

Proceedings resumed at 2:46 pm

[Inaudible interjection]

The Speaker: Proceedings are resumed. Please be seated.

**GOVERNMENT BUSINESS
BILLS
FIRST READING**

**THE APPROPRIATION
(FINANCIAL YEARS 2022 AND 2023) BILL, 2021**

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

SECOND READING

**THE APPROPRIATION
(FINANCIAL YEARS 2022 AND 2023) BILL, 2021**

The Speaker: The Honourable Minister of Finance.

Hon. Christopher S. Saunders, Deputy Premier, Minister of Finance and Economic Development, and Border Control and Labour: Mr. Speaker, I beg to move the second reading of a Bill entitled: The Appropriation (Financial Years 2022 and 2023) Bill, 2021.

The Speaker: So ordered.
Is the Member speaking thereto?

Hon. Christopher S. Saunders, Deputy Premier: Yes Mr. Speaker, briefly.

Mr. Speaker, in the interest of good governance, do you want us to pause so that somebody from the Opposition will be here or do you want us to start?

The Speaker: Honourable Minister, I would think they might be on the precincts but I did speak to the Leader of the Opposition and asked him about people returning earlier and he said since notice was given for 2:45 I should try to keep that and we have passed that and at least the Member for George Town West is present.

Hon. Christopher S. Saunders, Deputy Premier: Okay perfect they're here, they're coming.

The Speaker: Yes, as I said, I think they were on the precincts.

Hon. Christopher S. Saunders, Deputy Premier: Mr. Speaker, it is indeed an honour to rise today to present the Appropriation (Financial Years 2022 and 2023) Bill, 2021.

Hon. Christopher S. Saunders, Deputy Premier: No, Mr. Speaker. Well, we originally had copies made Mr. Speaker, but over the night I have made some material changes, so my team will be circulating them afterwards. We will be emailing it to other Members at least they can have it. But, since I made the material changes to the document, I didn't want to put the wrong thing in the public's domain.

The Speaker: Understood.

Hon. Christopher S. Saunders, Deputy Premier: Thank you for understanding, Mr. Speaker.

The Speaker: Continue Honourable Member.

Hon. Christopher S. Saunders, Deputy Premier: Thank you, Mr. Speaker.

Mr. Speaker, just over seven months ago our Honourable Premier, Wayne Panton, in his inaugural address, reminded us of the words from Reverend Peter Raible when he said:

**"We build on foundations we did not lay,
we warm ourselves on fires we did not light,
we sit in the shade of trees we did not plant,
we drink from wells we did not dig, and we
profit from persons we did not know."**

Mr. Speaker, it is in that vein that I want to start this Budget Address by first and foremost thanking the Lord above for his continued blessings on our beloved Cayman Islands, our Caymanian people and all those who call the Cayman Islands home.

Mr. Speaker, I want to use this opportunity to thank the people of the Cayman Islands for their continued confidence in this PACT-Government. It is only through their support, encouragement and consent that we are here today.

Mr. Speaker, I also have to use this opportunity to thank the good people from my home district of Bodden Town West who have been very patient and understanding with me over the past seven months as I focused my attention on the two Ministries that were entrusted to me by the Honourable Premier, namely, the Minister of Finance and Economic Development and the Ministry of Border Control and Labour.

I want to say Mr. Speaker, as I look at the works produced, I want the public to understand...

Stefan, do me a favour: I want you to zoom in on this for me. I want people to see what the collective efforts of a lot of dedicated and hardworking civil servants produced over the last seven months. These documents combined are more than 3,500 pages. This is a lot of work. A lot of effort went into this and I want

to thank the many people who produced this and made this day possible.

Thank you, Mr. Speaker.

Mr. Speaker, with that said, you of all people know what it takes to run the Ministry of Finance, but I must say that I am pleased to have a talented and dedicated team led by Financial Secretary and Chief Officer in the Ministry of Finance, Ken Jefferson. Likewise, I am also blessed to have a talented and dedicated team in the Ministry of Border Control and Labour, led by Chief Officer, Wesley Howell.

Mr. Speaker, those two Ministries led by those two dedicated, committed and very competent Chief Officers have made the load to carry much lighter and I want to thank their families, especially their wives Farida and Renee for imposing on your family time late at nights, on weekends and on public holidays.

Mr. Speaker, as I said earlier, we build on foundations we did not lay, and as such, I want to take this opportunity to thank the various Ministers of Finance who went before me, starting with you.

Mr. Speaker, more than 12 years ago on the 6th November 2009 when our current Constitution came into effect, you became the very first Minister of Finance of these beloved Islands. Back then, Mr. Speaker, you took the reins of the public purse in the aftermath of the 2008 global financial crisis and had to steer the good ship, Cayman through troubled waters. I can assure you Mr. Speaker that I now know first-hand what it feels like, and on behalf of the Caymanian people, I would like to thank you for your steady and decisive actions taken at that time. You reminded us all back then that it was not the time for the Cayman Islands to retreat, but rather time for us to be bold and audacious.

Again, Mr. Speaker, thank you.

Mr. Speaker, I must also pay a tribute to my colleague, the Honourable Minister of Education, who also previously served as Minister of Finance and has been the only woman to do so to date. It was on her watch that she continued with your policies and returned the country to a surplus position of \$44.6 million in 2013, which was a turnaround of \$194 million from the deficit position of \$149.4 million that you inherited back in 2009. Again, Mr. Speaker, I commend you and your government of 2009-2012 for returning the Cayman Islands economy and the government finances back on the right track.

Equally Mr. Speaker, to give jackets his jackets, I must also give credit to former Ministers of Finance, Marco Archer and the current Leader of the Opposition, the Honourable Roy McTaggart for maintaining the surpluses that you and Minister Juliana O'Connor-Connolly created. Like I said before, we build on foundations, we did not lay, and now Mr. Speaker, it is time for this PACT-Government to build on the foundations that successive governments before us have built.

Mr. Speaker, the budget presented to this honourable Parliament for the 2022 and 2023 financial years is a budget that is investing in the wellbeing, resiliency and sustainability of the Caymanian people and the Cayman Islands. It is a budget that my colleagues and I are proud to present to this country.

Mr. Speaker, this budget extends support to our people to investments in education, healthcare and various social programmes, while simultaneously defending and growing our existing economic pillars of financial services and tourism, to ensure the resiliency and continued success, all at the same time protecting our environment to ensure a sustainable future for all Caymanians and those who call the Cayman Islands home. Simply put Mr. Speaker, this is a people driven budget.

Mr. Speaker, this budget delivers on many of the promises made during the campaign to invest in our people and their well-being; from free school lunches for our children, to removing the duty on day-to-day essential items, such as baby food, baby diapers and sanitary products for women, as well as under garments for some of our elderly, namely diapers for elderly.

Mr. Speaker, I must pause here to inform this honourable Parliament that the Government intends to bring a Consumer Protection Bill and if needs be, take the additional steps to ensure that many of these savings are passed on to consumers.

[Desk thumping]

Hon. Christopher S. Saunders, Deputy Premier: Mr. Speaker, time and time again we have seen so many items on which there is no customs duty, being the most expensive on the shelves. Just recently, Mr. Speaker, we noticed that with the Lateral Flow Test kits where the Government made the decision to make the kits duty free and some of the prices that are being charged are borderline immoral.

Additionally, we also recently expanded the number of international markets where cement, which is vital to our construction industry may be sourced at lower prices, and again, in many instances, the savings were not passed on to consumers. Again, Mr. Speaker, I want to put everyone on notice that if the savings are not being passed on to consumers, this Government will take the necessary steps to ensure that they will be, even if we have to partner with others or import the items ourselves. It is that important to us. Mr. Speaker, too much money is being taken out of the pockets of our people and they are not receiving value for their hard work.

[Desk thumping]

Hon. Christopher S. Saunders, Deputy Premier: Broad Outcome Number 3, in the Government Strategic Policy Statement is a commitment to

providing solutions to improve the well-being of our people so that they can achieve their full potential. My colleagues and I in this PACT-Government take that commitment very seriously and it cannot be business as usual where many people are being taken advantage of with some of the prices being charged on essential items.

Mr. Speaker, this budget also reflects our commitment to modernise our infrastructure, through investments and partnerships, as well as an increase in funding to automate many government services. We believe that this is necessary to free up resources so they may focus more on enforcement and compliance to ensure that Caymanians are protected both in their homes and in the workplace.

In short Mr. Speaker, we have increased funding to ensure that our laws are enforced so that Caymanians will have greater opportunities and advancement in the workplace so that we may close the dignity gap.

Mr. Speaker, I want to highlight a point that the Premier made in his inaugural address when he reminded us all that while we cannot guarantee equal outcome, we can guarantee equal opportunities for our people. That is what it is about Mr. Speaker.

Mr. Speaker, I really want to pause here and thank the Premier for his Policy Statement this morning. It was well delivered, it was passionate and it was well received and I can tell you, I was moved by it.

Mr. Speaker, this budget is about providing our people with the opportunities and tools necessary to build the best life that they want for themselves and their families. Mr. Speaker, I am not going to tell you that this is going to be an easy process, as I know that you know better. The process was even more challenging because of the strain on our finances as a result of the ongoing global pandemic. Putting this budget together consisted of many long hours, arguments, and disagreements, but ultimately compromised in the best interest of our people and I want to commend my colleagues on this side for making the hard but necessary decisions to ensure that we have a budget that invests in the wellbeing, resiliency and sustainability of our people and our country.

Mr. Speaker, the Appropriation set out in the Bill now before Parliament, along with the budget documents that I Tabled earlier, collectively form the Government's 2022 and 2023 budgets. On July 14th 2021, the PACT-Government presented its 2022 to 2024 Strategic Policy Statement, otherwise known as the SPS, which sets out in macro terms, the Government's medium term fiscal policies and financial forecasts for the next three financial years, starting from 2020 to 2024.

The 2022 and 2023 Budgets are consistent with the policies and forecasts that are set out in the SPS. As frequently is the case, Mr. Speaker, the amounts in the budget will differ from the SPS but the

direction and trend remains the same. The changes made to the SPS results and position reflect the more accurate and up to date information now available on which to base these estimates.

Mr. Speaker, before I provide details of the 2020 to 2023 budgets and the Government's plans in those years, let me first summarise some of the key fiscal policies and headline figures that are contained in the 2022 and 2023 budgets.

Commencing 2022, the Government will return to full compliance with the Principles of Responsible Financial Management as prescribed by the Public Management and Finance ACT or PMFA.

These principles are the same as those specified in the Framework for Fiscal Responsibility, otherwise known as the FFR, which is also part of the PMFA.

In this budget, over the next two years, there are no new fees or taxes levied on the public.

Mr. Speaker, in order to meet all of the Government's planned capital investments over the budget period, the 2022 and 2023 budgets show borrowings of up to \$349.1 million; \$299.1 million in 2022 and a further \$50 million in 2023. Therefore, none of the Government's day-to-day operating expenses are met by borrowings; such costs are met entirely by the Government's operating revenue.

Mr. Speaker, Core Government, is forecast to earn operating revenues of \$940.9 million in 2022 and \$978.1 million in 2023; together, operating and financing expenses are forecast to be \$921.5 million in 2022 and \$950.4 million in 2023.

Another highlight Mr. Speaker is that core government operating surpluses are forecast to be \$19.4 million in 2022 and \$27.7 million in 2023. Closing cash balances will be \$404.8 million at the 31st of December 2022 and \$312.2 million at the 31st December 2023; and core government capital investments are forecast to total \$170.1 million in 2022 and \$133.4 million in 2023.

Moreover, Mr. Speaker, the Government plans on investing as Equity Investments in the Statutory Authorities and Government companies \$30.4 million in 2022 and \$28.9 million in 2023. Additionally, Government will make loans of \$26.9 million in 2022 and \$12.1 million in 2023 to public entities as further financial support to those entities ongoing operations.

Mr. Speaker, let me move next to the government returning to compliance with the Principles of Responsible Financial Management.

When the PACT-Government took Office in May of this year, we were already facing an uphill battle given impact and uncertainty that the COVID-19 response and recovery had on the country's economic activities and the Government's finances. As reported in 2021 pre-election, economic and financial update, otherwise known as a pre-FU which was prepared in March 2021, Core Government was forecast to achieve an operating deficit of \$98.3 million at the end of this

year and an operating deficit of \$59.6 million at the end of 2022.

Later in my address, Mr. Speaker, I will provide a detailed breakdown of how primarily, due to better than expected operating revenues performance, the forecast operating deficit for the 2021 financial year is now re-forecasted to a much improved \$29.7 million, which is approximately \$69 million better than where it was first forecasted when we arrived in Office.

Additionally, Mr. Speaker, the budgeted surplus for 2022 of \$19.4 million represents a \$79 million better than when we first arrived in Office, which is a combined improvement when taking 2021 and 2022 forecast in the Pre-FU, we have actually turned around, based on our budget and our now revised forecast, \$147.6 million over those two years, Mr. Speaker.

[Desk thumping]

Hon. Christopher S. Saunders, Deputy Premier: Again, I want to thank my colleagues on this side for creating the environment for our operating revenues to improve the way that they have done. The confidence in the Cayman Islands still remains very high.

Mr. Speaker, I want to thank our very caring and competent Premier for making the hard but necessary decisions.

Mr. Speaker, as you would imagine, starting on the prospect of an operating deficit is not the most preferable financial result to be facing a new government. I know, you know, first-hand how this feels as you and your government faced a similar challenge back in 2009 after the elections. Admittedly, it has posed some challenges for the PACT-Government and that required us to refocus some of our plans, goals and commitments.

Mr. Speaker, an operating deficit is a breach of the principles of responsible financial management under the PMFA, as the PMFA requires the government to achieve an operating surplus. Compliance with this principle is a requirement, it is not optional. Failure to comply means that we will have to surrender control of our budget to the United Kingdom, stripping us of the most basic privilege of deciding for ourselves how to spend our own money.

The United Kingdom government is aware of the likely deficit for the 2021 financial year but has not sought in any way to control Government's budget because it understands a deficit for 2021 is realistic in a global pandemic and has given its support to the PACT-Government's SPS return of the Cayman Islands government to the full compliance with the principles. In 2022 and 2023 we will be in full compliance with the principles.

Mr. Speaker, the PACT-Government is committed to ensuring that the Cayman Islands maintain financial independence and ability to control its own budget. Having said this, one of the first

challenges and fiscal policies of the PACT-government is to return the government to full compliance with the principles of responsible financial management under the PMFA. The PACT-Government is pleased to report that although the government is forecast to achieve an operating deficit in 2021, core government will achieve operating surpluses in 2022 and 2023 financial years and therefore return to full compliance with the principles of responsible financial management under the PMFA.

Over the next two years, Mr. Speaker, the PACT-Government intends to continue manoeuvring through the uncertainties of the COVID-19 pandemic, while at the same time being financially prudent in order to deliver the programmes that we promised the people of these Islands.

Mr. Speaker, another fiscal policy of the Government is that no new taxes or fees will be levied on the public.

Again, Mr. Speaker, I want to use this opportunity to underscore the PACT-Government's commitment to Broad Outcome number 3 in our Strategic Policy Statement where we are determined to improve the well-being of our people so that they can achieve their full potential.

This PACT-Government is committed to ensuring that our citizens and residents not only have the opportunities to earn a living, but can also afford to live here in the Cayman Islands while at the same time, being able to save for a rainy day.

Mr. Speaker, this PACT-Government is committed to implementing measures that are aimed at lowering the cost of living, and one way of doing so is not to impose any new fees or taxes on residents and businesses and the 2022 and 2023 budget, again, contain no new fees or taxes. I want to raise emphasis on that because it is important for people in the community—business, people and residents and everyone—to recognise that the Government is aware of the challenges right now and has made the hard decision not to raise any fees; and there are many fees in government that for the last 20 to 30 years have not been raised and we have decided to keep it the way it is because things are already hard as it is.

Mr. Speaker, it is the Government's fiscal policy to minimise the extent of borrowings undertaken for any financial year. The longer term aim is to expand operating surpluses to the extent that such surpluses can fund capital expenditures and investments. Operating surpluses for the 2022 and 2023 financial years are not sufficiently large to fund capital expenditures and investments in those years and as such, we have to borrow during that period.

Again, I want to highlight that Government does not borrow to fund its day-to-day operating expenses and will only borrow to fund capital expenditures and investments.

The 2022 and 2023 budgets encompass borrowing that will not exceed a total of \$349.1 million

and I will provide further details on the borrowing later in my address, Mr. Speaker.

Now, Mr. Speaker, I want to provide the details for the 2022 and 2023 budgets and the Government's plan in those years, but before doing so, let me provide a brief update on the current state of public sector finances and the forecast to the end of this financial year which ends on the 31st December 2021.

Mr. Speaker, I am pleased to say that operate revenues for this year are forecast to be in \$932.3 million which is 10 per cent higher than estimated in the original 2021 budget. I must also add Mr. Speaker that the forecasted revenues for 2021 are \$70 million better than 2019 before the COVID-19 global pandemic hit. In short Mr. Speaker, the confidence to do business in the Cayman Islands remains at an all time high; and again, I want to thank my colleagues on this side for creating a positive environment for the economy to continue to grow.

Mr. Speaker, this better than expected performance is primarily attributed the strong growth in other stamp duty, stamp duty on land transfers, private fund fees, other company fees and proceeds from liquidated entities. Overall, revenues for core government are forecasted to be higher than the original budget, largely due to the impact of higher volumes of dutiable transactions, along with the continued growth of local real estate markets and a solid reliable performance of the financial services sector.

Revenue stream for private funds which came online in 2020 has also brought in strong revenues for the 2021 financial year. These critical revenue streams ultimately mitigated a significant shortfall in revenues from tourism sector, which was understandably suppressed due to the impact of COVID-19.

Mr. Speaker, I want to pause here and thank the many members in the financial services industry who pushed for the implementation for the private fund fees. It really became a beacon of light and I know there were some people in the industry who were against it but some were for it. I also want to give credit where credit is due and thank the previous government for actually implementing it. So we don't want to say that we were not mindful of what they did. As I said before we build on foundations, we did not lay.

Mr. Speaker, other stamp duty is forecasted to be \$8 million better than budget and stamp duty on land transfers are forecasted to be higher than the 2021 original budget by \$54 million. Revenue from private funds is forecasted to bring in \$52.4 million in 2021. Other revenue sources with likely significant positive variances are mutual fund administration fees \$6 million and other company fees also \$6 million, in terms of a positive variance.

Mr. Speaker, the response and recovery of the COVID-19 pandemic has adversely impacted the Government's finances. Operating and financing expenses for core-government are forecasted to be

\$962 million for 2021, which is 24 per cent or \$188 million greater than the 2021 original budget of \$774.4 million. Of the \$962 million that is forecast for operating and financing expenses for 2021, 12 per cent or \$115 million is comprised of COVID-19 related expenses, which were not budgeted in 2019 when this year's budget was prepared. Some of these COVID-19 expenses include:

- \$60 million for the stipend given to displaced workers in the tourism industry
- \$47.7 million for testing, supplies and operating costs for Travel Cayman to combat COVID-19
- \$3.4 million to support business initiatives
- \$2 million for support micro and small business entities
- \$1 million for financial assistance that are vulnerable; and
- \$800,000 to assist members of the public to maintain healthcare coverage by meeting their premium obligations.

Mr. Speaker, a further \$10.5 million was provided a supplementary budgetary funds with respect to tropical storm Grace response and recovery, which was also not budgeted in 2019. Tropical Storm Grace related expenses include:

- \$3 million in assistance to farmers
- \$3 million for housing assistance
- \$4 million for support for the business initiatives; and
- \$500,000 to assist in clean up and repairs.

Mr. Speaker, outputs from non-governmental open suppliers, otherwise known as contributions and donations made to NGOs and charitable organisations doing valuable social work are anticipated to be approximately \$23 million higher than budgeted due to increase assistance provided to the community. These programmes include:

- tertiary health care at local and overseas institutions for seamen
- care of the indigent
- elderly and disabled
- after school support programmes for children
- food support services for the elderly and other similar programmes.

Mr. Speaker, on behalf of my Government colleagues, I want to pause here and thank the many organisations that do great work in our communities. To borrow a tagline from the Honourable Premier and Parliamentary Secretary Heather Bodden, "community creates country."

[Desk thumping]

Hon. Christopher S. Saunders, Deputy Premier: Mr. Speaker, output from public authorities and

government companies are also projected to be \$34 million more than originally budgeted, primarily due to increased funding to the Health Services Authority.

Transfer Payments are forecasted to be \$103 greater than the original budget, and this again, Mr. Speaker, is due to support given the displaced workers formerly employed in the tourism sector.

Other operating expenses are also expected to result in an increase of \$24 million over budget, which is also a direct result of COVID-19 related expenses.

Mr. Speaker, Statutory Authorities and Government Companies are forecast to have a net operating deficit of \$54.3 million for the year ending 31st December 2021, and this compared to an original budget, the original budget actually estimated a deficit of \$16.9 million. The major loss leaders are expected to be:

- the Cayman Islands Airports Authority \$28 million
- Cayman Turtle Conservation and Education Centre Ltd. \$10.7 million
- Health Services Authority \$7.5 million
- Port Authority of the Cayman Islands \$7.2 million
- Cayman Islands National Insurance Company (CINICO) \$3.5 million; and
- Cayman Airways \$3.1 million.

Mr. Speaker, I wanted to say that even though these government companies and statutory authorities are losing money, I want to take the time out to remind the public and all the Members of this honourable House that these entities actually provide essential services to our people. They are also economic enablers and in the case of even Cayman Airways, economic accelerators. Simply put Mr. Speaker, they are necessary for the magic of what we have or the Cayman miracle to work. And it is important for us to recognise that some of these entities will always have challenges, but you take CINICO, for example, while we made medical insurance mandatory for everyone, we did not make it mandatory for a lot of insurance companies to sell it, and as a result, we had to go out and create our own insurance company to do that.

I wanted us take this opportunity Mr. Speaker, as a Minister who also has the responsibility for CINICIO, that we will be looking at expanding the product offerings for CINICO in the next year. We're looking to get into other insurance products and as we work through the process and get the necessary regulatory approval, it's going to be good. I just want to say to the Honourable Deputy Governor, some of the programmes that we are looking at doing, we are actually looking to use members of the civil service as a pilot programme for it and we think this will definitely see a lot of public servants money, in terms of were looking to go, but we'll get into that later on, but I think he is going to be happy.

[Inaudible interjection]

Hon. Christopher S. Saunders, Deputy Premier: No, no, well, public servants, for everybody as a pilot programme.

I know there are some exciting stuff coming up for Cayman Airways too Mr. Speaker but I will leave the Minister of Tourism who is very are able to tell that story, but what I can say is that there are going to be some exciting days ahead.

Mr. Speaker, while the accumulated results of all of these changes is that core government is now forecast to achieve an operating deficit of \$29.7 million, which is \$105 million drop from the original budget, let us not forget that this position is still \$69 million better than what we inherited as was forecasted in March of this year. And again, I want to thank my colleagues for maintaining the confidence and also the support given to really manage Government's finances because this is something that is not a one man job; this took a lot of team effort and we had a lot of Ministers who really stood up and in fairness, even the Premier as well, where we just put our foot down and a lot of cases. So I really want to thank the Government for that and as a result Mr. Speaker, I can say the cash balances at the 31st December 2021 are forecast to be \$304.5 million, which is \$20 million better than what the budget assumes of \$284.7 million.

Mr. Speaker, as I mentioned earlier, the forecast for 2021 indicates that Government will not be in full compliance with just one of the principles of responsible financial management and the FFR being met. We are going to miss the target by having an operating deficit, but again, Mr. Speaker that was something beyond our control but again, as I said, I am pleased to report that we did not do as badly as the forecast said we would have. Again, I want to thank my colleagues for that.

What I can say for this year. Mr. Speaker is that we will be compliant with the other principles of the FFR, which is basically net worth, debt service ratio, net debt ratio and cash reserves. So we're going to be compliant in the other sectors, Mr. Speaker, and I will speak about it was a little bit later on in my address.

Mr. Speaker, I want to turn our attention right now to our economic forecasts and say that while world economies have struggled to cope...

[Pause]

[Inaudible interjection]

Hon. Christopher S. Saunders, Deputy Premier: We are getting there man, we're getting there. You are going to be happy. This is just introducing the budget you know, Mr. Speaker. All of this stuff is to come, you know. I don't want to take away from the other Members. We're just getting started and I'm just laying the stuff right here now.

Mr. Speaker, world economies have struggled to cope with the COVID-19 pandemic. All economies were affected as global economic activity contracted by 3.1 per cent in 2020, compared to a relative growth rate of 2.8 per cent in 2019, prior to the pandemic. Global economic activity is projected to expand to 5.9 per cent in 2021 before decelerating to 4.9 per cent in 2022 and 3.6 per cent in 2023.

The success of vaccination programmes worldwide has reduced uncertainty in global demand as most countries gradually return to routine economic activities. However, Mr. Speaker, the fast pace of recovery in the US and other advanced economies have created a short term mismatch in the labour market and supply chain, challenges which have increased pressure on global inflation.

In the United States of America, inflation is projected to accelerate to 4.3 per cent in 2021 from 1.2 per cent in 2020.

Cayman's Gross Domestic Product (GDP) is estimated to have contracted by 6.7 per cent in 2020 as a result of reduced activities associated with the pandemic. The impact of the global lockdown, the closure of Caymans air and seaports and curfew measures were partly mitigated by the stimulus measures which were established to increase construction, increase disposable income and provide liquidity funding for affected businesses.

Mr. Speaker, the economic contraction in 2020 impacted all sectors, with the exception of the health and social work sector, which increased by 15.7 per cent and the financing and insurance services sector which increased by a modest 0.3 per cent.

In 2020:

- the hotels and restaurants sector was estimated to have contracted by 76.6 per cent
- Transportation contracted by 31.5 per cent
- Transport storage and communication fell by 14.4 per cent
- The wholesale and retail sector contracted by 4.3 per cent
- Construction contracted by 4.4 per cent due to lack of activity during the shutdown period; and
- the business services sector fell by 4.7 per cent as the industry shows some resilience as some employees were able to work remotely.

In 2020 Mr. Speaker, the average Consumer Price Index (CPI) increased by 1 per cent compared to 6 per cent in 2019. Food and non-alcoholic beverages rose by 5.1 per cent, while communication rose by 5.9 per cent and education by 4.4 per cent.

The contraction of the local economy in 2020 contributed to a reduction in the demand for labour during the year, with total employment declining by 12.1 per cent to reach 41,644 in the fall 2020 Labour Force survey, the overall unemployment rose to 5.2 per cent in 2020.

Mr. Speaker, the domestic economy is expected to recover partly with a growth of 1.2 per cent in 2021. Economic activity is expected to accelerate further by 5 per cent in 2022, and the average of 3.2 per cent between 2023 and 2025.

The hotels and restaurant sector is expected to contract further by 88 per cent in 2021, but is expected to cover partially with an average annual growth of 224.9 per cent per year between 2022 and 2025 and that growth will be accelerated with the reopening of our borders, thus the reason why the numbers that high.

Mr. Speaker, the transport sector is also projected to contract by 26.9 per cent in 2021 due to the Islands border closure and Cayman Airways operating on a restricted schedule before recovering an average annual growth of 12 per cent in the next four years. The wholesale and retail sector is projected to rise by 2.2 per cent in 2021, with an average increase of 3.7 per cent per year between 2022 and 2025.

The financial services sector is expected to continue its robust performance with a projected expansion by 1.9 per cent in 2021, an average goal of 1 per cent per year between 2022 and 2025.

Planned construction projects include the high end apartment complexes, the NCB Hilton hotel, Hyatt hotel, the Mandarin hotel at Beach Bay, the Indigo hotel, John Gray high school, the construction of a Mental Health Facility and continued road expansions, the construction sector is projected to expand by 9.4 per cent in 2021 and an average of 5.3 per cent per year between 2022 and 2025; and Mr. Speaker, the business services sector is projected to expand by 3.7 per cent in 2021 and grow at an average rate of 2.2 per cent between 2022 and 2025.

Due to the relative stable rental prices and declines in transport and electricity, inflation is projected at 1.3 per cent in 2021, increasing the 3.4 per cent for 2022 and an average of 2.2 per cent for the next three years.

Mr. Speaker, given the increase in employment opportunities from planned construction projects and the government policy to prioritise integration of displaced Caymanians in the workforce, the unemployment rate is forecast at 5 per cent of the labour force in 2021, improving to 4.4 per cent in 2022 and averaging 3.6 per cent and remaining three years.

Mr. Speaker, now turning to the 2022 and 2023 Budgets; it is important to repeat what I said earlier, the 2022 and 2023 budgets do not include any new taxes or fees.

Operating revenue for 2022 is forecast to be \$940.9 million with \$897.9 million being coercive revenues and the balance of \$43 million in sales of goods and services, investment revenue, donations and other operating revenue.

In 2023, operating revenues is forecasted to be \$978.1 million with \$934.6 million in coercive revenues and \$43.5 million in sales of goods and services,

investment, revenue, donations and other operating revenue.

Operating expenditure in 2022 is forecast to be \$921.5 million and \$950.4 million in 2023. Mr. Speaker, my colleagues and I will provide further details on each of their Ministries and of the planned operating expenditure levels in 2022 and 2023 during the debate, but I want to outline major cost drivers at this point.

So with your permission Mr. Speaker, one of the first cost drivers in the 2022 to 2023 budget is personnel costs, which are budgeted to be \$437.2 million in 2022 and \$459.3 million in 2023. These costs are primarily to fund recruitment activities for additional teachers, the bolstering of public safety resources and the Royal Cayman Islands Police Service, the Prison Department and the Fire Department and Border Control; increased resources for the promotion and regulation of the financial services industry and increased civil servants health insurance premiums.

Supplies and consumables is another category where we actually budgeted \$149.4 million in 2022 \$149.2 million in 2023.

Depreciation is budgeted at \$45 million for 2022 and \$47.5 million for 2023 and reflects the increase in the value of the government assets as various capital projects are completed.

Mr. Speaker, it is important to remind Honourable Members and the general public that depreciation is a non-cash expenditure item, which recognises the cost of assets through the operating statement in a systematically over the expected useful life of the asset.

Financing costs, Mr. Speaker, as I mentioned earlier, my speech: the 2022 and 2023 budget allowed the Government to borrow up to \$299 million in 2022 and a further \$50 million in 2023 for a total of \$349.1 million over the next two financial years. New borrowing should not be a surprise that the Opposition Mr. Speaker.

In June 2020 the PPM government established a standby line of credit of CI \$330 million. The purpose of the line of credit was to provide additional financial resources in the event that such resources are needed and to mitigate the effects of government's loss of revenue and increased expenditure related to COVID-19.

In June 2022, any amount advanced [inaudible] the line of credit will be converted to a 15 year fixed rate, amortising loan.

Again, Mr. Speaker, I want to thank the previous government led by the then Leader of Opposition as Minister of Finance, for taking the necessary step to secure this line of credit. It was the right thing to do. As I said before, we build on foundations we did not lay and I want to thank them for putting that line of credit in place for this government because the country would have needed it if things did not go sideways. So Honourable Leader of the Opposition, I just want to say thank you once again.

Mr. Speaker, the Government has been fortunate thus far that we have been so that we have sufficient cash reserves to fund all of its expenditures, including unbudgeted costs resulting from COVID-19 and Tropical storm Grace; and again we are able to do this because of stronger revenues than was previously expected. However, Mr. Speaker, the time has come where the government can no longer afford to deplete its existing cash reserves and there is a possibility that the Government may need to access the line of credit established by the previous Administration to ensure that the minimum number of cash days remain compliant with the PMFA.

Mr. Speaker, over the budget period, the Government will continue to keenly monitor its cash reserves and cash needs and will only drawdown on the loan funds if and when it is absolutely necessary to do so. Of the \$349.1 million of intended borrowings, with respect to the 2022 and 2023 financial years, \$303.5 million will be used to fund capital investments by core government and \$59.4 million will be invested in statutory authorities and government companies of which \$45.6 million will be met by borrowings.

As a result of existing new borrowing, the Government is expected to incur financing costs of up to \$14.7 million in 2022 \$16.9 million in 2023. These expenses cover the interest payments and other financing costs associated with the core government's portfolio of debt, which would increase the \$485.4 million in 2022 and decrease to \$482.1 million in 2023.

I just want to note, Mr. Speaker that the increased borrowings over the 2022 and 2023 financial years will result in a debt to GDP ratio of 9.3 per cent in 2022 and 8.7 per cent in 2023 and it will still be one of the lowest debt to GDP ratios anywhere in the world. So I can tell you that you can find very few countries, Mr. Speaker with a debt to GDP ratio below 10 per cent. I challenge anyone to google that and if you can find 10 countries you're good.

Mr. Speaker, I want to inform this honourable Parliament that the Government is currently conducted an exercise to determine whether its existing debt can be refinanced at lower interest rates in order to lower the forecasted financing costs.

Another area, Mr. Speaker that is affecting the 2022-2023 budget is outputs from statutory authorities and government companies. Mr. Speaker, those are expected to be a total of \$161.9 million in 2022 and \$164.8 million in 2023. The budget in this category will be used to fund most of the following \$50.1 million in 2022 and \$51.6 million in 2023 to CINICO for the provision of health insurance benefits to civil service pensioners and qualified veterans and seamen; \$42.4 million in 2022 \$42.2 million in 2023 to the Health services Authority for the provision of various medical services to the community. \$18.6 million per year in 2022 and 2023 to Cayman Airways limited for the provision of international airlift to the Cayman Islands from strategic tourism markets and domestic airlift

between these three Islands; and \$31.8 million in 2022 and \$33.5 million in 2023 to the Cayman Islands Monetary Authority (CIMA) for an enhanced regulatory capacity to keep abreast of the ever changing international regulatory requirements.

Another are that will also be impacted in the 2020 and 2023 financial year is outputs from non-governmental output suppliers, which are expected to be \$42.5 million in 2022 and \$50.8 million in 2023. Some of the major items in this category, Mr. Speaker is \$20.9 million in 2022 and \$21.6 million in 2023 for territory medical care at various local and overseas providers for uninsured, underinsured and indigent persons. \$2.7 million per year for 2022 and 2023 with respect to legal aid services; \$7.4 million in 2022 \$14.9 million in 2023 for the public schools meal programme and \$2 million per year in 2022 and 2023 for care of indigent and disabled elderly persons.

Mr. Speaker, I just want to pause here and thank the Honourable Minister of Education on her team, which also includes the Parliamentary Secretary for West Bay Central for their commitment to this programme. I have had many parents and families come to me to say that they can now send their children to school and don't have to worry if they are going to be fed. So Madam Minister and Madam Parliamentary Secretary, thank you very much.

[Desk thumping]

Hon. Christopher S. Saunders, Deputy Premier: Mr. Speaker, one of the last items affecting or would have a material impact on the 2022 and 2023 financial year is the transfer payments which are forecast to be \$61.5 million in 2022 and \$52.9 million in 2023. These funds will be used to deliver critical social programmes that support our young people in achieving their educational goals and provide vital financial support to the most vulnerable in our society; and some of the major transfer payments I will just go through in a bit.

Mr. Speaker, we have \$10 million per year in 2022 and 2023 for local and overseas scholarships to more than 2,500 students per year to enable them to pursue advanced studies and acquire the skills necessary for our modern Cayman job market. Also included in the transfer payments is \$13.7 million in 2022 and \$14.5 million in 2023 for temporary and permanent financial assistance to support the most vulnerable in our community. Mr. Speaker, \$11.1 million per year in 2022 and 2023 for ex-gratia payments to our retired seamen and veterans and \$10.3 million in 2022 for extraordinary relief stipends, which will be in respect to assistance for persons in the tourism sector.

Mr. Speaker, I just want to quickly turn to the net operating performance of public entities or statutory authorities which are forecasted to incur a net debt of \$25.2 million in 2022 \$19.1 million in 2023.

Most notably Mr. Speaker the Cayman Islands Airports Authority is forecasting operating deficits of \$14.9 million in 2022 and \$3.2 million in 2023. The Cayman Turtle Conservation Education Centre Ltd. it's forecasted operating deficits of \$8.8 million in 2022 and drop to \$7.1 million in 2023 and Cayman Airways is also forecasting operating deficits of \$7.2 million in 2022 \$6.5 million in 2023.

For 2022 Mr. Speaker, when considering the forecast operating revenues of \$940.9 million and the forecast operating and financing expenses of \$921.5 million, core government is forecast to earn an operating surplus of \$19.4 million. When factoring in the forecast \$25.2 million operating deficit of public entities, the entire public sector Mr. Speaker is forecast to have an overall net deficit of \$15.8 million for 2022.

For 2023, Mr. Speaker, when considering the operating revenues of \$978.1 million and operating and financing expenses of \$950.4 million, core government is forecast to earn operating surplus of \$27.7 million, when factoring in the forecast \$19.1 million operating deficits of public entities, the entire public sector is forecast to have an overall net surplus of \$8.6 million for 2023.

Turning now Mr. Speaker, to capital investments and loans the public entities.

Mr. Speaker, this Government recognises that public sector capital investments are necessary and important economic catalyst for the continued economic development of our Islands. The Government intends to make capital investment in the Ministries, Portfolios and Offices totalling \$170.1 million in 2022 and a further \$133.4 million in 2023. These planned capital investments will be funded from borrowings. The major investments in this category include \$74.5 million for Education, primarily for the completion of the new John Gray high school, and upgrade and refurbishment of some other school buildings.

We also include \$53.1 million for sustainable development, primarily for the region project formerly known as the Integrated Solid Waste Management System (ISWMS) and the purchase of land for conservation and preservation purposes. \$77.2 million for the undersea cable project, roadworks expansion, road service upgrades and \$22.9 million for security for upgrades to Prison, the new proposed Court House and the purchase of Coast Guard vessel.

In addition Mr. Speaker, the Government is also planning to make capital investment in the public entities totalling \$30.4 million in 2022 and a further \$28.9 million in 2023. Some of these investments include \$19 million to the National Housing Development Trust to cover debt servicing obligations and the construction of affordable homes.

Mr. Speaker, I want those pause right here and speak about that \$19 million. Again, I really don't want to take any thunder from the Honourable Minister for Planning and Infrastructure, the Honourable Jay

Ebanks from the district of North Side but Mr. Speaker, I am going to say this much: I have never seen a young person so committed to getting houses for Caymanians and he has set very ambitious targets of pushing for at least 100 homes per year. Minister, I just want to say on behalf of my Ministry of Finance we are going to do everything we can do to make sure you get the funds to address this national problem but thank you for your commitment.

Mr. Speaker, also included in these capital investments in the public entities is \$18.2 million to Cayman Airways Limited to cover debt service and operating expenditures \$6.4 million to the University College of the Cayman Islands to fund operational deficits and \$5 million to the Cayman Turtle Conservation and Education Centre Ltd. to cover operational deficit.

Mr. Speaker, you know, it's kind of weird the other day, I think there was an article that appeared in one of the local newspapers, that spoke about government cutting scholarships to pay for board chairman and all that kind of stuff at UCCI. While I don't want to take anything from the Minister of Education and possibly what will be her contribution, I think it's important to set the record straight because one of the first things that we did when we came in, is that we actually increased the funding for scholarships by \$8 million and naturally not all the funds were used, and of that amount that was move transferred from the savings, because those are unused, the majority of it actually went to pay for an audit at UCCI and those are the kind of governance issue... Again, this Government takes governance and transparency very seriously. I mean that was something that needed to be done. I think \$140,000 of the amount; more than half was for an audit.

Additionally, Mr. Speaker, the board led by a very competent and able Chairperson who is a former Member of this House, recognised that there's a lot of things that needs to be done and they asked for a secretariat to help the board. This is something standard, again, in many public authorities and funding was also used to set that position.

When they talk about beefing up salaries, no one stopped to calculate... First of all, they weren't working for free, so if you really want to give the proper number, you have to take what they were getting before and minus what it moved to see what the real impact was, but we do recognise that sensationalism and headlines and all of that make news. But this is what it's about. It really was about governance and putting the proper things in place. What I can say is that as per our SPS, we have very big plans for UCCI in the term of this Government and again, I don't want to take for the Minister of Education, but we also need to make sure that there is a foundation governance structure in place for the university to achieve what we believe and know that it can achieve its full potential and actually what is about.

So I ask the public, sometimes when you read these things, sometime just take the time to google it because you could have googled and realise that back in July we actually increased the spend by \$8 million and nothing was really cut other than we didn't need the full \$8 million that we had actually approved at that time. So I just really wanted to put that out there.

Also Mr. Speaker, not to take from the Minister of Tourism. When I look at the Cayman Turtle Conservation Centre, I remember a time where a lot of people had a lot of challenges with Turtle Farm when, under your government, I think, they were getting like \$10 million per year in subsidy, of course all that has been paid off. But if you were to take Turtle Farm, as it was known then, by itself, and take out the debt service obligation, which was \$6 million, the true subsidy to Turtle Farm was really \$4 million. And what are we getting for \$4 million? We were getting a government entity that had over 200,000 visitors per year, employed 100 Caymanians directly and 500 Caymanians indirectly, and Mr. Speaker, if you can put together Tourism attraction that can accommodate over 200,000 visitors and employ 600 Caymanians directly and indirectly for \$4 million, that's a bargain.

I say that to say Mr. Speaker, we need to stop beating down our own people and our own country for a lot of stuff that we are doing because there's a lot of good things being done in this country and people are just hell bent to paint a picture as if this is the worst place to live; yet every day we have hundreds of applications of people who want to come here to live and work.

[Desk thumping]

Hon. Christopher S. Saunders, Deputy Premier: So our people need to recognise what we're sitting on before we lose it.

Anyway, Mr. Speaker I had to get that off my chest because I know that I am going through all of these finance stuff and it's required for the Minister of Finance and I am dying to get into a lot of the political stuff but I still have to go through the numbers.

Mr. Speaker, in order to assist with the payment of their ongoing operations under the tourism sector rebounds, core government will also be lending money the Cayman Turtle Conservation and Education Centre and the Cayman Islands Airports Authority a total of \$39.1 million over the budget period, which is \$26.9 million in 2022 and \$12.2 million in 2023.

The loan to both public entities are interest free in 2022 and 2023. Effective 1st January 2024, the loans commence repayment at an interest rate to be negotiated between the government and the public entities. The loan to the Airports Authority is to be repaid over 15 years, while the loan to the Cayman Turtle Centre is to be repaid over five years.

With respect to compliance with the principles of responsible financial management set out in the

Public Management and Finance Act, the framework for fiscal responsibility, Mr. Speaker, I am pleased to see the 2020 and the 2023 budget forecasts achieve all of these principles. Again, I am very happy and I am very proud of the Government of this side for making the hard but necessary decisions to ensure that we are in full compliance.

I want to just for the public purposes, Mr. Speaker walk the Members through those five principles so they can understand what we have worked very hard to achieve.

One of the principles, Mr. Speaker is net operating results that says that Government should have a surplus. In other words, the Government should not out of a deficit.

I am pleased to say that in essence, Core government revenues should be greater than its expenses. For 2022 and 2023 compliance is achieved as our revenues exceed our expenses in both years. It also says Mr. Speaker, that our net worth should be positive, which is the assets minus our liabilities should be positive. I am pleased to say that our Government net worth is forecast to be \$1.3 billion at the end of 2022 and \$1.4 billion at the end of 2023.

The principle also requires us to have a debt service ratio; debt servicing and that is the annual payments of interest and principles related to all public sector borrowing commitments should not be more than 10 per cent of core government's revenue. I am pleased to say Mr. Speaker, again, from the commitment, dedication and hard work of this team on this side, the core government is forecast to have a debt service ratio of 7.4 per cent in 2022 and 8.3 per cent in 2023.

I want to pause a bit here Mr. Speaker to explain to the public that what the principal basically requires is that they are saying that the Government's debt service ratio, so only the core-government ratio is being factored in to be used. We can't take any of the revenues from the government entities and statutory authorities, but we have to factor in all their debt and the argument behind that is if something was to go around with them, they still have to turn to the government. So basically it is core Government that has this responsibility and that's why it is really the best interests of core government to sometimes lend to the entities, so at least it may help a little 0.1 point or 0.2 difference because we do have other capital projects. And we have set an internal target where we want to keep this number below 8 per cent. It's important that if any emergency or something pops up, we have some flexibility to basically do more. What we don't want to do, Mr. Speaker is to carry it to the maximum and then we find ourselves in a situation where if an emergency pops up we are not able to sit down and of ourselves and then have to turn to the UK for permission. So it is really wise and prudent thing to do.

Again, I want to thank the Honourable Premier for also pushing that kind of point to make sure that we

have a lot of flexibility and we keep ourselves at least to some level of independence. Thus the reason we had to scale back a lot of things that we wanted to do to reduce our borrowing in the event of an emergency or something coming.

We have to be mindful Mr. Speaker that we still live in the hurricane belt and experts will tell you that every year we are always one away from some big storm that is coming. So we need to make sure, at a minimum, that we leave ourselves some flexibility to prepare for any emergencies like the likes of Ivan and so forth, if those things were to occur. So that is one of the reasons why we are trying our best to make sure that number stays; at least internally, we have set a target of 80 per cent that we want to achieve, even though it's coming at 80.3 per cent but we will see the best that we can do.

One of the other things Mr. Speaker that is included as net debt, which is the total debt of core government plus the weighted average debt balance of public entities, less core Government's liquid assets should be no more than 80 per cent of core government revenue for the fiscal year. So 80 per cent is the target Mr. Speaker.

What I can say is that our net debt ratio is forecast to be 18.6 per cent in 2022 and 27.6 per cent in 2023, which is well below the 80 per cent requirement, and I really don't see that target being blown any time.

Again, I want to thank previous governments including yourself, Minister Juliana, Mr. Archer when he was here, and the Honourable the Opposition for maintaining a policy where those numbers that we have a lot of flexibility within those margins.

Also Mr. Speaker last but not least, our cash reserves.

The unrestricted cash reserves, which is the operating bank account and general reserves of the core government, measured at the lowest point in the fiscal period, should be sufficient to cover 90 days of core government's estimated operating expenditures. What I can say Mr. Speaker for 2022, the Government is forecast to have sufficient cash reserves to cover approximately 137.9 days of operating expenditures at the lowest point of the during the financial year; and in 2023 is forecast to be 95.9 days of cash reserve.

Again, Mr. Speaker, both years are above the 90 the minimum requirement. A lot of hard work, by a lot of good people, Mr. Speaker.

Mr. Speaker, the appropriations outline in the Bill before Parliament and the accompanying budget documents set out a clear plan for how the PACT-Government intends to utilise and prudently manage our financial resources.

The 2022 and 2023 budget ensures that the government has the resources to continue to make progress towards achieving all of its broad outcomes, placing particular emphasis on education, healthcare, social welfare, sustainable development, financial

services and tourism. In other words, Mr. Speaker, with this budget, we are reaffirming and carrying through our commitment to investing in well-being, resiliency and sustainability of the Caymanian people and the Cayman Islands.

Mr. Speaker, as you are no doubt aware, the appropriation of the Government's budget is a massive undertaking and is only possible with the commitment and dedication of the civil service.

I want to take this time out Mr. Speaker to really thank His Excellency the Governor. I must say and I have said it to him outside of Cabinet, so I can repeat it. But barring our one major [dis]agreement on that issue sometime last year, I have found him to be a good and decent person to work with; very approachable, very professional and generally means the Cayman Islands well. I must say that I enjoy working with him and while he announced that is entering his full last year as Governor, I really do hope that the folks at FCDO approves or at least send him back for at least another term. He is a good man and he means the Cayman as well and I can tell people that, after having worked very closely with him.

Mr. Speaker, I also want to thank the Honourable Premier and I don't need to tell you Mr. Speaker, having been Premier yourself, how difficult it is to manage politicians, and I can tell you that there are days that I don't know how the Premier does it.

[Laughter]

Hon. Christopher S. Saunders, Deputy Premier:

Listen, we may all be nice here now and we may look matching and everything but Mr. Speaker, every single person came with their own priorities of the promises and commitments they made to their constituency. And I can say that I'm deeply moved to see Ministers who started this process, insisting on getting X Y Z, but then at the end of the day, for the greater good, said, *you know what, if money is going for Education and healthcare, I will give this or that up*. And this is really what politics is about and I really want to thank you Premier for referring a lot of these arguments. I know sometimes he may be itching to say, *Jesus have mercy what did I sign up to?* But at the end of the day we start with prayer and we live in a prayerful moment because we always leave pretty much on the same side.

I am not going to sit back and tell hunky-dory, I am sure you know about it because many times I remember your calling me, *'Chris, come pick me up, I cannot stand these people.'*

The Speaker: I have said that?

Hon. Christopher S. Saunders, Deputy Premier: Yeah, you did, many times! But that's fine, it is a part of politics because we are passionate about what that we want, what it still is about compromise and I really want to thank the Premier for his patience in putting up with a lot of us because trust me it is not easy and if you

think I'm difficult... I don't want to say anything, but they know what it is like. So I really want to thank the Premier or this.

I want to thank the Cabinet Ministers and the Parliamentary Secretaries because when I look at this Mr. Speaker, it is a lot of work. It's not easy and I can tell you, sometimes Minister Bryan and I used to talk about the amount of time we had, in terms of free time when we were in the Opposition that some days you are like, *boy you know...* But when you see things like being in a position like this Government has done, where we made policies.

I mean just recently, getting up and for me, personally, one of my campaign promises of removing the duty on sanitary napkins for women, baby food, baby diapers, formulas and stuff to help our seniors... This is what sitting on this side is about.

I really want to apologise to my friend, the Member for Bodden Town East, Mr. Dwayne S. Seymour, when four years ago he was basically telling me, *'boy Chris, you need to be on the government side, you know, that's how you get things done'* and it is only when you sit in Opposition, and sit on this side that you appreciate what it means to sit on this side, to be able to say to a parent, *'we are going to get you free lunches for your kids', 'we are going to be able to do this, we are going to take duty off.'* I mean sitting on that side Mr. Speaker, you write motions and ask the Government to 'consider'. On this side, you don't have to ask the government to consider, you do.

[Inaudible interjection]

Hon. Christopher S. Saunders, Deputy Premier: I know that you know that; you do.

So, the advice from the Member for Bodden Town East four years ago when he said to me, *'boy Chris, you need to come on this side if you want to get anything done.'* I can say to him that he is right. And Mr. Seymour, I am saying to you, on behalf of the people of Bodden Town, you have one half and I have the other half, there's a lot of work to be done and if you want to get some stuff done for your people, I can tell you that I welcome you on this side because at the end of the day, I know your heart is in the right place.

[Desk thumping]

Hon. Christopher S. Saunders, Deputy Premier:

Politics aside, I know that your heart is in the right place and I know there are a lot of things that you want to get done and I am not going to sit here and tell you to leave here, of doing stuff, to go over there to ask the Government to consider. Just come over here and we do it together.

[Desk thumping]

The Speaker: Is that a part of the budget?

Hon. Christopher S. Saunders, Deputy Premier: No, but listen, listen, I can tell you Mr. Speaker, that it is good when you can just go to a meeting at Caucus, you have an idea, you put it out there and the following week a Cabinet paper comes and you start to see policy move. It makes a big difference. It takes a lot of time to do it and you miss your constituents and doing things your constituency, but when you can go back and say to them, *'I may have been putting in some long hours, but this is what it was for; this is for your free lunches, this is for your undersea cable to make sure we got connections going, these are all the wonderful things that we want to do.'*

So, I want to put that out there but equally Mr. Speaker, I really have to also thank the other ex-officio Members of Cabinet, the Honourable Deputy Governor. This morning I called him on the way in and I said to him, why is it that I called four civil servants before and couldn't get them and I called you and got you. I turned to Mr. Wood and said to him, you know one thing I can say about Mr. Manderson. Even before I was elected you would either take a return your call and he has always been very professional in that regard. Mr. Manderson, boy sometimes I wish I was able to do that, but that's a gift in itself and I want to say that thank you for that.

Also to the Honourable Attorney General. Mr. Speaker, he is a hardworking man and he represents what Cayman Islands are about when they talk about integration; people coming here and integrating into the community and becoming one of us. He has become a mainstay and is a wealth of information. While I won't get into his accent whenever you go to him, *'You know, the Deputy Premier, this is what we can do.'*

[Laughter]

Hon. Christopher S. Saunders, Deputy Premier: It is always appreciative when he starts out that way. So it makes a big difference, you know.

Mr. Speaker, I really want to thank all the staff in the civil service and to echo the Premier, which they may already know, in terms of the honorarium that is being paid this month, a lot of it came from a lot of sacrifices because what the public may not realise is a lot of it came from actual savings also, from better than expected performance which means people working late; people spending time away from their families. While we wish we could have done more, I'm sure they understand that in this global pandemic environment where we are still stretched and we're still looking at a deficit for this year, we nonetheless believe that that small gesture was needed for many people who work really hard working for our country, you know.

Mr. Speaker, I really also want to thank the staff here at the Parliament building. I mean unlike most civil servants who may see Ministers come and go, and sometimes may not see them at all, these people have to work at politicians around the clock; and Mr.

Speaker, I can tell you dealing with politicians isn't easy. Madam Clerk, I can sometimes see that little look on your face and I know that you want to say something, and I am like one of these days, I know Ms. Zena is going to say it and I hope to God I'm around there when she goes off.

[Laughter]

Hon. Christopher S. Saunders, Deputy Premier: Nonetheless, it is all a part of getting the people's business done. As I said before, Mr. Speaker, the system of democracy that we have is one that was born from disagreement, it was born from division, it was born from discord and dissent. What it says, is that we have dialogue, debate, discussions, diatribe, and we find consensus. This is what the business is about, you know. So we all have a role to play.

I just really want to thank people because like I said, this is a lot of work and every single Government Department, and Ministry; everybody contributed to this. This is the collective efforts of more than 6,000 public servants represented in 3,500 pages. So it is not a small feat and for those who have done it before, I am sure you understand where I'm coming from.

I really have to take time out again to thank Mr. Wesley Howell and Mr. Ken Jefferson; my two Chief Officers for the work that they have done and making my life much, much easier.

Mr. Speaker, I want to close by saying that while COVID-19 has dealt us a hand which has stress tested our main economic pillars, we have certainly been shaken but the Cayman Islands have not bowed. We are living on strong foundations that were built by many who went before us. And while this Government would love to take credit for many things, the truth of the fact is, in seven months we cannot compare to the six and seven decades of people who went before us and laid the foundation that we have.

I am not going to sit here and insult anyone's hard work by saying that we have performed a miracle in seven months. But what I can say to you is this: over the next three years, we are going to be working very hard to make sure that those who come behind us—hopefully be us for another term, will be able to say, you know what, we are building on something else because it does take a lot of work.

I've had disagreements with many people putting this budget together and I have stepped on a lot of toes to get this budget where it is, but at the end of the day, this is what the business of working for our people and doing the people's work is about.

I want to say that this budget continues to ensure equitable distribution of stimulus resources to residents, with an intentional focus on those who have been hurt most by this pandemic.

As custodians of the public's purse, Mr. Speaker, we have ensured no new burdens have been placed on the shoulders of our people and the

investment in our people and infrastructure remains a top priority.

I am conscious that many Caymanians face and continue to face enormous difficulties and challenges and we ask you to take courage and share the hope that our best years are still ahead of us.

Mr. Speaker, today, I want to leave you and all the Members of this Honourable House and the country as a whole, that this PACT-Government is on a path of leaving this economy better than when we found it.

I quoted Reverend Peter Raible at the start of my budget address, Mr. Speaker, noting that this and previous governments have all built on foundations, we did not lay. Having been entrusted by the people to continue building responsibly for our society's collective future.

I would also like to close with some further words from Reverend Raible, which underscored the importance of joining together as we move forward. He said, "together, we are more than any one person could be, together we can build across generations, together we can renew our hope and faith in the life that is yet to unfold, together, we can heed the call to a Ministry of care and justice. We are ever bound in community. May it also be so.

Mr. Speaker, I now humbly commend the Appropriation (financial years 2022 and 2023) Bill, 2021 to Parliament and I ask all Honourable Members for their support of this Bill.

May God continue to bless these Islands, the Caymanian people and everyone who call the Cayman Islands home.

Thank you, Mr. Speaker.

[Desk thumping]

[Pause]

MOTION FOR THE DEFERRAL OF THE DEBATE ON THE BUDGET ADDRESS

The Speaker: The Honourable Premier.

The Premier, Hon. G. Wayne Panton: Thank you, Mr. Speaker.

Mr. Speaker, I would like to move the following motion:

"Be it resolved that the debate on the budget address be deferred until Monday, 29th November 2021."

The Speaker: The question is:

"Be it resolved that the debate on the budget address be deferred until Monday, the 29th November 2021."

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

AYES.

The Speaker: The Ayes have it.

Agreed: Motion deferred until Monday, 29th November 2021.

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

The Speaker: The Honourable Premier.

The Premier, Hon. G. Wayne Panton: Thank you, Mr. Speaker.

Mr. Speaker, I move that the following motion "Be it resolved that the Throne Speech and the Budget Address be debated simultaneously on Monday, 29th November 2021."

The Speaker: The question is: "Be it resolved that the Throne Speech and the Budget Address be debated simultaneously on Monday, 29th November 2021."

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

AYES.

The Speaker: The Ayes have it.

Agreed: Throne Speech and the Budget Address be debated simultaneously on Monday, 29th November 2021.

ADJOURNMENT

The Speaker: The Honourable Premier.

The Premier, Hon. G. Wayne Panton: Mr. Speaker, thank you very much.

I'd like to thank all Members for their attendance today and the good work done, particularly by my colleague the Minister for Finance, Deputy Premier, Minister of Finance and Tabling these budget documents for the years 2022 and 2023.

We will resume on Monday sir, and so I move a Motion for the adjournment of this honourable House until 10 a.m. on Monday, 29th November 2021.

The Speaker: Monday is a good day. I should say it's 46 years that I will be married to my wife on Monday. So, if we can begin Monday as good as I began 46 years ago, we will have a good time in the budget.

[Inaudible interjection]

The Speaker: The question is that this honourable House be now adjourned until Monday morning, 29th November at 10 AM.

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

AYES.

The Speaker: The Ayes have it.

This honourable House stands adjourned until Monday morning at 10 AM, God's willing.

At 4:19 pm the House stood adjourned until Monday, 29th November 2021.

UNEDITED HANSARD EXCERPT