

**THURSDAY  
JULY 5, 1990  
10:30 A.M.**

**MR. PRESIDENT:**

Prayers by the Elected Member for East End.

**PRAYERS**

**MR. JOHN B. McLEAN:**

Let us Pray.

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

Bless our Sovereign Lady Queen Elizabeth, the Queen Mother, Philip Duke of Edinburgh, Charles Prince of Wales, Diana Princess 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 Members of Executive Council and Members of the Legislative Assembly that they may be enabled faithfully to perform the responsible duties of their high office.

All this we ask for Thy great Name's sake, Amen.

Our Father, who art in Heaven, Hallowed be Thy Name, Thy Kingdom come, Thy will be done, in earth as it is in Heaven. Give us this day our daily bread: And forgive us our trespasses, as we forgive them that trespass against us: And lead us not into temptation; but deliver us from evil: For Thine is the Kingdom, the power and the glory, for ever 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 His countenance upon us and give us peace now and always. Amen.

**STATEMENTS BY MEMBERS OF THE GOVERNMENT  
REVENUE MEASURES**

**MR. PRESIDENT:**

The proceedings of the House are resumed. Item 2 on Today's Order Paper is Statement by the Honourable First Official Member.

**HON. THOMAS C. JEFFERSON:**

Government has asked me to put forward.

Mr. President, I rise to indicate the revenue measures that the

An exercise carried out by the Treasury Department indicates that the salary package will cost CI\$9,419,200. The proposal is that the salary award is retroactive to the 1st of January, 1990.

I will now indicate the types of measures item by item so that it is clear what the package revenue measures are, to fund this salary award.

We have an Omnibus Bill which deals with amendments to the Stamp Duty Law, the Customs Law and the Judicature Law.

**The Miscellaneous Duties and Fees Bill, 1990:** The proposal on Stamp Duty is that the Law be amended as follows: "CONVEYANCE OR TRANSFER ON SALE of any immovable property - 7 1/2% of the value of the consideration," for less than CI\$250,000. Where the value is in excess of CI\$250,000 the charge should be 10 per cent.". In dealing with the Customs, there are a number of increases and decreases. Some of these deal with increases in the duty in respect of liquor, cigarettes, duties on gasoline as well as diesel.

I should also mention that in dealing with the Second Schedule of the Customs Law there is a proposed amendment to increase the allowance for passengers travelling back to the Cayman Islands having visited perhaps the United States. The allowance for household goods would be increased from CI\$100 to CI\$300.

The other part of this Bill deals with the Court Fees which have remained at their present level for approximately 14 years.

**The Development and Planning (Amendment)(No.2) Regulations, 1990:** We also seek to improve or increase the Planning Fees. It is the intention that we make the details of the proposal available. I think it would take a long time if I sought to read each item because on this page, in dealing with Planning Fees in particular, there are at least 20 items being increased.

**The Garbage and Refuse Disposal (Amendment) Regulations, 1990:** There is also a proposal to increase garbage and refuse disposal. And in this proposal it also provides that the Financial Secretary may, in his discretion, waive the whole fee, or part thereof, when dealing particularly with the garbage fee in respect of private homes.

What I propose to do, is to lay these Regulations on the Table

so that the Members can peruse them as they wish.

**The Customs (Amendment) Regulations, 1990:** We also propose to increase the fees charged at the Customs Warehouse at Owen Roberts Airport. Where we have been charging 2 cents for the last 25 or 30 years, the proposal is that the storage charges for goods in that transit shed at Owen Roberts Airport for the first 7 days, no charge. Over 7 days and not exceeding 30 days, goods in package for each one would be CI\$1.00 per 100 pounds per day, whether they are in a package or not. And this can also be perused by Members as it will be laid on the Table of the House.

**The Trade and Business Licensing (Variation) Order, 1990:** There is a proposal as well to amend the Trade and Business Licensing Law. Where we presently charge CI\$300 to the firm for each professional, some of these will be raised to CI\$400. This, too, will be laid on the Table so that Members may see the contents.

**The Official Gazette (Amendment) Regulations, 1990:** There is a proposal as well to increase the fee charged for the Official Gazette which has not been increased in quite a number of years.

**The Banks and Trust Companies (Fees) (Amendment) Regulations, 1990:** Another proposal is to increase the licensing fee for Category 'A' and Category 'B' Banks. This I discussed with the Bank Managers and they have indicated no difficulty in increasing the licence fee from CI\$30,000 to CI\$42,000 for a Category 'A' Bank; and from CI\$9,000 to CI\$12,600 for a Category 'B' Bank.

**The Traffic (Amendment) Regulations, 1990:** The Traffic Law is also being amended, particularly for driving permits for a foreign licence - mainly the permits that tourists would pay, from CI\$2.40 to CI\$12.00.

**The Caymanian Protection (Amendment) Regulations, 1990:** The Caymanian Protection Law is also being amended to increase fees charged on work permits. Just a few examples, Mr. President. A Skilled Tradesman would be CI\$1,000.00. An Executive Secretary would be CI\$1,000.00. The Deputy or Assistant non-managerial personnel would have to pay CI\$2,000.00 per year. And for Chief Executives and Managing Directors - CI\$4,000.00 per year. Members can pursue this as well.

**The Customs Law (Second Revision) - First Schedule:** Mr. President, perhaps in the interest of time, there are other duties that are being reduced in the proposed amendment to the Customs Law, dealing with tea, cocoa, chocolate, medicinal and pharmaceutical products, spectacles, frames and contact lenses and also unsolicited gifts.

#### STANDING ORDER 68A(2)

#### GOVERNMENT MOTION NO. 7/90 PROVISIONAL COLLECTION OF CUSTOMS DUTIES LAW (LAW 21 OF 1985)

**HON. THOMAS C. JEFFERSON:** Mr. President, in accordance with Standing Order 68A(2), the Provisional Collection of Customs Duties Law, 1988, the following Motion is proposed:

"**BE IT RESOLVED** this day by the Legislative Assembly, under the power conferred on it by subsection (1) of section 2 of the Provisional Collection of Customs Duties Law, 1985:-

**THAT** a variation of the rates of customs duty charged under the following chapters of the First Schedule of the Customs Law (Second Revision) be hereby provided -

- (a) Chapter VI - Coffee, tea, etc. on tea and tea concentrates (item 6.02) from 20% to 10%;
- (b) Chapter IX - Beverages
  - (i) on ale, beer and other malt liquors, cider, perry and wine coolers, not exceeding 7 per cent alcohol content (item 9.02) from 66 cents per liter to \$1.00 per liter;
  - (ii) on spirits, un-sweetened, containing less than 50 per cent by volume of alcohol (item 9.03) from \$5.28 per liter to \$7.00 per liter;
  - (iii) on spirits, un-sweetened, containing not less than 50 per cent by volume of alcohol (item 9.04) from \$7.50 to \$9.50;
  - (iv) on spirits, sweetened and flavoured, including liqueurs (item 9.05) from \$6.00 per liter to \$8.00 per liter;
  - (v) on table wines, red, white or rose (item 9.06) from \$1.20 per liter to \$2.00 per liter;

- (vi) on dessert wines, including port, sherry, vermouth and other fortified or flavoured wines under 30 per cent (item 9.07) from \$1.80 per liter to \$3.00 per liter;
- (vii) on champagne (item 9.08(a)) from \$2.50 per liter to \$3.00 per liter; and
- (viii) on other sparkling wines (item 9.08(b)) from \$1.50 per liter to \$2.50 per liter;
- (c) Chapter X - Tobacco Goods
  - (i) on cigars (item 10.01) from 33 per cent to 50 per cent;
  - (ii) on cigarettes (item 10.02) from \$10 per 1,000 to \$20 per 1,000;
  - (iii) on leaf and plug tobacco (item 10.03) from 10 cents per pound to \$1.00 per pound; and

**MR. PRESIDENT:** May I just interrupt you for one second. I can see Members are concerned about not having a copy of the Motion in front of them. The normal form is that they will be presented to Members immediately after the First Official Member has finished. Sorry to interrupt you.

**HON. THOMAS C. JEFFERSON:** Continuing:

- (iv) on pipe tobacco (item 10.04) from 38 per cent to 50 per cent.
- (d) Chapter XII - Mineral fuels, mineral oils and their products.
  - (i) on motor gasoline (item 12.01) from thirteen cents per gallon to twenty-five cents per gallon; and
  - (ii) on diesel oil (item 12.02) from thirteen cents per gallon to twenty-five cents per gallon;
- (e) Chapter XXII - Electrical Goods  
on telephones and telephone equipment (item 22.04) from FREE to 20 per cent.
- (f) Chapter XXIII - Fancy Goods, timepieces and miscellaneous goods.
  - (i) on cigar and cigarette cases (item 23.01) from FREE to 40 per cent; and
  - (ii) on pipes and tobacco (item 23.06) from FREE to 40 per cent.

**AND BE IT FURTHER RESOLVED THAT** a variation of the following rates of customs duty exempted under the Second Schedule to the Customs Law (Second Revision) be hereby provided -

- (i) for passengers who are residents returning from an overseas visit, personal and household goods at the discretion of the Collector (paragraph 8 C(c)) from goods to a value of \$100 to goods to a value of \$300; and
- (ii) for unsolicited gifts from gifts to a value not exceeding \$10.00 (paragraph 24) to gifts to a value not exceeding \$50.00 in value.

**AND FURTHER THAT** the following new charges to customs duty under the First Schedule to the Customs Law (Second Revision) be inserted under the following chapters -

- (a) Chapter VI - Coffee, tea, etc.  
Cocoa and drinking chocolate (new item 6.03) 10%
- (b) Chapter XIII - Pharmaceutical products.  
Other medicinal/pharmaceutical products (new item 13.03) 10%
- (c) Chapter XXI - Optical Goods.  
Spectacles, including frames and mounts;  
contact lenses and other similar items (new item 21.03) FREE.

**AND THAT** it is hereby declared that it is expedient in the public interest that this resolution shall have statutory effect under the provisions of the Provisional Collection of Customs Duties Law, 1985."

Mr. President, hopefully Members will have adequate time to examine the Omnibus Bill and to debate it next week. I think, Mr. President that in accordance with Standing Order 68A, we have to put the question so that the Members could now have copies of the Motion.

### PROPOSED SUSPENSION OF STANDING ORDER 68A

**MR. W. McKEEVA BUSH:** Mr. President, I would like to [propose the] suspen[sion], in accordance with Standing Order 83, Standing Order 68A so that these matters can be debated once we have had a chance to peruse the papers.

### PROCEDURAL CLARIFICATION OF REVENUE PROPOSALS

**MR. PRESIDENT:** Before the House considers that, I was going to say a few words about the procedure on this type of revenue proposal.

Standing Order 68A provides that a statement may be made without notice. This is for revenue protection purposes, I am sure Members understand that. It also says that the Motion would give provisional statutory effect. In other words it comes into effect from the day of the Motion - the increased or changed charges or fees. But it does say specifically, "provisional statutory effect".

The meaning of this is that at a later date, as the Honourable First Official Member indicated a moment ago, the House debates or, whatever the proper phrase is, deals with these proposals and formally confirms them or otherwise. But they are for the moment brought into provisional effect so that the revenue is protected if, and when the House formally confirms the proposals and, that is the reason for this Standing Order that the question shall be put forthwith.

**MR. W. McKEEVA BUSH:** Except, Mr. President, that I have a suspension of the Standing Order on the floor.

**MR. PRESIDENT:** I did not say that you have not. I have just explained what the House is about at the moment.

**MR. G. HAIG BODDEN:** Mr. President, if I may just ask one question on the procedure since this is the first time (to my knowledge), that a motion has come asking for both the reduction on some items and the increase on some. If you will, in putting the question, break this down into two motions. One motion to reduce certain items, and another motion to increase certain items. It has never come in this form, Sir.

**MR. PRESIDENT:** I am sorry, but I think the provision is perfectly clear here. It is a motion. It is a complete motion and should be put as such. Let me emphasise it is a provisional statutory effect. This is the important point here.

The Honourable First Official Member.

**HON. THOMAS C. JEFFERSON:** Mr. President, to the best of my recollection we have moved this type of motion before. What usually happens is that in order to, as you say, protect the duties that we are trying to collect is that the Motion needs to come into effect straight away, otherwise the indication that we are going to increase duties will fail - well, a good bit of it will fail - because there will be the opportunity for those who hear of it to bring in the goods and avoid paying the increased sums that we are trying to put forward today.

**MR. PRESIDENT:** The Third Elected Member for George Town.

**MR. TRUMAN M. BODDEN:** Mr. President, I have two short submissions, Sir. The first one is what the Second Elected Member for Bodden Town was referring to. That is Standing Order 24(13) which is the one that relates to where there are two or more separate propositions.

Secondly, Sir, the Government cannot be prejudiced on the reduction of duty. I can see, with an increase of duty, why the Financial Secretary, in his capacity as the Honourable First Official, may be worried, but I cannot see how, with a reduction of duty, the Government is better off if you do not split the Motion so that we could vote on them separately. Then the Government is better off leaving that on for a few days rather than having it removed. If there is an increase then I can see where the problem arises. But if duty is being taken off (and I would like the Honourable First Official Member to tell me), how can Government be prejudiced on that? Unless ...

**MR. PRESIDENT:** I will take your first point first, if you do not mind. Sorry, I

thought you had finished on your first point.

**MR. TRUMAN M. BODDEN:**  
first point, I will just mention quickly this.

Yes, yes, Sir. If you do not split it, ... well if you want to take the

**MR. PRESIDENT:**  
otherwise. I rule this is one Motion and I do not consider it appropriate to split the proposition. It is one package together that the Government is proposing.

**MR. W. McKEEVA BUSH:**  
two separate propositions? One to increase and one to decrease.

With respect, Mr. President, do you not consider that there are

**MR. PRESIDENT:**  
proposition in here and treat it separately. That would be the extension of your line of argument.

I am sorry, if we took that line you could take every single

**MR. W. McKEEVA BUSH:**

I cannot agree with you ...

**MR. PRESIDENT:**

Well, that is fine. We will agree to disagree shall we?

**MR. W. McKEEVA BUSH:**  
two separate things. And you are dealing with two separate things, one to decrease and one to increase, a clear distinction, Mr. President.

The Standing Order says that you can separate when there are

**MR. PRESIDENT:**  
separate propositions, the propositions may be proposed by the Presiding Officer as separate questions. First it is clear that it is in the discretion of the Presiding Officer - it says "may"; and the word is "separate" propositions and it seems to me self-evident that a bundle of revenue measures which are referred to as charges in Standing Order 68A - it does not say increases or decreases, it says charges, changes in the charges, I think this stands together as one.

The Standing Order says if a Motion embodies two or more

every single piece in this. But let me reemphasise it is a provisional effect of this Motion. The argument, the debate follows, and that is the point then to discuss which you like, which you do not like, which you would wish to change.

And I repeat, to follow your line of argument, you could take

point.

I think the Third Elected Member for George Town had a second

**MR. TRUMAN M. BODDEN:**  
public interest, or words to that effect, I think, presumably that the Government would be prejudiced as a result of import duty that it would lose. Therefore I think there must be some distinction between where Government is reducing the duty which may well have popular support, and whereby the Government could not be prejudiced and where he is increasing it and back to the point that the Member for Bodden Town mentioned whether that part should have been included in this actual motion?

Yes, Sir, my second point is that it must be expedient in the

**MR. PRESIDENT:**  
which makes your argument completely unfounded. What happens if these reduced charges are brought in and the House later decides they should not be reduced?

I have already ruled on that, but I will now make you the point

**MR. TRUMAN M. BODDEN:**

Asking ...

**MR. PRESIDENT:**  
The Honourable Member for Health

Member for Health, I mean you can see the point can you not?

**HON. D. EZZARD MILLER:**  
honourable First Official Member has said about the resolution by quoting from the actual law, Sir, under which the resolution is made. And the law is, "A law to make provisions for the provisional collection of customs duties, and matters collected therewith".

Yes, Mr. President, I would just like to emphasis what the

1985. This is what section 2 which is the section under which this Resolution is being tabled says; And I quote, Sir:-

- "2. (1) Where the Legislative Assembly passes a resolution which -
- (a) provides for a charge of customs duty upon a new item of goods, or for the variation (with or without modification) or for the abolition of any rate of customs duty, under the Customs Law (Second Revision); and
  - (b) contains a declaration that is expedient in the public interest that

the resolution should have statutory effect under the provisions of this Law,

the resolution, subject to subsection (2) shall, for a period expiring at the end of one month after the date on which it is passed, have statutory effect as if contained in a Law."

So all Parliament will be giving today, Sir, is statutory effect for this for a maximum of 30 days.

Section (2) of that same sub-section of the law reads, Sir:-

"(2) A resolution shall cease to have statutory effect under this section if the provisions giving effect to it are rejected during the passage of the Bill containing them through the Legislative Assembly or if all Bills relating to the measures in the resolution have not had their first reading within the next ten days on which the Legislative Assembly sits after the vote on the resolution."

So if the substantive bill is not given its first reading within 10 days, the statutory effect falls away, Sir. And the subsection (3) goes on:

"(3) Where a resolution ceases to have statutory effect by virtue of subsection (2) or where the period of one month terminates before a law comes into operation providing for the charge of customs duty or, as the case may be, varying or abolishing any rate of any customs duty, any money paid in pursuance of the resolution shall be repaid or made good, and any deduction made in pursuance of the resolution shall be deemed for all purposes to be an unauthorised deduction."

This is not the first time such a resolution has been moved, Sir. This law has been in place since 30 September 1985, and the safeguards for Members are quite clear in the law, Sir.

**MR. PRESIDENT:** I think I must be the most thoroughly well advised Presiding Officer in the history of the Legislative Assemblies. (LAUGHTER) I think the question should now be put. You have not moved it, and you have not got a seconder, yet. Would you move, if you wish.

#### MOTION TO SUSPEND STANDING ORDER 68(A)

**MR. W. McKEEVA BUSH:** I move, Sir, that under Standing Orders 83 we suspend Standing Orders 68(A) so that these matters can be debated once we have had a chance to peruse the papers today.

**MR. G. HAIG BODDEN:** Mr. President, I second that Motion.

**MR. PRESIDENT:** I propose to put the question on that motion, because the reason is perfectly clear. You made the reason perfectly clear, so I should put the question on the motion. The Motion to suspend the Standing Orders for the purpose stated, would those in favour please say Aye...Those against no. That was an equal sound, Clerk would you take a division.

**AYES AND NOES**

**MADAM CLERK:**

**DIVISION  
NO. 22/90**

**NOES: 8**

Hon. Thomas C. Jefferson  
Hon. Richard W. Ground  
Hon. J. Lemuel Hurlston  
Hon. W. Norman Bodden  
Hon. Benson O. Ebanks  
Hon. D. Ezzard Miller  
Hon. Linford A. Pierson  
Capt. Mabry S. Kirkconnell

**AYES: 7**

Mr. W. McKeeva Bush  
Mr. John D. Jefferson, Jr  
Mr. Truman M. Bodden  
Mr. Gilbert A. McLean  
Mr. Roy Bodden  
Mr. G. Haig Bodden  
Mr. John B. McLean

**NEGATIVED BY MAJORITY:****THE SUSPENSION OF STANDING 68(A).****MR. PRESIDENT:**

The Motion is negatived.

I hope on reflection when Members have studied the provisions of the laws concerned, they will find that there is ample time to consider these very important matters. The question will now be put then under Standing Order 68(A) in regard to the Motion read out by the Honourable First Official Member, under the heading Provisional Collection of Customs Duties Law, (Law 21 of 1985). Would those in favour please say Aye...Those against no.

**AYES AND NOES:****MADAM CLERK:**

**DIVISION  
NO. 23/90**

**AYES: 8**

Hon. Thomas C. Jefferson  
Hon. Richard W. Ground  
Hon. J. Lemuel Hurlston  
Hon. W. Norman Bodden  
Hon. Benson O. Ebanks  
Hon. D. Ezzard Miller  
Hon. Linford A. Pierson  
Capt. Mabry S. Kirkconnell

**NOES: 7**

Mr. W. McKeeva Bush  
Mr. John D. Jefferson, Jr  
Mr. Truman M. Bodden  
Mr. Gilbert A. McLean  
Mr. Roy Bodden  
Mr. G. Haig Bodden

**AGREED BY MAJORITY: GOVERNMENT MOTION NO. 7/90 PASSED.****MR. PRESIDENT:**

The Motion accordingly has been passed. At the risk of tedious repetition I do emphasise that this is a Motion having statutory provisional effect in regard to the matter set out in it. The Honourable First Official Member.

**NOTICE TO SUSPEND STANDING ORDER 46(1), (2) AND (4)**

**HON. THOMAS C. JEFFERSON:**

Mr. President, if the bill fails next week we would have collected revenue and will have an obligation to refund it. So in that sense those who pay additional duty will be entitled to a refund if the Motion fails, that is the precaution that we are taking.

I am just about finished with the statement that I propose to make, Mr. President, but I will go on to say that the revenue measures if they are passed and agreed to by Members of this Honourable House, the salary package for civil servants will then be referred to the Finance Committee. I believe that I have covered all the bases for far, Mr. President, except that the procedure in dealing with the Omnibus Bill next week will require that we suspend Standing Order 46 (1, 2 and 4) and today we are circulating copies of that bill with a view of giving tomorrow, in essence the weekend, plus two business days which hopefully will be adequate time for the Members to study the contents of that bill and we should then, if my calculations are right, take the bill on Tuesday morning.

Thank you.

**MR. PRESIDENT:**

Yesterday the Honourable Member for Education gave notice that he wished to make a personal statement under Standing Order 31. The Honourable Member for Education.

**PERSONAL EXPLANATION - STANDING ORDER 31**

**HON. BENSON O. EBANKS:**

Thank you, Mr. President.

Mr. President, this personal explanation is made in response to the statement made by the Third Elected Member for West Bay and remarks by the Honourable First Official Member in this Honourable Legislative Assembly Wednesday, the 4th of July, 1990.

Mr. President, to say that I was surprised and disappointed at the reaction of the First Official Member to my laudatory references to him during my contributions to Government Motion No. 3/90 is an understatement. I may, Mr. President, in my attempt to show my independence and

impartiality in making those remarks, have unintentionally given the impression that I was criticising some of his activities on the day the election results were announced in West Bay in 1988. If this is the case I apologise. I do not propose to go into this matter. The facts are well known in the district of West Bay and the Islands.

However, Mr. President, the First Official Member surely must recall that when the matter of the duplex at Spotts, Newlands, appeared as an exception on the Auditor General's report on Government's accounts for 1983, I tabled a question in this Legislature, as it was my duty to do, since the Public Accounts Committee was inactive at that time, and that when I discussed the matter with him and realised it could be an embarrassment to him and possibly the country, I withdrew the question from the Order Paper. Thus, Mr. President, if I have ever protected any civil servant, it was him.

The First Official Member knows, Mr. President, that the Auditor General's Report, to which I referred, made no mention of a Private Sector valuation of the property and that consequently I would not have any means of knowing that one existed. It is significant that while the Auditor General's Report is silent on this deal, he recorded the Private Sector evaluation of the garbage dump property.

Mr. President, the Third Elected Member for West Bay gave an accounting of this transaction and the First Official Member also alluded to it.

I did not say, nor is the question of a profit on this transaction the issue. To the best of my knowledge Government does not underwrite loss or bail out anyone when they make an unwise investment.

The issue here as always must surely be, did Government receive value for money when the duplex was sold to Government?

I note two clear facts from the accounting given by the Third Elected Member for West Bay for the transaction (a) no rental revenue for the property is taken into account - and rental income seemed to have been the objective of the investment, (b) no amount is shown for stamp duty, so it must be assumed that Government paid the full stamp duty, and if this is the case Government would have expended a total of CI\$163,400, that is, CI\$152,000 plus 7.5% stamp duty amounting to a further CI\$11,400. However, I would imagine there is a good explanation for these omissions.

Mr. President, let me assure the First Official Member that I did not search for anything on him. I simply raised the issue of a land purchase by Government.

As has been said repeatedly in this Honourable House, no one, including the First Official Member, requested to be released from collective responsibility before Government Motion No. 3/90 was brought to this Honourable House.

As for the suggestion that I might have begrudged the Financial Secretary the perquisites of office suggested by the Salaries Commissioner, the fact is that these were approved by Executive Council. If he feels that I have any reason to begrudge him fair treatment, then I hope he will let me and this House know.

If he has or hopes to get anything that I should begrudge, it has escaped my notice.

Thank you, Mr. President.

**MR. PRESIDENT:**

Convenient moment to take the break I think. Just one minute.

**MR. W. McKEEVA BUSH:**  
personal explanation.

Mr. President, I have given you notice that I would like to make a

**MR. PRESIDENT:**

Yes, I have not seen the text of it.

**MR. W. McKEEVA BUSH:**  
a text and we did not discuss a text. I told you I had to make a personal explanation.

Well no, Mr. President, because I did not think I had to give you

**MR. PRESIDENT:**

My understanding when we discussed it, was that you would be doing this tomorrow, if you were going to do it. I have always interpreted it that Standing Order...

**MR. W. McKEEVA BUSH:**  
not discuss it. I told you that I intended to make a statement when the Member for Education made his.

That is all right, Mr. President, I might say though, that we did

**MR. PRESIDENT:**

No, I did not understand that from you.

**MR. W. McKEEVA BUSH:**

That I would make a statement when he made it?

**MR. PRESIDENT:**

I did not understand that from you. I understood, the last thing I said to you was that I understood you were going to listen to what was said and then you would decide whether you would make a statement.

**MR. W. McKEEVA BUSH:**

No, Sir, anyway I would like to make it tomorrow.

**MR. PRESIDENT:**

In that case it is a misunderstanding, but perhaps for the information of the House, I should say, that under Standing Order 31, it says this;

"With the leave of the Presiding Officer, a Member may make a personal explanation, although



there is no question before the House: but no controversial matter may be included in the explanation nor may debate arise thereupon."

Now, I have always taken that to mean that the Presiding Officer needs to see the proposed statement in order to be sure or to try to be sure there is not a controversial piece. That is what I have always tried to do. I hope Members will accept that. Proceedings are suspended for 15 minutes.

**AT 11:20 A.M. THE HOUSE SUSPENDED**

**HOUSE RESUMED AT 11:56 A.M.**

**MR. PRESIDENT:**

Proceedings are resumed.

Item 3 on the Order Paper, Private Members' Motions continuation of the debate on Private Members Motion No. 12/90 on the diversification of the economy. The Second Elected Member for Bodden Town continuing.

## **OTHER BUSINESS - PRIVATE MEMBERS' MOTIONS**

### **PRIVATE MEMBER'S MOTION NO. 12/90 DIVERSIFICATION OF THE ECONOMY**

**MR. G. HAIG BODDEN:**

Mr. President, one week ago when I stopped my speech on the Motion to diversify the economy I had dealt with some of the things that had been done in previous years which were beneficial to the Island in that they brought more tourists, more capital, more money into the economy.

Today, I will make my remarks very short. I could have well mentioned the million dollar fishing tournament which has been a fabulous success. I could mention many other things that brought increased revenue to Government, so that it was never necessary in any of those years to put in any excessive taxes like what was done here with the hospital fees and the Port Authority fees.

This Motion could go a long way, if properly executed, to bring a new wind to Government, a new breeze that could change our economy. Only recently I talked to a man from my constituency, a man who is, I believe an American, but is married to a Caymanian woman and he thinks that he would be able to help the Government organize a great celebration for the 500th Anniversary of the discovery of the Cayman Islands by Christopher Columbus. The 500th Anniversary will come up in 1993, and of course the discovery of the new world will come up in 1992, only a couple of years away. This gentleman tells me that he had approached certain people in Government about it and his feeling is that they are not too receptive to his ideas.

I believe if somebody like this gentleman could be brought into this committee he could share his ideas and he has given me a long list of items which I know, if, properly handled, could bring a lot of visitors and a lot of attention to Cayman in the next two years. He suggested a title for the celebrations, 'Cayman 500 Years at Peace'.

If it were not for the heavy schedule before this Assembly I could well use up my four hours in dealing with this matter. However, I only want to mention one other thing. That is to deal with the remarks made by the Member for Education in his contribution to this Motion to diversify the economy.

I have here the transcript of his speech on June 28 from tapes 112 and 113. In one of the paragraphs he said, 'in dealing with this Motion when I heard the collective irresponsibility on the other side'. And from that I shall take my text. This phrase of his and this name which he has given to the Honourable Members on this side of the House could well be applied to himself. The only thing it should not be called is, 'collective irresponsibility', it should be called individual irresponsibility.

In opening his remarks, he said,

"Mr. President, I cannot say, Sir, that I rise to support Private Member's Motion No. 12/90. But I certainly will support Government's vote to accept the Motion."

This statement has to be the height of irresponsibility, because he has an obligation under the constitution to not only act in accordance with collective responsibility, but to support in the Legislative Assembly anything, any decision of Council. Two separate things.

Section 9 of the Constitution makes it clear that he must do two things. It reads:-

- 9 (2) "It shall be the duty of a member so charged with responsibility to act in the exercise thereof in accordance with the policies of the Government as decided in the Council."

One, he must act and two:-

"... and in accordance with the principles of collective responsibility, and to support in the Legislative Assembly any measure decided upon in the Council, unless he has received the prior permission of the Governor to act otherwise or not to support such a measure."

So, he has a responsibility to act in accordance with collective responsibility by voting for this Motion, because the Leader of Government's business indicated that Government had accepted the Motion. So he has a responsibility to act in accordance and vote.

But he also has, and in my mind, it is a far greater responsibility, he must support in the Legislative Assembly any measure decided upon in Council. He rises and says, "I cannot say, Mr. President, I cannot say, Sir, that I rise to support." It is my feeling he must get up and support or keep his mouth shut.

He cannot get up and call us irresponsible for bringing this Motion or for anything else, if he is a part of a Council that has accepted this Motion. And I have a feeling, Sir, that this Motion is good for the country, because over the years that I spent in Council I saw this type of committee working to the benefit of the Island.

I need not talk about other matters in which he showed his irresponsibility. They are pretty well documented. They are pretty well known. In fact, Sir, as far as I am concerned I hope I never find anybody that is more irresponsible than he has shown in his actions here over the last few days when he snaps and bites at the very people that are closest to him.

In his individual irresponsibility, he refers to the First Member from Bodden Town, my learned colleague, sitting here by me as arrogance personified. Simply because the Member from Bodden Town has brought what he knows to be a good motion.

The Government thinks so, the First Official Member rose and supported this Motion and the Member from Tourism gave honest support. So how can this Member in his individual irresponsibility label the Bodden Town Member as arrogance personified?

It seems to me that he cannot support anyone who is superior to him and I believe that he will wait a long time, if he is waiting to support people inferior to himself.

He admits that he did not do any research for this debate and yet gets up to criticise the Members who have done research on this.

Finally on this matter, Mr. President, he says 'that the First Elected Member from West Bay is not one of the assets which we have to offer'. Ridicule is his line of thought. One only has to look at the ads that are appearing in the newspaper purported to be put out by the elected Members of Council.

One can see the close resemblance between those ads and the slimy ones which appeared in the newspaper during the Bodden Town by-election. He accused everybody from time to time of having garbled their presentations and I want to close by reading one paragraph from his speech, last week Thursday and ask the public to judge whether this Member is coherent in his thoughts and his presentation. I quote from the minutes of 28 June.

"Now, Mr. President, we get on to the...". I want to complete what I started to say, when I was thrown off about having been told or contacted by some people, that is their claim to having been contacted by some people in the private sector about bringing this Motion."

I will offer a reward to anybody that can unravel the meaning of that paragraph.

**MR. PRESIDENT:** I presume the Member was reading from the unedited Hansard.

**MR. G. HAIG BODDEN:** Yes, Mr. President, I was reading his exact words.

**MR. PRESIDENT:** From the unedited Hansard. I simply make the point. Does any other Member wish to speak on this Motion? If no other Member wishes to speak, would the Mover care to reply?

**MR. ROY BODDEN:** Mr. President, this Motion before us is a significant one and quite frankly I would say that if the Elected Members of Executive Council were doing their duty there would be no need for this Motion to come from the Backbench, because it should have been brought by the Elected Members of the Executive Council.

Mr. President, before I begin I would like to make some, what I call important introductory remarks. I discount the wisdom of anyone who gets up to address the motion and prefaces their contribution by saying they did no research. In my tenure as a school teacher I would put a big red "X" through such contributions, Sir. I would go further and say that the people who offer those kind of things can never be in the same league as Roy Bodden.

When I brought this Motion to the House (as is my custom, it was thought out), I discussed it with my colleagues on the Backbench and I went further and I have no apologies, Mr. President, because the kind of people I spoke with, got contributions from and exchanged ideas with, judging from the contribution made by the person who tried to put this Motion down, none other than the Elected Executive Council Member for Education Recreation and Culture, he could not even step in some of these people's footsteps. Yet he was trying to berate and put me down.

Mr. President, self esteem is not one of the qualities lacking in Roy Bodden and that Member can never put me down. I also have no apologies about acquiring an education. That was a family value which was instilled in me and I am glad that I have that because it gives me parity with some pompous people I encounter in here.

Now, Mr. President, I said that in the recent past there was no significant amount of new business. No significant amount of new business. Mr. President, I stand by that. I raise the question. It is a fundamental principle of business operation, that if you spend more than you take in you are going to run into problem.

Government is a business, albeit a microcosm in comparison to a business for example in the private sector. So the Government too, must look for ways to bring in money. To bring in more money or as much money as they spend. Otherwise they will be in problems. It is also a fundamental and universally accepted fact, Mr. President, that most Governments derive the money from either direct or indirect revenue measures.

In the Cayman Islands we like to say that we have no direct taxation. Consequently most of our monies come from indirect taxation. So I am saying that if we can find imaginative ways, new ways, creative ways of raising monies it will alleviate and allow us the opportunity of refraining from taxing the people directly or even indirectly in ways which they are seriously affected.

As a consequence of that, Mr. President, I think that the notion to examine the establishment of things like a free trade zone, is well worth looking into. Mr. President, I took care, I gave an idea of one country with infrastructures much as we have, an international shipping register, an off-shore financial centre and they have established as well a free trade zone and an international services centre. Namely Madeira.

I note with interest the committees set up and operating under the auspices of the Honourable Financial Secretary. But, Mr. President, I take it a bit further, and I would inject a bit more creativity in it.

I am saying that the time has now come for the investigation of a partnership between the Government and the private sector of some form of development company or corporation. Whereby the private sector may be encouraged to go into a joint venture with the Government to promote some of these things, a free trade zone or something else.

The best guarantee, Mr. President, for economic success is a marriage of this nature. Anyone who puts these kind of ideas down is clearly behind the times.

When I said that Marshall McCluen said the world was a global village it was exactly that he meant because of the advance communications, because of the breaking down of certain ideological barriers, because of certain accepted universal principles, that people must live reasonably comfortable. That is what he was talking about.

I am saying that we in the Cayman Islands can not be successful if we do not take these global changes and trends into consideration.

Many successful developing countries seek cooperation and business ventures with the Governments and the private sector. They encourage this. I had the opportunity of visiting Mexico on business related matters on two occasions, Mr. President. Some of the more successful, if not the most successful, business ventures in that country are just that. Arising out of cooperative ventures between the Mexican Government and the businesses in the private sector, or established multi-national corporations.

I am saying too, Mr. President, that if we are interested and if we investigate there are numerous opportunities for us in the Cayman Islands to take advantage of. Opportunities which will not be burdens on the Government. Opportunities which can be marshalled or channelled through the Chamber of Commerce and which involves the private sector, but from which the Government can attain rewards, monies, revenues or duties without having to expend any reasonable amount.

Mr. President, I say again, that we should begin to consider a free trade zone. I heard the puny argument, that it is irrelevant here because we have no taxes. But, Mr. President, we have customs duties. According to information passed in here this morning duties on some things have just been raised. These things call for creativity, call for some imagination, call for what some people term divergent thinking.

But, I see the trend inside here. Any idea that comes from the Backbench, it is shot down and labelled 'collective irresponsibility'. Mr. President, we are measuring our progress on a faulty report card and time will tell who are those people practicing collective irresponsibility. That time is fast approaching.

Some months ago, there was a big row between the Port of Miami and the cruise lines. The cruise lines were thinking of moving because in addition to the problems they were having with the Port of Miami, the United States Coast Guard were bearing down on them and were becoming very stringent. They were looking to relocate.

I am saying, Mr. President, that it is not far-fetched if we want to be creative, we have to make overtures, we have to be a little aggressive and a little assertive. Nothing ventured, nothing gained.

Since we are already a popular tourist destination, has anyone in the Government sounded these people out? Any of these lines? If we are successful in luring a line like Norwegian Caribbean Lines here, I am sure they will provide money to build much of their own facilities. We may be able to get help from the host country, Norway or the Scandinavian countries in building facilities.

Mr. President, these kinds of things are the things that we need to look to at this stage in our development to boost our economy. Such a development would bring almost

unbridled income and revenue in this country and it would be so far-fetched that it would even help Cayman Airways because a lot of the business is fly and sail. So we would get passengers flying into the Cayman Islands to begin their cruise and flying back out at the end of their cruise.

Yet, Mr. President, you have people on the other side, who shoot it down and say these ideas come from arrogant people and belittle it and try to laugh at it. I have witnessed every sensible motion that came from the Backbench. The Elected Executive Council Members are doing something about it, yet nothing is done. The record speaks for itself. The ombudsman, what was done about that, all the other Motions, now this one? This is almost irrelevant, redundant. The logic, Mr. President, escapes me.

We are in a region where we are bordered by countries which because of their economic standards are able to manufacture desirable goods at very cheap rates. Unfortunately in some cases the communication lines are not clear and direct, and so we are unable to take as much advantage of them as we should.

But, Mr. President, I am saying, Sir, and I mentioned it before, that Mexico is a country which manufactures very inexpensively many things that we use and need in the Cayman Islands. From the business dealings I have had with them the standards are fairly good. They are famous for selling cheap petroleum that is used in the Cayman Islands like water.

I am saying that what the Government should do is try to get some kind of corporation, some kind of dialogue going between themselves and the private sector to encourage the exploitation and development of these kinds of markets. The National Bank of Mexico provides favourable credit to companies buying Mexican products.

Mr. President, I am not asking anybody this, I am telling them. It could be an opportunity for Caymanian business people and entrepreneurs.

But, Mr. President, the gods who think they know it all, laugh. Sometimes I am tempted to let them remain in their ignorance. But the Bodden Town people sent me here to do a job and I will do that job.

Mr. President, I heard one contributor saying that there was a strong possibility of a golf course being built. One or two golf courses. While I checked and as far as I am able to ascertain, there are no records of applications yet in the Planning Department. The question I would ask about this is, whose land are these golf courses being built on?

The groups which could be involved in the dialogue to diversify the economy, Mr. President, is by no means as listed under Private Member's Motion, is by no means exhausted. It was merely intended to be exemplary. I would leave it to the Honourable Financial Secretary to add or delete as he would see fit. The people with whom I spoke, Mr. President, were all very enthusiastic.

I must admit that when I was working on this Motion I did not remember that there were already two bodies in the Government very similarly made up. It was not my intention to come here and bring something which was already in vogue. I do not seek that kind of attention. I brought the Motion because I thought it was something that we could develop in the Cayman Islands. I brought the Motion because to the best of my knowledge it was something that we did not have at this time. I still say that it is a good Motion.

But, if the truth be known the Government had originally intended not to accept the Motion. When I prepared to debate the Motion I prepared my debate along the lines that they were not going to accept it. It was only subsequent to my preparation and inquiring that I was told by the Honourable Member for Tourism that they were going to accept it.

Mr. President, I was a little mystified as to their reasons for rejecting this, so I want to let the cat out of the bag. They lambasted me on the platform of the public meeting that they had, about this Motion. Now, they are pretending that they are going along with it. Whited sepulchres.

Mr. President, I commend the Motion, Sir, I hope something good comes out of it. I thank the Government Members who accept it and I give more thanks to my respected colleagues on the Backbench, who encouraged me to develop it and bring it forward.

Thank you, Sir.

**MR. PRESIDENT:** The question will accordingly be put on Private Member's Motion No. 12/90. Would those in favour please say Aye...Those against no?

**AYES AND NOES.**

**MR. PRESIDENT:** The Ayes have it.

**AGREED.  
UNANIMOUSLY.**

**PRIVATE MEMBERS'S MOTION NO. 12/90 PASSED**

**PRIVATE MEMBER'S MOTION NO. 14/90**

**CONTRACTUAL SEVERANCE BETWEEN THE GOVERNMENT OF THE  
CAYMAN ISLANDS AND INTERNATIONAL HEALTH CARE CORPORATION**

**STANDING ORDER 24(2)**

**MR. PRESIDENT:** Before we proceed with Private Member's Motion No. 14/90, I have noticed in the last paragraph but one a point which I should have picked up. If I may refer Members to it, before it is moved.

Under Standing Order 24(2) the recommendation of the Governor is required before the House proceeds on a motion which makes provision for increasing any charge on the revenue. The way we normally get around this in motions is to word them that the Government consider doing something, rather than do it. This was overlooked when the Motion was looked at. I refer to the last paragraph, but one, which begins, "BE IT NOW THEREFORE RESOLVED THAT Government sever all contractual relationships...". I think this should properly read "... THAT Government consider severing all contractual relationships and pay any outstanding monies due...".

I hope you would accept that. It is not a matter of great significance; a technicality, in fact, and

**MR. W. McKEEVA BUSH:** Yes, Sir, before the vote is taken we could discuss that on it.

**MR. PRESIDENT:** No, I am not suggesting that we vote upon it, I am saying that is strictly speaking the wording which it should be. So if I could call upon the First Elected Member from West Bay to move the Motion No. 14/90.

**MR. W. McKEEVA BUSH:** Mr. President, I beg to move Private Member's Motion No. 14/90 standing in my name which reads:

**"WHEREAS** Government has entered into contractual agreement with International Healthcare Corporation (IHC) for CI\$310,000, excluding expenses;

**AND WHEREAS** certain provisions of Financial and Stores Regulations allowing competitive bidding were not followed;

**AND WHEREAS** the 1990 Estimates provide a further CI\$350,000 to be spent on consultancy in health services;

**AND WHEREAS** no full and detailed financial and investment appraisal of the proposals in the Health Facilities Plan have taken place;

**AND WHEREAS** concern has been expressed by some Members of the Legislative Assembly and of the general public regarding the contractual relationship between Government and IHC;

**BE IT NOW THEREFORE RESOLVED THAT** Government consider severing all contractual relationships with IHC and pay any outstanding monies due to IHC under the terms of its contracts with Government up to the date that the contracts are severed;

**AND BE IT FURTHER RESOLVED THAT** no further contracts be entered into between the Cayman Islands' Government and IHC."

**MR. GILBERT A. McLEAN:** Mr. President, I beg to second the Motion.

**MR. PRESIDENT:** Private Member's Motion No. 14/90 has been duly moved and seconded. Would the Mover wish to speak to it?

**MR. W. McKEEVA BUSH:** Mr. President, I am today moving this Motion in the interest of proper accountability and in the interest of proper procedure as laid down in the Financial Stores Regulations. It is also moved in the hope that our Government or that the Portfolio will in future properly evaluate any potential client or person with whom they intend to enter into large contractual agreements.

Mr. President, chapter 8 of the Financial Secretary's Financial Stores and Regulations provide a set of procedures governing the awards of contracts for the procurement of goods, works and services and the operations of tender committees. The regulations are intended to foster, Mr. President, fair and open competition among all potential suppliers of goods, works and services. They state

specifically that:-

"... goods, works and services ..., must be obtained openly and competitively so that Government procurement can be seen by the community at large to be fair and equitable."

Mr. President, all goods, works, and services exceeding \$10,000 required locally by the Government need to be obtained by contract after public tender.

The Financial and Stores Regulations, Mr. President, are established under the authority of the Public Finance and Audit Law of 1985. The Public Finance and Audit Law refers to the power of the Financial Secretary to make administrative regulations and these regulations are given authority under the Public Finance and Audit Law, Section 13 which states and I quote:-

"Every Controlling Officer shall obey all regulations made and directions or instructions given by the Financial Secretary under section 11 and shall, if so required, account to the Financial Secretary for the performance of his duties as controlling officer."

Now, Mr. President, let us examine the facts surrounding the unquote 'fiasco' connected with International Health Care Insurance.

In 1989, Mr. President, the Government of these Islands entered into three contracts with the International Health Care Insurance. These contracts were for various consultancies connected supposedly with the general improvements of Government's health systems and facilities.

The purpose of one of the contracts as I understand it from answers given to question in this House was for a health care delivery system plan and health care facilities. The amount of this contract was in the area of CI\$120,000 plus expenses.

The purpose for another contract was for an interim action plan supposedly, and the amount of this contract was in the region of US\$200,000 plus expenses.

The purpose for the third contract, Mr. President, was for a dental clinic. The amount of this contract was for at least (if I remember correctly) US\$60,000 plus expenses.

The total value of the three contracts given to International Health Care Insurance is in the region, if not over, CI\$310,000. With expenses, Mr. President, it must be in the region of CI\$400,000.

Mr. President, this is a lot of money. No one can get away from that fact.

Further, Mr. President, as this year's estimates will bear me out, a further CI\$350,000 is to be spent on International Health Care Insurance. Now this is the amount of money which the Backbenchers put a hold on in December last year.

It is significant to note with regards to that \$350,000, Sir, that the Member for Health has been saying that what we did last year in putting a stop on that money was wrong, was illegal. He said he had obtained legal advice that what we did in Finance Committee in December was illegal. Which to my mind, Mr. President, he is saying or setting the stage for him to take that money and give Jim Conti and International Health Care Insurance again, making it close to a million Cayman dollars.

We, in this House, Mr. President, must be aware, Sir, that if this Mr. Jim Conti's plans are carried through by the Member for Health, then what that man will get from this country's Treasury is in the region of two to three million dollars.

Mr. President, I wonder whether they will say that this is all rubbish too?

**MR. PRESIDENT:**

Is that a convenient moment to break?

**MR. W. McKEEVA BUSH:**

I think so, Sir, thank you.

**MR. PRESIDENT:**

Proceedings are suspended until 2:15.

**AT 12:48 P.M. THE HOUSE SUSPENDED**

**HOUSE RESUMED AT 2:25 P.M.**

**MR. PRESIDENT:** Proceedings of the House are resumed. The debate on Private Member's Motion No. 14/90 continuing, the First Elected Member for West Bay.

**MR. W. McKEEVA BUSH:** Mr. President, before we took the lunch break I was saying that if this Jim Conti and his plans are carried through, he would be getting in the region of two to three million dollars from the Treasury of this country.

Mr. President, in view of this large amount of money, Sir, it must be of considerable importance to Government that proper procedure and accountability take place.

Mr. President, we may rightly say that this country has an Auditor General who should make certain that this is happening.

Mr. President, it is a fact that the Auditor General of this country started to dig into the matter of the contracts with International Health Care Insurance and we know too, that the Member for Health publicly criticised the Auditor General when he started this investigation saying that the Auditor General should apologise.

It seems to me very clear indeed, Mr. President, that the truth has to come out and that the Auditor General was doing his lawful duty as he is charged with by the Finance and Audit Law. It is most appropriate, Mr. President, because of what the Member for Health said in his public meeting, to read the relevant section of the Public Finance and Audit Law which deals with the duties of the Auditor General. Section 38, subsection (1) reads:

"(1) The Auditor General shall examine, inquire into and audit the accounts of all accounting officers in respect of public moneys, stamps, securities, stores and any other public property."

Subsection (2) reads:

- (2) The Auditor General shall so far as practicable satisfy himself that -
- (a) adequate directions and instructions have been given to ensure that due collection of public moneys and that the Laws relating thereto and such directions and instructions have been duly observed by the public officers concerned therewith;

Section 2 (b) is very important here:

- (b) all issues and payments of public moneys were made in accordance with proper authority;
- (c) all payments were properly chargeable and are supported by sufficient vouchers or proof of payment or otherwise properly accounted for;

Subsection (d) is also very important:

- (d) the rules and procedures applied to the issue and payment of public moneys are sufficient to secure an effective control over expenditure and that such rules and procedures have been duly observed by the public officers concerned therewith;

Mr. President, section (e) is equally very important:

- (e) any public moneys appropriated by the Legislative Assembly for a specified purpose and expended by a public officer have been expended in the due application of that purpose and with due regard to securing value for money and the avoidance of waste and extravagance and in accordance with the authority under which the appropriation was made; and

- (f) adequate rules and procedures have been made to ensure the proper receipt, custody, issue, sale, transfer and disposal of, or the accounting for, any stamps, securities, stores and other public property and that such rules and procedures have been duly observed by the public officers concerned therewith."

Mr. President, it is very clear from this Public Finance and Audit Law, that the Auditor General was acting in his proper capacity in that investigation and warranted no attack from the Member for Health on that matter.

It is clearer still, Mr. President, that in the performance of his duties and the exercises of his powers the Auditor General is not subject to the direction or control of any person, no Principal Secretary, no Member for Health or Member for Education or either one of the Executive Council Members shall give directions to the Auditor General.

I believe the Governor has some powers that he can give directions.

The Auditor General, Mr. President, serves only the public's interest and the need for proper accountability for public funds. As I said with regard to that investigation and the matter at hand, there was the Member for Health who seemed to be saying, 'mind your own business, Mr. Auditor General, I am the Member of Executive Council. You apologise for what you said in the paper about myself and International Health Care Insurance'.

Mr. President, the Auditor General's job is to make things public. Secrecy, Mr. President, increases power and diminishes responsibility. And as someone said, 'a crisis of accountability arises when secrecy is allowed to prevail over an accountable status upheld by law'. I would hope that this secrecy or a cloud of secrecy was not what was intended by the Member for Health. Mr. President, in regards to the Audit and Finance Law and the Regulations, they are under the Auditor General, or where the Auditor

General is left unmolested to carry out his duty without Executive Council Members getting on a public platform and debasing his integrity, the public would have a guarantee that serious waste and efficiency of financial abuse will be disclosed and dealt with.

Mr. President, from my own investigations and the answers to the questions forced from the Member by this Backbench it is very evident that there is wanton negligence if not out-right disobedience by the Portfolio of Health for all that is proper and above board in the handling of the contract with International Health Care Insurance. I might add, Mr. President, that by the investigations carried out by myself and the answer by the Member, it is clear and cannot be denied that none of the contracts given to International Health Care Insurance have gone to a Public Tenders Committee.

Mr. President, this is clearly a disobedience of the Financial and Stores Regulations. It is also clear that no other consultants were asked to prepare submissions for the work on our Health facilities from what the Member has said in the past.

Mr. President, reading from what Mr. Donovan Ebanks, our Chief Engineer of Public Works Department had to say about procuring consultants, it is a clear indication of the procedure and process by which Departments and Portfolios have to follow if they are doing something above board. I will quote what Mr. Ebanks had to say about the Master Ground Transportation Plan Study:

"Our advertisements yielded over sixty letters of interest and our shopping cart size stack of brochures and prospectuses from firms interested in providing the services we required. From this mass of information six firms were selected or short listed after an evaluation which considered factors such as experience, resources and local/regional participation. These six firms were next invited to submit technical proposals outlining how they would set about fulfilling all aspects of the terms of reference. Preparation of these necessitated visits to the Island by representatives of the firms at their own expense. The objective was to receive proposals from competent firms who had a good understanding of what the study would require then."

Mr. President, that is enough said on that matter.

I would have to ask the question whether, any public officer wrote to remind the Member or his Principal Secretary (who is the Controlling Officer), of the need to comply with Financial and Stores Regulations. That contracts over a \$100,000 needed to be reviewed by the Central Tenders Committee.

Mr. President, I wonder too, from what I have seen in the Annual Report for 1989, why was it necessary for the Financial Secretary to sign contracts, or to sign that contract or contracts when it is clearly the Portfolio's responsibility to sign it? I wonder why did not the Principal Secretary for the Health and Social Services sign those contracts or contract? From our questions in this House, nobody, Mr. President, has been provided with any factual proof that International Health Care Insurance has been vetted for monetary or technical competence.

Before this debate is over, I would hope that the Member for Health can bring to this Honourable House all of his contracts with IHC, because surely these contracts, all of them can tell us something. So, please bring them to the House, further on in the debate or table them now.

It is obvious from the Member's answers that this Mr. Jim Conti, of International Health Care, is their chief contact with the Government, it is clear, obvious that he is not a health care professional. He is only a developer of sorts; a middle man, Mr. President. It is very clear too, Mr. President, that IHC did not do any work of the kind outside of the United States and therefore could offer no experience with an Island such as ours. I have to wonder what relationship did Conti have with the previous Member of Health now the Second Elected Member from West Bay?

A very important question in this whole case, Mr. President, is since the IHC plans have been adopted by Government, did the Member seek consideration from our Hospital Administrator, our Chief Medical Officer? If he did, would he provide this House with their reaction to him in letter form?

Mr. President, it is most unfortunate that this matter has gone this far since so much money is involved. I have to wonder and since the Public Tenders Committee was ignored, did Executive Council approve the contracts, knowing full well that they had not been put out competitively and therefore did not represent good value for money for our country.

If these men are the managers they say they are, then they must be capable of ascertaining whether the actual execution of the policy which they approved is being economically conducted. They must be capable of strictly enforcing the principle of administrative responsibility.

Mr. President, that seems not to be the case in this instance. And yet when we on this Backbench complain about such matters as is our responsibility, they charge us with obstructing.

Mr. President, a good Government is one that is tempered and controlled by constant vigilant, constructive and representative criticism. That is our duty as a loyal opposition, as a good Backbench as this House deems it.

Every shred of evidence that we have seen (and by the way, Mr. President, I was playing within my mind whether I should say this, but as I reported some evidence or some papers in connection with this Motion and in connection with Jim Conti have disappeared from this desk, but I have copies); show that the services provided by International Health Care have not been obtained openly or competitively. We have not been able to determine that proper procedure has been followed, to ensure that the



awards of contracts to IHC was fair, was equitable and that the dealings have been above board.

There is nothing to say that the contracts are given the maximum value for the public's money. It is most evident and it can not be successfully contradicted, that the most singular important part of the Financial and Stores Regulation has been ignored in its every detail or in its spirit and intent, because that is the fact, it has.

It has been noted by previous Public Accounts Committees (and this is most important), and it is a fundamental responsibility of a Public Accounts Committee to see to it that the officers who ignored Government's established procurement regulations when they enter into contractual, Mr. President, especially large contractual commitments on behalf of the Government of these Islands they can find themselves and will find themselves open to charges which can leave them quite embarrassed or worse.

This situation must be totally avoided and there is a habit in this House of quoting Public Accounts Committees. I wish to God that Executive Council would follow their Public Accounts Committee's advice.

However, Mr. President, what is much more irresponsible and whether this is collective irresponsibility or singular irresponsibility, I do not know. But you can believe, Mr. President, it is some sort of irresponsibility. It is irresponsible if the Member responsible for a subject or Portfolio would not take advice from his controlling officer in his Portfolio and in arrogance and want of sense, go on a spending spree leaving his door open for nepotism and cronism. Also, while the Member might not be dealt with by regulations or by the Public Accounts Committee he will be dealt with or she will be dealt with on the floor of this House. He will be dealt with accordingly and I take it as my responsibility to deal with any Member under the sanctions provided in Westminster form of Government, which we adhere to.

This matter, Mr. President, is clearly one that must be dealt with. This country must not be left open to charges of faulty executive. We, must rid ourselves of this Frankenstein called International Health Care. And the procedure for contracting and tendering for all Government requirements for goods, works and services must be adhered to. As Members of the Public Accounts Committee and as responsible representatives of the public interests, we cannot allow this kind of misconduct to go unchallenged. It would be an abrogation of our responsibility.

Mr. President, I should add that I am totally fed-up with the attitude that Members of Executive Council are placed in some holy of holies and must have their way even with disregard to lawful conditions placed upon them. Government is not their private business where rules can be changed to suit their whims and fancies. This is the country's affairs where fundamental principles must be adhered to, and where there is a departure from the strict adherence to what is proper and which can stand public scrutiny; we have come to that place where they say 'we are not a banana republic', the foundation of all that is right and honest will be eroded. This must be stopped now. All of us in this House who believe in proper procedure in Government especially in money matters cannot say no to this Motion.

Mr. President, I have not had an indication that this Motion will carry, according to what I have heard the Motion is going to fail. However, by all indications of everything that is good an proper this country must stop doing business with International Health Care Corporation and Jim Conti.

It would be a travesty of justice if something showed up later that would give this country a black eye. I say no more and I ask the House, Mr. President, as was said sometime ago, 'a word to the wise should be enough'.

I will close, Mr. President, by asking all Members on this side including the First Member of Cayman Brac to support this resolution and as I said in the interest of all that is good and proper and above board.

They may give us any amount of excuses why this Motion should not pass, but it is good enough for those of us in the Public Accounts Committee to know what is right and what is proper and I ask Members to vote, a yes, and let us rid ourselves of this monster call International Health Care Corporation.

Thank you, Mr. President.

**MR. PRESIDENT:**

The Honourable Member for Health.

**HON. D. EZZARD MILLER:**

Mr. President, in replying to Private Member's Motion No. 14/90 which deals with contractual severance between the Government of the Cayman Islands and International Health Care Corporation, it is a fact that Government has entered into contractual agreements with International Health Care Corporation to the amount stated in the Motion. Let me add that I eagerly await the publication of the Auditor General's Report and challenge anyone to prove that these contractual obligations have not been complied with, both in strict legal terms and in the spirit of the contract.

International Health Care Corporation has performed all of its obligations in the contracts to date. Under the first contract (the Health Services Plan and the Health Facilities Plan), the contract was completed before time and while there can be both sides of the argument as to whether the plans are good or bad, no one can successfully argue that they did not complete the terms of the contract.

Under the second contract which involved 10 interim projects again, Sir, these contracts were all completed before time and again International Health Care Corporation has fulfilled its obligations both in time and budget which are stipulated in the contract.

The third contract dealt with the preparation of plans for a new dental clinic and the supervision and equipment coordination of the project.

That contract is presently on its time-table and the public tendering process for the actual construction of the new dental clinic is now complete and hopefully the contract

will be let in time to start the building some time in August. Again, I can assure the public that they are getting value for money and that they will be proud of these facilities once they are complete. I doubt whether this Government or any Government has ever dealt with a more honest and professional company than International Health Care Corporation or with a more honest person than Mr. Jim Conti.

Mr. President, this Government has no basis, reasons or grounds to terminate its contractual relationships with International Health Care Corporation and therefore, the Government cannot support the Motion before the House.

**MR. PRESIDENT:**

Member for Cayman Brac and Little Cayman.

Does any other Member wish to speak? The Second Elected

**MR. GILBERT A. McLEAN:**

Mr. President, as the seconder of this Motion before the House, I support what is asked for in the Resolve, that Government sever relationships with International Health Care Corporation and that it not enter [into] further contracts with that same company.

This company, International Health Care Corporation, I think was first heard about some time last year when the news broke to the public that there was a company by that name that was undertaking certain works for the Government of the Cayman Islands. As a member of the public and certainly as an elected representative of the people, I thought it most peculiar that a company coming to the Cayman Islands to do consultancy work, its first exercise was to set up a local company.

I have been a civil servant for many years, 17 odd years and I have seen dozens of reports and consultancies and this particular one struck me as real peculiar because of its incorporation in the Cayman Islands. Others in the past that I have been aware of, have been consultancies or specialists in certain areas in other parts of the world, who undertook to do certain jobs in a certain period of time for certain fees and they came to the Cayman Islands. They did the job and then they returned to the place from which they came, this particular one did not.

As matters progressed with this particular company, we heard that various things were being done in a report, a large and voluminous report which was supposed to give detailed informations to the Cayman Islands Government on a modern day Health System and for a Health Facility. I have since gathered that those highfalutin terms mean a hospital and the system used therein.

The next thing that struck me as very unusual was that the very consultancy company that was offering its expertise and its recommendations to the Government is the very same one that is undertaking the works. In most countries that is found to be very unacceptable for various reasons. Inherent in such a situation is the probability that recommendations may not be impartially made.

Also if we look at the judiciary, we know that even judges excuse themselves from the bench for fear that there is any question as to their impartiality and when one Court at one level passes a sentence the same Court does not also sit on an appeal.

When things like this occur, there is always a chance that a consultant or a consultancy firm can write themselves into the works to be undertaken in the particular situation. I find that highly unacceptable and I believe that in most countries and in most Governments it would be found unacceptable. Apparently it is not in the Cayman Islands.

Not least, in the consideration of this Motion and of this matter are the amounts of monies that have been paid. There has been a \$120,000 paid for the voluminous report plus expenses and in this particular affair and in these contractual agreements it has been found that it is always a plus expenses situation.

There is the dental clinic on which it was found necessary to pay \$60,000 for expertise to say how this building should be built. That is a minimum of \$60,000. There were also expenses and various interim action plans also done by this International Health Care Corporation.

I believe any reasonable analysis into what has happened to-date would reveal and I do know that some of the information contained in one of the reports dealing with disease control, large portions of that came from standard information available from the Centre for Disease Control in Atlanta, Georgia and I also know that large amounts of information in that report came from what was already existing in the Cayman Islands Hospital, developed by the various personnel with the necessary expertise. So International Health Care Corporation had considerable help in that particular exercise. How much was charged for that particular part I do not know, but it should be very interesting to find out.

I think, that one would get the impression that the Cayman Islands Hospital and the procedures and the practices therein were somewhat of an absolute disaster if people took the point of view as has been put forward in various instances by the Member responsible and other persons who support his particular drive in this particular respect. However, in fact that is not true. I think the record of the Cayman Islands Hospital clearly proves that because I am reliably informed, Cayman is one of two destinations in the Caribbean to which cruise ships will refer its patients. They do go to great lengths to provide the very best, I think it is known by most persons.

These various recommendations and findings I question about the details which were contained in some of them. Because it is easy enough to put forward a recommendation that one should do so and so, and take such and such an action, but, in a good and well prepared report there is always information and argumentation to prove the point. From what I have seen in the initial book that contained all of the survey, analysis and findings I did not find that there.

Now it seems very clear that this process of a new hospital for Grand Cayman and for Cayman Brac and for health clinics in all the districts and everything that supposedly International Health Care Corporation thinks or says that the Cayman Islands needs is bound up into International

Health Care Corporation. I say that because the findings of the Auditor General have been to date that in the very beginning the first contract that was offered to this company did not follow Financial Stores Regulations which requires that contracts over \$100,000 go out to tender to guarantee fair competition, and to also guarantee the lowest prices that one could find. These same Stores Regulations go on to say that even if goods have been purchased locally, \$10,000 and over that they would have also to go to tender.

I think in this whole process in awarding contracts to International Health Care Corporation the Government has failed to follow what is accepted and prescribed procedure. That is good cause, Mr. President, in my opinion for a good Government to carefully examine what is taking place. And good representatives would surely be led to question why these things are happening. A good sensible public will be worried about what is taking place when the Government of the day, the Member responsible, all of the particular authorities seem not to be falling in line with what is the required procedure.

It has been established, Mr. President, in this Honourable House that the man who is the owner of what is alleged to be a major Healthcare Consultancy in the United States is not qualified in any area in that field himself, whatsoever. And that he is basically a finder and a provider where when the money is in place he goes and looks for expertise in the field.

Maybe it is a change of Government policy under this Government, that that is the way contracts are awarded. Maybe it is some policy that I am not aware of. But certainly from my knowledge over the years, when Government contracted with an expert that person was an expert, or with a firm where the expertise was very much in house. Again, it is my understanding that that is not the case.

One must wonder how much more money is to be expended from the Treasury of the Cayman Islands to pay for services which are offered and which were prescribed, apparently by International Health Care Corporation for itself? One must reach those conclusions because apparently still today no contracts are or have been put out for competitive bids.

Add to that, something that has become a national concern is the fact that this same International Health Care Corporation has recommended a hospital which it thinks is ideal for Grand Cayman to be built on two sites. It has never proven, nor the government people associated with it, how that will not be a duplication. And how the Cayman Islands Government can undertake the millions of dollars that is being tossed around that it will cost. Until now, there are no firm figures we hear on this. And why? The Member for Health says that he cannot get those because the evil Backbenchers will not approve monies for him to give the same International Health Care Corporation to find out what is going to be the cost of the hospital through studies which it will do.

Right now, Mr. President, one of the main political concerns in these islands is the proposed undertaking of this hospital recommended by this International Health Care Corporation. It certainly has to be a concern of the people who sit as Backbenchers, seven of us, because we have been lambasted from every angle that we are stopping Healthcare progress in this country.

Mr. President, one has to wonder if this progress means the large increase in medical fees at the hospital on the people with no means different of paying those fees now than they had prior to those fees coming into effect.

According to the report prepared by International Health Care Corporation it would appear like the fees for the various works and consultancies and all of those things would come up to \$2.4 million. Add to that another \$600,000 easily, like \$3 million. I have never, since hearing about this, believed that this country needs to pay \$3 million to have some plans drawn for a hospital or to pay people claiming to be consultants to prepare studies or have to apparently totally overturn all that has been in place in the George Town Hospital to bring in the new and modern concepts.

I would not stand here and say that the reports that the Member has said that have been completed have not been completed. But, I would surely stand here and say that since the Government and International Health Care Corporation have gotten married, there should be another view to take a look at what has happened so far. Another expert if you will, another consultancy. It has reached that sort of situation both in what is proposed as the undertaking and in what Government has expended and is proposed to expend.

**MR. PRESIDENT:** Should we take the break there? Is it convenient?

**MR. GILBERT A. McLEAN:** That is fine.

**MR. PRESIDENT:** Proceedings are suspended for 15 minutes.

**AT 3:18 P.M. THE HOUSE SUSPENDED**

**HOUSE RESUMED AT 3:47 P.M.**

**MR. PRESIDENT:** Proceedings are resumed, the Second Elected Member for Cayman Brac and Little Cayman continuing.

**MR. GILBERT A. McLEAN:** When we took the break, Mr. President, I was making the point that it was my opinion the time had come for an independent consultant to have a long hard look at what has been

recommended to the Cayman Islands Government by International Health Care Corporation and what the Government seems most intent on following.

This situation involving International Health Care Corporation has gone so far afield, so far amuck if you will, that even at the very inception when it was being set up, the directors and shareholders and what not raised queries in this country involving apparently at one time even a former Member of the Legislative Assembly.

**HON. D. EZZARD MILLER:**

Mr. President, on a Point of Order, Sir, the Member is misinforming the House because I have in fact read sworn affidavits in this Parliament which clearly indicate that Mr. Conti is the sole owner of International Health Care Corporation and always has been.

**MR. GILBERT A. McLEAN:**

Mr. President, it was in the one and only national newspaper in this Island and a large article about the question of a former Member of the Legislative Assembly being involved in the question in the matter of International Health Care Corporation. That is the point that I am making.

**MR. PRESIDENT:**

I may have missed something, the Honourable Member for Health was referring to ownership, I think. I must say I did not quite catch what you yourself said at the very beginning. Would you care to repeat it and then we will have it clear?

**MR. GILBERT A. McLEAN:**

Mr. President, if the Member for Health says that International Health Care Corporation is owned by Mr. Conti, that is good enough for me, Mr. President, because I gather the Member has reasons to know.

Mr. President, the reason why this Motion is so necessary is because we are in a political battle; two sides arguing about what is right and proper for this country. I believe that I am on the side that is right (I may state that), we should not enter into undertakings as large as International Health Care Corporation proposal for this country. That is why I say that I think it is necessary that this country stop where it is going with International Health Care Corporation and have its situation determined and that of International Health Care Corporation, the relationship.

I cannot cease but wonder, having lived in this country all of my life, through good times and bad times, through the mosquitoes, through the multi-story building times and all the rest of it, that this society as a whole seems to be reaching a stage that Shakespeare wrote about: 'Fair is foul and foul is fair, travel through the filthy air'.

I think, Mr. President, that the time has come for this country and this Government to seriously look at what is happening here and one of those things it needs to look at is its relationship with International Health Care Corporation.

I believe that improvements can be made in the Health Services, in the hospital building, and in systems, but I believe that it can be done by persons other than International Health Care Corporation as well, or possibly better. I would not judge about the costs because, no other costs are available except what they are putting forward and the people's monies are being spent on.

Perhaps it was done, where the Government, through whatever department or whatever expertise it might choose to use (including the Government of the country from which this expertise has come), to look into the technical and the financial standing of this company that we have employed and apparently will keep employed for many years to come.

Other Governments, other societies, other persons would really question, in my opinion, the present relationships. Certainly in other countries newspapers would really have a good story to check out in my opinion.

Mr. President, another thing I wonder about is, if the reports are all finished and International Health Care Corporation has produced them in less time than was given to them to do them, if they have all been paid now, or are the bills still coming in? Or, if indeed there is still an ongoing relationship with this Government, what causes the continuity, and if ever that relationship is to end?

Every time I look at that first report by these people it strikes me very clearly that that report was designed around them to continue in the position that they are presently in. I do not believe for one moment that there are not other persons available in the United States, in the United Kingdom, in Canada or where ever.

I cannot see why this country must continue in a situation with International Health Care Corporation. This Motion has asked for nothing more and nothing less than that the contractual relationships between the Government and International Health Care Corporation be severed, be ended. If they have finished all the reports, now is an excellent time to do so, in my opinion. An excellent time to pay them up whatever monies are due, but perhaps they will be hanging on because the dental clinic I am told is about to come on line, so they have a role to play in that. And it appears to me that the only thing that stands between International Health Care Corporation being in Cayman forever, taking care of our medical problems and otherwise, are the seven Backbenchers that have opposed monies being voted up until this time.

In fact, Mr. President, one of the complaints of the Government of the day, certainly the Member responsible for Health, is that his programme, of which is International Health Care Corporation, has been thwarted and the Government resorted to what happened here yesterday. I would not even mention the Motion, Mr. President, for fear of repetition. But it is quite clear, I believe to the average citizen that what is happening in this country and with Government and with this particular International Health Care Corporation is not in the best interest of these Islands and it should cease.

Whether or not the Member builds his two-site hospital as he

seems to believe is the right thing to do, or even if he has implemented, through his medical staff at the hospital, certain of the systems and procedures which are recommended by this International Health Care Corporation, Government should cease its marriage with this entity.

I think just for a proper management exercise that the Government should seek another consultant or consultancy. It is not sufficient for the Member to make suggestions which in reality are absurd that the Backbenchers must offer an alternative to what is proposed by International Health Care Corporation. Backbenchers do not have at their disposal the Government Treasury nor even any monies allocated from that for our expenditure. He does and I believe it is a reasonably fair and necessary that the Member should bring in someone else to have a look at this situation. The Executive Council or whoever feels that they are in the authority to do so, that they should.

Mr. President, I have never ever yet in the history of this country or in this Government or in any Government where it seems so true as could be said by International Health Care Corporation, "I came, I saw, I conquered".

Mr. President, I am not aware as to whether the Public Works Department or the quantity surveyors, the architects or any of the technical persons in that department have been asked to look at this ongoing situation and to give realistic and updated opinion on it. But what does seem necessary in the face of the Government's determination to make International Health Care Corporation earn its money at what-ever the costs, that in the interest of good Government, in the interest of the people, there needs to be some very close scrutiny of what is presently happening. How much is owed at this time, Mr. President, one wonders about. Whether or not it is the intention of the Government, of the Member for Health to involve anyone else at all in his scheme of things for a hospital and for medical services also leaves one to wonder. Certainly I do.

Another think that I questioned and I wondered about (and indeed the man Mr. Conti was quite open and honest about it, when a question was put to him by my Right Honourable friend the First Elected Member for West Bay at a meeting at the Glass House), was that this was his first exercise in doing such a thing. First time around and certainly the first time outside the continental United States. The more one hears about this situation, the more one must really wonder. Is there a hidden agenda? What is the story behind the scenes why? Why, constantly seems to arise.

Is implementing the policies that have been recommended today what the people of the Cayman Islands must pay or must suffer? These are all real questions and the only thing that has stemmed out of this is a big report, a report that certain exercises which were to be done, are done and done ahead of time. But where this country stands in providing \$20 million for what International Health Care Corporation says it should be provided for, how much they will ultimately make out of it and apparently, who knows, they may supply the construction work, certainly the consultancies and the architectural drawings I understand for sure. Where will we all be at the end of the day?

It is my opinion, Mr. President, that we will be heavily indebted and that is why I have stood against this exercise of allowing the Member a free hand at \$20 million to go ahead as International Health Care Corporation has proposed. I do not believe there is enough information. I think it is inherently wrong that people who come in here, posing as consultants and making recommendations to do a certain thing, that they are also the doers of the work, immersed and entrenched.

Mr. President, I support this Motion, I will certainly vote for it when it comes to the vote, I believe it is necessary, extremely necessary, timely and it might be a way of saving the financial future of the Cayman Islands.

**MR. PRESIDENT:**

The Honourable Member for Education.

**HON. BENSON O. EBANKS:**

Mr. President, I believe that during the contribution of the First Elected Member from West Bay he said that he thought it was necessary that the relationship of the Member for Education, the former Member for Health and Mr. Jim Conti be put on the table or explained or whatever.

Mr. President, I do not have any problem doing that, Sir. To the best of my knowledge, Mr. Conti is not being investigated by the DEA, like some other people with whom some Members up in here are associated. In fact I understand the man is in the clinker. I have the name in my office, hopefully I will find it this evening and I will tell the House tomorrow the name of the person. But, he is not connected in any way with International Health Care Corporation, or even Ambulatory Healthcare Services in the United States.

That relationship developed somehow like this. Mr. Conti who operates several successful Ambulatory Care Services in the States bought a condominium at Island Club and I believe at the time I met him, he said that was about his 20th visit to the Cayman Islands and that he had become interested in the health care services in the country. I was introduced to him by a former Member of this House, Mrs. Orrett, who was the manager of Island Club. I had a check done on Mr. Conti and it came back clean. So I saw no reason why I could not talk with him and before this evening closes, I want to say one thing about the granting of consultancy contracts.

The system that was followed with the hospital and Mr. Conti or his Company is the same system that had been the custom to be followed as far as consultancies and that type of service for Government is the same system that had been followed certainly up to that time.

What Honourable Members should do instead of berating the Member for Health, they should check other sums that have been paid. Sums of several hundred thousand dollars paid to local architects for work that you cannot even use the plans. It was not the Member for Health who did that, Mr. President.

**MR. W. McKEEVA BUSH:**

Who was it?

**HON. BENSON O. EBANKS:**  
other information from!

You get that information from your friend that you got all the

Now, a word about consultancies, Sir. When someone employs a consultant, it is essential that it is someone that the department, the Portfolio that is working with that consultancy firm feels comfortable with, feels confident in their expertise, their relationship is such that it breaths confidence, because over the years it has been a sad fact that many consultancies that this country has employed has been money wasted.

The Second Elected Member from Cayman Brac said that to his knowledge in the past all consultancies were put out to contract or to tender. I want that Member to prove beyond reasonable doubt, because I think he was the Principle Secretary in the Portfolio at that time, that the contract that was given to Laventhall and Howerath to prepare a tourism development plan for this country during, and it was done during the time between January 1977 and November 1984, I want him to show the records where that went to tender and where the Government of the day accepted the recommendations of the Tender Board in that connection. Then I want him at his next opportunity to tell the House what happened to that report when it came here? It never saw the light of day.

**MR. GILBERT A. McLEAN:**

Mr. President, if the Member would give way I... He has, I cannot confirm that there was a tendering for contracts for the tourism study that was done by Laventhall and Howerath, in fact I do not think that was the case. And there was not in place then the Financial and Stores Regulations. I was attempting to say that the state of affairs at this time is such, that it should be tendered.

That report to the best of my knowledge, never ever came to the House and I am not trying to make any excuses for the past or the Government of the time. I thought it should have, if that can be of any satisfaction to you.

**HON. BENSON O. EBANKS:**

Yes, Mr. President, I wanted to thank the Member for being so frank. He just should not have been so rash when he was speaking to give the impression that this had been some great change now!

I want to go on to say that that report from Laventhall and Howerath, because it did not express the conclusions that the Government of the day wished it to express, that document never saw the light of day, Sir. Not even Members of the Assembly could get their hands on it.

Now, as far as the Public Finance and Audit Law is concerned, that is a 1985 law. That is a 1985 law, that this, you can call it this Government, two Members of this Government's Executive Council were in the 1984 to 1988 Government. This Government brought this law in and while we are at it I believe that I should clear up a few myths about this mysterious man, the Auditor General.

I want to read section 35 of this Public Finance and Audit Law 1985. It says;

"Subject to section 33 [and I will get back to that, Mr. President] the Auditor General shall be employed subject to such laws, Colonial Regulations, administrative rules and conditions of service as apply generally to public officers."

Now, I understand it to mean, as I understand the General Orders of the Public Service to mean, that the Auditor General should not go running off to the newspaper with stories, differently from any other civil servant.

There is only one thing peculiar, in fact it is not even peculiar to him, the Attorney General, the Financial Secretary, the Commissioner of Police and various other people are employed under similar terms.

Section 32 deals with his appointment;

"(1) The Governor, with the prior approval of the Secretary of State, shall appoint a person to be the Auditor General.

(2) The public officer who, at the date of commencement of this Law, holds the Office of Auditor General in the Government shall be deemed to have been appointed under this section.

(3) No person who is appointed under this section as the Auditor General shall, whilst he holds that Office, hold any other Office of emolument under the Crown in right of the Government."

Section 33:

"(1) A person who is appointed under section 32 as the Auditor General -

(a) shall hold that Office during good behaviour; and

(b) may -

- (i) be dismissed from that Office; or
- (ii) if he is an officer on the pensionable establishment and has not attained the normal age of retirement public officers, be required to retire from that Office; or
- (iii) if he is an officer on agreement, have his agreement unilaterally terminated,

only by order in writing by the Governor made with the prior approval of the Secretary of State."

So, that is where the common appointment, shall I say, comes from. And the law does give him independence, if he was reporting to somebody else he would not be the Head of his Department or serve the function that he does.

But the point that I am making, is that he is not some free agent swimming about or there in space to give people advice and information. His function is to audit the accounts of the Government; to make sure that Government gets value for money; to see that all of this law is complied with and then he must put that in a report, send it to the Assembly, on to the Public Accounts Committee, who will, with his assistance because he is to be present, go into any irregularities that he might have discovered; then they report. The Government then makes its reply in a form called a Minute.

But, the Auditor General's function is not to leak or give Members and I would hope, Mr. President,...

#### POINT OF ORDER

**MR. W. McKEEVA BUSH:** On a Point of Order, Mr. President. The Member is charging something here that is not true. He says that the Auditor General, he should not leak... he is changing it! And if he wants to tell the truth about the Auditor General's duties and performance he should read section 39! That was just one aspect of his duties.

**MR. PRESIDENT:** I think the Member should continue so that I can determine the Point of Order.

**HON. BENSON O. EBANKS:** Yes, Mr. President, the point I was making when the First Elected Member from West Bay began speaking: I was in the room doing some figures on the estimates, but I understood him to say that he was quoting from a report on the accounts for 1989. If that is the case, if that is the case...

**MR. W. McKEEVA BUSH:** Mr. President...

**HON. BENSON O. EBANKS:** ... that is not a public document yet!

**MR. W. McKEEVA BUSH:** No, that is you, who are imagining things...

**MR. PRESIDENT:** Gentlemen! I am sorry Members. I will examine the transcript in the morning and see what was said on this point.

**MR. W. McKEEVA BUSH:** Mr. President, I would say that that was not said!

**MR. PRESIDENT:** Well, that is why I want to examine the transcript, to find out.

**HON. BENSON O. EBANKS:** I can tell you better than that. I hope to have that transcript when I sit down from here, I have already requested it.

**MR. W. McKEEVA BUSH:** I did not say...

**HON. BENSON O. EBANKS:** We will know who said what, Mr. President!

**MR. PRESIDENT:** Please continue with your ...

**HON. BENSON O. EBANKS:** I am saying at this time I understood him to have said it, that is why I am getting the transcript. I will be able to confirm or apologise for that, tomorrow morning.

But, if the Member said that, I think he owes (if he does not have the report), the Auditor General an apology because he has made him look funny.

[LAUGHTER]

**MR. W. McKEEVA BUSH:** Man, sit down. I am telling you. [Laughter]

**HON. BENSON O. EBANKS:**

Yes, Mr. President, we remember this newspaper article, the picture of the Auditor General 'Auditor General Probes Health Consultancy'. Now I understand that and I can sympathise with him, he was a bit new at the time and I believe he had some prodding from areas. I think he realises now, that he made a mistake because I see where he has told the press that he is not going to tell them what his findings are, he is going to put that in his report and then they will get it when that becomes public. So, that is when we will know the facts about this consultancy and maybe some others.

But, let us get back to International Health Care Corporation. I do not believe that anybody can say that Mr. Conti misrepresented himself to this country. I have the Minutes of a meeting held on the 28 January, 1988 which I chaired. In that he said, that he had not done any jobs overseas although he had always a keen interest and followed developments in those areas.

For the benefit of Members, the people present at that meeting were; Dr. Grant, (who was then the Acting Chief Medical Officer), Mr. Leonard Dilbert, Mr. Jim Conti, Mr. M. Connolly (the Deputy or Assistant Hospital Administrator), Dr. F. Ellingham (the Hospital Administrator), Mr. O. Rankine and a Mr. Thomas (Mr. President, the last name on that one is not clear), and myself. I have a feeling that that person was with Mr. Conti, the architect was him.

To remove any doubt about Mr. Conti or International Health Care Corporation services suggesting the new hospital. This Minute is headed up 'New Hospital Project'. It had been determined long ago, that we needed a new hospital. The matter had been discussed with Dr. Andrews, the Head of PAHO (Pan American Health Organisation) in Jamaica. We had opinion from one Dr. O'Connell from PAHO, who gave us even his rough sketches as to what the hospital should be.

For the relief of the country I want them to know that it even included some mental health beds, because I believe that the country is beginning to observe a need for that type of facility.

[LAUGHTER]

**HON. BENSON O. EBANKS:**

It is clear from these Minutes that the technical people at that meeting were satisfied that Mr. Conti could do the job that we needed to have done. I just want to finish developing that point because I think when Members get up and talk foolishness about a consultant needing to know everything about the consultancy which he is performing, it is utter rubbish.

Let us take the illustrious Donald Trump, whom most of us know. Supposed to be one of the richest men in the world now, Sir. He lost all of his financial officers in a plane crash, something like one year or six months ago, a mysterious plane crash. Two or three weeks ago, everybody was expecting him to go to the wall. In other words that he was going to be put into bankruptcy. But you know, he was not put into bankruptcy. His bankers insisted that he reappoint financial officers, financial controllers and financial advisors and the man is flying high again.

The point that I am making is this, that there are entrepreneurs who take the financial risks and hire people who have expertise to do the work. Seldom do you find the two combined. The person who has the expertise normally does not have the entrepreneurial spirit to take the financial risk involved.

I will continue you tomorrow morning, thank you very much.

Unless we go on to other business tomorrow.

## **ANNOUNCEMENT BY THE PRESIDENT**

### **DISAPPEARANCE OF PAPERS FROM CHAMBER DESK**

**MR. PRESIDENT:**

Before the Motion for the adjournment, I was intending to mention that the First Elected Member for West Bay had told me that I think an envelope of papers had disappeared from his desk, which he did mention while he was speaking.

I am sorry that this has happened again, I shall call the police to look into this matter, also.

**MR. W. McKEEVA BUSH:**  
Corporation, Sir.

Papers to do with Conti and International Health Care

**MR. PRESIDENT:**

The Honourable First Official Member.



## **ADJOURNMENT**

**HON. THOMAS C. JEFFERSON:**  
o'clock tomorrow morning.

Mr. President, I move the adjournment of this House until 10:00

**MR. PRESIDENT:** I shall put the question that the House adjourn until tomorrow morning at nine. Those in favour please say Aye...Those against NO.

**AYES.**

**AT 4:30 P.M. THE HOUSE STOOD ADJOURNED UNTIL 10:00 A.M., FRIDAY, 6TH JULY, 1990.**



**FRIDAY  
6TH JULY, 1990  
10:31 A.M.**

**MR. PRESIDENT:**  
Agriculture.

Prayers by the Member for Communication, Works and

**PRAYERS**

**HON. LINFORD A. PIERSON:**

Let us Pray.

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

Bless our Sovereign Lady Queen Elizabeth, the Queen Mother, Philip Duke of Edinburgh, Charles Prince of Wales, Diana Princess 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 Members of Executive Council 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, Amen.

Our Father, who art in Heaven, Hallowed be Thy Name, Thy Kingdom come, Thy will be done, in earth as it is in Heaven. Give us this day our daily bread: And forgive us our trespasses, as we forgive them that trespass against us: And lead us not into temptation; but deliver us from evil: For Thine is the Kingdom, the power and the glory, for ever and ever. Amen.

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

**GOVERNMENT BUSINESS  
MOTIONS**

**MOTION WITHOUT NOTICE - STANDING ORDER 24(9)(viii)  
PRIVATE MEMBER'S MOTION NO. 15/90  
REFERENDUM**

**MR. PRESIDENT:**

Proceedings of the House are resumed.

Item 2, Government Business, Private Members's Motion which arose out of a Government motion, motion now has a number, No. 15/90, the Third Elected Member for George Town continuing.

**MR. TRUMAN M. BODDEN:**

Mr. President, I was speaking on the Motion for a referendum to ask the people the simple question of whether Official Members of the Legislature should be made Members of Finance Committee, and the President be made Chairman of Finance Committee. This could in no way affect stability and could only strengthen it because it is one of the cornerstones of democracy that there must be Government by the people, of the people and for the people. While they only speak once every four years at the elections, there are very good and compelling reasons in this modern age that where there are major questions such as this one which has been debated extensively publicly and which is an issue that is affecting the electorate's rights (that is, it is reducing the votes of the elected Members in this House), it is right proper and democratic that a referendum which would be short and simple should be brought to settle the matter.

Stability depends upon democracy and democracy depends upon stability. Stability in a democracy can never be hurt by the exercise of democratic rights. Indeed, it can only be strengthened and survive if democratic rights are fully exercised, because what creates problems and frustrations in a country is when there are major policies or laws or changes which a Government or a Legislature put through and it is against the popular wish of a majority of the people. That can hurt democracy.

However, those people have many democratic rights open to them. Whereby I believe and I urge, that people use their democratic rights naturally, to ensure that preservation of democracy continues; use them reasonably, peacefully and naturally within the law, because it would not be democratic if used outside the law.

Indeed, the democratic checks and balances in a country have to include the public's right to be consulted on major issues. Anyone attempting to talk about democracy or

stability being adversely affected by the exercise of a democratic right is really arguing totally what is a logical. That definitely cannot stand when you appreciate that in a democracy certain rights are given to you. One of those basic rights is the right to consult the people.

I have one last set of quotations before summarizing some of what I dealt with earlier and this once again is coming from *Wade and Phillips*, same edition at page 124 and it says:

"There is a tendency to regard as a convention the rule that no radical change of policy should be undertaken unless the issue has been before the electors at a general election."

I will repeat that because it seems that that has just about reached the stage of a convention.

"There is a tendency to regard as a convention the rule that no radical change of policy should be undertaken unless the issue has been before the electors at a general election."

Obliquely related to this is another statement at page 123 which says:

"It is through their representatives in Parliament that the electorate controls the Executive."

So that the referendum itself is one that not only gives guidance to this Honourable House but it gives guidance to the Executive and as I read earlier the electorate in any country is the ultimate political sovereign. We are put here by the electorate, we cannot be voted back in by the electorate and our duty is very clearly to carry out the wishes of the electorate.

Most important, wherever there is a major change of policy that has not been fully dealt with at a general election, which this issue has not been, then I feel that if it does not go back as an issue in a general election then it has to come back as an issue in a referendum on the support that it cannot affect stability. I urge that in the United States, Canada, Switzerland and many other countries the referendum has become a popular and effective democratic process.

I would like, before summing up, to call on Members of this House to try to keep this debate (as this is once again a very important debate), away from personalities and keep the standard high. I would merely like to say that there are thousands of school children that probably listen to these debates and I believe especially the Member for Education should take note of that, all of us should take note of it, to ensure that we set examples for the younger generation who ultimately are going to fill this Chamber in a few years time. So hopefully we will get off personalities and try to deal constructively with issues.

In summary, I envisage a short simple question, a yes or no type of question which could be put to the electorate, nothing complex. The matter has been extensively debated within this Honourable House by the press and by the different organizations and persons who have written letters. This matter has also been household talk in the last few weeks since the Government brought it to the House.

Secondly, I believe that it is going to bring a cooling off period of what I now see as a very overheated issue and I believe that cool heads can produce rational and more constructive decisions than one gets in heated arguments. In fact, I did not read that, but there is a section in *Wade & Phillips* that says words to the effect that a referendum causes a slowing down of the decision and it gives time for people to think and to be fully aware, the right to discuss and to allow time for major matters to be dealt with.

Thirdly, much has been said in this House about cooperation and about communication. I have specifically put in the third operative part of the resolution that Members of this House meet informally to draft the provisions of the Law. Quite frankly, if there is any question of this being done privately or publicly and it needs to be done publicly, I am all for that too. I believe the more that can be done publicly the better.

It has to be an informal session that is dealt with constructively and is presided over where we can progressively move towards coming up with the question especially to be asked to the public. I would hope that when this motion passes that this specific question could be agreed by all Members within the House.

Fourthly, a referendum can only assist stability because it is a recognized democratic process. Since the larger part of our business is from North America, they very clearly understand the referendum process. In fact, they and Switzerland have been the people who developed and extensively used the referendum to seek the advice of the public.

I would ask the First Member for Cayman Brac and Little Cayman who seconded the Motion that I brought in May 1989, to please support this as he did then.

I would also like to say that the people I believe would be more happy in themselves deciding this question and instructing their representatives what to do, than to have this continue to exhaust the democratic processes that do exist within the country.

I would say to Members of this House to put country before self and this is the best example that one can find. You go back and ask the country rather than make the decision yourself. I do not think that any issue can be clearer than this of a choice between country and self. Either we

make the decision ourselves or we ask the country and get the country to make the decision and instruct us as representatives what to do.

So I close on that note, I believe that it would be good and it would be in the interest of the public on this major issue that Members of this Honourable House put country before self. They go back to the country rather than making the decision themselves.

Thank you.

**MR. PRESIDENT:**

Does any other Member wish to speak on this Motion? Seems that no other Member wishes to... the Third Elected Member for West Bay.

**MR. JOHN D. JEFFERSON, JR.:**

Thank you, Mr. President.

As the seconder of Private Member's Motion No. 15/90, calling for a referendum on this very important issue, I naturally rise to offer my support of the Motion.

I think it is very important that the rights of the people are sought on this very important and what has become a very controversial issue. I feel as representatives we cannot go wrong by seeking the views of our Constituents on this very important matter.

I think that we, as representatives, should be prepared to accept the views of the people on this matter and according to the elected Members of Executive Council, they feel that they have the majority of the people out there who support them on this issue and a referendum would be a very simple way of obtaining views or confirming those views. I see no reason why any Member here should object to this issue being dealt with and decided by a referendum.

Government is convinced this is a good Motion. I mean that is Motion No. 6/90 and No. 3/90 which calls for the inclusion of the Official Members on Finance Committee and the Chairman being the President of the House. If they are convinced that this is such a good move then I think they should be prepared to allow the people to confirm this position with a yes or no.

I do not think it is a very good excuse for us to be able to say, well this has never been done in the Cayman Islands, if it has not been done. I think we are a very progressive society and we should resort to those measures which are available to us today to determine the views of our people on issues of this magnitude. The seven Backbench Members are convinced that the majority of the people do not want this, but we are prepared to accept the people's views on this matter. If a referendum is moved and a majority of our people say yes, I think this is a good move, then we are gentlemen enough to say, well if that is what the people want, we will support it.

I think if I recall correctly, Lord Oxford and Asquith did mention that the Foreign and Commonwealth Office of that day had refused to assent to a particular move put forward by the representatives because they felt that it was not an issue at a general election. Because of that and because of the magnitude of the issue, they felt that the people should have had a chance to voice their views on the matter.

Government's excuse is probably going to be, well this is just a stalling tactic. I think we have enough legal brains in this House and in this country that a Referendum Law could be put together overnight and the issue then go before the people. I see this as being possibly done in a very short period of time.

I am one representative that has a high regard for the democratic process. I believe in Government by a majority and I feel that this would be a very democratic step in keeping with our form of Government and I do not see any negative effects of an issue decided in this manner.

I think what is also important is that it would provide a cooling off period, be it two weeks, be it a month, be it six weeks, which I feel would be beneficial to Members of this House and to the general public who have become highly emotionally involved in this matter. What is important that this Motion calls for, not a unilateral agreement, but it calls in the third resolve:

"That all Members of this Honourable House meet informally to settle the provisions of the special Referendum Law at the earliest possible time."

We believe in the democratic process and our approach would differ considerably than Government's in that they brought this very controversial Motion without any consultation whatsoever with Members of the Backbench.

This Motion also calls in the first resolve:

"That His Excellency the Governor be requested not to approve under Section 31(1) of the Cayman Islands (Constitution) Order 1972 the amended Standing Orders amended under Motion 6/90 and to await the outcome of the referendum hereinafter mentioned;"

So it is not only calling on the Members of the House to get together to decide the provisions of the Law but that the Governor consider holding off signing any amendment to the Standing Orders until after the results of the referendum have been made known.

What I take objection to and am highly surprised about is that there seems to be such a total disregard for democracy and a total disregard for the views and wishes of the people among the four Elected Members of Executive Council. One Member has voiced his opinion that he is not a delegate of the people, he is a representative. He knows best and he must go ahead and do whatever he feels like doing and the people must accept it. I think that is the wrong attitude to have as a representative of the people.

We as politicians should always keep in mind that time is longer than rope and sooner or later we will have to answer to the people of these islands for our actions. The people are the ultimate authority in a democratic society and their views must be considered by us as representatives. I think that as representatives we have to be conscious that not only our wishes and desires should be considered by us but we should always be cognizant of what is in the best interests of our people and these islands.

We have become, because of our image of stability, the envy of the entire Caribbean and for that extent the rest of the world. We have a good thing going and I think it behooves us as representatives to keep this in mind. We have worked very hard, not us personally, but our forefathers. We have made our contribution as well, but our forefathers worked very hard to establish what we enjoy now in this country.

I think that it is our responsibility to ensure that the heritage that has been passed on to us of stability, be maintained. I have no fear of the people. My views are, if the people believe that you are doing a good job, you are looking out for their interests and the interest of the island, I do not think any politician has any fear of the actions of the people.

I urge all Honourable Members, let us hear the views of the people on this very important change. I do support this Motion calling for a referendum and I will be voting yes, when the question is put.

Thank you, Sir.

**MR. PRESIDENT:**

The Elected Member for East End.

**MR. JOHN B. McLEAN:**

Mr. President, I am definitely in favour of this Motion which has been so ably moved by the Third Elected Member for George Town.

The Motion deals specifically with the matter of whether the Official Members should be made Members of Finance Committee and whether the Governor should be made Chairman of Finance Committee. It is a fact that over the last few weeks this has been a very controversial matter. For this reason, I see this Motion as being a very important one, as it will allow the general public to speak out on this matter and to decide exactly the way they feel it should be.

It is a fact that the public has tried. There have been public meetings, there have been letters in the press, but it is also a fact that this has been totally ignored by certain Members in this House.

If the Government is so sure about what they have done through the two Motions which they brought to this House, then I would say they should have no problem in supporting the Motion which we are presently debating. I cannot see where the fear should come. They should welcome the Motion if they are that sure of themselves.

This Motion will take the burden from each and every one of us. The people will have an opportunity to decide. I cannot see in anyway where this Motion can cause any damage to stability. As a matter of fact, I would say that it would have the opposite effect because when the people realize that they can decide in this matter it can only strengthen stability. I would like to point out that matters which I see as being damaging to stability in this country, are those contained in Government Motion No. 3/90 and No. 6/90. Again, it is my opinion that we have not yet seen the damage which this has done to stability in these islands. The worse is yet to come.

This Motion should be dealt with strictly on its merits and I am appealing to the Legislative Assembly to deal with it that way. Let us keep the personalities clear of this debate, let us stick to the issues. As I pointed out earlier this Motion is important enough for us to put aside personalities. Forget that the Motion was moved by Truman Bodden, look at the importance of the Motion.

I believe if the Members would adopt the advertisement which we hear sometimes, 'keep it clean', keep the debate clean, I believe that even if the Motion fails and we have a clear, clean debate we would have achieved something, which has been lacking in this House for many, many weeks now.

The exercise of a referendum is well known in other territories. As a matter of fact it has been very successful when issues such as this one have come about and I believe that it will be doing us good to carry it out for this very important issue, which we have just recently dealt with.

As I pointed out it will free each and every one of us from the burdens which these two Motions have put on our shoulders. I believe that we should keep our debates on this Motion to a minimum and let us try and get on with implementing the contents of this Motion.

I thank you, Sir.

**MR. PRESIDENT:**

Proceedings are suspended for 15 minutes.

I think we might take the break, there, it is about time.

**AT 11:15 A.M. THE HOUSE SUSPENDED**

**HOUSE RESUMED AT 11:45 A.M.**

**MR. PRESIDENT:**

Proceedings are resumed.

The Honourable Member for Education.

**HON. BENSON O. EBANKS:**

Mr. President, in listening to the last speaker on this Motion I had to wonder whether we are in fact debating the same Motion because certainly the Motion which is before me does not deal with the Assembly changing Standing Orders to permit the Official Members to sit on Finance Committee. That issue was decided several days ago as far as the Legislative Assembly is concerned.

The point which this exercise is at now is the point covered by section 31 of the Constitution. In other words, Standing Order 75 creates the Standing Orders Committee of this House and for the benefit of Members I will read that Standing Order:

"(1) There shall be a standing select committee, to be styled the Standing Orders Committee, to consider from time to time generally what changes to Standing Orders are necessary and desirable and particularly to consider any proposed amendments to Standing Orders which are referred to it in accordance with paragraph (3) of Standing Order 84.

(2) The Standing Orders Committee shall consist of the whole House with the First Official Member as Chairman.

(3) The quorum of the Standing Orders Committee shall be seven Members including the Chairman."

Now, Government Motion No. 3/90 was brought to the House and it went through the procedures as laid down by Standing Order 84. Government Motion No. 3/90 first went to the committee where it ended in deadlock with the Chairman having to cast a vote to allow the status quo to remain which as he pointed out at that time was in keeping with parliamentary procedure. Then when the report was brought back to the House, I on behalf of Government, moved a resolution under Standing Orders which is quite in keeping with parliamentary procedure, that we reject the report and then subsequently the Motion confirming what was proposed in Government Motion 3/90 was passed by a majority of this House.

Now, the Private Member's Motion before us, reads:

"WHEREAS Motion 3/90 and 6/90 deal with a very important matter which has been the subject of extensive public debate and it is in the best interests of the Cayman Islands that the electorate's view be sought on it."

Now, it seems to me that Members have been talking through both sides of their mouth because this says that this matter, this very important matter has been the subject of extensive public debate. Therefore, I cannot see how they can now come and say that the public has not been consulted. The Motion goes on to say:

**"NOW THEREFORE BE IT RESOLVED AS FOLLOWS:-**

(1) That His Excellency the Governor be requested not to approve under Section 31(1) of the Cayman Islands (Constitution) Order 1972 the amended Standing Orders amended under Motion No. 6/90 and to await the outcome of the referendum hereinafter mentioned;

(2) That a short Bill be introduced and fully dealt with during this Legislative Assembly Meeting for a referendum on this matter that is, whether the Official Members of this Honourable House be made Members of Finance Committee and the President of the Legislature be made Chairman of Finance Committee, using the present voters list and that this Honourable House abide by the outcome and implement the results thereof; and

(3) That all Members of this Honourable House meet informally to settle the provisions of the special Referendum Law at the earliest possible time."

So, even this Private Member's Motion acknowledges that this Honourable House has in fact passed the necessary resolution amending Standing Orders. So the point that we are at now is, in fact, Section 31(1) of the Constitution which reads:

"Subject to the provisions of this Constitution and of any Instructions under Her Majesty's Sign Manual and Signet, the Assembly may from time to time make, amend and revoke Standing Orders for the regulation and orderly conduct of its own proceedings and the despatch of business, and for the passing, instituting and numbering of Bills and for the presentation thereof to the Governor for assent,"

That clearly shows that what has been done up to this point is

totally on all fours with the constitutional provisions. The House has agreed to amend Standing Orders as permitted and provided for under Section 31(1) of the Constitution and under our Standing Orders.

Now, this Section 31(1) which I just read has a proviso, it says:

"... but no such Standing Orders or amendment or revocation thereof shall have effect unless they have been approved by the Governor."

It is my contention and it will be the contention of Government that that is the matter which would be placed before the electorate in a referendum. I am not a lawyer, but I am going to borrow a legal phrase and use it here since I have been accused of playing lawyer and I am going to say, surely that has to be bad in Law because every Honourable Member should know that under our Constitution the prerogative I am going to call it (or if we want to call it responsibility or authority of the Governor) is one matter which cannot be put to referendum or test.

In fact the Constitution says in the section giving the Governor the reserve powers that the actions of the Governor (that is in particular in respect of whether he has followed the advice of the Executive Council), cannot be questioned in a Court of Law even.

So, this resolution has to be bad in Law, it has to be ridiculous in the extreme and I am looking for a word that is not too drastic, but anyway, it cannot be desirable. This House would be attempting to set a rather bad precedent.

The Honourable Member moving this Motion, said that referenda are used when there is a radical change being proposed. Surely, to challenge the authority of the Governor would be a most radical change and move because that is the effect of this Motion whether the mover understands it or not.

Now, the Member said that the process of referendum is not well understood in the Commonwealth, or it is not commonly used in the Commonwealth, but it is certainly well known in the United States, Canada and Switzerland. He went on to point out that most of our investors and clients of the private sector are from North America. I have to pose the question, whether the Member has given thought to the fact that, why so many North Americans choose the Cayman Islands to do business and even to seek residence is to get away from this Government by Referendum that they have in North America. They, I know enjoy our salubrious climate, but I believe after talking with a lot of them over my 20 odd years in public life and for 10 years before that in private life, I believe too that one of the things that brings those people to this country is the stability of the country as guaranteed by the reserve powers given under our Constitution to the British Government.

I was challenged to be, I think it was sober and circumspect in my deliberations because many people were listening including thousands of school children and that we had to set examples for them. I agree, that is why I have taken so much time over this Motion. I have used four hours for the first time in this House on this Motion. It would seem to me that many people in the listening public understand quite clearly what Government Motion No. 3/90, or more properly referred to now as No. 6/90, sought and will achieve when it receives the approval of His Excellency the Governor. It appears to me that I could have used another four hours trying to explain it to the seven Members of this House, sitting opposite.

I believe, as far as school children or anyone else is concerned, what Members in here have to do is to give reasoned, enlightened argument to set an example for them so that they will understand that they should not just pick up every bit of propaganda that they may be fed, that they have to study the issue to research it, and get all of the available information before coming to a conclusion. If I can achieve nothing else from what I have done with this Motion, than to set that example for our students, I will consider that I have made a good contribution.

I want the young people of this country too, to understand that they must not take their privilege lightly and that when somebody seeks to deliberately distort the truth and the facts that they must be people enough to stand up and put those right. I am very conscious that the youth of today are the men and women of tomorrow and I would hope that they have been listening and as I said, much of what I referred to in my debate previously should be required reading for them. I mentioned that because I think they need to be shown the facts as recorded and as written by people with knowledge rather than what they are shown by people who apparently have nothing to do but to run around with placards and stir up trouble.

The Third Elected Member from West Bay, bemoaned the attitude of the Elected Members of Executive Council. I believe that I was outside, but I understand he singled me out in particular that he did not like my attitude which I displayed, basically saying that whatever I feel like doing the people must accept it and that it was wrong and that I must remember that time is longer than rope and the people have the ultimate authority.

When that young Member has been in this House as long as I have, then I think it will be time for him to lecture me on what I must do as regards representing my people. If I have not been representing my people well over these years, I do not know why they continue to return me to this Honourable House. And, certainly as far as time being longer than rope, he has had a good example of that recently. And my grandfather also told me something else about that rope, 'if you give anybody enough rope, they will hang themselves'.

What I am saying is, I listen to the views of my people, but I also know that there will be no time in life when I will please all of the people, not even some of the time; there are people who have never voted for me, and will never vote for me and I accept that as their God-given privilege. On the other hand, they cannot expect to use me when it suits their purpose to convey their ideas in this House and I know that I did not get their vote. I am going to take this a step further.



I was not sent here as a delegate as some Members have said they are here. A delegate is somebody who usually talks and does not have a vote. In fact the historical, certainly in constitutional terms, the delegate goes back to the representative of American territories (not States), American territories where the representatives go and talk, but have no vote. I am here as the people's representative and when they gave me their vote in November 1988, I believe they said to me, "Young man you go to the Assembly, you have done a good job up until now, you go and continue what you have been doing, use your little bit of common sense," and that is my mission in here. As the Member says, they have the ultimate authority and if I were to decide to run in 1992, and they decided that they were not going to vote for me then I would get the message. But I want to assure any Member in here that if I decide to run in 1992, Benson Ebanks could get a seat. I have had too many phone calls telling me since this contribution, "You cannot quit now, you cannot quit in 1992, you have got to go back, you have got to stick with us and you have to help to rid us of that person that you helped put around our neck before you can quit". That is what I have been told.

The Member for East End said that this Motion should be welcomed by Government and all Members because it will take the burden from each and everyone of us and let the people decide. You know, I mentioned about resignation being a cowardly way out, but this, I do not know what I could describe this as, because if we supported this Motion what we would be doing is, we would be acting like Pilate who washed his hands after doing the dirty job, and said, "I had nothing to do with this, make the Governor decide."

I do not want to give the impression that the Governor does not have to decide because as I said, that is what the Constitution says. I think that I owe it to His Excellency the Governor to let him know that I stand by what I did in here and I think that the people should know that when His Excellency the Governor is considering whether to give his assent to these proposed changes that he is going to consider it, knowing that I and all others, (because I know they are not going to back down either, Mr. President), will be giving him our full support. That we did not come in here for child's play, we did not come in here to play a charade, we meant business.

Mr. President, he quoted what he said came from an advertisement about keeping clean. I like that, I think that we should get that into the record of phrases or whatever used in Parliament. But, we have to give the whole history behind it because what that Member and the seven Members bound by collective irresponsibility on the other side have to say is this. They get up and pound Government, they throw mud until the atmosphere between the two sides is so cloudy you cannot see, then they sit down, the mud settles down and then they say, "well boys, keep it clean, do not throw any back". Members in this House must learn to give and take and by give and take, I mean if they give licks, be prepared to take licks. Do not come crying on my shoulder after you have called me a nincompoop and all of that type of stuff about I must keep it clean.

I promised my colleagues that they would all get an opportunity to speak before we had to rise today because I was not going to speak very long and I am going to keep to that. My submission on this Motion is that it is bad in Law. That it is ridiculous to the extreme, that it should not have come forward, but that we have to vote it down with a resounding "No!" because there is no way that we can put the power of the Governor or the authority of the Governor as bestowed on him by our Constitution to a referendum.

I only want to add one other point, and that is that the seven Elected Members with the help of many other people including the little one from Kalamazoo, have done all that they can to get signatures on a petition to be sent to His Excellency the Governor and the Secretary of State. I understand that the seven Members bound by collective irresponsibility have even gone further from what I see in the paper today, and have written to His Excellency the Governor, to the Prime Minister, the Leader of the Opposition in the United Kingdom and therefore, the people of this country have done all that they can legally do at this point and that is that they have petitioned the persons responsible and I am sure that His Excellency the Governor will take that petition for what it is worth into consideration when he is making up his mind whether to approve these amendments or not. I see further where they are planning a demonstration or march to deliver the petition.

There was a former Governor who told a Member of this Assembly when he told him that he was going to march, he said, "pick your day, my son every bank holiday in England 50,000 Englishmen march around London". He was not in the least impressed. I would just point out to Members that this is a small country, England is a country of hundreds of years stability and what you can do in England and the United States and get away with in the name of democracy, will be looked on in a small territory like this, as instability.

I do not know, marches are common place in the United States also. They march for gay rights, they march for greater investment in aids research, they march for any little reason and I am not sure whether the Members, including the Member who moved it and talked about how they express themselves in the United States, are trying to make our American friends feel at home by staging a demonstration or a march, but while I am not afraid of it, I am in the same shoe as the Ex-Governor who said, 'pick their day'.

I believe that the organizers of that march should think twice before doing such a thing because surely if they have signatures on the petition that is what is going to count, not the march and I am sure that they do not have so many sheets of paper that it takes all of the people that would make up the march to carry the bundle of papers to His Excellency the Governor. I would suggest that they send a selected representative group to him to deliver the petition, but the blood will be on their hands if anything happens to the country. It certainly will not be on mine.

However, having said that I realize that what we are seeing here, is a replay of 1969 to 1976 all over again and, to a lesser degree from 1984 until now. From 1969 to 1976, I sat down with my colleague, Mr. Warren Connolly (who was here then), we sat down like gentlemen and believed that

the country would see the folly of the people who were organizing these marches and we were wrong. Let me assure those people (and I know who they are, I can call them by name or touch them on their shoulder), that when I said that I was a graduate of the school of experience and hard knocks, that experience includes what I went through from 1969 to 1976. I will not allow what happened then, to happen now. I am going to give as good as I get and there is no hope, or no merit in the Member from East End talking about keeping it clean after they throw mud on me. My hands are big and I might be tall, but I can still reach the ground to pick up the mud too, and when they fling it, I am going to fling it back.

I cannot support this Motion, it is wrong in law, it is wrong in the sight of God and man and it goes against our Constitution. Thank you, Sir.

**MR. PRESIDENT:**  
Town is trying to catch my eye earlier, no?

I am not sure whether the First Elected Member for Bodden  
The First Elected Member for West Bay.

**MR. W. McKEEVA BUSH:**  
Honourable House.

Mr. President, I rise in support of the Motion before this

It is a worthwhile Motion, given the circumstances of the day, the issues of the day, it is very worth while. The matter at hand is of paramount importance to the people of these islands. It is one that we have been discussing for over two weeks and I believe contrary to what the Member for Education said, that this matter has not reached the end until the Governor signs it and this is what this Motion is seeking to do. I will get back to the remarks later as made by the Member for Education.

I have in all my time, never seen an issue in this country which has evoked more public discussion and anger than this one. Telephone calls to me are constant. Since this matter was raised on the 30th of May, I have an average of 20 calls per night. There are people constantly voicing their opinions on this that this matter is not right. They say it is not one that we voted on and it is important. People are constantly voicing their agreement on my position against this matter.

This matter which the referendum is seeking to get an answer from the public is of paramount importance in that it deals with the finances of the people. This is not an issue that has been fought at an election and therefore the Executive Council have no mandate from the people of these islands to make this fundamental change of putting civil servants on Finance Committee. This Motion is seeking and is very clear that it seeks in its resolves that His Excellency the Governor be requested not to approve under Section 31 of the Cayman Islands Constitution Order 1972, the amended Standing Orders, amended under Motion No. 6/90 and to await the outcome of referendum hereinafter mentioned.

Now what is this saying? It is asking that the Governor withhold his signature to the amended Standing Orders. Now what is wrong with the people? The people can ask, they can request His Excellency the Governor not to do or to do something. It is within the wisdom of His Excellency the Governor to look at the grievances of the public. Now the grievances of the public are with Executive Council, that they should have no right to change these Standing Orders with the majority in the House. They will then go to the public and the Governor of this territory will have a clearer picture, by the greatest means ever given in a democratic world, that is, a person putting his "X" on an issue and saying yes or no. His Excellency would then have that very clear picture of what the people desire. I believe that His Excellency the Governor has every right and that he would look at the wishes of the people.

So, what the Member for Education sought to do in clouding the issue here, I think he has failed because this Motion is very clear and it is lawful. For him to say that it is not lawful or even bad in Law, is ridiculous. Would it have come to the floor of this House, would the Presiding Officer have let it get this far? It is very lawful and it would give His Excellency the Governor a greater opportunity to see exactly what the people are saying.

I believe His Excellency the Governor realizes, that there is unrest on this matter. Now he has heard us here in this House, wrangling and jangling among ourselves and all that has happened is that the people who the country elected, with a majority of civil servants, passed a Motion. While it is constitutional that the civil servants vote on the matter, does that give it finality? I say no, because it is one bound up in Constitutional Law and precedents and conventions throughout the British Constitution as we know it. So, it is a fundamental matter.

The Motion is good, no doubt about it and if they are the democratic people that they say they are, they would go back to the public on that issue. That is all to it. Let the public be the judge. They are the supreme authority of what they want and what they do not want.

Now last year a Motion was brought to this Honourable House by the Third Elected Member for George Town asking the House to bring a Referendum Law. That was moved by the Member from George Town now moving this Motion and it was seconded by the First Elected Member for Cayman Brac. At that time in discussing with Executive Council then, we said, "No, we were not going to support that". In my contribution on that resolution I said that should an issue ever come where we need to call a referendum we would then make a specific Law for that purpose. I believe I referred to the situation in Jamaica in 1961 or 1962 when [the] Jamaica[n Government] said - referendum yes or no. That is what I said then, and that is my position today. We now have a situation that is of paramount importance to this territory. We can therefore, as the Motion is saying, get a law to deal with the matter. A referendum saying, "is this matter good", "is this what we want, yes or no?" As for me and my house, I say referendum now.

I want to deal briefly now with some of the matters raised, that rambling debate by the Member for Education. This is the first time that I am able to reply to this charge of somebody telling him to take that millstone he calls it from around our neck. The first time that I heard it was in that

scandalous meeting they had when it supposedly came out to inform the public about this issue.

"You had your say, I am not giving way. I am not giving way, the Member had his say". This has been his sing-song for four hours, the other day and at his public meeting where I could not reply. He went to Cayman Brac, and he said the same thing, that he was going to take that millstone (referring to me, and called me an albatross also) from around the neck of the people of this country. If there is an albatross or a millstone, I can only lay claim to that at this time.

Have you ever heard yet about a cart dragging the horse? Never! The only time the cart has dragged the horse along is when the cart pulled the horse backwards. That is what happened in the instance with the Member for Education and me. He can lay no claim of putting me in the House and that I am an albatross around the neck of these people. I want to deal with that.

In my short time in this House, I have tried to do more good for the people of this country (and I have accomplished it), than any other Member in this House by way of resolutions. Check them back and if that Member for Education had only followed it instead of taking the position that because he did not bring it, it was not any good, this country would have been much better off.

I have taken slandering from him. I have taken a lot of ridicule from him in his debates, when I had no chance to reply and at his public meetings which he claimed I interrupted in Cayman Brac. The only time that I interrupted him at that meeting in Cayman Brac - three Members spoke before him, and I did not say one word - was when that Member was ridiculing me. I had every right to because I am human too.

If there is an albatross in this country, it is that man, the Second Member on Council and the Member for Education because he has done more things to hurt this country than any other Executive Council Member in this territory. It was him who almost caused the riots in the early 1970's, simply because he went against the wishes of the people. It is history and he is doing it again today. History they say repeats itself; that man has done more damage to the people of this country than any other single Executive Council Member in this House and he shows me one bit of hurt that I have done to this country. Show me one bit of hurt, that if I did it, if it is a hurt and I did it, that it was not with his okay and his prodding. They talk about collective irresponsibility on this side. I do not know what he can call his, if that is not irresponsibility, I would like to know what it is? I would like to know what it is?

Our Members opened this debate by asking that we stay away from all those nasty areas that took place in this House the other day. The Member for Education got up in his usual manner, he never speaks before anybody else, he always wait for somebody else to speak so that he can cry them down and degrade them to the lowest. When you point a finger, four more are looking at you.

I do not know who called him a nincompoop, I have never heard that word used in this House, nobody did. I would say that he is imagining things and he needs that room (that he talked about yesterday afternoon) in the hospital.

Nobody had a chance to throw mud on him, they opened this whole thing with the meeting at the Kirk Plaza parking lot and if you ever want to hear mud, they opened it then.

**HON. BENSON O. EBANKS:**

Mr. President, the debate on this thing was opened at the public meeting at Cayman Brac before we had our meeting in town. The Member and the doctor went to Cayman Brac and went on a platform where they were not even announced to speak and started this foolishness and while I have the floor when I was in the public meeting I said that it was my decision to remove him from around the neck of the people. What I said awhile ago is that the people have now called me and told me that I cannot leave until they have seen the job done.

**MR. PRESIDENT:**  
there, I note that.

I think the First Elected Member for West Bay did give way

**MR. W. McKEEVA BUSH:**

constantly putting their foot in it.

Yes, Mr. President, some people have a big mouth and they are

Yes, we went to Cayman Brac, but we did not raise any mud-slinging issues there. We did not raise any mud-slinging issues; the mud-slinging took place with that Member who does not seem to know any other thing, but to mud-sling. It is true that that Member and I ran together, much to my dislike. I am sorry that I helped drag him in and I do not know who he is going to find in 1992, but I pray to God that whomever he gets to go with him, is not as nasty and as ridiculing as that Member. I know it certainly would not be McKeeva Bush that is with him!

On this matter of marches, and this petition, these are the Constitutional rights which the people of these islands have. If the people get so grieved, what else can they do? You know what? That little story you heard him say about the Governor telling a man about the bank, the marches on the bank holidays in London, that was myself. But he did not say what I told the Governor, "You might have marches every bank holiday in London, but you have not seen 300 angry Caymanians, on the lawn yet". We have been trying to keep that down in this country. We have taken every lawful course including the one at hand. But they will not heed the advice of the majority of us and the majority of people and I am much afraid that is what is going to happen. The people are going to demonstrate, but that is their constitutional right.

All I say to him is if he does not want to see that, there is a remedy here today; they withdraw this whole nasty episode that has taken place over the last couple of weeks and let us settle down again to running this country without all this fuss. This is all the people want, but the people have said, "We asked them, they will not listen, we are going to sign the petition and we are going to demonstrate our dislike of this issue by delivering those petitions to His Excellency the Governor if he will accept them". That is their

right.

There are scores, hundreds of people who are saying if they cannot back down we are going to demonstrate. There are hundreds of people who are saying we want you all to go to London if they do not back down and I say that I am going to abide by the wishes of my people. That is what I was put here to do especially when it comes on major issues such as we have before us.

How dare him say, that I would ignore what I believe? From what I can gather, the majority of people are against this thing. These are the people who elected me, yes, but they do not expect me to go against what they believe is good for them. What brings countries to disaster, what causes Governments to crumble is when a Government gets so high-handed, and ignoramus that they will refuse to listen to a majority of their people. This is what happens.

I am going to stand with the people of these islands because that is my constitutional duty, that is a right that I have and one that I dearly love. I am going to stand with them on this issue and I will encourage them to sign the petition. I will encourage them to come out to our meetings that we have planned, starting in West Bay on Monday night and that if by then, yes by next week if they have not withdrawn this issue, then we are going to demonstrate by taking those petitions in the hundreds and thousands if you like to His Excellency the Governor, if he is gracious enough to accept them from us.

Peaceful marches have taken place in this country, peaceful demonstrations happen all over the world and this march or this demonstration is going to be a peaceful one, demonstrating against a dictatorship in this territory and that is the right of every man, woman and child if they so desire. Who are we to say - don't you come out, you are going to hurt poor old Benson.

My position on this Motion, it is a good one, it is lawful as it is before the House, I see nothing wrong with it. I think it is a very good way to go. It is a sensible move and it will give the Governor a clearer understanding of what the people of this country want.

Mr. President, I support this move and I am going to hear from here on (now it will be my cry), "referendum now, referendum now, referendum now."

**MR. PRESIDENT:**

Proceedings are suspended until 2:15.

#### AT 12:44 P.M. THE HOUSE SUSPENDED

#### HOUSE RESUMED AT 2:26 P.M.

**MR. PRESIDENT:**

Proceedings of the House are resumed on Private Member's Motion No. 15/90. The First Elected Member for Cayman Brac and Little Cayman.

**CAPT. MABRY S. KIRKCONNELL:**

Thank you, Mr. President.

I rise to offer my contribution on Private Member's Motion No. 15/90. A Motion moved without notice, considering a referendum on Private Member's Motion No. 3/90 and 6/90. When this was first introduced into this Honourable House on the 4th, I had hopes that it might have been a solution to our problem. It was a Motion that I looked at very seriously. Unfortunately events have overtaken this and I see now that this is not the end of the line.

The situation in this country gives me great concern because I think all of us here must consider that the stability and good Government of our country is most important and unless we the Members of this Honourable House can make the framework to make that work, there is no other element that is going to do it.

I share the concern of the silent majority out there. I think we are hearing a lot from the vocal minority and I say today as Caymanians we must realize that future generations will suffer if we do not take into consideration that we must preserve stability and secure continued prosperity in these islands.

Mr. President, in 1989, I did second a Motion to bring a referendum law to this country and I would like at this time to comment on that with your permission. The resolve section of that Motion which was Private Member's Motion No. 11/89 which was debated in this Honourable House on the 29th and 30th of May, 1989 read as follows:

**"BE IT RESOLVED** that a Select Committee comprising all elected Members and the Second Official Member be appointed to examine and make recommendations on a referendum law which would give the people of the Cayman Islands the right to vote upon major national issues."

Now the Motion before this House has a completely different resolve section. Unfortunately that Motion was rejected by a vote of nine to five. That Motion did not carry, it was felt by the majority at that time that it was not necessary. It was my intention, in seconding that Motion, that we would protect the people of the Cayman Islands in the event of any Constitutional desire for constitutional advancement, that that would go to the people for their approval. I would like to quote from the un-edited Hansard of the 30th of May, 1989, page 1, the last paragraph where the mover of the Motion, the Third Elected Member from George Town said and I quote:

"I want to move on to point out that all we are asking is for a Select Committee, comprising all the Elected Members and that the Second Official Member be appointed to make recommendations on a Referendum Law. It is no more than that."

I go to page 2, the second paragraph and I quote:

"Mr. President, whatever the Committee comes up with may well wish to limit this. For example, an issue such as constitutional change only."

The last part of that same paragraph he says:

"... a constitutional change only, and it could be limited to a resolution of this Honourable House."

Mr. President, that was the Motion that I seconded. It would be different today if we had a Motion before this House that was proposing to establish a Referendum Law and not to ask for a referendum on a subject that the community is already in a most heated state. I have experiences in my district, where petition after petition has been presented. I hasten to say as I speak now, the originals of those petitions have not come to my hand. I have had poor quality photo-copies presented to me, but the originals, which I thought at least of the last petition, would have been presented to me have not been, although I have requested it from the young lady who signed it. It has not been presented to me, has tended not to get the signatures of the people on the issue of a Motion No. 3/90, but on many other issues which are alien to that subject but nevertheless would achieve the purpose which the petition wanted to bring here.

I would like to quote further from the *Hansard* of still the 30th of May, 1989, on page 12 where the First Elected Member from West Bay quoted and this is one time that I really agree with him:

"There was once a referendum held in Malta to decide their integrating with Great Britain. The British Government did not think there was a majority, although the proponents thought so. So, Malta did not get integrated at that time."

There is one example. He went on in the fourth paragraph:

"We, as the Bodden Town representatives pointed out, are a small country comprising of small communities. We are, some of the Elected Members, in constant contact with our people. Sometimes our people know about a matter at 11:00 A.M. if it is supposed to happen at 2:00 P.M. Referenda may work in other large countries where there is a big land-mass and thousands of miles before you can get from one door to the next. That is not the Cayman Islands, not these Islands. We are unique.

Now I pose the question some other Members posed. Did the Member go out and out? Did he go out and determine whether this is what the people want? In other words, we could have a referendum to find out whether we need a referendum? I do not think it will work. I doubt it would work in Cayman.

If the Members who were so strong against the Motion for the Speaker's Office, were as sure as he was in debating the Motion, that the people did not want a Caymanian Speaker at this time and he had a majority, then it is my contention if he had that majority then he does not need to have a referendum at any time.

I believe this is a lot of politics, I think the Members are playing politics. No matter how they put it, that is what they are trying to do. Create confusion and at some point defeat the Government."

Mr. President, I have quoted this Hansard to show that in the words of some of the other Members who speak otherwise here today, they realize that the Cayman Islands are unique and I again repeat, if a referendum on a constitutional issue is brought to this country and the electorate the populace of this country is fully appraised of the situation and they make their decision, then I accept that as being a proper decision. As it is now, the community has been polarized in one direction and I do not feel within the foreseeable future if actions which have been described as forthcoming by other speakers here today are carried out, there is any intention of letting the populace get back to normalcy.

Therefore, I do not support a referendum at this time for I do not feel we will be getting the true feeling of the electorate.

Thank you, Mr. President.

**MR. PRESIDENT:**

The First Elected Member for Bodden Town.

**MR. ROY BODDEN:**

Thank you very much, Mr. President.

In rising to support this Motion before the House at this time, I would like to preface what I have to say by saying that when the Motion was brought in 1989, I did not support it then because circumstances were entirely different and indeed the Motion at that time was of a general nature, so general that I did not see its efficacy and its applicability at that time.

Circumstances have considerably changed and now this Motion is both relevant and timely. What is disturbing, however, is the fact that when the odds are against some people they propose compromise and dialogue, but when they believe they have the majority they use the ramrod and the baseball bat.

I am going to try to be rational. I am suggesting that all the emotion, all the rhetoric that the corollary emotions to this one has generated, all the differences between us which have been exaggerated will be put to rest finally with this referendum.

Now the argument has been given that there is a certain amount of presumptuousness in this Motion because it tends to slight the reserve powers of the Governor. I am suggesting that were roles reversed and that goodly gentleman was called upon to advise the Executive Council as to the most amicable solution in this dialogue and controversy given the alternative of the referendum, that is what he would suggest.

Anyone who would deem to try to arrive at a final and peaceful solution to that, would realize that this is the face saving way out; a way out in which no side could come back and say, this or that was not done. You ran this by us or you railroaded this by us. And also I do not subscribe to the argument that the representatives the Honourable Members inside here would be abdicating their responsibility if they take the issue back to the people for them to have the say.

I am suggesting that wise Legislatures would realize that there are times when they, in all their wisdom, cannot satisfactorily and conclusively decide an issue of such emotion and there is nothing wrong with taking it back to the people and say, "ladies and gentlemen, we in our wisdom cannot agree; we are reverting to you for you to have the final say in this matter."

I am going to cite a case and it is unfortunate that time does not allow me to get the official records. In the 1970's when there was much heated debate and tempers and emotions were flaring in Quebec about separation, the late Renee Levesque who was, and still is, perhaps in memory the foremost Quebecois nationalist, campaigned on an issue of separating Quebec from the Confederation of Canada. What is interesting is that he won a mandate from his people to do so. He won a resounding majority but interestingly enough even he himself was not convinced that the majority he was given at the polls was sufficient to bring about the radical change that he wished to implement. As a result of pressure brought from without including the electorate, he said, "I do not believe that the percentage of voters who took part in the general election, although I have been returned with a resounding mandate and a majority, was sufficient for me to effect this change. Therefore according to the constitution and the law I will have a referendum."

And he had the referendum and subsequently lost. As a result of that referendum, Quebec is still in the Confederation and Renee Levesque, he took a political gamble and I am saying that he lost because he lost popularity and the more radical people in his party like Jacques Pariseau, set themselves up as the leaders but that is the effectiveness of a referendum and that sets the precedent.

Now I have a friend who is a Procedural Assistant in the Parliament and I asked him to get the records but unfortunately this Motion will be closed before I have the official records. There is absolutely nothing wrong with what we are doing and I full well realize the reserve powers given to His Excellency the Governor, but I am saying that this is an issue which, when we leave here, if we are responsible, should be settled once and for all in such a way that no side can claim that they were slighted. What better way than to say, "electorate, we as your representatives are not satisfied, we are asking you to make the ultimate decision for us." We cannot lose by that.

This is an issue that has the potential of destroying us. It is incumbent upon us as sensible people to take the most amicable, the most decisive, the most conclusive way out. I recommend the Motion because I think it is one which will settle this issue once and for all.

I thank you kindly, Sir.

**MR. PRESIDENT:**  
Member for Bodden Town.

Does any other Member wish to speak? The Second Elected

**MR. G. HAIG BODDEN:**

Mr. President, referendum is a useful method of obtaining the opinions of the electorate where the voters are too numerous or scattered to assemble in one gathering. A referendum does not dispense with the Legislative body, it does not interfere with the work of the Legislative Assembly. It merely supplements the work and makes it easy to deal with major decisions.

As we have heard from other speakers, referenda has been used in many countries, Switzerland, United States, Canada, United Kingdom and Jamaica. Jamaica is a clear example and within recent memory. The late Norman Manley believed that he knew the wishes of the Jamaican people with regards to the Federation until they took a referendum.

A referendum is a method of submitting an important matter to the popular vote before or after the matter has been put before the Legislative Assembly. So this would be a good way of either confirming or reflecting the Legislative act. The only reason that I can think of why the Government does not want it, is because they know that the result will be a one-sided result against their wishes, against their action with the change in Finance Committee. They are scared of the results.

In the United States most constitutional matters are referred to

referenda and it is the feeling of the majority of the Elected Members of this House that the matter which is the subject of this Motion is a constitutional one. Whether or not it is, it is of significant importance and therefore a matter that could easily be put to a referendum.

Being a tax haven we should be interested in the many reasons that have made Switzerland such a success and Switzerland has been called the home of the referendum because they have more referenda than anybody else. They have been using them since 1500.

The First Member for Cayman Brac told us that he had seconded a Motion in May of 1989, asking the Government to set up a committee to look into the establishment of a Referendum Law. Despite his remarks (which I must admit were not too strong against this Motion), I would ask him to consider that he is at this stage the eighth ball in our development. Those people who play pool know the role of the eighth ball and he is in that position being the eighth ball of Executive Council. As such he must be careful how he sinks that ball and his vote will either allow or deny this entire country its right to deciding this matter in a democratic fashion. As he is a man who puts country before self, he must now put country before self, regardless of how he feels personally about this matter. He must put country before self and give the country the opportunity to decide what the country wants.

Tampering and tinkering with Standing Orders and the constitutional system is bad. It is even worse when that tampering and tinkering has been done without the consent of the public. There are few issues which can galvanize the Caymanian people into cohesive action like the matter which is before the House today. It should be hoped that laws and emotions which enhance, or in the case of the matter that we are dealing with, slash the effects of representative Government would be considered with the ethics and demands of the democratic system in mind.

Realistically what has happened is that the Government (or the four plus one Elected Member) is reacting to these important issues according to their own immediate interests. I might say trying to do it with impunity. If they deny this Motion they would be able to continue their juggling act. They have juggled 67(1) and would now juggle Finance Committee. To my knowledge in the 31 years since we have dealt or have had the system, this is the first time that we have had people tinker and fuss with the construction of Finance Committee without any input from the people of the Cayman Islands.

Today we could easily put to rest the fears of the Caymanian people and the suspicion and distaste of the people for the way the country is being governed. This matter has been one on which there has been much public debate, but 95 per cent of that debate has been against what is happening. This referendum would allow that large silent majority to make their indications known. It would also allow the five per cent that agrees with it to show their colours. This Motion does not challenge the Governor, does not interfere with any of his responsibilities. It would simply help him to exercise those powers.

The Member for Education bemoaned the fact that although he had spoken for four hours he did not seem to get his points across and I can only say to him that while he lacks the power of conversation, he does not lack the power of speech. He talked about placards that might stir up trouble and I only saw one placard that could stir up trouble on this matter and it was held by his most ardent supporter and it said, "We Support Exco".

The Member for Education in his mud-slinging continued to attack the 'little boy from Kalamazoo'. I want to set the record straight. He is no little boy from Kalamazoo, his mother I believe was an American lady who did more for this country than any foreign person I can think of because she started the Triple C School. She married into a Caymanian family, the Merrrens, one of the most respected families in these islands.

As to the person that he refers to, as 'the boy from Kalamazoo' I would ask him to turn to the Cayman Islands Year Book and Business Directory for 1987 and 1988 and he will find an article that could enlighten him if he is able to read it. I am not interested in the article, I only want to read to this House what is written about the author, Mr. Orren Merren, the man from Kalamazoo.

Mr. Orren Merren is a Caymanian Attorney who has his own local office after having practiced Law between Washington D.C. and the Cayman Islands, 1981 to 1985. He served as the Deputy Clerk of the Courts of the Cayman Islands, 1975 to 1976; as a legal consultant to the Cayman Islands Government, 1982 to 1984 and as general counsel to Cayman Airways Limited, 1983 to 1985. He attended the Inns of Court School of Law in London, England and was called to the Bar of England and Wales by the Honourable Society of the Inner Temple. He also holds an Associate Business degree of the University of Michigan an LL.B degree of the University of London and Masters of Business Administration degree in Finance and International Business of the George Washington University and an LL.M degree in International Law of the George Town University. In addition he has authored various articles and co-authored the 3rd Edition of *Sasoon on CIF and FOB Contracts, 1984*. How can somebody try to rake muck on a man like Mr. Orren Merren?

I am reminded of a book that is well read by all the churchgoers, *The Pilgrims Progress*, and in that book the muck-raker is offered the celestial prize if he can stop raking the muck and look up, if he can raise his sights. The muck-raker never received the celestial prize.

The Member for Education in his contribution made mention of a march. All that I would like to tell the House is that that Member is the cause of that march. Just the same as he was the cause of the march that was held in 1976 and the cause of another march which had been held earlier. It was his actions and the actions of the Government which he led that caused the peaceful Caymanian people to stand up when their rights were threatened. The Caymanian people do not often march but you push them hard enough and you push them far enough and you tamper with their rights and 10,000 of them will hit the streets. So he need not put in his little bit to deter the Caymanians because they know, they know their rights, they know the results of marches, they know that if they had not marched his Government would have destroyed this country.

I know all about that 1975 Development Plan where one would

have needed five acres of land to build a house in Bodden Town. I know about that where they would have cut this island in two so they could have four islands, one for each Member of Executive Council to rule over and put in a canal at Red Bay. I know all about this, I know and my people know.

**MR. PRESIDENT:** While I am on the question of order, I think you should come back to the subject of the debate, please.

**MR. G. HAIG BODDEN:** Yes, thank you very much, Sir. I was only trying to deal with what he had said about the march.

**MR. PRESIDENT:** I think you have dealt with it very well. I am asking you to come back to the subject.

**MR. G. HAIG BODDEN:** To ask for a referendum in a matter that is controversial is the proper thing to do. This would put an end to the controversy. I believe a referendum would be the safest way and the easiest way of bringing back this country to normal. There is unrest, everybody knows it is caused by the Government and the Government holds in its hand the remedy. There are times when you need to fight, you must fight against evil, you must fight against wrong doing and this referendum, this Motion gives the people the opportunity to carry on that fight in a peaceful and in a democratic fashion.

I heard a lot from the Member of Education about what is wrong, what has been done, what is wrong in the sight of God. I do not know which one of his gods he is talking about. I know what has been done wrong in the sight of the Caymanian people and I see a referendum on this matter as a means of correcting the wrong doing.

Finally, in closing, I would like to say that it is my opinion the referendum could relieve the Governor of a lot of pressure too. I wish to look at the Royal instructions paragraph 6 which says:

"And the Governor shall apply to a Secretary of State for all such instructions as he may require for his guidance."

I hope that the Governor will look in this matter, the matter of the referendum and the matter of the Motion to the Secretary of State instead of the Executive Council.

**MR. PRESIDENT:** Does any Member wish to speak? While we are waiting, I wonder if I could ask the Clerk to have my microphone checked during the interval, it seems to be extremely loud at the moment, if you would during the interval. Does any Member wish to speak? If no other Member wishes to speak would the mover wish to reply?

**MR. TRUMAN M. BODDEN:** Thank you, Mr. President.

There is one thing that has been brought out very clearly to this House today and, I hope, to the public of the Cayman Islands is that this saying of 'country before self', has only been a hollow and meaningless saying by some Members of this House.

The decision here was clearly a decision between public and self. The public has been rejected and self in the course of that phrase that now has been coined by the Government that they will get their way, that they intend to get their way regardless of what the country feels and regardless of what the people think.

The debate put up by the Government has been a pitiful one of personalities, of dealing with a lesson on mud-slinging, while mud-slinging himself and one which has not touched upon the hard facts, the hard issues in this most important matter. I want to make it clear that this Motion was brought after the President saw it and there is nothing at all that is illegal or wrong with it. It is not any challenge under the Constitution as the Member for Education continues to confuse the issue and it is one which could be properly brought and was properly brought.

One of perhaps the frightening things that came out of this, is to hear the Member for Education state that his speeches in this House or a former speech in this House was required reading for schools. That is frightening and it is not a joke because when you realize that he is the Member in charge of Education in this country and you look at the way that his arguments have stayed in the mud and I use the word mud, all I can say is someone needs to help the schools and education in this country.

What we have seen here today is really the move as one Member earlier said, where when the Government has a majority they ram things through, when they have a minority they want to talk about compromise and talking. This is where the destruction of this country is going to arise from.

I guess that the position that we are in today as was mentioned by the Second Elected Member for Bodden Town is only history repeating itself because I too remember the 1970 and the 1976 problems and marches that were brought about as a result of Executive Council wanting to have its way at any price.

Those are clearly what the Member tried to refer to us, the blood is on his hands, for those two marches and anything that may arise out of this. I do not want to have had to go to that stage, but they were the words used and I am saying it is not on our hands. This Motion is a Government's Motion and they are the people who have the right to stop it if they wish. They are the people pushing it and



pushing it with a type of debate that unfortunately is not helping to sort out the issues in the minds of the public.

This Motion, 6/90, that we are asking that the substance of that we have a referendum on, is a Motion that clearly is not one acceptable to the public and that is another reason why they do not want to ask the public what they feel.

I would ask the Member for Education, I have been listening to him talking to me for 10 minutes and tried to ignore him, but would he please stop it now? I am not sitting down, I am on my feet and would you please stop it and get away from the microphone.

**HON. BENSON O. EBANKS:** I have not been in the House for 10 minutes.

**MR. PRESIDENT:** Order.

**MR. TRUMAN M. BODDEN:** Mr. President, I have been trying to look...

**MR. PRESIDENT:** Excuse me, I want to say something. It is a very consistent feature of this House that Members on both sides do not actually interrupt, but make comments while Members are speaking. A certain level of this is part of the (if you like), normal rules, but let us not make it excessive. Please continue.

**MR. TRUMAN M. BODDEN:** Mr. President, my only thing there was very constant, not sporadic.

However, if it is felt by the Government or if it is felt by the First Elected Member for Cayman Brac that the silent majority of the public in this country want to see the Finance Committee having added to it the three Official Members, and having removed the Financial Secretary and put the Presiding Officer of this House in the Chair, then why are they afraid to go back to the people? Why? That is why whatever results on the Motion that was passed in this House No. 6/90 is very clearly the responsibility of and on the shoulders of the Government.

There was a lot said by the First Elected Member for Cayman Brac about the Motion on referendum that was brought a year ago and I would just like to read that to the public because that Member is an educated man. It says:

"WHEREAS there is no law which enables a referendum to be held whereby the people of the Cayman Islands can give their views on important public issues;

AND WHEREAS it is considered that the number of important issues affecting the country is increasing;

AND WHEREAS it is considered that the people of these Islands should be able to give their views clearly to their representatives in this Assembly;

BE IT THEREFORE RESOLVED that a Select Committee comprising all elected Members and the Second Official Member be appointed to examine and to make recommendations on a referendum law which would give the people of the Cayman Islands the right to vote upon major national issues."

Nothing could be clearer. The reference that the First Elected Member for Cayman Brac made to what I said, was in my way of attempting to compromise a situation, which I have always done if I felt that compromise was something that was useful. I did say in that, lastly, if this resolution is passed the main aim that I seek with it, would be to have major national issues. If that issue was limited to constitutional change only, then I guess I would have to accept it.

There can be no doubt this Motion that was brought a year ago was not one that was brought to deal with constitutional issues. It was a general Referendum Law which encompasses exactly the Motion that is before this House at the present time in that it is a smaller or a special type of Referendum Law and not a general Referendum Law which would have covered many other things.

Now, while on this matter of the Minutes, is that the Member for Education at page 6 said:

"It is popular and arguable as the mover of this motion has done, (this is the motion a year ago)".

**MR. PRESIDENT:** Excuse me a moment, could you identify which sitting and day you are reading from?

**MR. TRUMAN M. BODDEN:** I was referring to the same one that the Member spoke about, it is the 30th of May, 1989.

**HON. BENSON O. EBANKS:** I can help him, Sir...

**MR. TRUMAN M. BODDEN:** Mr. President, I am on my feet, unless he is taking a Point of

Order, I would ask him to please sit down. Mr. President, when I said he needs to set an example for the students of this country, I really mean that because...

**MR. PRESIDENT:** Please continue with your quotation.

**MR. TRUMAN M. BODDEN:** He said at page 6:

"It is popular and arguable as the mover of this Motion has done, that it is a good idea to go back and canvass the people's opinion more often. Not just on election day, there is nothing wrong with that in my opinion as long as it is done on a voluntary and need to know basis."

The argument of Government at that time was somewhat along the strained lines as I see it of the First Elected Member for Cayman Brac this time. If it is a one of a type of referendum then it is a matter which would have been acceptable. That example has now been given where we have a right, on a major issue, to go back to the people and to take the heat out of the situation before it is pushed to a stage of where Government must have its way, that it is going to be a question of the people deciding what they feel is right, Executive Council deciding what it feels is right. That is going to further hurt the country because I would have thought that this alternative was one which would have been acceptable and obviously advisable to all of the Members of this House.

Now, I would just like to read a brief editorial from the Compass yesterday, Thursday the 5th of July and it is headed:

*"The People's Views"*

'There is a new call for a referendum law, this time for the specific purpose of eliciting public opinion on the controversial Exco move to expand Finance Committee.

This newspaper has on previous occasions endorsed suggestions for the introduction of a referendum law.

The current call for such a law is, of course, coming from an opposition candidate. Governments in power don't usually like the idea of a referendum law very much - they usually contend that by being elected, they were given a mandate to govern and they should be allowed to get on with it.

Nevertheless, many countries have the legislative machinery to go back to the electorate on issues of importance, in order to find out whether or not a particular action is acceptable to the people from whom the political power springs.

This does not mean that every piece of legislation needs to go through this process. The circumstances in which a referendum can or should be held can be clearly spelled out to ensure that the procedure would not be overused.

In matters of great importance, it should be reassuring for all politicians to have the means of obtaining clear indications of the opinions of their electorate.

Without referendum, we must rely on estimates and guesswork. Sometimes what appears the majority opinion may merely be the views of those who shout the loudest.

No one, be it on the ExCo side or the backbench of Assembly, should be afraid of clear evidence of public opinion on important matters."

I stress that:

**"No one, be it on the ExCo side or the backbench of Assembly, should be afraid of clear evidence of public opinion on important matters."**

**MR. PRESIDENT:** Perhaps we might take the break there.

**MR. TRUMAN M. BODDEN:** Yes, Sir.

**MR. PRESIDENT:** I have left it rather late thinking you might be winding up.  
Proceedings are suspended for 15 minutes.

**AT 3:35 P.M. THE HOUSE SUSPENDED****HOUSE RESUMED AT 3:54 P.M.**

**MR. PRESIDENT:**  
quiet out there.

Serjeant would you go and tell those people whoever it is to be

George Town continuing.

Proceedings are resumed, the Third Elected Member for

**MR. TRUMAN M. BODDEN:**

Mr. President, this Motion that I have brought is one which has been aimed at a proper consultation of the public through a referendum to see what their views are on Motion No. 6/90. I saw in summary and in winding up in this, the following merits to it. A short simple question could have been used to present to voters for them to make a decision on. Also the House could have met informally to draft the sections of the Law. I also saw scope for a cooling off period in what is already an over heated-period that we have seen in the country. In fact the country I do not think has ever been more divided than it is at present. It would help stability, it could not in any way affect stability and would, in fact, be the exercise of democratic rights which are well understood in North America.

Lastly, as I said, if we are looking at the position of country before self, this is now a clear decision where one puts country before self. It is a decision where you are asking the country what it feels as against the Members' own selfish and self-use to decide that they know what is best for the country and they are not going to ask them.

Lastly, I would remind this House that the people are the ultimate political sovereign. They vote us in every four years and they have the right to refuse not to return us to this Honourable House. I want to thank the Members, Backbenchers who have supported this and I know that the people of these islands appreciate the attempt which has been made on this and several other occasions to protect the interest of the people and we are as Backbenchers protectors of the public's interest. It would be unfortunate if Members in this House felt that they would put themselves before their country and move ahead and vote against this Motion because in effect, it would be depriving the country of giving its view on this most important matter.

Thank you.

**MR. PRESIDENT:**

The Question will now be put on Private Members's Motion No. 15/90. Those in favour please say Aye...Those against no? Would you take a division please, Clerk?

**AYES AND NOES****DIVISION  
NO. 24/90****NOES: 8**

Hon. Thomas C. Jefferson  
Hon. Richard W. Ground  
Hon. J. Lemuel Hurlston  
Hon. W. Norman Bodden  
Hon. Benson O. Ebanks  
Hon D. Ezzard Miller  
Hon. Linford A. Pierson  
Capt. Mabry S. Kirkconnell

**AYES: 7**

Mr. W. McKeeva Bush  
Mr. John D. Jefferson, Jr  
Mr. Truman M. Bodden  
Mr. Gilbert A. McLean  
Mr. Roy Bodden  
Mr. G. Haig Bodden  
Mr. John B. McLean

**NEGATIVED BY MAJORITY:****PRIVATE MEMBER'S MOTION NO. 15/90 - REFERENDUM.**

**MR. PRESIDENT:**  
George Town.

The Motion fails accordingly. The Third Elected Member for

**STANDING ORDER 24(9)(viii)  
MOTION WITHOUT NOTICE**

**MR. TRUMAN M. BODDEN:**

Mr. President, under Standing Order 24(9)(viii), (it is the same one that we used for this in a previous Motion), I would like to give notice of a Motion under that section. I am wondering, since it is a bit late, whether the House may wish to adjourn or whether I should just go ahead and read the Motion?

**MR. PRESIDENT:** I would like you to read out the text of the Motion so that the Chair can decide whether it does in fact arise from that Standing Order.

**MR. TRUMAN M. BODDEN:** Yes, Sir.

**PRIVATE MEMBER'S MOTION NO. 16/90  
Standing Order 24(9)(viii)**

**AMENDMENT TO CONSTITUTION IN RELATION TO FINANCE COMMITTEE**

**"WHEREAS**, contrary to the advice of the majority of the elected members of this Honourable House, Government Motion No. 6/90 was passed to reconstitute Finance Committee;

**AND WHEREAS** Private Member's Motion No. 15/90 - Referendum Motion Without Notice Standing Order 24(9)(viii), which sought to put the question of reconstitution of Finance Committee to the people of this country in a voter's referendum was rejected;

**AND WHEREAS** it has been implied under and accepted since 1959 Cayman Islands Constitution and continuing in the 1972 Cayman Islands Constitution and expressly in the Standing Orders made thereunder that the Finance Committee shall not include the official Members of the Assembly'

**AND WHEREAS** the reasonable expectations of the electorate of these Islands is that Finance committee should continue comprising the twelve elected members of this Honourable House with the Financial Secretary as Chairman;

**AND WHEREAS** it is now necessary and desirable that in order to preserve the reasonable expectations of the electorate a new section be added to the 1972 Constitution to preserve the status quo;

**BE IT RESOLVED THAT -**

1. Through the Governor of the Cayman Islands the Secretary of State and Foreign Affairs be advised forthwith that the Legislative Assembly of the Cayman Islands requests Her Majesty's Privy Council to exercise the powers conferred pursuant to section 5 and 7 of the West Indies Act 1962 by Order in Council to amend the 1972 Constitution by adding immediately after section 43 the following new section -

"Finance Committee	"43A. (1)	There shall be a standing Select Committee of the Legislative Assembly to be styled the Finance Committee, for the consideration of estimates of expenditure, financial bills and other business referred to it by the House or by the Governor.
	(2)	The Finance Committee shall consist of all elected members of the Assembly with the Chairman being the Financial Secretary who shall have a casting vote only.
	(3)	The quorum of the Finance Committee shall be seven members including the Chairman.
	(4)	The motion or decision of the Finance Committee on any matter which is properly before it shall be reported to the Legislative Assembly and the Assembly shall thereupon be deemed to have agreed to the motion or decision"

and that this amendment be brought into effect at the earliest possible date.

2. That this House requests that until this Honourable House meets after the said amendment is brought into effect the Governor not exercise his power in accordance with section 31(1) of the 1972 Constitution to approve the amendment to Standing Orders as proposed by Government Motion No.

6/90."

**MR. PRESIDENT:** If you are rising to second it, I am not quite ready for that. What I intend to do, obviously you have the text, I would like a copy of it. I will consider it now during a short suspension and then rule whether or not it does arise out of the Standing Order you quote.

Proceedings are suspended. I do not think there can be any debate on this question. There may be a point, I am quite prepared to hear a point if there is a point.

**HON. BENSON O. EBANKS:** Yes, Sir, I was going to suggest that in considering this Motion you pay special attention to Standing Order 24 (8).

**MR. PRESIDENT:** Thank you.  
Proceedings are suspended for a period which I cannot state but will not be longer than 29 minutes past four.

#### AT 4:05 THE HOUSE SUSPENDED

#### HOUSE RESUMED AT 4:19 P.M.

**MR. PRESIDENT:** Proceedings are resumed.  
When we suspended for that short break, the Third Elected Member for George Town had given the notice that he wished to move a motion without notice under Standing Order 24 (9)(viii). I undertook to consider whether this motion in fact could be brought under that Standing Order.

I would congratulate him for a very ingenious approach to the problem and I understand the objectives, but I think the point about this motion is this: That it seeks to ask the House in the resolution clause, to rescind the decision taken in the last few days by the affirmative resolution on motions No. 3/90 and No. 6/90. It is therefore caught by Standing Order 24(8) because it is the same in substance as the two motions to which I refer which have been decided and therefore I rule that it is not admissible under Standing Orders.

I would like to make a further observation.

### PRESIDENT'S RULING

#### MOTION WITHOUT NOTICE - DISALLOWED

I have made my ruling. I would like to make a further observation. I note that although presently the composition of Finance Committee is not a matter dealt with in the constitution, other matters have been raised in the course of these debates, for example the status of the Official Members and these are matters which are provided for in the constitution. In the circumstances I would like to draw the attention of the House to pages 37 and 38 of the 1990 Throne Speech and in particular I am going to quote the third and fourth paragraphs on page 38 where the Governor said:

"It may now be worth considering whether the time has come to request the United Kingdom Government to appoint a suitable person to conduct a review of the Constitution of the Cayman Islands, taking wide soundings among the community, and to report on what he finds, for the consideration of the community and of this Assembly, as on the last occasion.

It is emphasised that in raising for consideration the possibility of such a review, I convey no personal view, nor any opinion of the United Kingdom Government, as to any possible need for changes. These remain as matters for the people of these Islands to consider and decide upon."

We are very close to half past four, the next item is to go on the Second Reading of Bills which would seem perhaps best left until Monday morning, would that be agreeable?

### ADJOURNMENT

**HON. THOMAS C. JEFFERSON:** Mr. President, I move the adjournment of this House until 10:00 Monday morning.

**MR. PRESIDENT:** The question is that the House do now adjourn until Monday morning. I shall put the question. Those in favour please say Aye...Those against No.

**AYES**

The Ayes have it.  
The House is accordingly adjourned.

**AT 4:28 P.M. THE HOUSE STOOD ADJOURNED UNTIL 10:00 A.M., MONDAY, 9TH JULY, 1990.**

**MONDAY  
9TH JULY, 1990  
10:34 A.M.**

**MR. PRESIDENT:** Prayers by the First Elected Member for Bodden Town.

**PRAYERS**

**MR. ROY BODDEN:**

Let us Pray.

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

Bless our Sovereign Lady Queen Elizabeth, the Queen Mother, Philip Duke of Edinburgh, Charles Prince of Wales, Diana Princess 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 Members of Executive Council 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, Amen.

Our Father, who art in Heaven, Hallowed be Thy Name, Thy Kingdom come, Thy will be done, in earth as it is in Heaven. Give us this day our daily bread: And forgive us our trespasses, as we forgive them that trespass against us: And lead us not into temptation; but deliver us from evil: For Thine is the Kingdom, the power and the glory, for ever and ever. Amen.

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

**ADMINISTRATION OF AFFIRMATION**

(Administered by the Clerk)

by

**Mr. James Montgomery Ryan**

**MR. JAMES M. RYAN:**

I, James Montgomery Ryan, do solemnly and sincerely affirm and declare that I will be faithful and bear true allegiance to Her Majesty, Queen Elizabeth II, her heirs and successors according to Law.

**MR. PRESIDENT:**

Proceedings of the House are resumed.

We welcome the temporary Third Official Member.

Item three on today's Order Paper, Government Business, Bills.

Second Reading.

**GOVERNMENT BUSINESS**

**BILLS**

**SECOND READINGS**

**THE TOWNS AND COMMUNITIES (AMENDMENT) BILL, 1990**

**HON. W. NORMAN BODDEN:**

Mr. President, I beg to move the Second Reading of a Bill shortly entitled a Bill for a Law to amend the Towns and Communities Law. The objects and reasons are stated as follows: This Bill seeks to insert a new paragraph (t) in section 3 of the Towns and Communities Law, so as to create an offence of setting fire to a firework in a public place without a permit issued by the Chief Fire Officer; and secondly the Bill seeks to increase the penalty for any contravention of section 3, including this new proposed paragraph.

Mr. President, this is a very short Bill. It is in the interest of the public, I believe. This is an attempt by Government to improve public safety, especially during specific times of the year or on special occasions when fireworks are used. It is true that different types of firework displays can be attractive and entertaining and certainly enjoyed by people of all ages, but there is clear evidence that if they are not properly handled they can certainly become a fire hazard. Other types of fireworks such as fire crackers, or fire rockets as they are often called, are often set off by youngsters can be carelessly used and result in bodily harm and injury, not only to the user but to unsuspecting bystanders as well.

From time to time incidents are reported where members of the

public have been injured due to fire crackers being carelessly thrown on or near them. I, as well as some of the Members of this honourable House, have received representations from the public that something should be done to control the use of fireworks in public places. Just a burn from one of these is bad enough, but injuries can be far more serious in any of these incidents or accidents.

This short Bill is intended to ensure and to exercise some measure of control, to offer some protection to the public by prohibiting the use of fireworks in public places and to increase the penalties for violation of the Law to bring that to a realistic level. I know that in the existing Law there is mention similar to this, but after giving the matter due consideration, it was felt that this amendment should be brought in order to clarify and to make the intent of the law more specific and abundantly clear.

In connection with this subject, the portfolio at one time considered bringing a separate law on fireworks, but on advice from the Legal Department, it was felt that the same or similar effects could be accomplished through a simple amendment to the Towns and Communities Law. Thus the reason why this amendment is being brought at this time.

No attempt is being made to dictate or tell people what to do on their private properties, but provision is being made so that a permit would have to be obtained from the Chief Fire Officer whenever fireworks are intended to be used for public display by any organisations, groups, or individuals. Such a permit would be based on reasonable terms and conditions which would be determined by our Chief Fire Officer, and in my discussion with him, it is envisaged that the type of information that would have to be supplied in order for a permit to be considered and issued would be items like the name of the applicant, the intended date to put on the display, the location and time and purpose. It is not seen to bring any complex or bureaucratic procedure into this and I do not believe anybody genuinely interested in conducting a fireworks display would find this at all over-burdening.

Mr. President, a committee stage amendment has been circulated which deletes the reference to fireworks in paragraph (o) of section (c) of the Towns and Communities Law. This is a necessary consequential change since fireworks will be dealt with separately in the new paragraph (t).

I believe that this Bill is necessary and reasonable. I believe that it is in the public interest as I said before, and I would thereby ask all Honourable Members to give this short Bill their support.

Thank you, Mr. President.

**MR. PRESIDENT:**

(Amendment) Bill, 1990, be given its Second Reading.

The question is that a Bill entitled The Towns and Communities

debate. The First Elected Member for West Bay?

Does any Member wish to speak? The Motion is open for

**MR. W. McKEEVA BUSH:**

I think it is long overdue. People have complained about fireworks in public places.

Mr. President, I rise in support of the Bill before the House. I

I recall an incident last year during the ending of Pirate's Week in central George Town, a couple were here on their honeymoon. They were enjoying the festivities and when I walked into the crowd I was called by a businessman (here in George Town), who was dealing with the couple. Someone had shot off a sky rocket into the crowd which hit the lady on her neck. They complained to a policeman who said he could not do anything about it. It was very serious; it burnt the very costume jewelry the lady was wearing. I went over to speak with the couple and calm them down. Since that we have become good friends.

Therefore, I am glad that this sort of Bill is before the House because I think fireworks in public places are very dangerous indeed. In fact, I made the Member aware of that situation and that situation got me into a little hot water in the House as I was accused of waving a flag they had sent me. Nevertheless, I am glad that the Bill is before the House and I have assured the House that if I have to wave a flag it will not be the rebel flag that they sent me in appreciation. It will be the Cayman flag. Nevertheless, I am, as I said, happy and can offer my full support to the amendments before the House.

**MR. PRESIDENT:**

caught my eye first, I think.

The First Elected Member for Cayman Brac and Little Cayman

**CAPT. MABRY S. KIRKCONNELL:**

the Towns and Communities Law. I compliment the mover in bringing this Bill to the House. I think (as has been said), that it is very necessary and that it is overdue. It can possibly avoid minor and perhaps very serious injuries.

Thank you, Mr. President.

I, as a child was almost fatally injured by fireworks, so I have a personal fear of their use and I feel that as we improve the structure of our laws it is necessary that we look carefully at them because materials used in fireworks today have made them far more attractive to the eye, but far more dangerous to the person using them. They need to be in the hands of almost professionals today as they are more powerful. And I certainly feel the time has come for us to take them out of the hands of all little kids and put them where they can be enjoyed by all so they cannot injure our people.

So with these few words, I support the Bill.

**MR. PRESIDENT:**

The Third Elected Member for George Town.

**MR. TRUMAN M. BODDEN:**

Mr. President, I support this Bill, but I would like to mention an



area which could perhaps be looked at in the committee stage.

The section amending the Bill which deals with the fireworks, I have really no problem with it at all. However, the penalty section that has been amended moves the penalty up from, I think, \$100 or three months to a \$1,000 or six months imprisonment which when you look at all of the sections in this very ancient Law do seem to me to be somewhat harsh in relation to some of the things that arise under it.

I want to just begin with the example of the amendment that has been circulated, to the sub-paragraph (o) which states:

"In the streets, lanes, or squares of any town or in any thorough-fare or highway, wantonly discharges any fire-arms, or makes any bonfire or throws or sets fire to any firework; or who, to the danger and annoyance of any passenger or inhabitant, throws or discharges any stone or other missile, or who flies any kite, or plays any game;"

And that Sir, is being amended by removing the words "throws or sets fire to any firework", which the Member mentioned. But, for example, it seems to me that in that section, for example, I could well see a harsh penalty on things such as discharging a fire arm in public. There is very little on the second part where you have someone flying a kite or playing a game which you get to the danger or annoyance of a person, or throwing a stone.

Another section that I would just like to mention is that this whole section 3 and this is an 1843 Law that it originated from Sir, a lot of it is no longer applicable to this day and age and I think that the Towns and Communities Law needs to be amended. But for example, urging a dog to attack another animal, that would be caught under \$1,000 or six months. While I know the court has a discretion and they would use it (and I am not really strong on this point) but, it would be good at some stage, probably, to sort the serious sections out from the ones which are really not too serious, such as defacing or marking a building which would be the same penalty as discharging a firearm or setting fire to a place in the street, which are two serious matters; or things like dealing with ferocious and unmuzzled dogs which attack people, as against attacking, say, an animal. So I really do think that the time has come to look at this.

Another example I saw was rolls or carries any cask, tub, hoop or wheel or any ladder, plank, pole or placard upon a footway except for the purpose of loading or unloading any cart or carriage. There is a lot of it that is out of date but it is so minor and it is done so often that I do believe that the Second Official Member and his good draftsman and draftslady (I guess, I should say as well), should look at it and maybe try to sort that out.

I agree with the amendment, I just think it is a bit heavy having \$1,000 or six months imprisonment for just plain setting of fireworks. However, I accept that it is also discretionary in the Court. The Court does not have to and I am sure the Court would not, but I do think that the maximum penalty should have some relationship to the offence. Other than that I am happy really with the Bill.

**MR. PRESIDENT:**

The Honourable Second Official Member.

**HON. RICHARD W. GROUND:**

Thank you, Mr. President.

May I say that I think that the general point made by the Third Elected Member for George Town is right, the general point being that the Towns and Communities Law is rather an archaic one and lumps together a hodge-podge of offences some of which are serious, such as discharging a fire arm in the street and some of which are to modern day rather trivial. I would certainly be willing and happy to undertake to have my Department conduct a general review of the law to see if we can, on a reasonable time scale, (I am certainly talking about the immediate future) come up with perhaps a more useful instrument for dealing with these small and minor offences. I wonder if that might meet the point he is concerned about in this respect.

**MR. PRESIDENT:**

the mover wish to reply?

Does any other Member wish to speak? It seems not. Would

**HON. W. NORMAN BODDEN:**

Thank you, Mr. President.

Just to thank the Honourable Members who spoke in support and I take it that those who did not speak are interested in saving the time of the House, but will give the Bill their support as well.

The First Elected Member from West Bay spoke of an incident that took place during Pirate's Week last year and I recall this very vividly. I can say that it was partly due to his relating this incident combined with representations that I received from various members of the community, one of them being especially Mr. Bud Gordon, who reminded me for sometime now about the need to do something about the use of fireworks in public places. I would also like to thank the First Elected Member for Cayman Brac and Little Cayman for his support and his agreement that this is necessary at this time.

The Third Elected Member for George Town made some very valid points which I accept and I appreciate the Second Official Member's contribution to this debate and his agreement to have the Legal Department look at extracting perhaps and separating the serious offences from the not too serious offences because I agree with the point that was made, that section 3 of this Law is certainly a mixed basket of various violations. There are some very serious ones there, though which I think the \$1,000 fine or six months or both would certainly apply, but as the Third Elected Member for George Town pointed out the \$1,000 and six months is a maximum and I am sure that the courts in their wisdom would use their discretion. I

nevertheless do feel that the penalty must be high enough to discourage disregard for the Law. But I agree that at the appropriate time the whole thing should be reviewed and I certainly would undertake to work as closely with the Legal Department to see that this is eventually brought back to the House

So with those few remarks, Mr. President, I again thank Members and thank you, Sir.

**MR. PRESIDENT:**

The question will now be put.

The question is that the Bill be given Second Reading. I shall put the question. Those in favour please say Aye...Those against No.

**AYES.**

**MR. PRESIDENT:**

The Ayes have it.

**AGREED. THAT THE TOWNS AND COMMUNITIES (AMENDMENT) BILL, 1990 BE GIVEN A SECOND READING.**

## SECOND READING

### THE POLICE (AMENDMENT) BILL, 1990

**MR. PRESIDENT:**

The Honourable Third Official Member.

**HON. JAMES M. RYAN:**

entitled a Bill for a Law to amend the Police Law.

Mr. President, I beg to move the Second Reading of the Bill

The Memorandum of Objects and Reasons states that this short Bill seeks to accomplish two things; firstly, it seeks to substitute a new rank of officer, as a Gazetted officer deleting a former rank no longer used, and secondly, it seeks to make provisions enabling administrative fees to be charged for certain services.

In section 2 of the Bill, the principal Law is being amended by deleting the designation of Assistant Superintendent which is the designation no longer in use and it substitutes a new designation of Chief Inspector, the rank currently in use. There are presently six Chief Inspectors in the force.

The third clause of the Bill seeks to amend section 84 of the principal Law by adding a new provision to enable the prescribing of fees to be charged for administrative services provided to the public. These services will include such things as the sale of souvenir motor vehicle plates, furnishing of reports to insurance companies and motor vehicle accidents, the charges in respect of Police Records etc.

Mr. President, accordingly, I am pleased to recommend this Bill.

**MR. PRESIDENT:**

1990, be given a Second Reading.

The question is that a Bill entitled The Police (Amendment) Bill,

The motion is open for debate.

The Third Elected Member for George Town.

**MR. TRUMAN M. BODDEN:**

Mr. President, I will be brief again. First I want to welcome the Third Official Member to this House, he has quite ably presented this Bill which I support. But I would merely ask his elected colleagues when dealing with prescribing the fees that they not prescribe them of the size as large as the taxes that we recently saw and that they would be reasonable in doing so because some of these services are necessary and that within reasonable bounds the Executive Council put those fees. It would have been good if we could have heard some sort of a guideline of what they may have been, but I can say really no more than that and to say that I support the Bill - the cleaning up on the Gazetted officers, I once again support, Sir.

**MR. PRESIDENT:**

Does any other Member wish to speak?  
Would the mover wish to reply?

**HON. JAMES M. RYAN:**

Thank you, Mr. President.

I wish to thank the Third Elected Member for George Town for of course the welcome and then for his support on the Bill.

The point in regard to the size of fees is well taken and I am sure this will be borne in mind. The actual charges are not currently available, but no doubt will be in the near future. I assume the silence of other Members indicates their general consent and so, Mr. President, without further ado, I again recommend this Bill.

**MR. PRESIDENT:**

The question will now be put.

I shall put the question. Those in favour please say Aye...Those against No.

**AYES.**

**MR. PRESIDENT:**

The Ayes have it.

**AGREED. THAT THE POLICE (AMENDMENT) BILL, 1990 BE GIVEN A SECOND READING****SECOND READING****THE COMPANIES (AMENDMENT) BILL, 1990****MR. PRESIDENT:**

The Honourable First Official Member.

**HON. THOMAS C. JEFFERSON:**  
for a Law to Amend the Companies Law.

Mr. President, I move the Second Reading of a Bill entitled a Bill

Memorandum of Objects and Reasons. The numbers of the various clauses should be as follows:

8; Clauses 5 and 6 should be 6 and 7; Clause 7 should be 3; Clause 8 should be 5.

Reasons is not printed when the Bill is finalised so that there is really no need for an amendment other than for me to point out that it should be changed in order to explain and to relate the memorandum to the actual clauses of the Bill.

value to take advantage of the provisions relating to the redemption and purchase of shares.

consequential to the reduction of members from 3 to 1 as shareholders of a company. It extends a one man meeting concept to other classes of meetings as well.

contracts entered into by promoters.

place with a company based outside the Islands and facilitates the ability of liquidators to deal with companies outside the Islands.

companies seeking to register in the Cayman Islands.

non-resident companies may become exempt and also benefit from the provisions of the Law relating to exempted companies.

a committee of private sector practitioners established some years ago to review the Company Law and to make amendments to it in order to bring it up to modern day company practices and also to make it more attractive as the vehicle for the financial industry to the outside world.

Committee who have been serving for years on it, deliberating and thrashing out these various amendments and only putting them forward when the Committee itself is convinced that it should be an amendment to the Bill.

Sector Consultative Committee (which is a wider committee), who also looked at these amendments and have recommended they be put to this honourable House.

Companies Law because at the moment it is fairly difficult to know whether one has all of the amendments because there are so many. It is almost as if to say, 'can we count how many sand grains are on Seven Mile Beach', but when we get these amendments presently before the House passed, the law should be consolidated within a short time.

Committee will continue to look at the winding up sections of the Law especially sections 129 through 152 inclusive. Taking into consideration as well the Bankruptcy Law which is now in excess of a hundred years old. I have recently secured for the Committee's deliberation, the United Kingdom Insolvency Act which perhaps has sections that are relevant to the companies operation and other activities in the Cayman Islands. It is hoped that the Committee will recommend a new law perhaps entitled the Insolvency Law, repealing the Bankruptcy Law and place the winding up of a company under the new law.

Law, this Bill to this honourable House.

**MR. PRESIDENT:**

Bill, 1990 be given a Second Reading. The motion is open for debate.

The Third Elected Member for George Town.

**MR. TRUMAN M. BODDEN:**

of the Backbenchers at least of the seven, probably would agree with. This amendment is one of a series of good amendments that the First Official Member has put forward. It has, or it is getting our Companies Law well up to date, we are getting into modern stage with it and this has to happen to keep us competitive. I, too, would like to thank the Companies Committees that looked at this and who toiled considerably long hours to deal with some very difficult areas of the law and also who have to do a considerable amount of reading of other laws and journals and cases to get this as precise as possible. They have my sympathy as I am sure I probably have theirs from time

to time when I have to spend long hours in here because one's work suffers, but they give of it and they have done a very good job in getting these amendments up to date on this specific law.

I am very happy to hear, Sir, from the First Official Member that the consolidation of the many amendments to this Law will come to pass some time in the reasonably near future and also the one area that has really not yet been grappled with, is the winding up sections. I am happy to see that he is looking at the United Kingdom Insolvency Act which actually combines bankruptcy or insolvency generally and it is so detailed that perhaps a separate law may well be the answer to it.

That, I think would bring this specific law fairly well up to date and perhaps he could get his happy Companies Committee to shift on to being a trust committee or something of that sort beginning their work on the other laws that we have.

The amendments that relate to the no par value shares are important because these are modern ways for companies operating with a capital where the shares have a value which fluctuates from time to time, instead of say \$1 shares that could be 100 shares and they would have no par value at all and these are used in some companies and liked by especially North Americans and the cleaning up in that area is important.

I am happy also to see the amendment, Sir, that deals with the one member company because for many years this has been done in practice in these islands, and I think it has left a few of us lawyers somewhat worried because there was a very old common law rule that one person could not meet with himself, there had to be more than two people to meet. However, through certain provisions within the articles, this has been done for some time and it had become accepted practice here. As to how strong that practice, how well defined it is, I am not certain, but it is good to see that this is being tidied up and they have extended it to committees of the directors.

In this day and age, the majority of people would rather have a one man or one woman company. It makes things easier in many respects, it avoids the problems where two people have to agree, which as we see in this honourable House and in a democracy, does not happen too often even though we have agreed on all these Bills so far, shows (I guess) that there are times when this can also operate. It naturally gives the problem that sometimes a single decision is not as good as the weighted and argued decisions of two or more people. However, many of these are private companies and whatever is done is normally done with the assets which are solely for that person. I would think that with the more public type of companies we would still continue to see boards and groups of shareholders there.

The section that relates to the ratification of contracts which are entered into prior to the company being registered, I think it is also necessary because the law was a bit vague in that area and this does genuinely happen at times that a transaction needs to move on, the company is not ready and the shareholders or directors or most of them anyhow would execute a contract conditionally, (at least it used to be done conditionally), on the transaction being ratified by the company which it was quite capable of doing once it was ultra vires.

The amendment to deal with the reconstruction of the companies permitting a body corporate outside of these islands to be a part of it, I think is important too. It is not often used, but with restructuring it is rarely done with both companies locally.

The other section which is the provisional registration, while it is a good whopping fee both for the registration and annual fee it is something that is important to some people so that in the event of having to use the odd word of fleeing with their company, or having their company flee, it is good to know that they can very quickly get it provisionally registered and then turned into a full registration of transferring from one place to the other. I still think under the provisions relating to the transferring (I may have mentioned this earlier), of companies from one jurisdiction to another, I am not certain if Executive Council - at least it does not appear to me - has made the schedule there, that may be good because we may lose some, but I am sure history has shown that we normally had more new companies moving here than we normally lost.

The further sections that allow a non-resident to be re-registered as an exempted company because it can take the Government up some good funds and the flexibility that one has with the exempted company, one does not have with the ordinary non-resident. Sometimes a company could be formed paying the lesser fee, getting a non-resident company and for whatever reason they need to, would like to convert to an exempted company and it is not always very simple to just form another company and try to transfer all the assets from one into the other; it gets a bit complex at times. Whereas if it can just be re-registered it is converting the corporate shell itself, rather than having to move assets which is a principle also that we have with transferring of companies from one jurisdiction to another.

So these amendments bring, fairly well up to date, I would think even though I am perhaps not as up to date as I should be on all the new amendments and on all of the many different jurisdictions, but when this consolidation is put through and once the tidying up on the winding-up section is carried out then any consequential amendments to these, which are quite substantial (and there will be some,) could be looked at in a clearer view. But it all makes toward moving our off-shore industry forward and I do believe, Sir, in this competitive age, in that area of the industry we must keep up to date and we must keep ahead or we are going to lose some good revenue which would otherwise flow to us.

So I am very happy to endorse this and to commend the First Official Member in his, and I have to say un-tiring efforts because this has been going on now for about four years, also the Attorney General and his draftsmen who sort of tidy up and know what the Committee produced. So I support it, Sir.

**MR. PRESIDENT:**

Does any other Member wish to speak?  
Does the mover wish to reply?

**HON. THOMAS C. JEFFERSON:** Only to thank the Members for their obvious support of the Bill by their silence and the Third Elected Member from George Town for his contribution to the debate, and to remind the Members that there is, in addition to the Bill which I have moved, a committee stage amendment. I noticed when the Third Elected Member from George Town was giving his contribution, he was referring to that said amendment. We are looking at the transfer of companies that is, we have to come up with a list of companies of designated jurisdictions that we would allow companies to transfer to and from and that is being looked at, at the moment.

Thank you, Mr. President.

**MR. PRESIDENT:** The question will now be put on the Second Reading of this Bill. I shall put the question. Those in favour please say Aye...Those against No.

**AYES.**

The Ayes have it.

**AGREED. THAT THE COMPANIES (AMENDMENT) BILL, 1990, BE GIVEN A SECOND READING.**

**MR. PRESIDENT:** Proceedings are suspended for fifteen minutes.

**PROCEEDINGS WERE SUSPENDED AT 11:28 A.M.**

**PROCEEDINGS RESUMED AT 12:07 A.M.**

**MR. PRESIDENT:** Proceedings of the House are resumed. Bills, Second Reading. The Honourable First Official Member.

## **SECOND READING**

### **THE STAMP DUTY (AMENDMENT) BILL, 1990**

**HON. THOMAS C. JEFFERSON:** Mr. President, I move the Second Reading of a Bill entitled a Bill for a Law to Amend the Stamp Duty Law 1973.

The objectives of the Bill are seeking to amend the Stamp Duty Law, 1973, in circumstances which it is felt would improve the competitiveness of the Cayman Islands as an offshore financial centre and will increase the revenue of the Islands as well.

Clause 2 seeks to amend section 18 by giving to the Commissioner for Stamp Duties a discretion to waive or abate duties wholly or partially. Mr. President, section 18(1) of the Law reads:

"(1) All instruments which are required to be stamped under this Law shall be stamped at the time of execution save that instruments which are required to be stamped with ad valorem duty shall be stamped or presented for adjudication within thirty days of execution or in the case of such instruments received from outside the Islands within thirty days of the receipt thereof in the Islands."

The amendment to section 18 of this Bill creates a sub-section (2) of section 18 which reads:

"(2) The Commissioner may, for good cause which shall be in his sole discretion, waive or abate the whole or part of the duty payable under this Law."

And the other aspect of it is to add to the marginal note in section 18 which reads at the moment: **"Time limit for stamping."**, and to add: **"and waiver or abatement of duty."**

Clause 3 seeks to amend the schedule in those areas which it is hoped will make it attractive to foreign companies to enter the business arena of the Cayman Islands through their local representatives by acting as registrars and transfer agents of Eurobonds, shares and other transactions.

Clause 3 seeks to amend the schedule under the head "Assignment" by deleting paragraph (b) which presently reads: **"of a debt, policy of life assurance"**, and to substitute the following wording:

"...of a debt, policy of life assurance or other thing in action where no other duty is specified under any other head of charge, EXCEPT shares, interests in trust funds, interests in partnerships, warrants or options or other rights to acquire shares, interests in trust funds or in partnerships;"

The fee for it would be \$6.00. Also dealing with Bills of Exchange, the Bill is seeking to add a section (c) of the Bills of Exchange which reads:

"(c) Where any of the instruments specified in paragraphs (a) and (b) of this head are issued as part of a series of instruments (hereinafter called an "issue") ranking equally amongst themselves, such instruments, and any global instrument relating thereto, whether secured or unsecured and any assignment or transfer thereof, shall not be subject to duty under this Law if the issuer is an exempted company or an ordinary non-resident company (as defined in the Companies Law) or a body corporate incorporated outside the Islands and has paid a duty of \$500.00 in respect of such issue and the issue is not secured by immovable property situated in the Islands."

It also seeks to delete the heading "BOND" and to provide under the heading "CONVEYANCE OR TRANSFER ON SALE" a proviso which reads:

"PROVIDED that no duty shall be payable under this head where the immovable property is situated outside the Islands."

And under the head "LEASE OR AGREEMENT FOR A LEASE OF IMMOVABLE PROPERTY OR ANY INTEREST THEREIN" to add a proviso:

"PROVIDED further that no duty shall be payable under this head where the immovable property or the interest therein is situated outside the Islands."

Further it seeks to add under the head "MORTGAGE" another proviso:

"PROVIDED that no duty shall be payable under this head where the property is situated outside the Islands and that in the case of a mortgage granted by an exempted company or by an ordinary non-resident company (as defined in the Companies Law) or by a body corporate incorporated outside the Islands of moveable property situated in the Islands, the maximum duty payable shall be \$500.00."

Mr. President, all of this is seeking to do what I would say, is perhaps two or three different things.

Firstly, the financial industry is beginning to get increasing complaints from foreign lawyers and bankers about the need to execute and hold security documents outside the Cayman Islands rather than inside, with a recent threat having been made to do their repackaging elsewhere.

Secondly, that a number of trust companies here would like to develop the business of acting as registrar and transfer agent of Eurobond shares, etcetera. This business is unlikely to develop until all doubt is removed as to whether the bonds are subject to duty on the first issue as bills of exchange and as to whether subsequent assignment of bonds and transfers of shares are dutiable under the assignment head.

When we are dealing with these issues, we are talking about millions of dollars and even if it is one percent on it, we are talking about thousands and thousands of dollars being charged under the present Stamp Duty Law. Thus the aim is to remove it and to allow these security documents to be held within the Cayman Islands. As a result, I believe we will obtain more revenue for the country from that source that we are getting at the moment because presently we are getting nothing, the documents are held outside. I recommend the amendment to the honourable Members of this House.

**MR. PRESIDENT:** The question is that a bill entitled "The Stamp Duty (Amendment) Bill 1990, be given a Second Reading. The Motion is open for debate.

The Third Elected Member for George Town.

**MR. TRUMAN M. BODDEN:** Mr. President, I think the amendments to this Law in principle have been needed for some time now. The problem which has arisen from time to time is that there are instances where the large issue of bonds or debentures or a different series of instruments, monetary instruments outside of the Islands and always the worry at times when they come back in what the position would be and it normally requires opinions to deal with making sure that they were not caught under the general provisions of this Law which relate to those documents.

These are the types of amendments, following those in the Companies Law, which I think will bring extra money into the Treasury and which are new areas of revenue which at present we get nothing from. It will also bring extra work to the Islands especially with the registrar and the transfer agency side of shares and bonds. For some time now, companies locally would have liked to have done a lot more of this business but, were always caught by the cost or the doubt, whatever it may have been, under the Stamp Duty Law.

The other jurisdictions where this is done have obviously managed to compete and perhaps have dealt with amendments of this sort, but that Stamp Duty Law is very old and perhaps with the different amendments that we have coming up now, it may be good to try to consolidate that and tidy it up a little bit. That is not the sort of job that the Companies Law is, but it is an extremely important law

because the one opinion which attorneys always have to give to foreign clients is the impact of stamp duty locally and we have been lucky that in most instances we can say, 'keep the documents outside and you will not have a problem'. If we have to bring them back in for evidence or something then we have to take it from there. But these amendments put beyond doubt especially, some areas which hitherto had sort of been implied (or from usage I could nearly say), and it is good that now, not only will Government get some fees under this, because they are not really large, but I think more so we will see a lot more work being done here rather than have it done in New York, or London, or Zurich, or somewhere else.

What may be good and this may be only wishful thinking, but the power which the Commissioner, who is the First Official Member has to waive or abate duty, which I do not know when that may be as any of the Members in here know, guidelines could be set out to give some indication if that is possible of the type of instance that may arise. I know this normally arises in practice and one then has to look back on the instances where it has happened and look for analogous situations to those.

The putting beyond doubt, especially with laws regarding revenue, I think is most crucial because nothing is more worrying to a client than to say you may be assessed with a high percentage of stamp duty, but it has been the practice in the past that this assessment is somewhat low, or this section may not have applied because the law is old (it is about seventeen or eighteen years) and is very short. I think that these clarifications are good and this is really the broadening of, or the extending of the base of the economy which is good, it avoids having to raise this money through any other way, whether it is on import duties or whatever, license fees or something. So this is really what we would like to see and the First Official Member has been doing a lot in this area and I think it is now beginning to come to fruition and we will see the impact of this very positively in the financial centre over the next few years.

Thank you.

**MR. PRESIDENT:**

Does any other Member wish to speak on this Second Reading? It appears not. Would the mover wish to reply?

**HON. THOMAS C. JEFFERSON:**

Yes, Mr. President, rather briefly.

The silent approval of the majority of the Members, I am grateful for and for the contribution to the Second Reading debate by the Third Elected Member from George Town.

We have the Consultative Committee which has looked at this particular Bill, I believe I failed to mention that when moving it, and with regards the consolidation of the Stamp Duty Law, I feel that while it may be necessary there are other sections of the Law which obviously need some amendment and perhaps it might be better to deal with those amendments and then do the consolidation. But I take the point of the Third Elected Member from George Town.

Thank you Mr. President.

**MR. PRESIDENT:**  
against No.

I shall put the question. Those in favour please say Aye...Those

**AYES.**

The Ayes have it.

**AGREED. THAT THE STAMP DUTY (AMENDMENT) BILL, 1990, BE GIVEN A SECOND READING.**

## SECOND READING

### THE MOTOR VEHICLE INSURANCE (THIRD PARTY RISKS) BILL, 1990

**MR. PRESIDENT:**

The Honourable First Official Member.

**HON. THOMAS C. JEFFERSON:**

Mr. President, I am pleased to move the Second Reading of a Bill for a Law to Repeal and Re-enact the Motor Vehicle Insurance Third Party Risk Law, 1964.

I am not mistaken if I said that the Law and its coverage and the inadequacy of the coverage, really came to my attention back in October of 1985, when I read an article to the Editor of the *Caymanian Compass* put forward by a Mr. W. G. Panton, who talked about the fact that the Law does not require a policy to cover liability for property damage as well as other comments which he had made where he had sustained some damage of that type. We then moved to discuss the Motor Vehicle Third Party Risks Law with the relevant body of the domestic insurance market and I believe I am correct to say that what is before the House is, I believe, either the sixth or seventh draft, it even may be eighth.

This subject has been going around and being debated for almost five years and I believe that the Bill that is presently before the House, if I quoted one of them, he said: "It is the best piece of legislation on this subject in the Caribbean."

I also gave notice on the 4th of this month of a committee stage amendment which dealt with clause 4(1), (b)(viii). This area of providing liability coverage for passengers who are sitting on the back of a motor cycle owned by an individual was discussed at an informal luncheon with representatives of the insurance industry where they undertook to look at the matter and as a result put forward a figure of \$25,000 as a coverage. We urged them to do \$50,000 and there was no disagreement at that point, but

since that time, they have carried out their own feasibility study of providing this liability coverage and a possibility of reinsuring a portion of this liability and have come up with their finding that the liability is not reinsurable, or they cannot find anybody to reinsure it for them. As a result the committee stage amendment is seeking to delete the coverage of \$50,000 because in essence, if they undertook to write that coverage, they would commit themselves to liability for which they would not be able to receive from a premium, whether the premium was \$3,000 or \$4,000 a year.

This Bill before the House is taking a giant step forward away from the 1964 legislation and perhaps in times to come we can again look at this liability coverage or perhaps they can find another method of covering that liability, but the members of the insurance industry have assured me that they will continue to issue coverage for individuals who own motorbikes whether, large or small, if this committee stage amendment is accepted. I think in all business deal a man is not going to sell you a product which is going to, in essence, suffer him a loss and I think it is really as simple as all that.

This Bill seeks to repeal the existing Motor Vehicle Insurance Third Party Risks Law, 1964 (hereinafter called "the repealed Law"), and to re-enact it with various amendments most of which are of a minor nature and some others are of a substantial nature.

Throughout the Bill all references, in the repeal Law to the expressions "security", or "the giver of security", or "certificate of security" have been omitted.

Sections 2(a) and (b) of the repealed Law which had been inserted by Law 42 of 1965, are repealed, so are sections 4 sub-sections (2), (5) and (18).

Clause 2 seeks to redefine the expressions "insurer" and "road". Clauses 3 and 4 seek to repeat the provisions of sections 3 and 4 of the repealed Law. Clause 3 increasing the penalty of the repealed Law from fifty pounds to \$2,000 while clause 4 sets new liability limits. This clause also seeks to allow insurers to issue policies with reduced limits of liability in the case of certain categories of vehicles.

Clause 5 includes a provision which seeks to exonerate an insurer from liability in the case of a willing passenger being injured in the circumstances mentioned in that clause.

Clauses 6, 7, 8, 9, 10, 11, and 12 seek substantially to re-enact the provisions of 7, 8, 9, 10, 11, 12, and 13 with minor changes.

Clauses 13 and 14 seek to increase the penalties set out in section 14 and 15 of the repealed Law.

Clause 15 repeats section 16 and seeks to exclude foreign judgements from the provisions of that section, while clause 16 attempts to make some minor amendments to section 17 of the repealed Law.

Clause 17 sets a limitation period of three years within which actions may be brought while clauses 18 and 19 raise the penalties mentioned in sections 19 and 20.

I do not propose to go into detail on this particular Bill. As I mentioned earlier it is a Bill that has come to the House with the blessings of the insurance industry, that is the domestic side of it and we are happy with what it contains and I recommend it to Members of this honourable House.

**MR. PRESIDENT:**

The question is that a Bill entitled The Motor Vehicle Insurance (Third Party Risks) Bill, 1990, be given a Second Reading. The Motion is open for debate.

The Third Elected Member for George Town.

**MR. TRUMAN M. BODDEN:**

Mr. President, this is a very important and comprehensive Bill. I am not an expert in insurance, therefore I cannot say with absolute certainty of my own knowledge as to the acceptability, or otherwise, of every detail within it. However, I have spoken to people in the insurance industry and from what I can understand confirming what the First Official Member has mentioned, it seems that the industry has been well advised, has been very active in dealing with this amendment and it seems that the amendment to the Bill itself which amends clause 4(1)(viii) is now, as the First Official Member has mentioned, one which is practical and puts the insurance to where the premiums would not be prohibitive.

This is a very important Law because in the Cayman Islands we have to accept the fact that there are a high number of accidents per capita and this is inflamed by the fact that we do have a lot of tourists on the Island. The insurance coverage is better than what would be found even in some states in the United States and some of the North American countries where the compulsory aspect of insurance is not as effective and not as comprehensive (not necessarily referring to comprehensive insurance, but as you would find it here).

It is important that if a person is injured that there be good insurance to pay the damages because while we do not have the runaway damages that we would find under the United States system where the jury is still very much an active part of the civil litigation and where you can at times get punitive and other damages thrown in, which can really be very substantial, we still have accidents where people have to be properly compensated and normally no individual can have the resources for compensation for very large claims.

Our law is more settled and has good precedent as to the amount in cases. I believe that the law revision is long overdue as the older law that we have had since 1964 (we would be looking at a couple of decades), has probably stood the test of time, but needs to be updated. I notice that there are mandatory provisions in relation to the policies of insurance and this ensures that when insurance is issued by a company here these minimum requirements of which some of them are actually substantial requirements would be a part of those policies.



The law goes into considerable depth in areas dealing with the position on bankruptcies and areas such as the duty to give information in the event of accidents on the insurance. There is a section in it dealing with limitation of actions as well which seems to bring in the three year rule in that respect.

Over all, I think that if we do get any slight problems with this new Motor Vehicle Third Party Risks Insurance Law, they can be sorted out. It is obviously complex because areas of it - not knowing insurance - I have found difficult to follow, but I believe that the First Official Member has followed the one principle which ensures that the Bill that we have before us is the best that can be obtained. It has been read many times over the last few weeks in this chamber, there has been exhaustive consultation with the people affected and the parties interested and that is a way of getting a law which has been taken out of the controversy that we have seen so many times in this House when short cuts are taken and not enough time is given for input by consulting the people who know; people who have to work under it and try to get as much acceptance as much of the law as possible.

I am happy to support it, I do not see areas that appear to be dangerous or difficult in it and I believe that the overhauling will be good for the Cayman Islands generally, but especially for updating the insurance on the third party risk and motor vehicles. So I support it.

**MR. PRESIDENT:**

Does any other Member wish to speak?  
Would the mover wish to reply?

**HON. THOMAS C. JEFFERSON:**

Only to thank the Honourable Members of the House for their obvious approval, although silent, and to thank the Third Elected Member for George Town for his contribution to the debate. It is worthy too, for me to thank the Members of the domestic insurance industry who have worked with the Superintendent of Insurance and to a lesser extent myself, on this piece of legislation. I think their contribution to, not only that industry, but the piece of legislation before us, will serve us well for a long time.

Thank you, Sir.

**MR. PRESIDENT:**

The question is that a Bill entitled The Motor Vehicle Insurance (Third Party Risks) Law, 1990 be given a Second Reading. I shall put the question. Those in favour please say Aye...Those against No.

**AYES.**

The Ayes have it.

**AGREED. THAT THE MOTOR VEHICLE INSURANCE (THIRD PARTY RISKS) BILL, 1990, BE GIVEN A THIRD READING.**

**MR. PRESIDENT:**

Proceedings are suspended until 2:15 P.M.

**PROCEEDINGS WERE SUSPENDED AT 12:46 P.M.**

**PROCEEDINGS RESUMED AT 2:25 P.M.**

**MR. PRESIDENT:**

Proceedings of the House are resumed.  
Continuation of the Second Reading of Bills.

**SECOND READING**

**THE LOAN (GEORGE TOWN HOSPITAL) BILL, 1990**

**MR. PRESIDENT:**

The Honourable Member for Health.

**HON. D. EZZARD MILLER:**

Mr. President, I beg to move the Second Reading of a Bill shortly entitled a Bill for a Law to Confer Power to Raise a Loan Not Exceeding One and a Half Million Dollars for the Financing of Improvements to the George Town Hospital.

The Memorandum of Objects and Reasons in this short Bill seeks to authorise the Governor in Council to raise a loan not exceeding \$1.5 million for the purposes of carrying out certain improvements to the George Town Hospital. This is the second step in the process which was started in March and the terms of this Bill require that the terms of the borrowing, when completed, and including the agreement, will be tabled in this honourable House at the next sitting.

Mr. President, this matter received extensive debate in March and therefore, I commend the Bill to the Honourable Members.

**MR. PRESIDENT:**

The question is that a Bill entitled The Loan (George Town Hospital) Bill, 1990, be given its Second Reading.

The Motion is open for debate.  
The First Elected Member for the Sister Islands.

**CAPT. MABRY S. KIRKCONNELL:**

Mr. President, I rise to give my support for a Bill for a Law to Confer Power to Raise a Loan Not Exceeding One and a Half Million Dollars, for the financing and improvement of the George Town Hospital and I would also like to add that it also includes certain projects in Cayman Brac Faith Hospital.

I am happy to see this come before this honourable House for I am concerned that this is long over due. The improvements to the George Town Hospital which are listed in the schedules are much needed. I think that the people of Grand Cayman in particular deserve [these] improvements there and in particular, the doctors and nurses who work there deserve better facilities.

I beg your indulgence that I may read the schedule. The schedule includes: the construction and equipping of a 12-bed surgical suite which will allow the present surgical bed area to be used as an Intensive Care Unit; the conversion of the present surgical ward to an Intensive Care Unit; the provision of a trauma and minor operating room; the provisions of a recovery area; the conversion of the present recovery area to an ambulatory recovery area; the necessary work to correct patient flow and other inadequacies in the present operation theatres. These, Mr. President, are much needed, provisions of proper and adequate support service areas for the operating room, surgical ward, and intensive care units; the development of a master plan for the future use of the present hospital site; the development of a master plan for the Faith Hospital in Cayman Brac and number ten, the design equipment specifications and all construction drawings for the additional 18-bed suite for Faith Hospital in Cayman Brac.

Mr. President, I am happy to see that this is before this honourable House, I ask all Honourable Members to give it their support for it is now time that we get on with improving health care facilities in the Cayman Islands (both Islands) in which the Government provides hospital facilities. It is necessary, the people deserve it and they need it and now is the time to do it.

Thank you, Mr. President.

**MR. PRESIDENT:**

Does any other Member wish to speak?

Cayman.

The Second Elected Member for Cayman Brac and Little

**MR. GILBERT A. McLEAN:**

Thank you, Mr. President.

I rise to speak on the Bill which is before this House for a Law to confer power to raise a loan not exceeding one and a half million dollars for the financing of improvements to the George Town Hospital.

Earlier this year this matter initially came before this House to receive an approval in principle. After considerable debate, it was approved unanimously by Members of this honourable House and certainly chief among requests made by Members of the Backbench at least, was that the Member for Health should bring to this honourable House information pertinent to how the money would be spent.

This is a controversial matter in that it relates to the International Health Care Corporation and certain recommendations that have been made by that body; recommendations which Government seems to think are very suitable to the needs of the Cayman Islands and answers all the questions in terms of Health Care. On the other hand there is another school of thought in that there are certain deficiencies in these recommendations.

When this matter first came to the House, it came as a result or under the umbrella of improvements of George Town Hospital. This is something which is very much, I believe, the desire of this House, certainly myself and I believe it is true to say that at least seven Backbenchers totally support this idea; it was something which we suggested in the very beginning, a suggestion which did not quite catch the eye of Government.

In the schedule ten areas are supposed to be improved; the descriptions set down in the schedule say a very minimum and I recall in the first instance that a similar Motion came to this Legislative Assembly. There was a request for plans as to how the site would be utilised, if there were going to be beds in the surgical unit, if there could be some physical means, or plan, or drawing to show in fact, in all the areas where Government felt that there was a need for improvement. As far as I can see from what is provided here now, there is no such information that is available. In fact, it is my distinct impression that this Bill is asking for approval of monies for a Law to confer power to raise a loan and when this is passed, as I am sure it will be, this money again will largely be put into the hands of an entity called International Health Care Corporation which started this whole process in the first instance and goes on to benefit itself from recommendations made to Government. I say this because when I look at number eight in the schedule it talks about the development of a master plan for the future use of the present hospital site; it talks about a master plan for the Faith Hospital in Cayman Brac.

I argued before and I argue now, that the voluminous report which was done, or at least it was said it was done by this corporation; I gather there were persons employed by it who did the report, should have included specific recommendations as to the development on both of these sites, particularly when it talks about the development of a master plan. It bothers me to some extent because at various times in history, there are people who wish to put in place master plans; I am personally quite dubious about those who talk about developing master plans.

It was said, and I certainly had opportunity on one visit to the Government Hospital in Grand Cayman to have a look at what is now the surgical ward, and it was quite evident that there are certain inadequacies. My colleagues and I agreed that something should be done, but what is going to be done to this particular section of the George Town Hospital is still as much a mystery in July as it was in February of this year. It also speaks of the conversion of the present surgical ward to an intensive care unit. If

there is not a plan in place or somebody does not have a scheme for this hospital, how is it then that someone knows that they are going to take the surgical ward and turn it into an intensive care unit.

I believe that this schedule here, as it is written, was simply a very small effort, if one might call it that, of attempting to make some token gesture towards explaining the numerous questions that have been asked about the whole scheme for the George Town Hospital brought about by International Health Care Corporation. During the time of the visit to the hospital we also saw areas and heard of the type of problems in the hospital where there was need for trauma areas, trauma operating rooms or whatever, and a recovery area. I agree with all of that because I certainly support efforts sensible, practical, cost effective efforts by Government to improve the George Town Hospital and to develop the Hospital and the present George Town Hospital site into a proper medical facility to serve the need of these islands. However, there is no information available that I am aware of which makes and explains the details that I imagine are to be covered by \$1.5 million.

In the schedule it also speaks about doing the necessary work to correct patient flow and other inadequacies in the present operating theatres, lots of words, but what do they really mean?

It was pointed out to us on our visit to the hospital that certain things could be done by simply just connecting the area that is now used as a minor operating theatre in such a way that there were no traffic through that to another section of the hospital. But what is really being proposed one still has to wonder.

What could be meant by the provision and proper inadequate support service areas for the operating rooms, surgical ward and intensive care unit? I am suggesting that all of this is yet to be determined in part by that ever present International Health Care Corporation, that major part of \$1.5 million is going simply to pay them to say what this is supposed to be and not the corporation itself, but again persons whom it will hire in its role as middle in this whole affair.

I believe, and I stated here, that I trust whatever authority there may be in Government that there are going to be persons involved in determining these matters further than International Health Care Corporation. For if they are the only ones to be involved with this situation, I think there is a clear conflict of interest. I say that believing the same to be true because of what has happened to date and apparently is going to happen in the future. If we take \$310,000 plus (at least another 10 per cent) of that and we add that on to another \$1.5 million, we get close to \$2 million and that is just setting the ground work. And that does not include the almost \$3 million by the time it is all over. I imagine that will be going to this entity.

In the schedule it also says that there will be design equipment specifications for all construction drawing for the additional 18-bed suite for Faith Hospital. I do not know who has reached all of the final decisions in regard to the Faith Hospital in Cayman Brac, perhaps there are those who presume they can and have. But I can speak for myself as one who I believe should know something about what is happening. I indeed know little to nothing and I am not necessarily believing that is an accident in this particular respect. I have now lived long enough to realise that things some times happen accidentally on purpose. But I believe it is true for me to say that before any grandiose undertaking additions, improvements, new wings or whatever to the Faith Hospital in Cayman Brac, there needs to be an absolutely clear understanding between the Government of the Cayman Islands and the Faith Hospital which is a hospital grounds and building, it is owned by the people of Cayman Brac. I suppose I would accurately state it if I said that the Government is really running the facility, but everything else is owned by the people of Cayman Brac.

If the present increase in fees for medical services in this country, both in Grand Cayman and in Cayman Brac, is any indication of increased fees that are to come through these improvements, I do not believe that we are looking forward to improving developments of the hospital, but indeed increasing hardship for the people who will make use of these facilities.

I want to say that I wish to be informed so that I can tell the people of Cayman Brac who is developing the master plan for the Faith Hospital and to know that there is not going to be a building put down there with 18 rooms; 18 rooms are 18 rooms. That is a lot of rooms and even now, I daresay that hospital with much fewer rooms than it has, that all of those beds are not occupied. I want to know before any master plan is put into place, that it is not a matter simply of a cash outlay of the Cayman Islands Government into the pocket of a corporation that once they have the money, how the building is taken care of, or what utilisation there is of it, or how much it really bothers or hurts the people who are going to use it, is no concern of theirs.

Mr. President, this country needs improved medical facilities, both here in Grand Cayman and in Cayman Brac, but I state quite straight forwardly that this master plan that I have been hearing about worries me considerably, particularly that in getting to the master point it is costing the Government more and more and it is no doubt making those who are finding the master plan financially well off.

If this money is provided, when it comes to the vote, I am going to vote for it, but I must express my gravest concerns about how this money is going to be used by its administration (by the portfolio responsible), and who will be undertaking the works. I have serious reservation and concerns about the whole undertaking. Let there be a hospital in Grand Cayman that can meet its needs, but I take cognizance of the fact that in this master plan, this is one of the conditions that has generated a serious political impasse in this country and that it seems that political containment of our political conditions is based on getting the money out of the Cayman Islands Government to get into this master effort.

Mr. President, I think I have said sufficient to express my concerns and those of a number of people in these Islands, taking cognizance of the fact that the people are not going to build this facility, do the drawings, or make the recommendations for the various systems. Who will have to live with that result from this? It will be the people of the Cayman Islands and also those who in the long run

have to pay for this particular scheme.

Thank you, Mr. President.

**MR. PRESIDENT:**

The First Elected Member for Bodden Town.

**MR. ROY BODDEN:**

Thank you, Mr. President.

I support this Motion indeed.

Back in March when the situation was much more volatile than it is now, if that can be believed, this is the recommendation which we made and I am glad that at this point in time it has the support of all of us Honourable Members inside this House. But there are a few cautionary remarks that could be added and indeed that are complimentary to what my colleague, the Second Elected Member from Cayman Brac and Little Cayman, has just mentioned.

It is an accepted fact by all and sundry in these Islands that we need improved medical facilities, and in all fairness to the Member, that was not the contested point. The contested point was how we were going about the improvement of these facilities and the controversial corporation that was entrusted to make these recommendations, indeed that is still a controversial point.

I am concerned over a number of things, not the least of which is the fact that the fees have been raised before significant improvements have been made. This is a source of hardship on our people and my constituents are forever complaining about this because many of them are elderly and can ill afford to pay what I call exorbitant fees. More importantly, to put increased fees into effect before improvements have been made, before the money has been procured to make these improvements, violates the Caymanian sense of propriety and indeed if it were a merchant establishment, the merchant would run the risks of serious sanctions, for how can you charge increased prices on old stock and justify that. To add fuel to the fire, it was suggested that that was done as a result of the recommendations of the Public Accounts Committee. Far be that from the truth, the Public Accounts Committee suggested that the fees be based more realistically, but as I recall, the Chairman of the Public Accounts Committee in reading the report of the Committee, did not suggest any percentage rise.

I am glad that we have acknowledged the fact that our hospital services need improvement. I have my concerns and as a representative of the people, I will be watching and monitoring the situation, but I do not wish the Member to feel that I am in any way, after having voted the money, having given my approval for the money, that I am going to try to bridle him. What I am going to try to do is to help him get the best value for money and to caution him against giving the purse-strings over to International Health Care Corporation. I look forward to him in his winding up to say specifically and exactly how the funds are going to be spent, how the plans are going to be implemented, who will be implementing these plans and when can we expect the final product to come into effect.

I think that that is only reasonable, that is only fair. I wish the Member well in his undertaking and I would remind him that all of us are concerned as we realise our constituents are depending on proper health services.

Thank you kindly, Sir.

**MR. PRESIDENT:**

The Honourable Member for Education.

**HON. BENSON O. EBANKS:**

Mr. President, I had not intended to speak on this Motion but frankly, I cannot cease to be amazed at the many different approaches that Members take to what I can only describe as trying to thwart the development of adequate health services in this country. Maybe if they had the experience which I had probably about two months ago, their reactions would be somewhat different. At that time I had the occasion to take my 87 year old father to the hospital where a minor procedure was performed. Nevertheless, the doctor instructed that he be kept overnight and to my surprise, when I arrived there at 3:30 that afternoon, the procedure having been performed, was told that they were still trying to find a bed, but it was likely that he would have to be returned home that night. So said so done, Sir, at 7:30 p.m., the ambulance took him back home because a bed was not available to him; as a consequence, we almost lost him.

This Motion seems to me to be confirming what was agreed to in this House during the May Sitting, when all Members paid lip-service to the renovation of the existing hospital. And I cannot help, Sir, to be amazed too, at the similarity of what is going on today to what existed in 1974 and 1976.

I know I will be told that I should stop going back into the past and deal with the present, but those of us who refuse to learn from history must repeat it and I happened to be looking through my old papers this morning and came across the address which I delivered at the opening of the present inpatient wing on 26 February, 1976. And to demonstrate the similarity of what went on then and what is going on today, I crave your indulgence, Sir, to read from that speech and I assure you it will put this whole thing into perspective. It started like this:

"Your Excellency, Honourable Members of Executive Council, Members of the Legislative Assembly, members of the medical and nursing professions, other members of the hospital staff, ladies and gentlemen, for many years Caymanians, residents and tourists have been clamouring for improved health care facilities in the Cayman Islands. Thus it was that when I was given responsibility for the subject of health, that I resolved to do something positive about this matter. It is true to say that the continuing need for the improved facilities is a problem common to most developing countries. It is also true to say that modernization and expansion of hospital facilities are subjects often answered

by expediency because the total problem is seldom envisioned initially. The same fate almost befell us here, but fortunately we decided to stop and take a look before we embarked on any renovation programme which was initially envisaged.

In 1974, a sum of \$150,000 was placed in the Estimates for the purpose of redecorating and effecting repairs to plumbing and electrical works within the old hospital as well as for the purchase of some equipment. A further examination by our own Public Works Department revealed that the plumbing and electrical wiring in the old facility were shot and that any attempt to repair these would be expensive and in the long run prove a waste of money. It was generally agreed that the old facility was unattractive, provided poor lighting and acoustics as well as inadequate privacy.

In a nutshell, it was not adequate or conducive to the best delivery of health care or patient recovery and offered poor working conditions to staff. Therefore, in early 1974, a decision was taken to have a comprehensive study made of our then available medical facilities as well as our requirements for the following 15 years. As a result of this decision, the firm of Louis Eaton Partnership Architects, Engineers and Planners...."

Now, Mr. President I want to emphasise that, "...architects, engineers and planners of Jackson, Mississippi were engaged to conduct the study."

These were not doctors, nor were they people especially endowed with any special knowledge of hospitals. Achitectural firms usually have a wide cross section of expertise, but they too, employed the hospital and medical expertise that were required from the outside. And now I will continue:

"Not only is this building we are opening today the result of that study, but Government is now in possession of a suggested plan for the development of this entire compound and all perceived medical care delivery building needs for the foreseeable future."

We did a master plan then too and if it had been followed, the compound up there at the existing hospital could have been developed into all that we needed but the plan was not followed after I left office in November 1976.

"The plant is phased for implementation of each phase as and when the necessity arises and the money is available.

So the official opening of this in-patient wing this afternoon is the completion of, but the first phase of a plan of development on this compound which, if and when completed, will provide an adequate and functional health care facility for our country. Naturally, many factors are inherent in a study such as was carried out; for example, the anticipated population growth, general environmental criteria, the perceived expectations of the public and the desires of Government and hospital staff.

The new in-patient wing, which I hope you will take the opportunity to tour shortly, and which I know cannot fail to impress you, is therefore, the result of a conscious decision taken by Government to provide a modern facility for our people and the translation of this aspiration into first, a paper plan by the architects and then into brick and mortar by the builders.

Now, Government has been criticized in some quarters for building this fine unit. It has been said it is extravagant and too good for this Island. To me, such talk is nonsensical and shows a complete lack of understanding of the needs of our community, the expectations and entitlements of our people and the workings of our medical services.

If you will bear with me for awhile, I will give you the rationale behind this building. The earliest attempts of providing adequate medical facilities were made by Government and over the years our people have grown to expect this. It is also a fact that these services have been provided and are still being provided at highly subsidised rates. You are also aware that while Government provided a service, thousands of dollars annually left these shores in payment of medical services especially hospitalisation." [Of course today, Mr. President, that is measured in millions.]

The question then which had to be answered by Government was; what kind of facility would be provided? Would it be one that only those persons who have not the means to go abroad would use? Or would it be one that all Caymanians, residents and tourists would be happy to use?

To me, the answer was simple, a facility in which all who live and visit here could be satisfied to be hospitalized, should be built. In this way, Government will be able to retain some of the money that is going abroad in our own economy to help carry the load of providing the medical services for those who have not the wherewithal to seek them abroad. To have provided an alternative facility would have meant committing the less affluent in our society to using a substandard facility for the rest of their lives because let us be realistic about it, funds would have not been here to provide anything else.

I think also that with an economy that is totally dependent on tourism and off-shore business, it would have been short-sighted of Government not to have provided a first rate facility to instill confidence in our medical services in those who visit and live among us. It is also our belief that with a completed facility of this standard, it would be quite easy for us to attract specialists to visit and perform many of the procedures which heretofore had to be performed abroad. Evidence of this is already manifesting itself, so we believe we are getting there and therefore, I have no apologies to make to anyone for the building which we are opening this afternoon. I feel the people of Cayman deserve it.

I want to make it clear that this was not a one man show; a lot of hard work was put into this by the entire policy making and administrative staff of the Health Services Department as well as other departments of Government."

Mr. President, if I could finish my quote there for the time being and make an interjection. I had the same problem in 1974, that the Member for Health is having today, that is some self-centered and self-serving people on the medical staff opposed what was being done then, but when I got the approval of the Chief Medical Officer and I had done all that I could to explain the position to those who were dissenting, I called a meeting through the Principal Secretary at the hospital and I had a yellow pad with me and when they began to grumble I said, if you do not like what is going to be done, write your resignation and hand it to the Principal Secretary; you will see how quickly we can get a replacement for you and neither one left.

Now I will continue with what I said then:

"We are deeply indebted and greatly appreciate the efforts of those in the Public Works Department who supplied the technical know-how which was needed to bring this building to a successful conclusion. Last, but not least, I must thank my colleagues in the Legislative Assembly who voted the money to build this unit, although there now seems to be a difference of opinion with some of them as to what type of building was needed.

I think it is appropriate to mention here that Government were the recipients of a benefaction for this project from the estate of the late Mr. Morris Robert Monquith, a Canadian who had been a visitor here who passed away on 3rd January, 1964. This benefaction at the time it was made, was valued at approximately C\$100,000. This gentleman was a client of the Royal Bank of Canada Trust Company Cayman Limited, and here I would like to express our gratitude to Mr. John Morgan, the manager of that company who has always shown a very keen interest in tangible ways in our medical services.

Shortly, you will have an opportunity to tour the inside of this building. I know you will be impressed with what you see, but there are some aspects of this hospital which you will not see from the inside. For example, the sewerage treatment plant is situated to the rear of the compound, the cistern is located under the pharmacy and storage area over the way, this of course was built before this wing. Mr. Ard, our sanitary engineer and his crew have been working long and hard connecting the rest of the buildings on the compound to the sewerage plant as well as putting up gutting on all of the buildings and piping the water to the cistern. To Mr. Ard and his crew, we owe a deep debt of thanks for a job well done. The groundsmen have also been at work as you can see, to them I say a big thank you.

Finally, on this aspect of things, I would like to pay a tribute to our doctors, nurses and all the hospital staff who worked under difficult circumstances in make-shift arrangements whilst this building was going on. I trust you will enjoy your new home.

It is my earnest hope that the public will appreciate this facility and those of us who can afford to pay will not begrudge our small contribution to the comfort and well-being of those who are less fortunate financially, but nonetheless will enjoy the services provided here. It is also my earnest hope that Government will be able to complete the remaining phases of the hospital development to this standard so that it will not only be able to say that this is the finest in-patient facility in the Caribbean, but that is the best hospital of its kind in the area."

I have quoted from that speech merely to indicate the similarity between then and now and as I said on a previous occasion earlier during this meeting, the players were the same then as they are now, people who I talked about, not rowing the boat but rocking it. People who I can only describe as being learned in verbal guerilla warfare with a march or two thrown in. Let me assure the people of this country that this Government will not be deterred by that type of action in providing what we know is needed, health care services for this country.

The schedule to this Bill, describes in my opinion, adequately what this Legislators needs to know about the spending of this money and to suggest, Mr. President, that a major portion of this \$1.5 million is going to International Health Care Services, is nothing short of irresponsibility. This \$1.5 million is as best estimate of what the facilities or improvements that are listed here will cost. They have not been finally costed. It is highly probable, or it is probable that the final figure could be more or it could be less, but this is the route that any builder, be he in Government or in the Private Sector must follow. One has to have first a

plan, an outline plan, he must know what he wants, then it has to be committed to an architectural drawing, then quantities have to be taken from that drawing, and costed and it is only then that a fair cost can be ascertained. Nobody is going to tell you to the cent what a building is going to cost before he has seen the architectural drawings and the bill of quantities.

So, Mr. President, I would implore Members to let us stop this bickering and let us get on with the job of providing adequate medical facilities for our people. What is proposed here, is but a stop-gap measure until a new hospital facility can be built and as I have said the other day, let us get it straight, it was not International Health Care Services that first recommended a new hospital. And I will deal with that when I get onto that Motion. I indicated that the minutes that I was reading from was headed up "New Hospital Facility". This decision had been taken by Government in conjunction with the advisors from PAHO (Pan-American Health Organisation). I will repeat that anybody in this day and age who cannot go to that hospital and accept that we need a new facility needs his head examined.

These recommendations when costed and when the master plan has been produced is, but a recommendation to the Member. He then has to have the approval of that master plan and the renovations that are being proposed by his technical medical staff, then that comes to Government and it is either accepted or rejected. What we are being asked is to give the Member for Health the tools, \$1.5 million to get on and let us repair and renovate the existing facility which will serve our people while the Member gets on with the more time-consuming, costly job of providing a proper hospital for these islands. But anybody that is afraid of a master plan for the development of any service is, in my opinion, committed to confusion and only wants to sow confusion in the minds of our people.

So I support this Bill and I implore Honourable Members, let us get on with the job and let us stop playing politics.

Thank you, Sir.

**MR. PRESIDENT:**  
point.

I think perhaps we should take the afternoon tea break at this

Proceedings are suspended for fifteen minutes.

#### PROCEEDINGS WERE SUSPENDED AT 3:24 P.M.

#### PROCEEDINGS RESUMED AT 3:51 P.M.

**MR. PRESIDENT:**  
1990.

Proceedings of the House are resumed.

The Second Reading of the Loan (George Town Hospital) Bill,

The First Elected Member for West Bay.

**MR. W. McKEEVA BUSH:**

Mr. President, I rise to offer my support to this Bill, a Bill for a Law to Confer Power to Raise a Loan Not Exceeding One and a Half Million Dollars for the Improvements of the George Town Hospital. I support the Bill because I support improving the hospital and although I support the Bill, I do not know why it had to come this route.

Now, the Member [responsible] can get up behind me and say anything he wishes, but the facts are there. When this hospital issue arose I said, and it is in the Hansard, I would not vote one cent for the hospital plan as envisaged by Mr. Jim Conti and that group. I said that I would support improving the George Town Hospital. I even said that the land was there because that was one of the things that was said by the Executive Council, that it did not have space and I said that they could move the Mosquito Research Unit from the hospital area and we would have sufficient space to do what we needed to do. So they had support for improving the hospital.

Nobody on this side is trying to thwart improvements to the George Town Hospital as the Member for Education claims. I would suggest to that Member that if he feels bad, he should take a rest because he is imagining things. We have put our case forward time and time again. We stand for improvements and if this is what the Member is doing, that is what we want.

In Finance Committee when the Member spoke to us, all we did was seek an undertaking that there would be competitive bidding for the hospital work including bill of quantities, drawings and so on. He told us at that time that, that was what would be done and he was to come back to us in Finance Committee. We know that he chose not to come back to Finance Committee and has come this route where he says the people can hear him.

I would hope that Government can get on with this work as quickly as possible. I would hope that International Health Care Corporation is not going to get this work; I would hope that this is going to be put out to competitive bid. All of us on this side want improved health care for our people. They cannot make the people believe that this side of the House does not want improvement in our health services, that is a vain attempt and as someone said in the House a few days ago, it will not 'wash' with the people. The people know, as we have campaigned on health care. We simply do not agree with the two-site hospital and we do not agree with the Jim Conti Group doing the work.

Mr. President, the Member for Education got up and read a 1976 speech. He must remember that the people rejected him in 1976. It was that 1976 speech that he thought would help him be re-elected. If his plan at that time was so good, why did International Health Care not pick up on it? Why are they suggesting something completely different, a different type of plan? Even though I know we have buildings there and so on, but remember this, the House should remember that Member was also in charge of

Health from 1984 (five years). He should really stop seeking to blame everybody for something that he probably could have done also. If he says that he could not do it because of cost, that is what we are saying today.

Now, I would like to just refer to one thing that the Member for Education said, he said that International Health Care Corporation did not suggest a new hospital first. I believe him because I heard about a new hospital long before I heard about International Health Care. I heard about this new hospital when the Member for Education told me about it and in fact, when he told me he had the land for it in West Bay (his land), that is when I first heard about it, but I guess that is like the Master Ground Transportation Plan that is going into West Bay and I guess that is where we heard about the golf course as well.

This side of the House supports health improvement. There are many things that I would like to see improved and I hold to what I said before that I do not believe that we can get value for money from International Health Care Corporation. I have been going through some of their interim plans, I will deal with them later, and as far as I am concerned, if the people that are supposed to be good managers, good professionals; if they are good managers or professionals, they do not need International Health Care to tell them what I see contained in those interim plans. So I would hope that these people would not be doing the work. I support the Bill as I said, as I support improving our health facilities.

**MR. PRESIDENT:**

The Third Elected Member for George Town.

**MR. TRUMAN M. BODDEN:**

Mr. President, I support this Bill. However, I am wondering whether the schedule here is the same as the Motion that was passed back in the last sitting. That aspect I have just noticed and would like to perhaps have a check in relation to that.

This is a good example, at least the majority of work here, shows that with a reasonable sum of money, and this is a large sum, it is \$1.5 million, many things can be done to improve the present hospital facilities that we have. This is what should be done on a regular basis as money is available for the expenditure and can be afforded on the hospital and other projects, these should be carried out.

Now, we have heard considerable debate on the Motion from quite a few months ago and in effect, it seems that we are really no further ahead now with this Bill than we were with the passing of the Motion some four months ago. I think what is needed is that the Member moves on with the plans that are set out here, such as the surgical suite and the different areas that are listed to be built and to ensure that there is considerable effort made to upgrade the facilities because as one Member mentioned, there has been a very serious increase of the fees at a time when there has been no upgrading of the facilities. This, I agree with the First Elected Member for Bodden Town, is very unfair to the people of these Islands.

The different areas that are set out here I think will have considerable impact on easing the problems that exist at the hospital. We have always, and always will support the proper upgrading of the hospital and medical facilities. And that has been properly set out in statements, position statements that we have made public on several occasions in the past. However, the people have a right to ensure that they are getting value for money, they have a right to be assured that the proper procedures under the Finance and Stores Regulations 1986, are being carried out and I would like to dwell on that a later on, to ensure that the money is being spent for the greatest worth that can be received for it.

I would strongly suggest to the Member that he listen closely to his staff when dealing with any type of changes, extensions or whatever at the hospital because I do not think that one can take the approach that because you invite staff to make comments on matters that you must then turn around, if those comments are not what you wanted and publicly attack them verbally. The advice that I always got from staff within the three areas of the portfolio when I had it was always good. At times I may not have agreed with them, but I am sure there were times they did not agree with me, but we have to continue on the relationship and it is important that the staff be fully involved in the alternations, or the extensions to the hospital because the team approach is what is necessary to make this work to its fullest.

It should be obvious to the Member, at this stage, that there is a public rejection on several basis, but one of them being cost, to put down the hospital on two sites and it is therefore, his duty to ensure that whatever he puts on the present site, does not create an obstruction which would not allow the site to be used singly for the hospital because this approach of attempting to get one's way sometimes come out in different ways and if, for example, the surgical suite was not properly placed, it could make the site too small, or be of too awkward a shape for ultimately having the full hospital placed there, that would then give justification for the duplication of equipment, staff, buildings on the second site.

It seems to me that I was right when I mentioned the schedule to the Bill and I am not certain if the Member mentioned that it is different from the actual Motion that was tabled on 25th March. What has been added to this are numbers 8, 9 and 10, the development of a master plan for the future use of the present hospital site and which had been as I recall, not agreed on by Finance Committee. In fact, there was a considerable amount of concern over this. There also appears to be (that is not in the Motion), the development of the master plan for the Faith Hospital in Cayman Brac and also added in is number 10, the design equipment specifications and all construction drawing for the additional eighteen bed suite for the Faith Hospital. At the time we supported this Motion, I understood that coming back to the House was going to be a Bill to implement the list of things that were set out in the Motion itself and now we find tacked on here items which had not been, at least one of them, accepted previously when it was raised.

What worries me about this, even though I supported it a few months ago and continue to support it, to what extent is this \$1.5 million going? As I remember, we were told about the master plan, the specifications and the drawings. The limited supervision IHC has done for the overall amounted to something like \$2.4 million, a part of which had been done, and part of which is still to come.



I would hope that contracts are not going to be signed now which are going to commit funds from this loan. I think that a small amount should be placed on consultancy services with a view to having these continued and substantial amounts being paid out for these three different items that have been added. I wonder why the Member has added them, I do have a copy of the Motion in my hand and those three are not on it. I would have assumed that the Member would have said, "Look, this is different from the Motion I passed, I now want to get money for these three extra things," because this may have slipped past some of the Members in here. In fact it nearly slipped past me because when the Motion was passed, I understood several other things were going to be done and one of them was that we would be seeing the details of the drawings and studies and those sort of matters. I do not have the minutes with me now but I will get these at a later stage. Those have not been forthcoming at this stage, yet the money is asked to be approved in blank. One thing that I remember the Member doing is stating that the money relating to these would go out to competitive bids, he gave that undertaking under the Finance and Stores Regulations of 1986.

One of the things that I think is important is, that when the consultants and the builders are contacted to deal with these is that the contracts be fixed price and they be specific because what is most worrying and what we have seen with Government projects is that there can be very substantial overruns at times and what we have is Government coming back to us saying look, we are committed on this, you are going to have to appropriate the money, we cannot be in breach of our contractual obligations. I understand the importance of not breaking contractual obligations. I do not think it is good enough, as the Member for Education mentioned about the architects, engineers and planners who had no special knowledge of hospital.

I think that where you get middle men going out and having to employ experts, you are paying two profits, you are paying the middle man his profit for the money that is paid to the experts. To be very frank, the Member for Health has expertise and probably more, I would think, than the experts that he has employed from time to time. I would say it should be a simple thing to go out and find the experts themselves and not have to pay the 10 or 20 per cent profit that the middle man pays. I do not know how it operates on the medical side, but I do not think it is any different from anywhere else. I would not go out and employ a middle man to go and find me a Queen's Counsel to go to court with me, I would go direct and find the expert myself. This is where we are paying out a lot of money that we do not need to pay out because it has to be a percentage for the finder's fee or the middle man that one employs to pick up the phone and call up the expert who needs to do the work.

The Member for Education went back considerably in the past. While I had the hospital under me for eight years from 1976 to 1984, that Member had it under him for four years and now for nearly another two it is under the present Member for Health. It seems to me that they have not followed these fantastic plans that were created back in the early 70's. In fact, they have not followed them for nearly the length of time that they claim I did not follow them for, and if they are so good why are we now going to have to pay Mr. Conti or IHC for more plans since those plans are still there and they are so good and so relevant? All I can say is, during the time that medical facilities were under me, we did substantial extensions and renovations to the hospital and the statistics which I was given, the comparative statistics given recently at the meetings that we had with the hospital staff, in the presence of the Member for Health, showed that back in 1984, things were in a reasonably good position and it has really only gotten chronic in the last few years because nothing of any substance has been done.

One thing at least (and I say this jokingly), that the Member for Education has cleared me of, is the fact that one of the criticisms of the general wards is that the passage way was not in the middle which is usual, but put on both sides, and he has cleared it; I did not do that part of it. The other criticism he mentioned was something about the sewerage system. That is a clear example of having purchased a system that was too large to deal with the small amount of sewage that went into it and it continuously gave problems, not because it was overloaded, but because it was under-loaded at times.

The facilities, (I am dealing with items 1 to 7 in the schedule), that are set out here, are necessary and it is a very good example of how a reasonable amount of money, if properly applied and assuming that these things can be done with the \$1.5 million, can be carried out to greatly improve the facilities at the hospital at present. When we get to the Committee stage of the Bill, I will have something further to say on what has been added into this Law, the paragraphs 8, 9 and 10 because I think all of these matters should have been looked at in considerably more detail.

As Backbenchers, we are the protectors of the public's money to see that the funds that are spent, that proper value has been received for each dollar. I do not really believe that it is good enough just putting a line on each of what can cost a very considerable amount of money to complete. I would like to know what is going to be done regarding things like the development of the master plan for the hospital sites here and in Cayman Brac, and how much these are going to cost.

The use of these facilities that are now on the present hospital site are very important to this small, but important area of construction and extension of the facilities because I think that Government has to appreciate that every penny saved is equivalent to a penny made, as Dr. Roy McTaggart many times would say. What can be reasonably used on the present site should be used, I do not think that this country has the money to tear down or not use both the buildings or the equipment merely for the sake of saying that we should have a new one because all of that money that is spent is now being paid for and paid for very dearly under the new hospital fees by the public. So I believe it is important that whatever is being done on the master plan for that site is one which is done, not with a view to having the site split and having one hospital some four miles away or a part of it and the other part of it in the area that the present one is.

So under this section of the schedule, I would like to see more accountability for what is being proposed. I would hope that the Member will (during the session presumably at the

committee stage), let us see what he has prepared between the Motion where, as far as I can remember, he agreed to give us plans and details of all of these different matters that are being dealt with by this Law. It would be unfortunate if out of that \$1.5 million loan, a substantial part of it is going to the new parts of the schedule, which is the development of the master plan for Grand Cayman, the development of a master plan for the Faith Hospital and the design for the Faith Hospital. These appear to me to be matters that should come back, preferably to Finance Committee, but on which we need to know considerably more about.

The hope overall is that the joint view of this honourable House and all its Members see a very rapid completion of the more critical areas for the authority for the money to deal with these items are being carried out, along with it, that we are now seeing a proper tailoring of the systems which we have already paid for, some of which are in place, being integrated into the extensions of the physical extensions that are being carried out.

It is at least good to know that the continuous criticism of the medical services by the Member for Health and his colleagues on Executive Council from time to time, to justify the expensive two-site hospital, have at least now ceased and a lot of what was said there, hopefully will not be repeated as a lot of it, in my view, did not help and what really has been helping have been these smaller areas that are now being dealt with by this Bill.

**MR. PRESIDENT:**

Perhaps we could take the break here?

### **ADJOURNMENT**

**HON. THOMAS C. JEFFERSON:**  
o'clock tomorrow morning.

Mr. President, I move the adjournment of this House until 10:00

**MR. PRESIDENT:**  
tomorrow morning.  
against No.

The question is that the House do now adjourn until 10 o'clock  
I shall put the question. Those in favour please say Aye...Those

**AYES.**

The Ayes have it.  
Accordingly the House is adjourned.

**AT 4:30 P.M. THE HOUSE STOOD ADJOURNED UNTIL 10:00 A.M., TUESDAY, 10TH JULY, 1990.**

**TUESDAY  
10TH JULY 1990  
10:28 A.M.**

**MR. PRESIDENT:**  
External Affairs.

Prayers by the Acting Third Official Member for Internal and

**PRAYERS**

**HON. JAMES M. RYAN:**

Let us Pray.

Almighty God, from whom all wisdom and power are derived:

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

Bless our Sovereign Lady Queen Elizabeth, the Queen Mother, Philip Duke of Edinburgh, Charles Prince of Wales, Diana Princess 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 Members of Executive Council and Members of the Legislative Assembly and the Speaker 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, Amen.

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 in earth as it is in Heaven; Give us this day our daily bread, and forgive us our trespasses, as we forgive them that trespass against us; And lead us not into temptation, but deliver us from evil; For Thine is the Kingdom, the power and the glory, for ever and ever. Amen.

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

**GOVERNMENT BUSINESS**

**BILLS**

**SECOND READING**

**THE LOAN (GEORGE TOWN HOSPITAL) BILL, 1990**

**MR. PRESIDENT:**

Proceedings of the House are resumed. The Second Reading of the Loan (George Town Hospital) Bill, 1990, debate continuing.

The Third Elected Member for George Town.

**MR. TRUMAN M. BODDEN:**

Mr. President, when the tax measures were introduced I understood that today we would begin with the Bills for the tax measures. I am therefore caught somewhat by surprise that the normal Bills are back on the floor. As a result, I have not been able to get all the printed Minutes that I had asked from the Clerk's Office. It is really not her fault; there are problems with the printer. I am sure that those Minutes will throw some light on the present problem which I see with the Schedule to this Bill to deal with the raising of \$1.5 million for the Hospital.

There were only seven items in the Motion when it came to the House and as I remember the Member said that a Bill would be introduced to implement the seven items in the Schedule of that Motion. They were the construction and equipping of a 12 bed surgical suite; the conversion of the present surgical suite to an intensive care unit; the provision of a trauma/minor operating room; the provision of a recovery area; the conversion of the present recovery area to an ambulatory recovery area; the necessary works to correct patient flow and other inadequacies in the present operating theatres and lastly, the provision of proper and adequate support service areas for the operating rooms, surgical ward and intensive care unit.

This Bill has now been put in and we have had every right to assume that it was the same as the Motion that was brought back a few months ago. What has happened now is that paragraphs 8, 9 and 10 have been added and these are:

- 8) The development of a Master Plan for the future use of the present Hospital Site;
- 9) The development of a Master Plan for the Faith Hospital in Cayman Brac; and

- 10) The design equipment specifications and all construction drawings for the additional 18 Bed suite for Faith Hospital.

Those are new items. They were not brought in the Motion and they were dealt with in considerable depth in Finance Committee. I would now like to go through and read some of the objections that we made to them because at the committee stage we will be moving an amendment to strike these from the schedule.

It is wrong in my view that this should have arisen. In fact I was part way through my debate when I realised that things just did not look right, but one assumes that things will follow a normal course. I would first like to read a part of this which is coming from a memorandum in Finance Committee:

"To: All Members of Standing Finance Committee  
From: The Chairman  
Date: 8 March, 1990..."

[and this was all dealt with back in Finance Committee's meeting held Wednesday, the 7th of March]

Re: Chairman's Casting Vote,..."

In my view, all of the problems that have been levelled against the First Official Member began here.

"Finance Committee yesterday in dealing with the request from the Member for Health and Social Services for permission to commit the \$450,000 as approved by Finance Committee on the 20th of December, 1989 for Head 28, sub-head 7-014 arrived at an equality vote on two items."

One, on the question to prove item 2 of the request, to incur expenditure of \$87,500 plus expenses to develop a Master Plan of the George Town Hospital site by IHC, the application for the money was specifically put after all of that long debate and the undertakings that were done, about going out following the Tenders Rules that are laid down in the Finance and Stores Regulations of 1986. The specific request for funds for the consultant was specifically for IHC. There was no intention whatsoever to follow the Stores Regulations.

I am going to read further debate on this. That Motion was put and we took the point, how can you do this? You must go out to bid on these matters and then a Second Motion was put with the Member, Motion No. 3 which was to prove the same item as 2 as amended, that the said expenditure be incurred subject to compliance of the Financial and Stores Regulations and by the deletion of IHC as it appears in the last line.

So, in an effort to get it through now, he attempted at that stage to remove IHC from it. The votes were tied and the Chairman, the Financial Secretary said in regard to *Erskine May* in tradition followed by the Presidents of the Legislature in this regard, "I have reached the decision that as both items are of a policy decision I cast my vote against each". There failed the Motion. Now it is raising its head again in a Bill which prior to this had nothing to do with this. It is an unorthodox way of trying to bring something here which had not been approved previously and which may well have slipped through if the Bill had not been carefully perused.

Anything coming from Government hereafter I am afraid I must look at with a certain amount of suspicion in detail and not assume that we can rely on things said, to come back the way they should. I want to read a bit more of this because I find it very odd and I do not think it is very becoming to have these sort of situations continuously arising. This is reading from the *Minutes of Finance Committee* of Wednesday, 7th March, 1990 page 10.

"Request to commit expenditure for Head 28 - Administration Health and Social Services - sub-head 7-014 Fees Consultancy 1990 Allocation - \$450,000.

At a meeting of the Committee held 20th December, 1989, the Honourable Member for Health and Social Services undertook to provide the Committee with details of expenditure in relation to the management systems before committing any of the funds.

Finance Committee's approval was thus being sought to approve the committal of expenditure of \$216,500 for the following:

- (1) To continue the interim projects which had been carried forward from 1989 expenses for the physical improvements to the site - \$48,000.

Question Put: Agreed - \$48,000 approved."

We agreed unanimously and approved it.

"(2) To incur expenditure of \$87,500, plus expenses to develop a Master Plan of the George Town Hospital site by IHC.

Mr. Truman Bodden for the record stated that "this item was a controversial issue and that he would rather it be deferred until such time that a full Committee was in attendance to consider it. He expressed concern that the request entailed the splitting of the site. He also expressed concern that Mr. Bush who was currently off the island on official CPA business was not able to be present,".

Mr. President, here we were given very short notice. I believe the notice probably came to us a day, maximum two days, before this arose. It was agreed that item 2 be deferred following lengthy discussions was the general consensus that the question on this item be put". (See page 13 for vote)

There were the following Motions which dealt with the approval of different aspects of the hospital projects and then it goes to the bottom of page 11: Mr. Gilbert McLean stated that he "had difficulty in these requests because the Master Plan had been halted to allow for the George Town Hospital works to get underway. [That is reference to the lengthy debate in the House regarding the approval of \$1.5 million, under Government Motion No. 2/90 for the Hospital Improvements]. He further stated that it is not an ideal situation to have one company undertake both the consultancy and the contractual work for the same project.

Mr. Truman Bodden stated that "the amounts should be justified and bids made so that Finance Committee can be sure of what it is voting money for. He reiterated that, subject to approval of these requests (1) there should be competitive bids; and (2) that specialised architects (including local firms) should be invited to tender. He stated that the only indication of a bid is from IHC. He requested an adjournment of the Committee until such time that the Departmental Tenders Committee had sought indications of bids from other qualified independent firms so that Government can be assured that the best value for money is obtained. He requested a 10 day time limit to be put on the Departmental Tenders Committee to solicit indications.

Mr. Roy Bodden noted that "if invitations were sent overseas the Tenders Committee would require a time frame of at least 30 to 60 days". He suggested therefore, "that the Tenders Committee be asked to determine whether there are any local indications for bids, and requested that the Tenders Committee provide the Committee with correspondence to and from all such firms".

Honourable Ezzard Miller, in answer to an undertaking requested by Mr. Bodden requested Mr. Bodden to firstly provide him with a list of architects which will give him fixed price contracts.

Mr. Truman Bodden stated that he wanted to have details of all costs to be incurred because for Finance Committee to approve certain sums to such unconditional expenses that may be added is unreasonable. Then Mr. Truman Bodden, moved that item 3 be deferred for ten days to enable the Departmental Tenders Committee to seek competitive bids and for such bids to include ceilings and expenses.

Honourable Ezzard Miller, stated that architects had been given 30 days to reply to his letter. Question Put: AYES - Mr. Truman M. Bodden, Mr. Gilbert A. McLean, and Mr. John McLean; NOES - Mr. W. Norman Bodden, Mr. Benson O. Ebanks, Mr. D. Ezzard Miller, Mr. Linford A. Pierson, Mr. John D. Jefferson, Capt. Mabry S. Kirkconnell, Mr. Roy Bodden".

It goes on to deal in the Minutes and it says:

"In voting against the Motion, Mr. Gilbert McLean noted for the record his objections to the approval of the committal of the funds in the sum of \$216,500 being sought.... He stated that it is clear that the request under item 2 is for monies directly payable for a plan to develop a two-site hospital concept to which he has publicly opposed in the Legislature".

On page 13 - discussions continued:

Mr. Truman Bodden requested details of competitive bids and requested same to be brought to the Committee. He also sought the deferral of item 6, reiterating that it was unreasonable to give the Committee only a few hours notice of the items to come before it.

This is important because so much has been said about us as Backbenchers and our behavior in Finance Committee; here a lot is coming out. We were only given a few hours notice to deal with these matters and secondly, the other aspect that was dealt with was a motion put, this is on page 14:

"With leave, Honourable Ezzard Miller recommitted item 2 under Head 28 which reads "to incur expenditure of \$87,500, plus expenses to develop a Master Plan of the George Town Hospital site by IHC and moved that the said expenditure be incurred subject to compliance of the Financial and Stores Regulations, and by deleting "IHC" as it appears in the last line of the paragraph."

And that is what I read at the beginning that the vote was taken on. These items have been dealt with, not only in the Finance Committee meetings and rejected, but they have also been dealt with on the floor of this House at times.

What seems to me to be a continued path or an approach of Government where they say they must have their way, is the way that they have now very subtly and very cutely added what they did not get through the other channels in to this Motion. The amendment which they have added into the Law from the Motion and that is bad in principle about this Bill. I am not referring to the drafting of it, the fact that we just get a list of matters to be done and we get no amounts attached to them. This is like a shopping list which is a joke to believe that \$1.5 million is going to pay for these items.

I know and I believe the Member has not disputed this, even though I have not gotten the Minutes to check it out, he gave an undertaking that plans and details of these would come back to this House with the Bill. That has not been forthcoming so basically this Schedule is in effect the approval of the beginning of projects, three of which we had asked for details on and had not in the past approved.

Secondly, as I read right at the beginning, the consultancy was scheduled to be approved in Finance Committee specifically for International Healthcare Corporation wiping out any competitive bids on that matter. On this subject I am very concerned that Government's contracts are not fixed contracts, when they are executed there are openings where the contractors legally, and I say legally, take advantage of because they are open ended on certain items. What seems to be the rule with these contracts is that a price on the consultancy contracts are put in and then you have items such as travel, lodging, out of pocket expenses for IHC personnel, telephone, postage, printing costs, out-side professional fees for legal services, financial and accountant services, other technical and engineering services, liability insurance; and it is a list of things here that there is no way to reasonably predict how much the country is going to be committed.

It is on that basis that these consultancy parts 8, 9 and 10 of this Schedule should come back to Finance Committee and should come back with proper details of what is going to be done and how much is going to be paid. The tactic here as I see it, is to take a bit of money, give it out, get it started by IHC and then there is no way of turning back on it because they have already started the project moving. This cannot be right. The substitution of a law like this for a Finance Committee where you can go and ask a lot of questions, you can see a lot of details and where matters can be done in a less formal manner than here [in the House] cannot be in the interest of the people of these Islands and it definitely takes away the Backbenchers' right to try to pin down contracts and sums that are appropriated to specific amounts to make sure that the public is getting value for its money.

I would like to restate that we, the seven Backbenchers, support and believe that medical facilities should be upgraded. We have a very clear duty to protect the public's money, to see that the money is spent wisely and is not wasted on elaborate schemes, or on what I would refer to as middleman consultants who take their ten percent. There is no doubt about that, take their ten percent of the overall amount then go out and look for experts to do the work. We know and it was stated that on the project such as the two-site hospitals that IHC would be taking a flat fee, which I believe was ten percent of the overall value, in any event totalled \$2.4 million along with other expenses on systems that were in it at the time.

I am concerned that four months ago the Member did not come to Finance Committee and say that we estimated a 12 bed surgical suite was going to cost 'X' amount of dollars and these seven items listed are going to cost such and such. We could have asked some questions, approved the money and the Member would have then been well on [the way] with this work at this time. But, no, Executive Council must have its way and they go in these round-about and vague ways of doing things.

When Finance Committee goes public, the public will see what I have been saying about these contracts. The overruns in some of them are very substantial amounts beyond the fixed price that is quoted in there. That is really only thrown in to throw one off. Lastly, I have once again (as the former Member in charge of Health said) come under attack about this plan that the non experts carried out. I would just like to quote the Honourable Member for Health in the *Newstar* Magazine of January 1990, at page 62. It is very short. It says this: **"We are in a crisis situation of five or six years behind because one administration would not follow a plan, and put buildings all over the compound."**

We are in a crisis situation of five or six years behind, is a clear statement that when I left, there were no crisis situation because I left six years ago. When I left the Hospital had at least made progress year-by-year rather than nothing being done and stagnating over five or six years. The present Member for Education, who was the Member for Health, took a considerable amount of time and I listened to him again on the radio trying to once again take and cover the problems of the future with his views of the past.

What I would say to the Member is that, I, am happy to approve one to seven, but I look very seriously on the addition of these three extra items which, I know, Sir, cannot be dealt with, with the \$1.5 million. It is only a ruse now to get approval of this legislation for projects for which they will have to come back to this House, it will no longer be going into a Finance Committee, it will be a Committee of this whole House, sitting here openly, and say, "I have spent \$50,000 or \$100,000 on this master plan, and therefore you cannot really change the consultants at this stage."

I am prepared to say that if only IHC has been contracted in the past (for large contracts anyhow) to deal with these matters, I have to assume that that course is set and that in the future it is going to be followed.

In summary, all seven of us have specifically stated in written public releases, and I quote, **"We believe that the medical facilities in Grand Cayman, Cayman Brac and Little Cayman need to be improved, upgraded and/or renovated. The Caymanian public deserves the best facilities that the Cayman Islands can afford. We regard good medical facilities as an important national priority."**

And I am prepared to support it, but I would still like to see what was promised. I would still like to see the plans. I would still like to know what amounts were being spent on all of these projects. What I would say to the Honourable Member is to get on with getting these necessary projects put in to place and completed as early as possible. But with the least expense and without excessive and heavy consultancy fees, this is a clear example that the \$1.5 million spent on buildings and a bit of equipment can greatly improve the Hospital in many areas. There has to be a better spending of funds and paying \$2.4 million out to consultants, be they International Healthcare Corporation or anyone else, to deal with areas which I know can be dealt with much more cheaply and can be dealt with probably by the Member directly or through the Public Works Department.

So, I support the Bill, but I do not support the additions that

have been put in it for the reason that I have given earlier. Thank you.

**MR. PRESIDENT:**

The Honourable Member for Communications.

**HON. LINFORD A. PIERSON:**

Thank you, Mr. President

I had not intended to speak on this Motion, and I know that is normally said in this House, but this is indeed the truth because the Bill had received an "in principle" approval at the May Meeting of this House, by Government Motion No. 2/90.

I support the Bill because I feel that it is indeed a good Bill and one that seeks to improve the medical facilities for our people. I intend to give my short contribution to the general merits of the Bill and as the Third Elected Member for George Town said, let us try to keep away from the rhetoric even though he seemed to have contributed more of that than any other Member speaking on the Bill.

The bill is quite straightforward, it is not at all ambiguous; it seeks to raise a loan not exceeding \$1.5 million on the security of the revenues of these Islands for the purpose of carrying out certain improvements to the George Town Hospital. However, it seems that the merit of this Bill was not really the theme of discussion or debate. It was that Mr. Conti of International Healthcare Corporation is the central point of contention. I will deal with that point in a little while.

Firstly, I would like refer to the Schedule to the Bill. Points one to seven are identical to those in the Motion. Since reference has been made to this, I think that it is only fair to give the details of the Motion passed in the May Meeting. The Motion reads:

**"Government Motion No.2/90  
Funding for George Town Hospital  
Facilities Improvements**

**WHEREAS** there is a critical shortage of beds at the George Town Hospital, in particular in the Surgical area;

**AND WHEREAS** the interim projects on the Surgical Review and Infection Control indicate that structural corrective action needs to be taken as a matter of priority;

**BE IT THEREFORE RESOLVED THAT** the Legislative Assembly agrees, in principle, to the borrowing by the Governor in Council of such sums not exceeding \$1.5 million as may be required for the following purposes:..."

Just to reiterate, these purposes are for:

- (1) the construction and equipping of a 12 bed surgical suite;
- (2) the conversion of the present Surgical Ward to an Intensive Care Unit;
- (3) the provision of a trauma/minor Operating Room;
- (4) the provision of a recovery area;
- (5) the conversion of the present recovery area to an ambulatory recovery area;
- (6) the necessary works to correct patient flow and other inadequacies in the present Operating Theatres;
- (7) the provision of proper and adequate support service areas for the Operating Rooms, Surgical Ward and Intensive Care Unit."

This Motion asked in the resolve section that the Legislative Assembly agree on these points in principle. The reason for that was that it would have been necessary for a number of these structural recommendations to receive planning permission not only through the Central Planning Authority, but indeed through the Development Control Board in Cayman Brac. It therefore escapes me why it should be so difficult for the Third Elected Member for George Town, who was the Member for Health for eight years, not to understand that it would be necessary for the plans to be properly prepared in order that they would be submitted to Planning for approval.

I cannot understand the rhetoric that has been applied to this Bill because it should be quite clear that before any of these alterations could take place, especially the major alterations that we are considering in this Bill, it would be necessary for a proper plan to be drawn up in order to obtain proper planning permission.

It is important that the listening public are able to distinguish between good solid opposition and political rhetoric. I cannot understand Members getting up in this House, talking through two sides of their mouths; on one side they are saying that they totally support the idea of renovations within our medical services department, and that they are badly needed; and on the other side they say that we cannot do that because they cannot trust the judgment of Executive Council and the way in which it will spend the funds of this country.

The purpose of having an Auditor General in this country - and I will deal with the purpose of having such an individual at a later stage - is because that individual brings to bear certain checks and balances. That is the individual who is the watchdog, not the hounddog, but the watchdog of Government's purse. This is where the checks and balances take place. Also, we have a very active Public Accounts Committee and I wish to congratulate that Committee for the work it has been doing. That is the area where we will be able to pick up any improprieties that may take place and report on those improprieties in the proper manner.

The Second Elected Member for Cayman Brac and Little Cayman rightly stated that the country needs improved medical facilities, but he objects, as does the Third Elected Member for George Town, to a master plan.

I would like to remind those two Members in particular, that the days when plans were pushed through by Government without the Planning Department's permission (I speak as the Member responsible for Planning) are no longer with us. Proper planning permission must be given. We are a Government that operates on the principle of management by objectives. We set proper plans and objectives to guide us. One needs only look at each Portfolio in this Government right now and one will see that in respect of almost every Department there are proper plans laid out for the future guidance in developing the facilities within those Departments. We do not operate by crisis and perhaps this is what is somewhat foreign to the Third Elected Member for George Town.

The Second Elected Member for Cayman Brac and Little Cayman also stated that he is not satisfied that the money will be properly utilised. Well he has a right to his own opinion, but as I stated, we have in place the proper checks and balances. If the Backbench Opposition Members are as interested in the development of the medical facilities as they say they are, then let the Honourable Member for Health get on with the job. Every effort that can be made to frustrate not only the Member for Health, but other projects in this Government is being put forward. Yet, at the end of the day we are told that we are not accomplishing anything. How can we, if every move we make is fraught with obstruction?

It is as much a duty of the Opposition Members to ensure that proper representation is given to our people as it is the Elected Members of Council. There are 12 Elected Members in this House and we have been put in by our people to do a job for them. Yet, everything of substance that we put forward is being knocked down by them.

In the case of this Bill for medical facilities, they realise that the public would get up in arms if they did not give some support to it. In one hand they give support and take it back in the other hand. The Third Elected Member for George Town says that he supports part of the Bill, but that he will be bringing a motion to amend the Bill in its committee stage to avoid having to go through the proper planning process and to take out the section dealing with the master plan. We have passed the days when that sort of management was possible.

I must say that I was somewhat impressed with the contribution by the First Elected Member for Bodden Town. He sounded a word of caution and this is good. I feel that it is proper that we should be reminded of our stewardship. This is why I have said over and over again in this House, even as a Backbencher, that a good Opposition is imperative to the proper running of any government; a good Opposition, but not opposition for opposition's sake.

The people of this country are not fooled. Many of the individuals getting up in this House just for the purpose of political rhetoric may believe that it is having a profound effect on the people the way they would wish, but many people are reading between the lines. Up to this morning, on my way to the Assembly a very outstanding individual was complaining about the amount of opposition we are getting on every thing being brought in to the House.

I am not here to prop up Mr. Conti. I do not know the man that well. It was the Third Elected Member for George Town who advised the Member for Health yesterday that he has the qualification to decide on such a contract, yet he is saying in the same breath that the Member must take this contract to the Public Tenders Committee, a group of individuals who have no medical experience or knowledge, and get them to decide on a technical contract. This is not materials, blocks and lumber that we are talking about. We are talking about a technical contract and it takes people with knowledge to deal with this. The Chief Engineer of the Public Works Department was quoted as saying sometime in the *Caymanian Compass*, "It has been a practice of Government over the years not to send technical contracts to the Public Tenders Committee". Why is there such a need for such a departure from that basic principle or procedure that was followed over the years?

It would be interesting to see how many hard or soft contracts (and by hard contracts I mean the block and the mortar and by soft the technical consultancy contracts), were taken to the Public Tenders Committee in the period 1976 to 1984? The Third Elected Member for George Town was then a Member of Executive Council. It would be very interesting to see how many such contracts were taken to the Public Tenders Committee or whether they, as a bunch of Elected Members, decided among themselves how to award contracts and whether they were fixed or open ended? You often hear that this is a matter for the Member bringing the Bill, in this case the Honourable Member for Health. This is a matter for Government when we sit in Executive Council, having agreed by consensus on any subject, we are constitutionally tied by collective responsibility. So when a matter comes to this House we cannot say to the House that we are not partly responsible for it. Each Member of Executive Council is responsible for matters agreed to be brought by this House under the principle of collective responsibility.

The provision with regard to planning permission is quite clear under section 12 of the Development and Planning Law (Revised). It is quite straight forward, so I would like to point out again that clauses 8 to 10 of the Schedule is an area that should have been perhaps topping the Schedule because these procedures will have to take place before the Honourable Member for Health can proceed with any



of the work that he intends to accomplish out of the \$1.5 million.

With regard to the areas that the Third Elected Member for George Town and the Second Member for Cayman Brac want to cut out, the development of a master plan for the future use of the present hospital site. How can you properly plan for the future unless there are proper guidelines in place? Is it the Bill that they are objecting to, or should we have brought a Bill called, Mr. Conti? What is it that they are objecting to? This is a proper procedure, a planning requirement under the Law. I wonder if we would have been having all of this problem if some other contractor had been named in this contract?

The development of a plan for the Faith Hospital, yesterday I heard the Second Elected Member for Cayman Brac expressed his concern about an additional 18 beds for Cayman Brac [Faith Hospital]. Is he suggesting to his people that they should not have this facility? Nothing is too good for our people. I will deal with that in these revenue measures that the Third Elected Member for George Town so glibly referred to as tax measures, but I do not want to become irrelevant with my discussion. I will deal with that in time. We cannot have our cake and eat it, Sir.

**MR. PRESIDENT:** Convenient to break here?

**HON. LINFORD A. PIERSON:** Yes, Sir, I will take a break now.

**MR. PRESIDENT:** Proceedings are suspended for 15 minutes.

**PROCEEDINGS WERE SUSPENDED AT 11:27 A.M.**

**PROCEEDINGS RESUMED AT 12:02 P.M.**

**MR. PRESIDENT:** Proceedings of the House are resumed.  
The Honourable Member for Communications, continuing.

**HON. LINFORD A. PIERSON:** Mr. President, clauses 1 to 7 of the Schedules of the Bill are identical to those stated in Government Motion No. 2/90. The major objection would seem to be in clauses 8 to 10 which, as stated, are necessary in order to put clauses 1 to 7 into operation. Whether we want to refer to the necessary application to the Central Planning Authority or the Development Control Board as a master plan for future use, I think is somewhat a matter of semantics. We in fact, need a plan. I do not think that any Member of this House can dispute that. We need a proper plan in order for outlining planning permission to be given by the Central Planning Authority in Grand Cayman and by the Development Control Board in Cayman Brac.

When we took the break I was discussing clause 9 of the Schedule in respect to the master plan for the Faith Hospital in Cayman Brac and I hope by this the Second Elected Member for Cayman Brac and the Third Elected Member for George Town realise that it is, in fact, important and necessary that plans be drawn up in order for the work to be carried out on the permission of the Planning Authority.

Clause 10 of the Schedule speaks about the design equipment specification and all construction drawing for the additional 18 bed suite for Faith Hospital. As stated, the Second Elected Member for the Brac should be fairly well aware of the needs of Cayman Brac and Little Cayman and if he has said that he can hardly see the need for an additional 18 bed, I take it that he has done some research on this. I would have thought that such a facility could only enhance the facilities already there and thus improve the welfare of his people.

It is therefore somewhat amazing and unrealistic for any Member who may speak after me, and those who have already spoken in objection to clause 8 to 10, to really get up in this House and state that they will bring an amendment at committee stage, to object to the inclusion of clauses 8 to 10 as these clauses are important to the very Bill. These are procedures that we have to follow before we can effect any of the renovation works that are contemplated in the Bill.

It has been stated that the country needs improved medical facilities, and as I stated earlier, since this is an admission that is acceptable and agreed by all Members of this House, I would hope that we will allow the Member responsible, the Honourable Member for Health, to get on with the job.

The Bill before us is necessary in order that Government can provide our people with the much needed medical facilities. One only has to go to the general hospital, the George Town Hospital, and it is very clear the need for improvements in that facility. Do we as representatives of our people want to deny them of this right that they have of such improved facilities?

Every opportunity that certain Members have had in this House they have referred to the revenue measures being brought as tax measures. I know that they realised that there is a subtle difference between taxes and revenue measures and I believe that they are doing the people an injustice to not explain the difference. The Government is bringing no tax measures in the true sense of the word. We are bringing revenue measures and we have made that quite clear. The purpose for the revenue measures have been made clear.

I wonder, how can they look in the faces of the civil servants in this country and tell them that they support them when in fact they are trying to block the very areas that will assist them in getting an improvement in their salaries and getting the 22.5% that has been agreed on? We cannot talk with forked tongues. It is either that we would go and deplete the General Reserves of this country or we have to agree on certain revenue measures. Pure and simple. So for them to object to the very means that we will use to

pay civil servants salaries is in effect saying to the civil servants we object to you receiving the salaries.

I am satisfied that the checks and balances are in place in this Bill that will keep a close account on the spending and the utilisation of the \$1.5 million that is being proposed in this Bill. We, have in place, as I stated, not only the Public Accounts Committee and the Auditor Generals' Office, but indeed there is a very strict internal control within the Treasury Department in addition to the controls exercised at Portfolio level. So there is no question of any improprieties in this matter.

As stated this is a much needed Bill, it is timely and accordingly I give it my full support. Thank you, Sir.

**MR. PRESIDENT:**

The Second Elected Member for Bodden Town.

**MR. G. HAIG BODDEN:**

Mr. President, the Bill before the House seeks to give Government permission to borrow \$1.5 million for the financing of improvements to the George Town Hospital.

Unfortunately the title of the Bill seems to be in conflict with the Schedule. The first seven items in the Schedule provide for improvements in the George Town Hospital while the other three items are strangers. Clause 8 and 9 seek funds for the development of a master plan for the future use of the present hospital site and development of a master plan for the Faith Hospital in Cayman Brac and the design, equipment and construction of an 18 bed suite for Faith Hospital. So it is quite evident that items 8, 9, and 10 were added as an after thought to the Schedule of the Bill.

This Bill arises from Motion No. 2/90, which had been passed by the Legislative Assembly. The title of that motion is funding for George Town Hospital Facilities Improvements. The recitals in the motion all support the fact that the motion sought monies for the improvements of the hospital facilities. It reads:

**Government Motion No. 2/90  
Funding for George Town Hospital Facilities Improvements**

**WHEREAS** there is a critical shortage of beds at the George Town Hospital, in particular in the Surgical area,

**AND WHEREAS** the interim projects on the Surgical Review and Infection Control, indicate that structural corrective action needs to be taken as a matter of priority,

**BE IT THEREFORE RESOLVED**, pursuant to section 3(1) of the Loans (Caribbean Development Bank) Law, 1077, that the Legislative Assembly consents to the borrowing by the Governor in Council of such sums, not exceeding 1.5 million dollars, as may be required for the following purposes:

The Motion goes on to set out seven items which are identical to the first seven items in the Schedule of the Bill before us. What is strange about this whole exercise is that neither the Mover of the Motion or the Bill nor the Member for Education who spoke on the Bill pointed out that clauses 8, 9, and 10 had mysteriously become a part of the Schedule.

The Member for Communications and Works, who spoke since the Third Member for George Town had pointed out the disparity between the Motion and the Bill, tried to patch it up by implying that clauses 8 and 9 have to be there in order that the proper planning permissions can be granted. I can only say that he made a brave attempt but his arguments can really not hold water. We have never seen any Bill come to this House, particularly any Loan Bill, which contained an enabling clause or items in the Schedule that helped the Government obtain planning permission for the implementation of any loans or any projects.

Planning permission as the Member knows is a procedural matter which flows automatically from any Bill, any project which is approved. The Schedule to a Loan Bill would never contain a clause or an item making special provision. It could well be that some fairly added clauses 8, 9, and 10 to the Bill and I feel certain that when we Move the amendment to delete clauses 8, 9, and 10 from the Schedule that the Member responsible will be glad to accept the amendment, unless he has a better story than the Member for Communication. Grave doubts will be left in the minds of the public as to why these new sections appear.

The matter of the development of a master plan for the Healthcare Services had also been the subject of much controversy in Finance Committee. If one examines the Minutes of the 7th and 8th of March, 1990, one will find that the very item which is clause 8 in the Schedule had been rejected by Finance Committee and that despite the rejection of this plan the Member for Health attempted and asked for a recommittal which was also rejected, that is, the amended motion on the recommittal was also rejected.

The Finance Committee had rejected part of a Motion, section 2 of it, to incur expenditure of CI \$87,500 plus expenses, to develop a master plan of the George Town Hospital site by IHC.

When this rejection took place the Member moved fast to save the development of the master plan and suggested to the Chairman, and actually obtained his agreement to recommit the same Motion, but leave off the letters IHC. It appears from my perusal of the Minutes that one of the strong objections made by the Backbench Members was that the work was to be done by IHC. The Member, being the smart person that he is, tried to put the same Motion back leaving out the letters IHC.

The Backbenchers being smarter than he is, realised that

leaving out the letters IHC would not have made a bit of difference and so they voted accordingly to reject the re-committed amendment. When the vote was taken there were five Ayes and five Noes. The five Ayes being the Executive Council with the expected vote of Capt. Mabry S. Kirkconnell and the five Noes were five Members of the Backbench who were present. Of course this brought the Chairman into the controversy because he had the casting vote.

It was also brought out that this Motion had been thrown in the laps of Finance Committee in meeting which had been called, according to the Minutes, with only a few hours' notice. It is worth mentioning that on that particular day in March the ranks of the Backbenchers had been severely weakened. One Member had resigned and one Member, Mr. McKeever Bush, had been off the Island on some important business. Despite the fact that the Backbenchers reminded Executive Council that the Backbenchers had often delayed matters when a Member of Government was absent, particularly the Member for the Portfolio, there was no concession from Executive Council to put this important matter off until such a time when all the Members could be present. And so it was, in their attempt to ramrod this matter through Finance Committee with a weakened and emaciated Backbench at the time that they got caught in a trap of their own making. Unfortunately, this caused the First Official Member, the Financial Secretary as Chairman, to cast his vote denying Executive Council the right to get the funds for the master plan.

I must emphasise that through-out this whole exercise the main objection of the Backbenchers has been that the money requested was going to IHC or the wonderful Mr. Conti. From the narrowness of the Motion it was clear that other persons and entities had been excluded because the original Motion in Finance Committee asked for a Master Plan by IHC. As we know, IHC were the consultants who had been involved in making the recommendations of the work and the Backbenchers knew that there would be a conflict of interest if the performance of the work were carried out by the people making the recommendation. This is still the reason why we are today opposing this very subtle attempt by Executive Council in trying to put through a matter which had been decided against, and trying to have it passed in a Bill which should be a Bill covering as closely as possible a former decision of the House.

If we were doing this, I know what would be said, since they are doing it, I will be silent. But there is cause for concern and I agree with the Third Member for George Town that I must view with suspicion the presentations which are made by Executive Council.

When we get to the committee stage, I will be a part of those who object to clauses 8, 9, and 10 in the Bill. Two Members of Executive Council raised and said that we did not intend to speak, these remarks were made by the Member for Education and the Member for Communications and Works. I am pleased to tell the House that they did not speak. It was Mr. Ben Johnson who said, "Talking and eloquence are not the same; Any fool can talk, but only a wise man speaks." And they were truthful, they did not intend to speak and did not in fact, spoke.

The Member for Education went back into the past and read a speech which he had made somewhere between 1972-1976, a speech which helped him to lose the 1976 Election. I do not want to reply to that, only to say to him that those who live in the past, will bankrupt the future.

He and the Member for Communication and Works seem to worry about what the Third Member for George Town did not do when he was elected to be replaced by the Member for West Bay, who is now in charge of Education, but at that time, was in charge of the Health Services. Six years have passed since the Third Elected Member for George Town had anything to do with the Health Services. Why is it that in six years they did not make any plans, or carry on with the plans which they think had been interrupted? What were they doing in the six years? The Member for Education had the Portfolio for four years and his friend in Executive Council had it since November 1988. If they found out that the Third Member for George Town had failed to act in any way, and they are telling us today that they have not corrected it, it would be better if they had not spoken.

The Member for Education told us how he went down with his yellow pad and said to civil servants at the Hospital, "If you do not like what is being done now, you can leave." What an attitude! What kind of world would it be if only he and perhaps his close Members in Council knew the answers and were right. This country would be worse off than Sodom and Gomorrah, where God is supposed to have said to Lot that it could not be saved because they were not five righteous men. I think he should listen to Dr. Kumar and Dr. Kools and all these men. He has a wealth of talent within his Portfolio and he should listen to them.

The Member in his talk, because he did not make a speech; I do not know why he dragged all of this in went on to say that the players are the same now as they were then, but with a march or two thrown in. Why is this Member so obsessed with marches? Is it because he has been the direct cause of the only two major marches that this country has seen, and is now a part of the cause of the march which is scheduled for 4:30 p.m. on Friday of this week? I could spend the remainder of this day replying to the nonsense which he talked about, the irrelevant matters which he brought in, but I value the time of this House much more than to give any credence to his remarks.

The Member for Communications and Works made a remark about our trying to frustrate the Member and thinks that we should let him get on with the job. I believe that he can assist himself because he should listen to the reasonable recommendations made by the majority of the Elected Members, rather than trying to whitewash this Bill and letting parts of the Schedule appear to say what it does not say.

The Member for Communications and Works spoke about the Auditor General and the work of the Public Accounts Committee, and I agree with him that their business is to look at any improprieties that may occur. However, we know right now that the Auditor General has been examining International Health Corporation (IHC), but this is after the fact. It is the duty of this House and of Finance Committee to make certain that in the granting of contracts that we are satisfied that the Government is receiving

full measure for its money.

I will close by saying that it is good that the Auditor General can examine the accounts of Government and satisfy himself that everything is in order, but it is also the responsibility of Government, including the Backbenchers, to question any improprieties which may arise and to prevent any mishaps that can be avoided.

Thank you.

**MR. PRESIDENT:**

Proceedings are suspended until quarter past two.

**PROCEEDINGS WERE SUSPENDED AT 12:44 P.M.**

**PROCEEDINGS RESUMED AT 2:22 P.M.**

**MR. PRESIDENT:**

Proceedings of the House are resumed.

continue. Would any Member wish to speak?

The debate on the Loan (George Town Hospital) Bill, 1990

The Third Elected Member for West Bay.

**MR. JOHN D. JEFFERSON, JR.:**

Thank you, Mr. President.

Mr. President, I rise to add my contribution to a Bill for a Law to Confer Power to Raise a Loan not Exceeding \$1.5 Million for the Financing of Improvements to the George Town Hospital. I support the loan for the renovations of the present hospital. What we have been saying all along as Backbenchers is that rather than completely discarding the present facility, perhaps we should spend some money on upgrading the services and the facilities until we have proper plans and can afford a proper replacement, if that becomes necessary. In the meantime, the present facility could remain functional.

The loan would be an amount of a maximum of \$1.5 million and in the Schedule I think they have, in my opinion, very ambitious accomplishments for \$1.5 million:- (1) The construction and equipping of a 12-bed surgical suite; (2) The conversion of the present surgical ward to an intensive care unit; (3) The provision of a trauma minor operating room; (4) The provision of a recovery area; (5) The conversion of the present recovery area to an ambulatory recovery area; (6) The necessary works to correct patient flow and other inadequacies in the present operating theatres; and (7) The provision of a proper and adequate support service areas for the operating rooms, surgical ward and intensive care unit.

There were debate on clauses 8 through 10, and rightly so, in the Minutes of the 7th of March in Finance Committee, clause 8, the development of a master plan for the future use of the present hospital was not approved by the Finance Committee because we suspected [the money] would be going to the IHC, which seems to get all of the contracts for health services in the Cayman Islands. I do recall clause 9, in the Minutes supports the idea that we did approve \$38,500 plus expenses for renovations for the Faith Hospital in Cayman Brac.

The only question that I have is that the Minutes mentioned a 12-room facility, now clause 10, which is on the Schedule, calls for an 18-bed suite for the Faith Hospital. I am wondering if this is an additional 18 rooms to the 12 that we had already approved in the Finance Committee on the 7th March, 1990?

I trust that the Member for Health will ensure that contracts for the work will go through the proper channels of the Public Tenders Committee before they are awarded. I also trust that advantage will be taken of the local expertise we have available in the area of construction.

From what I am hearing, many of our local construction firms are experiencing a slowdown in construction activity and anything that Government might be in a position to refer to their direction at this stage I think would be deeply appreciated.

I have no personal objection to whatever firm of contractors Government might utilize for their construction, but I think what must appear to be is that Government must be fair in the awarding of its contracts. I overheard a few local contractors discussing the other day the idea of Government's contracts. They all confirmed that they had tendered bids on various projects that Government had put out and none of them, even though I had the impression from listening to them that they were qualified and capable of doing the work, were awarded any of the contracts.

I do not think it can be questioned, that Hurlstone Construction does have a considerable amount of expertise. I do believe, however there are other Caymanian firms in this country that take a back seat to no one and I wonder why Government in tendering or awarding contracts, at least once in a while, will not consider one of the other firms.

I support the idea of renovating the present facility that we have rather than abandoning the facility for the proposed plans for the expensive two-site hospital. I am glad to see that the Honourable Member has taken note of our suggestion as far as renovations go, and I think this is only a start in order to bring it back up to be functional-wise, quite a bit more money is going to be spent on our present hospital facility.

My opinion is that much can be done to the present hospital to make it both practical and functional. I trust that with the approval of these funds the Honourable Member will expedite the process and see to it that the work which is badly needed at the present hospital is done as quickly as possible. I am aware that we are short of beds. There are other corrections which need to be made and I am quite sure that the Member is aware of those corrections.

I just want to say, as I did on the original Motion No. 2/90,

which was approved, that he has my support for these needed renovations and I trust that he gets on with the job.  
Thank you.

**MR. PRESIDENT:**

Does any other Member wish to speak? [pause]  
Would the Mover wish to reply?

**HON. D. EZZARD MILLER:**

Mr. President, I cannot say that I wish to reply because most of what was said is not really worthy of a reply, but having been said that, one has to defend himself. It is always nice to hear Members get up and start off by saying, "I support the Motion", and then they themselves produce a lot of records from this honourable parliament to prove the opposite. Every time this matter comes up publicly for debate, we have heard, "We support it, you are doing what we said you should have done in the first place". Then when you get in the privacy of Finance Committee they vote it down and ask for plans and details which cannot be supplied unless one has the funds with which to work.

I believe it is fairly evident to the listening public that I have tried everything to try to get this project off the ground. I cannot agree with the Third Elected Member for George Town who implied that it was some trickery involved because they are doing this in open public debate. One has to wonder where the trickery is when one says, "I support it" and votes against it when the opportunity comes to put the programme in place.

Now, I will try to deal with the comments made by the various speakers in their contributions to the debate. The Second Elected Member for Cayman Brac and Little Cayman did some strange additions and came to the implication that most of this \$1.5 million (I believe he wound up with a total of \$3+ million), was going to be paid to IHC for consultancies. He seems to have great objection to the consultancy firm doing the actual work. I agree with him, Sir, that is exactly what is happening. Let us look at the Dental Clinic Project, the only project to date involving construction and which appears will go to completion.

IHC was contracted for CI\$48,000 or 10 per cent of the project, whichever was greater, to prepare plans after developing the architect's brief of the programmatic and problematics of the needs and future requirements for dental services of this country.

They prepared the plans which were accepted by the Department and the Portfolio, then Public Works Department took over. They put the actual construction of the Dental Clinic to public tender and that process, I believe, is near completion. It is my understanding that the consultants met with representatives of the Public Works Department and the contractor that the Public Works Department and the Public Tenders Committee believed was the best, bid for the project on Monday. It is hoped that within the next six weeks the Public Tenders Committee will complete the process, award the contract and construction will start.

International Healthcare Corporation will continue to fulfill its contractual obligations of supervision to ensure that what they designed is being built. In addition to that, Public Works Department have requested the Portfolio, and Government has agreed, that one of the local architects be retained for on-the-job daily supervision. We have retained the services of a Quantity Surveyor to sign off on all the bills of quantities and that is the process that will be followed in all of these contracts. In spite of what Members like the Second Elected Member for Cayman Brac and Little Cayman Brac would have the public believe that these people are going to do all the work and the \$1.5 million is going to them, is not so.

The value of consultants who know what they are doing when it comes to the designing and equipping of medical facilities should not be overlooked. The reason for the \$1.5 million is because that was not done in this case. They allowed the Chief Medical Officer and the Surgeon who spend all their time studying the human body, to instruct the PWD on the design of the present operating theatres and therein created the present inadequacies that we now have to correct because they simply did not know what they were doing.

I know the Third Elected Member for George Town has never considered me an expert in anything and that is mutual, but at the time I offered the Chief Medical Officer and the PWD's architect to have it designed free of charge by a friend of mine if they would tell me what their programmatic were for the unit. They would not listen and they put the operating theatre on top of old septic tanks and that is why we have the fly problem today.

He made a big thing that the now Member for Education had put in place a sewer treatment plant that was too big for the hospital in 1974. Yet, when he was responsible and the operating theatres were built, they did not hook them up to this over-capacity plant. They hooked them up to septic tanks and pit toilets and therefore created much of the drainage problems, the back-up problems and flooding, etcetera, that are the problems ever since it was built. We are making every effort to control it; we have people from the Public Health Services going up there on a weekly basis to add chemicals to the plant. We had to send the flies all the way to Trinidad to have them identified by CARIB to try to solve the problem.

The Children's Ward, again is not hooked up to this over-capacity plant; it is built out in the grass piece where the nurses, patients and everyone else have to get wet up in order to get there. They have a fabulous kitchen and conference room built out in the grass piece. You get wet to get the food to the patients. One can understand why they object to things like a Master Development Plan which prevents that, but I will deal with that Member's presentation in greater detail as we move along.

Let us get back to the Second Elected Member for Cayman Brac because he said that as far as the development of the Faith Hospital was concerned, he knew very little of what was going on and that we had all these grandiose undertakings. He wondered what was going to happen with the Management Committee. Mr. President, that Member is well aware that I, the Principal Secretary of the Portfolio and the consultants met with the Management Committee of the Faith Hospital and that we agreed that

Government would have to get a 25 year minimum lease with an option to renew before Government could commit this kind of expenditure.

He was not at the meeting because he is not a member of that Board. I could not invite him to the Board meeting because I am not the Chairman of the Board. But the next morning he had a copy of the proposal. He knew about the meeting because I told him about it the next day. I have no problem with that because there is nothing secret about what I am trying to do for the health care of the people of this country.

He is also aware because he was at the public meeting that I held at the Ashton Ratty Centre where I discussed it with the people in Cayman Brac, what we plan to do and that we were going to approach it through a lease from the owners of the hospital so that we could operate it properly. The people in Cayman Brac are also aware that he knows. I have never hid the fact that in all of this the people are going to have to pay. I have never denied that improvements to the health care system in this country are going to mean additional cost. I wonder, where are they going to get the funds if they are in Government if they are not going to get it from the people?

I guess this is as good a point as any to deal with the increase in fees that according to certain Backbenchers the Government should not have put in place until we had physical improvements, yet they stopped the physical improvements by voting "No" in Finance Committee.

It is not true to imply that there have been no improvements at the hospital over the past 18 months because even medical staff alone we have added five registrars, and just for the public's information, registrars are people who fall between a regular Bachelor of Medicine, Bachelor of Surgery qualification, a regular family practice doctor who has medical training and one who is board certified like an FRCS Surgeon. We have added five of those in order to provide back-ups for the Surgeon, backup for anesthesia, backups of obstetrics and gynecology, backups in pediatrics and we have put in place many improvements in the management systems. We have added several support staff, we have completely revamped the overseas medical referral system to where it is now working very smoothly and the public is very satisfied with the services that they are getting from the Cleveland Clinic.

We have added a radiologist which is a senior medical person on staff and people do not have to wait two or three weeks any longer to get a specialised X-Ray read. Even for a normal X-Ray you can get the report the same day. We have added a pathologist so that you will no longer have to send some of your biopsies overseas. If you are in the operating room they can do the biopsy there and tell you whether they need to remove the whole organ.

I would just point out that we were told that the fees should be related to cost. They were not just pulled out of a hat; these fees are directly related to what it cost to provide the services. Then again, we are not going the whole mile one time, they are aware that the fees are being increased in three stages. We had an increase on the 1st June this year, we will have another increase on the 1st January, 1991 and it is not until the 1st of June, 1991 that we will actually be getting what it is costing us today to deliver the service. It will be reviewed in January 1992 again to bring it up to date. Yet, they would have you believe that we have just arbitrarily increased it.

Talking about getting value for money, I remember the days when we had the out-patients area remodeled three times in three years. Even now you still have to go back to re-do it because they have a column right where the ambulance parks, you cannot get the ambulance in because of the support column. When they get the patient out of the ambulance they cannot get you into the minor operating room because of another column and when they get you into what is supposed to be the minor operating room, it is nothing but a traffic centre for everyone to walk through. Those are all the products of their wonderful hospital staff and Public Works.

As to who is going to implement all of these recommendations, it is the staff at the Hospital. Wherever possible, the present staff are being trained and upgraded, either through addition or courses for present staff members, and addition of electronic equipment like computers to put these management systems in place. Not only are the staff implementing them, Sir, but they are part and parcel of the whole development process. The Hospital Health Plan is not something that IHC did in isolation up in Ohio, that was done with total participation of the Management Committee and all of the section aides at the hospital on a minimum of a monthly consultancy with all of the people concerned up there. There are one or two people that they are relying on who have come out and opposed it. I am not too worried about them because they will find out in due course why people like them are opposing what the Government is trying to do.

We have heard lately a lot about this so-called two-site hospital, but then on the one hand they are lecturing me that we cannot walk away and leave the present site. That is what the Health Plan called for as accepted by Government as a Government's policy. The development of the present hospital into a George Town District Clinic, granted it will be a little more sophisticated than the one in North Side because it will have ambulatory surgery etcetera.

You know you can take this consolidation, it is fair to say therefore, that if they only want one site do they want the District Clinics closed? I mean if the only sensible thing to do is to have one site, is that what they are telling the people? Must we close down the Faith Hospital in Cayman Brac and provide a shuttle service? The Third Elected Member for George Town quoted a statement I made in the *Newstar* Magazine that we were in a crisis situation and we were five or six years behind, but he was not responsible because he had left six years ago. He is totally responsible for the mess that we have up there because it was he who disregarded the Development Plan which existed when he went into the Portfolio and proceeded in what they are trying to get me to do - ad hoc development. This will destroy the future use of the compound in a meaningful way. We should have had 90 beds today with all of our specialised wards included, but no, they threw that out the window and they put the Children's Ward out on the grass piece and when it rains you cannot get to it.

He claimed that they had made progress year by year. I respect his opinion of progress, but his opinion of progress differs substantially from mine and from people whom I have talked to in the health care field. He says that he chastised me to take the team approach. That is exactly what we have done. The first thing that we did at the Portfolio level was held a meeting with all of the supervisors at the Hospital and pleaded with them to be a part of the development of the Plan. We met with the Medical and Dental Association and told them the same thing. We gave them a range of appointments from six in the morning until then at night and they could not find time. Now they are getting up on their public bandwagons and saying that they were not consulted and that the Government should not raise the fees. Maybe, they should consider reducing their fees since they are so concerned for the poor people to match the Government fees because their fees are substantially higher. Those same people are criticising us for charging \$25 for an out-patient visit at the Hospital. My information is that they are charging \$40, and where our Surgeons' fees will be \$200, theirs vary anywhere from \$700 to \$2,000 and \$3,000.

The most hilarious thing of all is their insistence that this whole thing must go through the public tendering process. They are going to tell the Public Tenders Committee that they cannot give it to International Healthcare Corporation. I am not overly concerned about what the departmental tendering process is going to reveal because I am fairly comfortable in saying that IHC and its schedule of fees is well within the ball-park of anything charged locally. When the departmental tendering process is finished, we will call a press conference and publicise it.

It might be of interest to Members if I refer to a letter I received and to the Code of Ethics of Architects. This letter is from one of the premier local architectural firms. I will just read some relevant sections of it:

"Dear Ezzard,

Further to our quick discussion the other day, I have assembled some information which may be of use to you and give you some background to fees and fee tendering.

The major problem we face in Cayman is that few architects or consultants are registered as no registration exists in the Island. The calibre of the people that you would usually require for sophisticated Government reports or buildings would normally be registered, if not in Cayman, elsewhere. Therefore, these people are normally subject to Codes of Conduct and Ethics of their respective institutions. I assume that you have a similar background as a Pharmacist and Hospital Administrator. Therefore, the larger firms in Cayman that all have United Kingdom registered architects and engineers are subject to the Codes of their professional institutions. Mr. Tom Keller of IHC is an AIA and is therefore, subject to the American Institute.

Having said all of that, I would be naive to pretend that fee tendering does not take place, or that consultants would survive without it although it is not the correct technique for the selection of professional services. It is unfortunate that Government agencies seem to be the main group that have put the professionals' backs to the wall in this matter.

The whole point is that most of the Codes of Conducts of professionals lay out the way that we can go after work. In the enclosed Code of Conduct of my institute, this is further reinforced by the Introduction to the Conditions of Engagement for the same institute, both are enclosed and marked."

And, Mr. President, item 10 in the Code of Conduct says:-

"A member or student must not attempt to supplant another architect nor must he compete with another architect by means of a reduction of fees or by other inducements."

Codes of Engagement clearly say that "Members may not work speculatively nor compete with one another in respect of percentage fees or time charges. Where a prospective client is considering the engagement of one of a number of firms, the members concerned may give guidance on the engagement of architects, but shall not submit estimates of fees for competitive purposes."

"The usual and correct procedure for giving out work, is to make application, short lists, see three groups of people, interview them, select, then negotiate and agree to the fee."

My understanding is that when Dr. Ellingham was Administrator, various groups were approached in this fashion and IHC selected. Your desire to continue to use them makes sense on all projects and there is no point in going through the above procedure for every little job. Aside from the time and cost involved, any programme would become so disjointed it would be unmanageable."

I think that it is appropriate to comment on this falsity that people have hung their hat on, in that public tendering ensures value for money. That is not always the case, but it does remove responsibilities from the person having been selected and having to produce the product when he can say that it went through the Public Tenders Committee, and that is some innocuous body somewhere about that everybody can blame. Our present rule says that it has to be tendered and we obey the rules.

I would like to point out that while IHC has been singled out for criticisms on the floor of this Assembly and in other quarters, my recollection is that it was not the only firm to which a consultancy was given in 1989, which was over \$100,000. I would hazard a guess that there were somewhere around more than a dozen and there is nothing wrong with any of that. That has been the established procedure from time immemorial.

When the Financial and Stores Regulations were brought in, it is my understanding that they were meant for hard goods. But you know it is good when one can sit here and hear the unfounded criticism of the individual and the firm of IHC because if they are not unfounded, I challenge Members to say the things that they are saying in here where they are protected by privilege, [in public] where Mr. James Conti can defend himself.

We have been over this thing repeatedly and they cannot come up with anything. It is time to say it publicly and substantiate it, or drop it because it would not make any difference in this situation. That was borne out by the argument of the Third Elected Member for George Town. If I were dealing with a local firm, or Louis Eaton and Partners, or with Hamilton Associates, it would be the same thing. Their idea is to stop improvement to the health system in this country and they are only using that as a scapegoat because the Third Elected Member for George Town read from the records to removed IHC from the conditions and they still voted against it.

They can get up and try and make the public believe anything. That was his quotation from the record. What he did not do was what he should have done and that was to tell the public that everyone of those costs were less than \$100,000 therefore, the public tendering did not apply. He used the figure of \$216,000, which is the total.

The fact of the matter is that they have held up the improvements to health care in this country by some eight months. This whole idea that this Government must only sign fixed contracts, I have asked for a list of contracting firms that would be willing to sign a fixed contract. This is three months later and I have not gotten a list of either one, because I do not think that system operates in Cayman.

The way contracts are bid in Cayman, the architect does the drawing, we pay a quantity surveyor to take off the quantities and he says that it is going to take 2,000 blocks, 15 bags of cement, 200 cubic yards of sands, or whatever his quantities come up to. That is what the contractor bids on, that bill of quantities. Any changes to the work order which changes that bill of quantities, or if that bill of quantities are not correct, if it takes an extra 20 blocks, the contractor has to be paid. Of course, I guess you could go to a fixed contract and everybody could simply inflate the price to ensure themselves against every possible eventuality in the increasing cost. I assume that the Third Elected Member for George Town would say that that was value for money and good financial practice. I disagree with that.

He keeps insisting that IHC is a middleman. Where he gets that from I will never know because everyone who has worked on any project in the Cayman Islands, save one, is an employee of Jim Conti in one of his several companies.

We know that they have been misinformed about certain things by one of his disgruntled employees that he had to terminate. That employee put him in trouble in March and will put him in some more trouble because these people who are working for IHC are in full-time employment. If we have a maintenance service and we are contracted to do maintenance, are we actually doing the maintenance or are we hiring other people to do the maintenance on the projects? Do we pass all of the funds on to those people who are hired and keep nothing for ourselves?

I have no fear from any investigation by the Auditor General. People have alluded to the fact that I have tried to intimidate him. No Sir, quite the contrary; he went public and made certain comments and implications about me. We have co-operated at the Portfolio level and provided him with every piece of information that he could have asked for in his investigation. All I have to say is that if he does not find what he said he was going to find, then he will have to stand the consequences.

We heard a lot from the Third Elected Member for George Town about checks and balances and everything else, and that we needed more accountability. That Member should be the last one calling for accountability because from 1976-1984, the Public Accounts Committee did not hold a single meeting in any records that I can find up to 1984. While I cannot find the record that indicates that he was made the Chairman, that is my understanding, that from 1980-1984, he was supposed to have been the Chairman of the Public Accounts Committee and it is unfortunate that therefore, we did not have any scrutiny of any of those accounts, but I have no fear of scrutiny.

Now he also tried to make the people believe that I was committing some illegal act by adding the three items that I added to the Schedule. He went on to give the reasons why I have added them, and he is correct. I have added them because they denied the funds in Finance Committee and this Government has taken a decision that it is not going to be a part of ad hoc development of health care services.

We believe in long term planning and that is what we are trying to do. I have been given a job with responsibility and accountability and I have to find ways to get the job done. As I said earlier, there is no trickery involved here; this is public debate, the motion was public. The fact that I added the three things is public, it is part of the Bill before the House.

He says that it cannot be done for \$1.5 million, he might be right, Sir. On the other-hand, if it is brought in and completed for less than \$1.5 million, I hope he will be man enough to say that it was a job well done. The whole purpose of this motion which was brought in March, and this Bill before the House, is a requirement of the Public and Finance Audit Law, section 27. They seem to be so shocked that this Bill for a Loan is brought to Parliament, yet they are demanding that I fulfill all of the requirements



of the Public and Finance Audit Law. That is what we are doing because section 27 says:-

"27. (1) Subject to subsection (2) the Government shall not borrow money except in accordance with the law.

(2) Notwithstanding the provisions of any other law, the Financial Secretary may borrow by means of advances from the Crown Agents, or from any bank, by means of a fluctuating overdraft or otherwise, such sums as may be required to meet day to day payments and any interest or service charges in respect of such sums shall be charged on revenue."

All that we are doing here, Sir, is complying with the Law.

Now to get to that wise man who had some quotation about "Any fool can talk, but any wise man can speak", I will deal with his speech and the public can decide in the end whether it was a talk or a speech. I will pass no judgement, Sir. I will leave those holistic proclamations for people who think that they are capable of doing it.

He says that the title of the Bill is in conflict with the Schedule. I explained earlier that the George Town Hospital was going to take over the management of the Cayman Brac Hospital through a long-term lease. Therefore, the Faith Hospital in Cayman Brac will become an integral part of the George Town Hospital. When the George Town Hospital is put out (as I hope to bring the legislation in September or as soon as possible, thereafter to set it up like a Public Authority) the Faith Hospital is going to be an integral part of it and all of the management systems and quality assurance systems which apply to the George Town Hospital will apply to the Faith Hospital. The people are going to be well pleased with it, so there is no conflict here, Sir.

He gave a long speech about something being rejected by a majority in Finance Committee. That does not make it gospel, that they rejected it because they themselves are demanding that we do this development in a way that it does not destroy the future potential. Yet, we must not put together a master plan which is going to comply with all the Planning Regulations for the site development of set-backs and density and all those kinds of things. You will know that the sewer treatment plant can treat the total volume, the electrical provisions can carry the full load and the emergency generation can carry the areas that need to be carried in case of a power failure.

He also made it clear from the Minutes that I tried my best to get it through Finance Committee. If he was there maybe he would have supported it, but nothing that I could do was acceptable to them. They said they objected to IHC. I put them to the test. I removed IHC, they still voted against it, but they support development and improvement of the hospital.

He also criticised the present Member for Education and pleaded the case of the past Member, the Third Elected Member for George Town. He spoke of election rejections and things like that - that Member had that experience too, Sir. All of us will probably have that experience one day or another. I have had it, and that we should not blame him for anything because he was gone for six years.

When the present Member for Education took over the Portfolio in 1984, the first thing that he had to deal with was a bankrupt Government. They had to first restore the economy, restore the finances of Government, then look at their priorities for development. He started the process that I am trying to complete. If they would just stop putting road-blocks in the way and do privately what they say they are going to do publicly; vote the funds so that we can get the job done.

When the job is completed in 1992, if the people feel that I wasted my time and their efforts, then kick me out of office; I do not have any problem with that. All they are trying to do is to stop one from doing anything so that they can say one has not done anything because every now and again they bring that flag up too. You people are not doing anything, you must get off your feet and do something, but everything that we tried to do was stopped with their majority.

He said that I must listen to the technical people in my Department. Mr. President, I do that. He should listen to them too because they are the people who have developed these plans, not me. My job is to hold the consultants' shoulders to the wheel and make sure that they deliver, and that I have done. For everyone of those projects, before they could bring anyone to the Island, my Principal Secretary and myself had to approve the individual as a person suitable to do the job. They had to give us a proposal broken down into a maximum of a half day of what they were going to do for the total period that they were on the Island; and each month that they came, they had to give us a complete report on their activities the month before.

I have no fear of any professional anywhere in this world of being able to substantiate any argument that Government has not gotten value for its money in each and every one of those consultancies. It has been reviewed by the Pan American Health Organisation's Office, the World Health Office in the region and it is now at the Washington office. If I had anything to hide, I would not be asking people like those to review it. What I do not listen to are those people who one week are proclaiming that the plan is good, and then in the next week because they get a lucrative offer from somebody, they are at some other forum saying that it is a total waste of time.

I believe that this is the right direction for the development of health care in this country. I made it quite clear in moving the motion in March that this in no way reduces the need for a proper, modern and adequate hospital. It is simply a stop-gap measure in order to allow us to buy the time to build a proper hospital in this country.

Mr. President, I commend the Bill to Members.

**MR. PRESIDENT:** The question will now be put on the Second Reading of this Bill. Those in favour please say Aye...Those against No.

**AYES AND NOES.**

The Ayes have it.

**AGREED. THAT THE LOAN (GEORGE TOWN HOSPITAL) BILL, 1990 BE GIVEN A SECOND READING.**

**MR. PRESIDENT:** Proceedings are suspended for 15 minutes.

**PROCEEDINGS WERE SUSPENDED AT 3:30 P.M.**

**PROCEEDINGS RESUMED AT 3:51 P.M.**

### **SUSPENSION OF STANDING ORDER**

**46(1), (2), AND (4)**

**HON. THOMAS C. JEFFERSON:** Before I begin to deal with the Bill, I propose under Standing Order 83 to move the suspension of Standing Order 46(1), (2), and (4) which deals with the 14 day circulation, the printing and gazetting before it goes on the Order Paper and before we take the Second Reading.

**MR. PRESIDENT:** I think the intention has been clear from the Order Paper so unless any Member wishes to speak I will put the question on the Motion to suspend Standing Orders 46(1), (2), and (4) in order to proceed with the First and Second Reading of the Miscellaneous Duties and Fees Bill 1990.

I shall put the question. Those in favour please say Aye...Those against No.

**AYES.**

The Ayes have it.

**AGREED. THAT STANDING ORDER 46(1), (2), AND (4) BE SUSPENDED TO ALLOW THE FIRST AND SECOND READING OF THE BILL.**

**MR. PRESIDENT:** The Honourable First Official Members.

## **GOVERNMENT BUSINESS**

### **BILLS**

#### **SECOND READING**

#### **THE MISCELLANEOUS DUTIES AND FEES BILL, 1990**

**HON. THOMAS C. JEFFERSON:** Mr. President, I move the Second Reading of a bill entitled: A Bill for a Law to Amend the Schedules to the Stamp Duty Law, the Customs Law (Second Revision) and the Judicature Law (Revised).

The Memorandum of Objects and Reasons for this Bill seeks to make various amendments to the Stamp Duty Law 1973; the Customs Law (Second Revision) and the Judicature Law (Revised), so as to modify certain specific duties and fees contained in these Laws.

Clause 3 seeks to amend the Schedule to the Stamp Duty Law, 1973 so as to make a distinction between transactions below CI\$250,000 (in which case the duty payable shall remain at 7.5 per cent) and transactions of \$250,000 and above (in which the case the duty payable shall be increased to 10 per cent of the value of the consideration).

**MR. PRESIDENT:** May I interrupt you for one moment? It occurs to me that despite lifting the Standing Orders we probably should have the First Reading of the Bill and then you should move the Second Reading. My apologies.

**HON. THOMAS C. JEFFERSON:** I agree, Mr. President, I agree.

**MR. PRESIDENT:** So I should now say, Bills First Reading, Clerk.

#### **FIRST READING**

#### **THE MISCELLANEOUS DUTIES AND FEES BILL, 1990.**

**CLERK:** The Miscellaneous Duties and Fees Bill, 1990.

**MR. PRESIDENT:**

A Bill entitled the Miscellaneous Duties and Fees Bill, 1990 is deemed to have been read a first time and is set down for Second reading. Bills, Second Reading.

## SECOND READING

### THE MISCELLANEOUS DUTIES AND FEES BILL, 1990.

**CLERK:** The Miscellaneous Duties and Fees Bill, 1990.

**MR. PRESIDENT:**

what you have so far delivered?

The Honourable the First Official Member, may we take as read

**HON. THOMAS C. JEFFERSON:**

Having moved the Second Reading already, Sir, I will not bother to go over that ground already covered, but to go on to Clause 4 which seeks to amend the first Schedule to the Customs Law (Second Revision) to modify the duty payable on tea, liquor, cigars, cigarettes, petrol and diesel; and to introduce two new heads of charge for cocoa and drinking chocolate and other medicinal and pharmaceutical products. Provision is also made in this Clause for a new duty to be payable for spectacles including frames and mountings, contact lenses and other similar items.

Clause 5 seeks to amend the Second Schedule to the Customs Law (Second Revision) by increasing the value of the allowance for unsolicited goods and the allowance for passengers who are residents returning from overseas.

Finally, clause 6 seeks to replace Schedules (A) and (C) to the Judicature Law (Revised) which deal with the General Court Fees and Bailiff's Fees respectively, to increase these fees to the amounts stipulated in the proposed two new Schedules.

Perhaps for the benefit of the listening public it might be advantageous to them for me to outline the changes specifically with regards to customs as I have already outlined the proposed changes in respect of the Stamp Duty Law.

In the first Schedule to the Customs Law (Second Revision), it is amended in chapter 6 which deals with tea and tea concentrates substituting the percentage of 10 per cent for 20 per cent in the last column of item 6.02 and following that to insert a new head 6.03 cocoa and drinking chocolate - 10 per cent from the previous 20 per cent.

In chapter 9 of the First Schedule there are a number of items dealing with alcohol of all varieties. Item 9.02 - ale, beer and other malt liquors, cider, perrier and wine coolers not exceeding 7 per cent alcohol content - 80 cents per litre. Formerly it was 66 cents per litre or an increase of 14 cents per litre.

Clause 9.03 - spirits unsweetened containing less than 50 percent by volume of alcohol - \$6.30 per litre from the rate of \$5.28 per litre.

Clause 9.04 - spirits unsweetened containing 50 percent or more by volume of alcohol - \$8.50 from \$7.50 per litre an increase of \$1.

Clause 9.05 - spirits sweetened and flavoured including liquors - \$7.00 per litre from \$6.00 per litre another case of a \$1 increase.

Clause 9.06 - table wines, red, white or rose - \$1.75 per litre from \$1.20 per litre an increase of 55 cents.

Clause 9.07 - desert wines including port, sherry, vermouth and other fortified or flavoured wines containing under 30 percent of alcohol - \$2.30 per litre from \$1.80.

clause 9.08 (a) - champagne - \$3.00 per litre from \$2.50 per litre.

Clause 9.08 (b) - other sparkling wines - \$2.50 per litre from \$1.50 per litre.

In chapter 10 - we substitute for cigars - 50 percent in place of the 33 percent and in the case of cigarettes - \$20 per 1,000 instead of \$10 per 1,000.

For leaf and plug tobacco - item 10.03 - \$1 per pound instead of 10 cents per pound.

Clause 10.4 - pipe tobacco - 50 percent for 38 percent.

In chapter 12 item 12.01 - motor gasoline - 25 cents per gallon

Clause 12.02 - diesel oil - 25 cents per gallon in place of 13 cents per gallon.

A new head 13.03 - dealing with other medicinal pharmaceutical products - 10 percent from 20 percent.

In chapter 21 by inserting the following immediately after 21.03 causing the item to be 21.04 - spectacles including frames and mountings, contact lenses and other similar items - free instead of 20 percent.

Telephones and telephone equipment - by substituting 20 per cent for the words - free in the last column of clause 22.04.

In chapter 23 - cigar and cigarette cases - by substituting 40 percent for the previously free exempt status.

Chapter 23.06 - pipes and tobacco - 40 percent for free.

In the Second Schedule of the Customs Law (Second Revision) it is amended by substituting \$300 for \$100 and this is where we are dealing with the allowances for passengers

who are residents returning from over-seas. In addition - \$50 for \$10 in dealing with unsolicited gifts.

The Judicature Law (Revised) has many items within it. It goes on for three or four pages, but perhaps the way to cover it is to say that the majority of \$2 charges are being increased to \$5 and the majority of \$10 have been increased to \$25. Where we have had \$1 it has increased to \$3.

There are some exceptions to this, one dealing with Schedule "A" which is dealing with the General Court Fees and in this particular case in the Grand Court.

#### Schedule "A"

#### 3. In the Grand Court--

- (i) On filing a cause or counterclaim for the recovery of a sum of money under the Common Law jurisdiction where the amount claimed does not exceed \$800 - \$25.

Where the amount claimed exceeds \$800 - for every \$100 or part thereof in excess of \$800 - \$3

It does have a \$50 maximum and we have increased it to a \$1,000. This Law of course is very much out-dated. I believe the fees that are presently being charged by the Court has been in existence for about 14 years.

I do not propose to go item by item. I think the way that I have described it catches the majority of the items in schedules "A" and "C" and the Members all have in their hands a copy of this Bill which they can see the details themselves.

Having dealt to some extent with the Bill before the House and realising of course that there are a number of regulations which form part of the package which will finance the Civil Service salary award, I would be inclined to go in more detail on the regulations perhaps tomorrow and to move on with a different kind of explanation of the entire revenue package.

The task of raising additional revenue does not necessarily mean expanding additional revenue measures or introducing new ones. From this point of view at least four alternative revenue enhancement options have been identified and examined by Government. These options are as follows:

1. To introduce more efficient systems for collecting existing fees.
2. To reduce existing or proposed expenditure.
3. Increase the levels of existing fees.
4. Introduce new revenue measures.

Mr. President, of these four options the one which recommends itself as the most feasible at this point in time is a modest increase in the level of existing fees on 14 selected existing revenue sources.

Perhaps to outline at this time what the 14 items are (I have mentioned some of them already) the cigarette duties increase, the liquor duties increase, planning fees, Court fees, Garbage fees, warehouse storage at Owen Roberts Airport, Trade and Business Licence fees, sale of Laws, the Banks and Trust Companies Licence Fees, Visitor's Drivers licence, petrol duty, diesel fuel duty, and the Land Transfer fees or in another way of saying it, the Stamp Duty fees. Lastly, the Work Permit Fees.

At this time too it would be fair to indicate that the regulation is dealing with the increase in visitor's drivers licences. Government having had some representation on that matter has agreed to reduce the amount from \$12 to \$4 and those regulations are presently with the Clerk and the Sergeant is circulating them at the moment.

These revenue sources were examined as possible sources of additional revenue. The Government recognises that any individual fee increase and result in revenue amount can be established when these are agreed by a majority of Honourable Members. However, for the purpose of revenue feasibility demonstration, the Government examined what it considered to be a reasonable range of fee change possibilities. The revision ranges proposed consider the date and the amount of the last fee change and the impact of inflation on the value of the fee since its most recent revision.

The methodology: the range of fees change possibilities offered include a low range, a medium range, and a high range. The low, medium and the high range fee-change possibility for each of these revenue sources identified together with the estimated incremental revenue they would generate.

Two major assumptions form the basis for the information in this proposal. First, the estimated incremental revenues generated are based on the level of economic activity and the fee collection and payment patterns experienced during 1988. It is important to recognise this assumption as the actual incremental revenues observed during 1990 and 1991 could be somewhat higher than the actual level in 1988 as a result of economic growth on the one hand, or somewhat lower on the other hand if the negative economic growth and subsequent adverse change in the fee collection patterns are experienced.

Second, the estimated incremental revenues generated are based on the assumption that the collection system utilised for each of these 14 revenue measures are in fact efficient. In other words the assumption is that all of the fees that are billed are in fact collected by Government.

Again, as in the above, the potential additional estimated for revenue during 1990 - 1991 could be somewhat higher or lower depending on the efficiency of the revenue collection system.

The Government recommends the adoption of the increases in the existing revenue sources already outlined and effectively through the proposed legislation based on the two main assumptions outlined above, it is expected that the proposed changes will generate an additional \$8 million to \$10 million in gross revenues during 1991 and an additional \$3 million to \$4 million in gross revenues during the remainder of 1990.

There are four alternatives. I have already pointed out the four alternate options, identified and examined the one that recommends itself as the most feasible option at this point in time. It is an upward adjustment in the level of the existing fees on the 14 revenue sources earlier outlined.

Any revenue enhancement option, whether this option involves the introduction of new measures or simply to increase the level of existing fees from existing sources, which is the option before us, inevitably raises a number of economic issues of which this honourable House should be mindful.

Mr. President, some of these issues may be examined under the following headings:

1. The extent to which an upward adjustment in the fee structure of the existing revenue sources reflects and will be perceived by those who will be ultimately asked to pay the increase to represent a major or minor change in their expenditures and levels of business expenses.
2. The extent to which an upward adjustment in the fee structure of the existing revenue sources will be potentially inflationary or non-inflationary.
3. The extent to which an upward adjustment in the fee structure of the existing revenue sources will be potentially an incentive or a disincentive to growth in particular economic activities; and
4. The extent to which that upward adjustment in the fee structure of these existing revenue sources is potentially a drag-on, or a stimulant to overall income growth.

It would have been more instructive if we were able to quantify some of the potential economic effects of the proposed fee increases. Adequate amount of relevance statistical information is not yet available to do this in any creditable fashion. Therefore, we have to be content with a qualitative assessment of some of these economic effects. The question of increasing fees to raise additional revenue is both an economic and a political issue.

The issue is important since:

- a) The way the people on whom the burden of the increase will ultimately fall perceive the effects of the increase on their household budgets, or income, or wealth will dictate their response either voluntarily or involuntarily.
- b) In a politically alert environment, the way the people on whom the burden of the increase will ultimately fall perceive the impact of the increase on their levels of present and future consumption and production will dictate their response either voluntarily or involuntarily.

These considerations are based on three assumptions about the possible economic effect of the revenue enhancement option proposed for further consideration.

1. Some of the suggested increase could directly either explicitly or implicitly transfer more income from individuals into Government hands.
2. Some of the suggested increase could add to the cost of doing business in the Cayman Islands.
3. Some of the suggested increase could ultimately increase the rate of inflation, depending on the speed and manner with which business costs adjusted increase on existing fee margins through higher selling prices.
4. The overall National income effect (that is the overall impact) of the total amount of additional fees to be collected on growth in the economy.

The rest of my points attempt to explain how the suggested increases will likely trigger some or all of these four economic effects. But first, let us get back to the first issue which really focuses on the question of whether or not the proposed increases will significantly affect people's income and expenditure patterns (that is, who will actually bear the burden of the increases), if accepted, and implemented. Will most of the burden fall on individual income earners only? Business firms only? Or will the increase fall on both individual income earners and business firms, alike?

To aid this honourable House in answering those questions let

us first re-examine the information presented. There are several ways to restate the information and to extract additional information for policy guidance. One way would be to restate this information according to the benefit received principle. A second way is by the ability to pay principle and the third way is by the matching principle of tax finance accounting. However, since we are not explicitly addressing the issue of the equitable distribution of the suggested increases between individual income earners and private business firms, we will attempt to restate the information by the matching principle. The method is used here simply to match the increases with the source from which the additional revenue will be derived - really, Mr. President, to shed light on the issues raised. Application of the matching principle results in a restatement of the fee change and the fee structure of the 14 revenue sources as follows. For example: cigarette duties increase an additional revenue charge that will be attached to every 1,000 cigarettes sold. Liquor duties: a charge that will be attached to every litre of beer, wine and spirits sold; planning fees: a charge that will be attached to every building permit issued; Court fees: a charge that will be attached to the use of court services; Garbage fees additional revenue charge that will be attached to publicly provided garbage collection services.

Warehouse storage: a charge that will be attached to every 100 pounds of goods stored per day at the Government warehouse and we will go into that later when that charge comes into place. Trades and Business Licence, an additional revenue charge that will be attached to every Trade and Business License issued.

The sale of Laws: an additional revenue charge that will be attached to the per page printing cost of Laws sold. In terms of banking: a charge that every Bank and Trust Company will have to pay annually.

Visitor's drivers licence: a charge that every driver's licence issued to a visitor will pay. Petrol duty and diesel duty a charge that will be attached to every gallon of motor vehicle or diesel fuel sold.

Land transfers revenue: a charge levied in proportion to the value of the land transferred. Work Permit fees: an additional revenue charge that would be attached to every work permit issued irrespective of category of issue. Now, Mr. President, who will pay the increases? The above restatement of the adjustment in the fee structure of the 14 selected revenue sources suggest the following:

1. Some of the additional increases suggested will be increases in user charges and fees, while others will be retail sales and ad valorem fee increases.
2. Some of the suggested increases will be levied as additional payments for services provided by Government, whereas others will be levied for no new services or services provided by Government.
3. Some of the suggested increases would be paid by individual income earners only, some by business firms only and some by both individual income earners and private business firms.

Some will have a direct effect on individual expenditure patterns and on business expenses while others will have an indirect effect. For example: - The suggested rate increase on cigarette duties, liquor, Trade and Business Licence, sale of Laws, petrol duties and diesel fuel duties and Banks and Trust License Fees will likely have the greatest incremental effect on private sector business production costs if adopted and implemented.

The suggested rate increase on the fees paid by visitors to obtain drivers' licences will have no effect on business production costs since the increase will fall on visitors only. Additionally, income will simply be transferred directly from visitors to Government. However, the effect of these increases is likely to be an incremental increase in ground transportation prices for visitors to the Islands, in so far as car rentals constitute a component of the tourism product.

The suggested rate increase on Planning fees, Court fees, Garbage, warehouse storage, Land Transfer fees will most likely produce a greater and more direct decrementally affect on wealth, disposable income, wages and salaries of individual income earners, than the direct incremental effect on private sector business production costs; since a higher proportion of individuals in the aggregate than business firms will directly bear the burden of the increase.

The direct decremental income effect arises because individual income earners will now have to transfer a proportionately higher amount of their income to Government in the form of the fee increase.

The suggested rate increases on work permits will likely have the greatest incremental effect on private sector business costs than the decremental affect on household budgets or other individual income earners.

- 4 The extent to which an upward adjustment in the fee structure of the existing revenue source will be potentially inflationary or non-inflationary.

This is a complex issue for which some quantitative estimates would have been a better guide than a qualitative discussion. However, for the reasons mentioned previously, provision of meaningful numerical estimates of the inflationary effect of the suggested revenue increases were just not possible since the requisite data cannot be collected under the present legal arrangement. However, in order to simplify the discussion as much as possible, unfortunately we shall have to introduce concepts which may seem a bit technical to the lay person. The issue of the extent to which a change in the fee structure of the 14 existing revenue sources will be inflationary or non-inflationary hangs on two considerations. These considerations can be stated as follows: (1) the suggested increases will be per unit tax increases, that is, an increase in every unit of goods and services produced or sold; (2) the suggested increase will be shifted forward so that its incidence falls on consumers or shoppers, or shifted backward so that its incidence falls on businessmen. The first consideration is a public policy consideration. The second is a private sector business policy consideration given sales revenue on profit maximisation assumptions.

Consideration 1: Per unit tax increase says that irrespective of how the unit on which the increase is imposed is the fine, a per unit fee increase will raise the cost of producing or the price of selling each unit by the amount of the increase in fee. For example, if an increase of 10 cents is levied on a litre of beer the price of that litre of beer can be increased by 10 cents. Following this argument is the question of whether the increase in the price of beer due to the 10 cents tax increase will reduce beer consumption relative to other spirits to which the increase does not apply. If there are no suitable substitutes for beer available to beer drinkers, my guess is that the effect of the 10 cents increase is reduced sales on beer in the short run, and consequently, a short run decline on revenues for sale on beer ultimately resulting in a short run decline in business profits.

On the other hand if there are suitable substitutes for beer, then beer drinkers will shift their consumption away from beer towards the consumption of substitutes causing the price of the substitute to rise. In the long run however, beer consumers will adjust their budget to accommodate the tax increase so that they can purchase the same amount of beer as before the increase.

Consideration 1 implies that in the short run, say six to 12 months after the increase comes in to effect, the effect of the increase will be a short run rise in price for some consumer items whose prices are highly sensitive to the fee increase. If the prices of these items are included in a basket of goods that comprises the Consumer Price Index (CPI), will rise proportionally in the short run.

I would prefer to take the break, Mr. President.

**MR. PRESIDENT:**

Would you care to move the adjournment then?

### **ADJOURNMENT**

**HON. THOMAS C. JEFFERSON:**  
tomorrow morning at ten o'clock.

Mr. President, I move the adjournment of this House until

**MR. PRESIDENT:**  
morning at ten o'clock.

The question is that the House do stand adjourn until tomorrow

against No.

I shall put the question. Those in favour please say Aye...Those

**AYES.**

The Ayes have it.

**AT 4:30 P.M. THE HOUSE STOOD ADJOURNED UNTIL 10:00 A.M., WEDNESDAY, 11TH JULY, 1990.**





**WEDNESDAY  
11TH JULY, 1990  
10:32 A.M.**

**MR. PRESIDENT:**

Prayers by the Third Elected Member for George Town.

**PRAYERS**

**MR. TRUMAN M. BODDEN:**

Let us Pray.

Almighty God, from whom all wisdom and power are derived:

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

Bless our Sovereign Lady Queen Elizabeth, the Queen Mother, Philip Duke of Edinburgh, Charles Prince of Wales, Diana Princess 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 Members of Executive Council 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, Amen.

Our Father, who art in Heaven, Hallowed be Thy Name, Thy Kingdom come, Thy will be done, in earth as it is in Heaven. Give us this day our daily bread: And forgive us our trespasses, as we forgive them that trespass against us: And lead us not into temptation; but deliver us from evil: For Thine is the Kingdom, the power and the glory, for ever and ever. Amen.

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

**MR. PRESIDENT:**

Proceedings of the House are resumed.

Government Business, Second Reading of the Miscellaneous Duties and Fees Bill, 1990 continuing. The Honourable the First Official Member.

**GOVERNMENT BUSINESS**

**BILLS:**

**CONTINUATION OF SECOND READING**

**THE MISCELLANEOUS DUTIES AND FEES BILL, 1990**

**HON. THOMAS C. JEFFERSON:**

Mr. President, when we adjourned yesterday afternoon, I was making some general remarks about the upward adjustment in the fee structure of the existing revenue sources and whether they would have any potentially inflationary or non-inflationary effect. Before I move on, I would just like to correct something that I said earlier when dealing with the Customs part of the Miscellaneous Bill.

I believe in outlining the increase charges in duty on various kinds of spirits, beer, champagne, wine and other alcohol, I quoted some mysterious figures which I could not find in my resolution last night when I took the time to look at it again. What I should have said is that chapter 9, item 9:02 dealing with beer - the increase would be a \$1 per litre rather than the .60 cents and on spirits unsweetened containing less than 50 per cent by volume of alcohol - \$7 per litre from \$5.28. Item 9:04 which is spirits unsweetened again, but in this case containing 50 per cent or more by volume of alcohol - \$9.50 instead of \$7.50. Spirits sweetened and flavoured including liquors, item 9:05 - \$8 instead of \$6 per litre and 9:06 dealing with table wines: red, white or rose, - \$2 instead of a \$1.20 per litre. Moving on to deal with item 9:07 - desert wines including port, sherry, vermouth and other fortified or flavoured wines, containing under 30 per cent of alcohol - \$3 per litre instead of \$1.80. In the case of champagne, item 9:08 (a) it should be \$3 per litre instead of \$2.50. Other sparkling wines would be \$2.50 instead of \$1.50 per litre. I think that corrects my blurb, Mr. President. I propose now to move on with the commentary.

When we adjourned yesterday, we were talking about the per unit tax increase and I dealt with consideration No. 1. I will move on now to deal with consideration No. 2, which is shifting the fee increase forward or backward. This consideration is similar to the first, but depending on private sector business policies with respect to the increase; if the businessman reacts to fee increase by simply passing on the increase to consumers through higher prices, then he has shifted the fee increase forward. On the other hand, if he absorbs the fee increases through lower profits, then he has shifted the increase backward. If he shifts

the fee increase forward by raising his prices, then the fee increase becomes inflationary, and the consumer actually pays the increase. It would appear, then, that if he shifts the fee increase backward by taking lower profits the fee increase would be non-inflationary. This is not quite the case, for lower profits mean less money available from the profits of the business for further business expansion or further capital formation. A lower rate of capital investment in the economy could result in a slower rate of economic growth which further means lower per capita income, a fall in the savings rate and a rise in the demand for investment money, which could further mean a rise in the lending rate leading to a further rise in inflation.

We see then, how the suggested fee increases can become inflationary. Nevertheless, these potential economic consequences pertain mainly to increases whose economic effects are indirect, and those increases which appear to have direct economic effects, but which in actuality have indirect economic effects. There are a number of items in this revenue enhancement sources, I earlier said 14.

Dealing with cigarettes and the potential effect on the economy, the planning fees, the liquor fees; these have effects in some cases both on income transfer, that is, from the consumer to Government or an effect on business costs and most likely some effect on inflation.

Let me move on to issues 3 and 4 which deal with the overall economic impacts of the suggested revenue enhancement fee options. The earlier discussion on the two revenue fee change issues is incomplete. To give the discussion an air of completeness we must pull the two issues discussed, under the general heading: "The general economic effects" of the changes in the fee increase. There will be three principle economic effects of the increases in the rates suggested, plus some subsidiary effects:

1. An increase withdrawal of money from the flow of national income into the economy;
2. The fee-change multiplier effects; and
3. The public spending multiplier effects.

Dealing with No. 1, that is the possible money withdrawal effects of the fee increase. All forms of measures designed to increase Government revenues represent a withdrawal of money from the "circular flow" of income in an economy. If the suggested increases fall mainly on private sector business firms, then a larger part of the money earned by these firms from their sales of goods and/or services will not be available to be passed on to the employees as increased wages or salaries or to be used for further business expansion or new investments. If the increases fall mainly on individuals, either directly or indirectly, then a larger part of their earnings received will not be available to pass back to business firms in the form of consumption purchases. This is one of the fundamental reasons that most people tend to be politically, as well as economically averse to most forms of revenue increases. The withdrawal of money from the flow of national income through increases in the fee structure will initially reduce the amount of money flowing back and forth from businessmen (producers) to individuals, (consumers) and from individuals to businessmen. But by how much will national income initially fall as a result of the amount of money withdrawn from the economy via these increases? That leads us to item 2, the possible fee-change multiplier effects.

Unfortunately this is a technical term that must be used, for there is no way of avoiding it, if this honourable House is to be properly informed about the likely economic outcome of the contemplated revenue-enhancement option. In the interest of the layman's understanding, we should merely understand the fee-change multiplier (which is a numerical figure) indicates the change in Gross Domestic Product (GDP) that will result from the suggested increases in the fees of the 14 items selected for rate increases. The concept is much more complex than this simplistic definition, but it makes it out to be.

We do not have data to estimate the fee-change multiplier for the Cayman Islands, so we have to use estimates from other countries as a rough guide. The rate increases will have their effects magnified by the fee-change multiplier which is always a negative number. In the United States the tax-change multiplier is often estimated at -2.5, and in Canada the tax-change multiplier is sometimes estimated to be around -4.2. In other countries, the tax-change multiplier may be much higher. Since the Cayman Islands' economy is most closely integrated into the southern United States economy than the Canadian economy, we may guess that in the Cayman Islands the tax-change multiplier approximates the United States' tax-change multiplier, and this is a rough guess.

If the objective of the suggested fee increases is to raise about C\$8 million to C\$10 million in new revenue, then given the estimated \$8 to \$10 million initial withdrawal from the national income stream, the estimated numerical impact of the fee increase on national income will likely range from -\$20 to -\$25 million. In other words, a total of \$8 million of new revenue could possibly decrease national income by \$20 million, and a total of C\$10 million in new revenues could possibly decrease national income by about \$25 million. These are rough estimates, however, and may not hold if the Cayman Islands' fee-change multiplier is very much larger than -2.5, which I must emphasise again, is a United States estimate.

Moving then to item 3, the possible public spending multiplier effects. All public spending in the economy is an injection of money into the economy irrespective of the source from which that money comes. Here it is assumed that a portion of the total amount the Government will take in from the increase fee revenue will be used to meet increased public sector financial obligations. On the other hand, if the total amount from the fee revenue increase the Government will take in is not spent, but is merely held against future expected expenditures or a portion of the total amount is used to purchase imports, then there will be no injection of the money back into the local economy.

However, let us assume that a portion of the total amount the Government will collect in increase revenues from the 14 suggested items will be spent on increase Government

obligations and a portion on purchases from local business firms. What would be the possible effect on national income?

Here we make use of the term the "public spending multiplier" to estimate the possible economic effects, and is a positive number that indicates the change in gross domestic product that will result from the Government's additional spending (that is increase injection into the expenditure stream), in the economy resulting from these additional fee revenues. The public expenditure multiplier in the United States is estimated to be around 6.0; so we shall again use this estimate as a rough guide in the absence of data to calculate the Cayman Islands' estimate. If the Government spends the entire sum of money that will be collected in new revenues to meet increases in its domestic obligations, then the economic impact will possibly be to increase gross domestic product by about CI\$48 million to CI\$60 million, as a best estimate.

Given the fee-change multiplier effect of an estimated amount of CI\$20 to CI\$25 million and a public expenditure multiplier effect of from an estimated amount of CI\$48 to CI\$60 million, we conclude, then that the general economic effect of the suggested fee revenue increase on the 14 selected items on the economy may be estimated to be in the range of from about CI\$28 to CI\$35 million net addition to gross domestic product or to national income; and this will be a significant positive overall impact.

In summary, I have attempted to outline, identify, and present some of the major economic issues implicitly attendant to the proposed revenue enhancement option before us to deliberate. The objectives were to make some of these issues more transparent to this honourable House as a general guide to its deliberation.

The main issues identified and discussed range from the nature and type of the fee revenue increases suggested to the specific and general effects of the suggested fee revenue increases on the economy. A quantitative analysis and discussion of some of these issues would have provided a better guide to this honourable House than the qualitative approach adopted. Data on availability dictated the qualitative "second best" approach in preference to the quantitative "first best" approach.

Nevertheless, using qualitative tools of analysis, the discussion shows hopefully in basic layman's language, how the suggested fee revenue increases could possibly produce over time, different economic outcomes in the economy and society. We trust that this approach has produced results relatively adequate for the needs of the moment.

Suffice it to say, however, that most Caymanians may not be 100 per cent averse to revenue increases, for they are intelligent enough to know and accept that no Government can provide the services citizens expect without resorting to some sort of revenue enhancement measures from time to time. Given this assumption, most Caymanians may accept the package of the suggested fee-revenue increases without much politically adverse reaction, if such increases are astutely packaged and ingeniously marketed to them.

Some Members yesterday afternoon asked for a copy of this paper I was reading from. Unfortunately, so far this morning the computer has not been able to produce it, but I undertake to let them have a copy as soon as it becomes available.

I wish now just to highlight some of the regulations in order to hopefully round out the package that I have been eluding. Taking first the Caymanian Protection Regulation, 1990, that is, the proposed amendment, government seeks to increase the application fee for Caymanian status from \$25 to \$50. The grant of status from \$300 to \$400 and for the issue of duplicate certificates of Caymanian status from \$25 to \$50. The application for Gainful Occupation Licence from \$10 to \$25 and in the case of the grant of Gainful Occupation Licence where this is dealing with Ministers of Religion, nurses, teachers, including nursery school teachers, and persons working for non-profit, cultural or chargeable entity, the fee remains the same. That is, nothing. For domestic, manual and unskilled labour the fee remains the same, \$100. For secretarial personnel from \$500 to \$700 and for executive secretaries from \$500 to \$1,000. Dealing with the clerical personnel, including sales clerks from \$300 to \$400 and for skilled tradesmen a \$1,000 from \$500.

Dealing with the professional and administrative personnel: for those professional supervisory staff and others occupying positions for which qualifications acquired at or through an institution for technical training are required and including real estate sales persons - \$1,500. Deputy or assistant non-professional managerial personnel - \$2,000. For Chief Executive Officers or Managing Directors - \$4,000 from \$2,000 and for professional managers and other personnel occupying positions for which qualifications are required through a professional training body for example, the Chartered Accountants, the bankers, surveyors, architects - \$3,000. That, I think outlines the increases on the Protection Board Amendment. There are other minor items but I believe them so insignificant that I will not bother to mention them.

Mr. President, dealing with garbage collection. The proposed regulation, when dealing with private houses and apartments the present fee is \$50 and it is proposed that it remains at \$50. When dealing with condominium apartments that too remains the same at \$100. In moving on to hotels, the proposed amendment tends to create different categories which objective is to charge for the amount of collection from these hotels.

For hotels up to 19 bedrooms the fee is \$600 and that remains the same. For hotels with bedrooms of 20 to 39 the figure moves on to \$1,200. With hotels of 40 to 60 bedrooms, \$1,500 and from 61 to 100 bedrooms \$2,000. A hotel with 101 to 150 rooms the fee would be \$3,000 and over a 150 - \$3,500.

For restaurants with or without a bar which have one to 15 seats the fee would be \$150. Those with 16 to 30 seats - \$300; 31 to 50 seats - \$425; and 51 to 75 seats - \$625. Over 75 seats - \$800 and bars without restaurants the fee would be \$500.

The regulations goes on to deal with the emptying of containers because in some cases when dealing with hotels it is done quite a number of times per day and the daily

rate would be \$1,320, two or three times weekly - \$500, and once weekly - \$100.

It also deals with the removal of derelict vehicles and depending on which district the vehicle is in, it is either \$30 or in a case of Bodden Town and eastward - \$35. The regulation goes on to deal with the removal of carcasses and the fees are the same as the removal of derelict vehicles - \$30 for most of them except districts east of Bodden Town would be \$35 and another exception if it is a small carcass it would be \$25.

The regulation dealing with Trade and Business Licence proposes to increase the fee charged to the firm for the number of professionals within it. The fee is based on each professional, presently it is \$300 and it would be increased to \$400. This would be for professionals in the accounting field, agents for airlines etcetera, architects and engineers, auctioneers, brokers and real estate agents. I am going to leave that regulation and I think the others are pretty clear as to what is being increased. Rather than using up a great deal of time of the House this morning, I am going to say thank you and sit down.

#### ANNOUNCEMENT BY THE PRESIDENT

**MR. PRESIDENT:** The question is that a Bill entitled the Miscellaneous Duties and Fees Bill, 1990 be given its Second Reading. Perhaps before I declare the motion open for debate, I should make the point that all Members of the House have an interest in this Bill, in as much as its objective is to meet the cost of the proposed Civil Servants Salary Review. If that review is approved of course it will automatically increase the remuneration of Members of the House. I therefore take it that having made this point there is no need for any Member to declare an interest.

The Motion is open for debate. Would any Member wish to speak? The Second Elected Member for Bodden Town.

**MR. G. HAIG BODDEN:** Mr. President, I am going to speak, but I did not quite get your last sentence there on that matter.

**MR. PRESIDENT:** Perhaps I should repeat it. Normally when Members have a pecuniary interest in any bill or motion they declare that interest. That is the normal convention. I am simply making the point that in the case of this Bill the revenue which is proposed is being proposed specifically to meet the cost of a proposed Civil Service Salaries Review. If that review is approved the emoluments the salaries of all Members of the House will automatically be increased because they are linked to civil service salaries.

I am making the point that having said this, I do not think it is necessary for Members to declare an interest. All right?

Do you wish to speak on the Motion? The Second Elected Member for Bodden Town.

**MR. G. HAIG BODDEN:** Mr. President, the Bill before the House is recommending a large tax package. Last week when the First Official Member introduced the Motion under the Provisional Customs Law to put into effect certain increased charges, he started his deliberation with a remark that the Government has asked him to put forward this matter. We understand this because Leader of Government Business normally puts forward a view which is the majority decision of Executive Council. Since Elected Members hold the majority in Council we can assume that this enormous tax package is the baby of the Elected Members of Executive Council. This is further reinforced by a statement which appeared in the *Caymanian Compass* on Thursday the 7th of June. A statement which is purported to have been made by the Member for Education at a public meeting held in George Town. I quote from the *Caymanian Compass* of Thursday, 7th of June under the heading 'Exco Members address public meeting'. The statement made is, and I quote: **"Further, the Financial Secretary can only propose what Exco tells him to propose; he has no power to do it on its own."**

So it is quite clear that this tax package presented by the Financial Secretary is the work of Executive Council. The remark in the meeting was made in relation to another matter, but the position of the First Elected Member does not change as we are well aware that under the Constitution collective responsibility requires that when a Member speaks, he speaks for the majority, especially on matters in the House.

It has been said that this tax package is put on to pay for the Civil Service pay increase. We know the opposite is true. Executive Council may claim that the revenue from these tax measures will pay for the Civil Service increase, we know this is not so. If this tax package generates or produces \$9 to \$10 million of new revenue, that money will not be paid directly to civil servants. If that was so they would not receive their retroactive pay in August or whenever the pay is actually made because these measures here today will not produce within the calendar year, 1990, \$9 million or \$10 million.

It is true that from the 1st of January, until December 1991, the Government may well realise \$10 million of new revenue from the bill which is before the House. But between now and the end of next month when the bulk of the increases to the civil service will be paid, that is, whatever retroactive pay they receive from January until August, we cannot possibly collect under this Bill the money which will have to be paid out. So we can see that for whatever reason this Bill is brought, it is not to pay the Civil Service. We know that the money collected from this Bill either now or next year or any year in the future will simply go into the General Revenue and will not be put aside specifically for any particular expenditure.

The reason why I believe the money from this tax Bill will go into General Revenue is because this is the way that all monies in the past from any tax measure have been treated and all monies in the past have gone into General Revenue and not into special pay envelopes for the civil service.

The Civil Service will be paid by check at the end of August, just the same as they have always been paid. So the attempt to marry this Bill to the Civil Service pay increase is only a marriage of convenience.

**MR. PRESIDENT:**

Would you like to break there, would it be convenient?  
Proceedings are suspended for 15 minutes.

**PROCEEDINGS WERE SUSPENDED AT 11:20 A.M.**

**PROCEEDINGS RESUMED AT 12:06 P.M.**

**MR. PRESIDENT:**

Proceedings of the House are resumed.  
The Second Elected Member for Bodden Town, continuing.

**MR. G. HAIG BODDEN:**

Mr. President, as a person that spent 14 years in the Civil Service, I believe that the Civil Service should be well paid and while I believe this increase is warranted I note that the Government has the ability to pay the increases without this tax package.

When we started early in June, I think it was around the 11th, in answer to a Parliamentary Question the First Official Member made it clear that at the end of May Government had surplus revenue of \$15,791,000 and there was also a reserve of \$18,860,000. These two figures when added together give us something like \$34.5 million approximately. While I do not recommend that we use the Reserves, I can see no harm in paying the civil servants from cash on hand because surplus revenue is cash on hand. Most of it might even be sitting in a checking account or on a short term deposit.

The Government cannot put forward the claim that the civil servants will not be paid if the House does not agree to this unconscionable package of high taxes. The other bad part of this exercise is that for the first time the civil servants are being exposed to political fury while standing in line to receive pay increases which they merited. It seems to me that the Elected Members of Executive Council have made an attempt to transfer the heat to the Civil Service pay increase rather than keeping the heat on the grandiose projects which we have been told they must have.

The Financial Secretary seems to have thought a great deal about this exercise and I believe it influenced the interview which he had with *The New Caymanian* newspaper published on the week-end of the 5th to 8th of July. We know that imposing taxes and spending Government's revenue are two items that are mixed in such a way that they cannot be separated. The Backbenchers claim that Government would have no surplus Revenue and no Reserves if they had eight months ago allowed the Government to put in the Master Ground Transportation Plan, the Jennett T and the new Hospital. I can well believe that. Inextricably linked is the fact that you cannot spend money unless you tax the people and there is no need to tax the people unless you are going to spend the money. The real reason for this tax package is to swell the Revenues of Government. The revenues have to be increased if we are going to justify the borrowing which will be needed to put through big projects.

In the article which I referred to in *The New Caymanian* the Financial Secretary in reply to a question had this to say and I quote:

"It is the agreed view at the moment that we should in this salary exercise presently before Government, put four per cent and when we get to 1991 we may think of increasing that percentage, but no decision has been made yet in that respect."

He was referring to funding the Pension [Fund], but he said he believes the time is right to start the funding of the Pensions and maybe we could put aside a sum of money starting from this salary exercise which we are looking at now. He was asked what is Government going to do about the Civil Service Pensions and he said, 'we do not believe that Government should at this time attempt to find at this time \$32 million'.

I am using this argument to show that this Omnibus Tax Bill will have the effect of increasing Government's power to borrow money because we have reached a stage now where Government, even if it gets the okay, cannot go out to borrow a \$100 million for the Master Ground Transportation Plan (MGTP), but must first increase its revenue. Apart from this Bill there are certain other areas where I intend to show that the Government has been continuously inflating or attempting to inflate its revenue so that it can get in the financial position where it can borrow. The Financial Secretary in the same interview made that clear. He was asked if the Government is eventually allowed to borrow the millions of dollars it is requesting to fund its two major projects the Master Ground Transportation Plan and the new Hospital, 'how will this effect the economies current financial position'? Bear it in mind that Government already has a number of outstanding loans. The First Official Member replied:

"The figures speak for themselves. At the moment the servicing of debt provided in the Budget is around six per cent with a total public debt of \$28 million. If you add another \$100 million to it you can work out the percentage yourself. If \$27 million equals six per cent what does a \$127 million equals?"

So we have reached a stage where Government cannot go forward to borrow any large sums of money, unless it expands its revenue because if it does, it will not have the ability to service the debt. This is the dilemma which can be helped by the tax Bill before the House, if the Bill

passes.

This tax Bill complements the other increases which have been put in recently. For example, it supplements the Port fees. According to the audited accounts there was no need to increase the Port fees. The audited accounts show that the Port Authority had made a profit of almost \$1 million in its last year of accounting. Nevertheless, the fees have been increased and I believe that is a part of the exercise to get the revenue up to where they can justify the loans which are needed.

When we consider that the Civil Service salary now takes about 37 per cent of Government's revenue and when we add to it the other benefits like pensions and allowances it may be over 50 per cent. We can see that if we incur large borrowings like a \$100 million we will need much larger revenue and the only way we can get that revenue is to bring Bills like the one before the House or to find some new means. I do not believe the present Government is looking at new areas because in the Bill which we are discussing they seem to have increased the tax on everything that could be increased. I could go on a long time on this, but will only mention one other one.

The Hospital Fees which were put up, I believe that is a part of the exercise to get the revenue up to such a state that the spending which flows from the taxing can be justified.

The First Official Member in putting forward this Bill cautioned Members of the adverse results that can flow from a tax package of the magnitude of the Omnibus Bill which is before us. I do not believe that our strained economy can stand to have \$10 million taken out of it next year. I certainly will oppose every item in this Bill. I only trust that Elected Members will heed the warning which has been so ably pointed out by the First Official Member.

We have seen around us so many countries destroyed by this type of taxation. Not only the small countries in the Caribbean, but some of our big neighbours, Venezuela for example. I would like to quote just one or two short paragraphs that hopefully will warn Executive Council not to impose this type of taxation and not to use the money from it to pay or to service large debts. The article from which I read is contained in the *Journal of Economic Growth*, volume 3, 1989. It is entitled, 'The Venezuelan Experience - How Misguided Policies Paralyzed a Prosperous Economy'. We have had it good so far'. On page 28 it says: **"Until the beginning of the 1970's, Venezuela experienced vigorous economic growth."**

One of the features that caused this is contained in the last paragraph on page 28. **"The country had low tax rates and the government did not operate with budget deficits."** If you turn to page 30, you will find out when the misguided policies of the Government started to take effect, and it says: **"By 1976 the government of Venezuela began to seriously increase the countries foreign debt and felt obligated to propose a tax increase."** The same things that we fear. It goes on to say: **"Corruption became rampant."**

I could probably quote a lot from this, but Members, I believe, also have a copy. I believe this taxation Bill which is before the House will hurt us not only by squeezing the population to pay into Government's hands, money that could be used in a better fashion. I believe it will destroy the pillars of our economy and this is what has happened around us. It was not so much the high taxation, but the destruction of the economy that caused our neighbours to fail.

Tourism for example, can be destroyed by heavy taxes. We see the increase on the permit for drivers, tourists who rent cars, we see the gasoline increase that will affect the taxi drivers, we see the tax increase on the sale of hotels, that is land deals, above \$250,000. For example, recently the Ramada Inn Hotel was advertised in the newspaper for a price of \$32 million. It will mean under this tax Bill, somebody will have to pay \$3.2 million in Stamp Duty. This figure will be \$800,000 more than would have been paid under the old Stamp Duty Law. When all of these things are put together they are bound to push the price for the tourists much higher than it had been.

Every day I talk to tourists and invariably I ask them this question, 'How do you like our Islands'? I have written down here the last four replies I received, one of them as late as this morning. Answers to my question: "A beautiful Island, too expensive"; "Friendly people, a bit expensive"; "I love your Islands, wish they were not so expensive"; and "I am enjoying my vacation, but not the hidden costs". I am surprised that the Member for Tourism is supporting this Bill.

The worrying part about this Bill is that this alone will not suffice the voracious appetite of the Government for spending money and I expect that when the Budget Meeting comes in November, we will be moving on to property taxes or some other form of new revenue. We have seen and I do not want to revive this, but the machinery put in place to tax and spend and spend and tax will force the people that live here to pay such excessive taxes that they will believe they have been transported to a different world.

The Caymanian people have always accepted that they should pay taxes, but I believe it is universally accepted that the taxes should be fair. Taxes should consist of acceptable compromises between what the Government will charge and what the country can bear. They should never be like the items in this Bill, nor the Post Office box fees which went from \$12 a year to \$50 a year where there is no hope of any relief. We are only told about a review which will probably increase the price of the bigger boxes.

I believe the First Official Member was trying to make the point that the ability to pay has to be taken into account. We have heard so much talk about helping the little man because it is on the little man that the burden will fall. The First Official Member mentioned this would happen where the merchant or the businessman transferred the increases to the consumers and we have done a good job of helping the little man. We have almost helped him out of existence; we are taxing him out of existence.

We use such silly reasons for justifying what we are doing. For example, in a recent tax increase, the Hospital fees, it was indicated that the service must pay for itself. I am wondering how they are going to measure the service given by the police force or the service given by the Courts

of Justice? Any such estimate would have to be an arbitrary one indeed.

I agree with the First Official Member that, perhaps these were not his words but, we have to look at what is left after the taxes are paid. Will the little person with his fixed salary, after paying out next year all that is required under these laws, will there be anything left for him to save?

In every country that has a viable economy, thrift of the individual is one of the main factors. One of the major reasons for the economic successes of Taiwan has been the great propensity of the Taiwanese people to save. I believe tax measures like this \$10 million package will destroy completely the ability of the lower income people in this society to save any money. A tax measure like this divided up amongst the 10,000 or so workers here, will require an average person to pay next year \$1,000 in new taxes.

It is not hard to believe this when we see the substantial increases made in this Bill on motor gasoline and diesel. For example, the tax on motor gas and diesel will be increased by 12 cents per gallon. This is the largest single increase ever put on these items. When Government shifted from collecting 20 per cent on motor gas to collecting a flat fee per gallon, the original tax back in the 1960s was five cents per gallon. That tax was increased to eight cents and then to 13 cents. Only a five cents increase. This time the increase is 12 cents which will mean that if the suppliers, Esso and Texaco add a 50 per cent profit. They would sell to the dealers at 18 cents and the dealers would also add a profit and the price per gallon may rise as much as another 25 cents.

The Member for Education seems to agree with this, but this will mean that the average person...

**HON. BENSON O. EBANKS:**

No, Mr. President, I would not agree with him....

**MR. G. HAIG BODDEN:**

Mr. President, I am not giving away to his nonsense. This would mean that the average person would use about 20 gallons of gas per week, with a price increase of 25 cents, they would be spending about \$5 per week or \$20 per month more for gasoline. This will certainly have an effect on a person who is on a fixed salary and if this was all it would not be so bad. What is going to happen to the big consumers of diesel oil when they put the increases on the products which they sell to the public?

So the country is going to be hurt and hurt badly by this tax increase. The sting of this Bill will fall as a heavy blow to those in the lower income bracket, those people who still need the pick-up truck to go to their jobs.

This tax package is the most regressive tax package ever to be presented. It takes a large proportion of money from the small person and a heavy financial blow is being dealt to the poor by a Government that seems to have no heart. As Franklin D. Roosevelt said, "**Better a Government that reigns in mercy than one frozen in the ice of its own indifference**".

When I return from the lunch break I intend to deal with some of the items in the tax package which I consider to be very exorbitant. I have talked to many people who deplore the great increase in Government's expenditure because it is Government's expenditure that has caused Government to ask for these tax measures. It is their attempt to construct costly edifices like the plans we hear about to come in the future that has brought the Government to a position where it has today before the Assembly the largest tax package.

**MR. PRESIDENT:**  
are suspended until 2:15 p.m.

I think we should suspend for the lunch break. Proceedings

**PROCEEDINGS WERE SUSPENDED AT 12:51 P.M.**

**PROCEEDINGS RESUMED AT 2:25 P.M.**

**MR. PRESIDENT:**  
Member for Bodden Town continuing.

Proceedings of the House are resumed. The Second Elected

**MR. G. HAIG BODDEN:**

Mr. President, I need your indulgence to correct one statement that I made in the early part of my debate. In dealing with the work force in the Cayman Islands, I referred to a figure of 10,000 persons. But in checking the statistics for 1989, I noticed that there were only 8,100 Caymanians employed, but that there were also 7,400 people on work permits making at total of 15,500. If the tax increases were divided equally amongst that number the amount collected in the first year would be something like \$647 per person. Of course we understand that some people for example, taxi drivers, may pay much more than this with the consumption of gas.

The package of taxes which has been outlined by the First Official Member contains a few reductions in taxes paid already. These reductions are really insignificant when compared to the increases. For example, there is a reduction from 20 per cent to 10 per cent on items in chapter 6, section 6:02 of the Customs Law. These items are: coffee, tea, etcetera. The amount of duty which would be paid indirectly by a householder because of this change is very small indeed. Yet I must admit it is a token which I had not expected to see.

The increases in some areas are very high, for example, there is almost a 100% increase as I mentioned earlier on items such as diesel oil and gasoline, items that the consumers use large quantities of over the year. On alcohol, substantial increases ranging from about 32 per cent to over 60 per cent on some table wines, while there are many people that speak against the abuse of alcohol. Nevertheless, it is a fact that alcohol is one of the legal drugs tolerated by the Government and is one of the items consumed in

the tourist industry. This is one other example where the cost to a visitor would be increased.

Cigarettes have been increased by 100% and here again, we have an evil which is tolerated by the Government, but whatever the item of duty increase affects somebody in the island and just the same as the smoke from smokers pollute and damage non-smokers, so will the high cost of cigarettes affect not only the user, but the non-user as well. In the case of a family on a small income, if they expend more money for cigarettes during the month some other item will suffer, even if it is the matter of what the family would save.

Everyone is expecting the price of gasoline to rise over the next few years by as much as 50%. This has been borne out by a recent article in a *New York Times*, where the author of the article suggested several reasons for the rising costs of fuel over the next five years. He mentioned the declining output by the United States, moves by the newly independent East European nations to buy oil from some of the sources that we may get it, the fast growing energy demands in East Asia, and the voluntary constraints on production by Persian Gulf countries which will affect our suppliers. Any fluctuation in the price seems to affect all of the oil producing countries. What I am saying here is that we are putting up the price of gasoline at a time when it is likely that the price will rise, anyhow. When that increase in price comes, together with our new tariff motorists will be paying a high price.

Also I noticed that certain items that are normally sold to the tourist market, items that were formally free have now been slapped with a 40 per cent import duty, items such as cigar and cigarette cases, pipes and tobacco. I do not have the statistics on this, but it is probable that these items are not sold in very large quantities here and may not upset the customers who are the tourists.

I notice that the Bill gives an allowance to residents to bring in goods from abroad, goods which will be duty free up to the value of \$300. The previous exemption had been a \$100. I doubt that people will have much money to spend abroad when the total package goes through. We also see that unsolicited gifts which had been let in up to a value of \$10 have now been increased to a \$50 value and perhaps this is right because today very few gifts come in which are below \$10.

We see that certain optical goods are now free under this Bill and some pharmaceutical products that had cost 20 per cent duty before are now reduced to 10 per cent. This is meager compensation for the atrocity that has been committed in the Hospital fees. To make a small reduction in medicinal products is no compensation for the exorbitant fees which are now charged at the Hospital and which will go up later on.

One of the bills imposes a Stamp Duty of 10 per cent on transactions of \$250,000 or more. I gave one example earlier. What I would like to say is although \$250,000 may seem like a large sum of money, there are many transactions on the West Bay Beach and in the centre of George Town where the value of the land exceeds \$250,000. There are also other areas where we would have transactions involving that amount of money. So, it is a fallacious argument to believe that the small man will not be affected if the Stamp Duty is increased to 10 per cent on transactions of \$250,000 or more. The reason I say this is that if a developer is putting in a subdivision where the lots would be sold to middle income or even low income families the price of these lots or the rents charged for apartments on these lots would certainly increase. Sometimes even large transactions can involve small people.

Under the Judicature Law, many Court fees have been increased and the First Official Member mentioned them. There are so many that even he did not dare to itemize them and neither will I attempt to go through them. I gathered from his presentation that one of the criteria used for putting together this package was the fact that some of these fees had not been increased in many years. The question that I would like to pose is, "What is wrong with the present Government?" Other Governments did not see fit to increase these taxes. What is wrong with the present Elected Members of Executive Council? We have been told the Port fees have gone up. That is good because they have not been increased since the Port was opened in 1977. What is wrong with these people? We were told the same thing with the Hospital fees, good to put them up, no increase for so many years. Same thing with the Post Office Box fees and now we hear it with the Court fees - time to put them up. I would rather say, time to change the leadership.

The package of taxes is so great and so diverse that for the first time in the history of our Legislative Assembly they had to be put under an umbrella bill because had they been brought separately, the debate would never end. The Member who introduced the Bill mentioned regulations that would be changed to increase the taxes or the fees in other areas perhaps not covered by the Omnibus Bill.

One of these areas is the Public Health Law where some businesses seem to have suffered very harsh treatment. I note restaurants with or without a bar will now have to pay \$150 a year if they have 15 or less seats. At the extreme end of the scale, large restaurants with 75 seats or more will have to pay \$800 per year. The charge for emptying containers has gone to \$1,320 per year.

The Government in its rampage against the people of this country have sought to get new revenue under the Caymanian Protection Law and the Caymanian Protection Amendment Regulations and their new prescribed fees for the Grant of Caymanian Status, for the application for Gainful Occupation Licence and for the work permits in certain areas. For example, for a skilled tradesman there is a charge of \$1,000 for the work permit. I believe that when the contractors have to pay higher fees we are going to see the cost of buildings increasing. This will be another deterrent to the young people of the Cayman Islands who want to own their own homes; to make it more difficult for young Caymanians to get a home they are asked to pay higher fees under the Development and Planning Law.

The Members seem to feel that they have not made them high enough, but believe me these fees have to be paid in addition to every other cost of the building and as they say with the litter, "every little bit hurts".

I have been involved especially with young people, in getting



mortgages from the bank and having to pay the cost of construction. Many of them complain about the hidden costs, the fees that they did not know they would have to pay until they went to get a planning permit. So, every little bit hurts and even if the fee only went from \$1 to \$5 that hurts the person on the small income.

The Member explained that the driving permit for a foreign licence would not be \$12 as had been set out in the original Bill and that that amount is amended to \$4, another example of an increase cost to the tourist industry.

Under the Trade and Business Licensing Law the Government without a conscience has again increased fees. I wonder what are they trying to do? All of these costs which are put on businesses will be passed on to the consumer or if absorbed by the businesses, will reduce their profits which will result in lower benefits for the worker. So, no matter how the businessman deals with these fees, the ultimate sufferer is the consumer - the worker at the bottom of the scale.

The bank fees have been increased on commercial banks by a figure of about \$12,000 per year. This increase undoubtedly can be met by some of the large and prosperous banks, but I believe that this increase will be passed on to the customer. Banks have nearly as many ways as the Government of passing on the cost of whatever it does. We are now facing severe competition from islands in the Caribbean that have copied the things that we have done in the banking and the investment field. If we continue to increase these fees, we may find that we could price ourselves out of the market.

I understand from the First Official Member that he discussed these fees and has received acceptance from the financial community on them. However, I believe the banks that are already established would encourage the fees to go up in order to protect their own interests. On the other hand, we may be hurting ourselves by continually milking the cow. The Official Gazette Law under its regulations carries with it increase fees.

In closing, I would like to say that I am the newest Member of the House, but was sent here mainly because the people in Bodden Town are upset with the excessive taxes which over the last 18 or 20 months, have been put in by the present Government, particularly when there has been nothing to show for it. The message that I received is that they are not about to tolerate anymore.

A paragraph in my position statement made it clear that I was campaigning against excessive taxation and a very large percentage of the voters agreed with me. So, I cannot support the tax increase on any item before the House.

Finally, I showed at the beginning that this tax increase will be next year's nest egg for the grandiose projects to come and is not necessary at all for the payment of the increased salaries which I hope to approve to be paid to the Civil Service.

**MR. PRESIDENT:**

Does any other Member wish to speak?  
The Third Elected Member for George Town.

**MR. TRUMAN M. BODDEN:**

Mr. President, the Government in another motion talked earlier about dropping a bomb shell and that is exactly what they have done on the people of the Cayman Islands with these tax measures.

These tax measures are twice as much or there about, as the tax measures which were introduced in 1985 by the previous Government when it was some \$5.3 or \$5.5 million. What is bad about this is that it has been held over the people's head for a long time with an excuse which in my opinion, should never ever have been used as the reason for bringing these taxes. We are looking at a tax package here that impacts mainly on local people, Caymanians and residents and one that has not the imagination to move it off in areas where it is not felt locally as much as this one is.

I would like to dwell first on what I regard as the unfair reason for the bringing of this tax package and also the fact that I think it has been unfair to hold up civil servants' pay increases giving the reason for the hold up as this tax package to finance their pay increases. If there is one principle which should not be broken or gone against, it is the principle that civil servants should be kept out of politics and not made to be the direct reason for having one of the most oppressive tax packages that this country hopefully will ever see brought on the country.

It is unfair because every time you have a member of the public going to the gas station, looking at an increased light bill or looking at an increased water bill they are going to think this has been increased because of the civil servant's pay increase. That is not fair in my opinion on civil servants and I think that it is a serious breach of the principle that a Government should always try to protect and keep civil servants away from politics.

This approach similar to the approach we saw earlier when only a few civil servants were singled out for the public problems and statements against them, now this goes a lot further. It is bringing directly into line all civil servants and worse still the delay that has been caused in paying the civil servants their increase, the reason for that has once again been this tax package.

I would like to just read a bit in relation to this question, this matter from *Wade & Philips* on Constitutional Law and it is at pages 224 and 225.

#### POINT OF ORDER

**HON. BENSON O. EBANKS:**

On a Point of Order, Mr. President. I think the Member admitted the other day that that publication is outdated, so I wonder why he continues to read from it?

**MR. PRESIDENT:**

I am not sure it is a Point of Order, but I think you did say it

was a previous edition or words to that effect. I seem to remember that.

**MR. TRUMAN M. BODDEN:** Mr. President, as I understand an interruption, that is a Point of Order or it is an explanation and quite frankly I will read from whatever books I deem to support my position. If the Member wishes to take these points further..., however, if you rule that it is a Point of Order that could well be different.

**MR. PRESIDENT:** I have not ruled as a Point of Order. I have deliberately not ruled it a Point of Order, but I think the point is, that you gave way as it being asked a Point of Order, if it had been simply an attempt to intervene you need not have given way. That is so.

**MR. TRUMAN M. BODDEN:** Mr. President, he said it was a Point of Order, therefore, I sat down as I should. Then he went and made an explanation.

**MR. PRESIDENT:** That is fine, I am trying to keep the temperature down in this House. It needs it. I think we should continue.

**MR. TRUMAN M. BODDEN:** Should I go on, Sir?

**MR. PRESIDENT:** Yes, I think you should continue.

**MR. TRUMAN M. BODDEN:** Thank you.  
Mr. President, I am reading from, *Wade & Phillips* on Constitutional Law and it is at pages 224 to 225. It says:

"It is recognised that the political neutrality of the Civil Service is a fundamental feature of British democratic ([that is] constitutional) government. Accordingly participation in national politics is barred not only for the administrative and professional grades, but for many of the executive and clerical staffs who work with them under changing political Ministers."

A further reference to that is found at page 87 to 88 which bears somewhat more clearly on this point and that reads as follows:

"Ministerial responsibility to Parliament was debated in the House of Commons in 1954. A public inquiry conducted by a Queen's Counsel had been ordered by the Minister of Agriculture and Fisheries to inquire into the circumstances of the disposal of land of which was no longer needed for the purpose for which it had been acquired by the State. The enquiry had resulted in the exposure of a number of civil servants to severe public criticism. Speaking in the debate the Home Secretary reaffirmed that a civil servant is wholly and directly responsible to his minister and can be dismissed at any time... a power none the less real because it is seldom used."

He went on to give a number of categories where differing considerations apply:

"A Minister must protect a civil servant who has carried out his explicit order.

Equally a Minister must defend a civil servant who acts properly in accordance with the policy laid down by the Minister.

Where an official makes a mistake or causes some delay, but not on an important issue of policy and not where a claim to individual rights is seriously involved, the Minister acknowledges the mistake and he accepts the responsibility although he is not personally involved. He states that he will take corrective action in the Department."

This brings out very clearly that the duty of Members of Executive Council has to be one in which they endeavour to protect rather than expose civil servants and in my opinion that exposure in respect to bringing this tax package with the excuse that its use is to fund the Civil Service's pay increase has got to have detrimental effect upon civil servants in this country.

In my view, any package of taxes should be brought at the proper time which is when the Budget is brought in November of each year and should not, especially when it relates to involving civil servants into what is going to be a highly controversial matter, use as its excuse a Civil Service pay rise.

We know as the Second Elected Member for Bodden Town said, that revenue which is collected is going into the General Revenue of the country. It is not a situation where these taxes are going to be earmarked specifically to pay civil servants salary increases. The civil servants who have worked hard to get these increases are suddenly going to find themselves paying in a different way, not only in relation to these taxes which I will show later are going to bite on everyone, but they are going to pay for it by having members of the public feel grudgingly when these go on that the reason behind it, is the Civil Service.

The relationship has been referred to as a marriage of

convenience between the taxes and the civil servants and it is in my view, a marriage that is going to hurt hard and bad because the convenience is to take the load, to take the responsibility away from the four Elected Members of the Executive Council who have brought these taxes and who we know it is a full Executive Council, but they are the majority and I will read at a later stage, where clearly, one of those Members has pointed out that the Official Members of Executive Council put forward what Executive Council decides.

The responsibility for this tax package is squarely on the shoulders of the Elected Members of Executive Council and I think, that it is unfair to try to shift that responsibility and the ultimate adverse response that the public is going to give to these taxes on to civil servants. It is bad enough trying to shift it unto other politicians but too often now we are seeing a situation where the responsibility is being shifted on to innocent people who should not be bearing the load, the public insult and the public disfavour that they will find when these taxes do come into effect and begin to bite. There cannot be in my view any good reason for marrying the two together

Now we have to some extent try to preserve some of the traditions and conventions of the Westminster Parliament and of democracy as it is practised in the United Kingdom and the British Commonwealth. The independence of the civil servant has got to be one of the main reasons in any of the British Commonwealth countries to ensure stability, continuity and for democracy to continue to thrive and move forward. Too often now this Government has been taking shortcuts around accepted democratic principles and conventions and finding trivial excuses to say that they do not apply in this instance, or they do not apply when they feel that they are caught under the conventions and have no obvious and no moral way out of it. It would be very interesting to see how many more times the Government is going to try to blame other people for things they have done. They have blamed the Backbenchers to such an extent that they figure that they cannot really hang any more on us now and in this instance, which is a very damaging instance, because we are looking at what is going to touch the pockets of every person in this country and more so the local residents than anyone else and we have the reasoning given to this is the Civil Service.

The Elected Members of Executive Council have confirmed that there is at present, a surplus and the General Reserves of the Government to some \$32 million or \$34 million and I believe without looking up the specific figures, it is about half Surplus and half Reserves. Therefore, there is excessive money sitting there at present which can come out of the Surplus. I am not saying to go into the Reserves, but it can come out of the Surplus to deal with the civil servants' pay if that becomes necessary and then taxes should have been brought, if they wish to bring them at the appropriate time.

I cannot remember an instance in the last 20 years where we have had such an unorthodox approach; an unorthodox reason given for the bringing of taxes mid-term. The Government's Treasury has money in it and as I understand it, the country's revenue is growing at between 8 to 12 per cent every year. Therefore, in the normal course of things it should be possible to deal with this.

One of the reasons why money is in surplus now, and has naturally been is because the Elected Executive Council Members have not been able to spend this on the many expensive projects they have put forward. Since 1985, when the last tax package of a size was brought, the Government has got along with increases in many things in fact, things like New Services, which I will show at a later stage, every year have increased. There has been expansion on a very rapid rate of recurrent expenditure, salaries being only one of the many items which annually are increased, yet the Budget has always come forward on what at least, is referred to a balanced basis which takes into consideration loan funds that we receive. I cannot for the life of me see why at this stage the amount that is to be paid for salary increases has to be of such an urgent and serious matter that only some three or four months away from a Budget we have to have these taxes brought on and to begin the move to raise this \$8 million to \$10 million per annum.

**MR. PRESIDENT:**

Excuse me! Proceedings are suspended for fifteen minutes.

**PROCEEDINGS WERE SUSPENDED AT 3:28 P.M.**

**PROCEEDINGS RESUMED AT 3:58 P.M.**

**MR. PRESIDENT:**

Proceedings are resumed.  
The Third Elected Member for George Town, continuing.

**MR. TRUMAN M. BODDEN:**

Mr. President, in summary, the point of having the Civil Service used as the excuse for these taxes is, I think, only a continuation of the type of verbal attacks we have seen on people such as the doctors, the Auditor General, the Financial Secretary and even the former (I should not say the former Administrative Secretary), but the Administrative Secretary who was the Third Official Member until a few days ago. In my view, it would be better if this did not arise. If the reasoning for bringing the taxes which in due course I will show where they will, had not been moved from where the blame lies on to other people and worst still, people as I read from the book recently, who are really not in a position or entitled to get up and defend themselves because of the Civil Service General Orders and otherwise to defend themselves against these things when they arise. It must cause friction and some resentment not only on the public side, but from the civil servants' sides.

Moving on from that, I would like to begin by looking at some of the duties that have been put on and to show that these are going to hurt the Caymanian people, especially those in the lower and middle income bracket far more than they are going to hurt the other economic bracket of people. I will deal with what may appear on the surface to be attacks that another reason is given where it is not going to hurt the people in the lower and middle income bracket.

Let us look at one of the shorter ones here, the Land Transfer,

the Stamp Duty. The Government is probably going to say that this remains the same up to \$250,000 and that is correct. The extra two and a half per cent that is put on transactions over \$250,000 should not affect people in the lower income bracket.

Taxes never stop where they fall. Taxes are never limited nor do they remain where they are put, or where the incidents of first payments begin because they trickle down and in some instances, move a lot faster than trickling down from the people on whom they are placed on to other people, the same as the blame for these taxes was being tried to be shifted from Government to the Civil Service, so do taxes shift from the person who pay them first on to the other people who ultimately bear the cost of them. An example is, if land and a building are bought because this transfer tax is on land and buildings, for someone who has a store or a supermarket, hardware whatever, they are going to pay this extra two and a half per cent and all that is going to happen is that they are either going to put out more money or they are going to borrow more money. That means that the cost of what is being sold or the cost of the services or whatever is provided on that land or land and building is going to be passed on to the consumer who purchases the items, that is, groceries, hardware, etcetera.

Similarly, where you have services where people are in buildings, whether they are banks or firms, or builders or building contractors, or whatever, then if they are paying more for the building or alternatively, if they are renting the building, it is going to cost more in rental because the owner will pass it unto them. They in turn will pass it on to the person in the lower income bracket or as the phrase which has been coined earlier, 'on to the little man'. So, by putting this clause in here it will help some, and I am being frank about that, it will help in some instances. But the majority of people in the Cayman Islands will ultimately pay the higher stamp tax on the land indirectly through increased cost of goods, groceries, services, or in some other way.

It is a known fact that the aim of most business people in democratic countries where there is free trade, is that their aim is to pass on that which can reasonably be passed on to other people in the form of costs for their products. That principle applies to banks or to professional firms or anyone else who has to either purchase, or rent property, or has anything else to do with property where there is an increase in Stamp Duty.

The increase here is very considerable. We are looking at the equivalent of a 25 per cent increase in that Stamp Duty. It is going from 7.5% per cent to 10 per cent and we are seeing the 2.5% increase in an area which will also affect home owners.

The question may be asked, how will it affect most homes under \$250,000? Most people these days purchase property that has been subdivided and by and large, that property when it is purchased prior to subdivision is well in excess of \$250,000.

#### THE PRESIDENT'S RULING

**MR. PRESIDENT:** I hate to interrupt you, but I think that argument has been advanced already in the course of this debate by the Second Elected Member for Bodden Town.

**MR. TRUMAN M. BODDEN:** Mr. President, could I just ask you, are you saying that... whatever any other Member has said I do not have a right to...

**MR. PRESIDENT:** No, no. I have not said that at all but, I draw your attention to Standing Order 41 and since you invite me to do so, I draw the attention of the House to what I consider a tedious repetition of an argument already advanced.

**MR. TRUMAN M. BODDEN:** Could you repeat those Standing Orders, Sir?

**MR. PRESIDENT:** Standing Order 41(1).

**MR. TRUMAN M. BODDEN:** You are referring me to a breach of order, Mr. President, when you have only warned me once?

**MR. PRESIDENT:** No, the breach of order comes later on if the repetition continues, then it becomes a breach of order.

**MR. TRUMAN M. BODDEN:** Could you then give me so that I can make sure... this is a very serious...

#### POINT OF ORDER

**HON. BENSON O. EBANKS:** On a Point of Order, Mr. President....

**MR. PRESIDENT:** No, I would like to deal with this point first.

**MR. TRUMAN M. BODDEN:** ....for this is one of the most serious sections in here. I would like you to tell me specifically what is the specific point so that I do not breach this because I realise that under this Mr. President... is this the section where I can be named?

**MR. PRESIDENT:**  
Standing Order 41(1) is what I am referring to.

No, this is not the section under which you can be named.

**MR. TRUMAN M. BODDEN:**  
and tell me to resume my seat?

But you can, I see, this is where you can stop me speaking

**MR. PRESIDENT:**  
For the benefit of Members, it might need a little more expansion on that. The Order says, "The Presiding Officer, after having called the attention of the House or of a Committee to the conduct of a Member who persists in irrelevance or tedious repetition either of his own arguments or of the arguments used by the other Members, may direct the Member to discontinue his speech and to resume his seat."

I very quietly drew it to your attention. I have not said that you are persisting with it. I very quietly said that the argument in relation to the price of plots of land which have been subdivided - your argument in relation to the increase in the transfer tax - that that argument had already been brought forward by the Second Elected Member for Bodden Town. That is all I have said. I have not said you have persisted. I have not said you should sit down.

**MR. TRUMAN M. BODDEN:**  
Mr. President, I will have to take that very seriously, therefore I would ask you that whenever you refer me to this if you could give me specifically, as you have just done, what the tedious repetition is that you are referring to. I do not want to stray to that and get caught under that section. It is one of the most serious sections there is in here. That is all I am asking.

**MR. PRESIDENT:**  
danger of repeating yourself now.

I certainly will oblige you in that regard, but I think you are in

The Honourable the Elected Member for Education.

**HON. BENSON O. EBANKS:**  
Standing Order 36(1) which says, "Except on a motion for the adjournment of the House the debate shall be relevant to the matter of the question before the House or Committee;" the Member has been rambling all over the place this evening and not dealing with the Motion.

Yes, Mr. President, I would also like to call your attention to

**MR. PRESIDENT:**  
Order and no doubt to many others. We have had this question discussed before in the House about relevance and I said many times, latitude is the order of the day. It is what Members expect. I very gently intervened on this point in this instance.

I am grateful for having my attention drawn to this Standing Order and no doubt to many others. We have had this question discussed before in the House about relevance and I said many times, latitude is the order of the day. It is what Members expect. I very gently intervened on this point in this instance.

I am sorry, please continue.

**MR. TRUMAN M. BODDEN:**  
Duty to the question now of some of the other taxes that have been bomb-shelled on to the people of this country. There have been increases in the fees that are payable under the Caymanian Protection (Amendment) Regulations and relate to the Caymanian Protection Law, I will now go through and read what these increases have been.

Thank you, Mr. President. Well, I will move on from Stamp Duty to the question now of some of the other taxes that have been bomb-shelled on to the people of this country.

Applications for Caymanian status have been doubled and for grants they have been increased by 25 per cent from \$300 to \$400. The next item is for the issue of duplicate Caymanian status certificates and that has been doubled from \$25 to \$50. There has also been an increase in the application for Gainful Occupation Licences from \$10 to \$25. That is significant to me because there are people who will be applying under this, for example: for a maid, a baby-sitter or someone to care for an elderly person and the application, whether it is granted or refused, is one that will have to be paid in any event.

Very few people would be caught under the Caymanian Status fee but everyone, the big and little people from a financial point of view, are suddenly faced with what is one and a half times an increase in the application for a Gainful Occupation Licence. It is at least good to see that the exemption such as ministers of religion and teachers that was in the Law have not been affected. We have seen other examples where the secretarial category has moved up from \$500 to \$700 for normal secretaries, that is the usual type of secretaries, and it has doubled for Executive Secretaries from \$500 to \$1000. These are what will affect many people here. The clerical personnel, which includes sales clerks, have also been increased to \$400. We find that in those areas that are most used and are most relevant to local people, the increases have been put on.

I continue, the cost of skilled tradesman have been doubled. That has been increased from \$500 to \$1000 and under the administrative side, which are professional supervisory staff, and others occupying positions for which qualifications are required through an institution for technical training, including a Real Estate sales persons have now doubled from \$750 up to \$1500. So what we find is, in the areas that will affect people in a lower to middle income bracket, the Government has seen fit to double, in most instances, or highly increase the amounts that will have to be paid by these people.

Then as it moves up, we find that the deputy or assistant non-professional managerial personnel moves up from \$1,500 to only \$2,000. Chief Executive Officers, Managing Directors goes from \$2,000 to \$4,000, but professional managers and others occupying positions for which qualification are required at or through an institution of professional training, example: Chartered Accountant, Bankers, Surveyors, Architects, Doctors, Engineers et al, only goes up from \$2,000 to \$3,000. What is happening for example is, where an Executive Secretary doubles in amount or a skilled tradesman who may be needed for

purposes such as building or in areas such as electrical or whatever, the fee there is doubling. When you get into the professionals, it is moving from \$2,000 to \$3,000, it is only going up by 50 per cent.

Therefore, I submit that the trend with the Caymanian Protection Law increases in the Regulations has been to put heavier increases on the non-professional people and to put the incidents or the heavier part of this tax unto people who are needed most by the local residents. Further, these people are normally employed by people who can least afford to have large increases put upon them. This also goes on to deal with Permanent Residence from \$10 to \$50 and for the grant of such certificate, from \$100 to \$400.

Once again we come back to an area that affects local people and we see that a temporary Gainful Occupation Licence, and that is normally for 30 days, but can be extended for a further 60 days by the Board, move from \$40 to \$75 or nearly double, whereas managerial and professional workers go from \$100 to \$150 or about a 50 per cent increase.

Once again the impact here is going to bite harder into people of a lower or middle income bracket because they are the people who would be employing skilled and technical workers whereas the large firms that employ managerial and professional workers are paying somewhat less.

So, as I see it, the direct result of the Caymanian Protection Regulations is to put the larger part of the increases on the little people. It is a known fact that the Gainful Occupation Licences have become important to everyone on the Island and when I deal with the statistics it will be seen that there are nearly the same amount of non-Caymanians in employment as there are Caymanians; this means that work permit fees touch just about everyone, whether it is employing someone for domestic purposes or as a baby-sitter or whether it is employing them as clerks, secretaries or whatever. By the looks of it, if the work that is lined up by Government goes on, those permits are going to have to be issued at a more rapid rate or, alternatively, we will have far more people having to come in because more jobs are being created.

We move off the area of the tax increases and go on to deal with one of the other amendments that has been brought in.

The driving permit for foreign licence (which is a permit that people from abroad who wish to drive here have to get), had originally been set from \$2.40 to I think \$12, and then it was reduced in the subsequent regulation that was circulated to \$4.00. This does not affect people locally to a large extent because it falls directly on the tourist, but we see here a rethinking of one of the taxes that was put on and we see a considerable reduction from what was proposed to what is now going to be put up in the Traffic (Amendment) Regulations. I point this out because so far I have not seen, but hope to see reductions in taxes that affect local residents directly. There had to be a radical rethinking in relation to the tourist then I feel that there should also be reduction in areas that affect local residents.

The Law which is called the Miscellaneous Duties and Fees Law (as amendment area I dealt with earlier), is indeed a strange animal. It attempts to amend four laws very comprehensively in one single law itself. I am not here to criticize the draftsmanship of it, I want to point that out. I believe there was method and reasoning behind why this has come forward in this form. It is obvious that it is going to reduce the number of votes on different areas of four laws if amendments had been brought to them. It throws everything together into one law which can only lead further to confusion when attempts are made to reconcile what is going on at present.

This Law itself - I think it is referred to as an Omnibus Law or something - is also dealing with Schedules to the Customs Law, very lengthy areas of the Judicature Law which I would like to look at in some detail; it goes on to deal with amendments also to the Stamp Duty Law that I mentioned earlier.

The balance of the taxes are in Regulations which are made directly, or in one instance I think has to be laid before the House; the instance of the Planning Regulations. They come under separate cover and I will deal with those separately.

**MR. PRESIDENT:**

Before we adjourn, I should like to draw Members' attention to something in relation to Standing Order 41(1) which was being discussed earlier.

It is Circular No. 3 issued by the Clerk of the House and provided to all new Members when they join the House by the previous Clerk. This circular was issued by a previous and long-standing Officer of this House recently much praised and rightly so, by several Members and indeed mentioned as a suitable person to be Speaker. So I invite the attention of all Members to paragraph 4(h) and 5 of circular No. 3 from the Clerk of the House. I am sure the Clerk can supply copies of this if Members do not have them.

The Honourable the First Official Member.

## ADJOURNMENT

**HON. THOMAS C. JEFFERSON:**  
House until 10 o'clock tomorrow morning.

Mr. President, I move the adjournment of this honourable

**MR. PRESIDENT:**  
Aye...Those against No.

I shall put the question. Those in favour please say

**AYES.**

The Ayes have it.

11th July, 1990

Hansard

869

The house is accordingly adjourned.

**AT 4:30 P.M. THE HOUSE STOOD ADJOURNED UNTIL 10:00, THURSDAY, 12TH JULY, 1990.**





**THURSDAY  
12TH JULY, 1990  
10:23 A.M.**

**MR. PRESIDENT:** Prayers by the Member for Tourism, Aviation, and Trade.

**PRAYERS**

**HON. W. NORMAN BODDEN:**

Let us Pray.

Almighty God, from whom all wisdom and power are derived:

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

Bless our Sovereign Lady Queen Elizabeth, the Queen Mother, Philip Duke of Edinburgh, Charles Prince of Wales, Diana Princess 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 Members of Executive Council 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, Amen.

Our Father, who art in Heaven, Hallowed be Thy Name, Thy Kingdom come, Thy will be done, in earth as it is in Heaven. Give us this day our daily bread: And forgive us our trespasses, as we forgive them that trespass against us: And lead us not into temptation; but deliver us from evil: For Thine is the Kingdom, the power and the glory, for ever and ever. Amen.

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

**MR. PRESIDENT:** Proceedings of the House are resumed.  
The Honourable First Official Member.

**STATEMENT BY MEMBERS OF THE GOVERNMENT**

**INTERIM REPORT OF THE STANDING FINANCE COMMITTEE**

**HON. THOMAS C. JEFFERSON:**

Mr. President, the Finance Committee this morning met shortly after 9:00 o'clock and we took the majority of time dealing with procedural matters. We found that at 9:50 A.M. we had still not dealt with any issues which we had put before the Committee, that is, the Hadsphaltic settlement and the Civil Service Salary Award.

A Motion was moved that the Finance Committee proceed to deal with the salary increase and that was approved.

Prior to the Motion being approved the President of the House was alerted to the fact that it seemed to him, (that is, the Chairman) to be the view of Finance Committee that the Committee would vote for proceeding to deal with the salary issue, as it is now becoming an urgent matter.

Mr. President, if you wish, Sir, I can move the adjournment of this honourable House now or in a few minutes, as you wish.

**STATEMENT BY THE PRESIDING OFFICER**

**MR. PRESIDENT:**

I think maybe a suspension is probably sufficient rather than adjourning. I say that in the hope that you may finish the Finance Committee's proceedings before 4:30 P.M.

I would like to make one remark though, before we suspend. I think perhaps inadvertently one of the Members of Finance Committee suggested that the President being late was the reason for the Assembly opening late in the mornings. I am not over sensitive about this but I think that the point needs to be made that the Assembly only opens when a quorum is present. And, furthermore, any Member who is actually in the House before ten o'clock will see me ordering my papers on the desk, so I am ready. It is entirely up to the House to provide a quorum.

The other point is that the President of course, is at the disposal of all Members and the Clerk in the Clerk's office, before opening to deal with procedural and other matters.

While I am about it, I think I really should remind Members that our tea breaks and lunch breaks seem to be getting longer and longer.

On that note, the House is suspended to enable the proceedings of Finance Committee to go forward and hopefully to conclude.

The House is suspended accordingly.

**PROCEEDINGS WERE SUSPENDED AT 10:30 A.M.**

**[FINANCE COMMITTEE MET]**

**PROCEEDINGS RESUMED AT 4:31 P.M.**

**MR. PRESIDENT:** Proceedings of the House are resumed.  
The Honourable the First Official Member.

**PRESENTATION OF PAPERS AND REPORTS**

**REPORTS OF THE STANDING FINANCE COMMITTEE**

**HON. THOMAS C. JEFFERSON:** Mr. President, I beg to lay on the Table of this honourable House, the Finance Committee's Report for today's meeting held on Thursday, 12th July, 1990.

**MR. PRESIDENT:** So ordered.

**HON. THOMAS C. JEFFERSON:** Mr. President, the Committee considered four matters. The first being the Civil Service's Salary Award. The Committee agreed unanimously to approve the award of \$9.4 million Cayman Island dollars.

The second item which the Committee considered was a claim by Hadsphaltic International Limited on the West Bay Beach Sewerage project, a sum of \$750,000 and that also was unanimously agreed.

The Committee considered two other matters. One was the Virement where we had agreed to allow \$300,000 to be vired from Head 41-012 - Government Offices to Head 41-022 - School Buildings to allow the completion of the Industrial Arts Centre at the Cayman Brac High School.

And fourthly, the Committee agreed that a sum of \$4,848.30 be charged to Head 28 - Portfolio of Health and Social Services and sub-head 07-014 which is Fees Consultancy, for the re-drafting of the Pharmacy Law and Regulations.

Lastly, the Committee agreed to suspend Standing Order 72(5) to enable the Report of this Committee to be laid on the Table without the Minutes.  
I thank you, Mr. President.

**MR. PRESIDENT:** Thank you.  
Under Standing Order 67(4), the House has deemed to have agreed to the Report of the Standing Finance Committee.

**SUSPENSION OF STANDING ORDER  
(Supplementary Estimates)**

**STATEMENT - FINANCE COMMITTEE PROCEDURES**

**BROADCAST OF PROCEEDINGS:**

Before we move to the adjournment, there is just one small point and that is to do with the broadcasting of the proceedings of your Finance Committee meeting. We have during the day researched exactly what the requirements are and it is rather a grey area. I would feel more comfortable if the House as a whole would agree the view of the Finance Committee that the proceedings be broadcast. This is separately from proceedings being held in public, which is entirely within the Committee's prerogative, but allowing the proceedings to be broadcast, it is not at all clear whether that is a matter for the House or the Committee. I think it would be safer if we were to have the whole House agree, and I am sure that they do agree, that the proceedings be broadcast.

Is that in order? Can I take that as agreed?

**MR. W. MCKEEVA BUSH:** Do we need a Motion for that, Sir?

**MR. PRESIDENT:** Again, it is not at all clear, I am just... I think I would feel more comfortable if it is on the record in this way.

**ADJOURNMENT**

**HON. THOMAS C. JEFFERSON:** Mr. President, I move the adjournment of the House until ten o'clock tomorrow morning.

**MR. PRESIDENT:** I shall put the question. Those in favour please say Aye...Those against No.

12th July, 1990

Hansard

873

**AYES.**

The Ayes have it.  
Accordingly the House is adjourned.

**AT 4:37 P.M. THE HOUSE STOOD ADJOURNED UNTIL 10:00 A.M., FRIDAY, 13TH JULY, 1990.**



**FRIDAY  
13TH JULY, 1990  
10:12 A.M.**

**MR. PRESIDENT:**  
Cayman.

Prayers by the First Elected Member for Cayman Brac and Little

**PRAYERS**

**CAPT. MABRY S. KIRKCONNELL:**

Let us Pray.

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

Bless our Sovereign Lady Queen Elizabeth, the Queen Mother, Philip Duke of Edinburgh, Charles Prince of Wales, Diana Princess 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 Members of Executive Council 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, Amen.

Our Father, who art in Heaven, Hallowed be Thy Name, Thy Kingdom come, Thy will be done, in earth as it is in Heaven. Give us this day our daily bread: And forgive us our trespasses, as we forgive them that trespass against us: And lead us not into temptation; but deliver us from evil: For Thine is the Kingdom, the power and the glory, for ever and ever. Amen.

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

**GOVERNMENT BUSINESS**

**BILLS**

**SECOND READING**

**THE MISCELLANEOUS DUTIES AND FEES BILL, 1990.**

**MR. PRESIDENT:**

Proceedings of the House are resumed.

Item two of today's Order Paper is the continuation of the debate on the Second Reading of the Miscellaneous Duties and Fees Bill, 1990.

The Third Elected Member for George Town, continuing.

**MR. TRUMAN M. BODDEN:**

Thank you.

Mr. President, the impact of the taxes in this \$8 to \$10 million package of Fees and Stamp Duties and Import Duties is going to impact far more on the low income and middle income brackets than any where else.

The statistical abstract for 1989 of the Cayman Islands, at page 35 shows that there are 8,100 Caymanians employed, a total work force of 15,500 people working in the Islands. The impacting of the taxes is going to fall much heavier on the Caymanian people and Caymanian residents than they will fall on persons who are on work permits or just here on temporary employment.

When we look at the size of this tax package and further, we find that it is not going to just be the direct bite of the taxes on the income of the people, but we are going to find that taxes use a multiplier of about -2.5 per cent or more when these are put into effect. I say, "or more", because what the Honourable Financial Secretary has used is that which is used in the United States. This has to be adjusted downwards for obvious reasons that they are a country with income tax and therefore the bite is less because of the refunds and the exemptions that arise under it.

At page 17 of his speech, and I should point out this naturally is also the Elected [Members' of] Government views, they have approved it and he says this at the bottom of page 17 and the top of page 18:

"In other words, a total of CI\$8 million in new revenue could possibly decrease national income by CI\$20 million, and a total of CI\$10 million in new revenues could possibly decrease national income by about CI\$25 million. These are very rough guesstimates, however, and may not hold if the

Cayman fee-change multiplier is very much higher than -2.5, which it must be emphasized again is a U.S. estimate."

So what we are looking at is a national income decrease which is about two and half times the size of what the taxes will bring on. If you put that direct tax, the \$10 million on 15,500 workers, you are looking at \$645 impact per annum and if it goes to the Caymanian sector mainly which I submit it must go, then it is \$1,234 dividing the \$10M by 8,100 Caymanian workers. It goes beyond this, because the multiplier in terms of national income, that is if money has to be paid out, then that money can not be used to make a profit or generate further revenue. Then you are looking at somewhere in the vicinity of about \$1,700 if we use the 15,500 and somewhere in the vicinity of \$3,000 if we use only the Caymanian work force.

The opposite to this is that there is a public spending multiplier if, and only if, this money moves back into circulation. We know that it will not go into circulation directly back to the people from whom it came. When you look at that amount, we realise that in this same statistical abstract the gross domestic product per capital was \$15,000 in 1988. We subtract from that the loss in income which directly or indirectly will impact upon the local resident and the Caymanians, we are seeing a very substantial reduction in income.

This has to be felt as I will show later with different tax increases by a reduction in the amount of money that can be spent on basic food necessities. The housewife will ultimately feel the pinch and it is the housewife and the children which unfortunately these taxes are going to hit hardest.

It was bad enough in with the last Government when they brought a package of something over \$5 million, but to drop \$10 million of taxes on the people all at one time is to me a total disregard for the welfare of the children and the housewives and especially those who are not working and are not capable of having the type of income to be spent as they wish, such as children and many housewives.

An impact of this size when you are dealing with a per capita income of \$15,000 and we are looking at a drop of probably a \$1,000 to \$1,500 out of that indirectly or directly, that is going to hurt and it is going to hurt bad.

The Government has mentioned that they had certain options with bringing this tax measure and the options were: 1) To introduce more efficient systems for collecting existing fees or, 2) Reduce existing or proposed expenditure, or 3) To increase the level of existing fees; or 4) To introduce new revenue measures.

I submit the fourth one, at least as far as it impacts on the people of new revenue measures, I think this country has exhausted about all of the indirect revenue measures it can do. So the choice between reducing existing or proposed expenditure or increasing taxes on existing fees, the Government has chosen to increase the levels of the existing taxes. I want it to be made abundantly clear that when you are dealing with a tax package of this magnitude for the Government to totally reject the option of decreasing existing or proposed expenditure has got to be a situation where there is a total disregard for the hurt that this is going to put on the people of the Cayman Islands.

It comes back to the same problem that we have seen throughout that Executive Council must have its way and it must spend the peoples' money as it wishes and to such an extent as it wishes on projects which, we the Backbenchers, say are exorbitant and the money could be better spent with doing substantially the same job in a much cheaper way.

There is a further option that has not been dealt with and it is the option to utilize the 12 per cent as we heard yesterday, in last years increase in the revenue of the country, and some 18 per cent increase in revenue the year before. This \$10M is between seven or eight per cent of the revenue, therefore, annually increases such as this should come from the increases that are natural in the revenues of the country. If that is not used for these purposes then it is going to be spent on these exorbitant projects that are hanging in the pipeline for it to be used for.

I say that Government should have used the option of reducing the future expenditure and their further option is that they should have utilised what is and has been historically an annual increase of between 12 to 18 per cent in the revenue which would give double the amount per annum at least in the 18 per cent year of increase of this tax package.

So the stage is being set not to deal with the present but is set to deal with vast expenditures for the future. It is sad that we saw the approach that was taken to the diversification of the economy because that is, I submit, a further option to find a way to raise revenue for the Government through diversifying its revenue and its economic base so that this would come in naturally, preferably from off-shore industry.

Where fees, which are increased on off-shore companies, entities whatever, do not directly impact on Caymanians and local residents we see that except with one of the many heads and I quote 'Head of Revenue', because much has been said about this being 14 revenue heads under those heads there are a multiplicity. In fact, probably in the area of 70 or 80 different items from what I can see that have been increased.

Another option would have been for the Government to come up with some imagination and try to diversify the economy to the off-shore side and bring in new revenue that is not going to be taken from Caymanians and especially from the children and the housewives in this country.

There is a traditional and accepted principle that Governments during a boom period should save and their spending should be done during the time of a recession. That makes good sense because in a boom period Government is in a position to reduce and cool off the over-heating in the economy by holding back on its large projects and then when a recession comes, using funds to spend during that period which would assist people that may be unemployed at the time. It would level out the economic cycle

considerably.

Secondly, excessive heavy spending during a boom period is going to have very serious effects on Immigration, the number of work permits, the number of people in this country who are coming in and as I have just pointed out, the number of Caymanians to foreign nationals working in this country is nearly equal. There are 8,100 Caymanians out of a total amount of 15,500 people in employment in 1989, under the 1989 statistics.

I submit that we should have looked at other alternatives that there was no need to have put this tax on at this time. In any event taxes are brought with a budget, not mid-term. In fact, these were introduced in the Throne Speech, which is about as unusual as anything that has happened in this country before, but it was this rush, rush, for Executive Council to have its way and spend the money of the day.

Now, in reference to that I would be adopting certain parts of what had been said back on the 11th of December, 1985. Here I will be reading from the Hansard, at page 30 and this is Mr. Linford Pierson in his debate in relation to Customs Duty. At page 30, he said this, and I adopt it: Why should the people of this country suffer? This Bill seeks to raise from eight cents to 13 cents the Customs Duty on motor gasoline and diesel oil.... The sad thing about this is that by the time the consumer buys the gas at the gas station, he will be paying much in excess of five cents.

I quite agree with that statement. The question of the impacting of the gas and the diesel increase which was only a 60 per cent increase compared to nearly a 100 per cent increase now, he said words to the effect that "little people" seem to be an insult in this House, so I will use the word "less fortunate", then they will find out that the reasons why people are so much opposed to these increases. The same situation now is arising.

A further section that I adopt, he said:

"The reason for the problems they are having in trying to balance the Budget should not be pushed down the throats of the people who cannot afford these drastic increases."

The position at present is very much the same when it comes to what is happening with an increase on exactly the same duties on gas and diesel because it is going to affect - to use his phrase "the little man", or the "less fortunate". People in the lower income bracket are whom this is going to impact and if in 1985, approximately half that increase was so hurtful to them, how much more is it going to be now that gas and diesel have just about been doubled? It has jumped from 13 cents to 25 cents and when that statement was made by the now Member for Communications it was going from eight cents to 13 cents.

The situation is the same. We have already seen increases at the pumps and we can be assured that it is not going to be in due course the same 12 cents per gallon increase. It is going to be more. Remember, they too, as was pointed out in that argument, are going to be paying higher fees for permits, for Trade Licenses and a multiplicity of other things that have gone up now. We are heaping double the amount of suffering on the little people.

Now, looking at the situations then, and the situations at present we find many similarities which can perhaps be looked at. At that time shortly thereafter a petition was sent to the Secretary of State, and I am using this from the point of view of its adopting its similarity, it said this at paragraph 3:

"The present elected Government of the Cayman Islands have as the sponsors see it, lost their popular mandate, especially in disregarding the wishes of the people of this country in imposing heavy taxes."

In imposing heavy taxes, and that has been a song throughout, but it is doubly true at this stage because the taxes put on now are double the amount that was brought in December of 1985.

**MR. PRESIDENT:** Are you all right?

**MR. TRUMAN M. BODDEN:** Mr. President, I would like you to look at this note, please.

**MR. PRESIDENT:** If it is to do with the Business of the House, yes.

**MR. TRUMAN M. BODDEN:** It sure is.

**MR. PRESIDENT:** If you wish me to look at it, I will. Perhaps while we are waiting, I have a note here from the Clerk, sorry I just wanted to.... Would you sit down for a moment because I am going to read this if it is to do with the House.

#### AFTERNOON APOLOGY

While we are waiting, I just want to read a note of apologies from Mr. McLean, the Elected Member from East End who is unwell and therefore sends his apologies to this meeting.

The note... I do not think I should read it out. I think there is a point here, Standing Orders cover interruptions and I think that means all interruptions. They do not cover the

passing of notes. I think this is probably a matter for you to deal with, with the Member who passed it to you. Certainly it is not for the Chair to read it out, that is clear enough.

**MR. TRUMAN M. BODDEN:** I would hope not, Sir. Since you asked me why I was so surprised, I thought I should let you know.

**MR. PRESIDENT:** Entirely understood, please continue.

**MR. TRUMAN M. BODDEN:** I guess some day, Mr. President, some people may have the hope of growing up.

The other area that I would like to deal with, is one that relates to a way in which the Government could have reduced (if not totally left out), this large amount of duties. We heard from representatives of the Civil Service, in relation to their salary increases, that they had been put forward at one stage the acceptance of taking their pay increase as to 15 per cent this year and the balance of some eight plus per cent next year.

**MR. PRESIDENT:** I do have to interrupt you. Proceedings of Finance Committee and Finance Committee as I understand it, unanimously approved the recommendation by the Government with regard to the increase. So I do not think you can traverse arguments about might have been, when it was unanimously approved.

**MR. TRUMAN M. BODDEN:** Well, Mr. President, I will withdraw as relates to that. I would phrase it another way. If the Government had seen fit to have had the economic sense to have dealt with the taxes in two stages instead of bringing a part of them on this year and a part of them on next year, then there would have been no need whatsoever for any taxes. It was with this in mind, that we could well have dealt with these increases within the usual run of the mill economics and fiscal procedures of the Government. It seems to me that the Elected Executive Council Members' aim has been to bring this all at once and not only to use the Civil Service as the excuse but to bring enough at one time to attempt to do what they need to do for several years to come in the line of investment.

While on this, may I say that the time has perhaps come when there should not only be a salaries review but there should be a review of the pensions structure and especially that part of the law in which pensions are still discretionary in the Governor or in the Crown. I believe that this is out of date and while some provisions have been made in the budget this time, I feel also that there should be an updating and each year provisions for pensions, should be brought in and should be increased. I believe it was only 15 per cent or something that came in this year. This is money that has been worked for by civil servants and it is owed to them...

**MR. PRESIDENT:** I am sorry to interrupt you, but this is surely nothing to do with this Bill before the House.

**MR. TRUMAN M. BODDEN:** But, Mr. President, money has been...

**MR. PRESIDENT:** The pensions of civil servants has nothing to do with the Bill before the House. I do hesitate to interrupt you, but I have made it clear that I believe the House has got to adhere more strictly to Standing Orders.

**MR. TRUMAN M. BODDEN:** May I then talk about the percentage that has been put into the tax increases, the increases on the pensions relating, that has been put in by the Financial Secretary, some 15 per cent, I think.

**MR. PRESIDENT:** Sorry, I do not quite follow which tax it is.

**MR. TRUMAN M. BODDEN:** There is a provision, as I understand it, in coming to the \$9.4M for civil servants' pay raise. Into that is a provision for pensions. Is that correct?

**MR. PRESIDENT:** Which was agreed by Finance Committee yesterday as expenditure.

**MR. TRUMAN M. BODDEN:** Yes, Sir, you are saying that I should not comment on anything that has been agreed yesterday. I am not disagreeing with it.

**MR. PRESIDENT:** No, no, please let me try and explain myself. We have had some very, very long speeches in this House in the last 22 or 23 days. My understanding was that Members wanted to get the Business of the House through, and I am sorry that it should be you who is interrupted. I am directing my remarks generally. The Bill is about raising revenue. The expenditure side was covered by Finance Committee yesterday, therefore, I do not believe it is relevant to this Bill to go over the expenditure. You have and you may question what the real reasons for the revenue proposals are, you have done that at some length and quite thoroughly. I do not think that you can go over expenditure proposals which have already been agreed by the House.



**MR. TRUMAN M. BODDEN:** Mr. President, without questioning what you have said, as I understood it, this is a package which had expenditure ear-marked to civil servants and raising of taxes and this has been the whole Government in putting this forward as a package and I was only attempting to look at the package. I will go on, Sir.

**MR. PRESIDENT:** I must reply to your point because there must be a clear understanding. This Bill is about revenue proposals. It is perfectly true that as I understand the way the Government has put it, the revenue is raised in order to finance the expenditure proposed and accepted yesterday by Finance Committee, but the debate, the discussion on that expenditure has taken place in Finance Committee, that is the point that I am making.

**MR. TRUMAN M. BODDEN:** Well, I will keep off expenditure, but I just mention that I will be taking points on anyone else that may raise it on the other side too because as I am entitled to, I will start taking Points of Order on these things too.

**MR. PRESIDENT:** I would like to assure you that I am going to try generally to take the line in regard to Standing Orders about the content of debate. It will be very difficult and I am sure that many Members will feel that they are not being treated fairly, but I am going to try.

**MR. TRUMAN M. BODDEN:** I appreciate that, Sir, and thank you.  
On what is being reduced on import duty, what we find is reductions in tea, chocolate products, pharmaceuticals and the allowance to passengers who are coming back into the islands. That is really only in my opinion thrown in to try to cloud the issue by saying we have reduced taxes in a few areas when we know that this has got to be peanuts compared to the \$10M package. Most significantly in the reductions, we just saw reduction in an amendment which is going to bring the proposed \$12 that was going on the tourist drivers licenses down to \$4. That does not help Caymanians at all. Tea - few Caymanians drink tea to any extent, chocolate - similarly it will effect not that many people Pharmaceuticals is really a very interesting one because while Government increases its fees on the hospital, drugs, pharmaceuticals tremendously....

#### POINT OF ORDER (Misleading)

**HON. D. EZZARD MILLER:** Mr. President, on a Point of Order, the Member is misinforming the House. No increase has been put on pharmaceutical drugs at the Hospital; pharmaceutical items have always been sold at cost and that remains so.

**MR. TRUMAN M. BODDEN:** Mr. President, I rephrase that to deal with the Hospital fees which I submit are relevant to this because they are directly related to pharmaceuticals, but I accept that there has been no reduction. If he says so, I accept that there has been no increase rather in pharmaceuticals. So what we see here is that while the cost of medical services go up by Government, they come down in the form of reduced pharmaceuticals in the Customs Duty.

This impacts considerably because people in the poorer economic bracket we know go mainly to get services and treatment at hospitals mostly and do not buy at least prescription drugs from private pharmacies. So while it is good, and I will say it is good, that Government did throw in a few reductions, they are really minimal and not significant.

If I may draw - because this I know has already been raised from time to time - the Government of 1976 to 1984 of which I was a part, reduced import duty on many items. In 1981 duty was removed from seven items, condensed and powdered milk, refined sugar, coffee, fish, teas and macaroni. In 1982 import duty was removed from oat meal, cream of wheat, dry macaroni; 1983 it was removed from dry cereals, kerosene oil and stoneware and also the import duty on cars was reduced from 33.3 per cent to 27.5 per cent.

It is unfortunate that this trend was not continued in areas which would help people who were buying basic necessities and dealt with year after year so that we could find that those with a standard of living which was somewhat low, could be helped more or the 'little people' I should say, would be helped by taking import duty off areas that affected them.

I guess it is that age old phrase the question of country before self. We are putting the heavy taxes on the country so that Executive Council, joined by the First Elected Member from Cayman Brac who has really coined this phrase, I should say, so that the Executive Council can put its views itself before the hurt that is going on the country.

I should mention that the list that I gave of reductions was not exhaustive because we also took it off chicken and some other things on the following year. We have also seen an increase in Port fees just recently at a time when the Port has some \$900,000 of profit. It cannot be fair, I think, to try to use recurrent revenue to deal with capital expenditure fully.

Matters such as post-office fees have recently been increased. Looking now more specifically at what has been done with the fee increases we find that in the Trade and Business Licensing, there has been a 25 per cent increase, or from \$300 to \$400 mainly in the technical and the professional area. There has been an increase in management companies, there have been increases on licenses relating to the barber, building and engineering trade, job printer, cargo, super cargo, and increases on bulk fuel installations which on propane gas which will impact once again directly on the people. The contractors licenses have been

increased, wholesalers, restaurants, those relating to brick work, block making, quarrying, miscellaneous manufacturing, transport, utility services, just about everything in the line of trade licenses have increased.

We also find that there have been increases in Court fees and while on this, hopefully if Court fees are going to be increased by this tremendous amount, somewhere along the line there will be some consideration for having the extra Courts built that will provide some convenience to the people who have to pay these fees and also to the judges and magistrates and staff who at the Courts are very crowded. In fact, that has become urgent that something be done there.

I was attempting to add up the number of items in this and it is really very substantial. I did not finish but somewhere in the area beyond 35 or 40 different items that have increased and it affects everything from the filing of cases through to dealing with taxation of cost. Bankruptcy fees have been put up, bailiff fees and these are all things that in this day and age will have to be paid for.

The other aspect that I would like to refer to is that every year the Government sees supplementary expenditure coming before it and the relation here is to the fact of how these taxes should not have been brought for this reason. Supplementary expenditure is brought in every year. In the past two years or there about, there has been somewhere in the range of about \$15 million in supplementary expenditure, lesser amounts in other years, that is financed out of the revenues of the country without bringing on any taxes.

When I added up the new services that came in the Appropriation Law from 1985 to 1990, it is some \$10.5 million and we must remember that this is recurrent expenditure, same as the increase for the civil servants is. It shows that all of this could have accumulated over the years and money be found which every year arises.

The point I am putting forward is that it is the equivalent of recurrent revenue. If every year there is \$5M or \$8M in supplementary expenditure, it becomes the equivalent of recurrent expenditure every year. If that can be financed without taxes then this increase to the civil servants should have been.

Another point that I would like to make is that there can be no doubt that the tax measures brought forward, while they have been put forward by the First Official Member, are in fact the policy of Executive Council of which the four Elected Members have the say in this respect. That is substantiated by a statement made at page 2 of the *Caymanian Compass* of Thursday the 7th of June, 1990 in which the Member for Education had this to say: "Further, the Financial Secretary can only propose what Executive Council tells him to propose, he has no power to do it on his own."

Not my statement, but a statement made by the Member for Education. I am not adopting that statement, I should say, but there can be no doubt that the taxes that have been brought here, are taxes that the Elected Government are clearly in acceptance of the bringing of them. Hopefully...

**MR. PRESIDENT:**

I must interrupt you, I do not quite follow your argument. It is a fact that the Government is proposing these revenue measures. It is a Government Bill and that is the Government as a whole, the bench opposite you. I do not quite follow whether you are saying that it is improper or incorrect or inappropriate or what.

**MR. TRUMAN M. BODDEN:**

No, Sir, I am not saying that it is anything of that sort. What I am saying is that the four Elected Members of Executive Council, and I will tell you why I refer to it, because at one stage a Member said words to the effect that if you think you like the Financial Secretary, wait until you see the taxes he is going to bring. What I am saying is the Government cannot put the taxes on the Financial Secretary's shoulders. It is a policy of the Government.

**MR. PRESIDENT:**

That is absolutely correct. That is why I was not sure what your point was, that is why I interrupted you. I now see, you are saying it is the policy of the Government to bring this Bill.

**MR. TRUMAN M. BODDEN:**

Yes, Sir, of which the four Elected Members are a very integral part.

**MR. PRESIDENT:**

No question about that at all, but this is a statement of the obvious. This is why I am wondering what you are talking about?

**MR. TRUMAN M. BODDEN:**

Mr. President, sometimes having read what to me did not appear to be obvious, coming from one of the Members, I thought I should point out before any attempt comes to shift the blame for the taxes elsewhere, that I make the point that it is a policy of the Government not of the Financial Secretary.

The other area that I think has to be looked at carefully is the Member for Tourism, and in fact the tourist industry generally, keeps saying that tourism has suffered because of high prices and the impact of some of these indirectly, but directly with things such as the license to drive hired vehicles, will move up the price in the tourism industry. So will the increase on items such as fuel, diesel, and gasoline be a direct increase to the tourist coming here. I would hope that these have been weighed very carefully because once again if Government gets a penny in one area, and it loses two in another area, it has not achieved anything on the overall.

What I found significant was the way in which the 14 items affected different areas and I refer to the speech made by the First Official Member and a little graph that is found at

page 15, table 2 and that shows that the business cost effects with the exception of the visitor's drivers licence will impact directly on local businesses and local people.

One other area is that inflation is going to spiral because you can not put on this amount of taxes and expect inflation to stay the way it was before or to go down. It has got to go up and in that same graft the inflationary effects will come from every item with the exception of the visitors drivers licence fees. There has to be now a considerable inflationary impact, which means that the dollar becomes less valuable, prices will go up, the dollar will buy less and therefore the standard of living depending on where Government spends its money is going to be very considerably reduced.

I would now like to summarize what I have mentioned very briefly. We will see the impact of the taxes in this \$8M to \$10M package going directly on to Caymanians and local residents. The Government had alternatives to bringing these tax measures, there is some \$30 odd million between surplus and reserves, about half of each. There is a 12 to 18 per cent growth in revenue every year and from this the taxes could have been left out and from this those funds could have been used. The splitting of the taxes, if Government felt it had to bring it over several years, seems to be an alternative that would not have hurt the people as much. We know as a fact that the national income will be decreased between \$20M to \$25M which will impact in the area of \$3,000 average per Caymanian or about \$1,700 taking all employers into consideration.

I believe that taxes should not have been tied to the Civil Service who must remain independent of politics and political pressures and not get involved in what is going to be harmful to them with the attitudes that people will take when they come to regard as the Government has urged that the increases had to come on because of the increase in civil servant salaries.

In fact, some of the amounts under the chart given by the First Official Member are not in the low impact range, but in the medium impact range. One of those was the gas and the diesel which moved up by nearly a 100 per cent and is going to hurt Caymanians through increased motor car expenses, increased electricity, increase water and ultimately this will mean that food prices will go up. The pitifully little that has been reduced from Import Duty is to me minimal and is only thrown in to try to ease the impact of these heavy taxes.

Most importantly the \$10M tax package is going to hurt the people in the lower and middle income bracket worse. It is going to hurt the little people. The sufferers are going to be the children, the wives and the elderly who may not have independent incomes.

As was pointed out by the First Official Member, if there is an increase be it on gasoline or liquor or any of these areas that they have put in the budget it is going to adjust itself to deal with what people regard as necessities.

Unfortunately with many people the young and the elderly do not come in to being relieved of the burdens that they should be relieved of. It is going to mean less grocery money and a decrease in the money available for bread and necessities in houses.

If this Government regards that that is what they wish to build their many projects, be they roads, hospitals, port, whatever, with money that is ultimately going to be taken out of the mouths of the young, the elderly and those who are not in an independent income bracket, then it is on their shoulders, Sir.

**MR. PRESIDENT:**

Proceedings are suspended for 15 minutes.

**PROCEEDINGS WERE SUSPENDED AT 11:21 A.M.**

**PROCEEDINGS RESUMED AT 11:54 A.M.**

**MR. PRESIDENT:**

Proceedings of the House are resumed.  
The Honourable Member for Communications.

**HON. LINFORD A. PIERSON:**

Thank you, Mr. President.

I rise in support of the Miscellaneous Duties and Fees Bill, 1990. I will endeavor to deal with the points raised by the First Official Member in the presentation of this Bill and trust that I will not fall in the category that Abraham Lincoln placed one of his political opponents when he said, "he can compress the most words into the smallest idea of any man I met". I will endeavor to deal as concisely with this Bill as I can.

I believe that the increase of these revenue measures is well understood and that these increases are understood by each Member of this honourable House as being necessary. I realize that a lot of politics sometimes take their place and play a major role in the discussions at any political forum. This honourable House is in this respect no exception.

Before touching on the major substance of the presentation made by the Honourable Financial Secretary, I would point out that it was through the financial prudence of this Government why it was seen necessary to bring the 14 revenue measures proposed in the Bill. We could have taken the course suggested by the Second Elected Member for Bodden Town and the Third Elected Member for George Town if we had taken the position of ignoring the fact that to have used our Surplus and General Revenue would have been a most imprudent financial position to have taken.

It is true that our Surplus and General Reserves are in the vicinity of \$34M, but it is also true that by the end of the year our surplus position as is reflected in our budget is estimated to be in the region of \$1M.

To have endeavored to have taken \$9M out of that would have

been an impossible situation, we would have completely depleted our surplus position and would have gone in the red to the tune of about \$8M, thus putting us in the position where we would have had to have taken funds out of the General Reserves. This is a position that we did not want and do not contemplate doing as prudence would dictate that this Government should always have a very sound and healthy financial position.

There was one remark which was made by the Second Elected Member for Bodden Town and repeated to some extent by the Third Elected Member for George Town which I would like to correct. That is that these revenue measures are just measures brought by the Elected Members of Executive Council. I am surprised to hear this coming from two Members who have had the benefit of the experience of being on Executive Council, well knowing that when a decision is made by Executive Council it has the effect of including under the Constitutional principle of collective responsibility each Member of Executive Council be he an Elected Member or an Official Member there is no distinction in this particular regard.

It is not correct to say that the only reason that this measure was brought by the First Official Member is because he was asked by the Elected Member to do so. This was a decision made by Executive Council and we have brought this Bill to the House, like other Bills, under the principle of collective responsibility. So we are individually and collectively responsible for bringing this Bill.

I would like to focus attention on the effects of the revenue increases on the economy and people of these Islands. I have heard a lot of economic thoughts and theories expressed on this Bill and I am not hear to ridicule any Member. They have their freedom of speech, but I wonder how a number of people in the public sector hearing this that have some knowledge of economics will react to some of the theories they have heard expressed on this Bill. We have heard a lot of out-dated theories, we have heard some conation theories and many of the points that were raised are not really applicable to the Bill before us today.

The two Members that I referred to and have spoken on this, the Second Elected Member for Bodden Town and the Third Elected Member for George Town, have only dealt with one aspect of the effects of the revenue measures that are being brought. The Financial Secretary I feel did a very good job indeed in the presentation of this Bill. He took the time to show the pros and cons of the Bill, but unfortunately (and I am sure that this was intentional), the opposition Members speaking dealt with the worst side of the Bill which was the withdrawal effects of the revenue measures.

One of the most important parts of the presentation made by the Honourable Financial Secretary was the spending multiplier effect which has a major impact on this whole Bill. I will deal with this in due course as I speak on this Bill.

The Bill during the balance of 1990, contemplates to raise some \$3 to \$4 million and some \$8 to \$10 million is contemplated for the year 1991. We should also point out that there are various mechanisms for controlling inflation. Unfortunately, I did not hear any of these mentioned by the two Members who spoke on this and I will deal with this also later on. Some of these mechanisms, because of our financial structure are not possible in the Cayman Islands. One such mechanism is always the one that is used most and that is the controlling of interest rates.

I would be the first to admit that some of the suggested increases could cause an inflationary increase, but what the true position or effect on the economy and the people of these islands, is the question that needs to be answered.

I will not try to give my views, but I will reflect on those expressed by the Honourable Financial Secretary which is also supported by the Economic Development Unit of the Government.

The first question is, who will pay the increases? I would like to take excerpts from pages nine through 11 of the presentation made by the Honourable Financial Secretary in dealing with this matter. There are 14 selective revenue sources that will be considered or are being considered in the Bill.

Firstly, under these 14 selected revenue sources we need to consider how these will affect the people of these Islands. Some of the additional increases suggested will be increases in user charges and fees, while others will be retail sales and ad valorem increases. Some of the suggested increases will be levied as additional payments for services provided by Government whereas others will be levied for no new services provided by Government. Some of the suggested increases would be paid by individual income earners only, some by business firms only, and some by both individual income earners and private business firms.

So, it is totally incorrect for any Member of this House to give the impression to the listening public that all of these revenue measures will directly affect the people. There will be some indirect effects, but it is not correct to say that they will all have a direct impact on the people of these Islands. Some of the suggested increases will have a direct effect as I mentioned on individual expenditure patterns and on business expenses while others will have an in-direct effect.

For example, and I am taking this directly from the Economic Paper or the Paper prepared by the Economic Development Unit, which was submitted by the Honourable Financial Secretary. The suggested rate increases on cigarettes, liquor, trade and business licenses, sale of laws, petrol duties, and diesel fuel duties and bank and trust licence fees will likely have the greatest incremental effects on private sector business production costs if adopted and implemented. As can be seen from the appendix to the presentation made by the Honourable Financial Secretary that there will be no effects with regards to Bank and Trust Licence fees during 1990, as most of us know most of those fees are collected in the early part of the year. It is estimated that during the balance of this year we will collect the following duties and I will give this on the high and the low side:

	LOW	HIGH
Cigarettes	\$200,000	\$ 250,000
Liquor	\$350,000	\$ 450,000
Planning Application fees	\$ 65,000	\$ 75,000
Court Fees	\$ 70,000	\$ 80,000
Warehouse Fees	\$ 20,000	\$ 40,000
Traders Licences	-	-
Sales of Laws	\$ 25,000	\$ 30,000
Visitors Drivers Licence	\$200,000	\$ 250,000
Petrol Duty	\$200,000	\$ 400,000
Diesel Duty	\$600,000	\$ 850,000
Land Transfer Fees	\$800,000	\$1,000,000
Work Permit Fees	\$300,000	\$ 400,000

With a total effect that between August and December 1990, we are looking at \$2.8M on the low side and \$3.8M on the high side. So, it is not correct to say that we will be trying to take \$9M to \$10M out of the economy during 1990.

Further in dealing with who will pay the increases, I have just shown where there are certain duties that will affect directly the business production costs, but not the individual. I would just like to repeat that. Cigarette duties, liquor duties, Trade and Business Licences, sales of Laws, petrol duties, and diesel fuel duties and Bank and Trust Company Licence fees. These will affect the business production costs. I will also be dealing with those that will directly affect the individuals.

The suggested rate increases on the fees paid by visitors to obtain drivers' licences will have no effect on business production costs since the increase will fall on visitors only. On the suggested rate increases on planning fees, Court fees, garbage fees, warehouse storage fees and land transfer fees will likely produce a greater and more direct decremental effect on the wealth, disposable incomes, wages and salaries of individual income earners, than the direct incremental effect on private sector business production costs.

The statement further states that the direct incremental income effects arise because individual income earners will now have to transfer a proportionately higher amount of their income to the Government in the form of the fee increase. The point that I want to make is that (and this is with due respect to all economists), I think it is an accepted fact that economics is not an exact science. The most that we can get here in the absence of proper data for the Cayman Islands because it was made quite clear by the Financial Secretary, that much of the data was borrowed from the United States or Canada, in a case like this would have to be a good guesstimate. Unsound foundation, but a guesstimate nonetheless.

On Work Permit fees, the suggested rate increases on work permit fees will likely have the greatest incremental effect on private sector business costs than the decremental effect on housewives' budgets or other individual income earners. We have heard the Third Elected Member make a number of remarks about the major adverse impacts that will accrue to the housewives. He was not able to support that by any substantial arguments.

I will now deal with the second area for consideration, the upward adjustment in the fee structure, as it is quite clear that the argument put forward by the Economic Development Unit was more of a qualitative one, rather than a quantitative one and it was a guesstimate at best. There was really not a lot of information in support of some of the argument which has been made quite clear in his paper.

On the question of who will pay for the increases, we see how the suggested fee increases can become inflationary. Nevertheless, these potential economic consequences pertain mainly to increases whose economic affects are indirect and those increases which appear to have direct economic effects, but which in actuality have indirect economic effects. So to state here that the effects will have all direct impacts is incorrect unless of course, we want to provide our own economic theories and ignore the theories put forward by those who are qualified to do so, for example the Economic Development Unit of Government.

The main point suggested in the table provided in the arguments are made by the Financial Secretary in the presentation of the Bill would be, the fee increases suggested for the 14 items will have potentially different kinds of economic effects and will therefore evoke different reactions depending on who will pay the increases and depending on whether they are perceived as income transfers to Government, and increase in business costs, or they will result in higher consumer prices.

As stated, and I would like to reiterate that the 14 revenue measures or enhancement sources that have been selected are: cigarette duties, liquor duties and I believe that most people of these islands will have no objection to increases on cigarettes and liquor, this is regarded in some countries like the United States and others as a sin tax; those people who want to smoke cigarettes or any tobacco products or liquor of any or any derivative of that substance, let them pay for it for harming their bodies. It is not doing them any good, so if they want to smoke, they will have to pay for that damage they are doing to their bodies. I would not even call it a pleasure.

We have got to remember that it is a free country and we have our freedom of choice. There are some of us that will go and drink at a party, there are others who will smoke their cigarettes, but it is a free country. Nonetheless, we cannot condone it; it is not right. Those who want to be a part of that will have to pay the price. I believe that the listening public will agree with Government that perhaps we

should have doubled or tripled the increase on that because we need to try and root this evil out of our society.

Then we have the planning fees, court fees, garbage fees, warehouse storage fees, Trade and Business License fees, sale of Laws, Banks and Trust Companies License fees, visitors driver's license fees, petrol duties, diesel fuel duties, land transfer fees and Work Permit fees. I have yet to hear any of the previous speakers deal in substance with any harmful effects from any of these recommended revenue enhancement sources. They have not.

On the principle effects of the increases in the suggested revenue enhancement sources, I would like to deal with three major areas. The first area is an increase withdrawal of money from the flow of national income in the economy. The second is the fee change multiplier effect, and the third is the public spending multiplier affects. This is why I stated earlier, that the previous speakers dealt only with one side of this whole matter and that was the increase withdrawal of money from the flow of national income in the economy. There is another side, the reason that they did not deal with these other sides is not in my opinion that they did not know about it because it is quite clear in the paper presented by the Honourable First Official Member, but it suited them not to show the whole picture.

It is important for us to make it quite clear that in all of the increases especially with regards to work permits, maids and gardeners work permits have not been increased. They remain the same. Just to throw in a little bit of spice, I heard very little said about the increase that we are giving to our Caymanians travelling to the United States, who before this came in to effect were able to bring in only \$100 worth of merchandise free of cost. We have increased it by 300%. This is what we think of our people, we have taken duty off a number of items, but we have heard very little said about that. I believe that our people understand what is going on. They know that we could not pay a pay package of \$9 to \$10 million without having to increase some revenues to take care of that. I will show that effect and that is the third affect which is called the public spending multiplier affect. I will deal with that. The Economic Development Unit made it quite clear on the potential economic consequences that they were not given exact information because they can not, as I stated. It is not an exact science, but based on the data available they are able to give very sound projections and this is exactly what the Honourable First Official Member did. He gave us very sound projections and I hope that anybody debating this Bill will use the data that has been provided by the Economic Development Unit that was presented by the Honourable First Official Member who is our Financial Secretary.

I would like to reiterate that there is no data available on the Cayman Islands for this sort of an operation or exercise and that all the projections made on this and arguments for and against is in respect or taken from the United States or the Canadian data which is perhaps more closely related to the economy of these islands.

Let us look at what the Economic Development Unit (and I have a lot of respect for the staff in that unit as I do for the Honourable Financial Secretary who is also an economist), lets hear what the professionals have to say about this. The First Official Member in his presentation of the Bill on the question of the possible money withdrawal effects of the fee increase had this to say:

"All forms of measures designed to increase Government revenues represent a withdrawal of money from the "circular flow" of income in an economy. If the suggested increases fall mainly on private sector business firms, then a larger part of the money earned by these firms from their sales of goods and/or services will not be available to be passed on to the employees as increased wages or salaries or to be used for further business expansion or new investments. If the increases fall mainly on individuals, either directly or indirectly, then a larger part of their earnings received will not be available to be pass back to the business firms in the form of consumption purchases. This is one of the fundamental reasons that most people tend to be politically, as well as economically averse to most forms of revenue increases. The withdrawal of money from the flow of national income through increases in the fee structure will initially reduce the amount of money flowing back and forth from businessmen (that is producers) to individuals (that is consumers) and from individuals to businessmen. But by how much will national income initially fall as a result of the amount of money withdrawn from the economy via the increases?"

That is a question that stands in the air, no answer has been given to it because the Economic Development Unit would not have the answer. There is no answer to this and we are dealing with the withdrawal effects of the fee increase. The other main effects of the fee increase were the possible fee change multiplier effects. The Financial Secretary had this to say about that:

"Unfortunately this is a technical term that must be used, for there is no way of avoiding it, if this honourable House is to be properly informed about the likely economic outcomes of the contemplated revenue-enhancement option. In the interest of the layman's understanding we should merely understand the fee-change multiplier (which is a numerical figure) to indicate the change in Gross Domestic Product (GDP) that will result from the suggested increases in the fees of the 14 items selected for rate increases. The concept is much more complex than this simplistic definition, but it makes it out to be."

It was at this point that he made it quite clear and I quote: "We do not have data to estimate the fee-change multiplier for the Cayman Islands; so we have to use estimates from other countries as a rough guide."

So, what we used was the data from the United States, we can all decide in our minds how applicable that would be to the Cayman Islands. We have also used the data from

Canada but it was made quite clear that whatever conclusions made was at best a guesstimate.

The Honourable First Official Member continued:

"If the objective of the suggested fee increases is to raise about C\$8 million to C\$10 million in new revenue, then, given the estimated sum, C\$8 million to C\$10 million initial withdrawal..." [and I want to deal with that particular point] "...from the national income stream, the estimated numerical impact of the fee increases on national income will likely range from minus C\$20 million to minus C\$25 million."

That is one side of it, Mr. President. Now we are going to look at the other side of the coin that is perhaps one of the most important areas of this Bill and I will not touch on the expenditure side because we dealt with that in Finance Committee yesterday. It is important to know that this withdrawal of funds from the national income will be used for salaries, for example for public spending and the public spending multiplier effect will have to be considered.

The paper goes on to say on the question of the possible public spending multiplier effects: "All public (that is Government) spending in the economy is an injection of money into the economy irrespective of the source from which the money comes. Here it is assumed that a portion of the total amount the Government will take in from the increase fee revenue".

I would like to repeat that, 'Here it is assumed that a portion of the total amount the Government will take in from the... revenue will be used to meet increase public sector financial obligations.'

"On the other hand, if the total amount from the fee revenue increase the Government will take in, is not spent, but is merely held against future expected expenditures or a portion of the total amount is used to purchase imports, then there will be no injection of the money back into the economy."

Now we can ask ourselves how many of the civil servants receiving their pay increases are going to push it aside and say I am not going to use it? I am not going to be spending it in the economy. I will not even attempt to give an answer to that because I am sure that each one of us knows by the number of people I have heard saying that they have been approached by civil servants asking about the timing of the adjustments. That they do not intend to put in some little box and push it under their beds. They intend to spend this money. This is the way it is going to be going back into the economy and this is the other side of the coin. The paper continues as presented by the Honourable First Official Member, he said:

"However, let us assume that a portion of the total amount the Government will collect in increase revenues from the 14 suggested items will be spent on increase Government obligations and a portion on purchases from local business firms. What would be the possible effect on national income?"

Here we make use of the term "public spending multiplier..."

Take note, Mr. President, that he continues to use this word.

"To estimate the possible economic effects, and is a positive number that indicates the change in Gross Domestic Product that will result from the Government's additional spending that is, increase injection into the expenditure stream, in the economy resulting from these additional fee revenues."

Mr. President, he went on to say: "The public expenditure multiplier in the United States is estimated to be about 6.0..."

Whereas he had earlier stated that the withdrawal multiplier effects in the United States was 2.5. "So we shall again use this estimate as a rough guide in the absence of data to calculate the Cayman estimate. If the Government spends the entire amount of money that will be collected in new revenues to meet increases in its domestic obligation, then the economic impact..." [and this is important, Mr. President], "...the economic impact will possibly be to increase Gross Domestic Product by about C\$48 million to C\$60 million, as a best estimate."

This is against the \$20 to \$25 million that we considered under the withdrawal multiplier effect. This is very important, this point. The Honourable First Official Member the Financial Secretary said in his paper in presenting the Bill:

"Given the fee-change multiplier effect of an estimated amount of C\$20 to C\$25 million and the public expenditure multiplier effects of from an estimated amount of C\$48 to C\$60 million, we conclude, then, that the general economic effect of the suggested fee revenue increase on the 14 selected items on the economy may be estimated to be in the range of from C\$28 to C\$35 million net addition to GDP or to national income; and this will be a significant positive overall impact."

That is perhaps the most important part of this whole statement. I believe, that it is worthy of repetition so that the listening public and the Honourable Members of this House will have no doubts in their minds what the professionals have had to say about the increase revenue measures that Government has before this House. It reads and this is on the question of the effects of these revenue measures on

the economy and the people of these islands, he said: "Given the fee-change multiplier effects of an estimated amount of C\$20 to C\$25 million...", and that was in respect of the amount of money that would be withdrawn from the economy through these revenue measures which is referred to as the withdrawal multiplier effects and the public expenditure multiplier effects which is the amount of money that is spent by the civil servants once they are given these salaries. This is estimated, the public spending multiplier effect at between C\$48 and C\$60 million. The point that is made here is that the net addition, the net benefit to our economy and to the people of this country will be between C\$28 and C\$35 million.

It is not correct what we have heard said here by previous speakers that it is going to put this economy in a tailspin. I wonder what kind of economics they are reading? Where did they get this theory from? At best this is pure unadulterated rhetoric; political rhetoric. There is no economic substance to these debates we have heard here previously. It will not put the country in a tailspin, this would only have been possible as I mentioned if the civil servants receiving their salary stashed it away some place and it was never spent. This is a very unrealistic position, I would like to meet any civil servant that is so well-off that the adjustments he is going to be getting, he will be stashing it totally away and will not be using it.

This is a very unrealistic approach and it is only an attempt because I know that those Members know better and they are also acquainted with economics; they know better, but it is an attempt to give just one side of this coin for political reasons.

Mr. President, the First Official Member said, "I have attempted to outline, identify, and present some of the major economic issues implicitly attendant to the proposed revenue enhancement option; [attendant to the proposed revenue enhancement option] before us to deliberate."

He was quite clear because after his presentation I went to him and I told him. I said, Mr. Jefferson that was a fine presentation and I feel that you dealt with all areas of the matter. You did not just say, 'well there will be no inflationary problems'. You gave the possibility, but you also said, that opposed to the withdrawal side of money out of the economy is the question of the spending side which produces the spending multiplier effect in that the spending multiplier effect is in excess of the withdrawal side because of the overall multiplier effect of some \$30 million that will enhance the economy of these islands.

This is the point regardless of who gets up in this Assembly to try to make the point that this is going to put the economy in a tailspin, this is their own opinion. They have no basis, no economic basis to put that on. No foundation, Mr. President. It is their own political rhetoric to try and make this look bad in the eyes of the public.

As I stated, I know that many of our people are very wise to what is going on. Many outside there - I even said to one Member during the break how can you say what you are saying, when I know that you know better? Why would you do that to the people listening to you because of political rhetoric? Especially to the very impressionable school children in this country, they are listening to us, many of them spend time in the gallery and at night they listen to debates on the radio. It is not fair to them, for us to get up in this honourable House and just try to put forward views that we know are incorrect just for our own political position, just to enhance our own political position.

I have the greatest respect for the previous speakers on this Bill because I know they are men that have a good education. They are qualified men, the Second Elected Member for Bodden Town has a CLU qualification, a profession as Chartered Life Underwriter. He had to do quite a bit of economics in his studies. The Third Member for George Town, is a qualified lawyer. He has a degree in banking and accounting. He knows, but why will they not give both sides of this issue? How can we call ourselves proper representatives of our people if for political reasons we get up in this House and give just one side of an issue, just to enhance our political image?

This is the worse of representation and it is an injustice to our people when they are given this sort of political rhetoric. The Honourable First Official Member continued in his presentation of the Bill:

"The objectives were to make some of these issues more transparent to this honourable House as a general guide to its deliberation.

The main issues identified and discussed range from the nature and type of the fee revenue increases suggested to the specific and general effects of the suggested fee revenue increases on the economy."

This is what I have tried to deal with as totally and properly as I can. There are two sides; the side where when you withdraw the money through revenue measures is called the withdrawal side, the other important side is when the civil servants get this money in the way of a salary cheques and it is spent and goes back into the economy, it then has that rippling or multiplier effect and that that public spending multiplier effect exceeds the withdrawal effects by some \$30 million.

MR. PRESIDENT:

Proceedings are suspended until 2:15 pm.

PROCEEDINGS WERE SUSPENDED AT 12:45 P.M.

PROCEEDINGS RESUMED AT 2:25 P.M.

MR. PRESIDENT:

Proceedings of the House are resumed.  
The Honourable Member for Communications, continuing.



**HON. LINFORD A. PIERSON:**

Mr. President, thus far I have endeavored to strengthen my contribution to this debate from the reference document that has been provided by the Honourable First Official Member and I have endeavored to apply my argument to it. It happens that I agree with the points that have been made by the First Official Member and of course the Economic Development Unit. Just before the lunch break I had covered the three principle economic effects of the increases in the rates suggested plus some subsidiary effects.

These are in summary, an increase withdrawal of money from the flow of national income in the economy, secondly the fee change multiplier effects and thirdly and perhaps most importantly, the public spending multiplier effects. We saw that the withdrawal of money from the flow of national income through increases in the fee structures will initially reduce the amount of money flowing back and forth from the businessman to individuals and from individuals to the businessman. We also recognize that the withdrawal effect would initially reduce the amount of money in circulation and could result in a downturn in the economy if we did not also consider the possible public spending multiplier effects.

Since the Third Elected Member for George Town did not deal with the public spending multiplier effect, I found his contributions somewhat contradictory in terms since the withdrawal effect only deals with what only could possibly result in a downturn in the economy. More directly revenue increases in itself would not normally create an inflationary spiral.

Taking this particular revenue increase or tax increase as they term it. I do not see it as a tax increase rather it is a revenue exercise, but taking this revenue exercise in isolation it would have the ultimate effect if it was not again used or injected into the economy, it would have had the ultimate effect of stagnating the economy. It is therefore a fallacy for the Third Elected Member for George to state that the revenue increases or the withdrawal multiplier effect in isolation are inflationary.

In my support of the economic theory advanced by the First Official Member relative to the possible spending multiplier effects, let me make it abundantly clear that the point that I was making on this economic theory is that if the salaries paid to civil servants were spent or injected back into the economy that net addition to the gross domestic product would be in the region of between \$28 and \$30 million; thus producing a significant positive overall impact. We as realistic Members of Executive Council and Members of this Legislative Assembly appreciate that our civil servants are prudent individuals, who will put aside some amount of the increases that they receive for a rainy day.

Just suppose for arguments sake that they saved 50 per cent of the increase which is perhaps unlikely, but suppose they saved \$1 for every \$1 that they spend. The net position would still be a positive overall impact on our economy. Not a tailspin as predicted by the Second Elected Member for Bodden Town, of course the two previous speakers, that is the Second Elected Member for Bodden Town and the Third Elected Member for George Town contradicted each other as one predicted a tailspin and the other a positive overall inflationary effect.

Even with a 50 per cent savings the position would still create a positive impact and I would like to make that point abundantly clear; even if our civil servants decided that of the increases they are going to receive they saved 50 per cent of that, and not put it right back into the economy, the overall effect would still be on the basis of the information received from the Economic Development Unit. The overall economic effect would still be a positive one.

The net addition if all the increases were plowed back into the economy is as I said, approximately \$30 to \$35 million, even if this was cut by 50 per cent, we are still looking at a significant overall impact of some \$15 million to \$20 million. This theory is the one used by the Economic Development Unit which the First Official Member presented in this honourable House. It is the theory based on the United States data. As mentioned earlier we do not have any data on which to base such an economic theory. This is based on the U.S. data where the tax change multiplier is estimated at -2.5 per cent and the public spending multiplier effect is estimated to be about six per cent with a net positive effect of something like 3.5 per cent. So when one multiplies the \$9 million to \$10 million by the multiplier effect of a +3.5 per cent, we are shown that the total increase in national income is somewhere between \$28 million to \$35 million overall positive impact.

I would invite all honourable members of the public to obtain a copy of the revenue measures and in particular a copy of the presentation delivered by the Honourable First Official Member, as prepared by the Economic Development Unit of the Cayman Islands Government because they will see for themselves and will not have to listen to any politicians (including myself) give their interpretation to what this is all about. In reading that, I truly believe that they will see that my interpretation is pretty well near what was presented by the Honourable First Official Member.

I would like to repeat that there is no truth in the rumour that there has been an increase to \$450 per annum on the work permit fees for maids or handyman. It is still \$100, there is no truth in that, I know this rumour is around the place, but there is no truth in that.

Mr. President, I would like to say in summing up and join the First Official Member in saying that, "...most Caymanians may not be 100 per cent averse to revenue increases for they are intelligent enough to know and accept that no Government can provide the services, citizens including the civil servants, expect without resorting to some sort of revenue enhancement measures from time to time.". That was also a direct quotation from the paper produced here from the Honourable First Official Member.

I feel that the Miscellaneous Duties and Fees Bill is a very good one thus far, none of the previous speakers from the opposite side have been able to give any substantial arguments against the revenue increases proposed by Government. Mr. President, I commend this Bill to the House, thank you, Sir.

**MR. PRESIDENT:**

Does any Member wish to speak? The First Elected Member for

Bodden Town.

**MR. ROY BODDEN:**

Thank you very much, Mr. President.

I am not an economist and I can assure you on this occasion I am not even going to pretend that I am one. Nevertheless, what I have to say will have some bearing and importance on these measures which we are debating.

I would like to begin by saying that the argument that the proposed increases are not going to detrimentally affect people, especially the proverbial little man is unconvincing and spurious at best. It is an universally recognized fact that taxes in any form are definitely not positive.

I know that we in the Cayman Islands have many unique things going for us, but believe you me these revenue measures are not that unique that they do not carry with them a negative side. I suppose if we wanted to be cynical we could say that in these islands we have it good; good standard of living, a relatively sound economy, so at best we can afford to give back a little.

The argument of the Government reminds me of an experience I had as a young boy growing up with my grandfather who was a cattle rearer in Bodden Town. My grandfather had a friend who had an old Jersey cow and every year my grandfather's friend got his cow with a calf and he used to boast to my grandfather, "Scoble, I got two gallons of milk this morning." My grandfather used to tell him, "One of these days I think you are going to go and you are not going to get any milk." He did that for about three years as I can recall and one morning about 6:00 am, my grandfather and I were going to tend his herd and we met this man and my grandfather in his old adopted southern accent asked him if he was still getting two gallons of milk. He said, "No Scoble, things are not well now, yesterday morning I did not get any." So after we left my grandfather never losing an opportunity to tell me a story with a moral said, "Son, that is just like life. If you have an old faithful cow and you milk her to pieces every year, one of these year you are not going to get anything." I believe there is a lesson for us, especially for the Government to learn.

We have a good economy, financially sound, but if every time we have to raise money, we have to raise it by taxing the people we are going to one of these days be like my grandfather's friend, we are going to squeeze and pull and will not get anything. It is also fallacious to say that the people should spend everything they earn.

The most successful nations in the world now are the nations of South East Asia, led by Japan and I have read from respected *Business Financial and Economic Journals* that the reason why this is so is because these people, on average, save more money per capita than any other people in the world. Indeed, it is a statistic that the average Japanese worker, saves 50 per cent of his annual wage or salary. That is why the United States is down on them to enter more fully in the world economy. That is why they are so different from the United States and that is why they are not a debtor nation. We are following the United States by going on a spending spree all of the time and falling into the tread mill where we spend and tax, spend and tax, tax and spend. My point, if I can summarise my argument and paraphrase it in one sentence is this: We have to find other ways of raising money for Government expenditure besides taxing our people.

These measures did not just arise. This package had its genesis in the increase in Post Office box fees and in the increase in the hospital rates as announced earlier. I have to ask, what has happened to the concern that some Members of the Government had when they were on the Backbench about the proverbial little man? So we tell him, he can bring in \$300 more when he travels to Miami and we tell him that he can drink tea and coffee and hot chocolate, but we did not tell him that when he puts it on the stove his electricity bill is going up. We did not tell him that his gasoline is going up when he has to leave Bodden Town, East End, or North Side to come to Kirk Plaza or Foster's Food Fair to buy it. We are giving out in one hand, and taking back in the other.

My contention is that we are taking in more than we are giving out. I cannot interpret it in any other way, but that it is a short coming in the Government because this is by any standard a comprehensive package and I cannot give the Government full mark because I say that it could have been handled more effectively and it could have been more appropriately handled.

We have increased revenue on a comprehensive line of items which I will not bore the House with by repeating. Only to say that we have again tapped the perennial source increasing bank fees, increasing work permit fees. These increases whether we believe it or not are passed down to the man in the street because the increase in bank fees is going to affect us when we go to borrow money. The increase in Work Permit fees are going to affect us because some of these offices cater to the public, so quite naturally the fees are going to be passed on for the services which we require. So, I do not understand how the Government can say that these revenue measures are not going to affect the rank and file.

Is the increase in garbage fees not going to affect us? That is going to affect each and every one of us and any Government which encourages its citizens to spend as they earn because it will continuously fuel the economy, is leading its citizens on the wrong track. I would like to tell the people that the Backbenchers encourage them to live frugally and save well. It makes little sense to have earned a million dollars in your life time if at the end of your working life you retire and have nothing in the bank. If the Government is on that track, that they are going to spend all that is in the coffers of the Treasury it is no wonder they set as our example Turks and Caicos Island, Monserrat, Anquilla, and the British Virgin Islands. We will wind up like them - grant aided.

I believe that the last Speaker, the Honourable Member for Communications and Works was well meaning, but I would like to let him know that while I am not an economist, indeed I did not even study the discipline as it is known, he gave some serious misinformation in his contribution and I hope the people do not take his advice because they will wind up in serious trouble.

We in these Islands need to proceed with caution so that we do

not have to bring \$10 million revenue measures on our people every year or two, so that we do not have to tax our people to the 'hilt' as the saying goes. I have to say again as I listened to the presentations, I am still not convinced that we are recording our progress accurately. I have to say again as I have said in this House many times, we are recording our economic progress in these Islands on a faulty report card and it is going to catch up with us.

These revenue measures, the comprehensiveness of these, the fact that they have bearing on people in all walks of Caymanian society tells me that it is time for us to take a serious look on our economic direction. We have to prioritize and seek ways of improving or diversifying (if we wish to use that word), our economy so that we can get away from having to resort to the traditional sources when we need to raise revenue. Five million in 1985, I think it was, now this \$10 million, does that mean that the next measures that the Government brings are going to be \$15 million? This is ominous, Sir. This is threatening, it is formidable.

I heard some figures being read off about what we are going to raise from the tax measures on cigarettes and liquor and all that. It does not matter because we should not smoke and we should not drink. I am not going to moralize, because I am not a moral philosopher. It is not good enough to say that we can put the taxes on these things because people should not do them. When we say those things we speak from both corners of our mouths, on the one hand we say it does not matter because we should not do them, but on the other hand we give grandiose and lavish cocktail parties and we dispense them. So you tell me if we are practicing what we preach?

The visitors' driving permits, so, because it is not going to affect the Caymanians we can lay it on. Well the Government better remember the story about my grandfathers friend and the old Jersey cow. We will tax the tourists so much until one day they will not come.

Land transfer fees are going to affect everybody whether it is the little Caymanian or the big developer because quite often as happens now, the little Caymanian buys an apartment or it is even not far fetched buy a House from a larger developer. That developer has to pay increased Land Transfer fees and Planning fees. He or she is going to pass that on to the little buyer. We had better develop a genuine fear of inflation and I wonder how seriously the Government took this into effect.

Inflation is when too much money chases too few goods and I have heard Members of the Government admitting that these measures will have a possible inflationary effect. I wonder if that admission was taken seriously by them? I have to say that if the Government was on top of the situation it would not have had to come down to this because as I understand it, it is appropriate to bring these kind of measures with the Budget. I believe the Government was in their usual way trying to be smart. I have to admit, I am not going to be like the speaker who said, 'Let us keep politics out of it'. My argument is political because any tax measure, any introduction of taxes is political. I fail to see how the introduction of taxes are non-political and I hope what is happening now to George Bush and the Republicans in favour of the Democrats because of George Bush's flip flop over his tax position will happen to the Government in favour of the Backbenchers. The sooner, rather than the later. Also, closer to our system what is happening to the Right Honourable Margaret Thatcher, this is political and my argument is political and I say if the Government were on top, if they were the good stewards and managers that they claim to be, it would not have had to come to this. They are giving the civil servants in one hand, and taking back it back in the others, but thank God the civil servants are not stupid and they know what is going on. They realize that the only thing they are going to get out of it, is the little retroactive money from January until July.

Contrary to what the Honourable Linford Pierson the Member for Communications & Works, told them, to spend it, I am telling them to save it, because the rainy days are coming and save it for no other reason than the Government is going to have to come back to them sooner to tax them some more.

We on this side are responsible people and it is safe to say that each and every one of us understand the adage that 'we can not hang our hats any higher than we can reach'. So when we get the call to be the stewards we will manage this country's affairs more effectively than to have to lay these kinds of tax measures on the people. We would like to assure the people that our sympathies are with them, but it goes beyond that. We are going to object most vehemently to the levying of these onerous revenue measures.

We are not going to conveniently forget the proverbial little man. We are not even going to forget those businesses and organizations that are in the position to pay, namely the banks and the other businesses the taxes are levied against because the fundamental principle remains the same. Whether it is the little man, the middle man or the big man, taxes are taxes and 'taxes' is a dirty word. So it makes for little sense for the Government to say it has a surplus and it has healthy reserves when they come and squeeze the people to squeeze out more because some politician has some dream of some grandiose project or grandiose scheme or some lucrative consultancy.

We need to take into account the overall effect that this is going to have on our economy. We like to boast that these islands are tax free, that we rose to this level because we were free of some of the necklaces which burden other countries. We should strive to keep our economy that way because it is by doing so, and only by doing so, that we can continue to be successful.

As a tourist destination we have to remember that we have few resources, our selling point is our tranquil beaches, a peace loving people and relatively safe streets. We can counter all that by taxing our visitors so that they would rather take their chances on the streets and beaches of Mexico and Jamaica and heaven knows where else. Then what will we do? Suffer decline in living standards. What will we tell our people? Whom will we tax then?

I hope that the money the Government collects from these revenue measures which they claim are necessary in order to meet the Civil Service pay rise is put to good use. I

hope when it reaches the coffers in the Treasury of the Government that the Elected Members of Executive Council look at it long and count it many times before they take it out to spend unwisely.

Before I finish, I wish to put one more myth to rest and this may be the most important. The argument that this money is raised to meet the civil servants pay raise had to be patently fallacious because the civil servants will be paid the majority of the monies at the end of this month, hopefully. Some of these revenue measures will not effectively come into force until months down line.

So then, how can money which is not collected yet, be used as an excuse for taxes which come into effect immediately? I say the story is more likely that the Government did not want to bring these measures when they brought the budget because that would have meant that the budget was not balanced. That would have meant that the Backbenchers would have capitalised on that and that would have meant that they would be far more unpopular than they are now. But they still cannot escape! They still cannot escape and if they had put in the salaries of the civil servants the Budget would not have been balanced either, so it all boils down to bad management; unsound economic principles, taking off on tangents, being caught up with what is known in the annals of development studies...

**MR. PRESIDENT:** Did you say being corrupt? I must interrupt you, did you say corrupt? Would you give me the word you did use? I did not hear it, I am just asking you.

**MR. ROY BODDEN:** I said, being caught up, Sir.

**MR. PRESIDENT:** Thank you.

**MR. ROY BODDEN:** Are you suggesting I should have used corrupt, Sir?

**MR. PRESIDENT:** No, I am not suggesting anything. I am asking because you are shouting into your microphone, and it is sometimes difficult to hear the words. That is all, and I do not need other Members of the House to make remarks to you which cause you to think that.

**MR. ROY BODDEN:** I have to shout in the microphone because sometimes it does not work well.

Let me repeat, in the annals of development studies that is known as being caught up with prestigious projects and we have to be careful because the path of many developing countries are strewn with nations who went off the track because of this. I would hope that this is not our destiny.

**MR. PRESIDENT:** Does any other Member wish to speak? If no other Member wishes to speak, would the Mover wish to?

The Honourable Member for Education are you catching my eye? In that case would the Mover wish to reply?

Sorry did you catch my eye? I did not see you.

**MR. W. McKEEVA BUSH:** I called on you, Sir, to catch your eye.

**MR. PRESIDENT:** Well I gave plenty of time, the First Elected Member for West Bay.

**MR. W. McKEEVA BUSH:** Mr. President, we really cannot let this important debate close with only a few speakers and we should not make it long either. I do not intend to make it long.

First of all this is a strange Bill before the House. The Bill is called an Omnibus Bill. The first time that a Bill of this kind has been presented to the House as far as I can find from my research, but it has been presented before in the Mother Parliament as I understand it. While it has been presented and it was passed in the Mother Parliament it is not a good principle in law to do as the Government has done. In fact in drafting as such, they count it rather a bad practice to attempt to put these types of Legislation together because it makes it difficult in future years to follow the scheme and development of Legislation. As I said, it is accepted, but it is counted as a bad practice in law. We call this the Omnibus Bill, but I have looked at it and I call it a very Ominous Bill.

At this point, I would look at the question in dealing with this entire Bill and the effects. The question of the cost of living which is sure to rise even more than it is now after these taxes are in place. The cost of living is one economic indicator which every citizen is aware of, understands and feels the impact of in one way or another. We have been living with an ever rising cost of everything that we have to buy or consume. There is no doubt at all that these last few years, there has been an unusually crushing assault on the value of money in our pockets. Every wage-earner, every housewife, every tourist, every person at every level has found the cost of living too high in these islands. As we go round the supermarkets we hear the grumbling from those who take their shopping lists and put them in their carts to walk around the isles. We hear it on the street; you visit with people and they talk about inflation and the cost of living.

There is no doubt that as we look at the figures and as we examine them that we find that for the Islands as a whole, the increase in earnings over these last few years have been more than concealed by the high rise in cost of living. I try to be a practical man and I guess I can call myself that. I do not know too much about these economic games that they play where statistics are taken to do one

thing when it means another. I try to look at the practical side of things and there is no accountant in this world who is going to tell me that this raise is going to make this country better off because the whole country is going to consume it. "It is not hard on the Caymanians" they say, they are not hurting the Caymanian.

I do not need to advance the argument that once taxes are increased it carries a pass-on effect because no business person is going to accept a rise in fees and not pass it on. That would not be good business practice, so I am not going to dwell or get into that argument because the reality of it all is that everybody feels the effect, but there is not a corresponding increase in salaries around to balance that effect.

Increases on these items are going to send everything much higher than it is already because of the rise in cost of import duty and gas and diesel. Electricity is going up and it will not only be the electric bill of McKeeva Bush, but it is going to be the electric bill of Mr. Jones down the road who cannot afford it. We all know that the electricity cost in this country is high and I am not going to compare it to anywhere else, I am talking about in relation to salaries, the cost is high. An increase in duty on those items will only mean that people will pay a lot more for gasoline at the pumps. So it will affect people to that extent.

Telephone equipment carries now 20 per cent duty; I am not going to hold an argument on this, but it will only mean that rates will increase somewhere along the way.

Port fees have been increased by some 30 per cent. This means that everything that is purchased in these Islands will be increased in cost. Every item will be increased.

As far as cigarettes are concerned they could increase them by 300 per cent and I would not care because that carries no positive effect on anybody. It is the most obnoxious thing to go in public with a clean suit of clothes and have somebody blow smoke in your face; it is disgusting, Mr. President.

Increased duties on liquor however, is not a good thing as the Member for Communications and Works said. It is what is usually referred to in other parts of the world (at least I have heard it in the United States), as "sin taxes" and mostly they are accepted. I have no personal gripe with the increase on liquor. I am not going to stand here and tell anybody that I do not take a drink, I do, I do not get drunk, but I take a drink.

If the increase in fees on liquor was going to stop Caymanians or stop anyone from drinking, well that might have a positive effect, but we know that that will not happen. I have heard remarks passed in certain places well, liquor goes up and the shopping bill money goes down. Sad, but true. In some homes it happens, probably in those homes that are rarely visited by some Members of the House.

There is another aspect as far as the increase in liquor is concerned; it is this aspect that concerns me most. This country is one in which one of two major industries is Tourism. Day by day we hear from those involved in the tourism sector that visitors to our Islands are constantly complaining about the high cost of vacationing in these Islands; room rates are high, food in the restaurants is high and related services or activities in the tourism sector are very costly indeed. Even plane tickets to get here are high. One mixed drink in any one of the hotels is in the region of \$4, what will happen after the proposed increase in liquor?

[interjection]

**MR. PRESIDENT:**

I was just making sure that it was off that was all. Do you want to break?

**MR. W. McKEEVA BUSH:**

If you could, Sir, thank you.

**PROCEEDINGS WERE SUSPENDED AT 3:18 P.M.**

**PROCEEDINGS RESUMED AT 3:52 P.M.**

**MR. PRESIDENT:**

Proceedings of the House are resumed.  
The First Elected Member for West Bay, continuing.

**MR. W. McKEEVA BUSH:**

Mr. President, when we took the break I was dealing with the cost in relation to the tourism sector. As we have always pointed out, this industry is the most fickle industry and we have to be careful that we do not erode what little competitive edge we might have. Some say we are fast reaching that position, that is, if we have not passed it already.

I would like to quote from the newspaper, *The New Caymanian* which did an article on these increases and their effect on tourism. Perhaps after that I will go to the *Hansards* and quote from the speech of my good friend the Member for Communications and Works which shows how these tax increases affects everybody. I quote from *The New Caymanian* and it says:

"The increase is high said one local major distributor of alcoholic beverages. I think the Government is killing the goose, they have gone too far. The distributor said one major concern of the increases is the effect on tourism. Tourists are used to paying US\$5 for a case of beer and it is going to be CI\$25 here. 'We are looking at a 400 to 500 per cent increase of what they are used to paying at home', the distributor said, I think it is too pricey and the tourists are going to get angry and go somewhere else.

'In addition to the increase cost in spirits consumers will witness an increase of \$3.60 per litre for liquors; \$1.15 per litre for wine and between \$3 and \$4 for a case of beer' a local distributor said. Presumably we will see prices go up gradually over the next couple of weeks.

Customs officials sealed off bonded warehouses, Thursday to take inventory of alcoholic beverage stock and stamp the bottles with the new duty the distributor reported. As a result prices for most liquor will show an immediate increase. Increase in drink costs at the bar will also be seen as a result of the increased duty.

Drink prices at the Holiday Inn will rise about 25 cents for a beer, for a price of \$2.70 and 30 cents for such mixed drinks as a rum and coke.

Mr. Alexander said the company has seen an increase of almost \$20 for a case of standard liquor from \$63.70 to \$84 as a result of increase duty. By comparison he said, 'a case of vodka can be purchased in Miami for \$11 without the duty included. I am going to directly pass on my increase to the guests'. 'It is that simple', Alexander said. 'As a result I think we will witness an incredible amount of price resistance from cruise ship people for example. I think the Government is being very foolish. We have already seen a decline in occupancy this time of year', he said. The price resistance in the island has already being seen.

However a decline in sales is not expected as the costs of a more essential commodity, petrol increases. Consumers will witness about a 12 cent increase for a gallon of gas at the pump according to James Tibbetts, Area Manager for Texaco. 'The previous duty for a gallon of gas was 13 cents, but was increased to 25 cents. The cost of a gallon of leaded gas will increase to about \$1.40, unleaded to \$1.55 and diesel to \$1.21, but that cost could go up further with an anticipated shortage from the purchase refinery in Venezuela', Tibbetts said. 'It is a big increase, but I suppose if they need that to keep the Government running it is necessary', Tibbetts said.

But not all merchants are as understanding. With the immediate duty on telephone equipment, including answering machines and other cordless and cellular telephones some merchants will have to observe the 20 per cent on previously purchased duty free items.

Everad Leacock the owner of Stereo City says he will have to absorb the 20 per cent duty on telephone equipment currently on route to Grand Cayman from Miami. Leacock said, 'merchants who have proof of purchase before the duty was instituted should remain exempt for the arrival of their currant shipments. I am not against the rise in revenue, but I am saying they should give consideration to the local merchants', he said.

The Government has to raise revenue and no one is saying that they should not, but to raise something from duty free to 20 per cent, that is a bit. As a result of increase duty Leacock said consumers will witness about a 25 per cent increase in telephone equipment costs."

Mr. President, it is going to affect everybody and that is my line of argument. For people to say otherwise in this House, I think they are misrepresenting the fact. Costs are going to go up, some places will be cheaper than others, depending on how they manage their business.

For instance if you go to the Holiday Inn as I just said, according to that newspaper some drinks are going to be in the region of just over \$3. Some places we go to, they are in the region of \$4. So there are a few cents here and there, but generally the price is going to increase and we have said that there is no cause for this amount (of increase) at one time. I gave my reason in a newspaper some months back and I think I did yesterday and perhaps before my debate is ended, I will comment on it again.

I guess the Government is treating us as the Member for Communication and Works was treated in his day and this is what he said about his treatment when he complained about the taxes:

"Mr. President, I have discussed with the Government bench areas which I feel should be given very serious consideration, but then perhaps my advice would be flushed down the drain. They will probably bring somebody from the United Kingdom, the United States and pay them a \$100,000 to be told the same thing, as long as one comes from over seas it could be from Little Cayman, one is put in an aura, one is an expert."

Mr. President, I would go on and quote that Member, he said:

"We were put here by the people to do a job (speaking about the Backbench at that time) and by Gods help, we shall do that job. Let us come up with our solutions and a solution is not strangling our people to death."

He said in summing up:

"The First Elected Member (which is now the Member for Education) is asking me what the solution

is, Mr. President, he is supposed to be the leader, and he does not know the solution?"

He goes on to say, in summing up:

"I wish to say how disappointed I am with the heartlessness and the pig-headedness I have seen exhibited. Some Members seem to feel that they know it all, they cannot take advice, nobody can advise them, whatever they say is law, if you like it or if you do not like it, you have to swallow it."

This is a pitiful state of affairs. More directly in line with the taxes, I guess I could go on to quote for the record what the Member for Communication and Works had referred to the then First Elected Member of Council of the time. This was the reply from the First Member for Council, the Member for Education: "The problem is Mr. President, he is transparent and I saw him coming a long time before he got out of the elevator."

That had nothing to do with the taxes, but I thought that it would be good to quote it. The Member for Communications and Works and I specifically remember him that day debating. My question that I am going to ask this afternoon is how can any Member of this House supporting this bill even have the temerity or gall to send a Christmas card to their constituents saying Merry Christmas? He went on to say:

"The Government was struggling under the realization that they have brought about draconian measures which will strangle our people."

Mr. President, he went on to talk about the rise in gas:

"Why should the people of this country suffer? This bill seeks to raise from eight cents to 13 cents the Customs Duty on motor gasoline and diesel oil. It does not seem like much, Mr. President, but it is in fact a 62.5 per cent increase. The sad thing about this, Mr. President, is that by the time the consumer buys the gasoline at the gas station he will be paying much in excess of five cents."

Mr. President, I invite the Member to come over on this side with us. He went on to say:

"The reason for the problems that they are having should not be pushed down the throats of people who cannot afford these drastic increases. It is their duty to find ways and means of stimulating this economy. It is their duty to do so, why should they be strangling the poor people of this country?"

Mr. President, I think his arguments, they are so good that I will continue reading from the *Hansard*. He went on to say in another speech of the Government:

"Mr. President, it was Karl Marx who said, 'over taxation is not an incident but rather a principle'. I wonder, Mr. President, if we in this honourable House are adopting the principle of Karl Marx? I am sure most of us know who Karl Marx was, the power to tax involves the power to destroy. This is especially true regarding drastic taxation."

I do not want anybody to believe that I am reading Karl Marx into my speech, I am quoting the Member for Communication and Works, my good friend. He went onto quote:

"Mr. President, I served in the Government service for 16 years. A few years of which I spent in the Finance Department of Government. During that period, I had some time to deal with the Budget, but never in all my years have I seen such drastic increases. I do not say, Mr. President, that increases are not necessary. Increases are in fact necessary, what I am opposed to in this Trade and Business Licensing Law, the amendment to this is the drastic draconian increase. It does not matter how many people get up here and say that these increases will not have an effect on the poorer people in this country, they know as well as I do, that these increases will have a very, very serious effect on the people."

I invite the Member to walk across the floor and come over here with us. Mr. President, that same Member went on to say that:

"Indirect taxation is a most regressive form of taxation because it hits the little man, the poorer man, the one who can least afford it. These incidents of taxation, hit him hardest. Yet we have a benevolent Government who is saying to them, we are considering your interests, we are doing this for you, this is why we are squeezing you to death. You should be grateful to us. The face of some of us, Mr. President, I do not know how we can face our people and say those sort of things. To tell these people that whether you like it or not, you have to accept it. It is a gross insult to the people of this country."

Mr. President, he realizes and understands that Government cannot run without necessary revenue, but we do not want to kill our people all at one time. These increases, Mr. President, which

are made on selling areas for wholesalers and merchants and retailers will be passed on to the consumers regardless of what anybody says to counter that, I think it is well known that many of the merchants will not dilute their profits, but will pass these charges on to the poor little man and the poor consumers."

He went on to pass on an alternative and said:

"I would like to throw out an alternative now, unless we look into the possibility of expanding the economic base of this country, we are going to go further and further down the drain."

Have we not called for further expansion of the economic base? I know he agrees with us, but under collective responsibility he is bound to say certain things. He went on another day in debating the same measures to say:

"This is one of the reasons, Mr. President, why I refer to Karl Marx yesterday, no, I do not love him, but he seems to be copied by the Government..."

I remember that the First Member of Council, the Member for Education aggravated him while he was speaking and this was his reply to the Member. He went on to say:

"The cost of living will increase without any comparable increases or immediate increases in some salaries and wages. This is the sad reality, Mr. President, this is the very sad reality of these drastic tax measures. The consumers, in other words the people having to purchase the services within the areas which are being increased, will suffer most because the increases will be passed on to them. Mr. President, we have heard in this House and outside that the indirect increases will not hurt the people, this is what I call distortion, this is what I call misrepresentation of the facts. If anyone in this House would get up and say that indirect taxation and the increases proposed here will not adversely affect the people of this country, this is the greatest misrepresentation."

Mr. President, and I quote him again: "The people, the small people, the poor people are not all, but we know that they form the majority in this country and they will be hurt most. They have put their trust and faith in us and they have given us the franchise and the privilege to represent them in this House. Are we going to throw this back in their face? Mr. President, I hope that we will not let them down. Believe it or not, Mr. President, time is longer than rope and our people have a good memory. They will remember the injustices done to them under these tax measures, they will remember in 1988 when we go and tap them on their shoulder for their support how hard we squeezed them. I want the people of this country not to forget this and I hope that they will remember it right through. However I hope that this will not be necessary, Mr. President because I believe in the people and some of the elected representatives in this House and trust that they will reduce these drastic tax measures." His speech is so good that I am compelled to carry on from the *Hansard*.

**MR. PRESIDENT:** In case you are worrying about it being the repetition of a previous argument, I think a gap of five years is sufficient.

**MR. W. McKEEVA BUSH:** I remember well that day, and how the Member for Communications and Works stood on this side, tall with us and told the Members on the Government bench that they were hurting the poorer people, the little people and I ask him again, to come across now as this is what is happening presently in this country. I have been reading the alter call, he should heed the message.

It is a fact these increases can only do one thing and that is to make the cost of living higher. The little raise that they give the civil servants will not amount to anything once the taxes are in place. Whatever adjustments are made the fact is, the vast majority of civil servants are not going to be any better off at the end of 1990 than they were at the beginning of 1990, and to such an extent that whatever small gains they may make will be more than wiped out by the rising cost of living due to the increase in taxes.

Whether the increases to the civil servants are going to prove effective for very long in the context of the economic situation in which we now find ourselves, is a matter which needs to be examined. The increase which is to be granted is on average 22 per cent and it is said that this is the most massive increase in monetary terms. This might be true to an extent, however, it is obvious that the cost of living continues to rise and if this inflationary spiral in which we find ourselves continues, as it must because of the taxes on businesses, then it is most obvious that civil servants will find themselves in exactly the same position economically, or worse, at the end of the day.

This increase will barely enable them to maintain the present economic situation, if at all, and admittedly this is not sufficiently attractive in relation to other employment opportunities to enable us as a Government to keep the Civil Service up to standard either in quantity or quality. This is what we have been striving for; proper pay for quality service.

I think the general conclusion that must be drawn from this exercise is that it must be a sad realisation for all of us, both collectively and individually, that if something is not done about the cost of living then what is being accomplished, not only in the Civil Service in the instance of the raise, but what is being accomplished throughout the country as a whole by way of wage increases is likely to prove in a very short time completely illusory.

Our central problem in this country is that we must find some



effective means of grappling with the cost of living in which our people are finding themselves. We would have expected to hear from those in Executive Council, who dreamt up these increases, something of a solution, not some deceptive and pretentious nonsense about them taking duty off some items. Something more meaningful needs to be done to relieve us all including the tourism sector.

I wonder if we could stop there, Mr. President? My voice is giving out on me and...

**MR. PRESIDENT:** You mean you are discontinuing your speech or what?

**MR. W. McKEEVA BUSH:** No, Sir, I was asking if you could...according to my watch we have seven minutes to go and I was asking you to break now. My voice now is giving out on me and I would not tell the House some story. I do have a very important engagement to meet shortly.

**MR. PRESIDENT:** Well your voice sounds pretty good to me. I think perhaps if you could speak a little less, a little softly and speak closer to the microphone that might do it.

**MR. W. McKEEVA BUSH:** My trouble is that I have a good tenor voice and that is why you see even when I am talking normally some people feel that I am shouting. I guess that I shout so often that even when I am talking normal I feel like I am shouting.

**MR. PRESIDENT:** Well you are coming over very well, I would not worry.

**MR. W. McKEEVA BUSH:** I have always defended public servants. Especially teachers, and nurses and I do no less now, but I believe that this salary increase is a farce to our public servants who deserve better. To put on taxes and then say you are doing it to pay these civil servants is a farce. It is bad policy; it is not good. It is bad policy to draw our civil servants into this type of situation.

I have heard people on the street talking about the civil servants and they are saying, "streamline the Civil Service, they are saying "make the Civil Service perform", and this is the kind of feedback that you get when you throw the Civil Service into a situation like this.

I guess, yes, the Civil Service could be streamlined in certain areas, but on the whole we do have a good Civil Service and you cannot find better. In some instances on the outside, you go outside to some business places and they are on the phone, they are carrying on so the private sector at some points have very little room to talk about our public sector.

We have done a bad thing because you are going to hear this months from now putting our Civil Service in the midst of a political fight. This is what has happened.

**MR. PRESIDENT:** I think that point has been well made by yourself and by others.

**MR. W. McKEEVA BUSH:** It has?

**MR. PRESIDENT:** It has indeed.

**MR. W. McKEEVA BUSH:** I accept your ruling, but this is what has happened. It is a political fight and this was the best way for the Government to try to tie us in the Backbench; in to being able to say that you did not vote for the bill, so you did not agree with the Civil Service raise. That is not true, you search the records, the Hansards, you will find where I have stood up for Civil Service needs as much as any man in this House and more than some. I would even go to say that we should look, if we are going to do something for our civil servants, we need to put their pension position in better perspective. I do not know whether I am allowed to get that far into that debate.

**MR. PRESIDENT:** Perhaps you were not in the House when I addressed the Third Elected Member for George Town on the point.

**MR. W. McKEEVA BUSH:** No, Sir.

**MR. PRESIDENT:** About time for the adjournment, I think.

## ADJOURNMENT

**HON. THOMAS C. JEFFERSON:** Mr. President, I move the adjournment of this House until 10 o'clock Monday morning next.

**MR. PRESIDENT:** Question is that the House do stand adjourn until 10 o'clock Monday morning next, would those in favour please say aye, those against no? The ayes have it the House stands adjourned accordingly.

**AYES.**

The Ayes have it.

Accordingly the House is adjourned.

**AT 4:30 P.M. THE HOUSE STOOD ADJOURNED UNTIL 10:00 A.M., MONDAY, 16TH JULY, 1990.**

**MONDAY  
16TH JULY, 1990  
10:26 A.M.**

**MR. PRESIDENT:**

Prayers by the Second Official Member for Legal Administration.

**PRAYERS**

**HON. RICHARD W. GROUND:**

Let us Pray.

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

Bless our Sovereign Lady Queen Elizabeth, the Queen Mother, Philip Duke of Edinburgh, Charles Prince of Wales, Diana Princess 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 Members of Executive Council 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, Amen.

Our Father, who art in Heaven, Hallowed be Thy Name, Thy Kingdom come, Thy will be done, in earth as it is in Heaven. Give us this day our daily bread: And forgive us our trespasses, as we forgive them that trespass against us: And lead us not into temptation; but deliver us from evil: For Thine is the Kingdom, the power and the glory, for ever and ever. Amen.

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

**APOLOGY**

**MR. PRESIDENT:**

Proceedings of the House are resumed.

for his absence.

We have apology again from the Elected Member for East End

**GOVERNMENT BUSINESS**

**BILLS**

**SECOND READING**

**THE MISCELLANEOUS DUTIES AND FEES BILL, 1990**

[Continuation of Debate]

**MR. PRESIDENT:**

Continuing of the Second Reading of the Miscellaneous Duties and Fees Bill, 1990.

I was not quite sure where we concluded on Friday, whether the First Elected Member had concluded or was simply breaking?

The First Elected Member for West Bay continuing.

**MR. W. McKEEVA BUSH:**

much time I have left?

Mr. President, I am wondering whether I could enquire how

**MR. PRESIDENT:**

I do not have a record myself, perhaps the Clerk has it. I would have thought you had about 40 minutes, off-hand. Could you tell me? [inaudible response] I could not hear that. Calculations are being done, sorry. We will have it in a minute or two. If you would like to continue we would have that in minute.

**MR. W. McKEEVA BUSH:**

Mr. President, when we adjourned on Friday afternoon, I was saying that the cost of living is going to rise because of the taxes. The tourism sector is going to be severely affected and that the general cost of everything will escalate and because of this escalation the 22 per cent average wage increase for civil servants will prove completely illusory. I say that, coupled with this unfortunate situation thrown on them, the civil servants are totally in a bad position overall as even their pensions are not guaranteed at the end of their retirement and that bad situation needs to be rectified.

In response to the Government's claim that this tax increase will

not hurt Caymanians, I said also that it will hurt everyone across the board, but in particular, it will fall mostly on the low income group (the little man) because the tax burden represents a higher percentage of their income than it represents to the higher income group.

On Friday I used the words, 'pretentious' and 'deceptive' in regards to duty taken off certain items. We find that Government says that a person can now come back from shopping abroad and they will not have to pay on goods valued at \$300, so that person will save \$60. I wonder how many average Caymanians go shopping more than once in a year? That is those Caymanians who can afford to go. For those that will go abroad shopping will mean a saving of \$60 per year. I doubt saving them \$60 for the year can compare with the high rise in prices that are bound to result from cost to Caribbean Utilities Company and probably rise in telephone rates and certainly the rise in prices generally in supermarkets and so on, caused by the increase in taxes.

I see that some medicines will be reduced to 10 per cent. That is not too bad, that is a good gesture. This would be helpful if it would get passed on to the consumers. However, I cannot see that taking off this 10 per cent for medicines will help average Caymanians when the Executive Council has increased the Hospital fees all around. Room rates at the Hospital are now \$100 and by the time the Member has completed his increases at the Hospital, a room will cost \$300.

It is a farce to say that this 10 per cent will help Caymanians, when we take the rise in Hospital fees all around. If Caymanians see a reduction in rates for some medicines it will be insignificant in comparison to cost at the Hospital, indeed cost all around.

Garbage collection has been increased. Government have tempered the increase by saying that the Financial Secretary can waive fees for certain people. I question whether this is going to be done by a means test, or will the representative go to the Financial Secretary when he is confronted and say that Mr. Jones in my constituency is unable to pay, or will Mr. Jones go to him and say the same? By what means will they be able to determine who can pay and who cannot pay?

One aspect of this matter of the garbage collection fees that I find objectionable is the part where a \$1 million house with five bedrooms, will pay \$50 for garbage collection for the year and an \$80,000 apartment under a strata title is going to cost \$100. These apartments we must realise are now being built by young Caymanian entrepreneurs and purchased by many young average Caymanians. So cost of living has increased there, and I find it objectionable because it is not fair.

In a territory where the cost of building is something of a nightmare to those who think of a home, the Government has come up with an increase in permit fees to all tradesmen, that is carpenters, masons, plumbers and electricians. These are the people who will now have to pay \$500 more for a work permit. Carpenters are in the salary range of \$80 to \$100 per day.

This can only mean that building costs will escalate. Who will this hurt? Will it only hurt the businesses? It is going to hurt everybody. We are going to see an increase not only because of the permit fees, but it is going to increase building cost because materials some where down the line will have to be increased. We cannot expect to put on a higher duty on diesel and gasoline and expect that this is not going to show in commodities, like crush rock, blocks and what-have-you. We very well can imagine a company, and it does not have to be a big company, to have three or four carpenters and right off the line will have to pay \$4,000 dollars for the year.

We are going to see an increase in the cost of maintaining your car because the mechanics will be charging more. How can the Government say these taxes will not hurt anyone? They are blind if they do not understand what they are doing.

Taxation, as we all know, can be made to serve two purposes. At the first and simplest level, taxation is the means of raising the required amount of revenue. Sometimes the purpose is so that Government can control consumption, but in addition to that, it can enable Government to direct spending into certain channels which Government wishes to encourage and to direct it away from other channels that it wishes to discourage. In this instance before the House, the Government is faced with the necessity to pay civil servants an overdue salary increase and so has taxed, the money will go into that raise. At least this is what the Government claims they are doing.

If we look at the other purpose of directing spending away from the areas it wishes to discourage, I have to ask for what purpose is there taxation and what is their policy? Government can very well say (and we on this side agree with them), that they wish to discourage smoking and drinking. We will agree, but we all know, all of us that are sincere, that this is a pie-in-the-sky dream. We know too that there are a few luxury items that are imported, but because we say we are duty free to enhance our tourism sector, we cannot place duty on these luxury items anymore than we already have. We have a concern that the cost of tourist related services are pricing Cayman out of the international tourism market.

Above all, it is very necessary that taxation measures should form an integral part of some coherent plan of economic development. They should be remodeled into economic objectives, which in turn should form part of some interlocking design so that investors and the people resident in the country can be aware of what the country's objectives are. Those people whom taxation affects will then be able to plan their business around Government's plan for the country.

We look at the effect which this 10 per cent stamp duty carries and we hear from all around that it is discouraging. Most development of condominiums are either prepaid or partially paid before completion and actual transfer of ownership to come mid-way in a development, as will happen with many developments on the way all ready to say we are taxing you more, even though you have not budgeted for it leaves the investor doubtful of the country he is investing in. It shatters his whole scheme of things and causes him to then have to re-think his whole investment package although his building might be on the way. Maybe he will have to go back to his bankers because it disrupts his budget. So, as I say taxation measures should

form an integral part of some coherent plan of economic development. That cannot be solved with Government coming midway in the year.

In criticising the Government's policy we believe that we should always endeavour, within the limits of what is possible for an opposition Backbench, to advance constructive alternatives and suggestions to the policies that are being pursued. Of course we realise in doing this we run the risk that, in turn, in putting forward positive proposals of our own, we open ourselves to criticism. We believe, however, that the country is entitled to have put before it continuously a dialogue of proposals of policies and alternatives so that they can see parts that can be chosen and whether the country is going along the right way and be able to judge for themselves whether the alternatives have merit.

In looking at this taxation measure before us, and looking at taxation generally and absence of any real policy, I come to the conclusion that we have reached a point where if we continue in taxing we will kill ourselves. What are these areas which always attract increases? They are land transfer, banks, import duty on all items, car licences, permit fees, and business licences. These are the traditional areas which attract the tax bite. I believe that we have reached a time and place in this country that we need now to investigate new methods of raising revenue to fund Government expenditure.

In March of this year the Manager of the Chamber of Commerce sent a Report to several Members of Government and other prominent concerned residents. The Report was of a workshop which was held in Malta. The report of this workshop dealt in part with the measures of impacts. It talked about the tourism carrying capacity and infrastructural capacity being among the measurements quoted. It said that these capacities must be carefully established and monitored in order to prevent overheating. That is when negative situations begin to operate and affect us.

It is the idea of a development impact fee that I wish to advance as a possible alternative to these crushing taxes that are dealing such a blow on all of us. Especially those people who are least able to pay the taxes and those least able to cope with the rising cost of living which accompanies such taxation measures. The Report in part said and I quote:

"If sustainable development is to be a realistic objective, it is critical to ascribe the right economic values to natural resources. Two modifications are needed.

First, the prices of natural resources should reflect their full value. Second, the prices of all other commodities should account for the environmental services used in their production.

Too often, however, Government policies have distorted proper resource pricing. The result is a development strategy that encourages unsustainable resource use without optional economic benefits.

A development impact fee or environmental impact fee could be instituted in which a formula consisting of variables for stress on roads, water, sewerage, health services, security etcetera could be calculated. This fee together with the redirection of tourism related taxes into a special fund for tourism development, infrastructural development and environmental protection could be an effective tool in ensuring investors contribute and not be merely seen as only in the pursuit of financial gain at any cost." [Malta Workshop Report]

I think the report makes some sense. A good example of where impact fees should have been instituted is right before our very eyes and the subject of much controversy around town. In recent months three large buildings were started right in George Town and when we examine the amount of fees collected by Planning the situation is blatantly ludicrous.

The Cardinal Building adjacent to the Tower Building is some 27,990 square feet. Planning fees collected for that building was \$2,099. The Calico House on Mary Street is some 12,025 square feet. Planning fees collected were \$901. The new CITCO Building at the end of Jennett Street is 16,000 square feet. Planning fees collected were \$1,200.

The total Planning fees collected from these three large commercial buildings was \$4,200 and under the new proposal it would only have been double that for those three buildings if they were instituted before those buildings were started. We would compare this \$4,200 with the amount of time spent by the Planning Department and so on and see whether this balances out.

When the taxes were instituted in 1985, we talked about somehow finding ways and means of letting these kind of developments carry a little more cost or a little more burden for infrastructural impact. This has not come about yet. It has not materialised.

In 1986, Government brought a group from Tennessee in the United States to look at our development needs. This group of people met in every district and they did some substantial work, made some good suggestions and they suggested that we require impact mitigation payments for public facility and services impacts. The country is still waiting although it is a good alternative, nothing has been done.

Impact fees need to be put on these large buildings and such developments as Safehaven. Look at the problems caused in our country (Safehaven I am talking about). When I say problems, the trouble, the upheaval and I do not have a figure of how much we collected, but I daresay that the impact fee for such a development would have been substantial and it could have been in the beginning when people are budgeting for their projects.

We have a few more, not only Safehaven, which will have an

adverse impact on our roads, our schools, our hospitals and the entire Government infrastructural development policy. Two cases in point (and I believe good examples where impact fees should have been instituted), are those buildings on Jennett Street. In that area we had the British American Building, the Genesis Building and now the new CITCO Building which have put a tremendous amount of stress on Jennett Street. So much so, that Jennett Street became the focal point of controversy earlier this year and is still continuing in that trend. The stress has demanded that Government spend over \$3 million, when all we have collected in planning fees from the last building is \$1,200 that is per square foot. I guess they pay a fee for Planning approval in principle, but I believe in looking through the bill that was only \$1,000. If they paid that, the most that they paid was \$2,200.

The bottom line is that Executive Council should realise that instead of hitting the man least able to pay and who benefits the least, the cost of this road, the cost of this infrastructural development, which I say includes civil servant salaries, should be borne by these large commercial developments who benefit the most. I believe this would be fair and equitable.

Now, what are the arguments to come behind me? You will probably hear, and it could be very well used years ago, that these buildings and developments contribute already by way of Import Duty. That is a fact. And I say that years ago we could use that argument because then there was no strain on our infrastructure. Today that argument cannot be successfully used because as with the situation in Jennett Street, so it is with the rest of the entire Island.

These large developments will cost the Government tremendously more because of their impact on the infrastructure than what the Government gets in Import Duty over the years. It is high time we stop playing one-sided economics with our people. It is time that we hit the developments that cost the country in terms of environmental damage, infrastructure stress and damage, and to go further to see that Government had been advised along this line many times.

Earlier this year we had a discussion with a team [of people] who came from Florida. I just cannot remember the name. We have a paper from that gentlemen which recommended impact fees. I quote:

"The Florida authorities have concluded that an impact fee on development is a permissible fee if the fee funds only the fair share of the cost of new capital facilities attributable to the new development.

Impact fees may not exceed the amount the affected Government will spend in alleviating the impact of the new growth. Towards this end the Government imposing the fee must show a reasonable connection between the need for the capital facilities and the growth and population generated by the new development and also between the expenditures of the fees collected and the benefits accruing to the new developments.

In short, impact fees cannot be collected arbitrarily or pooled indiscriminately with general Governmental revenues to pay for general public services.

Impact fees have a price too; a price that can be measured in the higher prices that are passed along to businesses and home buyers by developers. We must acknowledge this price and these limitations while seeking guidelines for imposing impact fees."

We very well would expect that it would be passed on, but it is a different context, a different situation. I believe that these impact fees should be looked at when we consider that we had a development like the Hyatt Hotel with some 230 rooms and the Radisson with the region of 300 rooms.

What do we find, Mr. President? Government collected from the hotels for each bedroom - \$40. Today, how much is Government taking in from Planning fees from the Hyatt Hotel and the Radisson? Negligible, in comparison to the stress that is put on West Bay Road. There is more development still in the Hyatt of \$25 million and I believe they had a total of 24 town-houses and 30 condos built around the same time.

These things must have a tremendous effect on the infrastructure and I want to say again because I think it is good to repeat it, the argument cannot be used in this day and age that these developments and buildings contribute by way of Import Duty. Years ago that was a good argument because there were no strain on our infrastructure, but today it cannot be successfully used. I think our country with all its problems still abounds with potential, but a country with painful realities that must be faced today. One of these realities is that we cannot keep taxing the current resources because soon we will self-destruct. It is obvious that our Government services will probably go, there is a need for a new revenue base to be able to sustain the expenditure. It is quite clear that we have to find new sources of money. The impact fees can be introduced and we can continue to be competitive. If Government will act in this instance our people I believe, can continue with a better quality of life.

In conclusion, we find that the taxation proposals are directed largely at the pockets of those who can least afford it. At least that is going to be the net effect of these taxes. It will hurt everyone, but in particular it will fall most on the low income group, the little man because the tax burden represents a higher percentage of his income than it represents to the higher income group. The net effect is that this Bill soaks the poor.

I have endeavored not only to criticise, but to put forward a suggestion which appears to me and others as well, to be feasible and worthwhile; coupled with the whole question of finding other sources of revenue is the central issue of spiraling inflation - higher prices. It is obvious now, that

Government must make a direct assault on these two problems. There is no use in sitting back and expecting that the normal course of development we have taken over the years will solve these problems. I am convinced that if looked at in detail these constructive alternatives can work and are good for the country.

The overall effect of these taxes on the Civil Service is not that great. We look at the lower scale which is from \$720 to an additional \$858 for the year, I believe, an increase of \$138 per month that is.

We see that it is hurting the pockets of those who will less be able to afford the prices that are bound to increase. You compare that to Members of the Legislative Assembly, who move up an increase of \$803 per month. Some 23.6 per cent. So we would be better off positioned to afford the tax increases than the lowest man. Now we go from MLA's to Executive Council and we find that they have moved up to \$5,530 per month, an increase of \$1,063 per month or 23.8 per cent.

I am concluding, Sir.

**MR. PRESIDENT:**

Fine, you realise I was going to draw the same point to you.

**MR. W. McKEEVA BUSH:**

I realise that, Sir.

I am pointing this out to show my whole argument that the net effect of the taxation policy is that it hurts the people who can least afford it. It is true with the Government salaries from the smallest man to the top people, as it is true with the man on the street in the country.

I trust that Government will look at the alternatives and find new ways and means of raising money where it will not hurt the country and have the effect that this tax measure, this ominous Bill is going to do.

Thank you.

**MR. PRESIDENT:**

For the record, you had had 55 minutes when you began this morning. You had another one hour and 40 minutes.

**MR. W. McKEEVA BUSH:**

Thank you, Sir.

**MR. PRESIDENT:**

The Honourable Member for Tourism.

**HON. W. NORMAN BODDEN:**

Mr. President, in rising to make my short contribution to the debate on the Revenue Measures Bill, that is the Miscellaneous Duties and Fees Bill, 1990, which is now before the House. I will try not to make your task as President of this Legislative Assembly anymore difficult than it has been over the past several weeks. I shall endeavour to confine my remarks to the revenue measures, to far-fetched claims which have been made by the opposition against those measures, and to avoid or at least to navigate around repetitious comment.

Referring briefly to the Civil Servants Salary Review, just let me clearly state that the attempt by some Backbenchers to claim credit for the civil servants' salary increase, but denying any responsibility for the revenue earning measures by which the recurrent expenditure is being funded is just not on.

This reminds me of the words of the late John F. Kennedy who said, "Victory has a thousand fathers but defeat is an orphan". Everyone likes to jump on the band-wagon when there is good news to be spread, but no one wants to assume responsibility for creating that good news.

I believe, however, that all civil servants and pensioners understand only too well that in order for the final proposal to be placed before Finance Committee for approval, it had first to be studied, accepted and approved by Executive Council. Executive Council is the four Elected Members plus the three Official Members who form the Government of this country under the Constitution of the Cayman Islands. It was Government, it was Executive Council that first accepted the proposal and agreed that the civil servants and pensioners were worthy and merited the increase which Executive Council put before Finance Committee.

It is often said that the British use a technique in diplomacy of dividing and ruling. I have to wonder, I do not know whether this is true or not, but I have to wonder whether or not the seven Backbenchers are not applying that principle to the many ideas that they put forward and the attempts that they continuously make to divide the Executive Council, that is, to separate the four Elected Members from the three Official Members of Government.

It is worthy of note that when this matter of the salaries review was before Finance Committee it was such a good proposal that no changes were made, not one single Member from the other side made any attempt or Motion to change one iota in the recommendations of Executive Council. They could have, if they so wished. If any of the seven Members want to reduce the amount of increase that was being proposed or to split it between this year and next year or whatever formula they so chose, why did they not move the Motion?

#### POINT OF ORDER

**MR. GILBERT A. McLEAN:**

On a Point of Order, Mr. President.

I was just wondering whether the Member is speaking about the matters which were dealt with in Finance Committee or not?

**MR. PRESIDENT:** He is indeed mentioning them, but in the context of the argument already brought by other Members of the linkage of the expenditure on the revenue.

**HON. W. NORMAN BODDEN:** Thank you, Mr. President.  
I will continue with the rest of my presentation. I will move from that, but I think the point has been made.

What I was going to say is that the pitch for the Civil Service vote in 1992 is very obvious to all. Including the civil servants.

In listening to the debate on this Bill for revenue earning measures I have to say that I never before in this House or elsewhere, heard so many one-sided and lop-sided arguments that some Opposition Members are using against this Bill, to the extent of making a blatant attempt to mislead the public. Especially when they know full well that they themselves would have to take the same or similar action in order to meet Government expenses if they were today filling these Executive Council seats.

**MR. ROY BODDEN:** We would give alternatives.

**HON. W. NORMAN BODDEN:** I am coming to them.  
In spite of their feeble attempts to cover their tracks, the people of this country remember well the days when some of those same Members who are today criticising Government and so strongly and so vehemently decrying Government's action, were in Executive Council and were forced to do the same thing. To take almost identical action.

They have tried to criticise regarding the several items on which duty has been removed or reduced. When they were Executive Council Members, they set the precedent for this. Do not tell me that they have so soon forgotten about what was dubbed the chicken and potato Government. I sincerely believe that those items on which duty has been removed or reduced will prove helpful to many people in our community.

Sometime ago their Government removed the duty from coffee. I do not believe they took it off tea for purposes of their own, but if you could take it off coffee I thought why not recommend that we take it off tea and reduce cocoa and chocolate, medicinal and pharmaceutical products; spectacle frames and contact lens? Also the many residents of these islands who travel to the United States will appreciate the fact that the amount they are allowed will be increased from \$100 to \$300.

I have to ask, if the Opposition does not support Government action in this instance, what alternatives do these critics have to offer? I have heard none that can meet Government's needs for additional revenue in a practical and sensible fashion at this time.

Furthermore, why were the options they claim are so workable and available not applied, by those same Members who are today offering advice when they were in power? I believe one should practice what they preach or are they like the preacher who said, "Do as I say, but not as I do". Many wild accusations are being made by the Oppositions, that it was not necessary for Government to bring these measures at this time. Yes, of course they agree that the civil servants should get a raise, but the additional expense could come from surplus cash on hand or it could come from the natural income generated from growth in the economy annually.

Now, I am willing to join those who have already declared that they are not economists. I know nothing of micro and macro economics. In fact, I cannot lay claim to having any more than a High School Diploma, but I would like to believe that I have some of what an old George Town lady, Aunt Sarah Jewell, used to claim she had, 'thinktation'. I have to think to myself: if Government increases just one of its expenses by \$9.4 million per year - which as I said, all Members agreed to - not accounting for future increases in this one area of expense, nor considering all its other expenses and their normal increases annually, and does not find the means of increasing its earnings or improving its revenue position, how long can its reserves and surpluses of \$34 million last? Furthermore, the Third Elected Member for George Town claims that their Government, on leaving office in 1984, had accumulated \$10 million in reserves. This is strongly refuted by the present Government which replaced them in 1984 and in 1988, but even if this were to be accepted, that there were \$10 million which was accumulated after eight years (that is 1976 to 1984), it is established that today this country's surplus and reserves stand at a total of \$34 million. That is then, after a total of 14 years (eight plus six), but, in my calculation this works out to Government saving an average of some \$2.4 million per year. That is with all things being equal, all conditions remaining the same. So how can this be used as an argument to say to Government, yes, you must take on an additional recurrent expenditure of \$9.4 million, but take no action to raise additional revenue? This does not make any sense to me. Common sense tells me that Government would be spending more than it is earning and before too long, its reserves will be used up, there would naturally be no surplus to count and Government would find itself in a financial mess.

I wonder, does anyone really realise what a sorry state of affairs this would be? Think about it! What are these people, these Opposition Members who criticise this Government's actions trying to do? Lay another trap to get rid of the Government? A trap that would eventually catch them and sadly everyone else as well? Surely, this idea of taking the expense from surplus cannot be considered serious. It cannot be considered as good prudent and sensible management and I believe that this Government has a responsibility to ensure that this country, these blessed Cayman Islands, do not fall into the position of management by crisis now or at anytime in the future.

I am surprised that two successful businessmen like the Third Elected Member for George Town and the Second Elected Member for Bodden Town would advocate taking this \$9.4 million from surplus. Something that I am certain that they do not practice or do in the case of operating their



own business. So how can they expect it to work for Government?

Today Government has become big business, as it is often referred to, and Government, just the same as any other business, must eventually resort to calling on the consumer to pay. Call it a cycle, a vicious one if you wish, but that is so and no one, regardless of their high hopes or bright promises can avoid this principle. Any government, past, present, or future; local or foreign can only collect the bulk of its revenue from its citizens it is expected to serve, for whom Government is rightly expected to meet the ever growing demands placed on it by the general public. In a progressive country such as ours this is the case and it is grossly misleading to the general public for anyone to attempt to confuse the issue, to intentionally misrepresent the facts and to try to convince other people that there is some magic formula by which Government's needs for funds can be met.

I admit that it has never been easy or popular to have to put forward revenue-earning measures, especially when it is always widely known that the Opposition will, as it always has, seize every opportunity to use any excuse, tool, or device to further their need for political propaganda. But unpopular decisions cannot be postponed indefinitely and I am one who strongly believes that the facts and sound business practices will remain, will stand and will bode well for the Cayman Islands long after the rise and fall of the popularity of any politician or the fame of any Government.

It must also be noted here that Government in its efforts to provide all residents of these Islands with the best service possible in many instances, does not in fact, even cover the full cost of some of these services. Government does not in many instances, I repeat: recover the cost from the general public for some service which they provide. I refer here specifically to two which readily come to mind, these are medical services and garbage collection.

Surely this country must have the best garbage collection service of any other country in the world, much less a country of our size for the price we pay. I could name other services provided for the convenience of the general public by Government at a minimal cost, but it is only reasonable to expect that Government must at least recover full cost in some other areas otherwise this country will end up with a bankrupt Government.

Another option that the Third Elected Member for George Town mentioned was Government reducing expenditure. As I referred to earlier in passing, if he really believes this, I wonder why then he did not move a motion in Finance Committee to reduce the amount of the Civil Servants' pay increase or the amount that is proposed to be paid to pensioners or even to move a motion to reduce the increase of Members of the Legislative Assembly salaries? This motion could very well have been moved by him or any other of the seven Members. That is one way to reduce expenditure and he had an opportunity to do so too.

**MR. PRESIDENT:** Excuse me, would it be convenient for you to break here?

**MR. W. NORMAN BODDEN:** Yes, sir.

**MR. PRESIDENT:** Proceedings are suspended for 15 minutes.

**PROCEEDINGS WERE SUSPENDED AT 11:23 P.M.**

**PROCEEDINGS RESUMED AT 12:10 P.M.**

**MR. PRESIDENT:** Proceedings are resumed.  
The Honourable Member for Tourism continuing.

**HON. W. NORMAN BODDEN:** Mr. President, when we took the break I was speaking about the different methods of reducing Government expenditure.

Many speakers before me have expressed concern about inflation and the spiralling of inflation due to these measures. One of the former Government Members, that is Executive Council Members, in 1981 under similar circumstances had this to say and I quote:

"Mr. President, inflation is a part of the economic life of every country. You can suppress the people and suppress inflation. You can increase the benefits to people, but inflation must increase.

To talk about runaway development, runaway inflation is failing to look at the overall picture. Everyone is alarmed if inflation gets high especially if it gets high and there are no resultant benefits.

For instance, controls in the United Kingdom and the United States were very harsh. In the beginning they did not produce very rapid results, even though I think in the long term they may, and the inflation remained at the same pace.

In the Honourable Third Official Member's Budget Address he mentioned that in 1971 to 1974 the inflation reached a peak of 18 per cent. Now, if you compare the inflation of 18 per cent then with the benefits that they had, and you compare 15 per cent now with benefits that we have you will realize that the economic policy here is in the benefit of the people to a much larger extent than it existed at that time."

The point I am making is as stated by that Member, I accept that

inflation is a part of every country's economic life.

You know, reading back the *Hansard* works both ways and in reviewing them, one thing it has demonstrated to me is that there has always been criticism of Governments by whomever or whichever group that forms the opposition of the day.

Secondly, that there has always been predictions of the awful adverse results that change such as these will produce. So far they have always, that is the prophets of doom, been wrong. I trust that this will continue to be the case. As far as I am concerned the Honourable Financial Secretary is Government's financial advisor. He is a qualified economist in his own right. When he tells me if Government approves this expense then we will have to increase our revenue earnings, I believe him. The exercise that then follows is to review and scrutinize all the various sources of Government's income, to examine each one, item by item; to determine the most reasonable and equitable method by which the needed funds can be raised, areas where it will be less burdensome.

In this present case while I agree that inflationary trends and direct and indirect affects are unavoidable, I want to make the point that as much care as possible has been taken so that the impact is felt less by the average householder, the average Caymanian family and the small businessman.

Much has been said in this meeting about diversifying the economy. While I agree that it is desirable to do to the extent possible, it is easier said than done. The results of a small country like ours, with the conditions that we have prevailing, for example, the small population with over employment and high labour costs, the results and the process can only be long term and will be slow in coming, if ever.

All Governments of this country, past and present, have rightly, and very rightly I daresay, concentrated on consolidating, improving, and developing further the two main industries of tourism and finance on which this country many years ago hung its hat. This must continue to be our priority.

I am not against diversification, but its limitations must be readily recognised. I believe that far too often many of us try to compare what happens in our country with other Third World countries and others where conditions are entirely different. I still believe that it is not necessarily true that what works for others will also work for us. At the end of the day, we frankly must ask ourselves the all important question: What is it exactly that we want for the Cayman Islands?

Where we must continue to concentrate our efforts, is in protecting and preserving those rare and priceless qualities of stability, safety and tranquility in these Islands. The day that we lose these qualities, we will have placed the future of these Cayman Islands in serious risk and robbed our children of their inheritance. I trust that this never happens, but you can depend that if it does we will all have something then to be concerned about. These qualities for one reason or another, for whoever might be right or might be wrong, today often seem seriously threatened.

Even after seriously considering all this, I still cannot figure out how in the world some Backbenchers can claim that an increase in stamp duty covering land transfer fees from 7.5 per cent to 10 per cent, an increase of only 2.5 per cent will be doubling the cost. This is ludicrous, Mr. President. I remember well when this particular item was being considered by Government and it was decided to leave it at 7.5 per cent where it has been, I believe, for the past 12 to 13 years for any transaction up to CI\$250,000. This was done because it was felt that the average Caymanian family would deal mainly with values in this price range, but that it would be increased to 10 per cent for transactions above CI\$250,000 which would most likely apply more to commercial land transactions where the effect could hardly be found objectionable. In spite of all that has been said, I still believe that this 10 per cent will not deter a serious developer.

How can these Members claim that these measures will hurt mainly the housewives and the little children? Will hurt mainly the little man when Government has exercised much care in awarding any increase in work permit fees for domestics, gardeners, clerical staff and other employees at similar level? Mr. President, the increase applies to skilled workers, to skilled workers and professionals. How can they claim this when Government has made no increase in trade and business licence fees for small size businesses and have made no increase in garbage collection fees for households, apartments nor small businesses? Have avoided putting any increase in duty, on imported food stuff? How can these Backbenchers question support for a measure that adds \$1.60 to visitors' driver's licence fee that has not been changed since 1976, 14 years ago?

Now, apart from the House and the country being given questionable lectures on economy during this meeting, much has also been said about tourism and its effects on the economy. Yes, I agree and it is common knowledge that tourism, just the same as any other industry, is affected by price increases. It is a cost-conscious and highly competitive business and yes, there is such a thing as pricing ourselves out of the market, but just the same as the quality of our tourism is the product of efforts between all of our people, between Government and the private sector, keeping the costs down; keeping the costs of our tourism product at a reasonable level and providing good value is likewise the shared responsibility between Government and all tourism related businesses.

It is still my considered opinion that after taking every aspect into consideration that the majority of tourists do not mind paying the price provided they receive high quality service in return. The caution of pricing ourselves out of the market has been heralded for many years. In fact, probably from day one and from both sides of this honourable House this message has come through the years. While we cannot afford to ignore this risk it cannot be denied that our tourism industry has still progressed well over the years. For example, from 1980 where we had 100,000 air arrivals or there about, to over 209,000 in 1989.

I sometimes have to wonder, all these suggestions I am now

hearing, all the free advice that is being given and some of it I sincerely appreciate, but I have to wonder if this is not also being done so that if and whenever there is a downturn in tourism again, some people will be able to sit back and say, "I told you so".

While I am at it, just let me say that in my opinion these revenue measures will not ruin tourism for us, but in my opinion, marches and demonstrations can surely adversely affect tourism in any country much more than the prices charged.

Tiny Caribbean countries like ourselves are constantly watched by the North American market from where we gain over 80 per cent of our business. It is watched because the Caribbean unfortunately has an image of political instability and we the Cayman Islands are part of the Caribbean. Political uncertainty, is one of the greatest deterrents to tourism growth and development and investors' confidence. We had better curb this ugly trend that is developing in this country. Just let me make this point abundantly clear, today, as of now, tourism in this country and on which we all either directly or indirectly depend, is strong and healthy. The latest statistics from our Department of Tourism tell me that tourist arrivals are up 22 per cent over last year. Any one who believes that this has happened by accident when so many other Caribbean countries have fallen on hard times this year is much simpler than I thought.

There can be no doubt, it is undisputable that the good performance has been the result of hard work of our Department of Tourism's staff and the team effort of Government and the private sector, and just let me further say, if there comes a slow-down or a down-turn in tourism that is attributable to the recent march, if this demonstration and political unrest in this country causes the good image and the reputation of the Cayman Islands to be affected, then let me say here and now that the Portfolio of Tourism, Aviation and Trade, the Department of Tourism, nor myself do not accept any blame or responsibility for this. The blame will have to be placed exactly where it belongs, with the organizers and supporters of the march, not with me.

The right to differ is a fundamental part of democracy. I fully support and respect this and I always will, but it must also be borne in mind equally, that the reckless action of extremists have also brought many a good prosperous country to its knees. History bears this out. There are many examples near to us and we should keep these cases constantly before us, 'lest we forget, lest we forget'.

I must return to the visitors'

driving fee increase in the amount of \$1.60 and explain that this item neither was not dealt with lightly nor without proper research. I can tell the House that it had been originally proposed to increase this fee to \$12, but representations were received from various Rent-A-Car companies claiming that here in Grand Cayman and in Cayman Brac there are many rentals for one day only. It was therefore considered by Government that \$12 was in fact, high for a one day rental and so, a decision was taken to put the fee at \$4.00 in order to cover both the one day and the longer term rentals. I have to say that this will most likely be reviewed at a later date when perhaps two different categories of Visitors' Driver's Licence fees may be created. At least just let me say that it is a matter that will be kept under review.

Apart from this, let me explain that our research on this matter revealed that according to statistics, both in 1988 and 1989, 31 per cent of our total air arrivals buy these Visitors' Driver's Licences while vacationing in the Cayman Islands and that percentage is calculated only by using the total air arrivals. I also understand that there are visitors from the cruise ships, who for one day will rent a car. If we take into consideration the total air arrivals plus the cruise ship arrivals (which last year was over 600,000), then the percentage would be much less.

In my research, I also found out that other tourist destinations in the Caribbean charge the following fees for visitors' driver's licences:

Antigua	US	\$11.30
British Virgin Islands		\$10.00
Barbados		\$15.00
Bermuda		\$25.00
Montserrat		\$11.25

So the point I am making is that even at \$12, except for the one day rentals, we would not have been far out of line.

Now, the Oppositions claim that they do not want to hear how long it has been since these fees have been revised, but this has to be part of the situation and must be taken into consideration when discussing this matter. Tell me which businessman, in whatever line of business, when increasing his prices, does not tell his customers that this or that item has not been increased in so many years? They all do it and so what is wrong with Government?

Just for the sake of the record, let me repeat that Visitors' Driver's Licence Fees have not been increased since 1976; Planning Fees have not been increased since 1976; Court Fees have not been increased since 1976; Warehouse Fees not since 1980; Trade and Business Licence Fees, Work Permit Fees, Garbage Fees for the higher categories of workers and big businesses have not been increased since 1985 in spite of inflationary trends that Government has had to face and adjust. So, I have to ask, on what ground is all this criticism and opposition been made? It has to be only because they are not the Government and their mission is to oppose everything that Government does. Fair enough, but let us deal with the facts.

There is, however, one fair comment with which I agree and which Government is attempting to correct through this exercise (which is part of the proposal) and that is, that Government fees as well as civil servants' salaries and pensioners' pay should be reviewed on a more regular and

gradual basis. Thus avoiding large increases that have to be made all at once and after so much time has passed without a revision taking place.

I seldom comment for, or against the press, but I must state here how very much I appreciated the Editorial in the *Caymanian Compass* of July 12th. The first two paragraphs say:

"The revenue package now being debated in the Legislative Assembly cannot be expected to raise shouts of joy from the public, but if Government needed to raise more revenue, this package is probably the least painful that could be devised.

With the proposed measures spread out over a range of items no one is likely to be directly affected by all 14 of them."

I would like to record publicly my thanks to the Editor of the *Caymanian Compass* for that timely editorial. I found it to be a fair comment and well balanced in its contents. I would also like to read a few lines from the Honourable First Official Member's, the Honourable Financial Secretary, and he said on the introduction of this Bill to the House:

"Mr. President, of these four options, [and he named four prior to that] to introduce more efficient systems for collecting existing fees; to reduce existing or proposed expenditure; to increase the level of existing fees; and to introduce new revenue measures.

Of these four options the one which recommends itself as the most feasible at this point in time is a modest increase in the levels of existing fees on 14 selected existing revenue sources.

The Government examined what it considered to be a reasonable range of fee change possibilities. The revision ranges proposed [and he referred to Appendix 1] consider the date and the amount of the last fee change, consider the amount of the last fee change and the impact of inflation on the value of the fee since its most recent revision."

Mr. President, these days when we hear about petitions, and I note with interest that a copy of the petition signed by the seven Backbenchers was copied among other people to the Leader of the Opposition, the Rt. Hon. Neil Kinnock in the United Kingdom. It is well-known that the Labour Party Leaders are against offshore tax havens. They, I believe would close them down if they could. These people also favour big steps being taken in constitutional advancement and independence for the United Kingdom dependent territories. I hope that the wrong message or the wrong signal is not being sent here.

Some time ago, in an interview with the *Caymanian Compass* I did say that I would expect that in the not too distant future, we would have an advance of our Constitution and that we would move forward to a ministerial form of Government. This is the extent of anything that I would support and I believe that we must all be very careful in how far we go and what action we take and remember the words of Sir John Sharpe of Bermuda when he said, "in that regard my recommendation is, to hasten slowly".

#### POINT OF ORDER (Relevance)

**MR. W. McKEEVA BUSH:**

Mr. President, on a Point of Order..

**HON. W. NORMAN BODDEN:**

What is the Point of Order, Mr. President?

**MR. W. McKEEVA BUSH:**

Relevance.

**HON. W. NORMAN BODDEN:**  
I am much afraid Mr. President, that it would not be too many people standing in this hallowed hall.

**MR. PRESIDENT:** Since this particular point was raised already, I think it is reasonable that it should be replied to. Certain speakers have criticised the record of management of Government, it seems reasonable that Government can reply to that.

**HON. W. NORMAN BODDEN:** Mr. President, the point that I am tying this to is that we were dealing with the economy of this country and I was going on to say, and will say, that in my opinion the good economic position of the Cayman Islands today is due primarily to two things; the fact of our geographical proximity to the United States, and the fact that the Cayman Islands remain a British Crown Colony. That is the point that I am tying that to, Sir. We are dealing with the economy. I have to wonder if it was a wise decision on the part of the seven Backbenchers to bring the United Kingdom Opposition party into this and I can only hope that any repercussions will not be regretted.

Our economy is partly built on offshore operations and the fact that we remain a Crown Colony which provides the stability we need and no one, regardless of how hot under the collar they might get, can afford to tamper with the very ingredients that have brought us success.

I have heard many warnings sounded on other subjects during this meeting and here I want to sound a warning too, as I said before, we had better tread carefully and easily and

the people in this country had better stand up and take notice as to what important issues are really at stake in this country. I say do not be fooled by any smoke screen and all the misinformation that is being put out there for public consumption.

In conclusion, it is true that politicians play politics, but there are basic needs in any country. There are certain unavoidable actions that any Government must stand up and take; fully justified commitments that Government must face and on close examination of all the facts, these must be placed far above politics, and in my opinion, this is one such occasion. The need for Government to find resources to fund a specific expenditure which can neither be ignored nor postponed warrants the support of all Members of this honourable House.

No country and no Government can progress or even survive by postponing and using schemes to avoid unpopular decisions because the country will eventually suffer and political popularity will only last so long. The needs of the country must come first. We have a great little country, we have many good things going for us, but let us stop long enough to count our blessings and appreciate what we have. Let us try to preserve the good we have for once it is lost, it is a rough and rugged road back to prosperity and success; the type of prosperity and success that we all today enjoy that is, if any thing goes wrong, if we ever return it would be difficult for us to ever return to this unique and coveted position of prosperity and success that the Cayman Islands enjoy today and that we who live in this land all benefit from.

Mr. President, I support the Bill and I thank you and all other Honourable Members for their attention.

**MR. PRESIDENT:**

Proceedings are suspended until 2:15 pm.

**PROCEEDINGS WERE SUSPENDED AT 12:45 P.M.**

**PROCEEDINGS RESUMED AT 2:24 P.M.**

**MR. PRESIDENT:**

Proceedings are resumed on the Second Reading debate on the Miscellaneous and Fees Bill, 1990. Does any Member wish to speak?

[Laughter] I beg your pardon, I thought you had concluded. You had. Does any other Member wish to speak? Many Members have emphasised how important this Bill is so I am giving you every opportunity to speak. There appears to be a certain reluctance in which case... the Second Elected Member for the Sister Islands.

**MR. GILBERT A. McLEAN:**

Mr. President, I rise to speak in opposition to the tax measure which is before this honourable House. In doing so I wish to refer briefly to a bit of the history which has led up to this situation as far as I am aware.

In early 1989, the Government in its wisdom paid certain monies to civil servants and it was my understanding at that time that that represented an updating of the position of civil servants, taking into account cost of living increases and also comparisons with private sector. Those particular recommendations for changes or adjustments were made by a report done by a Mr. Hall, if I remember correctly. These were made and Government determined that it wished to once again review the situation with the Civil Service...

**HON. BENSON O. EBANKS:**

Mr. President, just for a matter of clarity, Sir, did the Member say the Government made certain payments in 1989?

**MR. PRESIDENT:**

As I recollect I think you did start off by saying 1989. Is that the point?

**MR. GILBERT A. McLEAN:**

Yes, Mr. President, I did, but I think it would have been 1988, I think yes. Thank you for bringing that to my attention.

I recall in early 1989, that I asked a question relating to salaries for the Civil Service and whether Government was contemplating having an exercise undertaken. At that time the reply was in the negative, at least from the point of view as to why it was being undertaken.

Information that was available to myself was that an exercise was being undertaken particularly to deal with salaries which were payable by the Government of the Cayman Islands to contracted officers.

It has been established during the debate over the past few days that no monies were provided in the 1990 Estimates for salaries to be paid to civil servants. I would like to certainly make a point that the Backbenchers questioned why monies were not provided in the Budget for 1990 because there would be a salary adjustment and increases made. However, the reasons that we were given at the time was that the Government was not aware of what the whole package would cost. I could accept that to some extent because unless it was all worked out at that time, the Government having dealt with the various associations on this, then indeed they would not have an exact figure because the first amount proposed might not be the one that the Government eventually decided to go with.

As it turned out that was the case because again it has been established that while a Report was done by an external examiner, the Report that he produced was not accepted in its entirety. After certain negotiations between the Government and the Staff Associations in the Government service certain changes were made. Initially, the amount that was looked at by Government was a 12 per cent

increase which is a type of increase that the Government could have realistically looked at paying from its general revenue. Here, I may say that I subscribe also to other arguments which have been put forward, that out of the annual revenue growth that the Government should have looked very carefully even now at paying the salaries from this particular area.

Suffice it to say that at the end of the day the Government has considered that an average of 22 per cent is the more realistic figure and the one that is more acceptable between the parties concerned, the Civil Service Association and the Government Executive.

The question that I have about that is, why has the Government decided to pay this full amount all at one time? I do not believe that it is good proper public management and there can be no good reason except what has been stated and has been in the press that it was Government's intention to bring the package at one time and take the consequences rather than do it in two parts.

My argument is that a good Government would have brought about this increase in two parts because it would have been better for the public to absorb a smaller amount of taxes at one time rather than be hit by a large tax increase in one instance. It is worthy of note in this respect that it was purely the Government's decision in arriving at this particular situation as the civil servants did not demand it in one payment. It was totally a political decision.

The Government says the only reason for it is to pay the civil servants. It enhances the salaries payable to civil servants while it takes from the salaries of other people in the community to make up the amount of revenue which the Government hopes to achieve. Of course I am not saying that civil servants will not also be paying monies or paying these taxes, but that is the only wage earning group or those are the only salaries at this time, at least that I have heard, that are being enhanced.

There is no doubt in my mind that there will be other businesses that will increase the wages as a result of this particular increase because it has a snowballing effect. Certainly, Government which I believe is generally looked upon as being somewhat behind, for what ever given reasons in term of what it pays in salaries, if they see where it is necessary to increase wages to that extent, it places the private sector companies and employees in a good position to look for something similar.

The point has to be made that for this particular group of employees in the Cayman Islands, all the people in the Cayman Islands must pay for this particular exercise.

Political decision was made and I offer similarly a political criticism, that is, that I think it is inherently wrong when in the middle of a fiscal year the Government of the Cayman Islands undertakes such a venture as this amounts to. It places the people of this country in a position where from their earnings prior to the day that this Bill was committed in this House, to earning or having a certain amount of money and from that has been extracted a significant percentage. Within it are certain inescapables. Thus because of this, the Civil Service has been placed in a position of severe criticism.

If it does not come from all sectors, and perhaps the sectors that are better off may not be as severe because they may rationalise what is being done, but certainly the people who are always in any society in the majority, those who are less well off economically, will indeed feel the crunch of this particular tax measure.

The Financial Secretary has referred to 14 heads which have been taxed, but item by item there are many more. While some of them affect the Judiciary, others affect Customs, some affect the Caymanian Protection Law, all of these as a whole will affect all of the people of this country. For example with gasoline there is no doubt that already people who are used to paying a certain amount are now paying an increased amount. I know personally it took me about \$12 to fill my car, it is approximately \$16 now. I daresay there are hundreds and thousands of people who are experiencing the same type of situation. In my instance it is purely a car for my own use, but of course for taxi drivers and vehicles for hire this has to be very significant, indeed.

This goes beyond that. I could say that it affects the fisherman because these days there are very few sail boats that are used, if any. Even the fisherman who fills his two tanks (as the case may be), to go fishing the increase affects him. Therefore, he passes it on to the consumer, for example the price of fish may be escalated.

Another item that has to have direct effect on the lives of everyone in this country is the increased cost on diesel oil. While we are talking, prior to now it was 13 cents per gallon that Government was collecting and it has only, as some would say, been increased by 12 cents. We are looking at 92 per cent. It is significant. It is well known that our electricity company, Caribbean Utilities uses diesel and most surely they will increase their charges. They do have a formula agreed between them and Government so at least there is some way of the average consumer checking as to what has happened.

The increase on these two items has an immense and direct effect. For the family in the one bedroom house and we do have them with two or three children where that bill might have been \$25 per month. If that goes to \$30 or \$35 (as the case may be), that hurts. That is significant because it is a necessity and the people of these Islands and indeed, those not very well off must pay or lose the service. Of course if one takes it on a daily or weekly basis it would appear less than if one takes it annually and it is quite clear what has happened to the economy of these Islands.

Supermarkets have increased their costs. The cost of goods have gone up since this has come about and there is no question as to whether it is inflationary. There is no good cause I believe, except for political expedience that taxes should have been brought at this time in the year. These amounts should have been brought in the 1990 Budget or kept for the 1991 Budget because Government is in a financial position and the Government here has indeed spoken of its surpluses and indeed of its growth rate in the economy. It could have absorbed these amounts which are outstanding. However, I contend that it is not just to provide monies to pay the Civil Service that the Government has brought these taxes at this time. It is to increase

the overall revenues of Government so that Government is in a position to undertake borrowings which I believe it has in mind to do to fund some of the schemes that they have not be able to do up until this time.

Over the past three weeks and more, it has become abundantly clear that the Government intends to carry out certain undertakings which can only have one effect on this country and that is to increase the public debt. Where I am concerned is that it has become very clear that the Government has certain major projects which it wishes to undertake and nothing, but nothing will stop this.

**MR. PRESIDENT:** I think you are coming very close to repeating in detail the arguments which have been advanced already about the question of the objectives and how they are proposed to be met. The Third Elected Member for George Town spoke on almost exactly similar lines.

As I noticed in the newspaper today there seems to be some thought that I only pick on one Member of the House, I felt it proper that I should make it clear to you also.

**MR. GILBERT A. McLEAN:** I did not quite understand that, Sir.

**MR. PRESIDENT:** I was adding the comment that in the newspaper today, it is reported that I only pick on one Member of the House in regard to this particular matter of repetition of arguments. I, therefore, would like to make it clear that I do not just pick on one Member. I have actually spoken to one other Member during the course of this debate about it, and I was bringing to your notice that you appear to be about going to repeat an argument dealt with extensively by the Third Elected Member for George Town.

**MR. GILBERT A. McLEAN:** Yes, Mr. President, I thank you for bringing that to my attention, but in order for me to make a point in that particular respect, it was almost inevitable that I should have spoken as I did.

**MR. PRESIDENT:** I think that is right. I am sorry to interrupt you again, but the passage from the Clerk's circular number three (which I drew to the attention of the House recently), covers this specific point. If a Member does wish to express support of arguments already set out, expressed by another Member, he need only say so. I support the arguments in regard to X, Y, and Z, of the Member who had spoken.

**MR. GILBERT A. McLEAN:** Yes, Mr. President, I rose on a Point of Order when one of the Members was reading what the Financial Secretary had said, so I quite understand the situation.

Prudent public management as we have had in the Cayman Islands which has brought us to a position of good economic well-being further dictates that we should pursue a course not fraught with borrowings or commitments, but rather one that is guided by prudent spending and saving.

I think that what is happening with our economy and the economics of the Government at this time is that things have grown very speculative. I think the Government for example, speculates that where we may have 15 or 16 thousand cars, that the same rate at which cars have been coming to the Island will continue to grow. This is definitely not so and cannot be borne out from a realistic point of view.

There are persons, experts in the field much wiser than I am, internationally acclaimed who have spoken about conditions which I think prevail in the Cayman Islands at this time and in the minds of the people of the present Government. For example John Kenneth Galbraith, well known Harvard economist, in *The Miami Herald* of Sunday, 17th April, 1988, was quoted as saying that year, he had indeed predicted this way back in 1929, and I would like to read almost exactly 33 years ago what the Harvard economist was called down from Cambridge to testify on Capital Hill about the stock market. As the author of a just published book called the '*Great Crash 1929*', Galbraith in 1955 had reason to worry and I quote: "The modest boom in the market was caused for concern."

Mr. President, I think that over the past few years we have been living generally speaking in 'boom times' in the Cayman Islands. It is fortunate that this has been the case because persons have benefited, but rather than fanning the flames of the boom or stimulating the economy still further, I think the right signals, the sound and prudent management would be that we update our standards and that we fine-tune what is happening in this society in both physical development and in the development of manpower rather than expanding and stimulating and going beyond the situation where we now enjoy.

Also just to quote another sentence from Mr. Galbraith, he says that: "The fundamental problem of containing a speculative orgy, once it is launched remains essentially unsolved."

I think there is a lot to be said in that. What is happening in the Cayman Islands at this time, and what seems to be the attitude of the Government of the day in its development projects and in undertaking more and more is putting greater demand on the manpower resources and is finding more need for monies. There is no guarantee that the Government will remain in the good and promising and buoyant position it now finds itself.

There is one particular part in this recent article that has stuck with me and he is quoting as saying: "Nothing so gives the illusion of intelligence as personal association with large sums of money." This Bill which is before this honourable House is one which I contend has an effect on all of the people of this country.

I totally support the idea - and I have always done so - that civil servants should be paid a fair wage for the work which they are required to perform. Years ago when I was around the Civil Service there was an idea that I was aware of that civil servants were only supposed to receive a percentage of what were the wages then. It was as if they always had to have less than what could be compared

with in the private sector. I do not subscribe to that. I believe that whatever the value is of the job it should be reflected in pay as well as in other conditions.

I think it is fair to say that if the Civil Service at this point in time is to get a cash injection into salaries as is proposed, which I have voted to support, then the Civil Service also deserves to be challenged at this time. Why I say that is, the Civil Service is directly paid from public funds. It is reasonable and fair to say in my opinion to the Civil Service, "Look we are giving you what you deserve in terms of pay for the post that you hold, the jobs that you are doing. We now challenge and require you to increase your productivity. We challenge you now earning the monies you will after this, each of you should look to the improvement of education in the particular area and the particular field or job that you are working".

Also I think there is a motivation in that, that with the higher increments that are available now in the various scales, if they should significantly qualify which I think to a large extent is that way now in the Service, there is more monies to be made. I believe simply to pay that amount to the Civil Service and say, yes, here you are due this - it does not really stop there. If it can be recognized by Government that this is due, then in turn Government who recognizes this should challenge the Civil Service to higher and greater things.

I think that it would be good if promotional examinations were set up in the Civil Service. This has been talked about for a long time. I do not think it has been done, but certainly I do know in other Civil Services this is the case. Something should be built in there to set these exams that people are motivated. There is cash which would motivate them, but motivate them other than with the appeal of cash.

Most Governments too would look very carefully when it was taking on a situation of a \$10 million increase in wages, that it was totally satisfied there is not duplication in the Service.

I think this increase should weigh very heavily on the Operation and Management Division which is being set up in Government to quickly as is possible examine the structure, the jobs, the work performances in the various departments of Government and certainly look to whether it is possible to cut jobs where there may be duplication and through redistribution of work there can be a savings. Certainly if Government is going to expend to the extent it has undertaken to do, it certainly should look to areas where there can be savings. Having been a civil servant myself, I believe that in the time I was in the Service and now there are savings that can be effected.

This undertaking further emphasises the need for Caymanianisation of the Cayman Islands Civil Service. If the Government is to place this sort of increase on the taxpayers, on the people of this country, then in turn there is also an inherent obligation on the Government to retain within this country as much of the monies that are being paid out as is possible.

It is not small amounts that I am speaking of because in the summary, which was presented by the Financial Secretary, the First Official Member, it was pointed out that just to service the new supplement which has been agreed and is to be paid to the Contracted Officers (those from overseas I am speaking of) amounts to \$1.4 million. That is annually. So we are talking about a significant amount of money which is being extracted from the local economy.

While, as one Member of Government has argued, civil servants will be putting that back into the economy and there has been much said about the multiplier effects and all the rest of it, I share the view of my honourable friend the First Elected Member for Bodden Town who says that 'Civil Servants being the prudent people they are, will certainly look to save some of that monies which will be paid to them'.

When one looks at the effects of the proposed tax increase, it comes as no surprise that costs will rise in other areas other than those that I have mentioned so far in my debate. For example, it is bound to have an effect directly on construction cost as one of the increases is in the area of work permits for skilled tradesmen. A work permit for a carpenter or mason as the case may be, will become \$1,000. If the construction boom is to continue in this country and if there is to be continual needs particularly in these areas in the skilled trades, the increases then will have to be passed on in the building trade. Of course it will have effect in building materials such as blocks because after all those plants have to operate on fuel and it spreads. It is a spreading inflation in the economy.

Housing, which is not in abundance and is not readily and easily available here in the Cayman Islands at a cost that is easily met by the average citizen, costs in housing I argue will also be increased. Much has been said about the tourism aspect of this and I share the view that Government should stay away as far as possible from increasing costs in the area of tourism. The cost of tourism services is already high in these Islands. Two areas, certainly which will cause costs to go up and which will affect the tourists that are specifically been taxed are restaurants because I argue in any restaurant where the electricity goes up, the cost of their meals is going to go up and so on and on it goes.

If we take tobacco and liquor that will definitely have its effect. I will not try to moralise about liquor and as the Member for Communication said, we should get rid of it at all costs, it is an evil thing. Maybe he is right, I am not saying he is not, but the cost that that will bring about in the tourist industry will be significant, the cost of alcoholic beverages.

One cannot wisely overlook the fact that tobacco and alcohol are two of the areas in any country's economy that can be taxed the hardest, but yet the people continue to use both of these products. It can reach a point where persons who are so persuaded to use these items can easily find that they are spending more in that area while monies needed for vital and essential items (foodstuffs and otherwise) by families for example can suffer.

The tourist motor car licences, drivers' permits, have been reduced and I think that was a very good move indeed on the part of the Government. It has been pointed out by



the Member for Tourism that it is higher in other tourists' destinations. That may be so, but all that I would like to point out really in this respect is that perhaps thought could be given for this becoming free or amendments be made in the Law that allowed persons coming to this Island to drive on the drivers' licences of the countries from which they come.

After all, that cannot be so shocking an exercise because there are many who leave these Islands and go to the United States and drive on the licence which is issued here in the Cayman Islands. It may have been something which the Government could have looked at in terms of taking the costs away rather than increasing them. It would have been a good gesture and it may have reached the newsletters which circulate in the field of tourism.

We had better be certain in this country that we do not place ourselves in a position where we are no longer competitive with other tourist destinations and that we do not increase taxes and revenues on the people of this country generally, that it hurts them to the extent that it helps to cause reactions and reactive feelings such as one might expect from those persons less well off, less able to provide for themselves and that it turns to law-breaking such as stealing and so on to provide money for themselves.

Much has been said about the reduction in taxes and that Government has allowed persons who are bringing things purchased aboard in to the Islands; they have increased the level from \$100 to \$300. What I have to say about that is it is only of benefit to those persons who can afford to travel overseas and buy things to bring back in the first instance. So it is helping one sector of the country's populace, but that is not a very good token for all such persons. Another thing to take into account is that it is becoming \$300 per person, per family, therefore, the Government from that revenue area is certainly standing to lose much more than it did before.

It is very essential to a democratic country that there is dissension in its Parliament and here I refer to statements made by the Member responsible for Tourism. When he said, that 'it has been said for many years, and certainly I have heard it and I think that most people in the world have heard it at one time or another, that the British system is to divide and rule'. And he wondered whether the seven Backbenchers idea is to divide and rule between differentiations in the Civil Service, Members of the Government Bench and the four Elected Members.

Here I say, yes, there has to be a differentiation. The Official Members in the first instance and the political establishment at this time put them in a position where they act politically in dealing with certain subjects with which they are charged. What has to be borne in mind is that it was the seven Backbenchers on this side of this House that created the four Elected Members on the Executive Council. So there is a differentiation.

While I am sure that as Backbenchers and as representatives of the people, we will levy whatever criticisms we consider fair and reasonable at any Member of the Government bench, certainly the people to be held at task at all times have to be those that were selected from this side of the House to compose the political directorate of the Government or whatever one wants to call it. Certainly I think it would be true to say that all sensible politicians and representatives in this House should campaign or should attempt always to be found in the good favour of the Civil Service because that is the biggest group of employees in this country.

If one takes 1,900 civil servants and just add one more, be it a husband or wife or a child or whatever, then what one is looking at is 3,800 people. We know that the total voting population is less than 10,000. So it is only sensible for all persons to do that, but I do not believe certainly I speak for myself and I think to a large extent for other Backbenchers, that we have had many representations by the Civil Service and we believe that to have a satisfied Civil Service means to have a good Government machinery with which to work.

**MR. PRESIDENT:**

Proceedings are suspended for 15 minutes.

**PROCEEDINGS WERE SUSPENDED AT 3:22 P.M.**

**PROCEEDINGS RESUMED AT 3:57 P.M.**

**MR. PRESIDENT:**

Proceedings are resumed.

The Second Elected Member for Cayman Brac and Little Cayman continuing.

**MR. GILBERT A. McLEAN:**

Mr. President, when we took the break I was commenting on points raised by the Member responsible for Tourism and I had mentioned that in the Cayman Islands all sensible politicians attempt to stay in the good graces of the Civil Service.

On that point as well, I should say in response to the question about why Backbenchers did not vote to reduce salaries for civil servants, the fact is that from last year, 1989, our contention was that the civil servants should be paid and be paid quickly as possible and now it is July 1990, and we are just getting around to it.

I certainly would not in any way think of a motion in this House or wherever about the reduction of pensions to pensioners. More than anything else I would like to see that pensions become a right, rather than a privilege and it is my understanding that Government at this time is taking a look at that particular situation.

In very recent times, I have spoken about how tourism can be

affected in this Island and the Member has also commented on this. I believe as I have stated, that one of the ways of affecting it is by bringing revenue measures or taxes or whatever, that will push up costs which are already high.

I do not think that we have anything in this country to fear as has been suggested by the Member for Tourism; where Americans are going to become frightened when the people of these Islands in peaceful demonstration march on the streets of their country to present a petition asking that their wishes be taken into account. Such a situation is very familiar to the North American and I believe the North American visitor will become more afraid if they should believe that the Cayman Islands is losing its sense of individualism and democracy which has prevailed for generations and that the Government might be changing in anyway except what is looked upon by Americans as one of the greatest things in their country; freedom of speech, freedom of movement, freedom to petition and all the rest of it, a loss of democracy.

The ugly trend that I see is that politically the Cayman Islands could be sending the wrong message to the investor and the visitor to these Islands by recent events - not the fact that the people have marched to protest against these events.

It was noted by the Member for Tourism as well that there are certain areas of revenues that have now been raised, that have not been raised since 1976. We know that the 1976 Government is at least in part the present Government now in place, therefore, it seems that the raising of taxes naturally follows from 1976 to 1990 because the same people are involved.

The point was also raised by the Member for Tourism, one which I think needs a close look at and a reasonable and comprehensive reply, and that is, that the petition or the statement which was presented to His Excellency the Governor by the seven Backbenchers of this Legislative Assembly was copied to the Rt. Honourable Prime Minister, Mrs. Margaret Thatcher, the Rt. Honourable Mr. Douglas Hurd, Secretary of State, and the Rt. Honourable Mr. Neil Kinnock who is the Leader of the Opposition in the House of Commons. The Member for Tourism implied that this particular gentlemen epitomised or his party perhaps does those entities that hate tax havens.

Now, if I take the opinion of the Member for Tourism, he has pointed out from time to time in this House that the Cayman Islands is no longer a tax haven, it is a financial centre. Therefore, any conditions which may attach to a tax haven would not now apply since it is a financial centre. Certainly I cannot see why a copy of a letter to the Leader of the Opposition would have anything to do with our tax status.

I would like to refer to *Erskine May*, the 21st Edition, page 200 and read briefly there from under the heading the Official Opposition and it reads:

" The importance of the Opposition in the system of parliamentary government has long received practical recognition in the procedure of Parliament. Even before the first Reform Act the phrase 'His Majesty's Opposition' had been coined by John Cam Hobhouse. In 1937 statutory recognition was accorded through the grant of a salary to the Leader of the Opposition. The prevalence (on the whole) of the two-party system has usually obviated any uncertainty as to which party has the right to be called the 'Official Opposition'; it is the largest minority party which is prepared, in the event of the resignation of the Government, to assume office. The Leader of the Opposition and some of his principal colleagues in both Houses form a group, popularly known as 'the Shadow Cabinet', each member of which is given a particular range of activities on which it is his task to direct criticism of the government's policy and administration and to outline alternative policies. Since the strength of modern party discipline makes a Ministry largely invulnerable to direct attack in the House of Commons, the criticism of the Opposition is primarily directed towards the electorate, with a view to the next election, or with the aim of influencing government policy through the pressure of public opinion. The floor of the House of Commons provides the Opposition with their main instrument for this purpose. Accordingly, the Opposition has acquired the right to exercise the initiative in selecting the subject of debate on a certain number of days in each session and on such occasions as the debate on the address in reply to the Queen's Speech or from time to time by putting down motions of censure. The Leader of the Opposition is by custom accorded certain peculiar rights in asking questions of Ministers (See p. 297), and members of the Shadow Cabinet and other official Opposition spokesmen are also given some precedence in asking questions and in debate."

That explanation from what I have termed the bible of Parliamentary Practice and Procedure, *Erskine May*, should clearly set out why the Honourable Mr. Neil Kinnock, Leader of the Opposition was sent a copy of the particular statement which was sent to His Excellency the Governor.

The Backbenchers are attempting to get the attention of the persons in the British Parliament who are in a position to look at what we are saying in the Cayman Islands. It is as simple as that. We are not talking anything about taxes, we are trying to get the attention of the British Government to look closer at what is happening here in Cayman. We believe that what is happening is not right, we hope that when they look at it, they will similarly agree and take the right and proper steps to cause this situation to change.

I might add, however, that while we have not heard from the Rt. Honourable Mr. Neil Kinnock, we do have a letter in response from 10 Downing Street, which reads:

"I am writing on behalf of the Prime Minister to thank you and your cosignatories for your letters and enclosures of the 29th of June. This is receiving attention and a reply will be sent to you as soon as possible.

Private Secretary of the Prime Minister,  
Dominique Morris."

The Cayman Islands, yes indeed, have come to the position where they have through good sound common sense and through the prudence of their people, their love for democracy and their gumption to stand up when they perceive something is wrong. I do believe that unlike what the Government may believe the people do not know or understand. It is directly the opposite that the people do understand and they know what they want, from what they do not want.

I too agree, as the Member for Tourism has said, that Caymanians had better stand up and take notice of what is happening in the country. I think they have. They have been very specific, I do sincerely trust that the Government will take notice.

In conclusion I wish to say and draw to the attention of the Government and for those who might lose sight of the fact that there are approximately 25,000 people in these Islands. There are 15,500 wage earners according to the latest statistics and that those persons all do not earn the same wage. Within those 15,500, are people who struggle to make ends meet and the slightest amount that is taken from them is redirected, affects them and can affect them considerably.

I would also like to point out that of this 15,500, almost a half are not Caymanian. Therefore, they do not necessarily have to pay the revenues which can be imposed on them. I do think that if there is a downturn in this economy they will not be around to pay any revenue or taxes. It is only because this is a better situation than the one which they left at home in some instances, there are more wages, and various other reasons, that have brought them here. If those conditions change they will naturally change with it because they have another country to go to.

The 7,400 of us who would be left would have if unrealistic taxes are imposed or if we get into large borrowings and commitments to large projects, that half of the now working populace will be left to pay the price that the other 50 per cent would in the normal circumstances have helped to pay.

I think that the Government would have been better off finding new tax revenue basis and areas that they could have tapped over the period of the next year for monies rather than impose taxes in the middle of the year as they have done. We are only approximately 25,000 people and half of the working population is non-Caymanian. Therefore, we cannot treat the imposition of taxes on the people in this society as how it would be if we were a country of a million inhabitants.

I believe that Government could and should have paid monies to the civil servants out of monies that are now available from revenue and have not taken the position that they have in bringing this particular Bill. I think that we need to look very seriously at improving our standards of goods and services, that can prove very beneficial in that there can be savings from many areas. I think it is very essential that the Government should look to this and certainly even within the Civil Service the direct salaries and the other costs which generate from the staffing of the Government Service, one can look to savings from those if right procedures and good management is practiced.

I believe that we must maintain our democratic position in all respects including those where one would simply impose the \$10 million tax package and take a frivolous attitude that it really does not affect everyone and altogether affects our people very lightly.

Thank you, Mr. President.

**MR. PRESIDENT:**

Does any other Member wish to speak on the Second Reading?  
The Honourable Member for Education.

**HON. BENSON O. EBANKS:**

Thank you, Mr. President.

I rise in support of the Revenue Measures Motion before the House. I have listened to quite a bit of rhetoric on this over the last several days, but I have not heard any argument to convince me that Government is wrong in its approach to these revenue measures. Certainly the argument that Government should have met this salary increase Bill from Reserves and Surplus has to be one of the most frivolous arguments that I have ever heard in this House. Members are well aware that in December last year Finance Committee approved a Budget for this Government for the year, 1990, which did not include the Civil Service regrading and that that Budget totally committed most of the surplus which now appears on the Government books and in fact the budgeted surplus at the end of 1990 was just in excess of \$1 million.

So in fact, the \$15 million figure used as at the end of May, 1990, which was a guesstimate is in fact, in many respects, illusory. All that has happened is that Government collects most of its revenue from bank fees, company fees and that type of revenue by the 31st of January. For the first half of the year there is usually considerable surplus on the current account, but it is used as the year progresses to finance the expenditure in the budget.

Speaking for example from the point of view of the Portfolio of Education, Members are already aware of three projects which were selected to be done this year in education under Capital Works. They are the West Bay infant school, the Industrial Arts Centre at Cayman Brac and the Science Lab block at the High School, when they have been properly designed and costed partly as a result of improved designs, increased space and so on. They have all come in at least three times what they were budgeted to cost, so that instead of Government looking towards savings on Capital Expenditure, they would be looking in fact at excess expenditure on those projects.

In light of what as I said, it would have to be a height of irresponsibility if Government then sought to put another \$10 million for civil servants' salaries on to the 1990

Budget without the necessary revenue measures to cover it.

In addition to that this salary bill is a recurrent expenditure which Government will have to find again next year, the year after and so on, inclusive or expanded and increased by the relative incremental increases to civil servants and cost of living adjustment awards that have been agreed to be reviewed annually now instead of every three or four years as by the agreement previously held with the association. Taking all of this into consideration Government had no alternative but to raise revenue.

The question has been asked, "Is this the best package that Government could put together?" The theory has been advanced that it hits the little man, I believe it was said, the housewife and the children and the unemployed, the hardest hit and the most. Nothing could be further from the truth.

Let us examine really what has happened. In my opinion the gasoline tax will hit all persons in Cayman who own a car, a motor bike or any gasoline driven type of transportation, even the motor boats. Let us question exactly how much we are talking about? I believe that my use of gas could be taken as fairly representative for a working person and I normally use between 12 and 15 gallons of gas a week. I make two trips to George Town most days and in between I do some running up and down and I sometimes even make a trip to the odd social engagement in the evening. I use between 12 and 15 gallons a week. Government has added 12 cents per gallon to gasoline and I am going to be generous because I do not know anything about the oil company pricing structure. Let us assume that that rose to 25 cents per gallon which would really be ridiculous, by the time it gets into my tank. What I am looking at, therefore, I take the high side of 15 gallons a week, would be \$3.75 per week or roughly \$150 to \$160 per annum. Surely that is not a tremendous increase.

Now if we assume that, let us take West Bay as an example, the taxi driver who operates a mini bus and most of these are Japanese made so they are very fuel efficient, I would doubt that they could use more than a gallon of gas on a round trip from West Bay and most of them take between 12 and 15 passengers. That would work out on one gallon of gas with 12 passengers, roughly 2 cents per passenger. Insufficient in my opinion to even pass on to his passengers.

Diesel will admittedly result in my opinion to some slight increase in the cost of electricity, but someone used the analogy that we had told them that we had not increased the cost of the food, but that it would cost more to cook it. I would venture to suggest that most of the small people that we talk about in this country do not use electric stoves. We have not increased propane gas, so I think that analogy too is weak.

Before I sit down I would like to kill the propaganda that you could expect an increase in telephone rates because telephone equipment has been placed on 20 per cent duty. Surely Members of this House know that Cable and Wireless operates under a franchise and that any increase in Customs duty on telephones could only refer and apply to telephone equipment not brought in by Cable and Wireless. In other words, what we are talking about are luxury telephones; special designed telephones that you buy privately and hook up against the Law because under the franchise you are only supposed to hook up equipment supplied by Cable and Wireless. So, when you have these custom designed telephones that this applies to, it is in fact illegal to hook them up. So it is a luxury, it will not increase the average telephone call one iota. Having said that, that is just a forerunner of what is to come tomorrow morning. I will take my seat.

## ADJOURNMENT

**HON. THOMAS C. JEFFERSON:**  
until 10 o'clock tomorrow morning.

Mr. President, I move the adjournment of this honourable House

**MR. PRESIDENT:**  
morning.

The question is that the House do now adjourn until tomorrow

against No.

I shall put the question. Those in favour please say Aye...Those

**AYES.**

The Ayes have it.  
The House is accordingly adjourned.

**AT 4:30 P.M. THE HOUSE STOOD ADJOURNED UNTIL 10:00 A.M., TUESDAY, 17TH JULY 1990.**

**TUESDAY  
17TH JULY, 1990  
10:21 A.M.**

**MR. PRESIDENT:** Prayers by the Third Elected Member for West Bay.

**PRAYERS**

**MR. JOHN D. JEFFERSON, JR.:**

Let us Pray.

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

Bless our Sovereign Lady Queen Elizabeth, the Queen Mother, Philip Duke of Edinburgh, Charles Prince of Wales, Diana Princess 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 Members of Executive Council 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, Amen.

Our Father, who art in Heaven, Hallowed be Thy Name, Thy Kingdom come, Thy will be done, in earth as it is in Heaven. Give us this day our daily bread: And forgive us our trespasses, as we forgive them that trespass against us: And lead us not into temptation; but deliver us from evil: For Thine is the Kingdom, the power and the glory, for ever and ever. Amen.

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

**MR. PRESIDENT:** The proceedings of the House are resumed.  
**APOLOGY**

We have apologies from the Elected Member from East End.

**GOVERNMENT BUSINESS**

**BILLS**

**SECOND READING**

**THE MISCELLANEOUS DUTIES AND FEES BILL, 1990**

[Continuation of the debate]

**HON. BENSON O. EBANKS:**

Thank you, Mr. President.

In the 10 or 15 minutes available to me yesterday, before the House adjourned... am I coming out on the mike Sir?

**MR. PRESIDENT:**

You are coming over the speakers now, but it is quite faint.

**HON. BENSON O. EBANKS:**

Maybe the technicians could increase the volume a bit, Sir.

**MR. PRESIDENT:**

minute.

The Serjeant will look to that if you would like to hold on a

**HON. BENSON O. EBANKS:**

Thank you, Mr. President.

In the 10 or 15 minutes available to me yesterday before the House adjourned, I did what I like to call my band-aid job that is, merely attempted to show that much of what had been said by the Opposition was unfounded. For the few minutes for which I intend to speak this morning, I will try to be more organised and answer some of the fallacious economic theories and irresponsible charges made by the Opposition. Of course, except on rare occasions when I refer to one or more Members specifically, when I refer to what one Member said, it will be common to all because the seven Opposition Members have bound themselves by 'collective irresponsibility'.

**POINT OF ORDER**

**MR. G. HAIG BODDEN:**

On a Point of Order, Mr. President.

A few days ago you circulated a paper to us in which you suggested that that may be an unparliamentary remark, I believe. This Member cannot continue to rake mud.

**MR. PRESIDENT:**

The last sentence is not part of your Point of Order, I am sure.

This is difficult, very difficult. That term that is now in question is quite mild compared with what has been said, but I am grateful for your concern for the dignity of the House and parliamentary language. So I think perhaps the Honourable Member might consider in the interests of the House not using the phrase again.

**HON. BENSON O. EBANKS:**

Yes, Mr. President, I do have it frequently in my notes. But I will try to desist from using it whenever possible.

What I was saying is that the seven Opposition Members, in most instances, all sang the same tune. True, some of them do not sing as well as others, but that is true of any choir especially when, as in the case of at least one Member, he sings from music prepared by a different choirmaster who obviously does not even know the tune being sung by the rest of the choir.

I do not intend to get into too much economic theory or philosophy in my contribution, that was ably done by my colleagues, the Honourable Member for Communications and the Honourable Member for Tourism. I wish merely to congratulate them for their sterling performances and to say that I endorse wholeheartedly all of what they have said.

The Second Elected Member for Bodden Town said that he was sent here by his people because they are extremely upset and dissatisfied at the high taxes which this Government has imposed upon them especially in the last 18 months. Of course, one has to reflect on all that has been said at the public meetings held by the seven Backbenchers and their helpers, who I understand have also been bound to them by a common character-trick to fully understand what has been said in here. The common whipping boy at those meetings of course, was myself, followed by a close second his excellency, the Governor. At sometimes I understand it was difficult to tell who was in first place in that regard.

However, as I said earlier in this meeting, any attempt to sell Benson Ebanks as a villain, or dishonest person is a proposition that cannot be successfully argued or proven in these Islands. I have never been more politically popular in my whole life than I am at the moment. The handshakes and kisses and congratulatory telephone calls which I have been getting since this meeting began are becoming almost embarrassing for a man of my modest character. So, I wish to tell His Excellency the Governor that he is in good company and that if he sticks to his gun, he too will even be more admired by the Caymanian public.

Now to the Second Member for Bodden Town. What he should have said was that he was sent here because he and his colleagues told the public a lot of untruth about taxes that were going to be imposed by the Government. They told the people of Bodden Town, Cayman Brac and in fact, the whole Island that Government was going to increase import duty on motor cars to 40 per cent; that motor car registration fees were going to increase to \$500 and that a driver's licence fee was going to be increased to \$450. I wonder now that the revenue package has been revealed and these items are not even touched, what they will tell the people. As the old saying goes "they have been caught with their pants down" and I understand that this is not uncomfortable for some. So they now have to resort to all sorts of far-fetched irresponsible economic theories and old wives' tales.

The truth is that only once since the Honourable Member for Tourism and myself have been in Executive Council, has revenue measures of any significance been raised and that was in 1985. At that time, we raised the measures considerably because they needed to be raised at that time and what is significant is that those increases were so well done that it brought the economy back to life and these Islands have been on an upward swing ever since.

Such was a good job done then that even now, revenue measures would have been unnecessary except to fund the salary increase so richly deserved by our Civil Service. The only portion of this increase that is unjustified in my opinion, is what is going to the seven Backbench Members of this House. It has always been the policy of this Government and here I am not excluding the Honourable Members for Health and Communications, but for better or worse, the Honourable Member for Tourism and myself were also Members of the 1984 to 1988 Government. So we also have to claim credit for the good job done during that period also.

It is a matter of public record that no Member of this House barring none, has been more persistent and consistent in his prayers for and expressed concern for civil servants of this country than the Honourable Member for Tourism. We happen to believe that this country cannot survive without a happy contented and well-trained Civil Service and our actions bear that out. We have consistently tried to reward our civil servants at appropriate levels and we have had the fortitude to do what has been necessary to achieve this. Never before, in the history of this country has more training been offered to civil servants than what is currently being done.

I know that the seven Backbench Members do not like me to go back in history. Their history is such that they would rather not be reminded of it and especially by me because I know too much about them. But as I have said before, those who fail to learn from the past are condemned to relive it in the future and I do not want that to happen to my people and the civil servants in particular, since we are now dealing with them.

If we are to forget the past, as the Opposition would have us do, then we would not remember those civil servants of the past who have served these Islands so well and who, in fact, through their dedication to service helped us to reach where we are today. And if we had forgotten them as

we are admonished to do, then this salary increase package would not be making provision for substantial increases to those civil servants' pensions, those retired civil servants' pensions and in some cases, for those of their spouses. We will not forget them, we shall always remember with gratitude, their contributions to the development of these Islands and what better way to record that gratitude than with a handsome increase in their pensions so that they, too may enjoy some of the bounties of these fair Islands which, as I said, they helped to create.

As for myself, I love to glory in my past. I have nothing to be ashamed of and it is for the younger ones in particular, the older ones do not need to be reminded that I must chronicle my past stewardship because if I do not, and they listen to the seven Backbenchers, they, the younger ones may believe that I am some prehistoric monster returned to devour them. So I must deal with the past, to show them that their future is secure with me and my colleagues in command, that their dread must be of the seven Backbenchers and not us.

They must be reminded that the Second Elected Member from Cayman Brac and Little Cayman is no new-comer. He has always been part and parcel of the disasters of the past, that is the marches and so on, that he has always been the brain or lack of it behind the marches of the early and mid 1970's. He has always changed his expressed views as often and as conveniently as he has done in this meeting and that he has always thought to change his image to suit the particular political contrived circumstances just as readily as he has changed from shirt jacks to suits and from ties of normal colours to red. They, the young people of this country must be reminded that he was not necessarily always this way, but like the Third Member for George Town and the First Member for Bodden Town, they were schooled at public expense to get the way they are.

The Civil Service must be reminded that it was not this Government, not the present Member for Tourism, the present Member for Health or the present Member for Communications or myself, who would not heed their cry for an increase in 1980 when they, the civil servants had to threaten to go on strike to get even the paltry salary increase that was finally given to them.

They, the Civil Service, and the country must be reminded that it was the Third Elected Member for George Town, the Member for East End, the Second Elected Member for Bodden Town and Captain Charles Kirkconnell who did not want to pay them a salary that they could live on. I implore each civil servant to remember and consider well, where they spend their well-deserved and handsome back-pay cheque when they get it now and will continue to draw in the future. They must remember who did not want to pay them a salary that they could live in dignity, it was the Third Member for George Town, the Second Member for Bodden Town, the Member for East End and Captain Charles Kirkconnell.

#### POINT OF ORDER (Scope of debate)

**MR. G. HAIG BODDEN:**  
Member's attention to 36(1).

Mr. President, on a Point of Order. Will you please draw the

**MR. PRESIDENT:**

Did you say 36(1), I did not quite catch that?

**MR. G. HAIG BODDEN:**

Yes Sir, the one that deals with relevancy.

**MR. PRESIDENT:**

Thank you.

You are making a Point of Order that the Member is not relevant, is that your point? Well it seems to me that he is replying to a point which was raised I think, probably by yourself, certainly by the Third Elected Member for George Town and I think by the Second Elected Member for the Sister Islands.

In other words, the management of the Civil Service, I think that was what was raised; the treatment of the Civil Servants of which this motion is clearly in the Government's view a direct part, if which, I may say, certain Members dispute, but that is the Government's point of view.

**MR. GILBERT A. MCLEAN:**

I am wondering what the relevancy is because I certainly do not have any recollection of any statements such as he is making or any personal affronts about the Members who were there, or who were not, when the civil servants were attempting to get a salary increase. I happened to be the one that took issue with regard to that in 1980, on behalf of the civil servants.

**MR. PRESIDENT:**

Wait a minute. You are making a statement but let me deal with your point. This motion is a motion to raise revenue in the view of the Government, linked to a proposed salary increase. The question of the management of the treatment of the Civil Service has been raised in the debate, specifically for example, more training and the Member is reviewing what has been done by previous Governments in that connection and that seems to me to be entirely relevant.

I am sorry, do make your point but I am not going to have a great debate on this.

**HON. BENSON O. EBANKS:**

The Second Elected Member for Cayman Brac and Little Cayman said, I believe, that he was the leader of the Civil Service and those days or something. I would give him an opportunity to confirm or deny whether in 1980, the Civil Service Association did not threaten industrial action when they were, negotiating salary adjustments.

**MR. GILBERT A. McLEAN:**

Mr. President, I can certainly confirm that the Civil Service had to take the most severe stand at the time to get what was due them, just like the people now are taking the severest stand to stop what this Government is trying to do.

**HON. BENSON O. EBANKS:**

Mr. President, I am grateful for the acknowledgment by the Member, Sir, because that was the point I made in the beginning that he is not new to the scene of discontent. But I will continue with my debate.

I was saying that the Civil Service should not forget that it was the Third Member for George Town, the Second Member for Bodden Town, the Member for East End and Captain Charles Kirkconnell.

#### POINT OF ORDER

**MR. G. HAIG BODDEN:**

On a Point of Order, Mr. President, this is the third time the Member has repeated this.

**MR. PRESIDENT:**

He was interrupted the second time, kindly be seated. He was interrupted the second time. I want to make it clear, this Points of Order business is getting beyond sense. Let the debate continue.

**HON. BENSON O. EBANKS:**

Thank you, Mr. President.

I beseech the civil servants not to forget it ever, or history is likely to repeat itself. This country must be reminded too that it was they, who put this country in an economic tailspin in the early 1980's, and that it was I and the Honourable Member for Tourism who came to its rescue.

The country must be reminded that it was the Government of the Members of the Backbench, who, in 1984, failed to reach their budgeted revenue in 11 Heads of Revenue by a total target of C\$5.4 million or 10.07 per cent and that such was the force of that recession that even in 1985, after we had taken over failed to reach our projected revenue by \$4.2 million or 7.486 per cent.

The country must be reminded that the Backbench Government was the cause for increasing the taxes in November 1985. The country could not have survived without those revenue increases because civil servants in my opinion could not have been paid without it. The country would not have been able to pay its debts, nor would we have been able to continue essential social and infrastructure services without that revenue increase in November 1985. Just as important, if not more importantly, the country's credit rating would not have allowed us to borrow money without it.

The Honourable Member for Tourism and myself agonised long and hard about those 1985 revenue measures. It pained our hearts to have to do what we did, but it was for the good of all and thank God the people saw it and knew we had no other alternative.

The First Elected Member for West Bay read extensively from the speech of the now Honourable Member for Communications on that occasion in 1985, when he was a Backbencher. At that time his remarks were justified because we had to impose revenue measures then that impacted heavily on the little man and the working housewife. He was justified then; his heart was paining just as was that of the Honourable Member for Tourism and myself. As I have said, we had no alternative because the Government of the Backbenchers now, had raised the fees on Banks and Trust companies and other companies and areas of the financial sector to the extent where we were fast becoming uncompetitive as compared to our competition in that field in this area. So, we had no alternative, but to look to the local people to supplement the income of the country.

To have increased fees on the financial industry further at that time, would have been to put more of our people out of work and drive them to starvation. But now that the Member, that is the present Member for Communications, is over here and can see for himself the mess that was made by the Backbench Government before us, he cannot stop congratulating the Honourable Member for Tourism and myself for having the fortitude and foresight to do what we did. He now knows our hearts are in the right places and that is why he has helped us to put this package of revenue measures together and can support them so vociferously.

Lest I forget and lest the country forgets, let me get back to the state of the nation in 1984, 1985 and 1986. As I said, there were revenue short-falls in 1984, and 1985. It was not until 1986 when news got around that I was back at the helm, ably assisted by the Honourable Member for Tourism that the economy turned around and by God, how these Islands have prospered since. Our greatest trouble now is to keep it in check.

In the case of Cayman Brac and Little Cayman, the First Elected Member more than pulled his weight, he also helped us at the national level too. In fact, he is known as the quiet one, always with words of wisdom who puts country before self like the Government bench, so unlike the seven on the Backbench.

So many tales and so many versions have been given about the financial position in 1984. Since that, at my request, the Accountant General has prepared a comprehensive and all inclusive document for me to demonstrate the position and it will be remembered that there was already in this meeting and in the Finance Committee meeting, which was broadcast live for the first time, an attempt by the Third Elected Member for George Town and the Second Elected Member for Bodden Town to play games with these figures.

The truth is that this document will reveal the position at the end



of 1984, was not a pretty or rosy one. The year started with a surplus revenue balance of \$1,000,995 and a reserve balance of \$10,136,258. Those were the figures brought forward from 1983. The year 1984 ended with a surplus deficit of \$590,747 and a reserve balance of \$7,783,009 for a total Surplus and reserve of only \$7,192,262.

Total public debt had risen in the Cayman Islands to \$15,269,107 from a figure of \$9,090,383 in 1983. It should also be noted that during 1984, \$2,353,249 had been transferred to revenue from reserves before the surplus deficit of the Cayman Islands \$590,747 was arrived at.

In 1985, as I have said, although revenue grew modestly by \$2,437,393 and \$1,584,599 was transferred from the reserves to pay loans and debts left by the previous Government, that is the Government of the Third Member for George Town, the Second Member for Bodden Town, the Member for East End and the Second Member for Cayman Brac as Financial Controlling Officer in the Portfolio of Tourism, Aviation and Trade, where most of the expenditure took place the year ended with a deficit of \$1,134,547 and the reserves had fall into \$6,198,410.

It was against that background that the revenue measures for 1985, were necessary. It was not until 1986, that the dramatic turn around about which I spoke changed the picture.

In 1986, revenue grew by \$6.8 million and the year ended with a surplus of \$2,357,542 and a total surplus and revenue of \$8,314,467. By that time, the public debt had risen to a total of \$14,041,153. I have said this to show that it is essential at times, in order to provide the necessary infrastructure and services which the country needs, to borrow money but before that figure frightens anyone, let me hasten to show what this Government's stewardship has been as compared to that run by the Backbenchers.

At the end of 1984, total recurrent revenue amounted to \$53,679,923. The balance on surplus account with a deficit of \$590,747. The public debt was \$11,687,785, there were self-financing loans for which Government was responsible amounting to \$3,581,322 for a total debt of \$15,269,107.

There were total reserve and surplus balances amounting to \$7,192,262, but \$4,381,166 of that was assigned or committed to Barclays Bank against the Tower Building loan, which meant that the balance available for spending was only \$2,000,811.96. Put another way, the net position of Government at that time if all of the loans had been called, Government would have been unable to meet those loans by \$12,458,011.

Let us go to 1989, by that time revenue had risen to \$95,936,010, almost double. The surplus balance on Government account was \$10,214,440. There was a reserve balance of \$18,177,316 for a total surplus balance of \$28,391,756.

In 1989, the public debt was \$18,113,149, self-financing loans, that is loans to corporations such as the Water Authority, the Port Authority and the Civil Aviation Authority, had risen to \$11,677,630 or a total public debt for which Government could be saddled of \$29,790,779.

I mentioned that there were cash balances totalling \$28,391,756 and if the cash is taken from the total loans, we end up with a balance of \$1,399,023, much was more healthy than the 1984 position, but it is even better, even more rosier because Government has owed to it good recoverable loans, \$6,451,154 so that the net surplus position of Government even if all of its loans were called in at the end of 1989, and Government in turn called in its loans owed to it, Government would have had a surplus position of \$5,052,131. What a turn around and these are the people that tell us they could show us how to run a country.

While I am at it, let me deal with the monster that the Third Elected Member for George Town likes to wave about, that is the percentage of recurrent revenue required to service the debt.

In 1984, the principal repayment on loans put 1.16 per cent, the interest took .93 per cent for a total of 2.09 percent. But let me hasten to add that of the \$11,687,785 public debt which they had, some \$4.5 million was placed on the books at the end of 1984, not by the new Government but the money had been spent by their Government to construct the airport terminal building and the loan only came in, proceeds only came in from Caribbean Development Bank at the end of the year.

We assumed basically \$4.5 million of their new loans, so there was no repayment provisions for that loan and maybe others, I have not had time to research all in the 1984 figures but it is certainly biting now.

In 1989, it took 2.46 per cent of recurrent revenue to meet the principal repayments on Government loans and interest 2.16 per cent for a total of 4.62 per cent of recurrent revenue. The Member himself, that is the Third Elected Member for George Town says that the accepted figure, that is a figure that any prudent country can live with is 10 per cent of revenue. We are not even 50 per cent on the way to that figure, even though much of the problem with this big increase is because of a Japanese Yen loan that they negotiated and the rate goes up and down and I am not sure that the principal has reduced that much, even though we have been paying on it because of the rising value of the Yen.

Mr. President, the country need have no fear, we are efficient and capable managers of the public purse. We are no Johnny-come-latelys with far-fetched ideas and no track record to back us up.

I believe that the seven Elected Backbench Members like to describe themselves as young educated professionals. Professionals at what? Wrecking the country's finances.

This country need have no fear of this Government's spending or borrowing recklessly. We might not have the qualifications but we have produced the goods and in the final analysis, that must be the test. I would suggest that degrees without common sense and ability are barren.

Our position was not reached by accident. It took planning and execution and the country can rest assured that any expenditure which we undertake is carefully thought out. We

have thought about the action that we are going to take and we have also taken into account the reactions which would be caused by our actions.

You know, if the Backbenchers were really as smart as they claim to be, when they would not agree to certain expenditure included in the 1990 estimates, instead of switching that money to build roads, to create jobs for somebody's family and the like, they would have left the money in surplus like we asked them to do.

Then their argument that the Civil Service salaries should be paid from that source might have had some validity but no, they figured that Government has some reserves, so in order to put them in an embarrassing position from now to 1992, they wanted to spend up our surplus.

They said pay it from surplus, let us not finance the Civil Service salary increase by revenue so that in 1991 or 1992, we, the Government would have to raise revenue to keep the country going and they would beat us over the head and win the 1992 elections.

But the Government are not dodos. We saw those guys coming and we are too smart to be fooled by them and we will not allow them to fool the people either.

To be honest, I have heard so many versions coming from across the floor, that it difficult to tell what their argument really is. At one time they are arguing that Government is irresponsible for giving the Civil Service 22 per cent increase all in one go, then in the next breath they are saying that we are not doing enough for the Civil Service.

It is difficult to tell where they are coming from, but as I said, I am not going to get too deeply into the theories of economics. Nevertheless, I would like to suggest that if a 15 per cent increase was a sufficient increase for civil servants to live comfortably and in dignity, then I would expect that our sensible prudent, wise civil servants will save the other 7 per cent for a rainy day.

Maybe for the first time, some of the younger civil servants will be able to save some money to make a deposit on a house or to purchase land for the purpose of building a house for themselves. But lets not kid ourselves, that 22 per cent was not just drawn out of a hat. In fact, those Members are caught again with their pants down because from public meetings and statements they made, they said that over two years they should get 25 per cent. But that figure, I believe was like most of their chat, just drawn out of a hat.

**MR. PRESIDENT:** Shall we take the break here?

**HON. BENSON O. EBANKS:** Yes Sir, that will be convenient.

**MR. PRESIDENT:** Proceedings are suspended for fifteen minutes.

**PROCEEDINGS WERE SUSPENDED AT 11:20 A.M.**

**PROCEEDINGS RESUMED AT 12:03 P.M.**

**MR. PRESIDENT:** Proceedings of the House are resumed.  
The Honourable Member for Education continuing.

**HON. BENSON O. EBANKS:** Thank you, Mr. President.  
Government has been criticised for not putting the revenue measures, which are now before the House, into its Budget for 1990. There is a simple reason and explanation for that.

While it is true that Government knew that a review of civil servants' salaries was taking place, it had not received the final report from the Salaries Commissioner, nor had it had acceptance by the Civil Service Association and this is always customary in any salaries review.

What Government did was the only honest thing that it could do and that was to say that when this figure was known, because it was anticipated that it would be considerable, that revenue measures would be brought to this House as a package with the recommendations for a salary increase to finance that increase. It was repeated again in the Throne Speech at the session in February.

When Government or any other organisation is making a settlement of, or an offer for settlement of a wages claim, or a salaries claim in the magnitude of \$10 million, it would be nothing short of folly for Government not to find the revenue to fund that increase.

It is true that over the years, Government's normal incremental increase in revenue, particularly since 1986, has been considerable but Members must also understand and realise that every year Government is called upon to provide more and better services to the people.

An example is when we, that is people of my age and even younger went to school, air-conditioning was not known in the Cayman Islands much less to be common place. Today, just about every home in Cayman of at least the middle class and up has some form of air-conditioning at least in the bedrooms.

It is becoming a customary thing and Government is continuously under pressure to air-condition at least specialist rooms in the schools. All of Government's offices have now to be air-conditioned. So the Government's air-conditioning bill alone absorbs a lot of Government's normal increase in revenue.

The day is not far distant when, if we are going to provide equal accommodation in Government schools to that which is provided in the private schools and to which Government

makes contributions and which, apparently all Members of this Honourable House are committed, then the day is not far off when Government will be called upon to look very closely at whether we air-condition all of our schools or not. I have just mentioned this to show the extent that Government expenditure is going to increase by just normal developments in our society.

Furthermore, if we are going to retain our competitive position as one of the foremost financial centres in this hemisphere, Government has to continue to upgrade the services and the facilities that contribute to the quality of life in these Islands. Because, when it comes to the final analysis, the services that we offer, the facilities that the financial institutions offer are not far different from those that can be had in the Bahamas, Bermuda, Turks Island, British Virgin Islands and even Montserrat. So what often dictates the location that any off-shore person chooses is the quality of life for himself, if he is going to run his operation himself, or if the employees say quality of life is better in A than in B and I would prefer to be in A.

We heard for example, that in Bermuda they have at least nine, 18 hole golf courses. In the Bahamas they have several; the Bahamas have fantastic areas of shallow water for boating and fishing, they have a lot of good harbours. So we are going to have to spend some money on our infrastructure in order to remain competitive.

Now, I want to make it clear that I am not suggesting that Government go out and involve itself in the building of a golf course as I think was suggested by some other Member. I am going to deal with that one in another motion that is before the House that I believe when that gets back on the floor I am also on my feet at that time.

Having said that, I am making the case that when Government embarks on a recurrent expenditure of \$10 million dollars, it is an extra-ordinary expenditure that it must seek to fund. As I will demonstrate later, the revenue package of revenue measures which Government has chosen do not impact on this occasion, as they did in 1988, so heavily on the local population.

I will deal with the contribution made yesterday morning by the First Elected Member for West Bay about impact fees on developments. I believe that he quoted from some publication or a document that had been given to us which said something to the effect that impact fees were accepted in Florida now as an acceptable charge on development.

Let us examine the Florida situation versus the Cayman situation. To the best of my knowledge, in Florida there is no land transfer packs or stamp duty and if it is, it is minimal. Certainly, for American made goods, there is no import duty to be collected by the State or the County.

So what we have to do is to decide whether it is better to have the developments that are taking place in our country with our existing indirect form of taxation, or whether we want to introduce some other specific form of taxation which might result in those developments not coming here in the first place.

I also happen to know from recent articles that there is a move in Florida to rescind those development impact fees because they are stifling development and they too have come to the conclusion that some development is better than none.

What I believe we must do is what I understand the Planning Board is insisting on now, and certainly I would expect to see it a part of any revised planning regulations, and that is to see that any development has a bond in place to build proper roads within the development, to have the water mains put in at the time that the development is taking place and similarly that electricity is available to all lots.

I was surprised to hear the Member put that forward when I happen to know that at the moment, there are developments in our district that he has been running to Government to even pay to put the light poles along the road in a new development. My attitude is that either Caribbean utilities, who will benefit from the revenue from the hook-up or the developer should put those poles in. I intend to put that to a successful conclusion before too long for the benefit of those people who have bought those lots. But let us examine the local situation. I believe that one or two examples were taken.

Let us look at Safehaven Development for example, and I want to make it clear that I hold no special brief for that development. But just by way of a couple of spin-off benefits to the community, I would point out that there was an administrative fee of several thousand dollars paid when the sub-lease on that property was agreed to be transferred.

A royalty was paid on the fill that was dredged to fill the property and as a further, before I get there, stamp duty was paid at 7.5 per cent because anything over 30 years on a lease attracts stamp duty at the same rate as a sale, so stamp duty was paid. As a condition for the dredging, Safehaven was required to fill the greater portion of some 14 acres of Government land on the North Sound and to bulk-head it to be used by the public and by the Caymanian charter boat operators who have no place of their own to work from and who are now under pressure from home owners in Governor's Harbour where they have been operating for some time to move out.

Those are some immediate benefits of significant contribution to the treasury and public amenities that have arisen from that development. Unless that development had taken place, that swamp land would have stayed there and Government would have obtained nothing from it except that Government House and the condos in that area would have continued to enjoy more than their average share of mosquitoes coming out of that swamp.

It has been developed, when that land is sold into lots, Government will again get 7.5 per cent stamp duty. When the house or whatever is built on it, Government will get the import duty from the material used. I do not think it takes any Philadelphia lawyer or mathematician of high standing to conclude that to have that development is better than not to have it. Even if it means that Government has to look at the alternative route or widening the West Bay Road between West Bay and George Town, Government is getting the wherewithal to do that and the people in West Bay who had nothing to do with that

development will benefit from the improved road.

Let us take the case of the piece of land that was sited here in George Town near the Jennett T. I happen to know something of what went on with that piece of land. I had hoped to be able to contact someone during the break to find out exactly in dollar terms what was involved.

You know, I am wondering whether the name given to that building had anything to do with the fact that at one time, I might have been a director of that company. I want to let the First Member know that I am not now a director of that company, so I am free to talk, that is in response to his criticisms about the road and so on. I want to show how shallow an argument that was put forward about these impact fees.

That piece of land was purchased by CITCO about two years ago. CITCO was purchased by Ansbacher Group out of the United Kingdom. So CITCO paid the stamp duty on the land and when Ansbacher bought CITCO (and this is what I wanted to get some clarification on), but I believe that because CITCO then became a land holding company, Ansbacher had to pay stamp duty on the land when they bought CITCO. As I understand it, because I am not in the know, Ansbacher has in turn sold the piece of land to an individual who is building the Ansbacher House that will house CITCO and its other subsidiary that was bought here in Cayman, that is Guinness Mahon. So, it appears to me that stamp duty had already been paid 3 times on that particular land. If my information is correct, there is going to have to be a lease agreement between the company and the new owner when the building is constructed and of course, during the construction, import duty has to be paid on the several millions of dollars of materials that are being brought in.

There will be a lease, there are going to be fees coming from the various companies that occupy the building and of course, they will also have to pay stamp duty on their lease but there will be annual fees coming and there will be at least two annual fees coming from the banks that occupy it. You are looking in my opinion, from annual fees at a couple of hundred thousand dollars per annum income. I would venture to suggest that forgetting the other buildings in that area that were mentioned, that Government by the end of this year, if they have not already had it, would have put into the treasury sufficient money to improve that road to the extent that it was suggested that it be done just on that one simple operation.

I do not believe that we need to accept without careful examination, the recommendations of anyone who comes from outside and tries to tell us how to improve our product or our way of doing things in the Cayman Islands. Sure, let us listen to all suggestions, we do not have all the answers, but let us use our own grey matter and let us not throw the baby out with the bath water.

I am not quite sure, as I said, exactly what we have been hearing from the people across the Island because implicit and included in the package and the recommendations of the Salaries Commissioner, is that a Review of Government Pension Law (that is the Pension Law for civil servants), will be looked at and reviewed certain anomalies in it have been detected.

It is no big brain wave when they talk about certainly discovering that the pension of a civil servant may, according to the interpretation given to a section of it, be discretionary, that has been discovered and highlighted in the Report and is going to be addressed.

We cannot allow the Backbenchers to believe that they are also going to give the civil servants that favour to review their pension rights. What the Civil Service of this country have to realise is that while the Backbenchers pay lip service to their increase and attempt to get credit for it, that they are not prepared to support the revenue measures to pay for them and that is significant, very, very significant.

I wonder, really, what use is the increase without the money in the bank to pay for it? Do they want Government cheques to be bounced around town? Or civil servants at the end of 1991, or midway through 1992, to find that their salaries cannot be paid unless Government stops all other necessary infrastructural development.

I would hope that the Opposition Members are not so deeply committed to voting against these revenue measures that they would not, even at this late date in time, change their minds and let's make these revenue measures unanimous. That is a reasonable thing for them to do.

We cannot pay these salaries out of a vacuum and I want the civil servants to understand and recognise that these people who tell them that they love them, that they are going to get all that is coming to them, especially, I believe it with the teachers and the nurses. They cannot get anything if they are not prepared to vote the money to pay it and the actions of the Backbenchers in the Budget in December give a very clear indication of how quickly they would get through that little bit of reserve that Government has.

We were told that this should have been taken in two bites. Do you know what is significant? I have not had one civil servant say that to me, other than maybe the head of one of the organisations that profess to represent a segment of the Civil Service.

While I am on it, I might as well say this. The Civil Service Review of salaries also carries with it a recommendation for the establishment of a Management Services Division with the intention of improving the efficiency and proficiency of the Civil Service. Government has already taken steps to put people in place in that unit, some of the staff have been employed. I hope that when that unit gets working it will pay careful attention to those senior civil servants that spend a lot of time politicking and sitting down in the gallery of this hallowed Chamber looking down, winking and making signs to politicians.

I think the time has come for the heads of Department in this country to set the example and I believe that it is because of actions such as that, why my roads in West Bay cannot get surveyed and properly designed and therefore built and when I say my roads, I mean the roads for my people.

I am not talking about even the debate on these revenue measures, or the salary increase because I can understand civil servants being anxious about that. But the first person that spoke to me on the morning I presented Motion 3/90, was a senior civil servant about I was better off if

I accept half and nothing at all and leave the rest for the future. I told him where to get off, of course.

I think it bears repeating to say that this Government is committed to paying its civil servants, training them to their maximum but that we have, as has already been done, set in place a Management Services team and that somewhere along the line it will have to be started to pay civil servants according to their performance on the job.

I do not believe that with a Civil Service of 1,800 that this country can continue to operate in any different fashion from a competitive business, private business out there who has to compete for staff, has to compete for business and pay their employees well. We are giving every opportunity for training and I urge those civil servants who can do so, to take advantage of those training opportunities because the day will be coming when performance will count. The day of the safe, sure, superannuated future in the Civil Service cannot continue forever without an equal effort and equal performance by civil servants. Having said that, I want to get back to my theme and that is that they have to remember who is supporting their increase.

Now, I want to go into the taxes which are being proposed, but before I do, I wish to read a couple of lines from this document, an analysis of selected existing revenue measures and some underline economic issues prepared by the Economic Development Unit of the Cayman Islands Government dated, June 8th 1990.

"Suffice it to say, however, that most Caymanians may not be 100 per cent averse to revenue increases, for they are intelligent enough to know and accept that no Government can provide the services citizens expect without resorting to some sort of revenue enhancement measures from time to time. Given this assumption, most Caymanians may accept a package of the suggested fee revenue increases without much politically adverse reaction if such increases are astutely packaged and ingeniously marketed to them."

A very astute observation and true in most instances. I believe that 99.9 per cent of Caymanians understand that Government can only return to its people, its citizens, what it takes from them in the form of taxes in one way or another.

Although this document was available to the Backbench, it appears that it has completely escaped their recognition, that is that fact. No Government can give anything that it does not get by revenue, no Government can give back to its people, either in salary or services, money that it does not take from them in the form of revenue.

We have proposed increases in 14 specific Heads and I would like to go through these and comment on them as I go.

The first is the increase in cigarette duty. Now I have heard that this increase means that cigarettes are going to go up 25 cents per pack, 20 cents per pack and 30 cents per pack. It is no secret that since this meeting started, I have been smoking the odd cigarette and it has served me in good stead because I have been able to observe the wide, wide margin of fluctuation in the price that one pays for a packet of cigarettes.

If one goes to the Seven Eleven in George Town, and I am talking about before the increase, one can purchase a carton of cigarettes that a packet costs 85 cents. If I go to one service station in West Bay, I can get the pack for \$1, if I go to another I get it for a \$1.25 and if I shop at the same company's service station in George Town, I pay \$1.30. So at least in those places that are charging \$1.30, there is plenty of room to absorb this little increase because I am sure that those people who are selling for 85 cents or a dollar are not giving them away, they are making a fair profit.

The liquor import duty, I had the pleasure of spending last weekend at Cayman Kai and on Saturday night, I went down to Old Juds and I had a couple of beers. I did not have any money so I signed a chip and I went back with my cheque on Sunday to pay the bill. His increased price for beer is \$2. If members of the public insist on going down the Seven Mile strip where most people do not want to see anyhow and pay \$3 and \$3.75 for a beer, my view is they should charge it. But you can have good fun at Old Juds. It is relaxing and costs \$2 for one beer at the increased rate. I understand that the Backbenchers, some of them insist on going to places like the Grand Pavilion to have their drink and if they get charged \$5 there for a drink, they ought to soak them.

MR. PRESIDENT: Would it be convenient to take the break, or even a beer?

HON. BENSON O. EBANKS: Yes Sir.

MR. PRESIDENT: Proceedings are suspended until 2:15 pm.

PROCEEDINGS WERE SUSPENDED 12:47 P.M.

PROCEEDINGS RESUMED AT 2:27 P.M.

MR. PRESIDENT: Proceedings are resumed.  
The Honourable Member for Education continuing.

HON. BENSON O. EBANKS: Thank you, Mr. President.  
When we took the break, I was dealing with the import duty

increase on liquor and I was mentioning that there are many fine local establishments where you can get a beer at the increased price at \$2. In West Bay at Kelley's, Morgan's Harbour and Joe-Ena's they are all at \$2 since the increased price, excellent value for money.

**MR. PRESIDENT:**

I am not sure this is not a commercial!

**HON. BENSON O. EBANKS:**

I would like to make the point, Sir, that all of the revenue that is intended to be collected from this source, that is both the cigarette duty and the liquor duty, will not come from the local economy. Much of this revenue will come from the 600,000 odd visitors which we have to our shores each year.

The next item is the Planning Application Fees. As was pointed out, these were last increased in 1977, 13 years ago. They are generally negligible in respect of the average private home, the increases are a little higher on larger homes, commercial buildings and commercial undertakings but still very reasonable.

The fourth item is fees of the Court. They have not been increased since 1976. The increase on these is so negligible that it is still questionable whether these fees will pay the cost of performing the service to the public.

There has been an increase in Garbage Fees but there is no increase to private homes and it is a fact that the garbage collection service, as good as it is, is probably one of the best values for money in the Cayman Islands. It probably still will not cover all of the costs but we cannot, in all good conscience, put this fee on all at one time but I want to emphasise that private homes remain unchanged at \$50 per annum.

The Warehouse Fees at the Airport - it has been so long since they were increased that it seems that it is difficult to even determine when they were last increased but it is so minimal that it is incapable of being passed on to the consumer and in any event, in most instances, affect only the storage of goods which the average importer will not incur because I am sure most people clear their goods within the grace period.

The Traders' Licenses, again minimal, particularly to small businesses. The Sale of Laws, item 8 - again it is so long since these have been increased, it is difficult to determine if they were ever increased after the fees were first introduced and this merely attempts to recover some of the cost of the services.

Visitors' Driver's Licenses - a potentially good revenue earner but the increase is minimal and this of course, will only be paid as the name implies by visitors.

Number 10 and 11 - the petrol and diesel duty I spoke on yesterday and I do not intend to take the time of the House to repeat myself.

Number 12 - Land Transfer fees last increased in 1973, and even now the increase only affects land with value in excess of \$350,000 therefore, the average home owner and the average Caymanian is not affected by this increase.

One speaker on the other side expressed some concern about condominium developers being caught by this transfer tax, not having taken it into the budget. I might as well say here that I have no sympathy with most of the condo developers and in fact, I only wish that coupled with this had been some amendment to the Land Transfer Law because for too long they have been getting away with what I consider for the want of a better name, beating Government out of stamp duty. They use an incomplete land transfer form and it goes from one person to the other as the property increases in value, in other words, they use it like a Bearer Title. The person in possession of it is the owner and the title is seldom registered until the final purchaser decides that for some reason he wants to put his name on the register.

Work permit fees - listening to some Member speak, I wondered whether they were not aware that Caymanians do not pay work permit fees because they were talking about this falling heaviest on the housewife and the working people. We have not increased maid service work permits or the unskilled person. Domestic and unskilled persons remain at \$100 per year, we have not increased that fee. Increases on the Work Permit Fees have taken place, as somebody rightly pointed out, on the technical and professional levels for example, secretaries and executive secretaries and persons at the managerial level.

I believe that if Members had put their thinking cap on, they would not have attacked these fees because this is the area where Caymanians claim that non-Caymanians without any higher qualifications are taking the jobs that Caymanians should have. If this is so, there is every reason to try to discourage it and that should be the effect of these higher fees.

Number 14 - is the increase on Banks and Trust Licenses. An A Class Annual Bank License has been increased by a mere \$12,000. Now someone on the Opposition tried to say that this would certainly result in higher fees and higher charges on borrowings. If Members will recall, in the published Annual Accounts of one of the smallest "A" class operators in this town, last year that institution recorded a net profit of something like \$2.9 million. How in the world can \$12,000 be apportioned out over the many transactions that that would have represented? So, all of that is just talk to try to whip up the people in general opposition to these increased revenue measures.

In general, these fees will not affect the average person in these Islands. As I said, yes, gasoline will definitely affect those persons who drive cars and most households seem to have one car per person in it. Maybe if this had the effect of one less car, it might be one foot less that we would have to put on the new roads.

Most of the gasoline consumed on this Island is consumed in one way or another directly or indirectly by visitors to our shores. So much of the money that will come from this is

not money that is being taken out of circulation, it is money being put into the economy by visitors to our shores.

Even electricity, much of it is absorbed by the visitor, the hotels are the big users, the commercial buildings in town are the big users. I believe that the effect on the average home owner will be minimal.

Some Members of the Opposition tried to belittle the increase in the allowance that has been awarded to returning Caymanians from \$100 to \$300, but I believe that that will be appreciated by a lot of people. Unsolicited gifts, the value on which duty will not be payable on those has been increased from \$10 to \$50.

One Member from the Opposition tried to belittle the effect of the reduction by 10 per cent on medicines and asked, what good would that do to a person when the hospital room fee has been put up?

All I can say is that I am sure that this move will be appreciated greatly by those people who have to take medicine on a regular basis and do not have to go and lie in a hospital bed necessarily to receive the medicine. So will the spectacles and contact lenses from which duty has been removed, those of us who have to use glasses to see will appreciate this reduction.

In general again, I have to repeat that Opposition has encouraged Government to go at these revenue measures in two bites. They say we should have done some this year and some next year. No reasonable Government will increase revenue measures on their people every two years or two years running.

As I said, if we had done it that way, we would have not raised sufficient money to give the whole increase to the Civil Service now and I have not heard any civil servants say that they did not want the 22 per cent now.

I believe that they have all budgeted for this and I would urge Honourable Members to pass these revenue measures without any further delay so that the civil servants will be certain that they will get their pay at the end of this month.

In the case of some businesses which might have been affected minimally by the increased Trades and Business Licenses. I believe that they will recoup, more than recoup that increased cost from increased volume generated by the increased spending power of the Civil Service.

I would urge all business people not to be rash in increasing prices in anticipation of less profit because they have to pay a little bigger license fee next year. Maybe, this is one of the salutary effects that the delay in implementing these fees will have because for the next five or six months before they have to pay the new fees, they will have noticed their increased revenue from their increased volume generated by this pay packet to civil servants.

I only want to reply specifically to one other charge and that is where the Opposition attempted to say that Government was blaming the civil servants for having to introduce these tax measures and thereby drawing them into the political arena.

Now, there is no other name by which the necessity for this, these tax measures can be called that is, it has been required to finance the salary increase which Government is going to give to the civil servants. Government is not blaming the civil servant for that, nor are we drawing them into the political arena. The civil servants in this instance, are not being done any favours and I want them to know that Government does not consider that they are being given any gift, they richly deserve this increase or Government would not have agreed to it. So I do not see how the Opposition can say this is drawing the civil servant into the political arena.

I gave examples earlier in my contribution, where civil servants are getting involved in politics and my admonition to those few civil servant would be to leave politics alone. If you want to get into the political arena, leave the Civil Service and come out and throw your hat into the political ring.

I want to reemphasise that 99.9 per cent of civil servants have nothing to be ashamed about, they can hold their head high, nobody is giving them any gift or anything which they do not deserve. They have worked for this increase, it is their entitlement and my only regret is that they could not get it earlier but it is retroactive to January, so they are not losing anything. I am happy that this package has been able to negotiated for our hard working, well deserving civil servants. My advise to them is, that if anybody suggests that this increase is not deserved or that they have been drawn into the political arena they should tell them to go soak their head because they do not know what they are talking about.

I support these revenue measures and I hope that at this late stage, Members of the Opposition will find it possible to still give their support to this Bill.

Thank you very much.

**MR. PRESIDENT:**

The Third Elected Member for West Bay.

**MR. JOHN D. JEFFERSON, JR.:**

Thank you Mr. President.

I rise to oppose the massive \$10 million tax measures which have been introduced on behalf of Government by the Financial Secretary.

I do not support the claim put forward by Government that tax increases to this level was necessary in order to pay civil servants' salaries.

I also do not support the claim that these taxes will not seriously affect the average citizen in this country and I intend to sight some examples of where the effects will be felt.

I think what is significant is the fact that over the past two years, Government, through the Finance Committee, has approved a large supplementary expenditures without the necessity of increasing taxes.

According to my information, in 1988 supplementary expenditures approved was in the region of about \$9 million. In 1989, the sum was roughly in the region of about \$6 million and like I said, these were all possible without raising taxes.

In my opinion, the real reason for the massive tax increases at this stage is not to pay civil servants, but I believe, to improve Government's balance sheet in order to enable Government to raise the massive amount of money that is necessary through borrowings to finance their grandiose projects, that is the famous MGTP, the split-site hospital, the Jennett T and all the other projects we are not presently aware of.

Let us now look at the impact of the taxes and the cost of goods and services available to the citizens and visitors in this country.

Bank fees have been increased, class "A" licenses from C1\$30,000 to \$42,000 and I do not have a whole lot of problem with that particular increase considering that the banks, class "A" banks here have a monopoly. They also earn a lot of money in this country through local trading and off-shore trading.

The increase that concerns me is the license fees for class B banks which has been increased from \$9,000 to \$12,600. According to research, I am told that it is still cheaper than the fees are in places like the Bahamas. I used to work in the Inspector of Bank's Office and I know how fickle class "B" banks are. I think what you will experience, and this fee will not necessarily affect the class B banks this year, that is those which have already been established, but will affect them come January 1st 1991.

I think the result, other than your huge banks which can afford a \$12,000 dollar fee, you will see that we will lose a number of class B banks licensed here because of the increase and you would probably increase a slow down in the number of new banks applying for licenses here in Grand Cayman.

Gasoline and diesel taxes are increases from 13 cents to 25 cents per gallon which will seriously affect the people of this country, especially those Caymanians who are employed, or make a living in the transportation industry. It is a fact, especially those operators serving as buses between the districts which accumulates a lot of miles per day will experience a significant increase in the cost of gasoline. What is somewhat sad about this whole exercise is the fact that bus fares I do not think have been increased since 1986 or 1987 and it is still a dollar per person between here and West Bay but the cost of taxi licenses have gone up significantly. Now the cost of gasoline is also going up which is going to seriously affect those people employed in that industry and it will make it much more difficult for them to survive and continue to work in that area.

There is no doubt that utility rates will increase as a result of the increases in diesel and gasoline because I do not think that CUC is that benevolent that they are going to say OK well, we are going to experience a 13 per cent increase in the cost of fuel and because we have a monopoly in this country, we have got to consider it our contribution to the community.

History bears me out, that will be automatically passed on to the consumer. Utility rates in the Cayman Islands is already, I suspect, some of the highest rates of any place in the world and for them to get any higher, I think is going to pose a significant burden, especially on the less fortunate people that we have in this country who are dependent on CUC for electricity. I think it is unfair to those people. Maybe this will not affect some people very much, if their utility rates bill goes from \$100 to \$150 dollars per month, big deal, but to the poor Caymanian who cannot afford it that is a significant increase.

Work Permit Fees - the Member for Education did point out that they had not increased the domestic and unskilled worker's fees, which is good. But what is significant is that the work permit fees for skilled tradesmen have been significantly increased and this will hit hardest the construction industry in these Islands. Again, the contractor is not in a position to absorb these increases and will naturally pass it on to those persons who will need a home built, an office built, a restaurant built etc., which will only add to the high cost of construction in this country. It is already the considered opinion that the cost of construction in this country is already too high.

It will also have a tremendous impact on those young Caymanians striving to own their own homes because I personally do not understand how some of them presently survive with the high cost of financing of a mortgage and also the amount of money that is now required to be borrowed just to build a home in this country. For that to become any higher, will make housing almost prohibitive to the average Caymanian.

These increases will also have a direct and significant impact on small businesses in this country. On the one hand, we have an economy which is free for all, which means that there is a tendency in the Cayman Islands that one person or group embarks on a particular venture, it appears that everybody wants to get in on the act.

There are a lot of small businesses in this country who are presently not making any money at all and with the new increases that are being proposed, it is going to make their survival that much more difficult because it is going to affect their labour bill.

Of the over employment situation in the Cayman Islands, small businesses like anybody else, are required and find it necessary on occasion, to bring in people from the outside be they managerial or secretarial or other categories and it will definitely have an effect on the cost of doing business in this country.

The Stamp Duty, the 10 per cent proposed in a land transfer tax on transactions of over \$250,000 will affect Caymanians despite what is being said because Caymanians are interested in purchasing homes; are interested in selling their homes; and it is amazing how the value of homes in this country has appreciated over the years.



It becomes much more costly to purchase or much more difficult to sell a home because of the high costs and appreciated value. There are many homes owned by Caymanians in this country, and I am not talking about those owned by the super rich, the average Caymanian. A lot of them live in homes that are valued in the region of \$250,000 which they might want to sell. Just to build or purchase a decent home in this country is not very far off from that figure now. If they ever propose to establish a business in this country, there are very few businesses that take less than \$250,000 to establish them. So it will definitely affect Caymanians.

What concerns me is the impact that these proposed taxes will have on our tourist industry in regard to the accommodation, transportation, food and other services available to our visitors. The cost of a visit to the Cayman Islands has become very expensive, indeed.

Another argument put forward is that we are not catering to everybody in every class of visitor but unfortunately, those visitors that I see coming to the Cayman Islands are the average person who saves for a whole year in order to enable him to take a vacation. Any tremendous increase in the cost of services available here is going to have a direct effect on our tourism in this country. I think that is very unfortunate when we consider that tourism is one of the pillars of our economic activity in this country. What is significant for us to be aware of is the fact that other destinations have recognised the value of tourism and have become very competitive indeed.

The visitor today has many more choices available to him as far as tourist destinations are concerned and to the average citizen wanting to travel to the Caribbean, most of them, because of their lack on knowledge about the rest of the world, cannot or do not decipher between one destination and another. If it costs a citizen or a visitor \$500 for a visit to the Cayman Islands as opposed to \$250 to visit Jamaica for a week, naturally a lot of visitors are going to choose the cheaper destination.

I think what is significant for us to keep in mind is that since 1988, our tourist arrivals have fallen off significantly. I think Gilbert had something to do with that.

**HON. W. NORMAN BODDEN:**

Mr. President, as a matter of clarification, I wonder if the Member could tell the House exactly what he means by, that since 1988, tourism has fallen off significantly, because that conflicts with the statistics I get from the Department of Tourism?

**MR. JOHN D. JEFFERSON, JR.:**

Mr. President, I think what the Member means is that there has been a significant fall-off in tourist arrivals by cruise ship, or there might even have been an increase. But the number of visitors flying into this country compared with 1986, has had a significant drop.

I think what is important for us, in order to continue to enjoy the benefits that tourism provides, is for us to think of ways of reducing the cost of a visit to the Cayman Islands rather than thinking of ways and making it much more prohibitive.

What concerns me also is the affect that these increases are going to have on the cost of living to the average Caymanian living in these Islands. We have at the present time many single parent homes. That is, a lot of homes are especially headed up by a single mother who is obligated because of the high cost of living to hold two jobs, just in order to attempt to make ends meet. It is becoming extremely difficult for them to survive financially in this country because of the high cost of living.

I feel that a large tax package at this time is totally unnecessary and I repeat, will have a tremendous impact on the cost of living in this country, which will make it even more difficult for our people to survive financially.

The approach the Government should have taken, they boast of their surplus and reserves and they also projected that at the end of this year, according to the 1990 Budget, we would only have a million dollars in the Budget.

I doubt that seriously because if the Member for Communications and Works does not get on with the road programmes, as has been approved, we are going to recognise or realise some significant savings in this years budget.

I also wonder why the hold-ups or delays when the money has been approved? Nor is it Public Works. I think it is a political ploy.

Like I said, I think the approach should have been, they should have implemented the Civil Service salary increase from the surplus that they now boast of which is in the region of about \$13 or \$14 million dollars. At the end of the year, which is Budget time, if they discovered that they came up \$1 million or \$2 million dollars short, then that is the time for them to have proposed certain tax increases in order to meet the short-fall rather than at this stage bringing a \$10 million tax package.

There were also a few comments made by the Members of Executive Council, the Elected Members that is, which I think needs to be addressed. The Member for Tourism said that he is not going to take any responsibility for any slow down in tourism, but that the organisers of the march....

**HON. W. NORMAN BODDEN:**

Mr. President, on a Point of Order. I hate to interrupt the Member again, but he is misquoting what I said to the House yesterday in my presentation. I said that if there was any downturn in tourism that could be attributable to the march, I take no responsibility, nor the Portfolio, nor the Department of Tourism that the blame would have to lie with the organisers and the supporters of that march.

**MR. PRESIDENT:**

That is, as I recollect it, was substantially what was said.

**MR. JOHN D. JEFFERSON, JR.:**

Thank you Mr. President, I think the *Hansard* would bear me out.

With regard to the effect that any peaceful march would have on the stability of this country, I do not think it will affect us at all. I am a strong advocate of the people exercising their democratic rights and those rights include peaceful marches. That march that we had on Friday afternoon is not going to have any affect, in my opinion, on the stability in this country. I tell you what will and that is Motion 6/90 and the present tax measures which are being proposed now by Government.

The same Member made a big deal that we had made it our business to copy our letter to the Governor, the Prime Minister and also the Leader of the Opposition, Mr. Kinnock, because in his words, the Labour Party were such radicals that with them having this international, there was no telling what would be the outcome. I think a Member, a Minister of Government should be very careful making those kind of remarks.

According to my information, the Labour Party has shed the image that it suffered from in the early days and there is not much difference with regard to their philosophy than the philosophy and that of the present Conservative Government which is now in place.

**MR. PRESIDENT:**

Would it be convenient to break there?

Proceedings are suspended for 15 minutes.

**PROCEEDINGS WERE SUSPENDED AT 3:20 P.M.**

**PROCEEDINGS RESUMED AT 3:47 P.M.**

**MR. PRESIDENT:**

Proceedings are resumed.

The Third Elected Member for West Bay, continuing.

**MR. JOHN D. JEFFERSON, JR.:**

Mr. President, before we took the break I was dealing with the comment by the Member for Tourism with regard to us copying the letter that we wrote to the Governor to Margaret Thatcher, Mr. Neil Kinnock the leader of the Opposition and the Foreign and Commonwealth Office.

I did mention that I thought it unwise for a Member of Government to make such remarks because we never know who is going to make up the new Government in Britain and by all indication, when the next election is called in that area, there is a very good possibility that our new Prime Minister could be Mr. Neil Kinnock.

I did mention that there was not a whole lot of difference in policy or philosophy between the two prominent parties in Britain. I would just like to expand on that and say that that is with regard to their policy in dealing with dependent territories like the Cayman Islands.

I think what is important for Members of Government to recognise and remember is that the British Government is responsible for continued order and good Government in these Islands and we personally feel that that includes the Leader of the Opposition Mr. Kinnock.

It is our opinion that anything that affects us here in the Cayman Islands, like the proposed change which is being brought about by Motion 6/90, that it is our responsibility as elected representatives of the people to make the British Government aware of what is going on.

I must add that we do not intend to stop by just writing to them, we look forward to visiting London and sitting down with the parties responsible for the dependent territories that is, the Foreign and Commonwealth Office, face to face to discuss the present situation in the Cayman Islands. I would add also that this is the action that I think that the majority of our people are encouraging us to take.

We felt it was also important for us to take the present situation to a forum outside of the Cayman Islands and that forum that we chose was in advising the British Government and the Foreign and Commonwealth Office.

The Member for Tourism has nothing to fear as far as what effect our actions are going to have on stability in this country because we are all responsible, upright individuals here in the Backbench and we would not have it said that we damaged stability, which is so important to us here in the Cayman Islands to ensure our continued prosperity. I would just remind the Member that what could affect stability is a minority Government attempting to hold on to power against the wishes of a majority of Elected Members of the Legislative Assembly.

I want to ensure the four Elected Members of Executive Council that we are as concerned or even more concerned, about maintaining our good image and stability in this country.

As far as the Member for Education is concerned, he made some remarks which I think need to be addressed. He said that we had taken objection to him going back into the past. He likes to glory in his past but if we reflect on the past, as far as the Member is concerned, we have some very outstanding events that took place which his administration was responsible for.

Two incidents come to mind: the early 1970 and 1975 demonstrations. History did repeat itself last Friday when the people of this country again had to march against the bad policies of his Government.

He also seemed to appreciate the fact that the Third Member for George Town and the First Elected Member for Bodden Town were educated by way of a Government scholarship. Both of these gentlemen, who are Members of the House, first of all are Caymanians. They did come back to this country and they have made a significant contribution in their respective areas of their expertise. For the Member who is responsible for Education to make these kind of remarks, makes me wonder how interested he is in seeing to it that Caymanians have an opportunity of receiving a higher education, even if it is with the help of Government.

He said that the present Member for Communication and Works was then justified, that is back in 1986 I think or 1985, when he objected to the proposed tax increases which the First Elected Member for West Bay so ably reminded us of recently in his debate, from reading the Hansards.

He said he was justified because even though his Government had to do the tax increases, it pained their hearts. I seriously doubt this. I also wonder why the present Member for Communications and Works could have such a sudden change of heart with regard to taxation and the effect that it has on the small man in this country. I think he was right to oppose it then and he would have been right to oppose it now because I feel the level of taxation which is being proposed is totally unnecessary and unacceptable as far as the people of this country are concerned.

The Member for Education did mention that the First Elected Member for Cayman Brac and Government, that is the four Elected Members of Executive Council, have put country before self. That is an excellent philosophy, but I think Government has to start demonstrating to the people of this Country that that is nothing more than mere words.

If you would take into consideration the actions of the present Government, you would have to come to the conclusion that that is exactly what this is, mere words because the actions taken, especially in recent days, could not bear out the slogan of "country before self". I regard it as a complete disregard for the country and its people in the interests of self preservation.

He also went back in history and tried to compare his present Government with that of the Unity Team which left office on the 31st of October, 1984, to demonstrate how bad their administration was compared to his own administration. The information from the *Hansard* of the 31st October 1984, does not support the Member's argument.

According to my calculations, when everything is taken into consideration, the 1984 Government which left office on the 31st October 1984, had surplus and reserves in the region of about \$9 million compared to a net position of the present Government of about \$5 million, despite the fact that they had twice as much revenue as the 1984 Government to work with.

The Member also went on to ask the Civil Service to remember which Government gave them the raise. I would also like the Civil Service and the public to remember that this was the Government that brought actions and proposed measures and personally attacked three very senior civil servants; the Financial Secretary, the Honourable Administrative Secretary and the Auditor General.

I would also like the Civil Service to remember that this is the Government who is responsible for removing the Financial Secretary as Chairman of the Finance Committee which he should rightly occupy. I would also like the Service to remember the actions of this Government over the past few weeks when they go to the poles in 1992, or before.

The Member also went on to try to explain Government's increasing needs because of the services that are provided and he also said that maybe time will come when we would also have to look at the idea of air-conditioning our schools so that they can be comparable with the private schools, some of which enjoy air-conditioned classrooms.

I look forward to that day but what concerns me in the immediate future is not the air-conditioning of classrooms but the unavailability of sufficient classrooms to house the children at the West Bay Primary School for it to be proposed that come September, the students from our district will probably be schooled under a big tent or the old West Bay Town Hall.

#### POINT OF ORDER (Misleading)

**HON. BENSON O. EBANKS:**

On a Point of Order Mr. President.

There is no official comment or record anywhere to substantiate that statement. He is getting that second hand from an individual who came into my store unannounced on a Saturday morning to talk to me in-between customers. That is the extent of his responsibility.

**MR. PRESIDENT:**  
the Point of Order.

The Member is saying that your statement is not correct. That is

**MR. JOHN D. JEFFERSON, JR.:**

Well Mr. President, if it is not correct, let me just read the contents of a letter addressed to the Member and it is addressed to: "Mr. Benson O. Ebanks..."

**HON. BENSON O. EBANKS:**

Read my reply as well.

**MR. JOHN D. JEFFERSON, JR.:**

"...Honourable Member for Education,  
Environment and Culture,  
Cayman Islands Government,  
Grand Cayman.

Dear Sir,

Re: Additional Classrooms for John Cumber School

Further to my conversation with you on Saturday June 16th 1990, I would like to note the following points:

1. It will be unacceptable for the school to be short of space for the academic year September 1990 to July 1991.

2. Under no circumstances can I agree that:

- a) the children of this district should have to go to classes in a big tent, you suggested this may be necessary;
- b) the Town Hall in its present condition is totally inadequate for classes;
- c) children may have to stay home until additional classrooms are built.

3. Your reasons for the delay that Mr. Thomas Jefferson has it held up in his Economic Development Unit just does not hold water.

4. Earlier in May of this year, you told me that it was Finance Committee approval of cost which was necessary as the building is going to cost more like \$800,000 instead of the previous approved cost."

**MR. PRESIDENT:**

May I interrupt for a moment?

I am not quite sure what this letter is setting out to prove. It is one person whom you have not named. What exactly is it?

**MR. JOHN D. JEFFERSON, JR.:**

It sets out to prove that the information that I just relayed to the House, where it was suggested that our children in the district of West Bay may have to be housed in a big tent come September is a fact.

**MR. PRESIDENT:**

No, fine. Would you finish the letter?

**MR. JOHN D. JEFFERSON, JR.:**

That is the only reason why I am reading it Mr. President.

**MR. PRESIDENT:**

No, I just wanted to know how you were getting on that is all.

**MR. JOHN D. JEFFERSON, JR.:**

If I may continue, it is very short. "...May I inform you that I have taken a close look at these plans.". That is the plans for the new school Mr. President.

"...and do not agree that the building with four classrooms should cost C\$800,000 to build and this can be further justified if necessary.

Also from your conversation, it appears that you have a personal preference for certain contractors to be given Government construction contracts. While I do not think anything is wrong with this, may I remind you that it is precisely this preferential treatment which lends creditability to the many allegations that is now circulating with regard to Government construction costs..."

**MR. PRESIDENT:**

I think the last piece is not relevant to the particular issue, so we will take that as out at the moment.

I think the last piece is not relevant to the particular issue, so we will take that as out at the moment.

**HON. BENSON O. EBANKS:**

No, Mr. President, I do not mind if he reads the whole letter because I will have the Honourable Member for Health read my reply to that letter tomorrow morning.

**MR. PRESIDENT:**

Well that may be the best way to deal with it.

**HON. BENSON O. EBANKS:**

I am sure he has seen the reply but he will not read that.

**MR. PRESIDENT:**

Well, I think this the best way of dealing with it if he would finish the letter. I am not sure if you have.

Well, I think this the best way of dealing with it if he would finish the letter. I am not sure if you have.

**MR. JOHN D. JEFFERSON, JR.:**

In closing, it said:

"...I really believe that it would be in the best interests of all that you take another look at your priorities and expedite this project.

Yours faithfully,

Johnny Cumber Primary PTA  
Dexter River  
President."

I did not get a copy of the Member's reply, so I am quite sure he will give me a copy of that. But these are the kind of matters that the Member for Education should be dealing with. I had to go to the old West Bay Town Hall because I did not have a choice today, that is totally unacceptable as far as our people are concerned.

He went on to try to justify the reasons why they approved the Safehaven development, saying that because the property was leased from Government for in excess of 30 years they had to pay the 7.5 per cent stamp duty. As a condition of their dredging license they were also required to fill 14 acres of Government land and to bulk head it so that it could be used by the boat owners in that area. That is all well and good but I think when you compare the possible environmental effects of the dredging in the North Sound to what Government has gotten from the company by way of stamp duty fees etcetera, is small pittance and they have not done anything which any other developer in this country, including small businessmen here in the Islands have to do when they want to establish a business.

You know, the Member also made mention of senior civil servants. He is hoping that this O and M management services team will take note of the time wasted by senior civil servants sitting in a gallery observing their Government in action. They are representatives, civil servants have a right to observe the proceedings of the House. One of the civil servants that he was referring to had to be the Chief Engineer from Public Works because he said that this is the reason why he cannot get his roads in West Bay because the man spends too much time in the gallery. I do not think that is the reason why we do not have roads in West Bay. I alluded to that earlier. I think politics is being played, even though the money was appropriated and the representatives have sat down and arrived at priorities, the work is being held up.

I used to be a civil servant and most Members of the Backbench have had this experience. Not only a civil servant, I used to be Vice President of the Civil Service Association along with the Second Elected Member of Cayman Brac who was President. We fought then for salaries and benefits for civil servants and we will continue to do that.

I want to encourage civil servants to not let any remarks from the Member intimidate them from coming out and watching their representatives in action. It will also give them a first hand impression, I feel, in determining in future which representatives they should support. We have nothing to hide!

They made a move the other day where they wanted the proceedings of Finance Committee to be held in public because they wanted to show the public how bad the Backbenchers behave. Then in the same sitting they wanted to hesitate from putting those measures in action in our first Finance Committee Meeting and we did so, because the Backbench has nothing to hide. Our people can see us behind closed doors, our people can see us in public, we are the same. The issues, the actions, the concern is the same, we are looking out for our people.

We recognise that Government has to support their actions and try to justify what they do and that includes tax measures, but what continually amazes me is that this Government cannot think small. Everything they do has to be on a grandiose scale including the tax measures. You see, on this side of the House you have practical men, men who are concerned about the small man on these Islands.

The Member for Education also made a comment which made me laugh. I mean it really tickled me. He said that his political popularity was never higher than it is today. The man is living in a dream world! If he believes that I honestly believe that he, along with his colleagues on Executive Council would have advised you a long time ago in your capacity as Governor to call elections. Me, I never had any objection whatsoever to any election being called in this country because I am assured and confident that the people of West Bay know exactly that they have good representative in John Jefferson Jr. But this chest thumping, it really amused me because I believe personally that if the Member goes out there today, he would lose his deposit.

You know this whole thing would be amusing if he was not serious, but we are living in perilous times. There is much at stake in this country, democracy, the survival of us as a people, there is much at stake. I have no apologies to anyone who feels that we should be in here. They talk about disagreeing, we are not disagreeing for the sake of disagreeing. We are here defending the fundamental principles upon which this country and this Government have been established on. I will debate and I will disagree with anyone that challenges those principles, including the present Elected Members of Executive Council.

He did mention that stamp duty was not going affect home owners because it only affected transactions in excess of \$350,000. I have not seen an amendment; I thought it was \$250,000 and it would definitely affect the sale and purchase of homes in these Islands. I think one should also see, which I would hate to see at the present time, is a slow down and a number of sales be it condominiums, be it private homes, be it land in this country because a lot of people depend on that area of our economy for their financial survival.

The Members of Executive Council also tried to hoodwink the Civil Service into believing that we are culprits when it comes to their increase. As I mentioned, most of us have been civil servants and our track record in this House and our track record in the Service speaks for itself when it comes to fighting for Civil Service salaries and benefits.

I was very pleased that last week we could approve in Finance Committee the Civil Service salary package. But you know, Executive Council think they are smart. Like they did in the Motion 3/90, they threw in about the proceedings of Finance being made public just in order to get support for the real measure which was to remove the Financial Secretary as Chairman of Finance Committee and put on it three Official Members in order to control Finance Committee. They chose to tie their revenue package to the Civil Service salary increases, thinking that, we, as Backbenchers could not see through it and we would have no alternative but to support their tax measures.

I think experience will show that Government can accommodate the tax increase or the salary increase, from revenues generated by Government - not tax increases. I will be the first to approve a short-fall if that becomes necessary as long as it is reasonable and I think it would be reasonable, in order to ensure that our civil servants get what they are entitled to.

#### **MOMENT OF INTERRUPTION**

**MR. PRESIDENT:**

It is just 4:30 P.M. is it convenient to break now?

#### **ADJOURNMENT**

**HON. THOMAS C. JEFFERSON:**  
o'clock tomorrow morning.

Mr. President, I move the adjournment of this House until 10

**MR. PRESIDENT:**  
against No.

I shall put the question. Those in favour please say Aye...Those

**AYES.**

The Ayes have it.  
The House is accordingly adjourned.

**AT 4:30 P.M. THE HOUSE STOOD ADJOURNED UNTIL 10:00 A.M., WEDNESDAY, 18TH JULY, 1990.**

**FRIDAY  
18TH JULY, 1990  
10:25 A.M.**

**MR. PRESIDENT:**

Prayers by the Member for Education.

**PRAYERS**

**HON. BENSON O. EBANKS:**

Let us Pray.

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

Bless our Sovereign Lady Queen Elizabeth, the Queen Mother, Philip Duke of Edinburgh, Charles Prince of Wales, Diana Princess 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 amongst us. We pray for the Governor of our Islands, the Members of Executive Council 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, Amen.

Our Father, who are in Heaven, Hallowed be Thy Name, Thy Kingdom come, Thy will be done, in earth as it is in Heaven. Give us this day our daily bread: And forgive us our trespasses, as we forgive them that trespass against us: And lead us not into temptation; but deliver us from evil: For Thine is the Kingdom, the power and the Glory, for ever and ever. Amen.

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

**ANNOUNCEMENTS BY THE PRESIDING OFFICER**

**MR. PRESIDENT:**

The proceedings of the Assembly are resumed.

Item 2 on today's Order Paper.

It is my pleasure to invite the President of the Cayman Islands Branch of the Commonwealth Parliamentary Association to read a message from the Chairman of that Association on its 79th Anniversary.

The First Elected Member for Cayman Brac and Little Cayman.

**CAPT. MABRY S. KIRKCONNELL:**

Thank you, Mr. President.

Today the Commonwealth Parliamentary Association celebrates its 79th Anniversary of its creation and the Commonwealth Parliamentary Association is an Association made up of the United Kingdom and all former Members of the Commonwealth who practice parliamentary government and all of its dependent territories.

It is my pleasure to read a message from the Chairman of the Executive Committee of the Commonwealth Parliamentary Association. The Honourable Lavu Mulimba from Zambia, who is the current Chairman of the Executive Committee and it reads as follows:

"In my last message sent to you on the occasion of the Commonwealth Parliamentary Association's 78th Anniversary, on 18th July 1989, I observed Commonwealth Parliamentary Association stood "on the threshold of more dramatic break through between now and next year". Little did I know that the world was about to witness an outbreak of democracy. The unthinkable has happened. The Berlin Wall is no more. Parliamentary democracy has gained and is gaining new ground every day. Namibia is free, at last. To cap it all, Nelson Mandela, whose 27 years' imprisonment made him the world's most celebrated prisoner and freedom fighter for universal parliamentary democracy, could no longer be contained in apartheid's jails.

The Commonwealth and in particular, the Commonwealth Parliamentary Association have played a pivotal role in bringing these events to pass. We have good cause to celebrate our 79th Commonwealth Parliamentary Association

Anniversary in a special way, and I hope that every Branch will do just that. As we prepare to admit both Namibia and Pakistan to the CPA family, we cannot help but hope that South Africa will rejoin both the Commonwealth and the CPA within our life time, a dream which, using Mandela's historic words, all CPA Members must be prepared to achieve within this century or to die for."

These are Mr. Malimba's words:

"This is my last CPA Chairman Anniversary Message to you as I will be handing over the CPA Chairmanship to a new Chairman later this year at the General Assembly to be held in Harare, Zimbabwe. I want to thank you all for the historic privilege you gave me as the first representative from the African region to hold this key post since the creation of our Association in 1911. I take this opportunity to wish the Association and, indeed, each Branch every success and many more anniversaries to come. Hon. Lavu Mulimba, MCC, MP, Chairman."

Thank you Mr. President.

## GOVERNMENT BUSINESS

**MR. PRESIDENT:** Item 3 on today's Order Paper, Government Business, the continuation of the debate on the Second Reading of the Miscellaneous Duties and Fees Bill 1990. The Third Elected Member for West Bay to continue.

**MR. JOHN D. JEFFERSON, JR:** Mr. President, yesterday before we adjourned (and I have referred to my appendixes of unparliamentary expression, in order not to be ruled out of order) I was in the process of chastising the Elected Members of Executive Council for comments that they had made.

I was in the process of dealing with the comments by the Member for Education, and was elaborating on the present crisis of the West Bay Primary School, due to the lack of classroom space and how concerned we were as representatives that come September our children will have to be housed in the West Bay Town Hall due to the lack of action by the Member to have these classrooms built.

What is significant about this issue is the fact that funds were budgeted from 1989 for these classrooms. In response to a Parliamentary question last year, I think it was in September or the November sitting, we were told by the Member that the classrooms would have been ready by January of 1990.

To-date these have not been built and as a matter of fact, the Member did not act as far as doing anything on this issue before he received a letter that I read in the House yesterday from the President of the Parent Teachers Association of the West Bay Primary School.

At that stage he came running to the First Elected Member for West Bay and myself, asking for our support, for the additional funds needed in order to have these classrooms built, plus two more....

**HON. BENSON O. EBANKS:** On a Point of Order, Mr. President. I wonder how the Member can explain the fact that I came to him for additional money, if nothing had been done. How would the increased cost have been known for example, how could it be known that I needed more money?

**MR. PRESIDENT:** I am not sure that is a Point of Order, but it is inviting you to clarify, which is a Point of Clarification, and as you sat down the Member got the floor. Thanks.

**MR. JOHN D. JEFFERSON, JR:** Mr. President, the Member knows that the original provision was for two additional classrooms at the West Bay Primary School. What he came running to us the other day for was a new idea it was for a new infant school for West Bay. The first phase of that, which consists of basically four classrooms was in the region of \$800,000. Of course we gave our approval in support since we are good representatives from the district, but the sad fact still remains that the Member is now in the process of inviting tenders for the construction of the building, which I understand, will probably take six weeks. So that tendering stage will probably not be completed before mid-August, first of September which means that the classrooms will not be ready for the September, 1990 school opening session.

As a result of the inaction, the concern, and disappointment that the First Elected Member for West Bay and I have experienced over this particular matter, we have put together a petition which will be circulated in West Bay, so that the citizens of the district can register their disapproval of the Member for Education inaction in this case.

I can assure the Member that we will be able to get more on our petition than the 182 he was able to get on his petition against the First Elected Member for West Bay. What was so amusing about that petition was it called for the bad behavior of...

**HON. LINFORD A. PIERSON:** Mr. President, on a Point of Order. I would call the Member's attention to relevancy, Sir, under



Standing Order 36.

**MR. PRESIDENT:** I think you are calling the attention of the Chair to it actually, but I was about to say it does seem that this particular section of your talk is becoming rather extended. I am sorry, I am dealing with the Member who raised the point.

**HON. LINFORD A. PIERSON:** Well, I want to raise...

**MR. PRESIDENT:** Unless you have another Point of Order.

**MR. W. McKEEVA BUSH:** Yes Sir. The Point that I want to raise is that the Member is making a reply to the speech that the Member for Education made...

**MR. PRESIDENT:** I am well aware of that. I said the passage is getting a bit extended, which is a polite way of saying it is getting repetitious and I am sure the speaking Member understood from his smile, exactly what I said.

**MR. JOHN D. JEFFERSON, JR.:** Thank you Mr. President. I see them squirming over there, that is why they get up on a Point of Order, but there is more to come.

The Member for Education mentioned that he could not understand how we Backbenchers (and I have to paraphrase it because I do not remember his exact words), could oppose an increase in work permit fees for skilled tradesman and professionals since he had the impression that this would provide an opportunity for Caymanians in this area. These fees could go to \$10,000 a year and it would not have that effect until Government insist on putting the machinery in place that will ensure that Caymanians are trained to take positions in this area.

You know yesterday, the Member for Tourism rose on a Point of Order when I was commenting on the downturn in tourism. At that stage I did not have my facts or statistics with me, but if you look on page 75 of the *Statistical Abstract of the Cayman Islands Government for 1989*, these statistics bear out what I was saying and I quote:

"With regard to air arrivals: in 1986 we had a 15 per cent increase in tourism or air arrivals over the year before; in 1987 we had a 26 per cent increase over 1986; in 1988 we had a five per cent increase over 1987 and 1989 we actually experienced a negative four per cent compared with the year before."

That was not only percentage-wise, but also number-wise because in 1988, we had 218,700 tourist arrivals by air and in 1989 we had 209,800.

So, I knew what I was saying when I referred to a downturn in tourism regarding to cruise ship passenger arrivals. I think if you were to take a census in this country you would find that the people who spend money are those visitors who arrive by air and who are here for a week to 10 days at a time. Their contribution compared with the cruise ship passengers is significant indeed.

In conclusion, I would like to state that I feel the present tax package is unreasonable and unnecessary. I would also like to state that when it comes to stability in this country, it will not be damaged by the people exercising their democratic rights through signing a petition or participating in a peaceful march. I want to say that I was proud of the number of people who exercised their democratic right to come out and take part in the peaceful march we had. What concerns me, is the attempt of victimisation by certain [owners of] establishments in this country, who threatened to fire their employees if they took part. We do not look kindly on these kinds of threats and I feel that our people should be in a position to exercise their democratic rights when there is a need or a call to do so.

Let me remind the Elected Members of Executive Council of what I feel will damage stability in this country is when a minority Government like they now enjoy, attempts to hold on to power after it has lost its support not only from the majority of Elected Members of the Legislative Assembly, but of a majority of the people of this country. What will also threaten stability, is massive taxation and excessive public debt of the magnitude this Government requires to finance their grandiose projects. What will damage stability is, stifling the democratic rights of the citizens of this country. What will threaten democracy and stability in this country is, demoralising and victimising civil servants, especially senior civil servants.

I would like to remind the Member for Tourism to be more careful regarding to his comments, especially those he made recently with regard to the Leader of the Opposition party in Great Britain.

I would like to remind the Member for Education, not to be confused by the kisses and hugs he said he got recently from his many supporters. All I would remind the Member is that Christ was betrayed with a kiss.

Can I remind the Member for Education that he is fantasising, if he feels that his political popularity is at a crest at this stage and challenge him to test the waters in his district through advising the Governor to call for a General Election, which should have been called for a long time ago.

I should emphasise that the delay in the road works in the districts is not caused by the Chief Engineer, but we suspect, it is a political ploy by Government, especially by the

Member concerned and responsible for Communication and Works, in an attempt...

**HON. LINFORD A. PIERSON:**

On a Point of Order.

The Member is misleading the House. He knows that the Member responsible for roads does not allot jobs and the timing of those jobs. He is quite aware of this and I think that he is deliberately misleading the House and the listening public.

**MR. JOHN D. JEFFERSON, JR:**

Mr. President, I am not attempting to mislead this House or the public. It is a fact, that the Member is attempting to delay these works.

**MR. PRESIDENT:**

I am sorry, you cannot state it as a fact. It is your opinion, and I think we should leave the Point of Order there. If I may make the point, it occurred to me this might be taking some sort of allegation of improper motive, but I do not think it is. If that was so, any political act would be so interrupted.

**MR. JOHN D. JEFFERSON, JR:**

Mr. President, thank you for defending me, that is good and I appreciate that.

**MR. PRESIDENT:**

Do not jump to conclusions.

**MR. JOHN D. JEFFERSON, JR:**

Mr. President, in my opinion this is what is happening regarding road works in this country. For the district of West Bay, we had allocated \$550,000, approximately \$350,000 more than they gave us. I think the whole idea is to delay these works so that our people can get upset and get at us because they have been doing so and all we can promise the people is, "they are coming, they are coming". Certain roads in West Bay were done and I wonder why.

**MR. W. McKEEVA BUSH:**

On a Point of Order, Mr. President.

The Member for Education has just cursed me as S.O.B., and we, on this side heard him. You might not have heard him, as he has continuously been doing this. I want this to stop, Mr. President.

**MR. PRESIDENT:**

Since I did not hear it, I can hardly rule, but I think if it is the case, the same allegations have been made from both sides of the House. All I can do is appeal to Members not to do this, and do not learn from the House of Commons. In this particular regard I mean. I am aware that it is possible to see the Prime Minister during question time, for example on the television of the House of Commons. I would just hope that we do not find this House descending into that level of disorder.

**MR. W. McKEEVA BUSH:**

Mr. President, you have my assurance that I am not going to get down in the gutter.

**MR. PRESIDENT:**

Fine.

The Third Elected Member for West Bay, you are having a rather lot of interruptions I fear.

**MR. JOHN D. JEFFERSON, JR:**

That is all right, Mr. President, I do not mind it.

I think in conclusion this Government should get on with dealing with the needs of the people of this country in thinking of ways of diversifying the economy like we called for, which would provide us with new sources of revenue rather than continually increasing taxes in the familiar sources which affect the people of this country.

Concerning the high cost of living in this country; it is coming to a stage when it is becoming almost impossible for our people to survive. The First Elected Member for West Bay and myself the other day were talking to a young Caymanian man and the concern expressed was that he, and a lot of others who are in business (small business men), are thinking of alternate ways to survive financially because it is becoming so difficult to make a living in this country due to the high cost of living.

I think this massive tax increase is unjustified and I believe like I mentioned when I opened my address, that the real reason behind this move is an attempt by the Government to improve their financial position and balance sheet because they have to go out and find an excessive amount of money which has to be raised through borrowing.

I want to urge the people of this country to continue to stand up against what they know is wrong; continue to stand up and exercise their democratic rights; and to continue to support the Members of the Backbench because they recognise that we are in here looking out for their interest.

Thank you, Sir.

**MR. PRESIDENT:**

The First Elected Member for Cayman Brac and Little Cayman.

**CAPT. MABRY S. KIRKCONNELL:**

Thank you, Mr. President.

I rise to offer my contribution on the Miscellaneous Duties and Fees Law, 1990. Revenue enhancement measures or taxation is the imposition of mandatory levels on the citizens of a country by their Government. In almost all countries tax revenues are a major source of finances for public services. Taxes are the price paid for provided services. In a democratic society a majority of the citizens or their

representatives vote to impose taxes on themselves in order to finance public services on which they place value that they believe cannot be adequately provided by the market process. Taxes which drain money from the public sector must ultimately be paid by a reduction in private consumption or investment enterprises.

All Governments realise that the introduction of taxation has beneficial or adverse effects therefore, they are considered seriously before they are brought to any House of Parliament. Much has been said during this debate over many days; concerning this Bill which we are now debating and previous motions; and the general condition of the political affairs of this country in general. It was taught to discuss the bill which we are debating and I shall endeavor to be as relevant as I possibly can, but at times I may have to go slightly off to counter some of the other things that have been said prior to me rising to my feet.

Revenue measures have and will have, in the future affect on all of our citizens. Some will benefit with higher wages, some will have to contribute funds for that. These measures all have a multiplier effect and in general we hope they will be beneficial to the country as a whole.

We must carefully study what constitutes a good tax or revenue measure. This issue has always stirred lively debate among scholars, legislators and concerned tax payers. Efficiency is one criterion against which a tax measure might be evaluated and the best tax or usually standard tax and the one that generates the least burden on the people or the community. Most experts would be willing to accept efficiency as a sole indicator of a good tax.

The revenue measures which we are dealing with here today, many of these, particularly fees, have remained where they are when the value of our dollar or buying power has changed immensely by increased cost of living in this country. Had these fees been adjusted on a regular basis, we would not see \$3 for fee today, but probably \$25 fees. When I came into this House, the salary was \$211 a month, today it is \$4,201, this is an indication of what inflation has done in this country.

Many of the Members of our Legislature today were Members of the Civil Service, when the Civil Service salary was more attractive than the Legislative salary. Today they are here with us. It is all we seek, we go where it is most beneficial to us.

I have never in my life been able to make up my mind that I was going to buy something and did not have the money to pay for it. It was a [financial] impossibility and Government's position is the same. We are here today in the later part of July debating a revenue package which we feel would be an increase of \$9.4 million to civil servants. I would like to quote from this document read by the Honourable Financial Secretary, prepared by the *Economic Development Unit of the Cayman Islands* on the 8th of June and the Estimated Incremental Revenue Collections, August to December 1990. And this is all we can expect to get when this revenue measure goes into effect:

The cigarette duty - the low would be \$200,000, the maximum would be \$250,00.

Duty from liquor - a low of \$350,000 to a maximum of \$450,000.

The planning fees - \$65,000 to a maximum of \$75,000.

Fees to the Courts - \$70,000 to a maximum of \$80,000.

There would no increase in garbage fees as these are annual fees, and nothing would be collected prior to the 1st January, 1991.

Warehouse storage fees - \$20,000 to \$40,000.

Traders licences; again they are annual fees so nothing would be collected.

Sales of Laws - \$25,000 to \$30,000.

Visitors drivers licence, and this is been scaled down, so that would be considerably less than at \$200,000 or \$250,000.

Petrol or gasoline - \$200,000 to \$400,000.

Diesel fuel - \$600,000 to \$850,000.

Land Transfer fees - \$800,000 to \$1 million.

Work permit fees - \$300,000 to \$400,000.

Bank and Trust licence again, these are annual, so they would not benefit us during the year 1990. It would only become effective on 1st January 1991.

The total fee in the low column would be \$2,830,000 and on the high column, \$3,825,000. The revenue package we are looking at here today, can yield this Government these figures. We will have to go into surplus to fund the balance of this package.

It has been suggested by other Members here, that if

supplementary expenses were brought to this House they would support it. It was also said by them, that up to \$10 million a year of supplemental expenditures which were found necessary had been approved.

We do not have that type of revenue available and I am at a loss to see how our Honourable Members here can expect to give our civil servants the increase that they need, they must have, and they deserve. Yet, we the people of the Cayman Islands are not contributing to revenue to provide those funds. I have not been able to do it in my family, in my business and certainly I see no possible means of Government doing it, at least not with issues that I would support. That will bring us a short-fall of nearly \$7 million, which will have to come out of surplus.

It is clear to me that we need to take a serious look at the running of this country. The present Executive Council has been elected to serve until 1992. They have been empowered with authority and responsibility, and without revenue they cannot run this country.

There have been remarks made about these grandiose schemes which they propose. It has been proven in this House that those sums of money which have been quoted, cannot be available without parliamentary approval. So therefore, I do not see where they could be a part of this package which we are dealing with today.

I have studied very carefully the regulations and the fee changes that are requested. I am the only Member of this House, who lives off the Island of Grand Cayman. As all Members know I reside in Cayman Brac. Cayman Brac has a very small population. So doing business there is far more expensive than it is here. We have additional freight and the only problem that I have is the work permit fees for the higher brackets.

I would like to ask the Honourable Members to seriously give consideration to applying the same provision that was applied many years ago to the Trade and Business Licence, where 50 per cent of the fees collected for licences issued in Cayman Brac be on these higher level work permit fees.

We have no problem with the domestic gardeners and agricultural workers, but when it comes to managing directors and executive secretaries it will effect the hotels. There are not many, but nevertheless, it will put an excessive burden on those trying to do business with a smaller community. So, I would ask that that be looked at if it can be, administratively.

I feel today that we have a responsibility to our people to provide them with proper infrastructure, and without taxation no way will this be done.

Motor gasoline - an increase of 12 cents is a minor increase when you consider that most of us drive cars that are energy efficient. The Japanese cars give 20 miles to 30 miles to a gallon of gas and we do not have that many miles to travel. Some countries, even in the United States it is up to 80 cents a gallon revenue impose. So, CI\$0.25 cents on a gallon, to me is not excessive.

We have good roads. We need more roads, therefore, we must collect revenue. At this time I would like to publicly thank the Member responsible for Communication, for his efforts in getting the fuel terminal established in Cayman Brac. This will enable our fuel cost to decrease instead of increase, even with this additional tax (not only on the liquid products to Cayman Brac, but on the empty container back to Grand Cayman), to pay and the additional truckage and handling costs. So the installation of that fuel terminal on Cayman Brac, will enable the people to enjoy a reduced cost of both gasoline and diesel.

I have endeavored during my time in this House, not to attack individuals, but it seems in the last month or so, I have become the target for all of them and the public at large. But I say today, I stand here with a clear conscience.

I have represented the people of my district to the best of my ability. I feel their pains. I know their needs, and I have tried to supply what I could personally and to put forward to our Government when I thought changes needed to be made. I think that is the duty of a representative. I have not participated in public demonstrations nor petitions because I said in this House before and I say it again today and figures bear me out, we have a silent majority in the Cayman Islands.

I am not afraid of contradiction. When you look at the figures that are being put in the press, and you look at the total number that is less than half; my dictionary tells me that the majority is more than half. Before I take my seat today, I would like to say, that I feel we must get back to reality, we must bring sanity back to the Cayman Islands. Let us realise that we must have taxes if this country is to continue to grow.

Our forefathers had to impose duty measures in order to bring the country to where it is today. I do not feel that any man can truthfully say that every measure listed in this Bill is bad. I can say maybe they could find fault with some issues, but that has not been the case. The entire package has been condemned, and I do not feel that is in the best interest of this country. Something that has been untouched for 14 years, and has gone up \$2 or \$3, I cannot see how it can justified as being bad.

I feel more attention should have been paid to individual items, instead of condemning it as a package. I support the revenue measures just as I supported the Finance Committee in the increase of our civil servants' salaries. I congratulate our civil servants. I think they are doing a good job. They deserve to be paid, they deserve their pensions to be secured and in order to do that the two must go together.

In conclusion, let me caution all of us here that things done in haste are often regretted at leisure. Let us realise that the future of the Cayman Islands, lies within the hands of the 12 Elected Members of this honourable House, and let us get on with good Government. Let us preserve this stability and continue the development of the Cayman Islands.

Thank you, Mr. President.

**MR. PRESIDENT:**

Proceedings are suspended for 15 minutes.

**AT 11:17 A.M. THE HOUSE SUSPENDED**

**THE HOUSE RESUMED AT 11:45 A.M.**

**MR. PRESIDENT:**

Proceedings are resumed.  
The Honourable Member for Health.

**HON. D. EZZARD MILLER:**

Mr. President, in making my short contribution to this long and varied debate in particular, reference to the contributions of the seven Backbenchers who refer to themselves as "we" and speak collectively on everything, I wish to make it quite clear, that I support the package on revenue measures now before this honourable House.

It has been made quite clear by the mover of this Bill, the Honourable Financial Secretary, the reasons why these measures are necessary at this time. He also gave a balanced analysis and position to their effect on the economy of the Cayman Islands.

In the final analysis, there is no point in awarding the civil servants their deserved pay increase without ensuring that provisions are made through revenue enhancement and revenue increase measures; to make sure that funds are available in the bank to honor the checks we pay our civil servants irrespective of the various rationale and reasoning given by the seven Backbenchers, who have collectively decided to oppose these measures. A vote against these revenue measures is a de facto vote against the pay increase for civil servants pay - plain and simple, Sir.

We have heard the different stories as to what happened in Finance Committee, December last year the way funds were reallocated by them. We have heard that there exists approximately \$1 million from surplus, to be carried forward this year and therefore, in order to pay the civil servants, we have to ensure that the money is going to come from somewhere. There is only one place any Government funds can come from, and that is from the public at large, through whatever varied forms of indirect taxation and revenue measures we care to impose. It has to come from the citizens of the country, whether from corporate or the individual citizens.

I am satisfied, like the other Members of Executive Council, that this package is as good a package as could be arrived at, taking into consideration the sum of money that had to be raised and it is recurrent expenditure. It is not a one-off situation, where Government could go out and get a loan to pay it. It is something that is going to reoccur every year, and it is going to increase every year because of the mechanism by which civil servants are giving annual increments etcetera.

Any vote against these measures is a vote against the civil servant getting their salary increase. If the money is not put into the Treasury, the money cannot be taken out of the Treasury. We can print money, but we do not want to get into the situation of other countries that they emulate, where we just run the presses. We do not want to get into the difficulties of deficit financing. They are quite comfortable to have deficit financing introduced, they have made that quite clear from their various contributions. This Government does not believe in deficit financing, and if we take the surplus or the reserves of \$15 million to \$18 million, we cannot divide that many times by ten. So, certainly in the year 1991, we would have been into a deficit position.

I do not believe that any amount of convoluted and backhanded approaches and arguments by the seven Backbenchers, who have all spoken against the revenue measures, can convince the public that a vote against these revenue measures is not in fact a vote against the civil servants' salaries because it is. That is my opinion.

My colleagues in Executive Council have quite ably dealt with all of the arguments put forward by the seven Backbenchers, as to why in their opinion these measures were unnecessary and in their opinions they were going to have a catastrophic effect and create a calamity in these Islands.

The Member for Education in his contribution gave certain effects of this increase and he referred to a few establishments in his constituency where liquor, even after the increase, can be bought at a reasonable price. It is even better than that because we have since learned that even with the increases at Joe/Ena's in West Bay it is not \$2.00, it is only \$1.50 for a beer, and only \$7.00 for a six-pack. So, it is quite reasonable.

Of course we will have those people in our society as always, who will use any excuse to profiteer. But the Government cannot be held responsible for that, unless they would like to introduce price control, and profit control into our society. That is the only way that the Government could be held responsible for price increases, etcetera. And, they might be prepared to do that, but I do not think the present Government would be.

But, all of that talk that we have heard from them, and we were reminded a few days ago about the difference between speaking and talking, in my opinion they have all talked a lot in the last several days. That is just another one of their events in the life of this Assembly and it adds to their disastrous track record, because if we look at that track record we heard them predict several months ago that CAL was on the precipice of disaster.

The Member for Tourism and the Government did not know what they were doing; the Airline was going to collapse and fall down; the new planes were going to fall out of the

sky; and Government would never be able to do anything about the excess capacity and the routes through negotiation.

The Honourable Member for Tourism, persevered and he made a very important announcement a few days ago, I did not hear any of them offering him any congratulations in the successful negotiations. Suffice it to say that once again, in that instance, they were proven wrong by Government.

Their several and varied attempts to overthrow the Government and the various forms that they have taken; the hullabaloo, the misinformation about the tax increases that were going to be brought was just another one of those varied attempts. No doubt we will see a few more innovative attempts on their behalf in the very near future. Of all of their arguments, the most unfounded has to be that, these taxes are going to effect mostly the unemployed, the housewives, and the children. That category of people pay zero taxes, so they cannot be affected by the tax measures.

Maybe they could have gone on to say (but they did not), the people who support the ones may have a little less disposable income with which to support them. But, certainly it cannot be argued that the tax measures are going to be borne by the unemployed, the children and the housewives, who do not work.

Most of their attempts to discredit the present Government and the reasoning they use to try and prove that these revenue measures were not necessary, the worst of all was the Third Elected Member from West Bay attempt to say yesterday, that there had been a significant decrease in tourism air arrivals. He came back this morning and tried to patch it up a bit and say "Well, it really was not as bad as I said, and I really did not mean that". In a round about way, he tried to soften the blow.

The fact is that he talked about 1986 compared to 1989, and today he gave four accurate figures. The truth is that 1989 over 1986 represented a 25 per cent increase. One must realise that growth cannot continue at such rapid and increased rates, as a country tends to use up its capacity to grow. We are getting to a capacity in hotel accommodations and aircraft arrivals, so it is going to be very difficult to have a 20 or 25 per cent increase in 1990 over 1988.

As usual, when you try to be kind to these Backbenchers and give them information, they try to turn it around in some way, to try to embarrass you for their political gain. That is all it is, and I guess as politicians, I am constantly reminded that this is politics, Sir. But, a letter from one Mr. Dexter Rivers was read yesterday. From that, certain imputations and implications were made that the Member for Education was not doing his job. That continued this morning, and attempts were made to try and say that the Member had only responded to the needs in West Bay, after having received this letter. But, that Member knows when he was saying that, it is not the case because the Honourable Member brought the Finance Committee's revised costing for the new school; and I believe it was (and I speak subject to correction here), the 21st or the 22nd of June. This letter is dated the 19th of June.

Now I have always admired the capacity and the ability of the Member of Education to get things done in Government, but he would have had to have been moving exceedingly rapidly, considering the process by which things are done in Government. To have had things redesigned, costed, etcetera, and submitted it to Finance Committee within two days after receiving this letter, it is quite obvious that much work would have had to have been done prior to receiving this letter. In response to the letter from Mr. Dexter Rivers the Honourable Member for Education replied in this fashion. Before I read that letter, I guess I should get this thing in chronological order because on the 12th of June, the Honourable Member received the correspondence from the same gentleman, and it reads:

"Mr. Benson O. Ebanks,  
Honourable Member,  
Education, Environment, Recreation and Culture.

Dear Sir,

We, the Parent Teachers Association of John A. Cumber Primary School have been made to understand that the plans to build an infant block, consisting of four classrooms and a multi-purpose hall, have had to be put off until a later date.

We are very concerned regarding this, mainly to there being an urgent need for more classrooms, due to the large increase in enrollment, in September 1989 and almost as much or more expected in September 1990.

At present most classes consist of 30 children, which is an unfavorable and unacceptable situation. We have been made aware of the plans to build these extra classrooms by yourself, (that is the Member for Education), during a meeting of the PTA in which you promised that they would be completed by September 1990.

Naturally, all parents welcome the idea of an infant block, whereby the smaller children would have an area to themselves and also allowing for sufficient classrooms for all students.

We are very upset regarding this situation, and whereas we are aware that there may be other important matters or plans scheduled, we know you consider that the education of our children as most important and are hereby requesting you to look

into to this matter on our behalf.

We trust that as the Member responsible for Education and also as the representative for the district of West Bay, that you will be able to remedy this situation and put our minds at rest.

We would appreciate if you could reply favorably to this letter as early as possible, so that parents may be informed before the school year ends on 6th July."

Teachers Association.

Mr. President, that is signed Dexter Rivers, President, Parents

The Honourable Member replied on July 9th:

"I refer to your letter on 12th June 1990, on behalf of your PTA, in connection with the new classrooms for your school. Let me hasten to add that my disappointment at the delay in starting these is perhaps surpassed only by that of you and your PTA.

They are no doubt aware however, that subsequent to our original plans, it has been decided to build a new infant school to the rear of John A. Cumber school. This building to be built in phases, the first of which consists of four classrooms, was what we had laterally hoped to be ready for September.

It is perhaps obvious to all that this will now be impossible. However, I am pleased to be able to advise you that I have now been informed by Public Works Department, that the notice initiating contracts for the construction will be sent to the prequalified contractors on the 16th of July, and that the tendering process should be completed within six weeks from that date. Assuming that no drastic overruns on the estimated cost is turned up by that process, construction would commence shortly there after.

In view of the foregoing, it will be necessary for alternate arrangements to be made for accommodation for the September to December term because of the pressures of the Legislative Assembly, because I have not been able to have more than a cursory discussion about these alternative arrangements. However, it appears that the Town Hall will be acquired for the occasion and suitably arranged for that period.

If this is in fact what is arranged, I would hope that the PTA and the school staff will bear with us. Many of you will recall that most of your parents like me, received our entire all age school education in that building.

I therefore, rely on your co-operation during this difficult period, bearing in mind that ultimately, hopefully in January 1991, the new classrooms which with the help of your staff have been planned on a very upscale model, will be ready for use.

If I can be of any further assistance, or if you think it would be of any value, I would be pleased to visit and address both teachers and parents on this issue.

Kindest regards,  
Benson O. Ebanks."

Now, I have read that correspondence just to show that this whole development had taken place in a very co-operative and amicable environment.

It is interesting to see the turn of events in between the correspondence, and one is left to wonder, where the Backbenchers got the copy of this letter, seeing that the letter to Mr. Benson Ebanks, which was read, is only copied to the Chief Education Officer. I guess we can assume that it was received from that very reliable process of airmail.

I would now like to read the Honourable Member's response to that letter which was read yesterday...

#### POINT OF ORDER

**MR. W. McKEEVA BUSH:**

On a Point of Order Mr. President...

**MR. PRESIDENT:**

I beg your pardon.

**MR. W. McKEEVA BUSH:**

Clarification if the Member may. The letter that was read regarding the PTA, was handed to us by the President of the PTA. Thank you.

**MR. PRESIDENT:**

You have your answer.

**HON. D. EZZARD MILLER:**

I do not have any problem with that, Sir. Suffice it to say, it was only copied as I said, to the Chief Education Officer. While the other correspondence which was done in a spirit of co-operation, was signed President of the PTA. It is also interesting to note that this one is also signed President of the PTA, and copied only to the Chief Education Officer. But Sir, the reply from the Honourable Member is addressed to:

"Mr. Dexter Rivers  
President,  
John A. Cumber Primary PTA  
West Bay Post Office

Dear Sir,

Re: Additional Classrooms for the John A. Cumber School.

I refer to your letter of the 19th of June, and to say the least I am surprised at its contents. You referred to our chance conversation on Saturday 16th of June, held between interruptions by customers at my store, and I can therefore appreciate some of the misunderstanding which you have obviously gained.

I will reply point by point to your letter, as numbered by you."

Mr. President, the first point in Mr. River's letter says:

"1. It will be unacceptable for the school to be short of space for the academic year 1990 to July 1991."

The Member's reply:

"I do not accept that the classrooms cannot even now be completed before July 1991."

Point two of Mr. Rivers' letter:

- "2. (a) The suggestion of a tent, was an off-the-cuff response as an alternative to your obvious rejection of my suggestion to use of the Town Hall. I should hasten to add that neither the Town Hall nor the tent, have been discussed with my advisors or anyone else, except to you at our chance meeting and it was a feeling-out process, rather than a considered opinion.
- (b) If the Town Hall is to be used, it will of course be renovated and furnished for the purpose.
- (c) That children should have to stay at home, is not an option which I have even considered.
3. That was my understanding at the time.
4. You obviously misunderstood me in May. I did not give - having to go back to Finance Committee - as the only reason, although I did say, that would be necessary in view of the new estimated cost by Public Works Department."

Paragraph two, I have no comment. Paragraph three:

"I did not express a preference for any specific contractor. I merely pointed out to you that Hurlstone Construction Company was doing a very speedy and apparently expert job at constructing the Community College Building, and advanced the view that I was hopeful that in spite of the delayed start, that a contractor of that caliber could complete the building speedily.

Please rest assured that any Government contracts are awarded to the tender process of the Public Tenders Committee on which no politicians sit and includes contractors from the private sector who are in competition with the contractor



mentioned above.

Therefore, no padding of cost could be possible. The Public Works Department has now revised their estimates downwards, but you must realise that the first phase, four classrooms will have to bear the cost of certain essential services, which will be common to later phases and resultantly more costly than would normally be the case.

I hope to be in a position to reply to your letter of the 12th of June, 1990, by the end of next week, with hopefully some more positive information.

I suggest that in future when it becomes necessary to discuss this or any other matter, that a more formal approach be taken to avoid any misunderstanding.

Yours sincerely,  
B. O. Ebanks."

Now, Mr. President, that is the total picture concerning the West Bay classrooms. I think it is important to notice the differing tones in the letters from the President of the PTA, and I am left to wonder why. This Government has been lectured in every possible forum in these Islands. I think they have now changed that title, to being chastised, by the seven Backbenchers. They have introduced a new term today and on minority versus majority, Government and who is in the minority, and who is in the majority.

We were told that they have a democratic right to march and oppose. We have no problem with that. Significant to say that, they were granted permission to do so, therefore, the government had no objection to them doing so and they were allowed to proceed with the march.

One has to wonder if they understand the process, that they tout so loudly. They have been defeated on the Floor of this honourable House, by the democratic process; eight votes to seven votes. Have they accepted the defeat and acted according to the dictates of democracy? No, Sir, they have insisted on marching.

We heard one of their organisers of the thing, saying: "We have to fight this thing out in the streets", after the vote was taken. They have chastised us that they are going to "take all action possible," to prevent his Excellency the Governor from signing it, or to over turn the decision of parliament, but we must all live by the democratic process.

They are going to London to explain to [the Members of the House of Commons] how democracy works, and why they cannot accept the democratic process when they purport to be such great advocates of democracy. They cannot get eight votes to revoke our appointment and while not wanting to anticipate debate, a motion has been tabled by them, by two Members of the seven and we all know they speak collectively.

I am not going to discuss the motion, but the motion seeks to further their cause to remove us by reducing the number of votes to what they have. I will debate the motion, when it is tabled. That is democracy, Sir. They tell us, we cannot accept it, we are changing the rules, but they want to tamper with the one thing that has given this country stability over all the years and change it.

We were on a Basket Ball Association one time and the Third Elected Member for West Bay was our president, I know he will appreciate this in the light heartedness in which I am going to say it; we use to call him Samosa because when he took the ball and carried it home we could not play. But, he is beginning to mend his ways and we appreciate that. But this is all politics you see. This is it, I am being educated in the arts of politics here so I have to return some of this unpleasantness. The Member for Communication and Works was particularly chastised this morning on his inability to get road works done in West Bay.

One has to wonder, if in addition to not accepting (maybe not understanding the democratic process), they do not really understand how Executive Council works. They keep telling us we do not tell them what is going on. The Member for Communication out of the goodness of his heart (because there is nothing that says he had to do it), took the technical team from Public Works to West Bay. They spent a whole day touring the district; they priced all their jobs; they were given the jobs to prioritise; which they did. Then he instructed the technical people, the Public Works Department to get on with it.

As Executive Council Members, we do not decide on a daily basis what the professional and technical people in the Portfolios are going to do. We set the general policy direction and expect and accept that the actual implementation and timing is handled by the professionals in the various departments; who have the support staff and the equipment to do it with. We do not decide that we are going to fix a road or a junction in West Bay today, and one in East End tomorrow, and one in Cayman Brac the next day. That is the function of the civil servants. That is why we are giving them this pay increase, so they can [hire] better professionals to get on with this job.

That Member did that for all the districts, including Cayman Brac and Little Cayman. Then they get up here and chastise him for carrying so many people to Cayman Brac and Little Cayman. But one has to wonder, if they were the Executive Council, if that is the way things would be done.

There is some history of that kind of instructive action by previous Executive Councils and one believes that it would continue. But they would decide, not the civil servants, who, when, what, and where anything and everything was done in this country. They continue to measure our corn by their bushels, and under that system the valuable civil servants would dry up and lose all incentive to work

together.

I am quite certain that it is not necessary for me to repeat the thorough, accurate and reasonable arguments given by other Members of Executive Council as to the justification, desire, need, and wisdom of introducing these revenue measures to pay our well deserved civil servants.

So, I support the revenue measures; I think they are timely. To the best of my recollection, Government only knew about six weeks ago what the total package was going to cost. I will leave it in the hands of the Honourable Financial Secretary who, as he did in moving the Bill, is more than capable of replying to all of the economic nonsense that they have spoken here in the last few days.

Thank you very much, Sir.

**MR. PRESIDENT:**

Does any other Member wish to speak?  
In that case, would the Mover wish to reply?

**HON. THOMAS C. JEFFERSON:**

Mr. President, let me begin my response by commending all Members of this honourable House for their contribution to the debate on the revenue enhancement measures presented to them for approval. Commendation is in order, for I believe it is an accurate assessment to say, at least for once there appears to be universal agreement on the stated policy objective of the proposed revenue measures, that is, the payment of the Civil Service salary award.

Where they have stated differences in position is in the means of raising the additional revenue to achieve the stated policy objective. If this assessment is correct, as I believe it is, then permit me to go on to say that this is one of the best ways to proceed in any debate in the honourable House; arrival at general agreement on policy objective followed by a debate on the most efficient and effective methods or means to achieve the agreed upon objectives.

In debating the means to achieve the stated policy objective of the proposed revenue measures, some Members have voiced a number of concerns on what they perceived as likely unhappy outcomes of the way Government proposed to raise the additional revenues. In my opinion, these are legitimate concerns. My task, however, is not to get into the politics of any of these concerns or the politics of the underlying considerations which appeared to have influenced some of these concerns. Rather, I believe my task is to clarify the economics of the underlying consideration, which seems to have shaped the stated concern. I will attempt to do so briefly under the following three headings or points:

- "1. The potential overall impact of the proposed revenue enhancement measures on growth in the economy.
2. The potential inflationary consequences of the proposed revenue enhancement options; and lastly.
3. The potential effect of the revenue enhancement measures on the welfare of the average Caymanian.

These are not three separate or distinct issues, rather they are three interrelated ones. But in the interest of clarity and simplicity, I have chosen to respond to them as three separate issues. The issue of the potential overall impact of the revenue measures on growth in the economy. Let us take that first. There are two aspects to this issue. The first, is whether or not the proposed revenue enhancement measures will actually generate less than or more than the additional \$3 million to \$4 million in gross revenues during the remainder of 1990; and, less than or more than, the additional \$8 million to \$10 million in gross revenues during 1991, as stated in my initial presentation.

There can be no absolute certainty about the magnitude of the additional revenue that will be actually realized from the proposed measures. Therefore, to restate the initial argument made in my previous presentation on this matter, the estimate of the additional revenues that may be generated from the proposed measures is based on an assessment of the actual level of measured economic activity in 1988 and on the actual revenue collection and payment patterns experienced during that year (that is 1988). Therefore given the position of no absolute certainty, that actual additional revenue that may be generated by the proposed measures over the 1990-91 period could be either less than or more than the amount estimated, depending on how the economy performs over the 1990-91 period as well as upon the efficiency of the revenue collection system.

The second aspect of this first issue, pertains to the question as to whether the proposed revenue measures will result in a down turn in future growth in the economy as has been alleged. As stated in my initial presentation, when looking at the question of the overall impact of the proposed revenue measures on future growth in the economy, the proper way to do this is to first estimate how much money will be withdrawn from the flow of income in the economy through the first round, second round, and third round effects of the initial amounts that will be withdrawn as a result of the revenue measures when implemented.

Secondly to estimate how much money will be injected back into the economy, through the first, second, and third round spending effects resulting from the initial spending of those who receive the amount withdrawn.

In economic language the first estimate is referred to as the tax change multiplier effects. The second estimate is referred to as the planned public expenditure multiplier effects. It is only when we take these two estimates jointly that we can arrive at estimates of the potential overall impact of the proposed revenue measures on future growth in the economy. Taking only one of these multiplier estimates by

itself will either underestimate or overestimate the potential overall economic impact of the proposed revenue measures.

To restate the conclusion on this issue, stated in my initial presentation based on the two multiplier estimates, in our calculation the proposed revenue measures on balance could likely inject between \$28 million to \$35 million net income into the economy over the medium term which will be on the average about six times the initial amount to be withdrawn.

Let us briefly see how this will likely come about. It cannot be disputed that in a very small community market like ours, that the overall 1,500 civil servants who will receive pay increases as a direct result of the proposed revenue measures, constitutes a very sizeable consumer group. As a matter of fact, they constitute about 12.3 per cent of the local consumption market, and is probably the consumer group with the single largest spending power taken together.

Let us make two practical assumptions:

- "a. That the more than 1500 civil servants, who will spend a portion of their increased income on local purchases, and
- b. Put the remaining portion in their savings account."

The portion of their increased income which they will choose to spend on local purchases, will increase local business investment spending. Business investment spending will in turn raise the level of national income.

Secondly, the portion of their increased income which they will choose to save, will put more money into the banking system. More money into the banking system, will mean more money available for business loans or investments. The ultimate results are growth in capital formation, and an increased growth in the economy over the long term.

I have briefly made the above point to demonstrate that, while the concern that the proposed revenue measures will result in future growth downturn in economy is a legitimate concern, the underlying economics of the concern suggest that it is difficult to entertain this concern on economic grounds. Therefore, unless those Members of this Honourable House can generate more and better estimates to refute our assessment, the concern is based more on speculative assertions, rather than on sound economic reasoning.

I could make another point to refute the expressed concern on this issue, by looking at the projected growth rate in economy in real terms, which we made early this year, from the period 1990-95 and compare that, with the amount of additional revenue we estimate will be generated from the proposed revenue measures. But, in the interest of brevity, I will not belabour this issue.

However, any Member of this honourable House who may have doubts that the economic growth implications of the proposed revenue measures have not been carefully examined, is certainly welcome to some of the estimates which influence the choice of our recommendations. Now the issue of the potential inflationary impact of the proposed revenue enhancement measures. This issue of the inflationary consequences of the proposed revenue measures is another legitimate issue voiced by some Members of this Honourable House. Indeed, growth in the level of inflation as a result of the revenue measures proposed is a concern of everybody; from those who earn relatively less, to those who earn relatively more. But by how much will the annual revenue of the inflation rise above the 1989 level of 5.2 per cent over the next few years, as a result of the proposed revenue measures?

Admittedly, we in Government were unable to come up with hard or firm estimates because of lack of the requisite information as I indicated in my initial presentation. I doubt if any other Member has any firm estimates, on which the assertion can be based. However, we do know and admit, that some of the increases proposed on some of the 14 items, will increase prices for those who purchase or use these services. But, the critical issue is that, given the fact that in the majority of items in the increases proposed are relatively modest, whether the inflationary effects resulting from these increases will be greater or less than the beneficial effect of the increases, as argued under the first issue.

It is my view, that given the modest increases in most of the fees proposed, the proposed revenue measures may be only minimally inflationary. Further, given our estimates of the increased positive spending and saving effect on the economy as a result of the revenue measures, these positive effects will far outweigh the negative inflationary effects if any, of the revenue measures. One cannot, therefore, fault a revenue policy that will keep growth in the level of inflation minimal, while at the same time that same policy is likely to lead to higher levels of real growth in the economy.

At the end of 1989, the actual inflation rate was approximately six per cent. Very close to the 6.9 per cent we forecasted in March 1989. As a matter of fact, the inflation rate was 6.5 per cent at the end of the third quarter in 1989, even closer to the 6.9 per cent level forecasted. It would be likely at the end of the fourth quarter in 1989. Our most recent estimate suggests, that at the end of this year the level of inflation may be around the same level as at the end of 1989, and gradually falling off to 4.9 per cent in 1991, 4.6 per cent in 1992, and 4.4 per cent in 1993.

Our conclusion then, is that any increases in the rate of inflations as a direct result of the proposed revenue measures, may be not only minimal, but also short term. Now the issue of the potential impact of the revenue enhancement measures, on the welfare of the average Caymanian. This is a third major legitimate concern voiced by some Members of this Honourable House. It is an issue very closely related to the third issue just discussed, but with consideration given to a specific group, although, I am not too clear about what is meant by the average Caymanian in economic terms. However, I suppose one could

interpret the concern to mean, the impact of the proposed revenue measures on the income of those Caymanian residents, earning \$15,000 or less annually.

Perhaps a better way to respond to this concern, is to ask the question, "To what extent will the proposed revenue measures directly and significantly hurt the Caymanian residents earning \$15,000 or less annually?" I submit that the proper way to address this question, is to look at what the average Caymanian, whom we are assuming to be that wage earner earning \$15,000 or less annually, typically or most frequently buys and see if any of the proposed revenue measures will directly and significantly result in a price increase on what he or she most frequently buys.

One way to do this, is to look first at the basket of goods that make up the consumer price index since it is the most reliable measure of the prices of these goods and services, typically or frequently, or most frequently purchased by the average Caymanian resident. Information from the Statistics Office, which frequently compiles and publishes this type of hard information, indicates that the items most frequently purchased by average Caymanian resident, as indicated by their relative weights in the consumer price index basket are: Personal Goods and Services, such as hair dressing, stamps, musical items, cosmetics, toiletries, etcetera, Food, Transportation, Communications, and Housing in this order. There are of course other items in the consumer price basket, but the four mentioned are the ones most often purchased by the average Caymanian.

When we examine the items whose prices will directly be affected by the proposed revenue measures, only one of four items most frequently purchased by the average Caymanian appeared to be directly affected by those measures, that is transportation and communication. The effect will be by way of the proposed increases in duty on petrol. The prices of neither food, personal goods and services, nor housing, will be directly effected.

Of the four other items in the consumer price basket of goods and services that the average Caymanian most often purchases, only the price of alcohol, drink, and tobacco will be directly and significantly affected by the proposed revenue measures. The prices of the other items in the consumer price index basket of goods and services, such as clothing, durable household equipment, education, and medical services will not be directly or indirectly affected in any significant way by the proposed revenue measures.

Therefore, when we carefully examine the revenue measures proposed, while the concern expressed is a legitimate one, it is nevertheless difficult to sustain on economic grounds, given the highly selected nature of the proposed revenue measures.

In conclusion, I have identified three major concerns expressed by Members of this honourable House about the potential impact of the proposed revenue measures and examined them on economic grounds. While the three concerns are legitimate concerns and appeared to have economic merit, upon closer examination, they are difficult to sustain on economic grounds.

Mr. President, I thank you.

**MR. PRESIDENT:**  
Miscellaneous Duties and Fees Bill, 1990.

Question will now be put on the Second Reading of the

against No.

I shall put the question. Those in favour please say Aye...Those

**AYES AND NOES**

**THE PRESIDENT:**

The Ayes have it.

**DIVISION NO. 25/90**

**NOES: 6**

Mr. W. McKeeva Bush  
Mr. John D. Jefferson, Jr  
Mr. Truman M. Bodden  
Mr. Gilbert A. McLean  
Mr. Roy Bodden  
Mr. G. Haig Bodden

**AYES: 8**

Hon. Thomas C. Jefferson  
Hon. Richard W. Ground  
Hon. James M. Ryan  
Hon. W. Norman Bodden  
Hon. Benson O. Ebanks  
Hon. D. Ezzard Miller  
Hon. Linford A. Pierson  
Capt. Mabry S. Kirkconnell

**AGREED BY MAJORITY:**

**THE MISCELLANEOUS DUTIES AND FEES BILL, 1990, GIVEN A SECOND READING**

**MR. PRESIDENT:**  
committee stage after the lunch break.

The Bill passes its Second Reading. We will proceed to the  
Proceedings are suspended until quarter past two.

AT 12:45 P.M. THE HOUSE SUSPENDED

HOUSE RESUMED AT 2:27 P.M.

**MR. PRESIDENT:**

Duties and Fees Bill, 1990.

The House will resume.

We will go straight into Committee to study the Miscellaneous

## HOUSE IN COMMITTEE

### COMMITTEE THEREON

**MR. CHAIRMAN:**

Honourable Second Official Member to correct minor printing errors and such like in this Bill.

The House is now in Committee.

With your leave, may I assume that as usual we authorise the

Would the Clerk now read the clauses of the Bill?

### THE MISCELLANEOUS DUTIES AND FEES BILL, 1990

**CLERK:**

CLAUSE 1 - Short title.

CLAUSE 2 - Interpretation

CLAUSE 3 - Amendment to schedule to the stamp duty Law 1973.

CLAUSE 4 - Amendment to the first schedule of the customs Law second revision.

CLAUSE 5 - Amendment to the second schedule to the customs Law second revision.

CLAUSE 6 - Amendment of schedules A and C to the Judicature Law revised.

**MR. CHAIRMAN:**

Question on Clauses 1 through 6.

Unless any Member wishes to say anything, I will put the

**MR. G. HAIG BODDEN:**

...

Mr. Chairman, I am wondering if that could be broken down as

**MR. CHAIRMAN:**

House. I should have explained.

Oh, I am sorry I had forgotten you had been away from the

The procedure we have adopted in Committee is for the Clerk to read the clauses and the Chairman keeps an eye on Members, and anyone wishing to speak, we stop at that point and take the vote on the clause up to that point and then the discussion on the particular Clauses the Member has drawn attention to. So we will have to go back in this case, if you tell me which Clause it is you wish to speak to.

**MR. G. HAIG BODDEN:**

In this particular Bill, clauses 3 and 4, for example, deal with different matters; clause 3, dealing say with Stamp Duty, and clause 4 with the Customs Law. I am wondering if the question will be put separately on these? I have no objection to say 1, 2, and 3,...

**MR. CHAIRMAN:**

on to your points. So, I will put the Question on Clauses 1 to 3 of the Bill.

Well, let us take the vote on 1, 2, and 3, and then we will move

I shall put the question. Those in favour please say Aye...Those

against No.

**AYES AND NOES.**

**MR. CHAIRMAN:**

The Ayes have it, I think.

**MR. G. HAIG BODDEN:**

the votes on this, it appears to me may be pretty well determined and I do not want to waste the time of the House having the division taken, but I would like the Minutes at least to show that I am voting against the different tax increases. I do not know how we can get around that...

**MR. CHAIRMAN:**

possible just to note that one Member, voted no.

Well, I think we have to take a division. I do not think it is

**MR. G. HAIG BODDEN:**

All right, Mr. Chairman.

## DIVISION NO. 26/90

AYES: 8

Hon. Thomas C. Jefferson  
 Hon. Richard W. Ground  
 Hon. James M. Ryan  
 Hon. W. Norman Bodden  
 Hon. Benson O. Ebanks  
 Hon. D. Ezzard Miller  
 Hon. Linford A. Pierson  
 Capt. Mabry S. Kirkconnell

NOES: 5

Mr. W. McKeever Bush  
 Mr. John D. Jefferson, Jr  
 Mr. Truman M. Bodden  
 Mr. Roy Bodden  
 Mr. G. Haig Bodden

AGREED BY MAJORITY:

CLAUSES 1 THROUGH 3 PASSED.

MR. CHAIRMAN:

Clauses 1 to 3 stand part of the Bill.  
 Clause 4. Second Elected Member for Bodden Town.

MR. G. HAIG BODDEN:

clauses together. That would save us some time.

Maybe Mr. Chairman, if you could put all the Customs Law

MR. CHAIRMAN:

In that case I will go on then and the procedure that we had been using, the Clerk has called Clause 4. Clause 5. Are you ready for these to be put to the vote? Clauses 4 and 5?

MR. G. HAIG BODDEN:

Yes Sir.

MR. CHAIRMAN:

The question is that Clauses 4 and 5 stand part of the Bill?

MR. TRUMAN M. BODDEN:

I just wanted to...

MR. CHAIRMAN:

We are taking Clause 4 and 5 together. If you want to take the clauses separately, we can. I think if you wish to object to certain items within a clause, I think it is quite proper for you to say, "I do not accept, or I do not vote for certain pieces", but I think the clause has to be put as a whole, when we come to put it to the Question.

MR. TRUMAN M. BODDEN:

Mr. Chairman, I do not object to the decreases.

MR. CHAIRMAN:

We will record that in the Minutes.

MR. W. McKEEVA BUSH:

Which section is that?

MR. CHAIRMAN:

We are addressing Clauses 4 and 5. That is the Customs proposals.

MR. G. HAIG BODDEN:

Mr. Chairman, I wanted to add to that, I have no objections to the increases in the allowances of duty free items brought in by a person, that is in Clause 5, and for the unsolicited gifts. So, maybe if we could take Clause 5 separately from clause 4....

MR. CHAIRMAN:

By all means. Shall I put the Question on Clause 4 now then, it being noted that one Member has said that he....

MR. W. McKEEVA BUSH:

Mr. Chairman, I would like to know too, as I said in the debate, that this I support hoping that it will get passed on to our people. As far as Clause 5 is concerned, where we are talking about increasing it to \$300, again I say if this can help someone then well, I am ready to support it.

MR. CHAIRMAN:

Right, well I will put the Question on Clause 4 first, separately. Noted is a reservation from the Third Elected Member for George Town on that Clause. Those in favour please say Aye...Those against No.

AYES AND NOES.

THE PRESIDENT: The Ayes have it.

MR. G. HAIG BODDEN:

some substantial increases in it?

Mr. Chairman, may I have a division on that because there are

MR. JOHN D. JEFFERSON, JR:

Mr. Chairman, I have a question. I think we are moving a little

too fast because...

**MR. CHAIRMAN:** No problem with me, life is a long way ahead, as far as I am concerned.

**MR. JOHN D. JEFFERSON, JR:** I think we should have an opportunity to look and see what items are in there because I had the impression that Clause 4 dealt strictly with the reductions, and I understand that is not the case.

**MR. CHAIRMAN:** I think the point really is this: we have a bill with a number of Clauses and the normal form is to take Clause by Clause and either to agree or disagree with the Clause being called. I think it is perfectly all right for any Member who wishes to say that he is going to vote no, for example, on Clause 4, but this does not mean, in fact, that this he disagrees with proposed reductions in duty. I can see no other way round this. Otherwise we will end up voting on every sentence or phrase, which does not seem to make it for me. Committee is looking at Clause 4. Does any Member wish to say any more on it?

**MR. TRUMAN M. BODDEN:** Mr. Chairman, I believe it could speed things up, if I say at least it appears on behalf of most of the Backbenchers, that the reductions we would be in agreement with, and just to note that on our behalf. When I say our behalf, I guess those who are here at least, and that would speed things up.

**MR. CHAIRMAN:** Maybe if we could try and speed this up. Would those Members of the House, who are taking the position stated by the Third Elected Member for George Town, in other words, that they disagree with the proposals, except for those which effect benefits, either by reduction, or increasing allowances? If the gentlemen would indicate that is the position they support, that can be recorded in the Minutes. Would you kindly indicate so that the Clerk can make a note.

**MR. G. HAIG BODDEN:** Yes, Sir, I would like to say that I support Clauses 4A, 1, 2 and 3.

**MR. CHAIRMAN:** I take it that these are the reductions.

**MR. G. HAIG BODDEN:** Yes, Sir.

**MR. CHAIRMAN:** So, it is covered by the general statement. That being said then, I am going to put the Question on Clause 4, at last. I shall put the question. Those in favour please say Aye...Those against No.

#### AYES AND NOES

**MR. G. HAIG BODDEN:** May we have a division, Sir?

**MR. CHAIRMAN:** We must get this clear.

#### DIVISION NO. 27/90

##### AYES: 8

Hon. Thomas C. Jefferson  
Hon. Richard W. Ground  
Hon. James M. Ryan  
Hon. W. Norman Bodden  
Hon. Benson O. Ebanks  
Hon. D. Ezzard Miller  
Hon. Linford A. Pierson  
Capt. Mabry S. Kirkconnell

##### NOES: 5

Mr. W. McKeever Bush  
Mr. John D. Jefferson, Jr  
Mr. Truman M. Bodden  
Mr. Roy Bodden  
Mr. G. Haig Bodden

**AGREED BY MAJORITY:**

**CLAUSE 4 PASSED.**

**MR. CHAIRMAN:** We now take Clause 5, which Members will note is an improvement. Does any Member wish to speak on Clause 5? I think you have all made views clear on that. I will put the question then that Clause 5 do stand part of the Bill. Those in favour please say Aye...Those against No.

**AYES.**

**AGREED:**

**CLAUSE 5 PASSED.**

- MR. CHAIRMAN:** The Clerk has called Clause 6. Is there any discussion on Clause 6?
- MR. TRUMAN M. BODDEN:** I would only express my hope that some of these fees go toward getting some more Court Houses, Sir.
- MR. CHAIRMAN:** I think that is called hypothecating revenue.
- HON. W. NORMAN BODDEN:** I think they would have to be very small, Sir. The Court Houses that the Third Elected Member is asking for cannot be built from what will be generated, because of the increase in court fees.
- MR. CHAIRMAN:** Perhaps they could have a tent.
- MR. W. McKEEVA BUSH:** That seems to be the thing these days, a tent.
- MR. CHAIRMAN:** The "in thing", right? Perhaps I should put the question on Clause 6. Those in favour please say Aye...Those against No.
- AYES AND NOES**
- MR. G. HAIG BODDEN:** May I have a division, Sir?

**DIVISION NO. 28/90****AYES: 10**

Hon. Thomas C. Jefferson  
 Hon. Richard W. Ground  
 Hon. James M. Ryan  
 Hon. W. Norman Bodden  
 Hon. Benson O. Ebanks  
 Hon. D. Ezzard Miller  
 Hon. Linford A. Pierson  
 Mr. W. McKeeva Bush  
 Mr. John D. Jefferson, Jr  
 Capt. Mabry S. Kirkconnell  
 Mr. Roy Bodden

**NOES: 2**

Mr. Truman M. Bodden  
 Mr. G. Haig Bodden

**AGREED BY MAJORITY:****CLAUSE 6 PASSED.**

**CLERK:** A Bill for Law to amend the Schedules to the Stamp Duty Law, The Customs Law Second Revision and The Judicature Law Revised.

**MR. PRESIDENT:** I shall put the question. Those in favour please say Aye...Those against No.

**AGREED.****TITLE PASSED.**

**MR. CHAIRMAN:** That concludes the proceedings in Committee on this Bill. The House will resume.

**HON. BENSON O. EBANKS:** I know Gilbert put a fooling on them, Sir.

**HOUSE RESUMED 2:44 P.M.**

**MR. PRESIDENT:** The House resumes.  
 Reports on Bills, the Honourable the First Official Member.

**REPORTS ON BILLS****THE MISCELLANEOUS DUTIES AND FEES BILL, 1990**

**HON. THOMAS C. JEFFERSON:** Mr. President, I have to report that a Bill shortly entitled the



Miscellaneous Duties and Fees Bill, 1990, was considered by a Committee of the whole House and passed without amendment.

**MR. PRESIDENT:** The Bill is accordingly set down for Third Reading.

### THIRD READING

#### THE MISCELLANEOUS DUTIES AND FEES BILL, 1990

**CLERK:** The Miscellaneous Duties and Fees Bill, 1990.

**MR. PRESIDENT:** The Honourable First Official Member.

**HON. THOMAS C. JEFFERSON:** Mr. President, I move that the Bill entitled the Miscellaneous Duties and Fee Bill, 1990, be given a Third Reading and passed.

**MR. PRESIDENT:** I shall put the question. Those in favour please say Aye...Those against No.

**AYES AND NOES.**

**MR. PRESIDENT:** I would like a division please, Clerk.

**AYES: 8**

Hon. Thomas C. Jefferson:  
Hon. Richard W. Ground  
Hon. James M. Ryan  
Hon. W. Norman Bodden  
Hon. Benson O. Ebanks  
Hon. D. Ezzard Miller  
Hon. Linford A. Pierson  
Capt. Mabry S. Kirkconnell

**NOES: 5**

Mr. W. McKeever Bush  
Mr. John D. Jefferson, Jr  
Hon. Truman M. Bodden  
Mr. Roy Bodden  
Mr. G. Haig Bodden

**AGREED BY MAJORITY:** THE MISCELLANEOUS DUTIES AND FEES BILL, 1990, GIVEN A THIRD READING AND PASSED.

**MR. PRESIDENT:** The Bill passes its Third Reading.  
The House will now go back into Committee, to study a Bill entitled The Towns and Communities Amendment Bill, 1990 and other Bills.

HOUSE IN COMMITTEE A 2:47 P.M.

### COMMITTEE ON BILLS

#### THE TOWNS AND COMMUNITIES (AMENDMENT) BILL, 1990

**MR. CHAIRMAN:** The House is now in Committee.  
May I again assume that as usual we authorise the Honourable Second Official Member to correct any minor printing errors in the Bills we shall now consider.

**CLERK:** CLAUSE 1 - Short Title.  
CLAUSE 2 - Amendment of Section 3 of the principal Law.

**MR. CHAIRMAN:** We will take Clause 1 first.  
The question is that Clause 1 stand part of the Bill. I shall put the question. Those in favour please say Aye...Those against No.

**AYES AND NOES.**

**AGREED:** CLAUSE 1 PASSED.

**AMENDMENT TO CLAUSE 2**

**MR. CHAIRMAN:** There is notice of an amendment to Clause 2.

**HON. W. NORMAN BODDEN:** Mr. Chairman, in accordance with the provisions of Standing Orders 52 (1) and (2), I would like to move the following amendment to the Towns and Communities (Amendment) Bill, 1990, and that is, that Clause 2 of the Towns and Communities (Amendment) Bill, 1990, be amended as follows:

- (1) By inserting the following new paragraphs:
  - (a) deleting the words "or throws, or sets fire to any fire work", where they appear in line 3 of paragraph (o); and
- (2) By relettering the existing paragraphs as (b) and (c), accordingly.

Mr. Chairman, as explained in the presentation of this short Bill, this is a necessary consequential change, and I would appreciate Members support on this amendment to Clause 2.

**MR. CHAIRMAN:** Does any Member wish to speak on the amendment?

**HON. RICHARD W. GROUND:** Perhaps I might just take this opportunity to say that I remembered the undertaking that I gave on the Second Reading Debate to review this Law. The need for this amendment is one example of the great number of inconsistencies we are getting into. I do recommend the amendment to the House, but in doing so, I am aware that the whole thing needs looking at.

**MR. CHAIRMAN:** In that case, I put the question on the amendment that clause 2 be amended. I shall put the question. Those in favour please say Aye...Those against No.

**AYES.**

**AGREED.**

**AMENDMENT TO CLAUSE 2 PASSED.**

**MR. CHAIRMAN:** Unless there is any other point on Clause 2, the next question is that Clause 2 as amended....

**HON. BENSON O. EBANKS:** I seem to recall in the debate, Sir, the Third Member for George Town, wanting to increase the penalties or something like that.

**MR. CHAIRMAN:** I have not received notice of an amendment, so I do not think we can take it at the moment.

**MR. TRUMAN M. BODDEN:** Once again he is confused. I said that some of these sections should have the penalties reduced, not increase.

**HON. BENSON O. EBANKS:** I beg his pardon, Sir, I thought he said he wanted to increase that.

**MR. CHAIRMAN:** Right.  
The question is then that Clause 2, as amended stand part of the Bill. shall put the question. Those in favour please say Aye...Those against No.

**AYES.**

**AGREED.**

**CLAUSE 2 AS AMENDED PASSED.**

**CLERK:** A Bill for a Law to Amend the Towns and Communities Law (Cap. 169).

**MR. CHAIRMAN:** The question is that the Title do stand part of the Bill. I shall put the question. Those in favour please say Aye...Those against No.

**AYES.**

**AGREED.**

**TITLE PASSED.**

**THE POLICE (AMENDMENT) BILL, 1990**

**CLERK:** The Police (Amendment) Bill, 1990

CLAUSE 1 - Short title.  
 CLAUSE 2 - Amendment of Section 2 of Law No. 5 of 1976.  
 CLAUSE 3 - Amendment of Section 84 of the Principal Law.

**MR. CHAIRMAN:**

Does any Member wish to speak?

I shall put the question that clauses 1 to 3 stand part of the Bill.

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

**AYES.**

**AGREED.**

**CLAUSES 1 THROUGH 3 PASSED.**

**CLERK:**

A Bill for a Law to Amend the Police Law.

**THE PRESIDENT:**  
 against No.

I shall put the question. Those in favour please say Aye...Those

**AYES.**

**AGREED.**

**TITLE PASSED.**

### **THE COMPANIES (AMENDMENT) BILL, 1990**

**CLERK:** The Companies Amendment Bill, 1990.

CLAUSE 1 - Short title.  
 CLAUSE 2 - Amendment of Section 34 of No. 3 of 1961.

**HON. THOMAS C. JEFFERSON:**

Yes, Mr. Chairman, there is an amendment to Clause 2.

*"Amendment 2 of section 34 of Law 3 of 1961.*

2. Section 34 of the Companies Law (herein after called "the principal Law") is amended by deleting subsection (9) and replacing it by the following:

"(9) The provisions of this section shall apply to shares without nominal or par value, and shall, in relation to such shares, be read and construed as if --

- (a) in subsection (3) -
  - (i) for the words "the nominal value of" appearing in paragraph (g), there were substituted the words "an amount equal to the consideration received for";
  - (ii) for the words "nominal value" appearing in paragraph (h), there was substituted the word "number";
- (b) in subsection (4) for the words "aggregate nominal value of" appearing in paragraph (b), there were substituted the words "aggregate consideration for";
- (c) in subsection (5) -
  - (i) for the words "their nominal amount" appearing in paragraph (d), there were substituted the words "the consideration received for such shares";
  - (ii) for the words "nominal amount of" appearing in paragraph (e), there were substituted the words "consideration received for"."

**MR. CHAIRMAN:**  
 explained.

Would you like to speak to the amendment? You have already

**HON. THOMAS C. JEFFERSON:**  
to I will try.

I do not feel that I need to speak to it. If the Members wish me

**MR. CHAIRMAN:**

You have before you a proposed amendment to clause 2 of this Bill, which was explained by the Honourable First Official Member, during the debate on the Second Reading. Does any Member wish to speak on that? In that case I will put the question that the amendment stand part of clause 2.

**AYES AND NOES.**

**AGREED.**

**CLAUSE 2 AS AMENDED PASSED.**

**THE CHAIRMAN:**

The question then is that clause 2 as amended stand part of the Bill. I shall put the question. Those in favour please say Aye...Those against No.

**AYES AND NOES.**

**AGREED:**

**CLAUSE 2 PASSED.**

**CLERK:**

CLAUSE 3 - Insertion of new section 54 in the principal Law.

**HON. THOMAS C. JEFFERSON:**

Mr. Chairman, I am uncertain that we have voted on Clause 1.

**MR. CHAIRMAN:**

I believe you are right. I got side tracked. In that case, if I may go back. I shall put the question that clause 1 stand part of the Bill. Those in favour please say Aye...Those against No.

**AYES AND NOES.**

**AGREED.**

**CLAUSE 1 PASSED.**

**MR. CHAIRMAN:**

Who knows what a lawyer might have made of that. We will deal with Clause 3 because there is an amendment to clause 4. I shall put the question that clause 3 stand part of the Bill. Those in favour please say Aye...Those against No.

**AYES AND NOES.**

**AGREED.**

**CLAUSE 3 PASSED.**

**CLERK:** CLAUSE 4: - Amendment to section 78 of the principal Law.

**MR. CHAIRMAN:**

There is an amendment to clause 4. I think I am right.

**HON. RICHARD W. GROUND:**

Mr. Chairman, I have not moved a formal amendment, though I think that the comma in clause (b) (ii) in the second line needs to be deleted, and the First Official Member has also pointed out to me that his Committee stage amendment included an amendment to clause 4.

So, there is two points to take, as I started to just mention my point, it is a very small point. I had shown it at least to the Third Elected Member for George Town. This is very much a lawyer's point and I hope that he agrees with me.

I had not moved a Committee stage amendment because as it is the deletion of a comma, I think it comes within the remit that the Committee gives me, but I wanted them to know that I was going to do it. And just to repeat myself, it is the comma in the second line of the new clause 2 that is inserted by (b). It is the comma after company, I will just be knocking that out.

**MR. CHAIRMAN:**

the amendment sheet.

Sorry, I would like that again. So, this is on the second page of

**HON. RICHARD W. GROUND:**

It is not something of which I had given an amendment. I am just telling the Committee that I will be doing that as part of the power they gave me to edit. I will show the Clerk where it is.

**MR. CHAIRMAN:**

That is understood and is excepted.

**HON. BENSON O. EBANKS:**

Mr. Chairman, just for information.

Does this mean basically, shall I say when a company is in the process of being signed, or does this mean that a company or somebody that has had Articles and Memorandum for an indefinite period and purported to have signed on a company's behalf, the company would be subsequently

registered let us say three, four, or five years down the road? Or would the section which says that the person who did it, is liable in that case? Does this apply indefinitely?

**HON. RICHARD W. GROUND:** A person signing a contract on behalf of a company which is not yet formed, accepts personal liability under section. If the company is subsequently formed and does not ratify, that person remains stuck with that personal liability. If the company ratifies after it has been formed and has its own legal personality, formally ratifies the agreement the company then takes it over, and it becomes as it were, as if it were the company's agreement and the person ceases to be personally liable. If the company does not ratify it then that individual remains personally liable.

**HON. BENSON O. EBANKS:** I understand the purport of the Bill, but what I was asking was, does this sort of anticipate the eventuality where a company is in the process of being signed, but because of the shall I say, the delay in forming the company an individual signs or does this operate in perpetuity?

**MR. TRUMAN M. BODDEN:** I think what he is trying to figure out is, the difference between registering the company and having the company formed but not registered, and the third situation where it is neither formed nor registered.

**HON. BENSON O. EBANKS:** I have a particular case in mind....

**HON. D. EZZARD MILLER:** Truman, you better wake up Johnny.

**HON. W. NORMAN BODDEN:** Send him the bill, Mr. Truman.

**HON. BENSON O. EBANKS:** For example, if a company is in the process or somebody purports to be doing business as a company where the company has never ever been registered, but which I understand has entered into certain contracts for which Government has never collected Stamp Duty on the transaction and the actual act of entering into the purchase of the land took place some four or five years ago, to whom does Government look for that Stamp Duty?

Suppose, since the agreement is with the company and the vendor, the company has never been registered over a span of four years what happens to land and who becomes responsible for the Stamp Duty?

**HON. RICHARD W. GROUND:** I think it would be wrong and dangerous for me to attempt to advise on a specific case, in the effect of this in a Committee under these circumstances. The Law works in broad terms and the way that it affects different individuals...

**HON. BENSON O. EBANKS:** Basically, you were saying it would depend on the circumstances of the case.

**MR. CHAIRMAN:** ....Now let the Attorney General finish, he did not get the chance.

**HON. RICHARD W. GROUND:** Thank you, Mr. Chairman. Its application will of course depend upon the circumstances. The way the Law states its rule is clear. The way the rule may apply to any given case may be complicated by that case. If the Member wants me to restate the rule as it is set out in the Law, I will do so, but I do not want to attempt to apply it to a particular case.

**MR. CHAIRMAN:** I have to confess, I was quite lost. So, I think we are at the point of putting the amendment to clause 4, which is on the last page of the amendment circulated by the First Official Member. **AMENDMENT:** In clause 4, delete the words and commas ", from the date of registration," where they appear towards the end of the clause between the words "shall" and "cease."

The question is that the amendment stand part of the Bill. I shall put the question. Those in favour please say Aye...Those against No.

**AYES.**

**AGREED.**

**AMENDMENT TO CLAUSE 4 PASSED.**

**MR. CHAIRMAN:** I shall put the question that clause 4 as amended stand part of the Bill. Those in favour please say Aye...Those against No.

**AYES.**

**AGREED.**

**CLAUSE 4 AS AMENDED PASSED**

**CLERK:** CLAUSE 5 - Amendment of section 162 of the principal Law.

CLAUSE 6 - Amendment of section 210 of the principal Law.

CLAUSE 7 - Amendment of section 211 of the principal Law.

CLAUSE 8 - Insertion of New Part in the principal Law.

**MR. CHAIRMAN:** That is rather a lot to absorb. Shall we wait for a few minutes or are our Members content? [tacit responses] They are content. The question is that Clauses 5 through 8 stand part of the Bill. Those in favour please say Aye...Those against No.

**AYES.**

**AGREED.**

**CLAUSES 5 THROUGH 8 PASSED.**

**CLERK:** A Bill for a Law to Amend the Companies Law.

**THE PRESIDENT:** The question is that the title stand part of the Bill. I shall put the question. Those in favour please say Aye...Those against No.

**AYES.**

**AGREED.**

**THE TITLE PASSED.**

**CLERK:** The Stamp Duty (Amendment) Bill, 1990.

CLAUSE 1 - Short Title.

CLAUSE 2 - Amendment of Section 18 of Law 5 of 1, 1973.

CLAUSE 3 - Amendment of the Schedule of the principal Law.

**MR. CHAIRMAN:** Does any Member wish to speak on these three Clauses? The question is that clauses 1 through 3 stand part of the Bill. Those in favour please say Aye...Those against No.

**AYES.**

**AGREED.**

**CLAUSES 1 THROUGH 3 PASSED.**

**CLERK:** Bill for a Law to Amend the Stamp Duty Law, 1973.

**THE CHAIRMAN:** the question is that the title stands part of the Bill. Those in favour please say Aye...Those against No.

**AYES.**

**AGREED.**

**TITLE PASSED.**

**CLERK:** The Motor Vehicle Insurance (Third Party Risks) Bill, 1990.

CLAUSE 1 - Short Title.

CLAUSE 2 - Interpretation...

**HON. RICHARD W. GROUND:** May I just mention something in regard to clause 2. It does not require a vote, but there is a misprint in the Green Bill which is fairly substantial and Members might be puzzled reading it if I do not point it out.

It is in the definition of motor vehicle and the words thereafter. There should appear the words, "means any mechanically propelled vehicle". Now those words are in the White Copy of the Bill that was circulated, but they have been omitted by the printer. So, it should read: Motor Vehicle means any mechanically propelled vehicle intended or adapted for use, etcetera. I will be reinstating that from the White Copy.

**MR. CHAIRMAN:** Agreeable? Thank you.  
We are going to put the question on clauses 1 through 3, before we take the amendment on clause 4. You have read 3 have not you?

**CLERK:** No.

**MR. CHAIRMAN:** You have not read 3, Sorry. Clause 3.

CLERK: CLAUSE 3 - Users of motor vehicles to be insured against third party risks.

MR. CHAIRMAN: The question is that clauses 1 through 3 stand part of the Bill. Those in favour please say Aye...Those against No.

AYES.

AGREED.

AMENDMENT TO CLAUSE 4 PASSED.  
CLAUSES 1 THROUGH 3 PASSED

CLERK: CLAUSE 4 - Requirements in respect of policies.

MR. CHAIRMAN: An amendment stands in the name of the Honourable First Official Member, which he explained in the Second Reading Debate.

HON. THOMAS C. JEFFERSON: I think I did, Mr. Chairman. I am uncertain whether I need to say anything further on it.

MR. TRUMAN M. BODDEN: I would just like to ask the Member whether this now as I understand it, is satisfactory to the Insurance Association?

HON. THOMAS C. JEFFERSON: Mr. Chairman, it is the amendment resulting from a meeting I held with representatives of the domestic insurance market and it satisfies all of them.

HON. W. NORMAN BODDEN: Mr. Chairman, I have misplaced my amendment, but as I recall it, it is deleting (VIII) from section 4, is it?

HON. THOMAS C. JEFFERSON: No, Mr. Chairman, it is not deleting the item. It is basically amending the item not requiring liability coverage for the passenger on the back of the vehicle. There was an original amendment which we then corrected because if the first amendment was to be enacted to Law, it would mean that the person riding on the back of a motor cycle would have unlimited coverage, rather than what we are trying to do.

HON. W. NORMAN BODDEN: Could I be told how section 8 is now going to read, since I misplaced my...?

HON. THOMAS C. JEFFERSON: Section 8, Mr. Chairman, does not require any liability coverage; does not provide any liability coverage for the passenger riding on the back of the motor vehicle.

MR. CHAIRMAN: It will actually read as proposed to be amended:

"8. Liability in respect to the death of or bodily injury to a passenger on a motor cycle arising out of the use on a road of the said motor cycle which is owned by an individual; ..."

In other words, the words "exceeding in the aggregate fifty thousand dollars" had been deleted.

HON W. NORMAN BODDEN: That was the question I was asking, Sir. Thank you very much.

MR. CHAIRMAN:

Do I put the amendment then?

The question is that clause 4(1) be amended by deleting from sub-paragraph (VIII) the words: "exceeding in the aggregate fifty thousand dollars". Those in favour please say Aye...Those against No.

AYES.

AGREED.

AMENDMENT TO CLAUSE 4 PASSED.

MR. CHAIRMAN: The question is that clauses 4 as amended stand part of the Bill. Those in favour please say Aye...Those against No.

AYES.

AGREED.

CLAUSE 4 AS AMENDED PASSED.

CLERK: CLAUSE 5 - Certain conditions in policies to be of no effect.

CLAUSE 6 -	Production of certificate of insurance on application for motor vehicle licence.
CLAUSE 7 -	Requirements as to production of a certificate of insurance.
CLAUSE 8 -	Saving of rights in case of death of person insured.
CLAUSE 9 -	Transfer of rights insured against insurer on bankruptcy.
CLAUSE 10 -	Bankruptcy etcetera of insured persons not to effect certain claims by third parties.
CLAUSE 11 -	Duty to give necessary information to third parties.
CLAUSE 12 -	Settlement between insurers and insured persons.
CLAUSE 13 -	Duty of person against whom claims are made to give information as to insurance.
CLAUSE 14 -	Duty to surrender certificate on cancellation of policy.
CLAUSE 15 -	Duty of insurers to satisfy judgements against persons insured, in respect of third party risks.
CLAUSE 16 -	Clerk of Court to give notice to insurer.
CLAUSE 17 -	Limitation of actions.
CLAUSE 18 -	Forgery of certificate.
CLAUSE 19 -	Regulations.
CLAUSE 20 -	Repeal and saving.

**MR. CHAIRMAN:** Unless any Member has anything to say, I will put the question that clauses 5 through 20 stand part of the Bill. Those in favour please say Aye...Those against No.

**AYES.**

**AGREED.**

**CLAUSES 5 THROUGH 20 PASSED.**

**CLERK:** A Bill for a Law to Repeal and Enact the Motor Vehicle Insurance (Third Party Risks) Law, 1964.

**MR. CHAIRMAN:** The question is that the title stand part of the Bill. Those in favour please say Aye...Those against No.

**AYES.**

**AGREED.**

**THE TITLE PASSED.**

#### **THE LOAN (GEORGE TOWN HOSPITAL) BILL, 1990**

**CLERK:** The Loan (George Town Hospital) Bill, 1990.

CLAUSE 1 -	Short Title.
CLAUSE 2 -	Authority to Borrow.
CLAUSE 3 -	Appropriation of Borrowing Schedule.
CLAUSE 4 -	Terms of Borrowing.
CLAUSE 5 -	Principal and Interest Charged on Revenue.

**MR. TRUMAN M. BODDEN:** Does that include the Schedule?

**MR. CHAIRMAN:** I think we put the Schedules separately according to the Orders.

**MR. TRUMAN M. BODDEN:** All right, Sir.

**MR. CHAIRMAN:** I put the question on clauses 1 to 5, unless any Member wishes to speak.

The question is that clauses 1 through 5 stand part of the Bill. Those in favour please say Aye...Those against No.

**AYES.**

**AGREED.**

**CLAUSES 1 THROUGH 5 PASSED.**

**CLERK:**

The Schedule

**MR. CHAIRMAN:**

Discussion on the Schedule.

**MR. TRUMAN M. BODDEN:** Sir, probably to speed things up once again, Nos. 8, 9 and 10 of the Schedule, I would just like to have it recorded that I object to those being added in on the grounds stated earlier in the argument. Firstly, they were not a part of the motion which this Bill tends to implement. Secondly, they were



rejected in Finance Committee and for the reason set out therein, Sir.

**MR. ROY BODDEN:** Mr. Chairman, I would like to add my agreement with that objection.

**MR. JOHN D. JEFFERSON, JR:** Same here, Mr. Chairman.

**MR. GILBERT A. McLEAN:** Similarly, Mr. Chairman, I agree with the objection made by the Third Member for George Town.

**MR. G. HAIG BODDEN:** Mr. Chairman, I would like to concur with that. It is known that I spoke in the debate against those three items in the Schedule.

**MR. CHAIRMAN:** Right.

**CAPT. MABRY S. KIRKCONNELL:** Mr. Chairman, I would like to say, Government has an obligation to obey the Development and Planning Regulation Law, and we must have a master plan. I do not see how we can prescribe in this House something to be contrary to Laws, which this House has made.

**HON. D. EZZARD MILLER:** Mr. Chairman, I would just like to point out that I have been advised that there is nothing illegal or wrong with what we have done here and also to point out that the principal sum as proposed in the motion remains the same.

**MR. TRUMAN M. BODDEN:** Mr. Chairman, when this arose the sums involved for this were substantial. We were also told when the motion was brought that it was in the open debate, if not it would have been in Finance Committee where we would have seen the plans for this, and what the extent of all of these were. We are really agreeing on numbers one to seven without having seen any of the plans, which I understood were coming. But we understood on numbers eight, nine and ten, what we saw there were substantial sums. That is all, Sir.

**HON. D. EZZARD MILLER:** Mr. Chairman, to the best of my knowledge, it was not a substantial amount of money, certainly less in total for the three items. I do not have the figures here with me, but it was less than \$150,000 total and the reason why the plans have not been brought is simple. Funds were refused in Finance Committee to produce the plans, and I really cannot produce the plans unless I have the funds with which to work.

**MR. CHAIRMAN:** Those points are duly noted. If there is no further discussion. The question is that the schedule stand part of the Bill. Those in favour please say Aye...Those against No.

**AYES AND NOES.**

**AGREED.**

**THE SCHEDULE PASSED.**

**CLERK:** A Bill for a Law to Confer Power to Raise a Loan Not Exceeding One and a Half Million Dollars for the Financing and Improvements of the George Town Hospital.

**MR. CHAIRMAN:** The question is that the title stand part of the Bill. Those in favour please say Aye...Those against No.

**AYES AND NOES.**

**AGREED.**

**THE TITLE PASSED.**

**MR. CHAIRMAN:** That concludes proceedings in Committee on a Bill to Amend the Towns and Communities Law, and other Bills. The House will resume.

**HOUSE RESUMES**

**MR. PRESIDENT:** I think it is a convenient time to take the break, proceedings are suspended for 15 minutes.

**AT 3:18 P.M. THE HOUSE SUSPENDED**

**HOUSE RESUMED AT 3:48 P.M.**

## REPORTS THEREON

**MR. PRESIDENT:** Proceedings of the House are resumed.  
Reports on Bills, the Honourable Member for Tourism.

### THE TOWNS AND COMMUNITIES (AMENDMENT) BILL, 1990

**HON. W. NORMAN BODDEN:** Mr. President, I have to report that a Bill entitled a Bill for a Law to Amend the Towns and Communities Law, was considered by a Committee of the whole House and passed with one amendment.

**MR. PRESIDENT:** The Bill is accordingly set down for Third Reading.  
The Honourable the Third Official Member.

### THE POLICE (AMENDMENT) BILL, 1990

**HON. JAMES M. RYAN:** Mr. President, I have to report that a Bill entitled a Bill for a Law to Amend the Police Law, was considered by a Committee of the whole House, and passed without amendment.

**MR. PRESIDENT:** The Bill is set down accordingly for Third Reading.  
The Honourable the First Official Member.

### THE COMPANIES (AMENDMENT) BILL, 1990

**HON. THOMAS C. JEFFERSON:** Mr. President, I have to report that a Bill entitled The Companies (Amendment) Bill, 1990, was considered by a Committee of the whole House and passed with two amendments.

**MR. PRESIDENT:** The Bill is accordingly set down for Third Reading.  
The Honourable the First Official Member.

### THE STAMP DUTY (AMENDMENT) BILL, 1990

**HON. THOMAS C. JEFFERSON:** Mr. President, I have to report that a Bill entitled The Stamp Duty (Amendment) Bill, 1990, was considered by a Committee of the whole House and passed without Amendment.

**MR. PRESIDENT:** The Bill is set down accordingly for Third Reading.  
The Honourable the First Official Member.

### THE MOTOR VEHICLE INSURANCE (THIRD PARTY RISKS) BILL, 1990

**HON. THOMAS C. JEFFERSON:** Mr. President, I have to report to the Bill entitled The Motor Vehicle Insurance (Third Party Risks) Bill, 1990 was considered by a Committee of the whole House and passed with one Amendment.

**MR. PRESIDENT:** The Bill is set down accordingly for Third Reading.  
The Honourable Member for Health.

### THE LOAN (GEORGE TOWN HOSPITAL) BILL, 1990

**HON. D. EZZARD MILLER:** Mr. President, I have to report that a Bill entitled a Bill for a Law to Confer Power to Raise a Loan, Not Exceeding One and a Half Million Dollars for the Financing of Improvements to the George Town Hospital, was considered by a Committee of the whole House and passed without amendment.

**MR. PRESIDENT:**  
Readings.

The Bill is accordingly set down for Third Reading. Bills Third

### THIRD READINGS

#### THE TOWNS AND COMMUNITIES (AMENDMENT) BILL, 1990.

**HON. W. NORMAN BODDEN:** Mr. President, I move that a Bill entitled a Bill for a Law to Amend the Towns and Communities Law, be given a Third Reading and passed.

**MR. PRESIDENT:** The question is that the Bill be given a Third Reading and pass. Those in favour please say Aye...Those against No.

**AYES.**

**AGREED.**

**THAT THE BILL BE GIVEN A THIRD READING AND PASSED**

#### THE POLICE (AMENDMENT) BILL, 1990.

**HON. JAMES M. RYAN:** Mr. President, I move that a Bill entitled a Bill for a Law to Amend the Police Law, be given a Third Reading and passed.

**MR. PRESIDENT:** The question is that the Bill be given a Third Reading and pass. Those in favour please say Aye...Those against No.

**AYES.**

**AGREED.**

**THAT THE BILL BE GIVE A THIRD READING AND PASSED**

#### THE COMPANIES AMENDMENT BILL, 1990.

**HON. THOMAS C. JEFFERSON:** Mr. President, I move that a Bill shortly entitled, The Companies (Amendment) Bill, 1990 be given a Third Reading and passed.

**MR. PRESIDENT:** The question is that the Bill be given a Third Reading and pass. Those in favour please say Aye...Those against No.

**AYES.**

**AGREED.**

**THAT THE BILL GIVEN A THIRD READING AND PASSED**

#### THE STAMP DUTY (AMENDMENT) BILL, 1990.

**HON. THOMAS C. JEFFERSON:** Mr. President, I move that a Bill shortly entitled the Stamp Duty (Amendment) Bill, 1990 be given a Third Reading and passed.

**MR. PRESIDENT:** The question is that the Bill be given a Third Reading and pass. Those in favour please say Aye...Those against No.

**AYES.**

**AGREED.**

**THAT THE BILL GIVEN A THIRD READING AND PASSED.**

#### THE MOTOR VEHICLE INSURANCE (THIRD PARTY RISKS) BILL, 1990.

**HON. THOMAS C. JEFFERSON:** Mr. President, I move that a Bill shortly entitled the Motor Vehicle Insurance (Third Party Risks) Bill, 1990 be given a Third Reading and passed.

**MR. PRESIDENT:** The question is that the Bill be given a Third Reading and pass.

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

**AYES.**

**AGREED.**

**THAT THE BILL BE GIVEN A THIRD READING AND PASSED.**

**THE LOAN (GEORGE TOWN HOSPITAL) BILL, 1990.**

**HON. D. EZZARD MILLER:** Mr. President, I move that a Bill shortly entitled The Loan (George Town Hospital) Bill, 1990 be given a Third Reading and passed.

**MR. PRESIDENT:** The question is that the Bill be given a Third Reading and pass. Those in favour please say Aye...Those against No.

**AYES.**

**AGREED.**

**THAT THE BILL GIVEN A THIRD READING AND PASSED.**

**MOTIONS**

**GOVERNMENT MOTION NO. 4/90  
RESOLUTION TO ALTER THE DEVELOPMENT PLAN 1977**

**MR. PRESIDENT:** Next item on the Order Paper is Government Motion No. 4/90. The Honourable Member for Communication and Works.

**HON. LINFORD A. PIERSON:** Mr. President, in accordance with Standing Order 24, I beg to move Government Motion No. 4/90, which is a Resolution to Amend the Development Plan 1977, and which reads as follows:

"**BE IT RESOLVED** by the Legislative Assembly pursuant to the powers conferred on it by section 7 (2) of the Development and Planning Law (Revised), that the Development Plan 1977 (being the plan referred to in section 6 (5) of the Law) be this day altered as follows:

- (a) In section 1.5 of the Planning Statement, the following definitions shall be deleted-

""composite map" has the meaning ascribed to it in the Roads Law, 1974;

"prescribed composite map" means a series of composite maps dated October 1988, revised in April 1989, and approved by the Governor on the 9th day of May, 1989;"

- (b) In section 3.11 of the Planning Statement, the words in "diagrammatic form on the map" shall be substituted for the words "on the prescribed composite map" in the sixth line."

**MR. PRESIDENT:** Government Motion No. 4/90 has been duly moved. Would the Mover wish to speak to it.

**HON. LINFORD A. PIERSON:** Thank you, Mr. President. As a result of the decision taken in Finance Committee not to allocate funds for the Master Ground Transportation Plan (MGTP), in the November 1989 Budget Session of the House, the Central Planning Authority resolved at its meeting on the 17th of January, 1990 to recommend to the Governor in Council in accordance with section 25(2) of the Roads Law (Revised) that the Development Plan 1977 be amended to delete references to the 30 prescribed composite maps, which were incorporated in the plan in October 1989.

It is unfortunate that Government is forced to revoke these maps without a viable alternative to replace them. As a result of Finance Committee's refusal to provide funding for the MGTP, the Central Planning Authority was faced with two major problems. Firstly, by virtue of section 10(1) of the Development and Planning Law, the Central Planning Authority is legally bound to refuse planning applications which conflict with the development plan. This means that any applications for development at variance with the

composite maps must strictly be refused.

Secondly, once a planning application is refused on the grounds of conflict with the composite maps, section 25 of the Law entitles the applicant to claim compensation for the loss suffered as a result of the planning refusal. This is assessed as a difference between the value of the applicants interest in the land on the date the application is refused, and the value it would have had, had the application been granted.

It can therefore be a very substantial sum. Section 45 of the Law, provides that such compensation shall be a charge on the public Treasury. Once compensation has been properly assessed there is a legal duty to pay the amount to the applicant. With the refusal of the Finance Committee to provide the necessary funds to reserve the corridors, Government therefore had no choice but to revoke the prescribed composite maps as there were no funds allocated to compensate those persons affected by the corridors represented in the prescribed composite maps.

Before providing a brief chronology of the events leading to the directives given by Finance Committee to revoke the MGTP road corridors, I would first wish to point out that the effect of the preservation of the road corridors was that the Planning Department had the legal authority to prevent new development or construction and to limit additions to existing buildings that fell within those areas. However, it is important to note that until the land was actually required for road construction, the preservation of the corridors did not affect any utilisation of building or land with the exception of construction requiring planning permission. Several reasons were advanced by Members of this Assembly who oppose the MGTP, among which was the view stated by them that there were no compensation to those suffering undue hardship as a result of the prescribed composite maps being put in place.

However, this is not correct, as compensation for undue hardship is provided for under section 25(5), of the Roads (Amendment) Law, 1988. The Law also provides that a land owner who does not agree with the proceedings of the Assessment Committee dealing with the claim, may appeal to the Grand Court on certain grounds stated in the Law. There was, therefore, no proper basis for the refusal for funding the MGTP on the grounds given by the Backbenchers, that proper compensation would have been denied to applicants. Also, another reason given by some of the Backbenchers who rejected the plan was that they did not have sufficient time to study the plan. Again, such a statement is preposterous as the MGTP's and the Technical Advisory Committee's reports received very wide publicity; public meetings were held, meetings were also held with the Chamber of Commerce, with Members of the Legislative Assembly, with the Association of Surveyors, Architects, Contractors and Engineers, the Bankers Association, the Hotel and Condominium Association, the Heavy Equipment Operators Association and others.

On the question of the cost of the implementation of the various phases of the MGTP, all Members of the Finance Committee knew that an acceptance of the prescribed composite maps did not carry with it an immediate obligation to construct roads. The PCM (prescribed composite maps), should have been preserved in the development plan and the road building phased as funds became available. It was therefore ill-advised for the Backbenchers to have directed that the prescribed composite maps be revoked on the basis that they felt there were not sufficient funds to build the roads recommended in the MGTP. A more reasonable position for them to have taken if this was indeed their fear, would have been to phase the development over a longer period of time. But regardless of the reasons advanced by the Backbenchers, no one can deny that something urgently needs to be done to alleviate the congestion on our roads.

I, therefore trust that those Members of the House who oppose the MGTP will now come forward with a better alternative. Certainly, the duelling of the West Bay Road is not the answer as was suggested by certain Members of the Backbench.

To provide a chronology of events leading to the rejection of the MGTP, it is important that I provide the following information: Firstly, the concept of a Master Ground Transportation Plan was born in 1985. Although, I cannot take the credit or blame for this (as I was not the Executive Council Member responsible at the time), I nonetheless, fully support the concept and contents of the MGTP. The study to produce the MGTP was carried out between mid-1987 and early 1988. Secondly, in April 1988, the Master Ground Transportation Plan was laid on the Table of the House and thus became a public document and Government's approved plan for the development of a system for roads in Grand Cayman.

In early 1989, a Draft Financial Plan was prepared outlining the cost of funding phase I of the MGTP and suggesting various alternative funding arrangements. The revised cost shown in the Draft Financial Plan to develop phase I project, which was the back road from the Holiday Inn to Thomas Russell Way, was in the region of CI\$23 million of which approximately \$9 million was in respect of land acquisition cost.

It should be noted that the immediate action projects which form the first major project of the MGTP, have already been partially completed. These two projects are the Eastern Avenue/West Bay Road intersection. Still to be completed is the expansion of the third lane in front of the Merren Shopping Complex, and the Eastern Avenue/Crewe Road/North Sound intersection.

Phase II of the Master Ground Transportation Plan was estimated to cost approximately CI\$22 million at 1987 figures and was estimated to cover the period 1993-97. It would have assisted in a major way in easing the congestion on the Crewe Road to Bodden Town areas.

In May 1989, 30 prescribed composite maps were approved by all the Backbench Members of this honourable House. This is important because regardless of objections that might have been made prior to this, in April 1989 all Members with the exception of the Third Elected Member for George Town approved these maps. However, in the November 1989 meeting of the Assembly, the same Backbench Members who had previously approved the 30 prescribed composite maps, refused to approve the three prescribed composite maps for Central George Town. Further, those Members without allowing Government

the opportunity to have revised the three maps, flatly refused to approve them. In addition, they refused to appropriate funds to support the 30 maps they had approved just six months earlier and redirected the funds to road projects in their own districts.

The Backbench Members also directed in Finance Committee that an amount of \$250,000 be allocated for the winding down of the Master Ground Transportation Plan. As stated just six months before, all but one Member of the Backbench had given their approval for the 30 prescribed composite maps.

I will now refer to an excerpt from the *Hansards* of the May 1989 Meeting of the House, which highlights the inconsistency in the position taken at that meeting as oppose to the position taken at the meeting just six months earlier, where when the Members totally rejected the MGTP and voted that the whole plan, including the prescribed composite maps be revoked.

Since some Members play a little politics in this House, and took a part of my speech in 1985 to remind me (they said it would haunt me) I think I will do the same. I will give the same sort of response today. I would hate not to be able to reciprocate, Mr. President.

The following statement was made by the then Second Elected Member for West Bay, who is now the First Elected Member for West Bay, in his contribution to Government Motion No. 5/89 in May 1989. I quote:

"Mr. President, I intend to be brief on this matter, endorse the actions of the Government today, even the suspension of Standing Orders which I did not get any support on yesterday. Nevertheless, as that was an important suspension, this one is too."

Still continuing to quote the First Elected Member for West Bay;

"When I was elected in 1984, I was appointed to the Assessment Committee and it was the work of that Committee that made me realize what the position was in this country as far as Government's dealing with the people, when they had to acquire or when they needed lands for development of one kind or another.

I saw that people were not getting true value for their property and I brought a resolution to the House, asking that Government look at this practice and to revise that aspect of the Law. The result is that people today cannot lose the value of their property; they are paid for their property."

I would like to repeat that, and this was repeated by the First Elected Member for West Bay:

**"The result is that people today cannot lose the value of their property, they are paid for their property. While the passing of that resolution was going on, the Master Ground Transportation Plan was also being worked on.**

**That plan had to work hand in hand with the Roads Law. As far as this amendment to the Development and Planning Law goes, we were informed..."**, and I am quoting Mr. President, the First Elected Member for West Bay:

**"We were informed for quite a long time (the public have been informed) and as I have said, even with the suspension of Standing Orders, nobody can say that they did know anything about what the Government intended to do."**

Still quoting from the Member, Mr. President, and he is referring now to the Third Elected Member for George Town, he says:

"The Third Elected Member for George Town (just finishing his debate), agreed for the speedy handling of the chronic traffic problem, yet after a year of advertisement and consultation, he still refuses to admit that the Government need to get going on this aspect, bearing in mind the traffic problem is not getting any better."

That was the First Elected Member for West Bay referring to the Third Elected Member for George Town, he continued:

"He also said that he sees the need for roads. He mentioned that back in 1976, not many roads were put in under their plan. He also said that, another three or four months would not matter.

What the Member could have said (and this is what I am fearing will happen again), was that the opposition between 1972-76, told the public that the building of roads was a "communistic act" by the Government, and for instance, the road between West Bay and George Town was opposed, and today we reap the rewards of their

folly."

That was the quotation made by the First Elected Member for West Bay to the Third Elected Member for George Town, in May 1989. He referred to his behavior in 1972-76, or his treatment of the Government's plan between 1972-76, as being a "communistic act"...

#### POINT OF ORDER

**MR. TRUMAN M. BODDEN:**  
the House between 1972-76.

Mr. President, that has to be misleading because I was not in

**HON. LINFORD A. PIERSON:**

They are talking about your Government.

**MR. PRESIDENT:**

Is this a quotation from the *Hansard*?

**HON. LINFORD A. PIERSON:**

This is a quotation from the *Hansard*.

**MR. PRESIDENT:**  
quotation.

I make that point, he is not saying. So, this is actually a

**HON. LINFORD A. PIERSON:**

Mr. President, I would like to repeat that again. The First Elected Member for West Bay was referring to what occurred between 1972 and 1976. Let me repeat that, **"He also said that another three or four months would not matter. What the Member could have said (and this is what I am fearing will happen again)..."**, he was referring to the opposition to him in 1972-76, **"was that the opposition between 1972-76",....** I am repeating from the *Hansard*, Mr. President, so maybe the First Elected Member can clear this up when he speaks on it. **"...was that the opposition between 1972-76 told the public that the building of roads was a 'communistic act'."** We know who the Government was between 1972 and 1976, and therefore, we know who the opposition was.

He said that, "the building of roads was a "communistic act" by the Government, and for instance the road between West Bay and George Town, was opposed", and he continued, "today we reap their folly". Mr. President this is the First Elected Member for West Bay continuing:

"Mr. President, I believe that all of us have had adequate time to consider and deal with the matter. It is not that Government is being communistic in any way, or is going to take anybody's property without the person being duly compensated. This cannot happen in this day and age in this country. The traffic problem that each citizen of this country must put up with, is to say the least, bad.

Therefore, in order for the Government to get going on this matter, I will offer my support to the resolution".

But, Mr. President, it is interesting that some of them, I am not accusing anybody in particular, but some Members after having made commitments in this House to support the plan, well knowing that the Law provides for proper compensation, went around town in the Rock Hole area and other areas, and told the people that their lands would have been taken without compensation.

West Bay.....

Mr. President, six months later the First Elected Member for

**MR. W. MCKEEVA BUSH:**

Mr. President, Mr. President....

**HON. LINFORD A. PIERSON:**

Mr. President, is he stopping me on a Point of Order, Sir?

**MR. W. MCKEEVA BUSH:**  
support that Motion.

I wonder if he could read out who supported and who did not

**HON. LINFORD A. PIERSON:**  
would ask him.....

Mr. President, if he is not stopping me on a Point of Order, I

**MR. W. MCKEEVA BUSH:**

He is raising some very.....a matter Mr. President...

**MR. PRESIDENT:**  
Member to step down and he is not prepared to, play the rules that are the same for everyone.

Please if you have a Point of Order, fine. If you are asking the

**HON. LINFORD A. PIERSON:**

Mr. President, I made it quite clear that in April 1989, every Member of this House supported the MGTP with the sole exception of the Third Elected Member for George Town. Yet, six months later in November they all voted against it. So, I am questioning the consistency of those Members.

Mr. President, this is the sort of inconsistencies that this country is faced with, Sir. With such a situation, there is no wonder that Government is finding it so difficult to get their

capital projects approved in Finance Committee.

I share the view with the many professionals with whom I have discussed the ramification of the MGTP, that the study was very professionally prepared and points out clearly that by the year 1992, the traffic situation on the West Bay Road will become intolerable, at which time the cost to preserve the required road corridors will have significantly increased.

Therefore, the Government view the refusal by the Backbenchers to approve the MGTP as delaying the inevitable and not in the best interest of these Islands. But despite the demise of the MGTP, I have instructed the Public Works Department to prepare a revised plan to provide for narrower corridors. I trust that this will soon be available for further consultation with all Members of the Legislative Assembly and the general public.

I have given direct instructions quite a long time ago to the Chief Engineer to get the study prepared. I hope that he will devote his time to this, and that it will soon be available so that I can discuss it with Members of this honourable House and with the general public.

The objective of the revised plan will be to salvage as much as possible, the network of proposed roads on the set of the 30 prescribed composite maps currently in the Development Plan; ensuring of course, that the network, though reduced in size, will be functional and financially acceptable by all, or at least by the majority. It will therefore be my aim to avoid any partisan stance and thus work toward building a new consensus among all Members of the Legislature. To this end it will be essential for me to: a) re-establish a system of broad consultation similar to that used during the study stage; and b) be opened to revising both the scope and phasing of the project.

The action plan will therefore comprise the following major activities with consultation and review stages included, to ensure the effectiveness of, and support for, the final product: 1) Scale down the four lane corridors to two lanes; 2) address problems of access to severed properties; 3) determine total project cost and estimate the level of expenditure; 4) determine annualised cost and administrative arrangements of preserving corridors; and 5) determine funding arrangements and revenue measures required.

I would like to briefly touch on alternative analysis, future traffic congestion is expected to occur primarily along the Seven Mile Beach peninsula and in Central George Town. These areas together have absorbed a large portion of recent development that has occurred on the Island, together the two will likely include more than 90 per cent of the new growth expected over the next ten years, not withstanding the moratorium recently imposed on new hotel development.

Alternatives considered in the MGTP include; widening the existing road to accommodate a central right turn lane; widening to four lanes with protected center right turn lanes; and a four lane design that includes roundabouts at intervals, and prohibits all right turns. But each potential solution would result in major damage to adjacent expensive property.

The widening of the existing road to four lanes with a central turn would not have sufficient capacity to serve traffic in 1992. As can readily be seen, such an alternative would not be cost effective. This is in fact, the alternative recommended by the Backbenchers. Further, it should be noted that 111 properties from Eastern Avenue to Holiday Inn on both sides of the road will be affected, of which 48 properties would suffer major impact. The precise cost of this impacts is not yet available, but preliminary estimates suggest that the cost could be quite substantial.

The preliminary report prepared by Public Works Department following the 9th of November, 1989 meeting of the Legislative Assembly, sets out five possible options to accomplish the objective of providing four traffic lanes on West Bay Road. I would like to briefly go through those options.

1. Options one and two, consist of a 64-foot right of way, with a total construction and land cost of \$8 million.
2. Options three and four consist of a 78-foot right of way, with a total construction and land cost of \$13 million; and
3. Option 5, a 60-foot right of way, with a total construction and land cost of \$10 million.

It should be noted that these figures do not include compensation cost to property owners for major impact. Of the various options considered, option number five which is a 64-foot right of way, with a raised median two feet wide with roundabouts was considered the most feasible option. There are, however, a number of disadvantages of even adopting this most-favored option. I would like to briefly mention these disadvantages. They are:

1. The high cost and difficulty of acquiring land at the roundabouts.
2. Slow traffic proceeding around the roundabouts; and
3. That some traffic will have to proceed in the opposite direction to the nearest roundabout.

I believe that it is fairly clear that any option used to widen the West Bay Road from the present two lanes to four lanes, will be subject to many variables. Most importantly, the



option which has been recommended for widening the West Bay Road, would have a capacity of 24,000 vehicles per day.

Public Works Department Traffic Surveys at Merrens in 1987 and 1989, showed an actual vehicle count of 20,680 in 1987, and 22,200 in 1989. To conservatively extrapolate, this figure reflects that the 24,000 vehicle level will be reached prior to 1992. Also, because negotiations with affected land owners, reconstruction of driveways, walls, landscaping, etcetera, and construction of the road while maintaining heavy traffic flows will be very time consuming. It is more than likely that the duelling of the West Bay Road would not in any event be completed until 1993, by which time the whole scheme would have become outdated.

**MR. PRESIDENT:** It is nearly half past four, how long do you think you have left to go?

**HON. LINFORD A. PIERSON:** Mr. President, I will just have a couple of minutes more for my presentation.

**MR. PRESIDENT:** Is that an American couple or an English couple?

**HON. LINFORD A. PIERSON:** An English couple.

**MR. PRESIDENT.** I should explain that my wife is American, and when she says "a couple" it means up to fifteen. As far as an Englishman is concerned it means two. Would it be the will of the House that the Member continue? [Members' tacit responses] Thank you.

**HON. LINFORD A. PIERSON:** Mr. President, all the alternatives examined suggest that the most effective long-term solution is, the construction of a road corridor along the lines contemplated in phase one of the Master Ground Transportation Plan.

In reference to the annual capital cost of building new roads, it should be noted that revenue from road-oriented duties is in excess of the funds spent on these roads. For example, in 1988 Government took in \$7.3 million from road-oriented duties and fees, while the road-oriented budget was \$3.84 million. Reluctantly, I am forced to bring this resolution to this House, but I am satisfied that from the circumstances as outlined by me, the events that lead to this action were beyond Government's control.

I thank you, Mr. President.

## ADJOURNMENT

**HON. THOMAS C. JEFFERSON:** Mr. President, I move the adjournment of this House until 10 o'clock tomorrow morning.

**MR. PRESIDENT:** Before I put the question, the good news is that apparently Members have agreed (starting from next Monday) to sit from 10 o'clock to 6 o'clock in the evening in order to complete the work of the House as early as it may.

The question is that the House do stand adjourned until 10 o'clock tomorrow morning? Those in favour please say Aye...Those against No.

**AYES.**

**MR. PRESIDENT:** The Ayes have it. Accordingly the House is adjourned until 10 o'clock, Thursday morning.

**AT 4:32 P.M. THE HOUSE STOOD ADJOURNED UNTIL 10 O'CLOCK, THURSDAY, 19TH JULY, 1990.**