhere, anyhow! They have said it.

Let us grow our economy in a way we know. We can do it. We don't have to worry if somebody likes us or not. Go to work. Keep the job. Be there on time. Be a good employee. Go back home to your family, have your fun there. That's what we know how to do. That's what we should be doing. Don't listen to people who haven't made any successes and don't know how to manage. Can't sell aspirin in a country where everybody gets such big headaches! And they must lead.

Madam Speaker, it does not require a doctorate in economics to understand that private sector investment, facilitated by government incentives, is an absolute must for achieving sustainable economic growth in the short to medium term. The role that Government has in influencing investment decision-making is proportionally larger in a small, open economy with a fixed exchange rate, like ours in the Cayman Islands.

One of the ways we intend to generate value for money, efficient delivery and best results for the common good, is by deploying targeted expertise. And so we intend to establish a Strategic Delivery Unit under the Office of the Premier, reporting to a delivery board consisting of myself, the Deputy Governor, the Chief of Staff, and the Financial Secretary. The dual task of the experts to be employed within this unit will be to drive the project delivery from established undertakings—the Special Economic Zone, the Narayana Cayman University Medical Center, as well as to otherwise facilitate key areas of cross-ministry cooperation and collaboration.

Another significant measure we propose to undertake is the re-appointment of the Term Limit Review Committee to review the recommendations made. We are looking at this critical area closely, knowing its potential to support or discourage business through the whole economy.

Apart from fiscal prudence, the prices of energy, food and money are crucial factors that impact the rate of growth in all economies. Changes in the price of energy as measured by changes in oil prices are expected to favour economic growth over the next 12 months. Over the same period, the rate of growth of food prices is forecast to slow down, again sending a positive signal to the economy. In the meantime, the price of money, interest rates, is not projected to rise significantly.

It is anticipated that the modernisation and enhanced regulation of the financial services industry will yield greater benefits for Government and the private sector in the coming year. An example of such benefits may be seen in association with the passing of our Insurance Law, which facilitated the creation of two new classes of insurance. The Law encouraged the formation of special purpose vehicles explicitly for the creation of reinsurance arrangements such as catastrophe funds financed through the capital markets. In addition the law accommodates a class of reinsurers or reinsurance companies domiciled in the Cayman Islands. That's why you will hear some people up in the mid-Atlantic giving me plenty hell. That's okay. The law has been passed and it will go into action because Cayman is open for business. They can go ahead and row.

The net position therefore is that notwithstanding the recent setback in two of the major economies in the Euro Zone, the conditions for stronger growth in the Cayman Islands' economy are in place for 2012/13; 2013/14; 2014/15; and 2015/16. And if the Budgets are followed, this country will be in a good position.

Madam Speaker, for the fiscal year 2012/13, the deficit on the current account of the balance of payments as a percentage of GDP as in 2011/12, is expected to be about the same, that is, 18.1 per cent. This is based on the forecast that the growth in imports and remittances caused by increased economic activity and higher employment will match changes in the inflows from tourism and financial services.

Madam Speaker, there is no doubt that my Administration took over the reins of government at a most difficult time and in fact, serious financial problems. In my message in the UDP's Manifesto for 2009 I told the voters that we are facing the largest global economic crisis since the 1930s and that the Islands are at a crucial point in our country's history. The crisis is still with us, but its focus has shifted away from the United States of America to the European countries. Wherever its focus, the Cayman Islands' economy has had to battle in the last four years. And notwithstanding the shifting tides of economic turbulence, we as a Government have much to report in terms of promises kept and positive performance.

Last year, I talked about the marriage between the economy and the society. I talked about the unemployment rate being the ultimate indicator of the

country's economic performance. Then I asked the question: What good is it, if by some statistical measures we have a strong economy, but people cannot find work? The task of ensuring work for our people is a fundamental responsibility of any caring government. In the circumstances, it required us to clean up some mess which we found, and we have done just that. As a result, the environment is truly set for stronger economic growth through the partnerships for recovery that we have embarked upon.

Our tourism sector, which was in decline when we assumed office, has recovered because of measures we took. Our financial services industry, which was facing major international challenges, is recovering. Because of measures we took, our economy, which deteriorated every year while the PPM Government was in office, is showing signs of recovering.

We did not put the economy on auto pilot and hope for external forces alone to drive our recovery. I would have had better sense to say that with the fall of Lehman Brothers, our loss would be negligible. In keeping with our Manifesto we acknowledged the need to actively address the economic crisis in the Cayman Islands. The main focus was on restoring prudent fiscal management and by any indicator, although through the most difficult circumstances, the UDP Government has done so. We promised, and we have performed!

The Cayman Islands needed new ideas and strong leadership, not only to weather the economic storm, but to put us back on solid footing for the challenges and opportunities ahead. The marriage between the economy and the society, at a minimum, demands quality healthcare for every family, and requires that not only each child, but each person, in this fast-changing world, has the ongoing educational opportunities to prepare them for success.

A fundamental part of achieving stability and sustainability in our economy and society is to ensure the successful participation of Caymanians in the financial services industry and tourism. We recognised that the foundation for successful participation is more effective partnerships between the public and the private sectors, the domestic and foreign entities, between workers and employers. This network of partnerships is required for success, whether economic, social or political.

Almost immediately on assuming office, we made important changes to bolster our policy, legislative and communications infrastructure within the Ministry of Finance to ensure that we are in the best possible position, to manage our interests in relation to the international community. Today, the Financial Services Secretariat is strengthened with integrated policy, and staffed by Caymanians with legislative, legal and communications expertise, under the Ministry's direction.

In addition to strengthening the Secretariat, the work-load of the Cayman Islands Monetary Authority (CIMA) has been expanded to cope with the increased international scope of our regulatory, supervisory and anti-financial crime framework. To facilitate this expansion, CIMA has enhanced its automation of businesses processes. For example, online submission has improved efficiency and speed of the application process for the industry and allowed more effective monitoring of licensees and registrants, both in-jurisdiction and on site.

CIMA has also implemented online payments and expanded automation across the Authority, which now makes it easier for the industry to do business with CIMA. The improved management information systems and electronic reporting have generated more accurate industry data and, by extension, contributed to better decision making.

In addition to having upgraded the administrative and legal structure for CIMA, it also became the formal auditor oversight body under the 8th European Union (EU) company law directive. This created a significant advantage to business for Cayman in the European market, as we are now exempted from the registration and regulation requirements of the individual member states. Apart from the EU auditor oversight requirements, other initiatives were introduced in 2010 to put new standards in place and to enhance the supervisory regime.

Madam Speaker, along with expanding the traditional areas of the financial services industry, we embarked on a mission to attract foreign film and television productions to utilise our Islands and our surrounding seas for filming purposes. It is hoped that opportunities will become available for our local talent to get a start from which to develop.

We have established a one-stop repository of information for businesses seeking to expand, relocate to, or establish, a presence in the Cayman Islands. We promised, and we have performed!

Madam Speaker, we, in our tourism industry, worked with them. We encountered the most prolonged international economic recession in decades, yet we were able to expand the service of our national airlines to include destinations like Dallas, and Panama. Now, I see where they criticised us for that, because they said we took a band to Panama and that that had one of our employees on it. What a decent man; and they want to criticise him too. They should be ashamed of themselves. And all because they say we paid \$19,000 to go to Panama to get all of their people who promote business, their sales people, to get all of them to come and talk about Cayman and for our tourism staff and private sector staff that we took to talk about them, and they say that we paid the band and it cost us \$19,000—all because one of their employees has a band too. Don't you see?

You see what this country is like? I am talking about the people who complain. They complain, yet

Dallas is doing well. They wouldn't say that Dallas is doing well and that they are booked up. They talk nonsense, Madam Speaker, about we shouldn't be going there and should have encouraged American. Madam Speaker, that is what gets me, that these people—who say they are journalists—sit down, think up these wild things, don't get their facts right and come out and talk about it like they are some expert. Where did they get expertise from? Where do they come from anyhow?

[Inaudible interjection]

The Premier, Hon. W. McKeeva Bush: Oh, we have some good ones. But all I am saying is that they must report the facts. They are not experts.

Madam Speaker, we went and sat with the regional office in Miami, Mr. Peter Dolara and begged him to put a flight in from Dallas, rather than me putting Cayman Airways there, because this is what CITA, the tourism organisation was pushing. Mr. Glidden, Mr. Shomari Scott and I went. We had a meeting with that gentleman. I try to meet with him as often as I can. And they said, *No, we are not going to come in. We will encourage you and we will tell you that we are not going to come in.* Well, I hope they hold to their word. But we put Cayman Airways [on the Dallas route] and it's booked up, booked up, booked up. Yet, they editorialise and say, *McKeeva's a fool. He should have talked to American to do it and we shouldn't have paid \$19,000 to take the band to Panama* so that they could showcase real good music, not this *feyah-feyah* stuff I hear. Good music from decent people and Cayman was promoted.

And we need that kind of promotion in Panama, which is now a gateway for us to get into Brazil and other areas that are wealthy. These people must talk what they know and stop taking these little things and making mountains out of molehills. Anything to make somebody that they don't like look bad! Simple way of putting it, but it's true!

You know, the editorial in the *NetNews*, I wish I had kept it. I have it, I wish I had brought it, I would read it into the records, because it's true. They must do what they know to do and leave the government for the Government to run.

So, tourism is doing the best it has in the last 10 years. They don't come out and say that. No, they don't! Find something to criticise for the headline.

Madam Speaker, our executive assets and equity investments: Madam Speaker, notwithstanding that, we have governed in the depths of a prolonged world economic crisis, but we are on a good footing as well in that area.

During the period 1 July 2009 to 30 June 2012, Equity Investments of two hundred and fifteen million point three dollars (C\$215.3 million) was used by ministries, portfolios and offices for the purchase of entity assets, which included the following:

- construction of two new high schools;
- completion of the Government Administration Building;
- construction and repairs to the Golden Age and Frances Bodden homes;
- design and commencement of construction of the Drugs Task Force marine base;
- implementation of the work permit biometric system and upgrades to 911 system;
- purchase and installation of CCTV cameras; and
- other minor works and the purchase of other assets such as vehicles and equipment used by the police and ministries, portfolios and offices in the delivery of their outputs.

Madam Speaker, during the same period, July 2009 to June 2012, fifty-two point two million dollars (CI\$52.2 million) was provided as Equity Investments to government companies. Madam Speaker, during July 2009 to June 2012 seventy-nine point five million dollars (CI\$79.5 million) was used primarily for the following:

- Fifty-eight point three million dollars (CI\$58.3 million) on the construction of the new Government Administration Building.
- Fourteen point two million dollars (CI\$14.2 million) on construction and upgrade of road works on the three islands.
- Resources are being added in the 2012-13 Budget for community boxing gyms in East End and West Bay. This has proven to be an outreach that is effective in teaching young men greater discipline, self-respect, and respect for others.
- Two point one million dollars (CI\$2.1 million) on the ongoing construction of a Cayman Brac emergency shelter.
- Zero point seven million dollars (CI\$0.7 million) on ramps and jetties including ongoing works on the Coe-Wood Public Beach.
- One point two million dollars (CI\$1.2 million) for commencement work on the Juvenile Remand Facility.
- Eleven point seven million dollars (CI\$11.7 million) for the purchase/construction of other executive assets such as works at the landfills, playfields and public facilities, agricultural facility, cemetery vaults and improvements to the central business district.

As I said, the nation building programme continues to go from strength to strength, despite the cold

water thrown on it at the outset. It has thus far provided 100 scholarships to young nation builders in a wide range of fields, and includes some with secondary school sports scholarships, going up to the level of others who are pursuing master's level studies. The students, overall, are performing well and justifying the decision to give them the chance—some of whom might otherwise not have qualified for a scholarship.

And there is more, Madam Speaker, but I cannot go into all the details at this time; only to add that the nation building programme is proving its value many times over. There is a special sense of reward in seeing our young people excel, and we do look forward to their input as young leaders in this community. I do give the example that we spend \$52,000 per annum for a prisoner. Do we not give our children an opportunity to get ahead through nation building programmes, rather than leave them to the whims and fancies of people who don't care so that they become the inmates of Northward Prison if the future?

Madam Speaker, there are many gains in the Ministry of Finance, Tourism and Development Financial Services, even if small growth to the GDP. I am not going to take the time of the House to go through the many gains at this point, but I will make a formal statement later on.

Other ministries have done extremely well.

Ministry of Education [Training and Employment]: I can say this one because we have put so much effort into it; this, I think, has done extremely well in key areas. They are going to establish for the first time, a national workforce development and training agenda.

Under the leadership of the Minister, schools achieved an average of 45 per cent last year with better still expected for this year. And that is 45 per cent of the public exam results.

Madam Speaker, there are a number of broad strategic objectives combined to outline and demonstrate my Government's commitment to the holistic development of our people. The devil is in the detail, as we say. The Ministry of Education, Training and Employment has also meticulously and strategically mapped out the process by which we will achieve these objectives, and the Minister will make statements to be able to inform the House as to the many gains in the Education Ministry.

The Ministry will introduce the "Teach Cayman" programme, to deliver high quality local initial teacher education and leadership training in partnership with our University College and higher education institutions overseas, and a mentorship programme for newly qualified Caymanian teachers.

Work is underway to ensure that a comprehensive framework will be in place for education, to legislate for the many improvements that have occurred in education, and for those still to come during the next financial year.

In September this year, Reception will be reintroduced at three more of our government schools: Sir

John A. Cumber Primary in West Bay and Savannah Primary and Bodden Town Primary schools. These 9 new reception classes means that over 200 more children and over 200 more Caymanian families than last year will benefit from access to one year of free, quality education prior to the start of compulsory schooling for their children. This has been made possible as a result of the additional space provided by the new classroom blocks at these schools and the Government's prioritisation of the additional funding required for this critical initiative.

The Ministry will also up the age of entry for compulsory schooling to age five, to ensure that our children are more ready developmentally to meet the demands of our school system and curriculum, bringing our country more in line with international best practice.

The Ministry of Education is finalising preparations for the implementation of a National Strategy for Safer Schools. The strategy provides a vision and a set of guiding principles to develop safe, supportive and respectful learning environments throughout the Cayman Islands that promote inclusion, intervention and student wellbeing. It identifies five goals that will assist Caymanian schools in creating learning environments where all members of the school community feel and are safe from aggression, violence and bullying. It also responds to new and emerging challenges for school communities such as the misuse of drugs, sexual misconduct, internet safety, cyber bullying and community concerns about gang-related activities and weapons.

Madam Speaker, as I said, the Minister will outline his work in detail.

Ministry of Health, Environment, Youth, Sports and Culture Health: I have said before that the health of the nation is an absolutely critical asset. One of the less happy outcomes of our modern era of growth has been the increased incidence of chronic non-communicable diseases, which also have demanded a large share of public resources. Having conducted the first-ever general Non-communicable Disease Risk Factor Survey, the Ministry will follow up with an Adolescent Health Survey later this calendar year. These will be important resources for proper planning of intervention programmes.

Later this year the Ministry plans to bring forward and table in the Legislative Assembly within this calendar year, a National Health Policy. Alongside this, the Ministry intends to expand through CINICO access to a cost-effective network of providers—including use of the high quality facilities in Panama.

The Marine Parks System, already recognised internationally, is subject to a review in conjunction with Bangor University. This will conclude in early 2013.

The invasion of the very fertile and highly predatory lionfish is a cause for real concern and ef-

forts will continue to devise an effective control programme.

In the larger, global view, our continued engagement with the challenges of climate change will be brought forward in a National Climate Change Policy.

Throughout this year the Ministry will mount a broad consultative process to generate a National Sports Strategy. Here again there is evidence of investment being made to lay the foundation for sustainable development policies. At the same time, a practical addition will be made to facilities for active lifestyles in the form of a walking track at the George Hicks Field.

Madam Speaker, there is much more to report. That will be done later on in this meeting.

In closing, in the midst of the most challenging environment, the most challenging economic circumstances to have confronted the world in over 80 years, my Government is able to hold its head high, based on our achievements over the last three years which have been most difficult. We faced the problems and immediately identified a strategy of partnerships to solve them. It is remarkable that in making the necessary fiscal adjustments to inspire private sector confidence in our three-year economic plan we appear to have inspired bigger countries as to the wisdom and merits in our strategy.

The economic strategy also inspired Moody's renowned for its toughness as a credit rating agency to maintain Cayman's double 'A' international credit rating. This achievement is tremendous in the context of the downgrading of several countries' credit rating, including some of the most advanced economies. This reinforces that my Government's decision to choose the path of fiscal restraint without causing diminishing returns over fiscal expansion was, and still is, the mature thing to do.

Madam Speaker, there are doomers and naysayers but I cannot help but repeat my reference to the restoration of a quiet confidence in Cayman as observed in last year's Budget Speech. This quiet confidence continues to be associated with the following assessments: that we are prudent, we are fair, we believe in the rule of law, and we apply ourselves to the onerous task of governing well, with integrity.

The task of governing well requires gaining the confidence of the electorate. It is about getting people to buy in to ideas and to believe in the policies of the leadership. Thus far, the evidence demonstrates my Government knows what needs to be done, and we are trying to do it. In this regard, I found the speech of Prime Minister David Cameron truly inspiring, which he ended by saying: **"I cannot predict how the crisis will end for others. And I cannot pretend that Britain will be immune from the consequences, either. But this I can promise: that we know what needs to be done and we are doing it. Get the deficit under control, get the founda-**

tions of recovery in place, defend the long-term interests of our country and hold our course.”

Madam Speaker, I add to that: Bring down our debt.

Madam Speaker, if we follow the language of my three budget speeches it may be recalled that in speaking to a partnership for recovery we set controlling the fiscal deficit as a major priority. We have been doing what it takes to keep these three blessed Islands safe from the storm. We have done this through the grace of an Almighty God whose word is repeated in our motto—this should come as no surprise, for those of us who understand and internalise—“For he hath founded it upon the seas.”

Caymanians have worked very hard over the years to build the country’s economic and social fabric. We feel a sense of ownership of the country’s progress. We are strict guardians of our heritage. In this vein, Madam Speaker, the work of the civil servants continues to be admired, respected and appreciated. I take this opportunity on behalf of the Government to once again thank them for their invaluable service to this country. I think especially of those who have worked beyond the call of duty to get us where we are with this Budget.

Madam Speaker, I have come to the end of my Budget [Address] presentation. It has been a long one. It is the last one before the general elections.

I have no worry, Madam Speaker, when they point fingers and say, *We shall get rid of you*. Firstly, if the people of West Bay want that, it is their prerogative. My chance, I would say though, is as good as anybody else’s. As for national politics, sometimes I feel like running away from it. I am still praying, Madam Speaker, about whether to offer myself for national office.

But I would say this: I don’t see many out there who can hold the ship steady. I don’t. And I pray about it every day, and want young people to get involved. Not to become military style. I want them to come and work. Work first, be a cadre, and many do you know, in many different places; but there can be so much more done. I want young people to come. There is so much work. Old people need help. Younger children need mentors. High schools students need mentors. There are so many things to be done.

Much more in scouting could be growing. We should have a 1,000 strong in this country. The youth cadet corps, there should be 3,000 young people in this cadet corps. It is such a good thing. Oh well, you know I must say that one of the cuts that was offered was that, to cut the cadet corps and I said, *No, we are not doing that*. The Minister of Youth said no. It’s a good programme. People need to be encouraged to go there and send their children there and work with it. That’s what I want the young people of this country to get involved in.

Madam Speaker, when I was very young I was leading a youth group. I was starting a youth group, a progressive youth club. When I was very young I was teaching scouting. Gwyneth Henning, Herbert Crawford and I revived the scouts programme in West Bay.

When I was very young I was a Sunday school teacher. I see many young people today, good young people who came out of the scouts. David Gordon, the Hew boys. Many of them. And I look at them and say that Cayman has a good future. These young people have done well.

Madam Speaker, as a God-fearing people, Caymanians have learnt to trust in the Lord and do good. “So shalt thou dwell in the land, and verily thou shalt be fed.” Psalm 37:5. This Psalm speaks to achieving peace of mind in the face of adversity. “Trust in the Lord and do good. So shalt thou dwell in the land, and verily thou shalt be fed.” This requires an undying affirmation of faith and trust in the unchanging character of God, in his power and his mercy.

And so, I wish to thank Honourable Members of this House and the members of the listening public for their patience and attendance here and all the civil servants who came here today. I now commend The Appropriation (July 2012 to June 2013) Bill, 2012, to all honourable Members of the Legislative Assembly, and ask that they support the Bill.

Finally, let me thank the Legislative [Assembly] staff, the Clerk and all of her staff who are here still.

Madam Speaker, we intend to come back here on Wednesday morning at 11 o’clock, as we have the long-awaited groundbreaking of the Medical Tourism Development, commonly known as Doctor Shetty Hospital, at 9.00 am . . . that’s on Monday. Sorry. Yes. Wednesday we will be here, Madam Speaker, at 10.00 am to begin debate on the Budget.

The House will sit as late as possible every night. Members, we do have a legislative deadline—the 31st. I crave the indulgence of Members to meet early, be on time, debate shorter and, in fact, we do not have to debate at all. Madam Speaker, it is such a good Budget that they do not have to talk much on it. In fact, they do not have to talk at all after tonight.

Madam Speaker, I have said that the Budget documents, the Annual Plan and Estimates, the Annual Budget Statement, the Ownership Agreement and the Purchase Agreement will be delivered to Members tomorrow. I apologise, Madam Speaker, but, as I explained earlier, we could not help it. It takes a long time to get all of these things done.

Madam Speaker, I thank you very much for your indulgence and we pray for God’s blessings on our deliberations to come.

MOTION FOR DEFERRAL OF DEBATE ON THE BUDGET ADDRESS

The Speaker: Honourable Premier.

The Premier, Hon. W. McKeeva Bush: Madam Speaker, I beg to move the following resolution:

BE IT RESOLVED THAT the debate on the Budget Address be deferred until Wednesday, 22nd August 2012.

The Speaker: The question is: Be it resolved that the debate on the Budget Address be deferred until Wednesday, 22 August 2012.

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

Ayes.

The Speaker: The Ayes have it. Debate is accordingly deferred.

Agreed: Debate deferred until Wednesday, 22 August 2012.

MOTION FOR THRONE SPEECH AND BUDGET ADDRESS TO BE DEBATED SIMULTANEOUSLY

The Speaker: Honourable Premier.

The Premier, Hon. W. McKeeva Bush: Madam Speaker, I beg to move: BE IT RESOLVED that the Throne Speech and Budget Address be debated simultaneously on Wednesday, 22nd August 2012.

The Speaker: The question is: BE IT RESOLVED that the debate on the Throne Speech and Budget Address be debated simultaneously on Wednesday, 22nd August 2012.

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

Ayes.

The Speaker: The Ayes have it.

Agreed: Throne Speech and Budget Address to be debated simultaneously.

STATEMENTS BY HONOURABLE MINISTERS AND MEMBERS OF THE CABINET

The Speaker: I have no notice of statements by Honourable Ministers and Members of the Cabinet.

ADJOURNMENT

The Speaker: Honourable Premier.

The Premier, Hon. W. McKeeva Bush: Madam Speaker, I beg to move the adjournment of this honourable House until 10.00 am on Wednesday, 22 August 2012.

The Speaker: The question is that this honourable House be adjourned until Wednesday, 22 August 2012.

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

Ayes.

The Speaker: The Ayes have it.

At 8.40 pm the House stood adjourned until 10.00 am Wednesday, 22 August 2012.

