



**CAYMAN ISLANDS  
LEGISLATIVE ASSEMBLY**

**OFFICIAL HANSARD REPORT  
ELECTRONIC VERSION**

**2012/13 SESSION**

**22 August 2012**

*Second Sitting of the First Meeting*

*(pages 129–184)*

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

**Disclaimer:** The electronic version of the *Official Hansard Report* is for informational purposes only. The printed version remains the official record.

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

**OFFICIAL MEMBERS OF THE CABINET**

Hon 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
Mr Ellio A Solomon, MLA	Fourth Elected Member for George Town
Mr Dwayne S Seymour, MLA	Third Elected Member for Bodden Town

**OPPOSITION MEMBERS**

Hon Alden M McLaughlin, MBE, JP, MLA	<i>Leader of the Opposition</i> , Third Elected Member for George Town
Hon D Kurt Tibbetts, OBE, JP, MLA	First Elected Member for George Town
Mr 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

**ABSENT**

Mr D Ezzard Miller, JP, MLA	Elected Member for North Side - <b>Independent Member</b>
Capt A Eugene Ebanks, JP, MLA	Fourth Elected Member for West Bay – <b>Government Backbench Member</b>

**OFFICIAL HANSARD REPORT**  
**STATE OPENING 2012/13 SESSION**  
**WEDNESDAY**  
**22 AUGUST 2012**  
**4.40 PM**  
*Second Sitting*

**The Speaker:** I will ask the Honourable Minister of Education to read Prayers this afternoon.

### PRAYERS

**Hon. Rolston M. Anglin, Minister of Education, Training and Employment:** Let us pray.

*Eternal and Heavenly Father, 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 Almighty countenance to be over us and give us peace, now and always. Amen.*

**The Speaker:** Proceedings are resumed. Please be seated.

#### Suspension of Standing Order 10(2)

**The Speaker:** Honourable Premier.

**The Premier: Hon. W. McKeeva Bush:** Madam Speaker, seeing that we are past the hour of 4.30 pm, I would move the suspension of Standing Order 10(2) to enable the House to work after 4.30.

**The Speaker:** The question is that Standing Order 10(2) be suspended to allow the House to conduct business past 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.**

### READING BY THE HONOURABLE SPEAKER OF MESSAGES AND ANNOUNCEMENTS

**The Speaker:** I have no messages or announcements, but on behalf of this Chair I would like to apologise to the Honourable Leader of the Opposition for having failed to announce his apology when the House met on Monday. I think it should be a part of the record that he did submit an apology to the Chair.

### PRESENTATION OF PAPERS AND REPORTS

**Annual Plan and Estimates for the Government of  
the Cayman Islands for the Financial Year ending  
30<sup>th</sup> June 2013**

**Annual Budget Statements for Ministries and Port-  
folios for the Financial Year ending  
30<sup>th</sup> June 2013**

**Purchase Agreements for Statutory Authorities,  
Government Companies and Non-Governmental  
output suppliers for the Financial Year ending 30<sup>th</sup>  
June 2013**

**Ownership Agreements for Statutory Authorities  
and Government Companies for the Financial Year  
ending 30<sup>th</sup> June 2013**

**The Speaker:** Honourable Premier.

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

Madam Speaker, I beg to lay on the Table of this honourable House the following documents in respect of the Government's financial year that will

end on the 30<sup>th</sup> June 2013. That is: The Annual Plan and Estimates for the Government of the Cayman Islands; The Annual Budget Statements for Ministries and Portfolios; The Purchase Agreement for Statutory Authorities, Government Companies and Non-Governmental output suppliers; and Ownership Agreements for Statutory Authorities and Government Companies.

**The Speaker:** So ordered.

**The Premier, Hon. W. McKeeva Bush:** Madam Speaker, when I delivered my Budget Address on Monday, 20<sup>th</sup> August, that Address contained details that are consistent with the budget documents that have just been laid on the Table of this honourable House. I therefore do not need to say anything further on the documents that have just been tabled, except to apologise to Members, again, that we were not able to get these documents to them earlier.

Throughout the Meeting, Madam Speaker, it will be said many times what process obtains (for those persons who might not remember and might not know).

**The Speaker:** Sorry, Member for East End.

#### Point of Procedure

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

Madam Speaker, I wish to ask the Premier a question, or request to ask a question on a procedural matter.

**The Speaker:** Honourable Premier do you wish to entertain a question from the Member for East End on the procedure?

**The Premier, Hon. W. McKeeva Bush:** Yes Ma'am, if I can help the Member with something, certainly.

**The Speaker:** Member for East End.

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

Madam Speaker, in light of all the discussions that have been going on between the United Kingdom and the Cayman Islands concerning the Budget and the FFR and the likes, and the back and forth and the uncertainty of whether the approval [of the Budget] is going to be given by the UK, can the Premier tell us if this Budget (that is, the documents just laid) has been approved by the United Kingdom Government?

**The Speaker:** Honourable Premier.

**The Premier, Hon. W. McKeeva Bush:** Madam Speaker, I said on Monday where we stood with the Budget, that we had reached the point where the For-

ign Office wanted us to meet, as far as our expenditure was concerned. It is in compliance with what we agreed.

And, Madam Speaker, it is vitally important for Members to hear again, and to take note, that the Budget, via the Appropriation Bill, is indeed legal. It has been approved by the Governor in Cabinet and it is in keeping with the 2009 Constitution Order. It is legal because it has been passed through the Cabinet. And, again, it is indeed compliant with all the things that the UK wanted us to do. I explained what they said to us, and it is therefore constitutionally in order.

**Mr. V. Arden McLean:** Madam Speaker, I do not know if the Premier heard me, but I was trying to find out if the Cayman Islands Government has received word from Minister Bellingham that this meets all of the requirements of the United Kingdom.

**The Premier, Hon. W. McKeeva Bush:** Madam Speaker, the Member well knows what the process is. And we certainly explained all that we can, very plainly, on Monday. But since the Member is making such a play of this let me explain again: The Foreign Office wanted an initial level of \$528 million of expenditure. However, after working with the Foreign Office to agree on the Budget, we have reached the level of expenditure of [\$]531[million], as I said, which is in compliance with what we agreed with them.

We are in compliance with what we have agreed with them to be operating expenditure. And so, Madam Speaker, we did explain that the FCO said that they could not comment any further until the Minister himself saw the figures. However, they did not see a problem with him accepting the level of expenditure which we agreed with them. The Governor reiterated the same support.

And so, Madam Speaker, the Cabinet Extract, which I am going to lay on the table . . . I am not going to lay it, Madam Speaker, but I do have the Cabinet Extract as I have explained. The Cabinet agreed, the Governor in Cabinet agreed. It has been approved and is in keeping with the 2009 Constitution Order.

**Mr. V. Arden McLean;** Madam Speaker, just to say, that it is obvious that [Minister] Bellingham has not given the nod for this Budget. Therefore, I wish to register my objection, my strong objection, to this Budget being presented to this honourable House and debated and passed into law.

Madam Speaker, it is obvious that the United Kingdom and the Cayman Islands Government are playing Russian roulette and the only victims in this are going to be the people of this country, and in particular, the people of East End whom I represent.

**The Speaker:** Are you—

**Mr. V. Arden McLean:** Madam Speaker—

**The Speaker:** You asked permission to ask the Premier a question. I think he has answered the question and we have a debating period coming up right behind this in which you will be able to offer your further contributions.

**Mr. V. Arden McLean:** But, Madam Speaker, I asked him if Minister Bellingham had—

**The Speaker:** And he answered you.

**Mr. V. Arden McLean:** He didn't! He didn't say yes or no, Madam Speaker.

**The Premier, Hon. W. McKeever Bush:** Madam Speaker . . . Member—

**The Speaker:** I am saying to you . . .  
Both of you please sit down.  
Madam Clerk, please proceed with the . . .

*[Inaudible interjection]*

**The Speaker:** We will get all the explanations in the debate and all the questions and all the statements can be made.

Please no across-the-floor.  
Madam Clerk, please proceed.

## STATEMENTS BY HONOURABLE MEMBERS AND MINISTERS OF THE CABINET

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

## GOVERNMENT BUSINESS

### BILLS

### SECOND READING

#### Appropriation (July 2012 to June 2013) Bill, 2012

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

**The Speaker:** When we concluded the previous Sitting, the Premier had just concluded his presentation of the Budget Address. The floor is now open for any other Member who would wish to speak.

The Leader of the Opposition.

*[Pause]*

**The Speaker:** Honourable Leader of the Opposition.

## DEBATE ON THE BUDGET ADDRESS AND THE THRONE SPEECH

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Thank you, Madam Speaker, and good evening.

Madam Speaker, I come to this important debate on the long-awaited Budget and Throne Speech with mixed feelings. We pondered long and hard, Madam Speaker, whether or not we should actually participate in this debate because not only what is happening here unprecedented, but it runs huge risks. There has already been so much reputational damage to this country, to the Government, to the way that we conduct business, to the type of governance, but the Government seems bound and determined to compound every error that they have made with more errors.

Madam Speaker, the Elected Member for East End just raised a very important issue. And while I do not disagree with the explanation that was given—partly over the microphone and partly across the floor—that the presentation of the Budget and the Budget Address and now the Budget is not illegal in the sense that it is unlawful, what the Government certainly is doing is running the risk, the real risk, that after all is said and done in this House and this debate is concluded and the Appropriation Bill is voted upon, that the United Kingdom Government may instruct the Governor not to assent to the Appropriation Bill on the basis that what is contained therein has not met its approval. If that does occur, the Government will have no authority to spend any of the money which is purported to be appropriated under that piece of legislation.

Madam Speaker, I think we all have shuttered at the kind of tone and the tenor of responses and public utterances by the Premier in relation to his dealings with the Governor and the FCO. Madam Speaker, to say that what has been said and how it has been said was undiplomatic is to be euphemistic. But what we now do is run the real risk of the UK saying, *So, who do they think they are thumbing their noses at us?* And for no reason other than that for the UK to decline, as it has done up until now, to approve the Budget.

*[Inaudible interjection]*

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** And Madam Speaker, since I have been in this Chamber this evening, I have had confirmation that, as at close of business today, the UK Government, the FCO, the Minister, Henry Bellingham, has not approved the document supporting that which the Premier has just laid on the Table of this House. And so, Madam Speaker, because of that—in particular because of that—I have really mixed feelings and

have been in something of a quandary as to whether or not to participate in this debate at all.

I have concluded, as have my colleagues, that it is my duty as Leader of the Opposition to do so. But I am horrified that we are sending this signal to the country and to the world that Cayman cannot put together a timely budget which meets the approval of the United Kingdom. And I am even more horrified at the prospect of the media attention we must expect if an Appropriation Bill passed by this House is ultimately not assented to by the Governor.

And so, Madam Speaker, I am saying to this House and to the country that the Opposition will not vote on this Budget, will not vote on this Bill unless we have the assurance that the United Kingdom Government has given approval to the Budget documents.

Madam Speaker, if it had been the Premier's overriding objective over the course of the last couple of months to reduce confidence in the Cayman Islands and in the Cayman Islands Government, here at home and around the world, to chill investment and drive away financial services business, to downgrade our debt rating and increase the country's cost of borrowing, and to put further pressure on small businesses and the cost of living, he could not possibly have done a better job than he is doing now.

First, he announces an employment tax and then he backtracks on that when people object. Then he then slaps on a range of additional taxation mostly on the financial services industry. Then on Monday he backtracks on the civil service cost of living increase and then in addition to all of that, and before most of that, he makes a public spectacle of his failure to convince the UK that this time his budget figures are reliable and he engages in a protracted fight with the Governor and the FCO—a fight, which it seems, is still ongoing. So, Madam Speaker, that is where we are as we start this debate.

Madam Speaker, as I listened remotely to some of the Premier's contribution on Monday evening as he presented the Budget, or I should say, presented the Budget Address—because there were no budget documents . . . we received the budget documents at eleven minutes past four this afternoon. So, none of us have had an opportunity to have a look at them and we have to operate, Madam Speaker, on the basis of the Throne Speech, the Budget Address and the Appropriation Bill—copies of which we do have.

Now, Madam Speaker, as I listened remotely to some of what the Premier said (because I was away), I harkened back to my days in high school and in my literature class. Because, Madam Speaker, as I listened there was a soliloquy from the Shakespearian "Tragedy" Macbeth—the words of which I had not read in many a year—came flooding back to my consciousness.

Madam Speaker, in the play, when Satan told Macbeth of the death of the queen, Macbeth broke

into a soliloquy, the words of which goes something like this:

**"Tomorrow, and tomorrow, and tomorrow  
Creeps in this petty pace from day to day,  
To the last syllable of recorded time;  
And all our yesterdays have lighted fools  
The way to dusty death. Out, out, brief candle!  
Life's but a walking shadow, a poor player  
That struts and frets his hour upon the stage  
And then is heard no more. It is a tale  
Told by an idiot, full of sound and fury  
Signifying nothing"**

Madam Speaker, we were treated to a three and a half hour presentation, our Budget Address, which should have been delivered from May—three months overdue, two months after the start of the 2012/13 Financial Year—a speech and a budget that has been threatened for almost four months now, because under the rules before this Government changed them, the budget was to be presented by the middle of May. And, Madam Speaker, despite all of that, no budget documents were presented. As I have just said, we have just received them.

Madam Speaker, if that is not the clearest indication of the level of incompetence that abounds in this Government of the absolute disregard for process, for protocol, for this House, for the people of this country, for the United Kingdom Government, then I don't know what else could be.

Madam Speaker, not only have the Members of this House, the poor civil service, the United Kingdom Government, the people of this country, the private sector and the average citizen been dragged through months and months of uncertainty and fear and loss of business, but now, Madam Speaker, we as their Representatives are being asked to debate the Budget without having had an opportunity to even consider what the budget documents themselves have to say. If that is not complete and utter disregard for this process and for the people who participate in it, tell me what is, Madam Speaker. We are used to the short notice and lack of opportunity to prepare properly, and we will deal with that. But at least, Madam Speaker, give us the documents so that we can have something to consider.

Madam Speaker, after what is almost 12 years here now, I have to tell you I thought I could no longer be surprised by the audacity of the Premier and his Government, but he has done it again. Madam Speaker, in this document—which runs some 61 pages—that the Premier delivered, he speaks at length to what he describes as the "restoration of a quiet confidence in Cayman" as observed in last year's budget speech. Madam Speaker, what is this quiet confidence of which he speaks? Because no one that I have talked to in Cayman, regardless of what their station in life, regardless of whether they come from

the private sector or the public sector, regardless of whether they come from the financial services industry or whether or not they work at Hurley's—no one in this country—has confidence, quiet or otherwise, in this Government and in this process.

I don't know where the Premier has been living, Madam Speaker, this last year (particularly this last year), but he certainly has not been living amongst the people of these Islands, Caymanians and residents alike, because if he had, he could never come to this House and read a speech even it has been written by somebody else, which proclaims that his Government has somehow restored a quiet confidence in the Cayman Islands because of their stewardship.

Madam Speaker, on what possible basis, can the Premier assert that there is now the restoration of a quiet confidence? Could it possibly be, Madam Speaker, the declaration by him three years ago after he took office, that the country was bankrupt? Madam Speaker, could it be the uncertainty that reigned for months after that, as the Government dithered and tried to decide what they were going to do about the situation with the deficit as to whether or not they were going to impose direct taxation or some other measure? Madam Speaker, could the basis for the Premier's assertion that his Government has restored a quiet confidence in the Cayman Islands be the pretend budget that he delivered to this House in October of 2009, which said that in less than one year, nine months, they were going to reverse the financial fortunes of the Government and that they would see a substantial surplus at the end of June 2010? Or, Madam Speaker, perhaps it is the deficit which actually occurred in that financial year on which he bases this claim.

Madam Speaker, maybe the restoration of confidence is based on the announcement of the first criminal investigation into the Premier, or maybe it was the second, or perhaps the third. Or, Madam Speaker, is it because of the Government's inability to present a budget within the timeframe this year, or their lack of appreciation that the 1<sup>st</sup> of July comes around the same time every year? Is that the sort of thing that the Premier believes that restores a quiet confidence in Cayman?

Or, Madam Speaker, perhaps it was the genius idea of changing Cayman's taxation philosophy—something which no government in the history of these Islands had ever seriously considered—and imposing a form of income tax by the introduction of payroll taxes. I believe they can see from the response they got from the entire community how much confidence that restored in the people of these Islands. Somehow they seem to think that a determination to commit fiscal suicide is something that tends to restore confidence in those who are proposing to do it.

Madam Speaker, maybe it is because of the wonderful relationship that they have developed and

are continuing to develop with the United Kingdom Government why they believe the people of these Islands should believe that confidence in Government and confidence in the Cayman Islands has been restored.

Madam Speaker, perhaps, as well, the Government now is firmly of the view that they have restored confidence because, as I stand here debating this Budget Address, we do so in circumstances when we know what is being proposed by the Government as the Budget has not been approved by the United Kingdom Government and run the risk that all of this is not only a waste of time and a huge embarrassment, but will have serious reputational consequences for this country if the Governor does not assent to the Bill when it is finally passed by this House.

Whatever the Premier tries to say, whatever his Government tries to say, the reality is that there is a crisis of confidence of immense proportions in this Government. And the accumulative effect of all that they have done and said culminating in this latest fiasco is such that nothing is going to happen to improve the economy of these Islands, regardless of what we do, until we get to a general election in May of next year, because everything is underpinned by confidence. And that is sorely missing, not only within this House, but within the board rooms, within the dining rooms, within the bar rooms, within the restaurants, where every people meet and gather and talk. Madam Speaker, I have never known a period of such uncertainty in this country.

I thought, Madam Speaker, that following the elections in 2009 when the Government declared the country was bankrupt and everybody was up in arms that we were really, really at the lowest ebb as far as confidence was concerned. But nothing—nothing any government has ever done in the recorded history of the Cayman Islands—comes close to the situation that this country now faces. And, Madam Speaker, the remarkable thing and the most ironic of it all is that when you go through this entire document there is not one new initiative, there is not one new proposal, there is not one aspect of this which gives anybody in Cayman any hope, any optimism that their lives and the economy of the country is going to be improved in any material manner. Unless you are Dart, or unless you are a recipient of something given out under the Nation Building Fund, there is nothing in here for you.

Madam Speaker, the Government is walking down the same road it has walked these past three, almost four, years now (three and a half years). This is their fourth budget. They have no more before the elections. This is it! This is warmed-over rhetoric about how projects—even the projects are the same—are going to somehow rescue the Cayman economy and return us to a path of fiscal sustainability and prosperity. But, Madam Speaker, what underpins all of those projects is confidence. And if people do not have confidence, if those who are making the decisions in the

boardrooms, whether they are in Cayman or elsewhere, do not have confidence none of those things are going to happen.

The Premier bemoans the fact that very little has happened in relation to those projects that he proposed—that the Opposition has stood in the way, people have threatened to lie down before bulldozers, people have marched, people have demonstrated and that's what has kept things from happening. Madam Speaker, what has kept things from happening, aside from the fact—and is an important factor, the state of the global economy—is the lack of confidence in the Government and what is happening in Cayman. And as though the Government was not satisfied with that, they make this astounding proposal, which has shaken the economic foundations of this country in a way nothing else has, in one statement without any consultation with anyone whom I have been able to speak to.

And, Madam Speaker, I will confess that I have spoken to many UDP insiders, many UDP advisors or former advisors, and asked: *Who could possibly have proposed payroll tax, of all of the options available?* No one claims responsibility. Everyone says they were not consulted. So, Madam Speaker, I can only conclude that this is something that was dreamed up by the inner circle of the PPM in their caucus—

**Hon. D. Kurt Tibbetts:** Of the PPM?

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Of the UDP!

God forgive me!

*[Inaudible interjections and laughter]*

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** By the inner circle of the UDP.

Madam Speaker, I still don't believe they get it. I still don't believe they understand what this has done, and is still doing to the confidence of the business community here; but equally importantly, to those who are making the decisions about whether to invest or to do business in the Cayman Islands.

Madam Speaker, as recently as yesterday, I had a chance meeting with someone who was (I will have to say it this way) a strong UDP sympathiser; someone who was part of their circle and certainly served on a number of their boards. We were discussing the Budget Address. I asked whether or not he felt that this might offer some hope, some optimism because I knew where he stood—or at least where he used to stand—politically, so I was being very careful. And he dismissed the Address as being neither here nor there. But what he said to me confirmed my view and added to the list of people who told me how devastating and how disastrous this payroll tax proposal had actually been, and the legacy that it will carry for a

long, long time because we have stepped over the line.

You see, Madam Speaker, no one ever likes to have to pay more. So, regardless of what Government does, whatever tax or fee increase that it proposes, there are going to be those who are going to object to it. But the one thing that everyone in Cayman believed was sacrosanct was the line about income tax. Whatever Cayman did, regardless of how crazy they thought the Government was, no one believed that Cayman would actually step over that line. And that, Madam Speaker, is what occurred.

I do not think the Government really gets it. Certainly, they have said nothing to try to ameliorate, to mitigate, the huge error in judgment that they have made. It is remarkable that in a 61-page address, plus considerable adlibbing on the part of the Premier, he never mentioned the fact that the Government had proposed to walk down this dark and dangerous road.

Madam Speaker, getting back to my discussion yesterday, the gentleman concerned said that he had on his table a major project, 18 condominium units ready to go to Planning. The morning after the payroll tax proposal was announced he received a phone call that said, *Hold fire*. And that was that. And I said, *Well, do you think now that the Government has pulled back from the brink that this will be a go?* He said, *No. In this environment of uncertainty there is just no way, particularly given the global situation and the uncertainty there. One thing that we always believed in Cayman was that there was political stability and sound judgment, and a tax regime which was predictable or which we can plan. We can make allowance for what the fees are, what the taxes are in relation to Planning fees, infrastructure fees, licences and those sorts of things, but a tax on income . . . that is a completely different kettle of fish.*

So, Madam Speaker, the Government has compounded what was already a most difficult and dire situation by proposing something as radical as payroll tax. We add to that, Madam Speaker, the fact that we cannot produce a budget within the timeframe which is required—and we have a whole year to produce a budget. Here we are at the end of August, still debating a budget, the year for which it applies having started on the 1<sup>st</sup> of July. One of the things Cayman was noted for until recently, Madam Speaker, was good governance.

Madam Speaker, the Premier may entitle his speech "Responsible Governance in Challenging Times" but only he and a few of his hardliners are going to believe that that is what this is.

What we were treated to, Madam Speaker, was the claim by the UDP that they have stabilised government's finances, and that they have cleaned up the mess which the PPM left. Madam Speaker, we heard that even before they took office in May 2009. Every wrong, every mistake, every problem, every failing, every failure has been ascribed to somebody



else besides the Premier and his Government. Everybody else is always wrong and the Premier and his administration are always right. If they are not right, they are the victims of the FCO, they are the victims of the Opposition, or they are the victims of the greedy people who want this for themselves but do not want others to share. They are always victims of something.

Madam Speaker, I say this: Regardless of what can properly be ascribed to the stewardship of the PPM Administration, we are now three and a half years down the track since this Government took office. At some point, Madam Speaker, you have to say *this is my job and I have to do it*. If the PPM were bad, if the PPM made mistakes, you said, Mr. Premier, that you were the man for the job, that you could do it better, that you would fix the problems.

Madam Speaker, the Government is almost out of time. This House will be dissolved in six or seven months—

**The Speaker:** Leader of the Opposition, I hate to interrupt you, but there is electronic equipment being used in here. There is a continual buzz which means that part of the speech being delivered will not be recorded. Please turn your equipment off.

Honourable Leader of the Opposition, please proceed.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Madam Speaker, on every possible occasion the Premier blames the PPM Administration for creating the present financial difficulties. He knows that this is not true, and his figures have never been verified, but it served his purpose in the last election, and it will serve, he believes, as the best cry now—three and a half years on.

But whatever view you take of our present difficulties, Madam Speaker, one thing is unarguable, three years, plus, brought no improvement—only an increase cost of doing business here, which damages local business and our pillar industries of finance and tourism. Above all else, the Government should be doing all in its power to encourage business.

And, Madam Speaker, to those who criticise both this Government and the Government of which I was a part, I want to point out that there is a big difference. I accept that in hindsight there are things that we should have done differently or done sooner. Perhaps, Madam Speaker, even things we ought not to have done. But our decisions were made in the belief that we were within the principles of good fiscal management agreed with the UK as set out in the Public Management and Finance Law—the Principles of Responsible Financial Management they are called. The Financial Secretary said as much.

Every budget we presented to this House projected a surplus. Every budget we delivered to this House, resulted in a surplus, save the last and fateful

one when the global recession really bit and government's revenues fell off precipitously. Neither the Financial Secretary nor anyone from the UK or anywhere else was saying to us that we were doing it wrong. I am not suggesting, Madam Speaker, that this absolves us from blame; but I know that we in the PPM have learned that lesson. And under the new Constitution it is now clear that the Minister of Finance has ultimate responsibility for monitoring Government's finances.

The point I really want to make, Madam Speaker, is that the present Government has been well aware of the difficulties for some time, especially since the [Miller/Shaw Report](#) obtained at the insistence of the UK. The shortcomings of the present Government are not of insufficient vigilance, or undue reliance of others, but rather, Madam Speaker, a lack of understanding of, or care about, the peril in which the country stands and the lack of political will to overcome the difficulties of having an outlook which is focused only on the next election, not on the long-term welfare of the country. That's the difference between us and them in that regard, Madam Speaker. And I raise that here because what we have been treated to over the course of now four budget cycles, are band-aid approaches to what are fundamental problems with the structure of government.

This Administration has refused to take any action to address what the fundamental and underlying problems are which result in the kinds of crisis we have seen culminating in the present one. They have practiced what can only be called pretend economics.

**[CERTAIN WORDS WERE ORDERED BY THE  
HONOURABLE SPEAKER TO BE EXPUNGED  
FROM THE RECORD]**

#### Point of Order

**The Premier, Hon. W. McKeever Bush:** On a point of order, Madam Speaker.

Madam Speaker, the Member has just said that the Minister has been lied to—he used that word. And I want to find out where the Minister has been lied to. If the Member has any such proof . . . which he can't because no lies have been told to anyone, much less the Minister in the UK. Now, that is what the Member said. That's on the record.

**The Speaker:** Leader of the Opposition, which Minister is it that you referring to?

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** The UK Undersecretary with the responsibility for the Overseas Territories, the Honourable Henry Bellingham.

**The Speaker:** I know you would understand that if you say he has been lied to then there is somebody in

this room who is a liar that has lied to him. And you know that that is unparliamentary and unacceptable. Please withdraw it and please continue. There are many words you can use to describe what you want to say.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Thank you, Madam Speaker.

*Mea culpa.* I withdraw it.

**The Speaker:** Thank you.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Madam Speaker—

**The Premier, Hon. W. McKeever Bush:** Madam Speaker, it should be withdrawn. It should be struck—

**The Speaker:** Ah—

#### Point of Order

**The Premier, Hon. W. McKeever Bush:** Madam Speaker on a point of Order—

**The Speaker:** I need to know your point or order if you are going to make a point of order . . . I have instructed the Leader of the Opposition to withdraw his statement.

**The Premier, Hon. W. McKeever Bush:** And I have a point of order on it. And I think I am within my rights.

**The Speaker:** What is your point or order?

**The Premier, Hon. W. McKeever Bush:** That's what I was waiting on. That's what I was waiting on—for you to ask me that.

**The Speaker:** Your point is?

**The Premier, Hon. W. McKeever Bush:** My point of order is that that is left in the record. It should not only be withdrawn but it should be struck from the record because that creates history in this House and that Member knows that. He said it. Of course, it is on the air and that is not . . . and you should strike that from the air as well because it is a complete, complete, misleading of this honourable House and in itself—*itself*—is not telling the truth because the Member has no truth in what he said. And I maintain that it should be struck from the record and struck from the airwaves.

**The Speaker:** Section [35(3)] of the Standing Orders states: “**It is out of order to use offensive or insulting language about other Members. [(4)]No Member shall impute improper motives to another**

**Member.**” Those are the two areas, [subsections] (3) and (4).

I have ordered the Leader of the Opposition to withdraw his statement. He has withdrawn it. And I will order it struck from the record.

Please continue now and let's get this debate on the road. Leader of the Opposition.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Madam Speaker, perhaps I should move ahead a little of my plan and refer to what was presented to the FCO last year and the year before. And then, Madam Speaker, regardless of what label we wish to put on it, I believe most people will understand and make their own judgments.

**The Speaker:** You have the right to present your debate in a manner that is acceptable to the House.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** No argument about that, Madam Speaker. That is fine.

Madam Speaker, in 2009/10 the Government came to the House in October and presented a budget which had a projection of \$557.4 million by way of expenses, and revenue of \$562.2 million. So, Madam Speaker, the Government was saying then that they were expecting to have a \$5 million surplus.

This, Madam Speaker, is the year that followed the deficit, which they say is unaudited, unproven, and it will never be audited, a deficit of \$81 million. They came to the House in October and said that by year end, the 30<sup>th</sup> June 2010, we were going to see such a turn in the financial fortunes of government that we were going to move from an \$81 million deficit position to a \$5 million surplus. And we were going to do that because we were going to do certain things. We are going to get handle on expenditure and we were going to impose new revenue measures that were expected to realise \$94.9 million in new revenue in the nine month period between October 2009 and June 2010. And what is more, given a full 12-month period, those new revenue measures which we were imposing were going to see another \$126 million in new revenue. Madam Speaker, surprise, surprise; that proved not to be the case.

Madam Speaker, quoting from the Premier's speech on that October morning, he said: “**A rigorous and detailed expenditure review and expenditure cutting exercise was conducted in order to bring expenditure levels back down to 2008/9 and included cost cutting measures such as:**

- restricting the hiring of new staff to a minimum;
- restricting overtime;
- identifying ways to reduce accommodation, rental cost;
- eliminating all but essential official travel;

- **restricting the usage of government vehicles for private purposes.”** Et cetera and et cetera. [[Official Hansard Report, 2 October 2009](#), page 135]

So, Madam Speaker, it was on that basis that the Minister, the UK Government, and the FCO gave approval for the budget to proceed, which included, Madam Speaker, at the time, substantial borrowing. Unfortunately, Madam Speaker, the projected surplus did not materialise and the Government wound up ending the year with a substantial deficit.

Madam Speaker, we get to 2010/11, and the Government again presents a budget which proposes a substantial surplus. That budget, Madam Speaker, proposed . . . No, Madam Speaker. By that point realisation, we thought, had set in. The Miller/Shaw Report had been completed in February of 2010. The three-year plan, which the Government has been insisting upon, had been presented to them on the 10<sup>th</sup> May. So, there was some soberness that had been injected into the process; some reality checks that had occurred. So, this time around, Madam Speaker, in 2010/11 the Government actually projected that it was going to have a substantial deficit of some \$30 million.

And so, Madam Speaker, we moved on. But by the time we got to 2011/12 the Premier was again singing that he had turned the fortunes of the country around, and, indeed, he could declare a \$25 million surplus—a remarkable turnaround. And, Madam Speaker, on that basis he was able to give the civil service back their 3.2 per cent cost of living allowance, which had been taken from them in 2010/11 year.

Madam Speaker, we get to the 1<sup>st</sup> December last year (1<sup>st</sup> December 2011). And the Premier comes to this House and presents, as he is required to under the Public Management and Finance Law (PMFL), a Strategic Policy Statement which sets out the broad parameters of government policy and expenditure for the budget to come. That is the Budget that we are dealing with now; the Budget for the 2012/13 Year. Madam Speaker, he tells the House that this Budget (the one we are dealing with) would have operating expenditures of \$497.7 million and operating revenues of \$560.8 million. Huge, huge surplus! And that, Madam Speaker, accords with the three-year plan, because that is what that projected.

By his own admission in his own words he goes back to the Government Administration Building and issues a memo to all chief officers saying, *These are your allocations for this fiscal year to come, the accumulative of which cannot exceed \$497.8 million.* And he comes to the country, when we get to the crunch, and he says, *I told them that's all they could have, and they came back to me and said they needed another \$130 million.* That's what he told this House. And I have his statement somewhere here, Madam Speaker, if it is in doubt.

Subsequently, he says . . . in fact, they told him they needed \$150 million. And so, Madam Speaker, that is what has created this impasse between the UK Government and the Cayman Islands Government.

Now, Madam Speaker, when I uttered those words—which I have been asked to withdraw—it was against this background. What I perhaps should have said is that the UK Government and the Minister were not prepared to be misled again. Because what happened was that in the 2011/12 year, earlier this year, the Government came back to the House to ask for another \$50 million in supplementary expenditure. And so, when the Premier says in his statements, *I told the public service that they could not spend more than \$497 million*, he may well have told them that; but it was unrealistic. Does anyone really believe that public servants sit down and say, *You know what? We need more money because we want to do this and we want to do that and we want to do the next thing.* The expenditure of Government is driven by the elected Government's policies to a great extent. You cannot insist that you are going to put in place this programme, that you are going to implement this policy without having regard to the fact that those policies and programmes are going to need resources, both in human terms as well as in equipment and accommodation and a whole range of other things that go along with delivering whatever the output or outcome the Government has asked for by virtue of this programme policy.

So, it is unfair, grossly unfair, to say it is the Public Service that caused this problem *because I told them they could not spend more than \$497 million and they want to spend another \$150 million.* Really, Mr. Premier?

The reality is that the figures that have been used up until now, were not only unreliable, but pretense, made up to get through the budget process, to persuade the UK and this House and the general public that things are on an even keel. All the Government has thought about through all of this is getting through the next budget cycle. They have done nothing—nothing of any consequence—to address the underlying problems which put us in this position. And, Madam Speaker, that, coupled with the economic policy, which they have employed, has resulted in disaster. And will always result in disaster.

They have operated on the principle, Madam Speaker, that, *we do not need to really do anything about operational expenditure, we need to appear to be doing something, operational expenditure because the private sector is out there banging on about it, but really we can't bother with that. It is too troublesome, and it is too rife with problems and difficult decisions. What we are going to do is to make sure this economy really heats up, that we are going to whip these projects and these projects are going to happen and government revenues are going to recover substantially*

*and bridge the gap between revenue and expenditure and all will be well.*

Unfortunately, Madam Speaker, not just because of the global economy, but in large part because of that which has not recovered, at least, not consistently, sometimes there is hope and optimism and then those hopes are dashed the following two or three months. We have seen that happen in Europe. We have seen it happen in the US. Now we see the faltering in China and in India, and the other BRIC countries [Brazil, Russia, India, China]. There is no indication that the global economy is going to recover substantially significantly any time in the future. But they have banked on that.

Madam Speaker, in addition to that problem, which they do not have any control over, their administration of the economy of Cayman has been disastrous. Absolutely disastrous! They wonder why no projects can seem to move ahead. It is because of how they have handled them. Look at the Cruise Berthing. The Cruise Berthing was supposed to be the savior. The Chinese were going to come and all was going to be well in Cayman again. This time the great berthing project—in a document that runs to 61 pages and Lord knows how many words—has got seven sentences. Seven sentences are all that has been accorded to the berthing.

I repeat that, Madam Speaker, for the benefit of the Minister of Education—whom I've lulled into sleep with the soothing dulcet tones of my voice.

But, Madam, because of the way the Government has managed its affairs, and its constant interference and attempt at controlling these projects, virtually none of them have seen the light of day. And, Madam Speaker, as I said earlier, given all that has now transpired, it is highly unlikely that any of them are going to proceed to any measure which is going to seriously impact in a positive way the local economy in the next little while.

Madam Speaker, I hate to say this, but the only way this economy is going to grow is for the UDP to go. As long as they remain in office, Madam Speaker, this economy is not going to move. And, Madam Speaker, because they have failed to address the fundamental problems with the cost of government, we are always going to find ourselves, every year or two, in this particular position that we are in.

We have had the benefit of the Miller/Shaw Report, and anyone who reads that and is not sobered by some of the findings there, really either doesn't understand or can't have the best interest of this country at heart. Because, one thing that public servants and the broader community need to understand and appreciate, is that if we do not fix these fundamental problems, public servants, your pensions are going to be at risk, your salaries are going to be at risk, your jobs are going to be at risk, your health care is going to be at risk. If we keep going down the road that we have gone for years and years and years—

and the genesis of this problem is not the current Government's, it is a cumulative effect of the way government in Cayman has been structured and administered over many, many years, when we had a very small public service and when public servants salaries were very small. And I know all about that because both of my parents were public servants. They got generous healthcare coverage and they got generous pensions, if they made it to that point, [but] small salaries. And the number of people in the public service was relatively small. All of those things have changed, but nothing else has changed.

Madam Speaker, my colleagues and I are certainly not advocating major cuts in the number of public servants and sending public servants home, or indeed, cuts in the civil servants' salaries, or that they ought not to get healthcare. That is not what I am saying. But what I am saying, Madam Speaker, is a plan has got to be developed to deal with these issues, because if we do not, and do what the current Government has done and is doing again, they are going to come back, not just to haunt us, but the next time that the Government finds itself in the jam which they find themselves in now, what are they going to do then?

They proposed payroll tax as the answer because there was no way they could meet the divide between projected expenditure and projected revenue without utilising some radical new revenue measure. Lo and behold, over the course of one weekend the private sector said, *No, you do not have to do that. If you increase this, that, that, that, there is your \$90 million.* It leaves one to wonder why the Government had to take the radical approach they did with all of the consequences that I have alluded to, plus more than I am sure I haven't contemplated.

But, the next time the Government finds itself short . . . this time they proposed that civil servants contribute to their pension. And I thought we all did, including legislators, because certainly, a percentage is ascribed to the worker (if I may call the person that) on their pay slip. So, I am not sure what they propose to do about that. And, that they contribute to their healthcare coverage. Indeed, Madam Speaker, those proposals are in the written speech which was given to Members, and I presume to the media after the Premier delivered it on Monday.

But then we got the memo to civil servants from the Deputy Governor saying, *Don't worry about your healthcare coverage; that is not going to be affected. Don't worry about your pension contribution; that is not going to be affected. But we are going to cut your salary by 3.2 per cent. We are going to take away the COLA [Cost of Living Allowance]—again.*

So, I ask you, Madam Speaker, and I ask the Government through you, when we get to the end of this Budget cycle, whoever happens to be the Government come May next year and there is a shortfall again, what are we going to do? Do we really believe

we can heap on some more taxes and close the gap? Or is the Government simply waiting until (they hope) they survive this next election passage and they implement payroll tax or some other form of income tax as the answer to the problem?

I want to make it very clear, Madam Speaker, this is one of the things philosophically that divides the UDP and the PPM. We do not support any form of income tax. We share the view of many, locally and overseas, that it would be akin to fiscal suicide. When we consider the basis on which the major or the principal industry in this country is built and the reputation these Islands have had, good and bad (because it depends who looks at it), for having no form of income tax, indeed no form of indirect taxation, it is one of the key factors in decisions about what business goes to Cayman, because, on many other fronts we are not that competitive anymore with other jurisdictions, even onshore jurisdictions, not just offshore jurisdictions. The cost of doing business in Cayman is extremely high and anyone who believes otherwise really has not made the comparisons.

Madam Speaker, the fundamental problem that the country has because of the current Government's ostrich-in-the-sand approach to the economic woes of this country—and I say “economic woes” because what we are considering is not just the Government's financial position, but the economy as a whole—is because there is no master plan. It has all been about *Let's make sure these projects happen*, and the projects have not happened. And there was and is no contingency plan. There's been no sit-down look-at-the-big-picture at what it is that we need to do to get Cayman back to a path of prosperity. Even the so-called three-year plan that was devised in relation to Government's finances, they have not implemented.

Madam Speaker, let's talk about the pension situation. Madam Speaker, I repeat what I said earlier: Public servants need to appreciate that if something is not done—and done soon—about these issues of past service pension liability and the unfunded healthcare coverage, we are going to wind up having to make some really, really grave decisions hurriedly, which are going to have a devastating impact on not just public servants, but on the country as a whole.

The [Miller/Shaw Report](#), Madam Speaker, says this on page 38 on the Section entitled “**Contingent and Unfunded Liabilities**”: “**Defined-Benefit Programme.**” It says: “**Contributions to the pensions plan**” (This is the Government's pension plan which are the Parliamentary pension plan, the Judiciary pension plan and the Public Service pension plan; the three of them) “**are based on actuarial assessments carried out every three years. The last such valuation for funding purposes was carried out as of January 1, 2008.**” (So, that is more than four years ago.) “**As of that date, the defined benefit obligations under the three pension plans had a com-**

**puted unfunded pension liability of approximately \$248.4 million. As of the 1 July 2009**” (three years ago now) “**the unfunded pension liability has been estimated to be US\$324.8 million.**”

So, Madam Speaker, given the fact that this Government, up until now has not paid one penny towards the unfunded pension liability, I would reckon that we are looking at something close to US\$400 million. The current Budget, Madam Speaker, has a provision for just over \$16 million to be contributed in this year.

*[Inaudible interjection]*

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** The Minister of Health is saying that they contributed every year. I am happy to hear from him when he gets up to speak because it is certainly not reflected in any of the budget documents, that not only me but my entire team has looked through. It must be hidden somewhere.

The number, Madam Speaker, must now be close to US\$400 million—the Unfunded Pension Liability of the Cayman Islands Government. What that means, Madam Speaker, is that Government will owe public servants that sum of money by way of pensions. There are no funds to pay that. And so, if we do not pay down this liability, contribute to this fund, you are going to wind up eventually with a situation where public servants who are retiring cannot get a pension. That is why this is so critical.

Governments before the Government of which I was a part, took what I thought were really good decisions that something had to be done about this, and over the years every Government has been making contributions. In the four years we were in Government, I believe the amount contributed was close to \$60 million. Maybe, Madam Speaker, if we had not put \$60 million into past service pension liability we might not have incurred what the Premier says was an \$81 million deficit. But he produces budgets which he says have surpluses but contribute nothing to past service pension liability, but that is much better financial management.

Madam Speaker, as bad as that is the situation with the unfunded healthcare benefits is even greater. Madam Speaker, Government's Bond Offering Memorandum, which was issued some time in 2009, I believe it was, or 2010 (I believe it was in 2009) said: “**Public Servants, including their spouses and dependent children, are entitled to free medical and dental care during their public service and after retirement, subject to certain eligibility requirements.**”

“**A valuation of the post-retirement healthcare benefits as of July 1, 2004, was completed, which valued the accrued liability for post-retirement healthcare benefits for retired and current public servants and eligible individuals no**



longer employed by the public service to be approximately US\$798 million.

“Although, as of the date of this offering memorandum, no valuation for this accrued liability is available as of a more recent date, we believe that such liability is likely to have increased significantly since that date. While this amount is substantial, the liability is not payable in full at once.”

“. . . 2009/2010 budget included provision for US\$17.2 million relating to the current cost of providing benefits to retired public servants.

“In addition, we are currently reviewing ways in which this accrued liability may be limited or reduced, such as by capping the amount payable to any one individual or by limiting eligibility under these plans.”

That is the Memorandum.

So, Madam Speaker, if we—

**The Speaker:** Are you quoting from the Miller/Shaw Report? Where are you quoting?

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Yes Ma’am. That can be found on pages 40 and 41 of the Miller/Shaw Report.

And so, Madam Speaker, since this is a 2004 figure, and since the Portfolio of Finance, I presume, issued this Memorandum (either them or some of the agents, or some accounting firm) says, “. . . we believe that there is such liability is likely to have increased significantly since that date”, I think we can safely say—because nothing has been done to have materially changed that trajectory—that we are looking at about a billion US dollars in unfunded healthcare benefits for which the Cayman Islands Government is responsible.

Madam Speaker, the third area of major cost, as far as personnel is concerned, is obviously the wages bill, which I believe is running now at somewhere around 47 per cent of revenue. Madam Speaker, we all agree that changes or proposals to simply shunt civil servants, lay them off, are unrealistic, uncaring and is not the sort of approach that a government can take, even in dire times such as these. Because, if we lay off civil servants, what are they going to do? How are they going to pay their mortgages and look after their children? Put bread on the table? The private sector in the current environment is not likely to absorb them. So, no one is suggesting that that is what we need to do or what we ought to do.

But, Madam Speaker, to adopt the approach that the Government has done . . . three years ago—three years ago—they committed in the three-year plan to a reform of the public sector to the reduction of operational expenditure. What have they done? Almost 1,000 government workers are on contract—are expatriates. The number I think is 967, or something like that; almost 1,000. What is the Government’s pol-

icy in relation to (a) the optimum size of the public service relative to the revenue? No one knows. In other words, what is the number that Government is trying to get the service down to by way of attrition, by way of not filling vacancies and so forth? What is it?

*[Laughter and inaudible interjection]*

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Where is the plan?

Madam Speaker, they are chirping over about where was I. They have been in Government for three and a half years.

**The Premier, Hon. W. McKeever Bush:** If you hadn’t put um there maybe we wouldn’t be able to have um!

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** The Miller/Shaw Report identified these issues and the report was presented on February 26, 2010.

**The Premier, Hon. W. McKeever Bush:** And you didn’t support it. You said it was a bunch of foolishness [inaudible]. You don’t know what you’re doing my son.

**The Speaker:** Let’s stop the across-the-floor comments.

**The Premier, Hon. W. McKeever Bush:** [Inaudible]

**The Speaker:** Yes, well, let them sleep because I need to hear what the Leader of the Opposition is saying.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Do we really think that the approach, Madam Speaker, is to cut the Civil Service salary in 2010, give it back to them in 2011 when there is a shortfall, and an illusory surplus, which is a figment of the fevered imagination of the Premier? And then cut it again in 2012 when there is a shortfall? Is that how we believe we ought to operate government? Is that how we believe we ought to treat loyal public servants?

Madam Speaker, when I heard the Premier lauding the efforts and achievements of the public service in presenting this Budget, and then following it up quickly by saying, *I’m cutting their salaries by 3.2 per cent*, I said, you know it takes a man with a great deal of testicular fortitude to say that.

*[Inaudible interjection]*

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** *Thank you very much public service for your hard work, take a 3.2 per cent cut and go home.*

**The Premier, Hon. W. McKeever Bush:** No, we didn’t ask; they offered.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** But, Madam Speaker, the Premier didn't want to do that. You think I believe he wanted to do that?

**The Premier, Hon. W. McKeeva Bush:** Nope.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** But it is inability to do the right thing, and the lack of political will to address these fundamental problems.

**The Premier, Hon. W. McKeeva Bush:** What is it? Tell us what it is.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Madam Speaker, they're asking what it is.

**The Speaker:** Turn the microphones off so that we do not magnify the noise level. Thank you.

**The Premier, Hon. W. McKeeva Bush:** That's true, Madam Speaker, [inaudible]

[Laughter]

**The Speaker:** No, he is on the floor. He has the floor. He is entitled to make his speech.

**The Premier, Hon. W. McKeeva Bush:** That's true.

**The Speaker:** Two hours of it.  
Leader of the Opposition.

**Hon. Alden M. McLaughlin Jr., Leader of the Opposition:** Madam Speaker, I am glad that I have finally engaged the Government in some kind of dialogue about these fundamental issues, because they have shut the Opposition out of any discussion relating to any of these things. I have even attempted to speak to the Management Council of the Civil Service about these kinds of issues. The only time, Madam Speaker, in this term, three and a half years, that the Premier has invited, allowed the Opposition around the table to discuss any national issue was when he, like all the rest of us was so frightened about the crime wave when we had five murders in a few weeks!

**The Premier, Hon. W. McKeeva Bush:** You? You left this House here every time you were invited.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** And so, Madam Speaker, even if it is that the engagement has to be this way, across the floor, I am happy for some opportunity to weigh-in on these national issues with the Premier.

[Inaudible interjection]

**The Premier, Hon. W. McKeeva Bush:** You remember, "not on the kindest of mornings"?

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Madam Speaker—

[Inaudible interjection]

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Madam Speaker—

**The Speaker:** Order please.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** There needs to be a plan about how we address these fundamental problems. It cannot be a plan that is hatched within the inner circle of the UDP caucus. It has to be a plan that involves, in particular, those who are directly affected by the decisions which will be taken.

The public service is filled with many, many competent people who have the wherewithal to understand that if something is not done to address these issues really bad things are going to happen.

Madam Speaker, they say, *What should we do?* The Government needs to articulate . . . and finally, Madam Speaker, I am seeing some of it in the memorandum which was sent by the Deputy Governor on Monday to civil servants. The question that I and that all the rest of us must have is whether there is any political buy-in to that plan.

But, Madam Speaker, we are more than three years down the track. Where is the Government's plan about setting out what they think the optimum size of the public service is; what the services are that they think we can do without; what the services are that can be hived off to the private sector. There's been lots of talk about this but there has been no plan. And any such talk and any such plan ought to, must, involve the public service. They have to make sure that this happens. It requires both political will and the will of the public service.

If there is such a plan, why hasn't the Premier, Minister of Finance told us this is what has been agreed? And why has he not told us this for more than three years and in the course of four budget addresses? It tells me, Madam Speaker, he has not told us about it because it does not exist.

[Inaudible interjection]

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Madam Speaker, in relation to the healthcare coverage, the Premier ups and announces that public servants are going to have to contribute to their healthcare coverage. He didn't bother to talk to the public service about that.

**The Premier, Hon. W. McKeeva Bush:** I did.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Well—

*[Inaudible interjection]*

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** —of course, they did. I don't know which ones they spoke to but I can tell you the number of public servants who called me—

**The Premier Hon. W. McKeeva Bush:** You don't know what you are talking about.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Ooh!

*[Inaudible interjection]*

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

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Madam Speaker, they are grumbling and no doubt they will have a lot to say when they get up. But they know that what I am saying is the truth.

**The Premier, Hon. W. McKeeva Bush:** You know we are going to beat you good and proper for all those *Anancy* stories you've been telling.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** They know that what I am saying is the truth. They had no discussions with the public service about cutting healthcare coverage. I am not saying they did not have a discussion with one or two public servants; I am saying they had no discussion with the broad public service. They, like the rest of us, woke up to hear the Premier making—

**The Premier, Hon. W. McKeeva Bush:** Madam Speaker, the Member must stop telling these untruths.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Madam Speaker, would the Premier please sit down?

**The Premier, Hon. W. McKeeva Bush:** On a point of Order.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** He has no point of order.

**The Premier, Hon. W. McKeeva Bush:** I am not sitting down because you are misleading this House.

Madam Speaker, we did talk to the Management Council. I do not have any power over civil servants.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** I am not giving way, Madam Speaker. I am not giving way.

**The Premier, Hon. W. McKeeva Bush:** And the Member must stop saying it because he knows I don't have any authority over civil servants. There is a management council, there is an association and we spoke to them. It was them that came up with the 3.2 per cent; it was not McKeeva.

**The Speaker:** Honourable Premier, when you stand, you need to ask the Member to give way because it is not—

*[Inaudible interjection]*

**The Speaker:** Well, then you should not have stayed on your feet.

**The Premier, Hon. W. McKeeva Bush:** [Inaudible] believe him when he says that kind of fool, fool-ness.

**The Speaker:** You will have your time to respond to this debate.

Leader of the Opposition, please continue.

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

**The Speaker:** I said—

**The Premier, Hon. W. McKeeva Bush:** He must tell the truth.

**The Speaker:**—we will not have that word in this Chamber.

**The Premier, Hon. W. McKeeva Bush:** All right.

**The Speaker:** We have just had a discussion on that, and you will not use it either.

*[Inaudible interjection]*

**The Speaker:** Please continue, Mr. Leader of the Opposition.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Madam Speaker, you know it is never my intent to irritate the Premier.

**The Premier, Hon. W. McKeeva Bush:** Oh God!

*[Laughter]*

**The Premier, Hon. W. McKeeva Bush:** Yeah, you used to like me.



**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** But, Madam Speaker, the Premier is unnerved because the reality is, he had no plan, he still has no plan to deal with these issues. So, what he proposed in relation to some vague announcement that civil servants were going to be required to contribute to their healthcare coverage scared the living daylights out of most public servants.

Madam Speaker, this is the reality and it is important that we understand reality. There is no insurance provider, I believe in the world, that is going to sell you a health insurance policy that is going to give the level of coverage and the extent of healthcare coverage that the Cayman Islands Government affords public servants, indigents and anyone who is entitled under this provision. Madam Speaker, the reality is, and the only filter is that you have to be referred overseas or outside the HSA by the HSA. But once you are referred, regardless of what disease you have, regardless of what the cost of care is, regardless of how long that care is required, the reality is that Government underwrites the cost. You cannot pay anywhere, and even if you have the money to buy it you can't find that kind of coverage anywhere. That's not gold, that's platinum or something else, that kind of coverage.

So, when you say to public servants that they are going to have to contribute to their healthcare, what are they going to charge them? Even the most basic plan is going to cost hundreds of dollars a month. So, if you say to public servants that they are going to have to make a substantial contribution to their healthcare coverage you are essentially socking them with a huge salary cut. Because if you are making \$3,000 or \$3,500 per month and healthcare coverage for you and your family is going to cost \$700 to \$800 per month, which is by no means the most expensive policy you can get, you are now telling that wage earner of \$3,000 that he or she is taking home \$2,200 per month instead of \$3,000.

*[Inaudible interjections]*

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** So, Madam Speaker, what is the Government's plan?

We know that unfunded healthcare coverage is now at about a billion US dollars. That is Government's liability for it. So, if Government has now decided that civil servants are not to contribute to the healthcare coverage, which is what the announcement on Monday said from the Deputy Governor—even though the Premier's speech says something different—what is the Government going to do to keep this number from continuing to climb upwards and upwards and upwards?

**The Premier, Hon. W. McKeever Bush:** What would you do?

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** The Premier asks what I would do. Madam Speaker, as I said before, public servants are sensible people. They do understand, in a way I think they never understood before because of the way this Government has managed it, that really bad things can happen to us in a real hurry if these problems are not addressed.

Madam Speaker, there are a number of options. I do not know which one is the right one. I haven't had a chance to talk to public servants or anyone else.

**The Premier, Hon. W. McKeever Bush:** Ooh!

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** But, Madam Speaker, there is the possibility of doing what . . . throw out some of the options that has occurred to us—the possibility of doing what was done what was done with the pensions back in the 80s, and say that new civil servants who come have a different kind of healthcare—

**Hon. D. Kurt Tibbetts:** In the 90s.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** In the 90s. Sorry.

—healthcare cover than those who were there before. There is the possibility of capping the level of coverage which is going to reduce the overall liability. There is the possibility of co-paying because many families that I know—

*[Inaudible interjection]*

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Madam Speaker, the Minister of Health has all the answers, but I would ask him if he would keep them to himself until it is his turn to speak and then he can blow all the holes he wants in my story.

*[Inaudible interjection]*

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** But, Madam Speaker, if, in fact, the Government does have this plan worked out with the public service, I am surprised that the Premier, knowing him, has not made the announcement, because he usually makes the announcement publicly before he tells his Cabinet colleagues.

*[Laughter]*

**The Premier, Hon. W. McKeever Bush:** You wish!

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** So I am sure if he had a plan, even the thought of a plan—

**Mr. V. Arden McLean, Member for East End:** Well, that's what they say, it's the Premier.

**The Premier, Hon. W. McKeever Bush:** That's what they say nah?

**Mr. V. Arden McLean:** Yeah.

**The Premier, Hon. W. McKeever Bush:** I figured that.

**Mr. V. Arden McLean:** They say that you said it.

**The Premier, Hon. W. McKeever Bush:** No, no, that is not how it goes. It gets out because the place is leaking like a sieve.

**Hon. Alden M. McLaughlin Jr., Leader of the Opposition:** But, Madam Speaker—

**The Premier, Hon. W. McKeever Bush:** That's—

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Madam Speaker, I think—

**The Speaker:** This is becoming a discussion and not a debate.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Yes Ma'am.

So, Madam Speaker, could I invite you to give us a little break so that the Premier can stretch his legs and get some of the tension out of his system?

*[Laughter]*

**The Speaker:** Do you want to take a break, Leader of the Opposition?

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Yes, Madam Speaker.

**The Speaker:** We'll take a 15 minute break.

**Proceedings suspended at 6.35 pm**

**Proceedings resumed at 7.13 pm**

**The Speaker:** Proceedings are resumed. Please be seated.

Honourable Leader of the Opposition, when you are ready.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Madam Speaker, when we took the break I was just trying to finish up my discussion about the unfunded pension liabilities and the kind of plan that I and the PPM's envision needs to be drawn up, and the kinds of discussions that need to be had about how we deal with this huge and growing problem.

Madam Speaker, I mentioned co-pay. What I mean by that is not that public servants should pay along with government, as I gather some people may have interpreted what I said to mean. But rather, in instances where you have two contributing members of the family, husband and wife, as an example, one who works in the public service and one who works in the private sector and the one in the private sector also has health insurance cover. In those circumstances, because there is joint coverage, what we are saying should be explored, is the possibility of an arrangement, or legislation even, if necessary, which would require the other entity, which also covers the health of the family member, to contribute as well to the overall cost of that person's healthcare rather than government picking up the tab for the whole thing when a member of the family becomes ill. Those are the kinds of discussions that need to be had with the public service and with health insurance providers if we are to come to grips with this particular issue.

But I come back to my main point, which is the necessity for plans to deal with these critical issues. This Administration has demonstrated no will, no desire, no initiative, and no ability to put together any such plan. And, Madam Speaker, the point is that if these issues are not addressed and we continue down the road of the Band-Aid approach that this Government has adopted to fixing government's fiscal problems, we are going to finally reach the point, in very short order, where really radical decisions—even more radical than the payroll tax—are going to have to be employed.

This Government, plainly, has no interest in the decisions that affect the long term. Particularly now with an election nine months out, they are not even thinking about those long-term issues. And, Madam Speaker, it is critical that the country and those in charge of the country do think about the medium and long term.

Madam Speaker, to just conclude this particular point, it is plain to us that the unsustainable cost of government and its unfunded pension and health obligations are a huge problem for the country, the civil service included. If civil servants want to rely on receiving the pension and health benefits that have been promised to them, they have a special interest in seeing that government's obligations are well funded. And, of course, Madam Speaker, they have the same interest as everyone else, in preventing a financial collapse, and encouraging business and investment.

So, Madam Speaker, I am confident, we on this side are confident, that if the civil service is led by the right kind of elected Government, a plan can be drawn up which has the support of the public service without pushing civil servants into poverty, including . . . and, Madam Speaker, that kind of a plan will also have the support of the wider public, including the business community.

Madam Speaker, an essential preliminary step in arriving at the master plan must be a truly thorough examination of the linkage between government costs mostly incurred by the public service. What are these policies costing? Are the costs warranted? Can the policies be achieved at lower cost? Is there duplication of the effort? That examination, Madam Speaker, in which of course the civil service must play a major role, will help to engender a different outlook on the part of policymakers (by that, I mean the elected government) to be more mindful of the cost of policy changes. And on the part of public servants, high and low, in terms of getting the best value for money and of making do with existing personnel rather than new hires for every new service or programme that is being proposed.

And, Madam Speaker, with the members of the private sector involved in the examination process, I believe it will also change the public outlook to create a stronger appreciation that everything government does has a cost, and that we must as a country live within our means. Because, Madam Speaker, the other side of this coin that is rarely discussed when these issues come to the forefront of public discussion is the fact that the reason why so many services are provided is because of the demands, by and large, of the general public for better service, quicker service, more services, and elected governments tend to respond to that kind of clamour.

Madam Speaker, the plan of which I speak must be worked out with the participation of the civil service and with a careful assessment of the impact of proposed measures. We have surely learned from this Government's blunders that trying to bully the civil service into doing something is unproductive and that impact assessments are essential. So, while we in the PPM take seriously, suggestions made within our own movement and by others for specific measures and policy changes, I know, Madam Speaker, and we all know, that they need to be assessed in the holistic examination that I have just described.

Madam Speaker, beware of easy answers because there are none. And I say, Madam Speaker, that the plan must be holistic because it must look beyond the reduction of costs and unfunded liabilities. The plan must also examine revenue and tax policy. And, Madam Speaker, while it is clear that we need to rollback certain of the taxes that have been imposed by the UDP, which have had and are still having such a chilling effect on the economy, we must do so after careful assessment and not just kneejerk reactions to these issues.

Madam Speaker, I want to talk now about what this Budget Address has not done. Anyone listening to the Premier's delivery last Monday evening would have come away from that exercise shaking their head and wondering what it is that the Government is proposing that is going to make their life any better, is going to make the economy do better, is go-

ing to provide a better standard of living for the people of this country. One would have thought that particularly at this stage—

**Hon. D. Kurt Tibbetts:** [Inaudible]

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Yes, but their battling, Madam Speaker, is disturbing me. I thought, Madam Speaker, that—

**The Speaker:** We do have a rule about that in the Standing Orders and I try not to belabor it but we should allow the Member to complete his speech with due respect.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Yes, Madam Speaker, I don't mind generally but the talk between them is what is really off-putting.

**The Premier, Hon. W. McKeeva Bush:** [Inaudible]. Anything else that he is going to complain about tonight?

**The Speaker:** Ah that will do please. Order!

Leader of the Opposition, please proceed.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Madam Speaker, the Premier, as he has done in previous speeches, has talked about unemployment and what is the point of the country doing well if the local people are not benefitting.

He said in his speech, on page 38, and I am quoting him: **"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?"** Madam Speaker, he has asked the right question, as he did last year, but he has provided no answers.

Madam Speaker, the Government insists again this year that unemployment is at about 5.9 per cent . . . 6 per cent. Again, this year they have included in their calculations non-Caymanians (that is, including people who are on work permits). Madam Speaker, there was an article in the *Observer* earlier this year which looked at this particular issue and agreed that what I had said last year, that in fact the unemployment level for Caymanians between 16 and 24, or thereabouts, is about 18 per cent. What that means, Madam Speaker, is that there are large numbers, increasingly large numbers of young Caymanians who are unable to get employment, notwithstanding the fact that we are still running work permit numbers around 19,000.

There was nothing in this Address by the Premier which would give any of those young people

who are unemployed, any hope, any optimism, or any inspiration that their lot in life is going to get any better over the course of this fiscal year. Where are the initiatives that are going to put people, in particular young people, back to work? As I said earlier, if you are not a recipient of the nation building fund, there is nothing in here that is going to offer you any hope of a better standard of life in these Islands.

Indeed, unless you are Dart, there is little here, as a corporate citizen, that gives you any hope. Because what the Government has done is to heap on an immense amount of new fees and new taxes which are going to impact businesses across the board. The majority of it impacts the financial services sector and we all wonder how much more that sector can possibly bear. But believe it, increasing the cost of business as they have done, or, I should say as they are proposing to do, assuming that Minister Bellingham agrees the Budget, is going to cost everyone in this country more money to live. There is nothing in this, Madam Speaker, nothing! All we have here is warmed-over rhetoric which they have culled from previous speeches that the Premier has made previous Budget Addresses and simply included in this Budget.

It is a Government, Madam Speaker, that clearly has lost its way that is bankrupt of ideas, and, as I have said before, it is plain to all in this country, if not to the Government itself, that for this economy to grow, this Government must go. The only hope, Madam Speaker, that any person in this country can have about this economy picking up and turning around is the elections in May of next year.

Madam Speaker, a lot of effort has been made by the Premier to try to convince the people of this country of the solid sterling fiscal management that his Administration has brought to the country. He says that it is a huge achievement, that there is no long-term borrowing in the present budget, and that there was none in last year's budget, and for this, they should be given kudos and praise, and this is all a tremendous achievement, particularly in the present economic environment. The reality, Madam Speaker, the reason that there is no long-term borrowing, is because the UK would not let them borrow! And to now claim that as some achievement on their part . . . Madam Speaker, it smacks of an audacity that I cannot understand.

**“The fiscal year 2012/13 will be second consecutive year in which the government does not undertake any long-term borrowing. My government claims this is a major accomplishment for the second time in a row.”** But, Madam Speaker, when you examine the earlier parts of the speech what you find is a cry and complaint by the Premier that the UK has been so unreasonable and won't let them borrow any more money.

Madam Speaker, when the Government first made its submission to the FCO on the 13<sup>th</sup> June, they

sought approval for operating revenues of \$598 million, operating expenditure of \$576 million, new borrowings of \$59 million, and an operating overdraft of \$65 million. So, Madam Speaker, they were seeking to borrow another \$124 million and the UK declined. Then they went back on 31<sup>st</sup> July with a new proposal of operating revenues of \$661.9 million, operating and financing expenses of \$592.3 million and no long-term borrowing. So, Madam Speaker, when the Premier comes to this House, comes to the country, and talks about having contained operational expenditure and what a magnificent feat that is, the reality of the numbers tell us something very different.

That is why, at least in part, they are having so much difficulty with the UK Government. Because, they committed in the three-year plan to keep expenditures around \$500 million over the three-year period ending with this budget. And instead of \$500 million they are talking about, or were talking about, close to \$600 million—more than \$100 million added to the operational expenditure of government over that period. So, Madam Speaker, when the Premier says and claims and complains that the FCO is being unreasonable, all the FCO have been doing is insisting that the Government comply with the undertaking which they made back in May of 2010.

It comes back to my point, Madam Speaker, that the Government has, in fact, despite the rhetoric, despite what they professed, made no material effort to reduce operational expenditure. They have banked; they have gambled and lost on the basis that this problem would be resolved by a significant growth in the economy. Because, Madam Speaker, it has not been a shortage of revenue. No administration in modern times in Cayman has added more in terms of fees and taxes than the current Administration when you include what is now being proposed in this year's budget.

So, the issue is not about new taxes and fees. The issue is about the operational expenditure continuing to spiral up and up, about the Government's failure to address the fundamental problems and reasons which underpin that particular course, that particular trajectory, and their failure to do anything to stimulate real economic activity in Cayman. Those are the issues that are the heart of what is and must be described as a failed economic plan of the present Administration.

Madam Speaker, one of the things that worries me about all of this is that the Premier has always been a big proponent about how we need to be business friendly and one of the things that he and his team did very successfully over the course of the last six years or so was to persuade people that somehow the PPM was anti-business and the PPM was anti-expatriate; and that because of that we were preventing investment in the country, we were preventing social cohesion, we were the authors of all sorts of bad things for the country. And, Madam Speaker, he sold

that particular description of us very well and it contributed in no small part, we are satisfied, to our loss at the polls in 2009.

But, Madam Speaker, I believe the country now fully understands really what view the current Administration takes of the expatriates in this country with the proposed introduction of payroll tax which was to be applied, they claimed, only to persons on work permits. But I've said to many Caymanians, who for one reason or another thought that perhaps that was okay, that the next time the Government found a shortfall (assuming that had been put in place) and found that the number of persons on work permits had declined, because they had backed away from this, the next step the Administration will take would be to make sure it applied to *everyone* in the workforce because that is the only way they would be able to generate the kind of revenue that this thing was projected to do.

But, Madam Speaker, I also see that while we thought—

**The Speaker:** Leader of the Opposition, you have three minutes left. I will give you five to wind-up.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** Madam Speaker, it is a struggle to respond to a three and a half hour presentation in two hours, but I am doing my best.

Madam Speaker, I see that while we thought perhaps there had been a settling of this issue about term limits and the whole term limit policy as a result of the recommendations of the Term-limit Review Committee, I see from the Premier's speech that that is not the case. And it seems that the Government, if not having rejected the recommendations of the Term-limit Committee, is certainly insisting that some kind of modification be made, because it says that they propose to undertake the reappoint of the Term-limit Review Committee to review the recommendations made.

Rumour has it that the Chairman of that Committee, Mrs. Sherri Ann Bodden-Cowan, has resigned. So, it seems like we are about to start down the road again full circle for another discussion about the term-limit policy, when I think most people in the country had accepted that what was proposed by this committee made sense, and it is something that the country should move forward, put that chapter behind us and everybody knows now what the rules are, and that that is how we operate. So, Madam Speaker, more uncertainty being created. And I am willing to warrant that nothing is going to happen with this before the next general election.

So, Madam Speaker, I am out of time.

Madam Speaker, this has been a difficult debate to prepare for, not least of which because we never had the documentation, but also because of the limited time that we have had to consider what are a

lot of words, if not a lot of substance. But, Madam Speaker, what is clear from all that has transpired, particularly over the course of the last three or four months, is that this Government is incapable of making the kinds of decisions that the country needs to take it forward. It is afraid to make the challenging decisions. It lacks judgment—exhibit one: the payroll tax proposal. It has done just about everything (they could not have done better had they really tried) to curb investor confidence, to scare away business, to create a state of uncertainty which has virtually paralyzed the business community in this country.

And the saddest part of all of that, Madam Speaker, is that the Premier has squandered what was an absolutely marvelous opportunity, the best I have been aware of in many, many years, of bringing the business community and all sectors of Cayman together to decide what this Budget Address should actually say—what it is that Government should do in terms of policy. Because of all of the issues that have arisen, because of the Government's inability to produce a Budget, it has generated an interest in the budget process and in government and in the issues. That is largely missing when these kinds of considerations take place in more normal times. But instead of paying attention to what the business community was saying, paying attention to what the commentators are saying on *CNS* and the other blogs that are available, and on the talk shows, the Government has produced a document which is nothing more than a stopgap measure—*Let's put this issue behind us. Let's get to the general elections and then we will really decide what it is that we are going to do.* Madam Speaker, that is not the way to run a country.

Everyone must be disappointed. We all are scared. We all shudder at the prospect that having gone through this process here, that was started on Monday and resumed tonight, that we run the real risk that in the end the UK will say, *We can't approve that Budget.* Quite where that is going to leave the Government—but more importantly, where that is going to leave Cayman—is something that ought to keep all of us awake tonight and many nights to come.

Madam Speaker, the writing is on the wall. This is the Government's last Budget of this term, and I believe we all prayerfully, carefully, deliberately wish for May 22, 2013, to hasten.

Thank you, Madam Speaker.

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

Does any other Member wish to speak?

First Elected Member for Cayman Brac and Little Cayman.

**Mr. Moses I. Kirkconnell, First Elected Member for Cayman Brac and Little Cayman:** Thank you, Madam Speaker.

Madam Speaker, I rise to offer my contribution in response to the Governor's Throne Speech and the Premier's Budget Address. In my contribution I would like to speak to the state of our country and the crossroads that we find ourselves at.

Usually, Madam Speaker, at this time in the Budget Address, I take some time to talk about the constituency members of the district of Cayman Brac and Little Cayman. In this Address, Madam Speaker, I am going to wait until Finance Committee which will give me a little more time to go over the books that we got just this afternoon before we started. I truly hope that the effort pressing against time with the Budget not being approved, that it will be approved because it being approved is good for all of us. And there is no push from this Member to have the Budget not approved and to have us in a situation where we have to worry about having the finances in place to pay the bills of this country.

Let me begin by saying, it is our responsibility as leaders of this country to understand and address, not only the operational issues, but the strategic issues. And I know that each one of us in this honourable House takes this responsibility very seriously.

Madam Speaker, the operational issues of a country consume the Members of the Government. And the strategic areas are issues that deal with short term medium term and long term, and in this particular crossroad it is imperative that we strategically look at where we are going to be in the next four to five years with the way we find the world and the fluid situation of world economies right now. We must listen closely to the people and understand the issues they face. We must create policies, an infrastructure that will allow all Caymanians to enjoy the fruits of their labour and the freedoms provided by our Government.

I believe, Madam Speaker, that our country is at a critical crossroads, and [it is] as the Stanford economist, Paul Romer, famously said: "**A crisis is a terrible thing to waste.**" Because from crisis comes change, it is incumbent upon us to make sure the change is—

*[Loud bang and inaudible interjections and laughter]*

**Mr. Moses I. Kirkconnell:** Madam Speaker . . . and it is still early.

Let me restate that. The Stanford economist, Paul Romer, said: "**A crisis is a terrible thing to waste.**" From crisis comes change and we have an opportunity to make sure at this crisis point that we get change for the better. It should be the motivation to understand and change the underlying problems to ensure that they are not repeated.

We've all heard the saying, "If you continue to do the same old thing but expect different results you are just plain crazy." At critical moments in our history we have always looked forward, not back. Our glass has always been half full, not half empty. We have

drawn on our entrepreneurship and Christian values and risen to life's challenge in the past, and I believe that we are very capable of doing this again. But it is going to take a shared commitment and sacrifice. It is going to take a national determination to create a Cayman that we are proud to pass on to the next generation. It is going to take citizens and residents who are willing to hear and understand the realities of our situation and willing to get engaged and contribute.

Madam Speaker, as I look at the landscape on the horizon I am encouraged by the recent participation in the one-man, one-vote referendum. And the Caymanians and expats united against taxation and Facebook initiatives. Our citizens have joined forces in community driven initiatives so that their voices can be heard. And I hope we embrace this activism as a sign of our growing maturity as a democracy.

*[Ongoing inaudible interjections]*

**The Speaker:** Members please, not across the floor. The Member for Cayman Brac and Little Cayman is trying to deliver his contribution to the debate. You are distracting him.

*[Inaudible interjection]*

**Mr. Moses I. Kirkconnell:** I believe this activism is a public outcry for us all to listen, provide better governance. Caymanians realise that these are not times for business as usual.

I believe Caymanians are coming to understand that poor governance has created this crisis, and I believe that we should harness the energy of this crisis as a catalyst for bona fide change. It should be more than a wake-up call; it should be a motivation for us to look at and examine the course that we are taken. This crisis could have easily been avoided with proactive fiscal responsible management over the last three years. But the reality is that we have not implemented a successful plan to control expenses.

The lack of financial prudence has caused the UK Government to question their ability to manage the finances of this country. So, now instead of proactively retooling our civil service and creating a 21<sup>st</sup> century competitive business environment that would create jobs and attract new opportunities, Madam Speaker, we find ourselves in a stalemate. We have lack of proper planning. We are being forced to take drastic steps to push an acceptable budget.

Let's be clear, Madam Speaker, the Cayman Islands are not unique in this challenge. The fluid situation of world economies see many more countries press to the limit as we are. We have to balance the needs of our citizens and balance the cost of delivering the goods. And we have to look at the opportunities that are available to us.

Madam Speaker, as we retool [we must] realise that we have the emergence of a knowledge-based global economy and it has changed the rules creating new opportunities and challenges for governments of all sizes. Leaders have to stay focused on the future and they have to stay focused on the new opportunities that are arising because of global change. The leadership must be provided to take advantage of these changes.

I will use a very quick example that is happening in our community right now. We received an invitation today for a groundbreaking, the Doctor Shetty complex on Monday, the hospital.

**The Premier, Hon. W. McKeever Bush:** *[Inaudible interjections]*

**Mr. Moses I. Kirkconnell:** He's okay.

The construction of the building, Madam Speaker . . . we understand Cayman can provide extremely competent local contractors to complete the project to a world class standard. This will take advantage of immediate opportunities for employment. But the real opportunity, Madam Speaker, of looking at how we retool our economy and retool the Cayman Islands, is to think of the long lasting effect that this project has on the Cayman Islands.

*[Inaudible interjection]*

**Mr. Moses I. Kirkconnell:** It provides jobs that we must train for; it provides knowledge-based jobs. So, it is incumbent upon Government to provide the opportunities for the Caymanian people for the types of schools that they must go to—the medical schools, the nursing schools, the med techs, the training centres. If we do not do that we miss an opportunity to provide knowledge-based jobs for the generation coming up, and also for people who are now in the workforce that can be sent back and retooled to look into this other type of opportunity for employment.

This is the crossroads that we find ourselves at, Madam Speaker, that of taking advantage of how to secure jobs by new industries that must be brought here. Government is being forced to deal with the same challenges and opportunities that the private sector has dealt with over recent years. The private sector has retooled to remain competitive, striving to become more efficient, focusing and providing better services. The business community expects that the Government, the public service, does the same thing.

The fundamental of the offering is a little bit of difference but not much between the governance of a nation and the associated administration of public resources and that of the business community. But I also understand that the fundamentals of organisational success are the same across both public and private sectors. While government cannot be run exactly like a business there are many similarities and it

starts with budgets and financial planning—short-term, medium-term and long-term plans must be followed to achieve success. The Government has the job to manage resources and funds in a way that best serves the Caymanian people.

What is the vision for this country? What will Cayman be like in five, ten years? Will we look like Bermuda? Will we be a hybrid, like Jamaica and Singapore and other Caribbean nations? Is this a vision that we all agree on? Is this the course we want to take? Madam Speaker, I believe that it is important at this crossroads that we take some time and pause with a clear mind and objectively assess our situation.

The Miller/Shaw Report identified that the government's growth in spending has outrun it revenue base. The path that we are on is no longer sustainable, Madam Speaker. In order to preserve future stability, the Cayman Islands must take action.

There are many ways that the civil service can save, and quite a few of them have been identified in the Miller/Shaw Report. We have heard about the Report, it is available to everybody. I do not believe that I need to read through the ones that have been actually outlined, because there are quite a few. But I think the most compelling part of the Throne Speech, and I would like to quote from that, Madam Speaker, if you have a copy of it. Page 5—the Acting Governor read **"The Portfolio of the Civil Service will work to raise professional standards in the civil service by implementing a new audit programme that offers 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 academics which will link training to specific job clusters."**

And it goes on, but the important part, Madam Speaker, is that it has been identified by the Acting Governor, identified in the Throne Speech, and I can only assume that it is an action that they realise the necessity of how they begin to make the public service more efficient. But I believe that it is incumbent upon all of us to give ideas and offer whatever solutions we might think of and do it in a holistic way.

The Miller/Shaw Report documented an 11 per cent increase in domestic fees by Government. So, we know that in the midst of a struggling economy, the current Government has increase the fees that every small business and individual must pay to subsidise government services. We realise, Madam Speaker, that this is unsustainable; that is, the important issue of looking at how we attack the expense side of the country and looking at how we don't have to continue to tax.

We also know from the Miller/Shaw Report that a large percentage of government revenues are from import duties consumption. What that basically

means is that the more people you have on the island, the more duties you have because more goods have to be imported for the people that are here, which, of course, is highly impacted by the consumption of goods by the tourist.

Looking for opportunities, Madam Speaker, the opportunity is to increase cruise tourism. What is needed? A cruise dock. The Premier in his Budget Address . . . (Madam Speaker, do you have a copy of the Budget Address?) on page 47—"Cruise Berthing Facilities Update": "**I am pleased to report continued progress on the project to develop purpose-built world-class cruise berthing facilities. There are two major parts to this project – the docking and passenger landing facilities, and the uplands commercial operations.**"

Madam Speaker, I am a big supporter of cruise berthing facilities. But a cruise ship docking facility to accommodate passengers in the same way that our competitors provide for those passengers is needed. We need a pier and a staging area which allows easy entrance to, and exit from, our Island. We need a facility to complement and strengthen the businesses here in George Town and other areas of the Island.

Madam Speaker, the second part of the update talks about upland development and commercial space. George Town is a struggling area of this Island. We drive through there to get to this legislature. We see the businesses that are closed down. We know from the merchants there that they are struggling. The facility that we need built has to help revive George Town. It can't be the last thing that kills George Town. And I would submit that if you are allowed to build hundreds of thousands of square feet of retail space—that is not needed at this point in the development of George Town—that it will critically hurt the merchants of George Town.

And, Madam Speaker, if there is . . .

*[Inaudible interjections]*

**Mr. Moses I. Kirkconnell:** Madam Speaker, as you always say, there will be time to reply.

I think I am saying, Madam Speaker, that the business people facing the predicament in George Town are looking forward to the cruise berthing facility. They are not looking forward to competing with other merchants that are going to have space on that dock.

**The Premier, Hon. W. McKeever Bush:** *[Inaudible]*

**Mr. Moses I. Kirkconnell:** Thank you, Madam Speaker.

**The Speaker:** You're getting your answers as you go. Please, on this Government side, let the Member for Cayman Brac finish his contribution. And

we need the microphones all turned off because they are feeding back and I can hear you all when I don't really need to.

*[Ongoing inaudible interjections]*

**The Speaker:** Thank you very much.  
Member for Cayman Brac.

**Mr. Moses I. Kirkconnell:** Thank you, Madam Speaker.

Madam Speaker, the country is experiencing some of the most difficult social and economic problems faced in recent history. The people's time and resources must be prioritised. At the risk of an oversimplification of the state of affairs, I would like to share an assessment of our dilemma.

Over the last several years due to a certain increase in our population, in a downturn in the world economy we have increased demand for public services, such as healthcare, education, children and family services and public works. Along with this increase in government-provided services, we have seen government grow, and have to grow to provide those services. Unfortunately, because of the downturn the government is growing faster than the private sector and the funds that they receive comes in to pay for it.

Madam Speaker, the short-term solution of continuing to levy taxes through fees and increase levies, thereby increasing the cost of living for every Caymanian, is not sustainable. It continues to be the theme that we must implement a medium-term plan to reduce the cost on the expense side. We cannot risk losing what has taken several decades to create. The economic, social and political stability built by insightful Caymanian men and women, and the Caymanians who proudly supported them are now at serious risk. We must not sacrifice our high per capita Gross Domestic Product (GDP), lower crime rate and higher standard of living than most of our neighbouring countries. Madam Speaker, too many work too hard for too long to allow this to happen. And that is the most alarming and realising thing about this crisis that we are in today.

We know that the negative impact of more taxes and more fees and more duties cannot continue and it is not sustainable, so we must find other ways to reduce the expenses. The strategic plan to cutting expenses is not as simple as eliminating programmes and employees. Waste in government, as in most companies when it is looked at and analysed, is marbled throughout it. It is embedded in some of the ways that we do business; that' the life cycle of a government, the life cycle of business. As things change, then they have to change. If things get bigger you have to grow with the times. If things get smaller you have to be smaller and reactive.



The unfortunate part, Madam Speaker, is that it never grafts in a proper way. It plateaus and it takes a government time to catch up with a downturn and time to catch up in a planned way of how to deal with more challenges and the demand for more services.

Is staff working hard at task that aren't worth doing sometimes, following regulations that are no longer relevant, being required to fill out forms that should never have been printed? We hear people complaining about bureaucracy, a slow process in our government departments. But let me remind every Member of the House and everyone listening that the Cayman Islands were built on the foundation of a strong and efficient public service.

Think about the long lines you see in other countries to receive or pay for services such as garbage collection, licensing, et cetera. Our public service was the competitive edge 35 years ago when the financial and tourism industries were being built. We had an educated workforce of willing, courteous Caymanians, able to find useful employment right here at home. And, Madam Speaker, we still do. We still have those same quality people here. But we need to strategically and objectively reinvent the way we do business.

We cannot continue to grow government faster than the revenue to pay for it. However, Madam Speaker, the goal cannot be to just cut staff. We can control the size of government through natural attrition and retirement over time. What we need to do is to give our current staff the tools to be more efficient. We cannot continue to just kick this down the road. We must put the plan in place and start to action the plan.

Madam Speaker, if we look at some of the opportunities that we have. If you look at moving centralisation back in place (rather than to decentralise functions of accounting and human resources now), the hardest positions to fill in the private sector and the public sector of Cayman are accountants and human resource personnel. But by decentralising our Government, we have made each one of the ministries and the authorities have to individually hire these experts and professional people. We have to move away from the silos created by decentralisation; each entity fighting for a bigger piece of the budget. It has to be coordinated effort of centralising the functions. I want to be clear, the people who work in government are not the problem; the systems in which they work have to be strengthened and looked at as a problem that is an opportunity for us to fix it.

*[Inaudible interjection]*

**Mr. Moses I. Kirkconnell:** Agreed.

We have talented, dedicated civil servants trapped in an archaic system that frustrates their creativity and saps their energy. Madam Speaker, they deserve better.

The Minister for Health said it will not happen overnight and he is absolutely correct. That is the thrust of my comments to make us realise that this cannot happen overnight; that the pieces of the puzzle are in place but the plan has to be put in place for it to be actioned.

They need an entrepreneurial environment that encourages their creativity and rewards their efficiency. They need to understand that their efficiency is a critical part of creating a competitive strong country that will grow jobs and improve everyone's standard of living.

Madam Speaker, I believe with good governance our civil service will help drive economic growth. Efficient public services, a lower cost of living and zero tolerance for crime would give the Cayman Islands a competitive advantage which if all goes to a retooled government, we would have excess capacity to handle new business at less cost. So, what we are saying is that we make the workers of the day more efficient, allow them to produce more for a lower cost and deliver services to the citizens of this country.

It would also allow the current private sector to thrive and attract new jobs and opportunities to the shore because of the competitive edge of government attracting and helping the private sector tourism and finance bring more business here. This would create more jobs in those two pillars of our economy.

Madam Speaker, we are a people who welcome expatriates to work and enjoy our beloved Islands. The charm and strength of our tourism industry was the Caymanian people. Our competitors all have sand, sea and sun; but people came back to the Cayman Islands for the warmth and honesty of our people. The statement "civil service jobs are safe" must be announced and shown to the faithful civil servants to make sure that they know their employment is secured.

And, Madam Speaker, we have to secure and steady the confidence of the citizens, the consumer confidence that [security] of tenure gives to families. Because if they don't feel that they are going to have the job that they now have next month, they are not going to invest, they are not going to spend. Consumer confidence and investor confidence has to be a key in making sure that it's told over and over and over again to anybody that will listen.

The strategic direction of the country is to use their skills and strengths and abilities to reposition the numbers through centralisation of the accounting in HR functions and start to take real advantage of the economies of scale that can be reached by that.

Madam Speaker, in a review of the overall system over the next three-to four-year period, we could be in a very positive position, back in line with population growth without causing discomfort to the employees of the civil service. The example of the centralization of the functions simply stated means it would take less people but the reduction in employees

would be met through attrition, retirement and contract reviews.

Madam Speaker, let's think of where we are today. The doctor gives us a path to go forward on and he says what we desperately have to do is to lose 40 pounds and we have four years to do that. So, we can put ourselves in a position to follow a plan, eat less, lose weight, and when we go to see the doctor in four years we can come in 40 pounds less—or we can do nothing. And the day before we go to see the doctor we can cut our leg off and we still lost 40 pounds. So, the point, Madam Speaker, is that when we implement the plan, we must work the plan or it will not be successful for this country. To lose weight we must get in shape, we must change the basic incentives that drive government. We must replace bureaucracy with entrepreneurship. We must protect the due diligence process. We must ensure transparency.

Madam Speaker, the retooling for efficiency and self-sufficiency of systems. We need to embrace the philosophy that it is the Government's job to create and enforce the policies that ensure that services are delivered. It is not the job to deliver all the services. The word "Government" is a Greek word. It means "steer." The job of government is to steer the ship; it is not to row the ship. Delivering services, all services, is rowing. Government is not always good at rowing.

**The Premier, Hon. W. McKeever Bush:** I wonder what it means then for some people.

**Mr. Moses I. Kirkconnell:** Steering is very difficult if an organisation's best energies and brains are only devoted to rowing. And there are certainly many services, such as police protection, fire fighters, schools, school teachers that must be provided by government directly. But there are also other services which might be more efficiently and effectively provided by private associations, industry, community volunteers, churches, for example. In these instances, the Government's role should be to create policies, provide oversight such that services are compliant with established standards.

**The Premier, Hon. W. McKeever Bush:** [ongoing inaudible interjections]

**Mr. Moses I. Kirkconnell:** [Inaudible]

**The Premier, Hon. W. McKeever Bush:** I don't know.

**Mr. Moses I. Kirkconnell:** Sound steering requires navigation systems to know where you are and anticipate what is ahead. Without these professional tools we bounce from crisis to crisis.

Madam Speaker, the Budget and financials are the most fundamental of these tools. I would like to say that in the Public Accounts Committee, of which

I am the Chairman, in the last meeting the members agreed that the most important thing that we can do is to get the audited statements brought up to date to this country. My members are here. Every member was present when we had the meeting and we talked at length to the Auditor General and directed his help in getting this done.

We also agreed that we are going to call witnesses to find out what, if there is help that is needed, is the real reason why the accounts can't be brought up in a timely manner and what we can do as a committee to help move that process forward.

Madam Speaker, changing a country is like turning an aircraft carrier. The starting point of any business plan is the value of its assets. In my opinion, we as a committee are moving in the right direction because we are going to find the Cayman Islands Government has tremendous value. We are going to find that when the schools, the roads, the vehicles, the equipment, the property, the furniture, the fixtures, are all included, the value will give every citizen of this country great comfort of the real worth of these three Islands.

Then we go to the core competencies of the businesses that we sit on, the pillars that hold us up—the financial industry and the tourism industry. Madam Speaker, we must continue to strengthen the partnerships and move quickly to include them in our plans to ensure that we as a Government do all in our power to allow them a competitive edge in their respective industries globally.

With the assets established and the core income secured, then it is time to look at thinking outside the box for the expense side of our balance sheet and explore how we can save money on that side of the balance sheet, thinking outside the box. Leaders must be proactive and not reactive, Madam Speaker. We all know that the most effective companies and jurisdictions are those that lead in the marketplace rather than follow. Cayman has always been known to lead and the focus must now be shifted to innovation.

In knowledge-based industries, such as financial services, an advantage comes from having critical mass of financial professionals covering different specialties along with lawyers, accountants and administrative; all in close proximity. Cayman has successfully developed this competitive advantage over the years. Who would not want to be in Cayman? We need to understand the value of this asset and develop policies to enhance, not threaten, its strength; having them physically on the Islands and not virtually online.

The University of Chicago Economist, Robert Lucas declared that the spillovers in knowledge that result from talent clustering are the main cause of economic growth. Well educated professionals, creative workers who live together interacting indirectly generate ideas and turn them into products and services faster, and the innovation in the long run is what keeps communities vital and relevant.

Madam Speaker, while it may be easy to welcome investors that over the last several years have been knocking on the doors of many Caribbean countries, we need to ensure that new development is in the best interest of those who already call Cayman home. If new development only serves to increase wealth of foreign companies, foreign offshore investors, and ultimately burdens the Caymanians with an increased cost of government services due to the increased population, then we have sacrificed future opportunities for a chosen few. Madam Speaker, we must encourage our local investors and developers and not pull the rug out from under them.

Madam Speaker, this is but one example of why the process of due diligence is critical to maintaining stability. Due diligence must be considered against the backdrop of the country's vision for its future. Specifically, are we striving for an efficient population of 50,000 people with a strong middleclass? Or are we striving for a quick population of 100,000 residents diminishing the middleclass and demanding extensive public services that are costly to supply? Madam Speaker, there is a balance there. This is a decision that we have in front of us and we have to understand how we balance this to make sure it is right for everyone.

While shepherding a period of planned growth for a strong middleclass and leading the retooling of our services and infrastructure is significantly more difficult than imposing taxes or adding fees that increase the cost of living and doing business, I believe it is what we were elected to do.

Madam Speaker, the challenges we face must be confronted with a clear mind and a determined spirit. We must look strategically, systematically at the challenge we face and the opportunities that we can take advantage of. Creating an environment for success must start with controlling cost of living. The Cayman Islands are dependent on the United States for a high percentage of food goods and inward investment. So, it is no surprise that our revenues are challenged at this time.

But, Madam Speaker, if we look at the two basic areas which go straight to the bottom line of the country or the home balance sheet and see if out of the box initiatives in some way could cut the cost—

**The Speaker:** Order please. It is very difficult for me to follow what the Member is saying. The murmur of noise on this side is just a little bit too high.

Member for Cayman Brac, please continue.

**The Premier, Hon. W. McKeever Bush:** We talking secrets over here. Madam Speaker, you have good hearing.

**The Speaker:** I've got very good hearing. Please whisper a little bit softer.

*[Laughter]*

**Mr. Moses I. Kirkconnell:**—which go straight to the bottom line of the country's balance sheet and see if out of the box initiatives can cut the cost of living. It's our responsibility to do so, Madam Speaker.

I have heard requests for ideas, and rightfully so. I thank the Premier for offering that out in his speech, which he said, if you have ideas, tell us. And I believe he is receptive to ideas, quite frankly, Madam Speaker.

First, let us examine insurance and healthcare: The cost of insurance for the population is based on the cost of healthcare. So, in theory, to reduce the cost of insurance we must reduce the cost of providing healthcare. We can reduce the cost of healthcare for our population in two ways: through prevention programmes and cost reduction measures. The Minister responsible has instituted programmes for encouraging healthier lifestyles, including better food choices and physical activity. I compliment him for that; compliment his department. These will help us to become a healthier society resulting in a decrease of lifestyle related illnesses and diseases. And again, it is certainly part of the solution and excellent to have that programme already implemented moving forward.

Madam Speaker, the second part of the equation is reducing the actual cost to providing healthcare. There is no magic silver bullet that you can pull from someplace and make this automatically happen. But I think that it is prudent on our part to have the discussion to look at the ideas of what could give us less expensive healthcare in the Cayman Islands. We have a small population, a remote three small Islands in the middle of the Caribbean Sea with challenges to find a way to not only reduce the cost, but to provide excellent healthcare at a reduced cost, because the citizens of the Cayman Islands have excellent healthcare now. Whether they receive it here or whether they go abroad to get it, they have excellent healthcare. But my suggestion is to implement a system that is similar to what they are doing in the United States and the UK.

Madam Speaker, to try to accomplish an economy of scale in the smaller outreach rural areas, you establish a hospital outreach programme that is a smaller bed hospital, but it is owned and operated, associated, with a larger healthcare provider. And what that does basically is give the economy of scale for sourcing the equipment that is needed, it gives you the economy of scale for the doctors that are needed and the first tier hospital that the Cayman Islands needs and want. And simply put, the HSA Hospital itself is too small to achieve expanded healthcare services and cost effectiveness on its own in today's market.

Looking at a hybrid model that takes into consideration what Johns Hopkins has done in Panama

and what the Mayo Clinic has done throughout the United States, and the Cleveland Clinic . . . if we entered the conversation of a branded first tier hospital in Cayman with a strategic ownership/partnership relation with somebody (and I only used Johns Hopkins because they have provided the expertise for Punta Pacifica in Panama, Madam Speaker, and I know that that is one of the hospitals that is being looked at as a provider) . . . this year we are going to spend \$25 [million] to \$30 million in overseas tertiary care. I believe I am safe in saying that, it may be more than that by the time the year ends. But if we had the same type of healthcare available in Grand Cayman with that level, I believe that the citizens of Cayman would feel very comfortable because the patient care is absolutely excellent in both hospitals—Faith Hospital and George Town Hospital in the Cayman Islands.

But the cost of having very expensive equipment without the population base that is needed to pay for it is something that enters into discussion and then the expertise of what can be provided by a first tier provider, whether it is from the UK or the United States. But I mentioned those very well-known names just to throw out the idea, Madam Speaker.

The Shetty Hospital proposes to bring medical tourism, and there is threshold there because they propose to it on a very large basis. But in bringing more clients, more mass to try to make this work, I believe that not needing the same visa that you need to get into the United States, the geographical location and the air service that we have coming into Grand Cayman, is certainly an area for us to look at, thinking outside the box, of how we could save money on healthcare. And saving money on healthcare is the only way, or one of the only ways, that we are going to get reductions in the cost of health insurance, Madam Speaker. The ultimate goal would be to provide the best possible healthcare at the best price for the country.

Madam Speaker, another example of looking at the basket of items that contribute heavily to the cost of living is the price of oil. Oil has gone from \$70 a barrel to \$97 a barrel in the matter of two months. We have absolutely no control. And the worst is probably to come with the crisis in Iran and Syria facing us. So, we have no ability in world events and dictating what is going to happen. The only thing that I believe we need to do, and we could do, is to look again at how the oil industry has changed and to see if we can take advantage of any of the ways that it has changed and see . . . the example being, an oil company used to own the well, they owned a refinery, they owned the pipeline or the tanker, they owned the distribution system, they owned the gas station, the pumps and they went from upstream, downstream and had something with all of it. Taking the breakdown and seeing if there is any area that we can in some way save some money and that be passed on comparing what the price of fuel is in Jamaica and other Islands, to see how we

really sit and that research might actually be available. But I throw this out again as an idea.

Madam Speaker, the point I am making is that we need to review all of the expense side items to see where we can save some money and put that in the four-year plan, to look at how we can . . . because there is not one thing. We have to get a savings in many different areas that will add up to try to start reducing the cost of doing business for the Government.

The Government's job, again, is to steer the ship and not to row the boat. I think that if the Government looks at some of the companies that they row rather than steer, I believe they've looked at how they would privatize some of them or make it in a way that the Cayman Islands Government would save money on it. But ideas of if you have a company that is a problem, fix it or find a way to get rid of it. And I think we have come to that point that we have no more luxury to look at companies that we have to keep (so to speak). And when I say "fix it", understand the vision and understand what the company really means to the country itself.

I take Cayman Airways as an example, because the fact might be lost of how much Cayman Airways has contributed to the increase in Tourism over the last 18 months. And if you pick one sector and say that the largest percentage of tourist increase came from Canada and you ask why that happened, well, an airline—Westjet—started a new gateway that brought people to Cayman from another market that was not being serviced before. The opportunity that Cayman Airways offers is the same thing. When you look at the conversation about starting it in Dallas, well, if it started into Dallas and a month after that another airline decided to fly from Dallas to Cayman with a more competitive rate that brought more tourists, more friends and family to the Cayman Islands, and they were spurred on to do that because Cayman Airways started that gateway, then Cayman Airways did its job because it is the vehicle for growth in tourism—one of its major considerations for the country and the country's wellbeing. So, that is the analysis to make sure that we understand what the value is. Just because the balance sheet says it is marginal, it has another value to the country.

Make Government more efficient, lower the healthcare cost, look at branded partners, strategic partners for the hospital.

Madam Speaker, I am not going to beat this point up. I spoke about this, before and I have mentioned it earlier when we looked at the businesses that are costing us money to see what we can do. Obviously, when you have a \$10 million line item for the Turtle Farm it is something that needs to be looked into to see if there is some type of partnership arrangement or how that can really be a positive for the Government rather than a continued expense.

Madam Speaker, the one item that I have received the most phone calls about, the most represen-

tation from my constituents is the announcement that civil servants' salaries will be cut 3.2 per cent. Madam Speaker, in Cayman Brac I would say 75 per cent, at least, depend on government as their employer. And when they get a 3.2 per cent cut, it is a tremendous burden on them, as it is here. But the sole provider of the majority, the largest supplier of jobs, is the government and this takes a major, major hit on Cayman Brac and Little Cayman.

Madam Speaker, in the conversations with committee members on this side and government workers who said that they did not know that they were going to take a 3.2 per cent cut . . . I looked for a solution to this. If we look at civil servants who make \$3,500 or less per month and not cut their salaries 3.2 per cent, we have to find that same amount of money someplace. And, Madam Speaker, there are two places to find that: 1) As we done in Ireland (which is stated into the Miller/Shaw Report), we can scale the way that salary deductions are done by the higher scales taking a bigger percentage of the pay cut; or, you can look at the Nation Building Fund, which I can't think of a better purpose than the Nation Building Fund to . . . I don't think it would be more than a million or two million dollars.

**Hon. Alden M. McLaughlin, Jr., Leader of the Opposition:** And that's through nation building.

*[Inaudible interjection]*

**Mr. Moses I. Kirkconnell:** No, but I do not know the numbers on it because I don't know if the 3.2 per cent . . . Civil servants making \$3,500 or less, instead of them taking a 3.2 per cent pay cut, right?

*[Inaudible interjection]*

**Mr. Moses I. Kirkconnell:** *[Replying to inaudible interjection]* No, we have to find that money someplace.

*[Inaudible interjection]*

**Mr. Moses I. Kirkconnell:** Well, you have two ways to find it and the thought is: 1) We could look at the pay scale of the higher pay scales and they take more than 3.2 per cent. Or, we build a case (because the nation building fund is by case) to look and see if that could come from the nation building fund. But I think that it is—

*[Inaudible interjection]*

**Mr. Moses I. Kirkconnell:** *[Replying to inaudible interjection]* It sounds good, but I did not hear the other part of it.

**Mr. Ellio A. Solomon:** The difference between the Nation Building Fund and the cut in salaries is one

would be for the current and one is supposed to be ongoing. Year after year we would benefit from the cuts but the nation building fund assuming that [inaudible].

**Mr. Moses I. Kirkconnell:** Right. But we know it is here this year.

*[Inaudible interjection]*

**Mr. Moses I. Kirkconnell:** Right.

So, those are the two ideas. But the clear point is that that is what I have had the most representation on. I look at my colleague and I know that she has had the same type of representation and I know that she is concerned about it as well. So—

*[Inaudible interjection]*

**Mr. Moses I. Kirkconnell:** Madam Speaker, we continue to look at some of the ideas of inwardly investing our pension money. The whole life cycle now of the pension has changed. [We need to] look at how we take some of that. Maybe buying government bonds at a lower interest [could] help stimulate jobs in the economy and strategically position Cayman for the future [as we] talk about the medium term plan. We have talked about retooling government to give us a competitive edge. We have talked about investing in a people-friendly climate, creating entrepreneurial opportunities, develop new niches, working closely with the financial industry, lowering the cost of oil, lowering the cost of healthcare, lowering the cost of money and how it is sourced by the Cayman Islands Development Bank, that they are more competitive and help entrepreneurs, strengthen the mentor programmes at the Development Bank for the small businesses, continue to focus on reducing crime, strengthen family and communities.

Madam Speaker, all of those ideas are put out in good faith. I am more than willing to give time to discuss and participate in any of those that the Government thinks might be something that would help to reduce the cost or become a new profit centre for us.

My closing thought, Madam Speaker, is that our number one challenge is to get our accounts in order. We must reassure this country that the glass is half full and not half empty. Look at how we centralise functions in the government to take advantage of the economy of scale with the expertise available. Reduce the cost through attrition and efficiency and technology. Do not be afraid to think outside the box for new savings. Stay in the business that we steer, analyse the business that we row. Work to strengthen our core—finance and tourism—through better communications and partnerships.

When people trust their institutions they are able to solve common problems. Research shows that school principals are much more likely to turn around

struggling schools in places where people have a history of working together and getting involved in their children's education, Madam Speaker.

Communities bonded by friendships formed at Church or other social groups are more likely to vote, volunteer, and perform everyday good deeds like helping someone in need. And governments find it easier to encourage the public to make sacrifices for the common good when people trust their political leaders and have the country's best interest at heart.

Madam Speaker, we have a long history of working together as a community and we have a long history of making sacrifices for the common good. We are people of faith. We have faith in each other and in our institutions and in God. We have been blessed with a history of leaders who for generations served with integrity. And they have served with a commitment to develop and protect the Cayman Islands for future generations. It is this fundamental trust that we have always had. Knowing that our leaders have our communities best interest at heart has grounded us and given us faith to come together and solve common problems.

Madam Speaker, the challenge is with the crisis in front of us that we must all work together to find the solutions to make the Cayman Islands a better place. Thank you, Madam Speaker.

**The Speaker:** Thank you First Elected Member for Cayman Brac and Little Cayman.

Does any other Member wish to speak?  
Member for East End.

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

I shall not keep you long, Madam Speaker. I promise.

**The Speaker:** I'm very comfortable in this chair.

**Mr. V. Arden McLean:** I'm glad to hear that. It sounds like you are in for a long night.

Madam Speaker, earlier today, at the beginning of this sitting, I asked the Premier a question as to whether or not Minister Bellingham had approved this Budget. I am yet to receive a direct answer. Madam Speaker, I wonder what we are doing here and I am again going to record my strong objection to this Budget going forward in the spirit of what this Government agreed with the United Kingdom Government in November of last year, in the partnership agreement called the FFR (Framework for Fiscal Responsibility).

Madam Speaker, at that time the Premier, whilst rushing from England to a meeting here and bringing back the partnership for this FFR . . . not one Member of the Opposition was consulted. The Premier did it on behalf of the people of this country, and there is a standing agreement between the United

Kingdom and the people of the Cayman Islands. Now, if the Premier or the Government has no intention of honouring that, the Premier needs to come out and tell the people why not, because part of that agreement requires an approval of draft budgets from thereon in. And this Government is now forging ahead with a Budget that appears to not be in compliance with that agreement.

The Premier needs to tell this country what his intent is for its political status. I think that is simple. I think it is straightforward and it needs to be done soon, because we are in here, we have convened parliament to consider a Budget that has not been approved and even if this Budget is approved here on the Third Reading, we don't know whether or not it will get assent. We know not.

But, Madam Speaker, what the country needs to understand, is that this is a face-off between the Premier and what he likes to call his enemies, the FCO. He cannot go back and say it is the United Kingdom Government because this is the Government that he embraced, the Conservative Government. He speaks so well of Cameron in the speech, not realising that Cameron is the Prime Minister and it is his wishes that Bellingham is carrying out, but it was a Labour Government that he had a problem with.

Now, Madam Speaker, this is serious matter that we are dealing with. This is an extremely serious matter. The face-off is that the Governor will not be back here until the 8<sup>th</sup> of September. The Interim Budget expires on the 31<sup>st</sup> of August. So, this Government, the United Kingdom Government, first of all is delaying it until their Governor gets back, and this Government is trying to rush it forward so that they can get it signed by the Acting Governor before the Governor gets back. Therein lies the face-off.

*[Inaudible interjection]*

**Mr. V. Arden McLean:** Madam Speaker, we all know that the Acting Governor has to take instructions from the FCO. We all know that, Madam Speaker. But that is the objective of this Government.

Madam Speaker, this Government and the United Kingdom Government are playing Russian roulette with our people. They are playing Russian roulette, and the only ones who are going to lose will be the people of this country. This Government needs to be ashamed of itself. It is my understanding that the UK Government offered an extension of that Interim Budget. Why could they not accept that? But no, this Premier wants to be able to brag that he took them to task.

Madam Speaker, we are in the middle—

#### Point of Order

**The Premier, Hon. W. McKeever Bush:** Madam Speaker, on a point of order, just for the Member to

have some information, and this House to have the information.

**Mr. V. Arden McLean:** It ain't no point of order.

**The Premier, Hon. W. McKeever Bush:** Well it is a point of order, Madam Speaker.

**Mr. V. Arden McLean:** It ain't no point of order!

**The Premier, Hon. W. McKeever Bush:** Misleading, Madam Speaker. The Member is saying that we were offered another temporary budget. We have not been offered any other temporary budget.

*[Inaudible interjection]*

**Mr. V. Arden McLean:** Madam Speaker, I can say anything on this floor that is my opinion or something I've heard. I am not saying it as a fact! I did not say it as a fact.

**The Premier, Hon. W. McKeever Bush:** Oh!

**Mr. V. Arden McLean:** I didn't say it as a fact.

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

**Mr. V. Arden McLean:** Madam Speaker, I said I heard that that is what happened!

*[Inaudible interjections]*

**Mr. V. Arden McLean:** I said it is my understanding. They never told me so, Madam Speaker. How can that be misleading?

*[Inaudible interjections]*

**The Speaker:** Please continue.

*[Inaudible interjection]*

**Mr. V. Arden McLean:** Hear who is talking about 10 per cent [inaudible], the Fourth Elected Member for West Bay.

*[Laughter and inaudible interjection]*

**Mr. V. Arden McLean:** I have never in my life seen a spin doctor like him.

Madam Speaker, it is my view that this Premier is facing-off with the United Kingdom to see who flinches first. That is what it is. And the people are going to suffer.

For three years the United Kingdom has given him rope and keeps giving him rope and now when they are pulling him tight, because he has not delivered. Not one thing that he has told them he was go-

ing to deliver has been delivered. Nothing! They continue to list the same projects that they came and listed; the Port in George Town, the one in West Bay, the one at Spotts Landing. And Bellingham says he is not going to allow them to build it with the Chinese until they send it back out to tender.

**The Premier, Hon. W. McKeever Bush:** What about the Shetty Hospital?

**Mr. V. Arden McLean:** Madam Speaker, he likes talking about Shetty Hospital as if he created that and brought that here.

*[Inaudible interjection]*

**Mr. V. Arden McLean:** Not me, I didn't bring it.

Madam Speaker, whilst our country, our people are out of jobs, this Government is trying to see which one will win the fight between them and the United Kingdom Government. Madam Speaker, they are wrong. They must be very careful and understand that the United Kingdom still has sovereignty over this country. Are they hell bent on us becoming what the Truks and Caicos became?

**The Premier, Hon. W. McKeever Bush:** N-o-o-o.

**Mr. V. Arden McLean:** Is that what their intent is?

*[Inaudible interjection]*

**Mr. V. Arden McLean:** The Premier should learn from what his fellow premier had to do. He is still on the run.

*[Inaudible interjection]*

**Mr. V. Arden McLean:** He is still on the run.

**An Hon. Member:** What his name is again?

**Mr. V. Arden McLean:** Misick.

*[Inaudible interjection]*

**Mr. V. Arden McLean:** And Brown—two down and one to go!

Madam Speaker, and at the same time whilst they are fighting for a few million dollars, the Premier is trying to balance it by cutting the civil servants' pay, and simultaneously fighting against the United Kingdom Government to leave in the slush fund—the so-called slush fund that he wants at his disposal to give who he wants. And [he] expects the civil servants to suffer, especially in an election year.

And, Madam Speaker, you are going to tell me that it is right for them to be facing-off over a few million dollars, and he has gotten nearly six million

dollars; five and a half million dollars or thereabouts in housing scheme and slush fund for distribution during an election year? It is wrong! It is wrong! And we are here trying to get this Budget through without the prior approval of England.

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

**Mr. V. Arden McLean:** Well, Madam Speaker, I don't know what it is about, other than that.

Madam Speaker, hundreds of years it took this country to develop its reputation, and that Premier, our current Premier is destroying it in one fell swoop—destroying it nationally, regionally and internationally.

**The Speaker:** Is that your opinion again? Because when you make statements you really need to say that it is your opinion or you think it is the fact.

**Mr. V. Arden McLean:** Madam Speaker, let's be reasonable. The newspapers all over the world are talking about the behavior of the Premier. The newspapers all over the world are talking about the poor governance of this country. Is that a fact or an opinion? At least I read it.

**The Premier, Hon. W. McKeeva Bush:** Yes, if you sent it you probably read it

**Mr. V. Arden McLean:** Yeah, I sent it there. You think it is only the walls of this building that these things are kept at. That's what you believe. You think everybody in this country does not have the capacity to understand your behavior. That is the problem. That is the problem!

**The Speaker:** Address the remarks to me, though, and not to the Premier because I am the Chair.

**Mr. V. Arden McLean:** Madam Speaker, I do apologise.

But, Madam Speaker, this Government . . . and I like to hear, when you address the Premier in here, that every one of them, all together, defend him. That is honourable; that is laudable when they will push their hands on the back of an individual who is carrying this country down the wrong track. Our people are deflated. Everywhere you go in this country you hear people talking about the poor governance, the manner in which this UDP Government is running their country.

And I heard the Premier quoting the Bible, [saying] that God will not put more on a man than he can handle. I hope that comes to pass, and soon; that he can get rid of these from on top of the people of the Cayman Islands. I really hope that comes to pass, that God will not put more on a human being than he can handle, because I do not think the people of this coun-

try can handle much more. They cannot, Madam Speaker.

And you know . . . oh, Lord, Lord.

Madam Speaker, the Premier talked about the promises that they made in 2009, and the promises that they have kept. They have done nothing, Madam Speaker! And now they are at the point where England is holding their hands to the fire and they are talking about how this Budget is going to be such a surplus, and it is going to be good for the future and moving into the future. Madam Speaker, really? It wasn't them who did it; it was England that did it.

*[Laughter]*

**Mr. V. Arden McLean:** It was England that forced them to do it, Madam Speaker.

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

**Mr. V. Arden McLean:** That's the fight.

Madam Speaker, I really call on the Government to stop this Russian roulette because that chamber is coming up soon, and they are going to hurt the very people that they purport to love and respect and honour. And that same England, United Kingdom, will hold their hands to the fire. And they are only the political directorate in this country and they will be held to account. The United Kingdom is not going to let them destroy this country in one fell swoop, just the nine of them. Madam Speaker, they need to take a step back. And that is what they need to do with this Budget, instead of bringing it here after they made a commitment to the United Kingdom that has sovereignty over this country. They made the commitment, Madam Speaker, without consulting anybody.

Hear the Premier about breaking the law? Who breaks more laws in this country than him?

You are constantly doing it, about "substance over process"! That is breaking the law!

**The Speaker:** Let's get back to the debate.

**The Premier, Hon. W. McKeeva Bush:** Madam Speaker, I think at this point in time . . . and I am within my orders, Madam Speaker. When I rise, I am, and I have privilege in this House.

I want to know which laws I have broken. I want to know which laws I have broken. The Member is making an accusation and I want to know which ones.

**The Speaker:** Member for East End, please continue your debate and please refrain from making accusations that you cannot prove. It is uncalled for in this House. We are debating the Budget. And there are rules for debating the Appropriation [Bill].



**Mr. V. Arden McLean:** Madam Speaker, I hear you. I shall respect your ruling. But, Madam Speaker, the Premier needs to tell me which law I broke also. Okay? He needs to do that.

**The Speaker:** You all can settle that outside. This is not the place for the accusations to be hurled across the floor.

**The Premier, Hon. W. McKeeva Bush:** No, Madam Speaker, I am not making an accusation. The PMFL was broken.

**Mr. V. Arden McLean:** Madam Speaker, it was broken this year too.

*[Inaudible interjection]*

**Mr. V. Arden McLean:** They are outside of the PMFL. They have broken it more times than us because we broke it in 2009 and you broke it in 2010, 2011 and 2012. Now, you tell me—

*[Laughter and inaudible interjection]*

**Mr. V. Arden McLean:** No, but he is accusing me first.

*[Laughter]*

**Mr. V. Arden McLean:** Oh yeah?

*[Inaudible interjections]*

**The Speaker:** We're either getting too tired to debate coherently and it is time to go home, or we are going to continue with order in the House. Which do you want?

Can you continue Member for East End?

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

Madam Speaker, this Government has never had a surplus in three years. The PMFL calls for one. Okay? Now, you tell me which is which.

Every year the Government which I was a part of—for three years consecutively—we brought surplus Budgets and ended those Budgets with surplus.

*[Inaudible interjection]*

**Mr. V. Arden McLean:** Surpluses!

*[Inaudible interjection]*

**Mr. V. Arden McLean:** Madam Speaker, we are talking about borrowing; we borrowed too. But the previous UDP Government borrowed to put in the bank! We didn't put any in the bank.

*[Inaudible interjection]*

**Mr. V. Arden McLean:** Ah, we spent it on the people; therein lies the difference! We didn't give it away to people in their businesses and in slush funds and the like. We spent it on people—the people of the Cayman Islands. All, all, all, all of the people of the Cayman Islands.

*[Inaudible interjections]*

**Mr. V. Arden McLean:** The previous Financial Secretary who sat in here—not the last Financial Secretary, but the one prior to him—borrowed money, refinanced \$20 odd million and put it in the bank as a surplus. Ah!

*[Inaudible interjections]*

**Mr. V. Arden McLean:** Ah!

Madam Speaker, yes, the PPM learnt its lesson, many lessons. But my conscience is clear as a [past] minister in this country. Clear! I walk this country with my head high. I can look any human being in this country straight into the eye and they know I did not take anything from them. My conscience is clear.

I go from West Bay straight to the Bluff and by the Lighthouse in Cayman Brac, and it bothers me not. I hope everybody else's conscience is as clear. I hope everybody else's conscience in this country and in this honourable chamber is as clear, and they know that there is nothing behind closed doors that they are trying to lead this country down a path that the people do not want to go, and that this is the beginning of it. I hope that is not the objective because it is rumoured on the street. The people are not as stupid as we would think they are.

Madam Speaker, do not underestimate the abilities of our people. And, Madam Speaker, what I—

*[Inaudible interjection]*

**Mr. V. Arden McLean:** Let me just finish because every time I get up in here to debate, the Premier tries to take me on. I don't know why. I mean, is it love or hate?

*[Laughter]*

**The Speaker:** It is time to go home.

**Mr. V. Arden McLean:** Or it is love/hate?

Madam Speaker, you know I am not going to continue on this because I have said what . . . I am not going to participate in this process. And if I am here I am going to vote 'no' because there are no guarantees that this thing will be approved by the United Kingdom. And whilst I did not support the Premier signing that FFR without our approval, he has signed it and I now have to live with it. I now have to

live within the framework because it has been signed. The majority democracy is still good and strong in this country wherein the majority of this House rules and they do the political dictates of this country.

They are responsible, it is not me. And worse now, it is only me one now.

*[Inaudible interjections]*

**Mr. V. Arden McLean:** So, Madam Speaker, I . . . .

Madam Speaker, that's all right, I *nah* getting into it. Madam Speaker, that is what we do in here. Many times I have been to parliaments and that is what we do. And we are not bad, we are just—

*[Inaudible interjection]*

**Mr. V. Arden McLean:** Yeah, I can tell you that. The only thing we need to put on is a robe for the big choir boys in here.

Madam Speaker, this Government has failed its people, it has failed the country and it is now failing the United Kingdom Government and I think this country will wait with bated breath to see what happens next. I am fearful of what could happen here.

Mind you, Madam Speaker, I want to see the Budget get approval. I know how difficult it is to have a Budget. But this Government wants to make the people of this country believe that England is the culprit in all of this, and England is not. They both have responsibility; England and the Cayman Islands Government. Madam Speaker, these talks should have been going on a long time ago.

The Premier says that on the 13<sup>th</sup> June is when he first sent it to them. It had to be approved by the 30<sup>th</sup> of June. What is that, 17 days? That is not three weeks. Three weeks is 21 days. The agreement says three weeks before it is to be delivered, presented to the Legislative Assembly—prior to presentation. It should have been to England much earlier. It should have been there from May.

Madam Speaker, I agree with the Deputy Premier, it should not have had to go in the first place, but because of their incompetence why it has to go there now.

*[Inaudible interjection]*

**Mr. V. Arden McLean:** Yeah, 2009.

Madam Speaker, this Government has failed the people that they made so many promises to. And I just hope that the people understand that their time, long though it may be, the 22<sup>nd</sup> May next year, they need to reject these people. They need to reject this Government and find the Government that is going to govern this country properly. Madam Speaker, the people will decide who governs them. My advice to them is to find someone other than these. That is my advice.

Now, Madam Speaker, the last time ever since I have been running in politics (and that was from '92) there have always been 50-odd people running. We must be can find . . . 15 goes into that many times so you do not have to worry about the UDP feeling 15, and reject all of them and have 15 out of the rest of it. You got two other fifteen's there.

So, Madam Speaker, this country . . .

*[Inaudible interjections]*

**Mr. V. Arden McLean:** Madam Speaker, you know this Government is too defiant and self-serving. That is what is wrong with the UDP Government. [They are] too defiant and self-serving. They need to start thinking about serving the people of this country. Start thinking about what they can do for their country instead of all for themselves. And, Madam Speaker, that is a fact.

I noticed there was not much said when I spoke to the slush fund. That is very self-serving, that slush fund. Because, Madam Speaker, there are many other ways of distributing—

**The Speaker:** Member for East End, there is no such thing in the Budget—I've read it—called a slush fund. If you refer to it, refer to it as to the correct name.

**Mr. V. Arden McLean:** Madam Speaker, may I draw your attention to page 42 of the—

*[Inaudible interjections and laughter]*

**Mr. V. Arden McLean:** —of the Budget Address. We are going to talk about Dyslexia soon.

Wherein the Premier said: “**The Nation-Building Programme continues to go from strength to strength, despite the cold water thrown on it at the outset. Our so-called ‘slush fund’**”. . . “Our . . .” theirs! It is their slush fund. His slush fund that I am talking about, Madam Speaker; that same Premier's slush fund! He should be ashamed of himself to stand here and say he has a slush fund!

**The Speaker:** He didn't say—

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

**The Speaker:** —he had a slush fund. (I'm sorry, Mr. Premier). He did not say he had a slush fund. He said it was a “so-called.” In the Budget there is no such thing. I have read the Appropriation Bill; there is nothing in it that is named the “slush fund.”

**Mr. V. Arden McLean:** Well, Madam Speaker, I will say it, “the Premier's so-called slush fund.”

[Laughter]

**Mr. V. Arden McLean:** If that is what he prefers me to call it; that is fine by me.

The Premier's so-called slush fund, which, in the Budget it is called the Nation-Building Fund. Did I get it right?

**An Hon. Member:** That's it.

**Mr. V. Arden McLean:** That is it. Thank you very much.

He has a slush fund. That's it! So that he can do what he wants.

**The Premier, Hon. W. McKeever Bush:** Madam Speaker, really, this has gone beyond the point of laughter.

**The Speaker:** If you all did not laugh it would help.

**The Premier, Hon. W. McKeever Bush:** It is not any such thing and the Member should not refer to children who are being educated with this fund as slush.

**Mr. V. Arden McLean:** Madam Speaker, I never referred to any one person in this country as slush. I am saying there are ways and means of distributing the resources that are available for the purposes of enhancing the people of this country differently. That is what I am saying, Madam Speaker. And I will stay with that.

He says it is a so-called slush fund, Madam Speaker, not me. Not me, Madam Speaker. The Premier called it a "so-called slush fund." So, if anyone is calling the people of this country or the children of this country slush, it is him!

**The Speaker:** We have strayed way off the situation of the Budget—

**Mr. V. Arden McLean:** Madam Speaker—

**The Speaker:** "On the motion for the **Second Reading of the Appropriation Bill,**" (and this is [Standing Order] 63(2)) "**debate shall be confined to the financial and economic state of the Islands and the general principles of Government policy and administration as indicated by the Bill and the estimates.**"

Please, the exchange is getting more and more off line. Please come back to the state of the Budget and where we are going with that, without the adjectives, from now on.

Member for East End, please continue.

**Mr. V. Arden McLean:** Madam Speaker, I can't say I have as much experience as you in this thing called debate. I would not do that, Madam Speaker.

**The Speaker:** I was quoting from the Standing Orders, 63(2).

**Mr. V. Arden McLean:** Okay. Madam Speaker, I understand and I hear you, but my—

[Inaudible interjection]

**Mr. V. Arden McLean:** Yeah I am talking about government policy and it was introduced by the Premier and I have learnt—and the Premier or any Member in here who has more time than me can stop me— and heard that you could go from you're a, b, c, forward and then backward and say I them sideways and that kind of stuff, as long as it relates to the country and the policy. That is my understanding of a debate on this. And I am sure the others will get up and take me to task.

Absolutely! Get up! I won't be here for you to beat.

[Laughter]

**Mr. V. Arden McLean:** You know you gone and stay and make me beat you.

Madam Speaker, I am—

**The Premier, Hon. W. McKeever Bush:** He's going to hear it though. He may leave but he will hear it.

**Mr. V. Arden McLean:** Madam Speaker, I really . . . you know in the spirit of debate, I accept the UDP Government getting back at me; that is what debate is about and I expect that it will happen. But this Government has failed. They have failed and the responsibility of anyone on this side and anyone outside of this Parliament is to educate the public on how this Government has failed in order that the people do not suffer any longer.

If they have to put up with it until 22 May 2013, then I think that will be enough. They have suffered long enough and, Madam Speaker, I fear that this debate between the UDP Government and the United Kingdom Government is not going to end well. That is my fear. I am fearful of that. I fear for the people, the political future, the immediate and medium term future of this country, under the leadership of the UDP because of what is going on now. I fear. I am very concerned and I appeal to them.

I know, Madam Speaker, they feel like they are being pushed from one side of the cage to the other. I know that. I know they feel like they are being bruised every day, but I beg them to do something to prevent and think about the future of the country. Sometimes we have to sacrifice ourselves for country. And, Madam Speaker, they know what I am talking about, because this is not going to end well, and I am not going to be party to it. I refuse to be party to it. I

believe it is necessary for us all, for the UDP Government, to take a step back.

Madam Speaker, there is much more I could say, but I just wanted to record my objection to what is going on here. It is wrong and I am not going to be party to it.

Thank you, Madam Speaker.

**The Speaker:** Thank you, Member for East End.

Does any other Member wish to speak? Does any other Member wish to speak?

Fourth Elected Member for George Town.

**Mr. Ellio A. Solomon, Fourth Elected Member for George Town:** Madam Speaker, I rise to make a contribution insofar as the Budget as well as to in response to the Throne Speech. And, Madam Speaker, with that I note that the Member for East End is now leaving, as he said he would do. So, we note that.

**Mr. V. Arden McLean:** I'm going to put the drops into my eyes first to see.

**Mr. Ellio A. Solomon:** All right.

*[Laughter]*

**Mr. Ellio A. Solomon:** He says he is merely going to fix his eyes, Madam Speaker, so—

*[Inaudible interjections]*

**Mr. Ellio A. Solomon:** —while he is going through that eye insertion, I will just continue to say that first of all it is a proud couple of days, Madam Speaker, to have had the opportunity to hear the Honourable Franz Manderson, the Acting Governor, deliver the Throne Speech. I think it is something that is fundamentally noteworthy, that for the first time in history we have a Caymanian as Acting Governor delivering the Throne Speech. And it is unfortunate he is not here to hear us chat a bit about him, but hopefully he will get to hear it after work on the radio.

Madam Speaker, in no way at all should it be overlooked, the significance and the importance of being able to recognise that we have within the parameter, within the ring fence that we call “Caymanian” the ability to run our own country, the ability, Madam Speaker, to make bold strides every day, the opportunity and the ability to do just what Mr. Manderson did a day or two ago. And so, I wish to [extend] to him heartfelt congratulations, Madam Speaker. It was good to see his family here as well to be able to witness that important day.

Madam Speaker, as I listened to the Member for East End chatting away there, I wasn't sure whether he was coming or going. But having watched him in this honourable House for the last nine or ten years . . . because he held nine fingers up the day I

came in and reminded me that he had been here nine years and I was only here for one. Just watching him for the nine plus years—and definitely the last three—as much musical chairs as he has been moving, it is no doubt that his words were just as confusing. I think it is important to note, Madam Speaker, as we talk about all of this, all of the flip-flopping that we continue to see . . . because the same Member now, who is trying to advise the United Democratic Party Government to put country first, was on the Town Hall steps sometime in 2000 taking one position and by 2001 he had taken another one, and here he is today (last week he was a Member of the PPM) an independent Member. And I think if we can wait until May, I am very confident that position may have changed again.

Madam Speaker, I hope that the Member for East End does not think that he is fooling the good people of Cayman or persons from East End, the same persons he said that the United Democratic Party Government must not underestimate. He has now moved from within his PPM seat and went a little closer to the Member in the southeast corner. He is a few notches up so I guess he is about east/southeast at this point in time.

So, Madam Speaker, I wish to remind him of the hypocrisy that is latent in his statements about the intelligence—

**The Speaker:** You cannot accuse a Member of hypocrisy.

**Mr. Ellio A. Solomon:** All right, Madam Speaker, let me say it again—

**The Speaker:** There are so many words in the English language that can be used and you all will pick the wrong ones.

**Mr. Ellio A. Solomon:** All right. Let me say, Madam Speaker, I hope that he does not think that his musical chairs movement is going to confuse the intelligent people of this country. They are still going to recognise all the moments he has been making, Madam Speaker.

And whether that is hypocrisy, inconsistency, or otherwise, may the good people of this country label it properly by voting perhaps that gentleman out if they so choose in 2013.

Madam Speaker, I wish to start as well by commending the Member for Cayman Brac. I think he had a good contribution. Naturally, I do not think that we agree on all of the points but I thought he made a very good contribution. And I like to make sure and do the flogging where I think is necessary. But I think he made a very good contribution, and for what it is worth, I wish to mention that.

In fact, when I heard him speaking I thought he had taken three or four pages of my proverbial speech as well, because he was saying a lot of things,

Madam Speaker, that I know I have said in this honourable House—and I am not accusing him of plagiarism, I just complimented the gentleman. But I believe that it shows (if anything), that in many regards on some of those issues, I see some alignments of views.

So, as I hear one Member here mentioning, it is only time for him to come over to this side, as well as the Member for Bodden Town.

*[Inaudible interjections]*

**Mr. Ellio A. Solomon:** Madam Speaker, turning attention to the Leader of the Opposition (he is not in here but I am sure he is probably listening), it is serious that we lay out again, for the record, that this is the last Throne Speech of this particular Administration. The last Throne Speech for this particular term. God willing if we are returned in 2013 we can take it up from there, but for this particular term, Madam Speaker, for this Administration, the last Throne Speech. And it never ceases to amaze me when the Leader of the Opposition is going to stand in this honourable House, Madam Speaker—and you would swear that he has had a complete memory loss, suffering from some sort of amnesia, when he is sitting there and talking about how did we end up here.

You know, as I even heard the Member for East End say, *Well, the United Democratic Party Government has broken the law and they broke it for three years.* Madam Speaker, understand the seriousness of the circumstances, that it is the PPM that broke the Public Management and Finance Law which has put us in the circumstance that we find ourselves today. So, after they ran the train off of the tracks, they are cursing this Government because we haven't been completely successful yet in getting the train back on track. They ran it off, Madam Speaker, and I think it is very important to continue to lay it out to the good people of this country that arguably, Madam Speaker, for 150 years we have been able to come to this honourable House, in one way, shape or another, proverbial or otherwise, to be able to have and exercise that financial independence to determine where we are going to go, what our budget is going to be. Whether it was fifty pounds and two shillings, or whether we are talking about \$550 million plus, we could decide how much money we were going to spend, how we were going to spend it, where we were going to go.

And those two gentlemen, particularly, the Member for East End and the Leader of the Opposition, in my opinion, have very little pride and a very bad memory to stand here and have forgotten that it is them, the PPM, the People's Progressive Movement Government that robbed the people of this country of their financial independence. We are in the position we are in today because of the wanton disregard for the financial management of this country which was

done by none other than the PPM. It cannot, Madam Speaker, and it should never ever be forgotten. Madam Speaker, as many has said before, who authored and penned it, if we forget that history, then we are bound to repeat it.

I hear the Leader of the Opposition talking about if the economy is to grow, the UDP has to go. So, he seems to be coming up and coining some term now for 2013. Madam Speaker, I will give you one quick one: "If the people vote red we dead."

**The Premier, Hon. W. McKeeva Bush:** [Laughter]

*[Honourable Cline A. Glidden, Deputy Speaker, in the Chair]*

**Mr. Ellio A. Solomon:** "If we vote red we are dead."

Mr. Speaker, they have already proven to this country what they are capable of, and on top of that, to turn around with dementia and amnesia and forget what it is that they have done.

I even heard the Leader of the Opposition, Third Elected Member for George Town, talking about nobody in this country has confidence in the United Democratic Party Government. Mr. Speaker, let me say that I can't even believe that the Third Elected Member, the now Leader of the Opposition, actually has the audacity to stand in this honourable House and talk anything about a lack of confidence when the same Member for East End, who was not a backbencher, but was a minister in his Cabinet, has just abandoned ship because he has no confidence in the Third Elected Member.

Tell me, Mr. Speaker, how can someone who is losing that much water or taking on that much water every day, that you're not a backbencher, you're a minister, policymaker in your Cabinet has decided that your ship is so bad, that your leadership, your stewardship is so bad, that they are going to leave and abandon you to become an independent Member in the east, southeast corner, actually has the audacity to come here and talk about confidence in the United Democratic Party Government?

Mr. Speaker, the Leader of the Opposition needs a mirror. If there is a lack of confidence, that lack of confidence was shown by the people of this country of his Government in 2009, and without even getting near the election yet, because they say anything can happen between the cup and the lip, and we have got a lot of cup and a long way to the lip and he is already losing a minister. He needs to sit very quietly before he is talking about the United Democratic Party Government and a loss of confidence.

And if they talk about rumours, Mr. Speaker, I suspect that we can expect to see one, possibly another Member leave as well.

So, Mr. Speaker, moving on, I believe that as a Government taking office in 2009, we inherited a very difficult position and I believe the country recog-

nises that. They recognise that the PPM broke the Public Management and Finance Law, and it is the breaking of that Law that has caused the United Kingdom Government to be able to now step in, and to tell the Cayman Islands Government how, when, where, why they can spend. And as unfortunate as that circumstance is, it is the PPM that put us there. It is their breach of the Public Management and Finance Law. That is what we inherited in 2009, and I believe that the United Democratic Party Government, in all of those difficulties, has been struggling and doing the best that it can insofar as ensuring that we can stabilise this patient and work towards getting him up (if you like) so that he can pick up his bed and walk.

It has been challenging, Mr. Speaker. There is no doubt about that. It can't be easy. When you have a situation that you find a country that is in a deficit position—large debt, arguably almost a billion US dollars in debt—it is difficult, because the demand for the resources of this country, when you are in a financial situation such as we inherited, does not stop. In fact, the demand for those services has increased. And I believe that the good people of this country understand that.

There are many people right now losing their houses in terms of arrears, there are difficulties for persons to even pay their electrical bill, water bill; no doubt all of those challenges exist. But that is precisely why, Mr. Speaker, my voice and my commentary should be able to touch the ears of those who are listening, to see that if their circumstances are such, then there has to be at least some degree of empathy and appreciation that this Government inheriting the situation that we did, with an \$81 million deficit—that some seems to confuse and call [\$]18 [million]—and inheriting over \$600 million in debt. The challenge becomes worse because, unfortunately, the challenges in terms of demand for services and products do not ease up because you don't have the money. They have increased.

When stresses on people increase there are higher demands for the Health Services. People are getting more ill because they are stressed; not less ill. Social Services, Mr. Speaker, they are lined up because there are those who are unemployed. These are the natural challenges that we have in this economy. And I believe that the good people of this country recognise it.

Does that mean they are not going to get upset? Of course, they are going to get upset because when a man is hungry, he is hungry, and he has to have someone to lash out against. And when we are going to have those on Tuesdays and Wednesdays flapping their lips and pointing their fingers because they have no solutions, of course, it only infuriates and insights people even more. But, Mr. Speaker, I believe in the same intelligent people that the Member for East End referred to. And I believe that in the midst of all of their challenges and difficulties, that when they

search their hearts they understand the circumstances, they understand that the United Democratic Party Government did not put us in the financial position that we are in, and that we are doing everything that we can; every day, every night working tirelessly to make sure that we can get us out of those circumstances.

When there are those who come and ask what we have accomplished, Mr. Speaker, we have accomplished something simply by the fact that in 2009, as far as the PPM would have left us and as far as the Labour Government wanted us, we would have had direct taxation in this country. And doing everything that we could in terms of being innovative and crafting away here and crafting away there and balancing the books, the very fact that we didn't have those taxes on—didn't have to do it!—said that the United Democratic Party was successful in keeping this country a tax free jurisdiction as we are today.

And we did all of that, Mr. Speaker, without having to layoff the civil servants like some in this honourable House now who call for. *Layoff the civil servants*, they would say. *Lay 600 persons off*. And they try to suggest that that is the solution.

Mr. Speaker, what would happen if you lay off 600 civil servants? You are not talking about 600 persons who are going to be impacted; you are talking about directly impacting 600 families. And, according to one of the last censuses that I have seen, that means a household; mother, father and at least two-something children. So, for every 600 that is laid off there are three or four more that are impacted. And that is the solution coming from the Opposition? That is the solution coming from the southeast corner? I think not, Mr. Speaker.

And so, this Government, despite the fact, despite the constant criticisms on the talk shows, on the campaign that we have never seen, as mentioned by the Leader of the Opposition, we have withstood all of that, Mr. Speaker, to be able to stand here today and say, even that with the United Kingdom, the Opposition, and the southeast corner, and all the wannabe candidates, we were able to stand that storm with the grace of God and actually keep this country afloat without having to put the taxes on.

Just like the Good Word says, **“We are troubled on every side, yet not distressed; we are perplexed, but not in despair; persecuted, but not forsaken; cast down, but not destroyed.”** [2 Corinthians 4]

Mr. Speaker, we, the United Democratic Party Government and the people of this country have withstood it for the last three years. We didn't put ourselves here, but by the grace of God we are working to get ourselves out!

Even though there are those on that side of the aisle who care so little about this country that they are willing to see the people of this country suffer so that they can win through political expediency an of-

fice on this side of this honourable House, Mr. Speaker, we still move forward. We forge forward every day against it, despite the battering on all those sides. And with God's hand on ours and this good ship Cayman, we have kept it afloat.

And I have confidence today, Mr. Speaker, that though on the Backbench and, no, not in Cabinet in terms of direct control, but having any influence that I can have and doing whatever I can do and with the stewardship that we have, Mr. Speaker, I have confidence that, given time, if we can keep the course, keep the fight, that this country will regain its financial independence that the PPM Government robbed from us in 2009.

So, when they stand there and actually talk about, *I'm not sure if I should support this particular Budget because I am not sure if the United Kingdom has approved it . . .* Mr. Speaker, as a new Member in this House I really have to wonder. They should be ashamed to even open their mouths to say it. They should be ashamed because at the end of the day, understand what you have done to this country that we cannot come down here as freethinking individuals working on behalf of our country and decide what our Budget is going to be. Shame on every Member, Mr. Speaker, especially, those who have the audacity to come here and voice it. We should be having full support, all 15 Members coming here. Even if it did not have the approval, just for good Caymanian pride we should be able to come here and say, *This is our Budget and we demand to have some degree of financial independence to decide the route that our people have to go.* We should have that pride to say it! And it is a shame that you have those who actually have the audacity to voice it. Shame, shame on them!

Mr. Speaker, I have said this numerous times but I believe I have an obligation to say it again. For those who may wish and think that there are certain factions within the United Kingdom that mean this country well, I wish to admonish them, advise them, suggest to them, that they think again. Understand that this country perhaps gets into a position where it needs \$25 million to balance the books and to be able to help the good people of this country—the same good people who welcomed Her Majesty, the same good people who would help in any storm, the same good people who lost so many lives in the war that we fought where the Cayman Islands had the highest deaths per capita in all the war—this same country here that demands and needs perhaps \$25 million and the United Kingdom has not offered one cent.

But yet, if there is a war in the Falklands they send the ships, they send millions of dollars. They go and bail out Greece for a billion dollars and they have another billion dollars lined up. And, Mr. Speaker, it would be remiss of me, to say the least, to not mention it: Ask yourselves if that is a mother! Who goes to a friend and gives them a billion dollars and lines the pocket with another billion to give them, but not a \$25

million for a child? And I am supposed to be wrong for saying that? No, Mr. Speaker, that is the true situation on the ground.

So, when we can have the PPM Administration—and some of those turncoats now that are jumping ship trying to change their suits to camouflage themselves so that come 2013 they can pretend to be something and someone else—they are the ones who put the country there! They are the ones who gave us to the hand of the United Kingdom, and they still today, 2012, August, in the year of our Lord, do not even have the strength, the national pride, to be able to say, *Let me stand behind the Government and see what we can do with the Budget.* Even that, they want to walk out.

The Member for North Side is not even here; refuses to be here. The Member for East End, he is not participating. And the Leader of the Opposition, I'm not surprised he is not here. He's probably in the canteen. But, Mr. Speaker, and to the good people of this country, that is what we have.

And on top of all of those things, the UK and the PPM, we have had the global recession. Not just this country, but every country in the world impacted by this circumstance. When people in the Cayman Islands can sit in their homes and see that the unemployment situation is so dire in another country, that the tension so dire, that persons can actually get up and line up, 200 of them and catch themselves on fire, that should be a good indication of the seriousness of the challenges being faced by the world in this global recession.

When the United States of America, the greatest military might that exist in this world spending billions just in terms of defense, when it struggles and drowns in this lake of global recession so that their rating is downgraded—the mighty United States—and the United Democratic Party Government, by the grace of God being able to maintain our rating—not having to go into the taxes, not having to join America in those circumstances—can't we for once say that we have accomplished something, that we have achieved something? I think that we have.

If the captain can do nothing else but stop this ship from sinking when every ship around us is sinking, I dare say we did something. But I don't expect those Members to recognise that. With the greatest respect, he just got his eyes fixed and his memory is flawed. I don't expect them to remember that. I don't expect them to see that. And they come with no solutions. None whatsoever!

The Leader of the Opposition with his one motion—Green Iguanas . . . and that is why I commend the Member for Cayman Brac, because he made a good contribution. Those were the most solutions/suggestions I have ever heard come from that side of the aisle yet. I think he should be the Leader.

*[Inaudible interjection]*

**Mr. Ellio A. Solomon:** Well, I have said that before, Mr. Speaker.

And say what it is, Mr. Speaker, I am going to say it like it is; whether it is something meritorious for the other side or it is a flogging for the next side or the same on this side, I'm going to say it. And so again, I commend the Member. But it is their wanton disregard for the finances of this country.

So, let me remind the Member, I saw the papers today and just to have a quick look (or was it yesterday)? Twenty-first of August, Mr. Speaker, [and it was] talking about the Clifton Hunter School. Let me refresh the memory of the Leader of the Opposition while he has lost track of what he has done to the country, who had the audacity to say when all of the admonishments came his way of, *do not do what you are about to do, don't spend the people's money the way you are spending it*, he said "Only God can stop me." And God did stop him, Mr. Speaker.

The Clifton Hunter School . . . it is quoted here on the front page, [\$]167,000 per month in terms of just some monthly running. It talks about [\$]800,000 just for bussing alone per annum. And if you do the \$167,000 per month, that is \$2 million plus per annum. Eight hundred thousand dollars per annum, just for the bussing. And we ain't talking about cleaning. We are missing a lot of things but let's just go with what the *Compass* has here. One [hundred and] sixty-seven thousand per month; that is \$2 million plus per annum. Eight hundred thousand for bussing alone; just that, if divided by the 841 students, comes out to be over \$3,000 per student.

That is the kind of expenditure that that previous administration put us in. And they had no regard as to how we were going to pay for it. None whatsoever! And yet they have the audacity to stand here and question: *How is it that we are in the position that we are in? Why haven't you been able to get us out yet?* As I continue to say, they have racked up the credit cards and they drank all Friday night. You can't do so without having a hangover and being broke on Saturday. And we are here as the UDP Government in that circumstance and we are doing all that we can to get us out.

And I think we are doing a pretty decent job at keeping this ship afloat. And I believe that we have to continue and take the steps necessary to carry us further along those tracks.

*[Honourable Mary J. Lawrence, Speaker, in the Chair]*

**Mr. Ellio A. Solomon:** Madam Speaker, continuing on, as I said earlier about the Member for the Brac, I believe he had almost taken some of my speech because, as some may know, I am the chairman of the e-Government Board. And I believe that the circumstances—and I stated this when I first took office here but I will say it again.

I believe that the unique circumstances that has been offered to this country because of the economic challenges that we face and because of the wanton disregard for public funds by the previous Administration still offers us an opportunity. In every disaster there is an opportunity. In every great cloud there is a silver lining.

I remember coming out after hurricane Ivan and I could walk around and look in the buildings and could see the watermark, in some areas 18 inches, some areas 3 feet and in some areas as high as 6 feet. So, you see no one would question that hurricane Ivan was a national disaster. No one would question that it did untold amounts of damage to property, to family and to lives. Luckily, we did not actually lose a life. But the damage was there.

But just in terms of that watermark, Madam Speaker, it leaves us in a position where we can come and say, *Look at what we are able to now say*. We are able to say where the water came when this national disaster hit us. It was 6 feet here, it was 3 feet there and it was 18 inches here. And if we take that national disaster, that difficulty that we went through, we can still look at that watermark to help us in the future to say, *When we build tomorrow, let us never ever forget where the mark reached in 2004*.

So, if we incorporated it into our planning and incorporated it into our thinking and never ever forget where the mark was in 2004, we can be a better country as a result of it. And it is the same way, Madam Speaker (that I continue to harp on), about the wanton disregard that the PPM had for the finances of this country. Because, in all of that damage they did to us, they left a watermark for all of us to see. And if we do not forget the watermark and remember it every day in our construction, in our lives, in our buildings, in our finances, Madam Speaker, if we never ever forget that mark, we will be a better country as a result of it.

But if we, for whatever reason, political expediency, because of friendship, for whatever reason, choose to ignore the mark that that national disaster put on us, then, Madam Speaker, we will be no better as a country because for our own reasons we chose to forget the mark that was clearly indicated on every piece of infrastructure in this country. And this country right now in terms of its finances in that case is bursting, sagging, leaking in every way that you can think of. And it can show you every department that is weak and it can show you the areas that are strong.

And so we have to mark it, we have to register it so that if we cannot even do something about it now, that when the circumstance presents itself with finances, social help, whatever is required, that we can now go and say, *I have made an index. And the index has clearly indicated to me, these were the areas that were weak and needed strengthening, and these were the areas that were strong, and these were the areas that were sagging*. That is the opportunity that pre-



sents itself, not just to this Government but any government in the future.

So, for those who are the historians let them record that. Let us look at the numbers. Let us record everything so that at the end of the day, even if we cannot do something about it now, in the very near future when the resources are present we can.

Madam Speaker, as chairman of the e-Government, I know it was one of those things that political does not offer all of the tangibility as other things. The Member for East End oftentimes talks about the tangibility and the visibility, and that, Madam Speaker, to me—

**Mr. V. Arden McLean:** Measurability.

**Mr. Ellio A. Solomon:** And measurability he says.

But, Madam Speaker, I am going to suggest that that is the old political way of thinking. That is the dinosaur way of thinking, Madam Speaker, because nothing is to be done that I can't visualise, measure and be visible.

You see, Madam Speaker, what that leads to, is that when you have a choice of investing \$2 million in an infrastructure that will improve efficiency and effectiveness, and that will create other opportunities rather than putting \$2 million there, you would prefer to spend \$12,000 per linear foot to build a road. That is what that sort of myopic dinosaur thinking brings about. It brings about a road that arguably does very little compared to making some very simple changes in terms of your products and services that would save money and enhance opportunities.

And that is precisely why, as I said, I appreciate the echoing and much regard in terms of e-Government because I believe that in some areas it will be small savings and in other areas it will be tremendous savings. And in some areas there is going to be an increase in revenues, and in other areas there will be a freeing up of resources that can do things that we have been needing to do for a long time but did not have the ability to hire staff. So, it does not have to mean job cuts. It means freeing them up and creating opportunities.

Let me just give you some examples, Madam Speaker, just in terms of the last three years. As chairman of the e-Government Board and only receiving \$500,000 over the last three years, we have accomplished a lot. And, as I have said on numerous occasions, a Government that has done very much with very little and contrast that to the other Government that did very little with very much.

With \$500,000, Madam Speaker, \$70,000 of that approximately goes to create a CCTV link between the prison and the courts. Year after year and decade after decade in this country we have bussed prisoners from the prison to the courts. And when we did that we incurred costs for the bussing. There was the insurance, there were the prison officers and all of

the other risk that potentially sat there in terms of if a prisoner escaped, if he killed someone, robbed someone, raped someone, all sorts of indirect risks as well that could not even be factored in when it came to cost. That happened in this country for years and for decades to the tune, Madam Speaker, of millions and millions of dollars.

It is estimated arguably around \$1.2 million saved by the e-Government Board paying \$70,000 for a CCTV connection. So, a prisoner can now stand at the prison, go into a dock face a camera (or two or three cameras) and the courts can see that individual, talk to them, speak to their lawyers, do everything that they had to do in a physical way, they can now do it from the prison broadcast by CCTV.

So, we see that the introduction of technology has \$70,000 expenditure resulting in millions and millions of dollars in savings. But as I said, it is just that same tangible, arguably, opportunity that that dinosaur thinking was thinking about, that results in a \$25 million road, but fails to introduce technology, Madam Speaker.

I heard the Member suggesting that there is tangibility, visibility there. Agreed, Madam Speaker, but understand the ethos, understand the thinking of what has occurred in the past. And I will give you evidence of that. If that was the case, Madam Speaker, if they recognized it, the previous administration in terms of the e-Business Board did absolutely nothing for four years. Nothing! The board did not meet and they didn't even have an e-Government board. You see, Madam Speaker, because there was no concern about that. The concern was not about saving, the concern was not about reengineering business processes, and it was not about smooth lining those processes and saving cost and creating additional opportunities. It wasn't there! If anything, Madam Speaker, it created additional bureaucracy under that previous administration.

And, Madam Speaker, to the point as I mentioned from the Member for the Brac, this is what we need to talk about. It is not as fancy and visual as some things but these are the things that bring about real savings and real opportunities.

So, Madam Speaker, on top of that let's explore some other things. In terms of e-Government, I will very soon be talking about the product that we released in March, again, that would be able to facilitate all of those inspections that are taking place at the various garages so that all of it is done electronically, so that we are working towards reducing paper. And in order to make sure that at the speed of light a person is able to go out, inspect their vehicles and at the end of the day all of that done electronically between those persons who are doing the inspections and the Vehicle Licensing Department.

In addition to that, Madam Speaker, to be launched very soon, whether an individual is a Caymanian, a resident here in this country, or whether

they are from overseas, they will be able to register, change their drivers licence, work to get their car registered for inspection or to renew their drivers licence—all automated and done electronically. They will be able to register it and pay for it. And just for clarity, Madam Speaker, because I hear a little bit of noise over there, that, Madam Speaker, Ellio Anthony Solomon and the e-Government Board started that.

**The Premier, Hon. W. McKeeva Bush:** That's right!

**Mr. Ellio A. Solomon:** We have that Member for East End who runs around and runs around and when Dr. Shetty did something . . . *he* did that.

**The Premier, Hon. W. McKeeva Bush:** That's right!

*[Inaudible interjection]*

**The Premier, Hon. W. McKeeva Bush:** That's him!

**Mr. Ellio A. Solomon:** If it failed it's the UDP, and if something happens, he did it. Well, you have him over there making noise, Madam Speaker, that's Ellio Solomon the backbencher and thank goodness other members of the e-Government board who did that.

*[Inaudible interjections]*

**Mr. Ellio A. Solomon:** And so, in addition to that, persons who register on that online service, Madam Speaker, will also be able to get access to an e-Service ID. And when that e-Service ID continues to spread it will be one that will facilitate easier access to services throughout the Government, because for decades in this country there has been a situation where when you go there, why is it that you are at Customs and they don't recognise who you are? [It is] because you have a completely different name when you are at the Health Services and you have something different in the pensions and something different in immigration. It's going to allow us to provide a seamless service, and to be able to make it that an individual whether at Immigration, if he goes there, he could pay his water bill for Water Authority. He could pay his garbage bill because he is the same customer at Immigration that he is at Water Authority and he is the same customer at Immigration that he is at Customs.

All of those things, Madam Speaker, have been neglected in this country for years. And with that shoestring budget of \$500,000 we will talk about those things over the coming weeks in terms of some of the accomplishments that we have made. And I believe I would say, tremendous accomplishments, Madam Speaker, over the last three years, even with that shoestring budget.

And I am going to be asking again, because I know that times are difficult, the finances are hard,

Madam Speaker. These are challenging times. But I am going to be asking the Premier and pressing him like I am sure others will be pressing him, to give a little bit more funding for e-Government between now and May, because it is important that we have at least one or two things that we can accomplish. And I believe, as perhaps echoed earlier, what better nation building than that, Madam Speaker? Let us work to streamline the services and the products that are provided by the Cayman Islands Government. By increasing those efficiencies and effectiveness of service, we will provide a better service to our customers.

We have customers right now. We want to make changes to the Police Records Department. Do you recognise, Madam Speaker, that if you go to the Vehicle Licensing Department, they go through all of your paperwork and you are issued a driver's licence, you now go and want to get a police record and you have someone who stands in a line for half an hour, gets to the front, hands them their driver's licence and they are told by the Police Records Department that they cannot take their driver's licence. We need a passport.

But, Madam Speaker, a driver's licence is an official identification from the Cayman Islands Government. So, why then is a Cayman Islands Government department not accepting it? Those are simple things that we can change, Madam Speaker. So, we want to be able to make those changes.

I intend to bring a motion very soon, Madam Speaker, which will allow us to be able to say that we are going to solidify the e-Government Board. Because when we talk about the Public Management and Finance Law, I believe it seems that we all recognise now that the decentralisation of services in terms of our finances has increased the cost in government. I was the first one to say it, even though that was also echoed by the Member for East End, that what you technically have is 13 governments in one. All of these little silos all racking up their costs, all running around doing their own financial pieces and bridges are not joining up. Arguably, no one knows what the other one is doing. And all of these things are a loss of communication and an increase in the cost of doing business.

Countless, millions of dollars are lost. Understand what it means when a contractor may do a job for one department and mess it up, and because there is that lack of tracking, he or she or that contracting firm now goes and does another job; where if there was that communication it would never have happened. They would have said, *You messed up the job for vehicle licensing so don't think you can come to customs and do the job.* Millions and millions of dollars are lost simply because of a lack of communication. One department not even knowing what the other is doing. Police going off and buying identification equipment for fingerprinting, meanwhile immigration is sourcing and trying to get the same thing. All purchasing two separate pieces of equipment when one could

have done the job. And to make matters worse, they end up with two separate pieces of equipment and the two animals can't even talk. So, there is a problem, Madam Speaker.

And just like how we talk about the centralisation of our financial situation so that you can have a possible situation where in terms of all of those financial situations you can have it centralised, it is the same way, Madam Speaker, I humbly submit, and intend to bring a motion, that we centralise the issue of information communication technology, specifically as it relates to e-Government. All of these procurements, Madam Speaker, have to be in a situation where it can be done centrally. And that is all the things that this Government is trying to work towards.

But it takes time! It takes time! So, when I heard the Member for East End and when I hear the Leader of the Opposition, the Third Elected Member for George Town talk, Madam Speaker, you can break the patient's arm very quickly but it takes quite a bit of time for it to heal.

**The Premier, Hon. W. McKeever Bush:** Yep.

**Mr. Ellio A. Solomon:** And I remember the elderly gentleman in Cayman Brac—maybe Mose may know him. He came outside and said to me, *You see that tree?* (And the tree is right outside of his house.) He said, *You see that tree? My brother planted that tree and I told him not to plant that tree but he didn't listen and now every night lightning is striking my house.*

There's a lesson to learn from that, Madam Speaker. And someone also told me, *You see when you have that house and you have that tree growing next to it, you might not like that tree there but don't think you are going to just grab that, pull it up, tear it up and throw it away.* No, those roots, Madam Speaker, have weaved their way through that foundation, that if you do so you risk losing your house.

And so, Madam Speaker, over the decades that we have been spending and wasting money and creating departments, you can stand there and know that department has to go, these sections have to go, arguably these individuals have to go, but I say to you, Madam Speaker, it takes time. Don't think that you can just come and root it up because there are other things that have now become dependent on that.

To give an analogy, Madam Speaker, even the person who is out there using drugs, who was born into this world never having a dependency, and who went out there and used it and now have a dependency, you have to take your time and allow them to wean themselves off of it. And it is the same way with the Government.

So, it is easy for the PPM to make a mess of things and to come here and then say, *You guys haven't fixed that yet?*

*[Inaudible interjection]*

**Mr. Ellio A. Solomon:** Well, Madam Speaker, as someone is saying, we have to now take our time and wean ourselves off of the PPM damage. That's what it takes.

Damage has been done, Madam Speaker, and there are things that have been done during the past administration. Let me just show you. Under the previous administration 640 new employees were added. I remember once asking the Minister of Education, well, when you finish this and that how much people will you have to hire? He said we will have to hire at least 80 new teachers. And that was a start.

*[Inaudible interjection]*

**Mr. Ellio A. Solomon:** The previous minister.

But you see, Madam Speaker, it is so easy to spend money.

When the Member for East End was in power he stood there and said, *We're going to engage in the largest capital expenditure that the country has ever seen.* How easy. How irresponsible. Easy to say, Madam Speaker, but I continue to say it: Any fool can spend money but it takes someone wise to make it. Any fool can spend money but it takes someone wise to save it. And so, Madam Speaker, yes, we have inherited challenges. Yes, we have inherited difficulties but we are working every day, arduously so to make sure that we can actually deal with those. And we are making some good strides despite what they want to say.

Madam Speaker, again coughing up my thoughts even with respect to the Public Management and Finance Law, there may be those who differ, but I do not think that all the consideration in the world went into the Public Management and Finance Law either. And I am not going to try to be knocking anyone who did it. We have been doing those sorts of things for decades because there can be some silo thinking and people go and pass a piece of legislation without a lot of thought. We had a 10 per cent debt service ratio, and, Madam Speaker, at the end of the day ask yourself—a 10 per cent debt service ratio? Sounds good, sounds impressive but really at the end of the day I do not believe the Public Management and Finance Law was built with circumstances in mind as it now exists today.

So, back to the watermark, Madam Speaker, from hurricane Ivan, let us make a note. I guess we can't do it now; we are in the clutches of the United Kingdom. But when we are out of that by the grace of God let us not forget where we are and let us have the political will to be able to go into the Public Management and Finance Law and actually make the necessary changes that allows us some degree of financial flexibility for the difficult times that we find ourselves in today, because it was not built and constructed for times like this.

So, the Public Management and Finance Law, in my humble opinion, Madam Speaker, we need to see changes there. We need to see greater changes in terms of centralisation and we need to see greater changes in terms of the debt service ratio; two examples. And when we do that we would have a ship that is much more flexible to deal with the challenging times like we now face today. We have that capacity. We have that ability, Madam Speaker.

*[Inaudible interjections]*

**Mr. Ellio A. Solomon:** I hear all of the crosstalk, Madam Speaker. The Member for East End has returned.

*[Inaudible interjection]*

**Mr. Ellio A. Solomon:** Madam Speaker, I believe that in this country we have tremendous opportunities that present themselves to us. One of my suggestions to my colleagues, Madam Speaker, which I wish to echo today, for example, is that even when we talked about the divesting of government assets of which the Government felt it had no choice but to do so in terms of leveraging that to get ourselves out of this situation. My recommendation to them is that I believe that we need to be able to take an asset like the Water Authority, and be able to allow the good people of this country to be able to invest their pensions into that. That is my personal position that we can do that.

Madam Speaker, for so long in this country the people have heard, *This country belongs to you*. But yet, when the \$550 million in revenues come, there are still people starving and not seeing a cheque. Madam Speaker, I believe we have to be smart and bright with our pensions and that is why I have brought the kind of pension motion/legislation which I did. Because, as I looked at the 1999 Census saying that there was approximately at the time, minimum, \$775 million in salaries passing hands in this country—and 10 per cent of that being approximately \$77 million—all being shipped overseas and invested in Asia, in Europe and in America to build somebody else's infrastructure, to build homes, to fund their water authorities, to fund their utilities. Madam Speaker, why are we not doing it here? I don't understand that.

Do we have to get someone to come on a plane with a tie to tell us that we can invest our money into our own infrastructure? Put it into Water Authority knowing that every time we turn on the tap, flush the toilet, water our lawn, that even though we spend, we make something in terms of dividends. I don't think it takes a rocket scientist to do that, Madam Speaker, to figure it out. But that is the kind of future that this country has. If we only have what it takes, the political will, to grasp it, and if we can get past all of the same kind of dinosaur thinking that went on before, where someone is so eager to give a contract to their friends

and allow someone else to make a dollar, but actually put the interest of the people of this country first and say, *Let us bring the money back home*. Isn't that what made us great, Madam Speaker?

When our forefathers went overseas when they couldn't even work here, went on the ships, they sent their money back home to build a stronger and greater Cayman Islands. And yet, we are today in our way, proverbially sailing in this global economy, and we are doing the exact opposite. Everything that we make we spend somewhere else. Because even when we go to the fast food restaurants, which are not even local, that's arguably 20 per cent of your dollar gone somewhere else.

Madam Speaker, I believe that we need to do what we can, and that is why I take offence, not to myself, Madam Speaker, but to the people of this country when there are people like the Leader of the Opposition who fight against me in terms of wanting to be able to bring home the pension funds and give it back to the people so that they can buy a piece of land, build a house, buy a house or pay off the final arrears on their mortgage. Madam Speaker, I never asked for them to get it to just buy a car or to go spending, but to be able to work to build the infrastructure in this country so that when they pass that retirement line they can say they have something to call their own.

Just yesterday, I had a gentleman standing in front of me, 57 years of age. Madam Speaker, that gentleman, arguably in tears . . . and you know why? Thanking me, Madam Speaker, because . . . and there was also a similar scenario—but thanking me, Madam Speaker, because there is now an opportunity for his daughter, who now has a bill that is approximately \$70,000 for her to put him on the title as an elderly man that has finally reached a position where he is making a decent salary but can't get a mortgage at the bank. She can now put him on the title. And both of them can now go down like good [father] and daughter with love in their hearts and withdraw \$35,000 each from their pension so she can give her father one of the homes that she has. Isn't that a great story, Madam Speaker? Isn't that what the Cayman Islands are about? Isn't that what it should be about?

Madam Speaker, we are to be [INAUDIBLE]. It has to be a case that the family is at the centre of everything that we do. This must be the perfect place to be born. Our mortality rate has to be low. Healthcare has to be good. Best place to be born, best place to be educated, best place to work and the best place to retire. So, Madam Speaker, I take offence on behalf of the people of this country, when we have individuals like the Leader of the Opposition, and any of the merry men who want to join them, regardless of where they are, who say how dare us try to bring our monies back home so that we can invest and give to the 57-year-old father and his 30-

something year old daughter who now says, *I can hand this over to my father.*

There was a mother who came to my house with her young son and she wanted to finally get to pay off that mortgage to get that stress off of her shoulder and her son was there saying, *I have an opportunity now to go on the title, take it and help my mother to pay off her mortgage.* He didn't mind. Because as she said to me, *Ellio, when I am dead and gone I am leaving it for him anyway.* Madam Speaker, that is the possibility that we have. And I hear them lining up, Madam Speaker, on all sides. I hear them lining up and I have a motion coming here about this pension; I've talked about it for the civil service. I want the same thing for the civil service, Madam Speaker.

And I know that they are going to come with all of this past service pension liability, which is complete rubbish, Madam Speaker. Because the past service pension liability (to simplify it), is that I am 43-years-of-age and some accountant is sitting in the office and saying, *Ellio can retire when he is 65 which is approximately 22 years from now and when I do the formula I need to put \$100,000 in for him to retire.* Well, Madam Speaker, what is that being put in for? That's 22 years from now. So, they are trying to rob the persons who have something because they are saying somebody should have something in 22 years.

There is over half of a billion dollars in the pensions, Madam Speaker. And if 1,000 civil servants all went and drew their \$35,000 from the pension, Madam Speaker, a few million dollars gone—a drop in the bucket out of the civil service pension. So, I want them to know, Madam Speaker, regardless of where they are, I am going to fight against them with everything that I have to make sure that we can get for the civil service the same thing that we have for the private sector.

The Leader of the Opposition ran around that one would have sworn they were saying that there was going to be a run on the bank; that there would be thousands of people drawing their pension squandering it, wasting it. The stats show, Madam Speaker, that 143 put in their applications and 137 were successful. One hundred and thirty-seven families in a matter of about six months have benefitted as a result of that pension motion. One hundred and thirty-seven families! And assuming that we do not let the PPM Leader of the Opposition in, who, as far as he is concerned, would cancel it, it will continue in perpetuity. And, Madam Speaker, I think, contrary to what they want to say . . . because I heard the Leader of the Opposition stand there today and talk about more about pensions than he did in the four years when he was in office as Minister with responsibility for pension. Did nothing!

The Mercer Report from 26<sup>th</sup> March 2007, what did he do out of it? Absolutely nothing! And when the pensions lost \$200 million what did he tell the people? *Ah yeah, but you got to think long term, think*

*long term, think long term.* Think long term? People just lost \$200 million dollars!

*[Laughter]*

**Mr. Ellio A. Solomon:** But he is going to criticise me for perhaps taking \$3 million out or [\$]35 [million] to help 100-something families in this country, almost 200 families. He, with his think long term, think long term. Think long term what? This country lost nothing less in a year and a half of \$200 million in pensions. And that Member, the Leader of the Opposition who is now talking more about pensions than he has ever done in his entire life, did absolutely nothing about it. And then has the nerve to talk about confidence in this Government. No, Madam Speaker!

On the pensions I am proud to say that I have a Government that supported me with the private sector pension motion; it passed, we have the amendment and almost 200 families have benefitted so far. There has been no run on the bank, the pensions are not bankrupt and our Caymanians are better off as a result of it. Let us stay the course on that and allow more Caymanians to benefit. Let us stay the course. And so today, Madam Speaker, I am going to say it—I hope that we can get some support now without so much resistance to be able to do the same things for our civil servants.

A little bird told me that the Civil Service Association members do not support it, do not want to see the motion come. But, Madam Speaker, let me say this: With the greatest degree of confidence I am sure that the Civil Service Association Management Council of those who chose to do so (because I do not think it is all them) . . . I do not believe they are speaking on behalf of the civil service, Madam Speaker. Because I know as a fact they never met with them. Before I even brought my pension motion for the civil service I went to the management council and said I would like to be able to have a discussion with them in terms of the pension motion. I would like to have a meeting with the civil service to be able to determine from them as to whether they would like to see it move forward or not.

The chairman at the time told me, *I believe it needs to be done on democratic process, so I agree.* And then there was one little person in there chirping and chirping and chirping and he didn't stop until I think about three members went soft on me and we didn't have any meeting. But, Madam Speaker, whether it is their argument about pay cuts or whether it is their argument right now about the pensions, I do not believe that management council—Madam Speaker, I am going to say it—and I definitely not going to support their position on the pensions. I have had too many civil servants who have come to me and they cannot wait for them to have the same opportunity. And I do not see why we should deny the civil servants anything that we have given to those in the

private sector. What is good for the goose is good for the gander. And I hear at least one of my colleagues right now saying, *Right here with me.*

And that is why I will guarantee you I am going to Bodden Town and pounding the pavement for that individual, Madam Speaker, because he has always been there, Madam Speaker, and let me say that, you know.

*[Inaudible interjection]*

**Mr. Elio A. Solomon:** You too. I'm going Bodden Town for you too.

Madam Speaker, let me take the opportunity to say that. The majority of motions that I brought here, not that I do not believe any of my other colleagues perhaps would not have done the same, but I wish to give support and thanks to two persons. One is Mr. Dwayne Seymour who has supported and seconded the majority of my motions, including that one with the pensions.

In this honourable House you cannot get anything done. I don't even think you can get a restroom break unless you get somebody to second it. So, I wish to thank that Member and the Member for West Bay, the Fourth Elected Member, Captain Eugene, for their support in terms of those motions, Madam Speaker. I could not have done it without them. And for all of those persons who served on the various committees to be able to help us get it to where we are.

So, Madam Speaker, my plea is to all of those civil servants and to all those family members of civil servants and friends of those in the civil service who support it, say to all of your elected officials, regardless of their colour or whatever their position may be, regardless of their party affiliation or the lack thereof, to ask them to support the motion for the civil service to be able to get their access to their pensions.

So, Madam Speaker, those are opportunities, but a few that I believe that we have.

Madam Speaker, we had discussion today about the reserves in the country, and the last figure you will hear is that we need about \$90 million in reserves. That is how much approximately should be there. And, Madam Speaker, you know what happens to the reserves? I inquired about it. Here is what has been happening for decades: \$90 million of the people's money is sitting somewhere in today's world in a bank collecting .005 per cent return. Madam Speaker, have you ever heard anything like that? That is akin to the Government of this country, taking \$90 million and putting it under a mattress.

So, Madam Speaker, my recommendation is that the years and decades of that, has to stop. We need to be able to have this Government put in place, a system where we can have that \$90 million being strategically—yes safe, manage the risk—invested so that we can make more than .005 per cent.

My goodness, the pensions for the civil service, according to the Mercer Report, 26<sup>th</sup> March 2007, was making an average of 6.7 per cent return on its money. I would dare say if we can take pensions for the civil service and make 6.7 per cent return on the money for that, shouldn't we be making something on the \$90 million? Madam Speaker, there are millions and millions of dollars throughout the civil service that is simply going to waste. Leaking out the side of this boat in inefficiencies, leaking out the side of the boat in ineffectiveness, leaking out the side of the boat in lost opportunities, Madam Speaker; that is what we have. It's a tough job but I nevertheless believe that we are up to the task.

Madam Speaker, I wish to say in covering the pensions, in closing that, Madam Speaker, move on to the other motion that I brought which was "Jobs for Caymanians only." Because, there are those again, who continue to challenge us on what we have done. And, Madam Speaker, we see rather than sitting and complaining, bring a motion, do something constructive to help the people, other than something about green iguanas.

Madam Speaker, I brought the motion about "Jobs for Caymanians only" and I have spoken to the Minister about it and I can tell you I am not happy. I'm not a happy camper, Madam Speaker, and I am not going to labour the point too long, but September now will be two years and we still do not have the Jobs for Caymanians motion. But I am at least proud to say that the Minister handed me today a draft piece of legislation, Madam Speaker. And I know that we have a lot of things on our plate, but I know the Minister can push forward. I know he can be methodical when he wants and has to be, Madam Speaker, so I ask him that in terms of this particular motion, Jobs for Caymanians only, that we will do everything we can so that by the time we next convene we can actually be debating and passing a piece of legislation that is going to allow jobs for Caymanians only.

We were able to come to an agreement that at least we would create a schedule, whether it is to be Immigration Law or Labour Law that would create a schedule very simple, Madam Speaker, if I could be so bold to paraphrase it (I see a legal mind sitting in the corner there), that would specify that everything in this added in this schedule is to be classified as a job for Caymanians only.

Madam Speaker, I believe it is important. The Opposition tried to play with that one as well. They tried to say that I was belittling Caymanians by saying, *Oh, jobs for Caymanians, like we need something specific.* But, Madam Speaker, they never complained that being an elected official should be a job for Caymanians only. Never once complained about that one, but that is the case. To be an elected official it is a job for Caymanians only. And that is just the way it should be.

Contrary to some of them on the Opposition side, Madam Speaker, I have this weird way of thinking, this weird way of believing that in the Cayman Islands we should work to have Caymanians running it. I don't know why I get that thinking. It obviously does not jive with some Members of the Opposition. But I believe wherever we can in terms of those key positions in this country, key tasks in this country, we need to get the resources there to make sure that Caymanians can do those jobs. That is not to say, Madam Speaker . . . because this party is often times accused, overly so, in terms of our position with respect to transient workers.

If we are to be successful just like how we have elected official jobs for Caymanians only, just like how we have the Deputy Governor as a job for Caymanians only, I believe we should also have other positions. Whether it is the [job] of the Chief Immigration Officer or other jobs which are into the private sector, I believe it is important. We are not the only country to do it, and not that we should have to point to the UK or the United States to validate what we are doing here. But if it pleases some persons, it is done in the United States too. And it is done in the United Kingdom.

Again, I think all we need is the political will to actually do it here. Stop all of the backbiting, stop all of the wondering who is going to shine, stop all of the political expediency and actually support something that is good for the people of your country. That is all I am asking. So, I look forward, Madam Speaker, press the Minister, kindly asking that we can move this piece of legislation along and bring it to this honourable House.

Madam Speaker, on the issue about affordable homes which kind of ties in with the issue of the pension, I am proud to say, working with the Minister for George Town, the right honourable Minister, Mr. Mike Adam, that we have had tremendous successes. We have successes in terms of being able to for the first time in this country, build true top-quality affordable homes and to be able to provide them at affordable prices.

**Mr. V. Arden McLean:** Ain't anybody in them.

**Mr. Ellio A. Solomon:** And Madam Speaker . . . I hear the shouting again from the Member for East End about nobody moving in. But, you see, again, he is half blind, losing his memory and he is also deaf, because, Madam Speaker, we have just had members move in now into the houses in George Town. But you know what they say, "A dollar short and a day late." There are persons in the home, Madam Speaker. They have them. They are in their affordable homes; proud to say it, Madam Speaker.

And again, I do not expect him to commend the Government, definitely not this Fourth Elected Member, definitely not the Minister. But, Madam

Speaker, soon to be 87 affordable homes in this country constructed at a time when we are in the darkest economic valley that this country has ever seen. A Government that has done very much with very little, in contrast to the government of the past that did very little with very much.

I heard them criticizing the issue about the housing fund and, Madam Speaker, I will take some credit about that too, because again, housing is something that is very, very important to me. Because, Madam Speaker, when we talk about housing it is very easy for us to get locked up into this two-dimensional world to just simply think about a roof, a house, some walls, and a floor. There is arguably nothing as fundamental . . . the fundamentals are water, food and shelter. Those are the core—water, food and shelter. So, Madam Speaker, when you actually look at the issue of housing, nothing is any more fundamental than an individual being able to own their home.

In Singapore, for example, there was a situation where at one point in time before the reformation there, they had an issue where persons were rioting, tearing, burning, looting, and, Madam Speaker, they found that the moment they were able to work to increase home ownership in that country a lot of it went away. You see when you have someone living somewhere and that does not belong to them, a person acts differently. But the moment you have a sense of ownership that this is yours, for the majority of people (without trying to throw a percentage on it) things change.

There is a sense of comfort knowing that this belongs to you. You do not want to see it damaged because it belongs to you and you do not want to see it damaged because you want to pass it on to someone else. So, when they tease me, the Minister, or this Government about affordable homes, Madam Speaker, they are not teasing me. They are not mocking me, Madam Speaker. They are mocking the elderly persons, father or mother, or both, and children who need a home.

You see they do not understand the stress because when you sit here making nine or ten thousand dollars in that cushy apartment, it is very easy to forget all of the persons like perhaps the 57-year-old gentleman that every day of this life he is paying rent and wondering when the sun starts to set, what is going to happen when he is too old, too feeble to work, where is the money going to come from, where is he going to be sleeping. He is wondering where he is going to be able to rest his head.

And because of things like the pensions and because of things like affordable homes, those persons are now going to be in a position where they can do so. So, I am quite proud to chat about that as we talk about the Throne Speech and direction and commitment for the country.

Madam Speaker, on the issue of human organ and tissue transplant . . . again, no doubt about it, that received its criticisms also from the Opposition. The Member for North Side had his criticisms about that one. I even heard the individual on *Rooster* being asked one day, *Will you support Mr. Solomon's motion on the pension?* He said 'No'. *Will you support his motion on jobs for Caymanians?* He said 'No'. *Will you support his motion on human organ and tissue transplant?* He said 'No'. That was the Member for North Side, Madam Speaker.

*[Inaudible interjection]*

**Mr. Elio A. Solomon:** Yes, and joined by the PPM Member for East End. Three motions, Madam Speaker, and he were not supporting any one of them. Three strikes and you are out according to that individual.

And, Madam Speaker, I don't know how they can be so critical, like they know everything and went to the school of everything. Madam Speaker, you know it is bad when you get a licence to sell drugs and still go out of business. They have no position to be able to talk. This Government has done a lot and has made tremendous strides and continues to do it.

The human organ and tissue transplant; regardless of whether he wants to try to tack it on to Dr. Shetty or not, as I have stated before, I'm not going to take all of the praise. We had persons like Dr. Tomlinson who brought it to our attention when he came in my last occupation there sitting on the talk show and action that had been taken by the Member for Bodden Town, the Second Elected Member, Mr. Eden. But at the end of the day, Madam Speaker, that is continuity to be able to pick up where somebody left off and say that this has to be completed. It's a human organ and tissue transplant, Madam Speaker. We have the motion.

So, when the Member for North Side joined by any other Member in this House who wants to join him, criticises . . . I have had a chance to visit the hospital and to be able to see those persons who are suffering from diabetes, problems with their liver and the list goes on, Madam Speaker. And if you see their pain and the agony of the 47-plus persons who have to go through that on a weekly basis, Madam Speaker, one would get up and offer some support and not just criticism. One would come forward with solutions and not just criticisms.

Madam Speaker, also on this issue, I intend to bring this motion on the issue of an education fund of which I do hope we can get some support. And, Madam Speaker, that is to be able to ensure that we can have as much concrete rigidity in terms of how we are going to spend our funds on education.

If we were a business, Madam Speaker, and found that we had to go out and contract a particular service, it obviously means that we do not have that

capacity in house. And it would only be a good prudent businessman or businesswoman to say that if we do not have that service in house, then let us make sure that we have taken the necessary steps to train persons up so that the next time this particular task comes along we would actually have someone in-house to be able to do it.

So, Madam Speaker, when you look at it, I think the barometer for that, amongst other things (perhaps) but primarily the barometer for that, is the number of work permits that we have in this country. And we necessarily want to be able to encourage transient workers. We need it, but at the same time it should at least be a gauge to us in terms of the amount of permits that we have, to be an indication of where we need to spend our money in terms of education. And not just the young persons who have to go off to college for their tertiary education (not excluding them), but in addition to that persons who may already own their business, who may be middle-aged or quasi-elderly, that might want to up-skill themselves in one way, shape or another to better themselves or to better their company. Those are opportunities that I believe we have.

I believe we have to be just as serious about that education as we are about an environmental fund. If we can create an environmental fund then I do not think there should be anything different in terms of us working towards creating an education fund as well.

Madam Speaker, I hear the Member over there referring again to the Nation Building Fund. Madam Speaker, I know that that gentleman has issues about the Nation Building Fund, and as I have stated before in this honourable House, I think that any premier should be able to have access to some funds that are going to be used for the purpose of nation building. If this Premier or any premier spends those funds in a way that the people deem to be inappropriate, then I believe the people of this country will judge them accordingly. I do not believe it is the position of the Member for North Side or the Member for East End who is now speaking, to decide whether there should be a nation building fund or not. He mentioned the word "slush" so many times earlier when I was sitting that I did not even think I was going to be able to make it up out of my chair. It is not a slush fund, Madam Speaker, it is about building a nation.

When I spoke to the Premier, as an example, about issues such as persons in this country who are handicapped and falling into a particular category that had been overlooked—and you can spend monies out of the nation building fund because perhaps there is not another specific vote for it—it is a shame then on the Member for East End when he is going to refer to it as a slush fund. That, Madam Speaker, to me is the flexibility that you should be able to have to identify needs in your country and to be able to work to resolve them.



So, Madam Speaker, I just want to conclude by saying that I believe that the United Democratic Party Government has accomplished a lot; first and foremost by keeping this country, the good ship Cayman afloat. I believe it is a shameful position that we find ourselves in when the Member for East End and the Member for North Side (who, as far as I am concerned, does not even have the respect for the people of this country to show his face in parliament to support the Budget), are going to say that they are not going to support it because the UK has not approved it. Madam Speaker, I do not think there is an issue about the UK approval, but as I have stated, even if it was the case, we should have at least the national pride—those two Members particularly—to be able to say that that financial independence is important to us—*sacrosanct*—and that we are going to come down as good Members of the Legislative Assembly, especially knowing that they robbed the country of it—robbed the country of that independence—to be able to come down here and say, *We are going to support the Budget and we are going to call on the United Kingdom to support the people's Budget.*

Madam Speaker, the time is almost there in terms of expiration. We need a Budget. We need the funds so we can run the country; not so that the Member for East End can have a good time or the Members of the United Democratic Party. No! So that we can pay hospital bills, so that we can keep things going, so that the sick, the elderly and all of the other services that are required in this country can be fulfilled. So, shame on the Member and the Leader of the Opposition, and the Member for North Side, who is not here, who does not want to support the Budget, Madam Speaker.

And so, in closing, Madam Speaker, I would just encourage and for whatever pressure it may apply, again, wish to make sure that my colleagues in Cabinet and the Premier knows—nation building fund or otherwise, because he exercises that sort of flexibility with the nation building fund; that is what it is about—that I will be knocking and asking for a few more morsels (if you like) in terms of the e-Government because I believe it is an initiative that has to continue and go forward.

With that, Madam Speaker, I wish to thank this honourable House and the people of this country for giving me the opportunity to be here today to be able to make that short contribution towards the Throne Speech as well as the Budget debate.

God bless each and every one of us here and God bless the Caymanian people. God bless the Cayman Islands.

**The Speaker:** Thank you, Fourth Elected Member for George Town.

Does any other Member wish to speak?  
Minister of Education.

We're going to stop at five minutes to twelve.

**Hon. Rolston M. Anglin, Minister of Education, Training and Employment:** Thank you, Madam Speaker.

Madam Speaker, I will do my very best to be very brief.

**The Speaker:** I am not limiting your time. You have two hours but you can continue tomorrow.

**Hon. Rolston M. Anglin:** Thank you, Madam Speaker.

**The Speaker:** I just wanted to let him understand that I was not trying to shorten his debate.

**Hon. Rolston M. Anglin:** Madam Speaker, let me say that we need to bring this Budget and the debate surrounding it back into very, very, very clear focus. In 2009 the net debt ratio in this country was exceeded. The net debt ratio was exceeded because the People's Progressive Movement Administration ill-advisedly tried to do way too much in this country through extravagance and otherwise and tried to borrow . . . and not tried, [they] borrowed, borrowed, borrowed without understanding that there is a limited capacity for absorption of debt when you only have 50,000 people.

And so, Madam Speaker, when you take debt from [\$]156 million to [\$]416 million by the time you demit office, and you leave Clifton Hunter, John Gray, the Government Administration Building and a record \$81 million deficit for us as an administration to have to fund, because we had no choice; we had to fund the deficit. We had legitimate contracts in place for all of those projects. We took advice and it was obvious that we had to continue every single one of them. The knock on effect and spend over the last three years on those projects were \$200 million.

So, Madam Speaker, when the net debt ratio was broken, at that point we had to go to the FCO for approval for a Budget because we had to continue borrowing and continue borrowing at a time when our ratios were broken. That is all contained within our Public Management and Finance Law.

Madam Speaker, many red herrings have been drawn. Do we have to rationalise expenses? Of course, we do. This Government has so many policies that are going to put expenses on the right trajectory. We have accepted a plan devised by the Deputy Governor, that estimates around 300 less bodies over the next four fiscal years in the Service without any mass layoffs; a voluntary separation programme.

We also have instituted across the entire government, a policy to recentralise finance and HR back to all ministry levels. That is going to save us posts. Because, Madam Speaker, we must be about delivering the best services frontline—the best policing, the best teaching—all of the very best services that are

frontline, and limiting our administrative costs. Administrative costs, while a necessary evil, do not bring service to the public. And so when millions and millions of dollars are spent on the administration of government versus delivering services, you know you have a problem.

Madam Speaker, the story needs to be told to the Member for East End, that when you break the net debt ratio in 2009, you cannot then jump up and say, *Oh well that net debt ratio was still broken in 2011, 2012, 2013*. So, somehow in his mind he has magically come up with a formula to say that we have broken it three times. Once the ratio is broken and the Government does not have a lot of cash to simply go and pay down that debt, how are we going to get out of it?

The Member for East End has to accept responsibility. He can say it was not his ministry all he wants, [but] he was a part of the Government that when the Auditor General conducted his audit he could not find any credible measure of accountability in Cabinet for the delivery of the schools. That's at their doorstep, not mine.

And so, Madam Speaker, if we do not understand it we had better get it straight; this country's problems and the issues we face is a debt problem. The United Kingdom has made it quite clear. They really don't care about surpluses and deficits per se, because that is about us as Caymanians and things that we do not have to have. Where they see the line that is a risk for them in terms contingent liability, is the amount of debt that central government and its authorities have. Because, if this economy was to collapse and we had to fail on our debt, they believe that there is a moral obligation on behalf of the country that they would have to step in and it would be UK taxpayers' dollars.

We spend \$33 million a year in interest—\$30 million in interest repayments. This Government in 2009, in order to fund the deficit, the bridge financing and the continuation of the school projects and the admin building, had to take out a bullet bond for [\$312 million]. Why did we have to take out a bullet bond? Because we could not afford any other type of debt that would have also involved principal repayment.

The fact of the matter is, not only do we need to be paying down past service liabilities, we now, as a Government, need to find a way in which to start putting money into a sinking fund to pay off the bullet bond. So, in reality, the country should be coming up with another \$34.7 million a year so that by 2019 we can pay off the bullet bond. Add it all up; \$97 million a year. Ninety-seven million dollars before we open the doors to accept our employees in, before we open a school, before we open a police station, before we open the passport office. Ninety-seven million dollars we should be finding to service debt. Yet, the Opposition still seems to not understand that that is the problem this country faces.

The UK isn't really concerned about day's cash for us. The only reason they are kind of concerned about that is that if a hurricane struck they want us to have enough cash to take care of ourselves because they want to ensure, again, that they do not have to give us anything. Caymanians and this Legislative Assembly need to start preaching the truth to the people of this country. We should not even try to criticise the United Kingdom for not helping us during the hurricane because we do not pay taxes in London. We don't pay taxes there. So, if we do not pay taxes there, why should they be obligated to help us? Why? We have to be real about life. We have to stop living in this little fantasy—"Alice in Wonderland" world. We are our own country.

And friends, colleagues, we need to do everything in our power to bring our debt balance down. We can talk all we want about our debt service ratio and when it is restrictive. It is restrictive because we have a small indigenous population and we do not have, and will not have for any time in the foreseeable future, any form of direct taxation. So, look at this from the UK's perspective. They are looking on and saying, *Okay Cayman, you have 55,000 people, 19,000 can leave tomorrow, they are non-nationals on a work permits. You have \$600 million of debt. You have no form of what we believe to be the most reliable type of taxation to raise your revenues*. And they are not going to have a problem? And they are not going to look at us and be very tough?

The Leader of the Opposition made it all sound so cute and simple. All so cute and simple! We have presented Budget after Budget to the FCO that were all credible. The very first Budget is a credible budget. However, what the Conservative Government has said to us is very simple: Their term expires in May of 2015. They have an obligation to their voters to not compromise their tax dollars. They have a colony that still has a constitutional arrangement and a legal framework that allows them now (because we have broken our ratios) the ability and capacity to exert great influence into our budget.

You all think about this Opposition and Members of this House and public: Where on God's earth today in this global economy do we have a country of 55,000 people that is going to have a budget that is projecting conservatively \$82 million in surplus? We have been told and forced in our Budget to discount every revenue line by 25 per cent to a 75 per cent compliance factor. A hundred dollars of revenue? No, project \$75.

Let me give an example of where our fee package is coming from. We have one line alone that is going to raise \$12 million—Exempted Limited Partnerships. In 2010/11 it grew 9 per cent in registrations; 2011/12 it grew 13 per cent. We now have 12,000 plus exempted limited partnerships at the Company Registry. The fee has not been touched in over a decade. The fee is miniscule. If you are a hedge fund

manager an investment company manager who uses those vehicles for your funds, the Government is going to raise the fee to \$2,400, a \$1,400 increase. Twenty-four hundred dollars does nothing to your expense ratio; much cheaper than the traditional route of going with an exempted company.

What do we predict? We know that there is going to be growth this year, plus the fee. Yet, just that line alone, instead of [\$]12 million in our projections, down to [\$]9 million. That is the level of influence the FCO has in this country's Budget. So, for those who want to simply play politics and want to be what I consider traitors to Cayman, they better think very carefully about their political posturing.

The United Kingdom's Economic Advisor came to Cayman and gave us a frame of what the Budget needed to look like. Any reasonable person looking at it would have said, *Wow, in this environment you are going to have a country where most countries are financing through deficit budgeting?* Yet, Madam Speaker, we are being told, *Here is the frame you have to comply with because in four years' time . . . notice the overlap. At the latest their elections will be in May 2015, very close to the beginning of the last year of this plan because this is a four-year plan (2013, 14, 15, and 16). Very close to the end. And in that last year we are not only going to be out of the ratios, we are going to be exceeding those ratios by miles for a lot of them, except debt. And I will come back to that in a minute.*

So, Madam Speaker, what we have to clearly understand is that not only have they given us a frame . . . the Government did not roll out of bed and say, *Let's introduce on our last budget, a revenue package of this magnitude. Let us have a scenario where we have cut transfer payments—the things that everyone in this House knows are things that are badly needed in this country. We don't have unemployment tax. We do not have those sorts of social safety nets. Everyone in this country knows and we can argue all we want. We know that the vast majority of the people who get poor relief in this country need it! We know that the seamen and veterans have deserved and survived off of the funding that we give them and their spouses.*

So, not only have the FCO given us a frame, they quite cutely said, *Well, we are not going to tell you anything about the details.* So, we submit a Budget that meets the frame, and then they came back and said, *Well, we don't really like the way transfer payments are looking. Can't you touch something there? NGOs (Non-Governmental Organisations)? We are not telling you what to change Cayman Islands Government. It is up to you. But what's the last . . . do you do means tests for scholarships? They asked us. How do you means test for financial assistance?*

Since the Opposition do not know, included in our submission, not only have we had to reveal the detailed calculation and the assumptions we have

made behind all major revenue and expenditure, we have also have to even give them every shred of detail around how those funds are disbursed. All the rules and compliances are what they wanted and what we submitted to them.

I want to really understand, other than the politics that Members of this House want to play, which warm-blooded Caymanian in this Chamber who has been elected and sent here by the people, can stand up and say, *That's good!* There are too many times that we sit around and all we want to do is to tear each other down.

I know this much: When it comes to our recurrent expenditure we know what our people need. We know what we need to fix to ensure that we can fill the needs of this community. I have said many times to look at our development track and how we have developed. We need to continue to nation build. We have not developed like a normal society that has taken 200 to 300 years to go from point A to point B. We have done it in a very compacted period of time. And we are now facing all of the social ills for growing up way too fast.

We need to continue investing. And whether people want to criticise or not, the Nation Building Fund is filling gaps that the Education Council Scholar Fund has not filled. Our scholarship fund is stringent and it is about academics. That is the way it is designed and that is the way it should be. We have raised standards beyond any other government in the history of this country, and I am proud to say that.

I took office with close to 50 per cent of our local scholarship recipients not meeting the grade and today we can boast that the vast majority of them who had their scholarships suspended are now back on government scholarships, because we had the care for them and the political will to say that standards are standards, you're going to meet them or you come off. And all of our young people, the vast majority of them have performed.

But they are human. And if government slacks off and says, *Oh well, you don't really need to meet the grade, just stay in school and we will keep funding—of course, you are going to have the underperformance.* So, the Education Council has done its job. But there is another huge segment of this community, in this that has needed funding for many years.

Apprenticeship programmes; we have talked about it for decades. We have one of the highest quality automotive apprenticeship programmes now at Superior Auto. Our young people are going over to Jamaica and sitting exams and passing them—JAGAS (Jamaican German Automotive School). A programme of the Heart Fund in Jamaica has been around for decades, a high quality programme. And, Mr. McLaughlin, the Leader of the Opposition has the nerve and audacity to get up and talk about unemployment from 16 to 24 and what we are doing about it. Yet, he sat around for four years and he can't show

one programme. "Passport4Success", [is now] causing employment for young people. We have had our first cohort of single mothers, highly successful and had our first cohort for young men. And yet he has the audacity to stand in here and play his politics.

The Government has delivered a Budget that we know is in compliance, from the last communication that we have gotten from the FCO. We have to have a budget in place by August 31<sup>st</sup>. The Government it crucially important to come to the House on Monday because you never know what tomorrow holds. So, yes, we could have stayed around and had those last bits of negotiations that were going to shrink expenses to just the level the FCO wanted. Or do what we did. We made the final cuts that brought us there. We sent the supporting documentation off and we have come here because we had to get this process started in the event that something unforeseen happens; that we could at least be in a position that when the approval comes through we would have a Budget to get in place.

Russian roulette would be to have sat and negotiated and negotiated over the last couple of millions of dollars. We have to understand . . . and I am not trying to throw anybody under the bus, but the public has a right to know. The officials of the Foreign and Commonwealth Office have been completely and wholly unreasonable with this Government. Okay? Completely unreasonable! When we have cut salaries, transfer payments, cut supplies and consumables, cut personnel, cut everything they wanted. Capital cut. Everything they wanted cut [was] cut, and yet we are a couple of million dollars off on a \$528 million Budget—way less than 1 per cent. One per cent of \$528 million is 5. Okay? We are that close . . . not even 5; less than half a per cent.

We are that close and yet they sit there and smugly say, *Well, we need to find those few other millions*. Yet, with all of the fees that we have put in place—fees that they can't argue about, that are solid, we discount them to 75 per cent compliance factor—still meet the targeted projections over the four years and not that bit of leeway they are willing to give this country. What Members of this House ought to look and reflect on soberly is what happens when we allow our budget process to be subjected to technocrats in the Foreign and Commonwealth Office.

We have a good Budget. We have a credible and sustainable Budget. We have a Budget that is built for compliance. Why is it built for compliance? Because that is the order of the day and what the FCO has ordered. Colleagues, we have a debt problem. We need to look strategically now at our assets and see what of those we can dispose of or cash in, in a very secure and credible and transparent transaction to try and bring debt down. It is a shame and a travesty that the Premier now has to go out to do lots of different things in terms of debt, and after that we are still going to be paying multiple . . . \$30 million

right now. By the time we take care of the bullet bond that is going to increase that \$30 [million] in interest closer to somewhere around \$45 million. And we are going to sit here and argue about whether or not we should go to the public and say, a lease back on the government admin building. Why in God's creation does government have to hold the Note? Why?

The Premier put together the big four committee—senior partners in all big four accounting firms. They came up with a very simple solution: Let's do a real estate fund. We will do a portion that will have a tranche for small investments so that even the average man on the street can invest, and then we will have the normal section, because you know on a transaction that is \$80 plus million you cannot break that down into dollar units. Just cannot happen administratively; too costly. Rejected!

Oh, the Leader of the Opposition and the Opposition had their hay whipping the people up and talking their nonsense about government must own the seat of administration. What Government must have is a secure place to operate from. Going to have a 25-year lease and a lease back arrangement where we could get it off the balance sheet. We could bring the cash in house, we could pay down debt, and we could wind-up saving the country millions of dollars. But what did the Opposition do? They wanted to go and march.

At the end of the day we have to use our assets to help us alleviate our problems. Tell me which of you, that might own a business, could have 10 businesses and have one that would compromise everything but it was crucially important to your portfolio and not look at the others and ask how that one could help this one if it is crucially important. Any one of you would do it because it would be the sensible thing to do. I know this much, this economy, if the Members of this House would act more responsibly, could be given a chance to take off.

The ForCayman Investment Alliance . . . how many countries in this world would not want to have an investor who is willing to commit in black and white . . . And listen to the deal: a) they give back (because that has been the big thing in this community forever—*Oh, investors come in but they give nothing back*). They are willing to give back and give back in critical areas like education, housing and social development; areas that we know we can use additional funding to really continue to nation build and help our people.

[They are] willing to do that; sign a deal that says, *You know what? We'll do that and what I am going to do in return is, invest in your country and you give us a break on fees*. I've always said and I hear the Opposition with this . . . the Member for North Side just absolutely, fundamentally has zero knowledge and understanding of anything to do with economics or accounting, yet every Tuesday he is up talking about it. You cannot give away what you don't have.

If I do not have \$100 in my pocket I cannot take it out and give to someone. The Dart Group of companies has already invested elsewhere in the Caribbean. They are like any other investor. They are going to look around for a friendly and good place to do business where they can get a good deal. They have come to us. And what we have gone with publicly already . . . they can get much better deals but they have a lot in the ground of Cayman. He feels that there is a level of loyalty that he should have for this community and has said, *You know what? I will ignore those other opportunities; this looks like something that we could really build.* We are going to run around talking about a couple of hundred feet of Seven Mile Beach Road that we are going to relocate so that this country can finally have somewhere on that corridor for a mega resort that tourism desperately needs.

I went to get visas about two weeks ago with my family and we went to the Bahamas. My 11- and 8-year-old daughters, but in particular the 8-year-old, kept saying to me, *Daddy, why doesn't Cayman have a resort like this?* She said, *Daddy, look at how nice this is. Look at all of these people. They would come to Cayman if we had it.* Yet the bunch of us in here—who only want to play politics—[have] no focus on them and what we need to build to have a sustainable economy but we want to play the politics because of a few hundred feet of West Bay Road that the beach is so narrow you can't see it anyway.

Those people who drive from West Bay that claim they used to have this great beach view . . . I've asked them many times on the radio. I do not know what they came to work in. They must have come to work in a helicopter. Because even when I had a Ford F150, king cab, as a high a vehicle as you could have, I couldn't see any water. What great view?

So, if the First Member for Cayman Brac and Little Cayman is genuine on anything he got up and said in here today, I hope that he is going to look at those types of investments and go public and say he supports them. Because they offer everything he asked for today in this Legislative Assembly. He wanted to see what we could do to have a credible type of investment infrastructure that could cause us to have a robust middle class. If you don't have a robust middle class if you do not have a vibrant domestic economy. Plain and simple!

So, I hope that the First Elected Member for Cayman Brac and Little Cayman is going to ignore the politicians that surround him and do what is right as a statesman. I hope he is going to show the leadership that they say he has. Time will tell! The next 30 to 45 days will tell.

*[Inaudible interjection]*

**Hon. Rolston M. Anglin:** Well, I am not going to mention Mr. Eden because I believe that Mr. Eden with

grandchildren now, the Second Elected Member for Bodden Town, clearly understands that we need to have a capacity for our next wave.

Look at the round criticism this Government took when we went to 7 stories and ultimately looked at what going to 7 stories, now 10 stories, have done for the Seven Mile Beach corridor. If we are not going to understand that we must continue to provide the incentive and the type of environment that is going to allow and foster good development, then we are going to have a bad economy. If we have a bad economy we have a shrinking middle class. I dare say to the First Member for Cayman Brac and Little Cayman that this debt conundrum that this country is under, which has caused Government to now have to retract on its ability to try and help the economy, has been a driving factor and force behind the shrinking of the middle class in this country.

I dare say that all of the reckless rhetoric and noise on the radio every Tuesday and Wednesday morning has greatly impacted and negatively impacted this economy, and has hit the middle class harder than anything else that has happened in the last half decade or so.

They talk about what we need to do for labour. Labour is about having a good economy. We need to jump behind the Hotel Training School that is a part of this Budget. Another good feature in this Budget that all Members should get behind and support, because we need to be the champions who are out there telling our people day in and day out that it is a good place to work, it's a good place to work, it's a good place to work, it's a good place to make an honest living and to be able to get along financially.

Our young people running for the first office door for the last two decades can barely scrape in [\$1,500], [\$1,800], \$2,000 a month. Yet persons from other countries come, work at our very successful restaurant and bars and take home upwards of \$45,000 a year. And we sit around here playing our politics instead of getting out there and being the leaders that we should be and championing that cause, getting behind the Hotel Training School and ensuring that it comes to fruition and that we go into all of our districts and we encourage parents and young people to join up, have the right attitude, get out there and get involved with tourism because it is a great place to work. It's a great place to live and have our being. We are not going to create a middle class if our people do not return to hospitality.

For anyone in this Chamber who does not understand, our middle class in the 70s and 80s were built on the back of hospitality! Financial services were brought to us by some mistakes in the Bahamas and by professionals who came from overseas, many of whom live in this country and are multimillionaires today. Yes we have the first generation now of Caymanians who have made it and have been successful in that industry. But you think back to the 70s and 80s.

Where did the average Caymanian go from being the maid in the wealthy people's homes to going on to that first wave of tourism then and being able to make it, pay off mortgages and put something away and get their children through school? It certainly only wasn't my mother. It was hundreds, thousands of good Caymanians.

Yet we sit and scratch our heads and ask what is happening to our middle class. What is happening to our middle class is that in the pursuit of us wanting our children to do better—and I've said this thousands of times in this House—and saying, *You know what, we want our children to be better off than us—You, child, we don't want you to go serve anyone because that is what we did—we sold them a false hope. We sent them into the office buildings to make nothing, a pittance; to be clerks who make nothing. And then we had to bring in thousands of people in hospitality who make loads of money. And I am not saying anything about that because the bottom line is, they too build this economy. But that is why there has been a shift in the middle class.*

My neighbor, good Italian, nice guy, been here must be about 18 years, and what he has managed to do in 18 years of hard work, our young people could work in those offices from 18 to 60 and not ever imagine achieving that level of success. We need our people to return to hospitality. It is a great industry. It is an industry that you can build a successful life on and be able to survive and have your being in these Cayman Islands.

The Civil Service, if you look at the development of our Budget, this Government, clearly understanding the importance of our Civil Service, understanding that 76 per cent of them right now are Caymanians, did everything we could to not have any feature of this Budget negatively impact them. But the fact of the matter is, we put forward the proposal, it got shot down. And of course it continued to get shot down because it did not have all of the features that the FCO wanted. They're never going to come out and say that. They are always going to sit there and say, *Oh well, internally your Budget is up to you to frame. Yet, when you frame it and give them a credible budget, they return it with the flimsy excuses.*

They looked at personnel and talked about the "trajectory." That is the buzz word in the FCO and the economic team there. It wasn't on the right trajectory, wasn't on a downward trajectory. We argued until we were blue in the face, and said, *Well, [\$]15 million is in for past service liability, the premium on healthcare cost rose some \$11 million and a big portion of that is attributable to the Civil Service. Six million plus spending [went] on the police in November.* They still looked us in the eye and said that downward trajectory is what we need.

This Government stood in the gap and we have worked countless hours trying to put together a Budget that we felt was the best for this country and

indeed, one that was best for our Civil Service. But it became very, very obvious what the end game was going to be. And so yes, we announced and talked about some contribution to healthcare. The Association came along and said, *Here is our counter proposal and here is what we think is fairer across the board. We looked at the proposal of the removing the COLA (Cost-of-Living Adjustment). And we said, Fine, if that is what you believe represents the best interest of your members, then that is what we will go with as a Government.*

Which Government is going to roll out of bed and believe somehow that bringing a Budget, a compliance budget . . . This is a debt compliance budget. That is what this is. And the one thing I can say is that their management council came and represented their members well, because there are a number of commitments that the Government has made which are crucially important to them that we are going to follow through on. We are going to start reporting salary gross. That is an important factor. That is how salaries report in the private sector. It is going to help civil servants when it comes to qualifying for loans, mortgages and otherwise.

So, this Anancy story that the Opposition wants to paint . . . they have also requested that the savings that are accrued from their 3.2 per cent should form a part of the [\$]15 million for past service liability. In other words, what they are saying to CIG is that they want to be a part of a solution for their own past service liability, and the Government has embraced that concept.

So, at the end of the day this has been a tough road. There has not been any Budget that we have produced that did not have credible revenue projections and expenses and, indeed, Madam Speaker, produced a surplus. But the bottom line was, at every turn the FCO kept saying, *No, no*, shifting the goal posts, telling us, *Oh we're not really interested in your budget, internally that is for you to decide.* Yet, at the same time saying, *Nope, that is not good enough.*

You know what it is like? It is like saying to your child, *Oh you can decide you know. Yeah you decide. You go up to your room and you get the clothes and decide what you are going to wear to little Jean's party.* And then she comes down and you say, *Well, couldn't you find a slightly different pair of shorts?* And then she comes back down and you say, *Well, couldn't you find a skirt that might be able to fit you? Wouldn't that do better?* And then she comes back down and you say, *Well, isn't this a pool party? Don't you need a swimsuit?* It has been that sort of thing.

I cannot believe that the Elected Member for East End could have had the audacity to stand in this House and infer that this negotiation that we have had with the UK is in some way the Government having some ploy to take Cayman independent. He didn't get up and say . . . he inferred that. Because I can say

this much: One thing that I do as I listen carefully to people . . . if you are going to infer it, do not infer it when I am seated. Make sure you infer it when I am not in the House.

**Mr. V. Arden McLean:** I didn't say so man.

**Hon. Rolston M. Anglin:** You inferred it.

This has been a difficult negotiation.

Of course, it has been a difficult negotiation. Of course, we have had some tough, tough meetings and calls, because we are defending our country. We are trying to ensure that we put together the best possible compliance budget that will allow the economy to still grow, and will allow the economy to still move forward, that will ensure that tourism can continue its upward trajectory, that will continue to ensure that the signs of recovery in some critical areas of financial services will continue. But ultimately, when it is this type of negotiation, we have to accept. It is not going to be one of those where you just embrace and everybody is just going to be happy and you can just sign off on it tomorrow. No!

It has been tough and that is why we should tell the public what is going on. The public of this country has a right to know! The truth—100 per cent of the truth, the whole truth and nothing but the truth, but most of all, gather the facts and really be honest.

Madam Speaker, we have a Budget and a frame for the next four years that if we interject, in my opinion, two critical transactions: 1) a sale lease back on the government admin, 2) a lease of the Water Authority's assets, and 3) sewerage; that we can use the funds from those and be able to pay down debt. At the same time, we need to continue to search very hard for a strategic partner for Boatswains Beach. We need to get behind the Port project so that we can start bringing the number of visitors.

You see, it is the chicken or the egg. Most people look at Boatswains Beach and look and add it and say, *Well, you know it kind of looks good but . . .* And here is why there is a "but": there's a "but" because Mr. Charles Clifford, who apparently, now that he has been kicked out of office, is the authority of all things. He is now the great big savior. If he had continued the programme to have had the landing pier at the juncture of Northwest Point and Seven Mile Beach Road, we would have had the visitors there that investors would have looked at and said, *You know what? We will be your partner.* So, we need to get behind the Port project.

Look at what else has happened: Because of the protracted debate and all of the politics that have been played around with the Port project, we are down from 1.8 to somewhere around 1.4 cruise visitors. When we get those things fixed is when we are going to find a strategic partner.

It is so funny. According to the Opposition, if you have five pieces of beach land and five [pieces] of

swamp [land], apparently the solution in life is to find the sucker who is going to buy the five pieces of swamp from you because none of them are ever going to want the piece of beach. If you are in financial trouble, sell the swamp because that is real easy. We know that that is not how life works.

Anyone who is going to be involved in Boatswains Beach is going to do their due diligence and the one thing they are going to want to see is a credible base of numbers. From the time Mr. Clifford destroyed the plans to bring a small portion—and it was such a small portion—of guests, directly to that juncture at Northwest Point so that they could have gone straight as part of a Boatswains Beach tour . . . we would have been able to have credible numbers and we could have found a strategic partner so much easier for Boatswains Beach. And so the Government continues to have that as a policy. And we will continue to ensure that we work feverishly to make sure this happens. It is a critical part when we talk about the overall plan.

Yet, the Leader of the Opposition comes in here talking about, *Oh, the Government doesn't have any plan.* No plan of how we are going to manage our way out of this problem. What is so interesting you know, is that I've still yet to hear him directly admit his complicity in getting us into the problem! [He] still can't admit that it was about building schools for prices that were completely and wholly unreasonable and unaffordable. Instead of building world class, first rate schools that you could have delivered for anywhere around \$30 million to \$45 million—oh no, no, no, need to build them that they are going to cost around \$100 million. That is what we needed to do. We needed to pour concrete roofs and all those sorts of nonsensical things that add nothing to the value of the school plant in this country.

Madam Speaker, we need to be reasonable. We need to go to our people and paint the picture accurately. But most importantly, we need to agree that we have to bring down our national debt. When we can shrink our debt and continue to have a sustained reduction in expenses, build up our cash reserves, is when we are going to be able to relent and ease off. I can't dream of any future government that, if we follow this simple formula, if we get behind these three very simple dispositions . . . because they are simple if we let politics get out of the way.

And the fact of the matter is: I hope the last piece I heard the First Elected Member for Cayman Brac and Little Cayman say; that he is going to stand for, and that is that government should not be in businesses. The district of West Bay and the Seven Mile Beach corridor is served by a local company that is traded on NAZDAQ for the production of water. There is no reason on God's earth that we should go out and scare the people and talk all sorts of nonsense about why the Government of the Cayman Islands needs to continue to be in the water distribution business, when

that same local company has already made a credible bid, unsolicited offer of US\$50 million, guarantee of \$5 million a year in royalty for 25 years for this country. Once we do all of the due diligence and get a proper valuation it might even be more. There is no good reason for government to continue to be in the utility business. We know, by looking at other examples around the world, that there is no reason for government to continue to be in these lines of business.

Madam Speaker, this Budget is about compliance. This Budget is about getting us out of the debt conundrum. This Budget is about building up cash reserves. This Budget is about sustainability. This Budget is about taking the tough decisions to get expenses on a downward trajectory. This Budget has been underpinned by a number of significant policies, too numerous to mention. I've mentioned some of the highlights; the rest of them will come out as we continue to debate, and as we get into Finance Committee.

So, Madam Speaker, I want to wrap up my contribution, but it would be remiss of me if I did not also recognise that we have seen very recently a very significant and important political move in the country. And so I want to congratulate the Member for East End for resigning from the People's Progressive Movement. Because when resigning from the People's Progressive Movement, what he has clearly told the country is something we have known all along; that the Honourable Leader of the Opposition is incapable of providing leadership to this country. He doesn't—

**Mr. V. Arden McLean:** Now *unna* got to be men and do the same from McKeeva.

**Hon. Rolston M. Anglin:** He does not get it. The Honourable Leader of the Opposition does not get it. He does not understand the economy.

*[Inaudible Interjection]*

**Hon. Rolston M. Anglin:** *[Addressing inaudible interjection]* What did you say?

**The Premier, Hon. W. McKeeva Bush:** Put him straight.

**Hon. Rolston M. Anglin:** What did he say?

*[Inaudible interjection]*

**Hon. Rolston M. Anglin:** Oh, okay, all right. Well, I wasn't listening to him you know.

And so, Madam Speaker, the Elected Member for East End has done the right thing. He says it is for love of country and I believe it is for love of country, because in loving his country he had to abandon ship on someone who put us on the rocks. He had to abandon—

**Mr. V. Arden McLean:** If you love your country you would abandon over there too.

**Hon. Rolston M. Anglin:** Madam Speaker, I never did this to the Member for East End. You see he complains, yet he grabs his microphone and intervenes. I cannot believe him. I cannot believe that, Madam Speaker; the audacity of this Member.

At the end of the day we on this side congratulate him because he has done the right thing for the love of country, and at the end of the day it is a clear marker in the run-up to the general elections. Clear marker!

I now encourage the Second [Elected] Member for Bodden Town and the First Elected Member for Cayman Brac and Little Cayman to do the same, because we do believe that that would be for love of country as well. And, Madam Speaker, what I can say is that on this side and in this party—

*[Inaudible interjection]*

**Hon. Rolston M. Anglin:** No. No, Madam . . .

Whilst we do not agree with everything within our party (no party does) we have a solid team, and at the end of the day, I have been proud to work with the Honourable Premier for the last three years as his Minister of Education.

And also, I must add, Madam Speaker, we have had a tough time with this Budget and it has really, really caused a great strain and a great stress on the Premier. I've been there and seen it. But let me tell you, when I hear the Elected Member for East End say that he is doing it for sympathy . . . You know, sometimes I really have to say that whilst I congratulate him for leaving the PPM, he really has to learn to control his tongue a little better than that. He really, really does.

Madam Speaker, I commend this Budget to all honourable Members of the House. Members are going to have every opportunity to go through in detail and examine this Budget in Finance Committee. Madam Speaker, ultimately, there are many good policies that underpin this budget. And for those who will want to say that this is (according to Mr. Miller) the FCO's budget . . . this is not the FCO's budget. What I can say is that certainly they have been most unreasonable in the development of the Budget. But the truth is, when you look at the level of debt, we needed a tough pill. We needed a tough bitter pill to get us out of this mess. We now need to complete the deal, pass this Budget, utilise our assets appropriately, bring down debt, because, by God, we can't leave this as the legacy for our children.

So, Madam Speaker, I thank you and as I promised, this was very short; a very, very short contribution. And I know that the Honourable Premier thought I was going to be long but a very short contri-



bution. And so, I just want to really say to all colleagues, let us get past this. Let us build for a better Cayman. Let us stick with the big picture and understand that there is still work to do after we pass this Budget, if we are going to leave this country in the best possible position for long term success.

Thank you, Madam Speaker.

**The Speaker:** Thank you, Minister of Education.

Does any other Member wish to speak? Does any other Member wish to speak? Does any other Member wish to speak? If not, I will call on the Honourable Premier to wind-up the debate.

**The Premier, Hon. W. McKeeva Bush:** Madam Speaker, thank you very much. And we thank our colleagues.

Although I did expect some people to rise, it is late and I trust that if anyone wanted to speak they would have risen. But we have all been working late to get where we are. And, Madam Speaker, I do not think I will attempt to hold back people tonight but will begin in earnest in the morning. And I certainly appreciate your indulgence. Begin in earnest and wrap up early in the morning so that we can get into Finance Committee.

**The Speaker:** May I ask what time we will start tomorrow? At 10 o'clock?

**The Premier, Hon. W. McKeeva Bush:** Yes, Madam Speaker. We originally thought about 9.00 [am] because we are in that time of the year when we don't know what will turn out with the weather. But since we are so late here, I think Members are indicating that they would prefer your resumption to be at 10.00.

**The Speaker:** Can I have a motion for adjournment then?

## ADJOURNMENT

**The Premier, Hon. W. McKeeva Bush:** Madam Speaker, I move that the House do adjourn until 10.00 am tomorrow.

**The Speaker:** The question is that the House do adjourn until 10.00 am tomorrow. All those in favour, please say Aye. Those against, No.

**Ayes.**

**The Speaker:** The Ayes have it.

**At 11.58 pm the House stood adjourned until 10.00 am Thursday, 23 August 2012.**

