

**MONDAY,
2ND SEPTEMBER, 1991
10:05 A.M.**

PRAYERS

MADAM SPEAKER:

I will ask the Honourable First Official Member to say prayers.

HON. THOMAS C. JEFFERSON:

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 Speaker of the Legislative Assembly, 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.

Let us say the Lord's prayer together:

Our Father who art in Heaven, Hallowed be Thy Name, Thy Kingdom come, Thy will be done on earth as it is in Heaven; Give us this day our daily bread, and forgive us our trespasses, as we forgive 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.

MADAM SPEAKER:

Please be seated. The Assembly is in session. Presentation of Papers. The Honourable Elected Member responsible for Communications, Works and Agriculture.

PRESENTATION OF PAPERS AND REPORTS

THE ANNUAL REPORT OF THE WATER AUTHORITY FOR THE YEAR ENDED 31ST DECEMBER, 1990

HON. LINFORD A. PIERSON:

Madam Speaker, in accordance with Standing Order 18 and section 8G of the Water Authority Law, I beg to lay on the Table of this Honourable House the Report of the Water Authority for the financial year ended 31 December 1990.

MADAM SPEAKER:

So ordered.

HON. LINFORD A. PIERSON:

Madam Speaker, this Report covers the operation of the Water Authority in its first year of statutory independence.

I have been asked by the Water Authority to apologise to this Honourable House for the late tabling of the accounts, but being the first year of operation, there were a number of matters that required settling prior to their finalisation. However, after having studied the Report, I am sure that Members of this Honourable House will agree with me that the affairs of the Authority are well documented and that the outcome of the year is satisfactory.

It is pleasing to see that the Water Authority is enjoying the same success as the other major statutory bodies namely, the Port Authority and the Civil Aviation Authority. I have been closely involved with the development of the Water Authority since coming into office in November 1988. I have observed the rewarding progress that has been made during this relatively short period. I am pleased that I have been in a position to make my contribution towards the success of this vitally important public sector.

Madam Speaker, I stated earlier that 1990 was an important year for the Water Authority as it was the year in which it reached full maturity and one in which Government provided it with its very much deserved statutory independence. The Board, under the able Chairmanship of Mr. Derek White, and effective leadership of its Director Mr. Richard Beswick, has demonstrated its ability and capability to adequately manage the affairs of the Authority and to ensure that the best interests of this country are maintained.

Under the guidance of the Board and with the support of Government the Authority has been able to expand its water supply distribution to include the whole of the George Town district as far east as Spotts, Newlands, and the provision of the piped water supply in Cayman Brac. In addition, it has expanded its sewage works to connect new developments within the West Bay Beach area. It is gratifying to note that at the end of the year the Authority had achieved an operational profit in excess of

CI\$800,000 and this profit, as can be seen from the statement of cash-flow, was invested in new works for the benefit of the people of these Islands.

Madam Speaker, I am pleased to report that the Water Authority will be continuing its water supply expansion programme. I fully support their programme and recently Government granted in-principle approval to a three-phased extension of the water supply distribution from its present termination point at Spotts, Newlands, to as far east as Midland Acres with full approval granted for the first phase, subject to the Finance Committee's approval which I trust will be forthcoming during this meeting of the House. We are, therefore, hoping to commence work on this expansion before the end of this year.

The Water Authority has negotiated very attractive funding for this project with a local financial institution which I trust will result in there being no need to obtain any further guarantee from Government, which is reflective of the credibility built up by the Authority since its inception. Government is grateful for the assistance rendered to it by the Authority in its role as a regulatory Authority, particularly during 1990 when it assisted with the negotiations for the Cayman Water Company's expansion into West Bay. We of course, remain grateful for all of the regulatory functions that the Authority performs, not least of which is their continued surveillance of our ground water resources.

May I take this opportunity to thank the Chairman, members of the Board, the Director and staff of the Water Authority for their most valuable contribution to these Islands and to wish them every success in the years to come.

Thank you, Madam Speaker.

MADAM SPEAKER:
Elected Member for Bodden Town.

Questions to Honourable Members. Question No. 178. The First

QUESTIONS TO HONOURABLE MEMBERS

THE FIRST ELECTED MEMBER FOR BODDEN TOWN TO ASK THE HONOURABLE ELECTED MEMBER RESPONSIBLE FOR EDUCATION, ENVIRONMENT, RECREATION, AND CULTURE

NO. 178: Can the Honourable Member say how does the Education Department ensure that residents of the Bodden Town district get priority in placing their children in the Primary Schools within the constituency?

ANSWER: Prior to this year, admission of students from districts other than Bodden Town had not proved a problem. For 1991, because of space constraints, the decision was taken, in keeping with the Education Law, to discontinue the admission of pupils whose parents or guardians are not resident in the school district.

In the case of Bodden Town, which has two Primary Schools in the same electoral district, pupils were assigned to the school nearest to which they were living, e.g. children from Breakers were not to be admitted to Savannah Primary, they were to be admitted to Bodden Town Primary. However, during July 1991, enrollment at Savannah Primary was closed as all classes except Junior 2 had exceeded the maximum desired limit of 25.

As a general principle, in George Town and Bodden Town at the Primary level where space constraints exist, this year, Caymanian residents have been admitted to school first. Non-Caymanians, newly arrived on the Island, have been placed on a waiting list.

SUPPLEMENTARIES

MADAM SPEAKER: Supplementaries. The First Elected Member for Bodden Town.

MR. ROY BODDEN: In previous years it is my understanding that the children from Breakers traditionally went to the Savannah Primary School. I wonder if the Honourable Member could say what was the rationale and reason for restructuring this admission policy so that the children of Breakers now will be required to attend the Bodden Town school?

HON. BENSON O. EBANKS: Madam Speaker, as I said, in previous years space was not a problem, there were no space constraints, but the Savannah school is under pressure for space and it seems logical that children from Bodden Town or Breakers would attend the Bodden Town school where there is ample space. I should point out however, that while this is the policy, exceptions have been made where children have brothers or sisters in the higher grades in the Savannah school.

MADAM SPEAKER: The First Elected Member for Bodden Town.

MR. ROY BODDEN: I wonder if the Honourable Member could say if any attempts were made to disseminate this change in policy to the parents or the Parent/Teachers Associations (PTA) of the constituency?

HON. BENSON O. EBANKS:
it was.

Madam Speaker, I cannot be sure but to the best of knowledge,

MADAM SPEAKER:

The Second Elected Member for Bodden Town.

MR. G. HAIG BODDEN:

Madam Speaker, can the Member say if this change in policy was made in time for the parents to be aware of it before the date for admission to the schools?

HON. BENSON O. EBANKS:

Yes, Madam Speaker. This decision was taken very early in the year and as I said, the information, to the best of my knowledge, was disseminated both to the school and to the PTAs.

MADAM SPEAKER:

The Second Elected Member for Bodden Town.

MR. G. HAIG BODDEN:

Madam Speaker, can the Member say what caused the space constraints at the Bodden Town schools? Was it a lack of planning, or what was it?

HON. BENSON O. EBANKS:

Not Bodden Town, but Savannah. Bodden Town is still well within the limits and for the simple reason that the First Elected Member asked a while ago. In the same way that children from Breakers were being enrolled there, children from North Side, East End, George Town and West Bay were also being enrolled there, so that is what put the pressure on the school, as well as increased numbers of people moving into that general catchment area.

MADAM SPEAKER:

The Second Elected Member for Bodden Town.

MR. G. HAIG BODDEN:

Madam Speaker, I had been enquiring about the last paragraph of his answer where it says that space constraints exist at Bodden Town.

HON. BENSON O. EBANKS:

Madam Speaker, the answer says, "and Bodden Town" meaning the main Bodden Town district, but the two schools, if we separate the two schools between Bodden Town and Savannah, it is really the Savannah school that is under pressure for space.

MADAM SPEAKER:

The next Question is No. 179, standing in the name of the First Elected Member for Bodden Town.

THE FIRST ELECTED MEMBER FOR BODDEN TOWN TO ASK THE HONOURABLE ELECTED MEMBER RESPONSIBLE FOR EDUCATION, ENVIRONMENT, RECREATION, AND CULTURE

NO. 179: Will the Honourable Member state what are the numbers of non-Caymanian children currently enrolled in the Primary, Middle and High Schools in the Government systems?

ANSWER: The answer will give the number of children in the system for the 1990/91 academic year and as will be explained in the answer the 1991/92 registration process is ongoing.

The number of non-Caymanian children enrolled at the Primary, Middle and High School levels in the Government system for the 1990/91 academic year were as follows:

Primary (Grand Cayman)	144
Middle (Grand Cayman)	107
High (Grand Cayman)	107
Lighthouse School	6
Primary (Cayman Brac)	21
Middle/High (Cayman Brac)	12

Total:	*307

**See clarification by the Second Elected Member for Cayman Brac and Little Cayman below.*

As children are still being registered for the 1991/92 academic year these totals are not yet available.

SUPPLEMENTARIES

MADAM SPEAKER:

Supplementaries. The First Elected Member for Bodden Town.

MR. ROY BODDEN:

I wonder if the Honourable Member is in a position to say of this total enrollment of these students in the Government school system, what percentage pay fees for attending Government schools?

- MADAM SPEAKER:** Honourable Member, that was not a part of the original question and would require some research. If the Member has the information...but was this really not a part of the original question?
- HON. BENSON O. EBANKS:** No, Madam Speaker, I do not have the specific figure, but these are non-Caymanian children so all of them should be paying, except any for which the fees might have been waived by the Honourable Financial Secretary after consultation with the Social Services Department. But except for those children, all should be paying, and to my knowledge there are not too many that have been waived.
- MADAM SPEAKER:** The First Elected Member for Bodden Town.
- MR. ROY BODDEN:** I wonder if the Honourable Member can say if this enrollment causes any conflict or any competition for space forcing constraint and inconvenience upon Caymanian children?
- HON. BENSON O. EBANKS:** Madam Speaker, as far as space is concerned, it will have to have some impact on the schools but I do not know what we are going to do about it and I do not think that we can look upon it as an inconvenience.
- MADAM SPEAKER:** The Second Elected Member for Cayman Brac and Little Cayman.
- MR. GILBERT A. McLEAN:** Madam Speaker, would the Member say whose children are these? Are these perhaps the children of expatriate persons working in Government, or are they persons on work permits, seeing that persons on work permits should really not have a number of children, as I think that is a general rule?
- HON. BENSON O. EBANKS:** Madam Speaker, these would be children from a wide mixture. For example, it would include children of Caymanian extraction but Cuban-born, who have been allowed to repatriate to the country in the last several years. It would include children of some Government employees and employees in the private sector as well because we have not yet come to the point where we have said that employees should have no children at all. I think we have tried to restrict it in directives and in categories but we have not eliminated it.
- MADAM SPEAKER:** The Second Elected Member for Cayman Brac and Little Cayman.
- MR. GILBERT A. McLEAN:** *Madam Speaker, could the Member confirm that the total number he has given the House is not 307 children but 397?
- HON. BENSON O. EBANKS:** Yes, Madam Speaker, it looks like that is what it totals.
- MADAM SPEAKER:** The Second Elected Member for Bodden Town.
- MR. G. HAIG BODDEN:** Madam Speaker, can the Member say what is the ratio between the non-Caymanian and the Caymanian children in the total enrollment of the school? Or, what is the percentage of the non-Caymanians enrolled in the system?
- HON. BENSON O. EBANKS:** Madam Speaker, in the Government system the percentage of non-Caymanians is 12.1 per cent.
- MADAM SPEAKER:** The First Elected Member for Bodden Town.
- MR. ROY BODDEN:** I wonder if the Honourable Member is in a position to state, based on past trends, what the enrollment of this category of students might be for this present academic year?
- HON. BENSON O. EBANKS:** No, Madam Speaker. Those figures have not been compiled, as I said in the answer.
- MADAM SPEAKER:** The Second Elected Member for Bodden Town.
- MR. G. HAIG BODDEN:** Madam Speaker, can the Member say if this percentage of non-Caymanian children enrolled for 1990 showed a marked increase over the previous years to such an extent that it would be alarming?
- HON. BENSON O. EBANKS:** No, Madam Speaker, to the best of my knowledge there has not been any dramatic increase in this number of percentage of children over the last several years.
- MADAM SPEAKER:** The next Question No. 180, standing in the name of the First Elected Member for Bodden Town.

THE FIRST ELECTED MEMBER FOR BODDEN TOWN TO ASK THE HONOURABLE ELECTED MEMBER RESPONSIBLE FOR EDUCATION, ENVIRONMENT, RECREATION, AND CULTURE

NO. 180: Will the Honourable Member outline Government's policy with regard to the employment of teachers with Caymanian family connections who have been qualified in countries such as Nicaragua?

ANSWER: The first consideration is that any teacher employed in Government and Private Schools in the Cayman Islands must be qualified to teach. That qualification must come from a recognised institution.

Caymanians and dependents of Caymanians are given first consideration for employment in any area of Government. However, they must be formally interviewed through the Public Service Commission and demonstrate to the satisfaction of the interview panel that they have suitable knowledge and skills for the task.

SUPPLEMENTARIES

MADAM SPEAKER: Supplementaries. The Second Elected Member for Bodden Town.

MR. G. HAIG BODDEN: Madam Speaker, may I ask the Member, as the answer indicates that preference is given to teachers with Caymanian connections where possible, is any effort being made to recruit teachers from abroad that would have some Caymanian orientation?

HON. BENSON O. EBANKS: Madam Speaker, the emphasis is always, as I said, in recruiting Caymanians or people with Caymanian connections where these come forward or are known even to the Department.

MADAM SPEAKER: The First Elected Member for Bodden Town.

MR. ROY BODDEN: I wonder if the Honourable Member could say in the cases where these teachers come from jurisdictions which are a little different from what we know under the British system, for example in Nicaragua, exactly how is an attempt made to assess their qualifications and to arrive at what the Member described as "a recognised institution"?

HON. BENSON O. EBANKS: Madam Speaker, I should first of all say that the matter has really nothing to do with the British system because we recruit and recognise teachers with the American system, or any other system that in the view of the Public Service Commission or the Education Department, the institution at which the person qualified is one of standing and recognition.

MADAM SPEAKER: The Third Elected Member for George Town.

MR. TRUMAN M. BODDEN: Would the Honourable Member say whether Government has taken any steps such as advertisements or articles in areas abroad where Caymanians may be qualified as teachers or otherwise, to get them back to the Island?

HON. BENSON O. EBANKS: Madam Speaker, the Government has not taken to advertising specifically for Caymanians but the Government puts its advertisements for teachers in appropriate journals and papers abroad where Caymanians would be located so that Caymanians should see those vacancies the same as everybody else and have an opportunity to apply. Certainly if they applied they would get first crack at the whip.

MADAM SPEAKER: The Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: When the Member says that Government places advertisements in appropriate papers overseas, does this simply mean that advertisements are placed in papers in England and in Canada; and advertisements that are placed in the United States are they placed in States where it is known to have a predominance of Caymanians, for example in Jacksonville or Tampa Florida, in Texas and New York and so on?

HON. BENSON O. EBANKS: Madam Speaker, the advertisement is done in Britain, Canada and the Caribbean. I do not believe that the Department advertises in the United States at all. After all, our system within the Government system would not indicate that, that is the area we would first go to seek teachers.

MADAM SPEAKER: The next Question No. 181, standing in the name of the Second Elected Member for Cayman Brac and Little Cayman.

THE SECOND ELECTED MEMBER FOR CAYMAN BRAC AND LITTLE CAYMAN TO ASK THE HONOURABLE ELECTED MEMBER RESPONSIBLE FOR TOURISM, AVIATION AND TRADE.

NO. 181: Will the Honourable Member state what is the present status of the Shorts aircraft owned by Cayman Airways Limited?

ANSWER: The aircraft is located at Oppa Locka Airport in Florida awaiting sale.

SUPPLEMENTARIES

MADAM SPEAKER: Supplementaries. The Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: Could the Member say how long the aircraft has been in this particular location?

HON. W. NORMAN BODDEN: I do not have the exact period of time, Madam Speaker, but it is probably about six to nine months, I imagine.

MADAM SPEAKER: The Member for East End.

MR. JOHN B. McLEAN: Madam Speaker, I wonder if the Member could say what costs have been incurred as a result of having the aircraft parked at the airport mentioned?

HON. W. NORMAN BODDEN: Madam Speaker, the cost to Cayman Airways is US\$371 per month, for parking fees and security.

MADAM SPEAKER: The Third Elected Member for George Town.

MR. TRUMAN M. BODDEN: Can the Member say whether he has had any encouraging enquiries for the sale on it recently?

HON. W. NORMAN BODDEN: Madam Speaker, there have been three enquiries within the last month.

MADAM SPEAKER: The Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: Madam Speaker, taking into account the reply of the Member, that the parking costs of the plane is US\$371 per month, does this mean that the plane is not parked in a covered area so that it is protected and serious depreciation might be occurring where it presently sits?

HON. W. NORMAN BODDEN: Madam Speaker, to be frank, I am not sure exactly where the aircraft is parked. I do not know whether it is hangared or whether it is outside on the ramp, but I do imagine if it was in the hanger the cost would be much higher.

MADAM SPEAKER: The Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: Could the Member say if perhaps the reason why there are not more bids or offers to purchase, is because the aircraft is not in a good state of existence?

HON. W. NORMAN BODDEN: I could not confirm that, Madam Speaker, but I would imagine that with the length of time that the aircraft has been parked that any purchaser would have to get a new certificate of air-worthiness and I think that that would be part of the consideration that would be made between any prospective buyer and the company.

MADAM SPEAKER: The First Elected Member for Bodden Town.

MR. ROY BODDEN: I wonder if the Honourable Member could say how is the availability of the aircraft advertised? Is it advertised in the aircraft journals, the newspapers, etcetera?

HON. W. NORMAN BODDEN: Madam Speaker, there is notification to aircraft brokers and also the company places the occasional ad in *AVMARK* Magazine, as well.

MADAM SPEAKER: The Second Elected Member for Bodden Town.

MR. G. HAIG BODDEN: Madam Speaker, can the Member say if the engines are started on a regular basis so that they do not seize up?

HON. W. NORMAN BODDEN:

I cannot confirm that, Madam Speaker.

MADAM SPEAKER:

The Second Elected Member for Bodden Town.

MR. G. HAIG BODDEN:

Madam Speaker, apart from the exposure to the elements, can the Member say how much exposure the plane is getting to the public? That is, roughly how many people see it where it is parked on a daily basis?

HON. W. NORMAN BODDEN:

Madam Speaker, I would not be able to say exactly what sort of public exposure it gets, but Oppa Locka Airport is a pretty busy airport and I am sure that it does get some exposure. To what degree I could not say.

MADAM SPEAKER:

The Second Elected Member for Bodden Town.

MR. G. HAIG BODDEN:

Has there been any reduction offered in the price of the aircraft and will the Member consider returning the aircraft to Cayman and donating it to the Museum if he is unable to sell it, rather than pay the costs of keeping it in Oppa Locka?

HON. W. NORMAN BODDEN:

Madam Speaker, I will just deal with the first part of that supplementary and with respect I will ignore the last half. The current asking price of the aircraft is US\$500,000 and I would say this is probably a slight reduction from what was the last asking price.

MADAM SPEAKER:

Question No. 182 stands in the name of the Second Elected Member for Cayman Brac and Little Cayman.

THE SECOND ELECTED MEMBER FOR CAYMAN BRAC AND LITTLE CAYMAN TO ASK THE HONOURABLE ELECTED MEMBER RESPONSIBLE FOR TOURISM, AVIATION AND TRADE

NO. 182: Will the Honourable Member state what has been the total cost of refurbishing the 737-200 Aircraft recently acquired by Cayman Airways Limited?

ANSWER: The cost of refurbishing the Boeing 737-200 presently operated by Cayman Airways was US\$194,457.00.

SUPPLEMENTARIES

MADAM SPEAKER:

Brac and Little Cayman.

Supplementaries. The Second Elected Member for Cayman

MR. GILBERT A. McLEAN:

In this refurbishing, Madam Speaker, could the Member say whether this included televisions being placed in the aircraft as well as changing all of the seats?

HON. W. NORMAN BODDEN:

That is correct, Madam Speaker.
The cost of refurbishing included the installation of video equipment and new seats.

That is correct, Madam Speaker.

The cost of refurbishing included the installation of video

MADAM SPEAKER:

Cayman.

The Second Elected Member for Cayman Brac and Little

MR. GILBERT A. McLEAN:

re-engined or not? If not, if it is planned to do so.

Could the Member also tell the House whether the plane was

HON. W. NORMAN BODDEN:

Speaker.

There was refurbishing done on the engines as well, Madam

MADAM SPEAKER:

The Second Elected Member for Bodden Town.

MR. G. HAIG BODDEN:

Madam Speaker, can the Member say how much of this cost went towards the television sets and whether they have started the work yet?

HON. W. NORMAN BODDEN:

Madam Speaker, I do not have the break-down on the costs. The reference to television sets, I take it was the video equipment that was installed in order to standardise the in-flight equipment on the aircraft operated by Cayman Airways.

MADAM SPEAKER:

The Third Elected Member for George Town.

MR. TRUMAN M. BODDEN:

that were re-furbished?

Can the Member just mention what engines these aircraft have

- HON. W. NORMAN BODDEN:** The engines, Madam Speaker, I understand is the type Dash-15 engines.
- MADAM SPEAKER:** The Third Elected Member for George Town.
- MR. TRUMAN M. BODDEN:** Are they the same sort of engines that were in the 727-200s that were sold?
- HON. W. NORMAN BODDEN:** I could not confirm that, Madam Speaker, whether it is the same type of engines or not.
- MADAM SPEAKER:** The Second Elected Member for Cayman Brac and Little Cayman.
- MR. GILBERT A. McLEAN:** Madam Speaker, could the Member say whether the bill for the supply of these new engines is in at this time or if, indeed, these new engines have been replaced, the television sets and the seats for \$100,000 odd dollars?
- HON. W. NORMAN BODDEN:** Madam Speaker, I wonder if the Member would repeat the supplementary? I missed a portion.
- MR. GILBERT A. McLEAN:** Madam Speaker, I was asking the Member if the bill for the re-furbishing or the resupply of the new engines is in to Cayman Airways as yet, or is he saying that the replacement of these engines, the television sets and complete re-seating was a total of \$100,000 odd.
- HON. W. NORMAN BODDEN:** It is my understanding, Madam Speaker, that the figure I quoted to the substantive question included the work that was done on the engines as well.
- MADAM SPEAKER:** The First Elected Member for Bodden Town.
- MR. ROY BODDEN:** I wonder if the Honourable Member is in the position to say in what year were the engines on the 737-200, which Cayman Airways has recently acquired, made?
- HON. W. NORMAN BODDEN:** No, Madam Speaker, I do not have the year of manufacture of those engines.
- MADAM SPEAKER:** The Second Elected Member for Bodden Town.
- MR. G. HAIG BODDEN:** Madam Speaker, can the Member say if the re-furbishing completed on this aircraft is in line with the re-furbishing to be done on the other 737-200 which is being acquired and the 737-300 to be acquired and the 727 to come from Trump Airlines?
- HON. W. NORMAN BODDEN:** Madam Speaker, I do not know that the work that would need to be done on the second 737-200 would be identical to what had to be done in the line of re-furbishing on the aircraft which is being discussed at the present time but I would say that the equipment, the seating arrangement and the paint job would all be equal because the idea is to standardise the type of equipment being operated by the airline.
- MADAM SPEAKER:** The next Question is No. 183 standing in the name of the Second Elected Member for Cayman Brac and Little Cayman.

THE SECOND ELECTED MEMBER FOR CAYMAN BRAC AND LITTLE CAYMAN TO ASK THE HONOURABLE ELECTED MEMBER RESPONSIBLE FOR TOURISM, AVIATION AND TRADE

NO. 183 Will the Honourable Member say if Cayman Airways Limited has changed its original Computer Reservation System? If the answer is in the affirmative, will he state what new system has been introduced?

ANSWER: Cayman Airways Limited introduced a new computer reservations system on 11th May, 1991. The new system called SHARES (Shared Airline Reservation System) is owned and operated by Electronic Data Systems of the USA.

SUPPLEMENTARIES

- MADAM SPEAKER:** Supplementaries. The Second Elected Member for Cayman Brac and Little Cayman.
- MR. GILBERT A. McLEAN:** Could the Member say what system was in place prior to this new one being introduced and what was the basic advantage of introducing the new one?

HON. W. NORMAN BODDEN: Madam Speaker, the former system was a system known as Deltamatic Datus II Reservation System and the reason for changing to the SHARE system is because this new system will provide additional information to the company. It will provide for example, the audit of bookings versus ticketing, it will assist with yield management, that is, to ensure that space is adjusted on a continuous basis in order to fill as many seats as possible. It also provides the automated airport checking, the advance seat selection and has other features which were not available under the Datus II System.

MADAM SPEAKER: The Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: Would the Member say what was the cost of introducing this new system?

HON. W. NORMAN BODDEN: Madam Speaker, I do not have the exact cost of this new system but through enquiries made to the company, the cost of the old system was approximately \$426,000. The overall cost of this present system I understand, is basically the same. There is a lower monthly fee on this new system than was on the former system, but I think there is a reservation fee per booking which is slightly higher than the Delta System.

MADAM SPEAKER: The Third Elected Member for George Town.

MR. TRUMAN M. BODDEN: Could the Member outline for us what the advantages and the reasons for the change over were?

MADAM SPEAKER: I think the Honourable Member had just done that. He did that in his reply to the supplementary. The Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: Would the Member tell the House if this particular system is in use by other reputable airlines and could he quote a few. Secondly, could he say if the new system, in addition to costing more as a fee, costs run about \$650,000 to introduce?

HON. W. NORMAN BODDEN: Madam Speaker, I will have to ask the Member if he would repeat the second half of the supplementary? I think the first part of the supplementary related to whether there were other reputable airlines using the SHARE System, this is a system that is very modern and used by other airlines and one of the airlines that comes to mind, at the present time, is Continental.

I think airlines like American and Pan Am and Northwest for example, have their own internal systems themselves but Continental and probably US Air, I imagine would use this type of system.

MADAM SPEAKER: The Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: The second part of the question Madam Speaker, was whether in addition to the system costing more as a monthly fee was, could the overall cost of it have been in the region of \$650,000? And, secondly, may I ask the Member, in the light of what his, if this system is actually limited among certain carriers and it is not as widely used as it could be?

HON. W. NORMAN BODDEN: Madam Speaker, the overall cost, based on the information I have, indicates that overall cost is basically the same as the Delta System. I pointed out earlier that there is a lower monthly fee than with the Datus II System, but that there is a reservation fee per booking that is slightly higher. So the figure I was given was \$426,000, approximately, and that is the only information I have to supply to the House at this time.

The SHARE System, Madam Speaker, is a system that is widely used, especially by travel agencies which generate a lot of the business for the airlines and for tourist destinations. So it is a system, I think, that has wide respect in the industry because it does have features, as I said earlier, and provides information that is critical to the airline's operation.

MADAM SPEAKER: The next Question is No. 184, standing in the name of the Third Elected Member for West Bay.

THE THIRD ELECTED MEMBER FOR WEST BAY TO ASK THE HONOURABLE ELECTED MEMBER RESPONSIBLE FOR HEALTH AND SOCIAL SERVICES.

NO. 184: Would the Honourable Member say how many restrooms have been provided for the public in the waiting area of the newly built Dental Clinic in George Town?

ANSWER: One, with two other restrooms available in the inner area and shared with staff.

MADAM SPEAKER: If there are no supplementaries, the next Question is No. 185, standing in the name of the Third Elected Member for West Bay.

THE THIRD ELECTED MEMBER FOR WEST BAY TO ASK THE HONOURABLE ELECTED MEMBER RESPONSIBLE FOR HEALTH AND SOCIAL SERVICES.

NO. 185: Would the Honourable Member say if any member of the Hospital staff has resigned from the service since the appointment of the present Chief Medical Officer? If the answer is in the affirmative, will he state the number with a breakdown by posts?

ANSWER: Since the appointment of the present Chief Medical Officer there have been five resignations from Members of the Hospital staff. Below is the breakdown by post:

- 1 Registered Nurse
- 1 Emergency Medical Technician
- 1 Medical Technologist
- 1 Executive Officer
- 1 Doctor.

SUPPLEMENTARIES

MADAM SPEAKER: The Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: Madam Speaker, would the Member say if the persons here having left the service of the Hospital, if these posts are now vacant and if so, how is it affecting the services being given?

HON. D. EZZARD MILLER: Madam Speaker, to the best of my knowledge, all of these posts have been filled.

MADAM SPEAKER: The Second Elected Member for Bodden Town.

MR. G. HAIG BODDEN: Madam Speaker, will the Member say how long the present Chief Medical Officer has been in that job?

HON. D. EZZARD MILLER: I think he has been in the job since the 27th of January, 1991.

MADAM SPEAKER: The Third Elected Member for George Town.

MR. TRUMAN M. BODDEN: Were these resignations more recently, within the last few months?

HON. D. EZZARD MILLER: No, Madam Speaker, I think they were fairly well spread over the period of his employment.

**11:00 A.M.
SUSPENSION OF STANDING 23(7)**

MADAM SPEAKER: It is now 11 o'clock, which, under Standing Orders concludes Question Time, unless the Honourable Member would wish to move an extension.

HON. THOMAS C. JEFFERSON: Madam Speaker, in accordance with Standing Order 83, I move the suspension of Standing Order 23(7) to allow the other questions and supplementaries to be taken this morning.

MADAM SPEAKER: The question is that Standing Order 23(7) be suspended to enable the remaining questions on the Order Paper to be taken. Those in favour please say aye, those against no. The Ayes have it.

STANDING ORDER 23(7) SUSPENDED TO ENABLE THE REMAINING QUESTIONS ON THE ORDER PAPER TO BE TAKEN.

MADAM SPEAKER: Question No. 186 is standing in the name of the Third Elected Member for West Bay.

THE THIRD ELECTED MEMBER FOR WEST BAY TO ASK THE HONOURABLE ELECTED MEMBER RESPONSIBLE FOR EDUCATION, ENVIRONMENT, RECREATION AND CULTURE

NO. 186: Would the Honourable Member advise the House if the classrooms for the John A. Cumber Primary School in West Bay will be ready for use in the September, 1991 term?

ANSWER: The classrooms at the new Infant School in West Bay are ready for the September 1991 term.

MADAM SPEAKER: If there are no supplementaries the next Question is No. 187, standing in the name of the First Elected Member for West Bay.

THE FIRST ELECTED MEMBER FOR WEST BAY TO ASK THE HONOURABLE ELECTED MEMBER RESPONSIBLE FOR COMMUNICATIONS, WORKS AND AGRICULTURE

NO. 187: Would the Honourable Member state what progress has been made on the proposal to purchase the property in West Bay for a public beach?

ANSWER: Valuations were done on beach property at West Bay in 1990. However, due to budgetary constraints in the 1991 Budget, Government could not proceed with acquisition. Acquisition is being proposed for 1992, provided funds are available.

SUPPLEMENTARY

MADAM SPEAKER: The First Elected Member for West Bay.

MR. W. McKEEVA BUSH: Madam Speaker, the Member has said the acquisition is being proposed for next year, provided funds are available. Is he saying that he is going to put the funds in the estimates?

HON. LINFORD A. PIERSON: Yes, Madam Speaker. That is basically we will be requesting the funds. I would mention that funds were requested for some \$5.3 million in 1990, but it had to be cut to \$1 million, so this was one of the reasons why we were not able to purchase anymore of the properties that we have listed.

MADAM SPEAKER: If there are no further supplementaries, Question No. 188 is standing in the name of the First Elected Member for West Bay.

MR. W. McKEEVA BUSH: Madam Speaker, I believe Question No. 188 might be somebody else's.

MADAM SPEAKER: It appears as if it is standing in the name of the Third Elected Member for West Bay who has already had his quota of questions for the day.

HON. THOMAS C. JEFFERSON: If there is some hiccup, Madam Speaker, I suggest that the question be deferred until we next meet.

DEFERRAL OF QUESTION NO. 188

MADAM SPEAKER: Yes. The question will be deferred until the next meeting. The next Question No. 189, the First Elected Member for West Bay.

THE FIRST ELECTED MEMBER FOR WEST BAY TO ASK THE HONOURABLE ELECTED MEMBER RESPONSIBLE FOR COMMUNICATIONS, WORKS AND AGRICULTURE

NO. 189: Can the Honourable Member say if Government will consider acquiring the parcels of property adjoining the Public Beach to the north for purposes of expansion and improvement to the present facilities?

ANSWER: Government has been actively investigating the possibility of acquiring this property. Valuations were done by the Lands Office and consideration was given for including funds in the 1991 Budget. However, due to budgetary constraints this acquisition was put on hold.

SUPPLEMENTARIES

MADAM SPEAKER: The First Elected Member for West Bay.

MR. W. McKEEVA BUSH: Madam Speaker, I wonder if the Member would undertake to give us a copy of the valuations and whether he would consider submitting the request for the 1992 Budget?

HON. LINFORD A. PIERSON: Madam Speaker, I assume the Member is asking about a valuation for the piece of property adjacent to the Public Beach which was valued at \$625,000?

MR. W. McKEEVA BUSH:
Madam Speaker.

The same valuation which he spoke about in his answer,

HON. LINFORD A. PIERSON:

The valuation of those two parcels of land is \$625,000. A request is made in the \$5.3 million to have this included but as I mentioned in the substantive answer to a former question, this had to be cut to \$1 million due to budgetary constraints. We will again try to have this brought forward in the 1992 Budget but this will be subject to financial constraints.

MADAM SPEAKER:

The Third Elected Member for George Town.

MR. TRUMAN M. BODDEN:

Madam Speaker, would the Member confirm that those budgetary constraints were because of the fact that all capital expenditure, some \$13 million, had to be borrowed by Government?

MADAM SPEAKER:

That concludes Question Time for today. The House will suspend for 15 minutes.

AT 11:06 A.M. THE HOUSE WAS SUSPENDED

HOUSE RESUMED AT 11:40 A.M.

MADAM SPEAKER:

Please be seated. Proceedings are resumed. Government Business - Motions. Motion No. 4/91.

GOVERNMENT BUSINESS

MOTIONS

GOVERNMENT MOTION NO. 4/91

The Loans (Caribbean Development Bank) Law, 1977 Agricultural and Industrial Development Board

HON. THOMAS C. JEFFERSON:

Madam Speaker, I beg to move Government Motion No. 4/91 entitled The Loans (Caribbean Development Bank) Law, 1977 - Agricultural and Industrial Development Board and it reads as follows:

"WHEREAS section 3(1) of the Loans (Caribbean Development Bank) Law, 1977 provides that the Governor may in such manner and on such terms and subject to such conditions as may be agreed between the Governor and the Bank, borrow from the Bank from time to time such sums as may be required by the Government not exceeding \$250,000 or, with the consent of the Legislative Assembly, amounts in excess of that sum;

AND WHEREAS It is proposed that the Governor of the Cayman Islands shall borrow an amount not exceeding the equivalent of one million two hundred thousand United States dollars (US\$1,200,000), from the Bank for the purpose of providing the Government to place at the disposal of the Agriculture and Industrial Development Board for the purpose of the financing by the Board of sub-loans for Agricultural, Industrial and/or Tourism development in the Islands;

BE IT THEREFORE RESOLVED THAT this Honourable House do consent, pursuant to section 3(1) of the said Law, to the borrowing by the Government of the Cayman Islands from the Caribbean Development Bank on such terms and conditions as may be agreed of a sum not exceeding one million two hundred thousand United States dollars (US\$1,200,000) for the purpose of providing the Government with funds to place at the disposal of the Agricultural and Industrial Development Board for the purpose of the financing by the Board of sub-loans for Agricultural, Industrial and/or Tourism development in the Cayman Islands."

Madam Speaker, the purpose of the borrowing, I think, is certainly mentioned in summary in Government Motion No. 4/91 but just to cement what I read in the motion, the main objectives of this particular borrowing are to assist in providing finance for the development of the productive sectors in the Cayman Islands and in doing so to enable the Agricultural and Industrial Development Board to utilise other resources for lending to the education sector. Secondly, for improving the institutional capability and financial viability of the Agricultural and Industrial Development Board (AIDB).

So the project will provide a line of credit of an amount not exceeding the equivalent of US\$1.2 million to Government for use by AIDB for the provision of credit to eligible persons for agricultural, industrial and tourism development purposes. Some of these purposes, I will outline: Under Agriculture it will deal with the rehabilitation of permanent crops, the establishment of crops to bearing stage, the establishment of livestock production enterprises, the establishment of machinery and other services specific to the sector. It will provide for the establishment of aquaculture enterprises, the establishment of agro-processing facilities, the establishment of post harvest handling, storage and marketing facilities, improvement of farm

infrastructure to include farm buildings, roads, drainage, soil, energy and water conservation work, electricity and water supplies. It will enable the purchase of equipment and gear for commercial fishing, the purchase of breeding animals, farm machinery and equipment, and provide initial capital associated with any of the above.

That is a long list but I think that it is important for the listening public to hear exactly what the borrowing is for.

On the industrial and tourism side: the construction of factory buildings for manufacturing, processing and handicraft operations, construction of shopping units and office accommodation for provision of support services to the tourism sector, the purchase and installation of machinery, equipment, and utilities including office equipment for industrial purposes, the purchase of vehicles and materials handling equipment, the construction of small and medium sized new hotels and renovation and expansion of existing properties. Moreover, service industries related to the manufacturing and tourism sectors initial working capital required to support the operations, energy conservation measures, and substitution of import fuels by local energy sources.

Those are the kinds of objective which this US\$1.2 million borrowing is seeking to achieve in order to assist local persons who are in these specific sub-sectors of the economy.

I recommend the Government Motion to Honourable Members.

MADAM SPEAKER:

The question is Government Motion No. 1/91, the Loans (Caribbean Development Bank) Law, 1977 - Agricultural and Industrial Development Board. The motion is open for debate.

Cayman.

The Second Elected Member for Cayman Brac and Little

MR. GILBERT A. McLEAN:

Thank you, Madam Speaker.

Madam Speaker, in dealing with Government Motion No. 4/91 - The Loans (Caribbean Development Bank), Agriculture and Industrial Board, I wish to say that I support the function and the services offered by the AIDB on these Islands. I think that it has provided a good service generally, to date and if anything, it needs to do more, not that it is not working within its means, but there perhaps should be some means developed whereby it has a larger capital base to make loans available to our Caymanian community.

One thing that bothers me in this exercise is the fact that the Government is entering yet another loan situation. With the indebtedness of the Government being what it is now, it worries me every time when I hear that Government is taking another loan. Where a loan is taken there is an obligation to repay and I fear from the figures that I see and from the rapidity with which Government is taking loans that we are growing to a situation which is not good or financially healthy.

I listened as the Financial Secretary presented a list of the various areas where the funds might be used, both in agriculture, industry and tourism and I was led to wonder whether there had been any specific applications within any of these areas and if so, what might they have been? Indeed, if there have been, does the Board set an area as being its priority? Or has Government indicated to the AIDB any concerns as to a priority area for development?

While I support this motion, I feel it very incumbent on me to express my concerns. I would like to further add that I think in these times of very scant finances, the Board and Government need to be assured that money is being spent in areas and for purposes where there is an actual need. Every attempt should be made to ensure that the funds are properly secured in terms of collateral, also, that the Bank takes an interest in those persons to whom loans are being made that, to the extent that they work very closely with them giving them any support which they can provide.

Times can change over night. Persons who have loans and are right up to date on their repayment schedule can suddenly find themselves in financial straits. Rather than allow a person to find himself one month, or more, in arrears, I trust that the personnel in the AIDB will work closely enough with him so he can be called in and with the management work out a plan with both sides being conscious of the other's interests and needs.

Madam Speaker, having said that I give this motion my support.

MADAM SPEAKER:

The Second Elected Member for Bodden Town.

MR. G. HAIG BODDEN:

Madam Speaker, it disturbs me to see the Government seeking to borrow yet more funds when we realise that their entire Capital Budget this year has been made up of borrowed funds. I think the figure in the estimates was something like \$13 million to be borrowed and the bulk of that will come from the local banks. This has already had a bad effect on our economy. People are told by the banks that there is no money to lend and this is simply because the Government is borrowing locally. In this loan Government will be seeking to tap an outside source but one wonders, why is Government borrowing, why are they not exercising some financial restraint? Already this year a large sum of money has been allocated to agriculture and one would have thought that if it were necessary to have loan funds for agriculture, that a part of that money would have been used to lend to the farmers rather than paying it out to experts, as I understand a great portion of it will be.

I support this loan. I was the Member responsible at the time that the original scheme was set up and although there was strong objection from certain elements in the Island, the elected Government of the day was strong enough to have this scheme started. It appears to me that the Government squanders money on foolish items, items that could be put on hold, items that are really not necessary

at the time and then comes to borrow the funds for essential items.

I view this exercise here today as an essential item. I believe it is necessary to have certain funds available to the local farmers and the people in the tourist industry because the banks are of no help to local people. If you go to one of them and you are not a foreigner, you cannot get a loan unless they put you through the mill. Certain banks like the Bank of Nova Scotia want an arm and a leg and all sorts of political implications for the repayment of those loans. So I feel that it is necessary for the Government to make some money available to the little man so that he may get a loan as he would never be considered by a commercial bank if he does not have the ability to walk into that bank with a cardboard briefcase and say, "I have arrived by American Airlines."

But I fault the Government in taking money like the \$1 million that they threw away on the party in New York. That money should have been lent here. I could recall several other items from this year's budget where the \$1 million could have been taken for this much needed project if common-sense had been exercised. The Government is not in a healthy position. At the present time it is showing a surplus of about \$5,647,792 and we know the heavy expenditures that are ahead during the months of September, October, November and December. We also know the lean revenue that is ahead with the exception of probably December, so that we are bound to end this year with a huge deficit, probably much bigger than last year's phenomenal deficit. So where will it all end

If the Government continues to borrow and spend money like it is going out of style? It is my hope that when I support this loan today and the funds are made available, that the arm of Government which administers these funds will take a keen interest in the borrower and make certain that the repayment terms are within the bounds of possibility for the borrower. The AIDB was not created to be another hard-nosed lending institution, but to offer assistance to farmers and people in the tourist industry. I think, later it was extended to give some help in the field of education, but it must still be operated in a business-like fashion, giving the proper moratorium to the farmer to get his crops going, and the proper rate of interest and assurance to the borrower that he will benefit from the loan.

Overall Government needs to set its priorities and the time it needs to do this is at budget time. It should not be putting in the unnecessary things like a \$300,000 Post Office which is not needed. That probably could have been built for \$100,000 less and still provide an adequate facility. I could go on and on but as the Napa Parts advertisement says, "What is the use of telling you, you never listen anyhow."

In closing, I support the Financial Secretary in this motion but I do decry Government's total disregard for the bulk of the money that they have borrowed this year and for their extravagant manner of spending Government funds. I trust that when they put together next year's Budget we will see some improvement.

MADAM SPEAKER:

The First Elected Member for Cayman Brac and Little Cayman.

CAPT. MABRY S. KIRKCONNELL:

Thank you, Madam Speaker. I rise to support Government Motion No. 4/91 The Loans (Caribbean Development Bank) Law, 1977 - Agricultural and Industrial Development Board.

This loan in the amount of US\$1.2 million, as the Honourable First Official Member has very ably read out to us here today, will make funds available to our small businessmen and women who are struggling to carry on businesses. Previous speakers have indicated the difficulty that all of us experience in attempting to secure loans from the commercial banks, usually amortised over a very short period of time at a relatively high interest rate.

It is very difficult, particularly for farmers, to anticipate return on a crop. We saw the results of the devastation of Hurricane Gilbert here a couple of years ago. Farmers who anticipated a good crop within a few months, were almost completely wiped out by a couple of hours of high winds.

The uncertainties within the agricultural community make it very difficult for our business people to carry on business and to compete with the price of products coming from the larger, more developed countries. Therefore, I think it is good that we are able to make available a sum of money to assist them. The AIDB, (and I compliment the management) will handle the funds. I am convinced they will do this properly and I certainly would ask that in times of hardship they give every consideration to these borrowers because things do not always run smoothly and it is at such times of trouble when they need help. I would ask that whenever possible they try to go the extra mile to make the business ventures of our local people successful.

This also relates to the tourism development field where many Caymanians are involved in ancillary businesses. If they are to become fully involved they often need financial help. Again, it is hard to borrow money at the present rates of interest and repay within a short period of time and survive.

Madam Speaker, not only the Government here in the Cayman Islands is experiencing hard times; it is universal. Even the major developed countries today are having recessions. I join others in saying that we must be extremely cautious in our expenditures. I think this is one loan which I am confident the legislators here today will endorse. It will be to the benefit of the people of the Cayman Islands helping them to be successful entrepreneurs and helping to develop the Cayman Islands.

Madam Speaker, although these funds are earmarked specifically for agricultural, industrial and tourist development in the Islands, I would again like to mention on the floor of this Honourable House that the funds for student loans are also extremely important. I would ask that funds be kept available for those who desire to better their education and to improve themselves, so that they will be able to be of help to this country in future years, and are able, if they do not qualify for scholarships, to get student loans through the AIDB. This is equally as important to the young High school leaver aspiring to be a success as it is to

the small farmer or the small entrepreneur trying to get into the tourist industry.

So, Madam Speaker, to sum up what I am trying to say here today, I support this motion now before the House but I would also ask the Honourable First Official Member, in his official capacity as Financial Secretary, that he endeavour to see that sufficient money is available for students loans by the AIDB as well.

Thank you, Madam Speaker.

MADAM SPEAKER:

The Third Elected Member for West Bay.

MR. JOHN D. JEFFERSON, JR.:

Thank you, Madam Speaker.

I rise to offer my support of Government Motion No. 4/91 which is requesting permission to borrow funds to be then lent to the Agriculture and Industrial Development Board for the purpose of financing of sub-loans for agriculture, industrial and/or tourism development in the Cayman Islands. This particular area of financing has been very valuable especially to our small businessmen. It is a very attractive source of financing because of the terms, that is, the length of the term and also the interest rate which they are required to pay on these borrowings.

The only hope that I have is that more funds of this nature would be made available in the Cayman Islands. It is very difficult for someone who does not have the proper financial track record and lots of collateral to go to a commercial bank to secure the financing for purposes that would be considered by this particular Board. I am aware that quite a few loans have been extended for example, to persons who are interested in purchasing a fishing boat, a cargo boat or one for use in the tourist watersports industry and other tourist related services.

I remember the important role that the Cayman Islands Credit Union has played in this country with regard to financing. Many civil servants today, if it were not for the existence of the Credit Union would have a much more difficult time with their financial affairs. It is very attractive that deductions are made from their salaries which go into an account that they are then able to borrow against very quickly and easily. That is also the role that this particular Board plays in our society.

I trust that the funds that are made available will be approved for the purposes for which they are intended. We have just approved a Five-Year Agricultural Plan for the Cayman Islands and for this to be successful definite available financing at an attractive rate and terms is a necessity.

Our farmers must be in a position where they can borrow funds to finance their crops with the understanding that it may not be possible for the repayments to commence until those crops have been harvested. Financing in this area also gives more Caymanians a chance to enter into small businesses of their own. We all have ambitions in this area and those who have the tenacity, the commitment and the know-how to go out there and establish a small business should have an opportunity to do so.

I have no problem with borrowings of this nature and I give it my support; but I do agree with the Second Elected Member for Bodden Town that borrowings by Government have been a real concern over the past three years.

Thank you.

MADAM SPEAKER:

The Member for East End.

MR. JOHN B. McLEAN:

Madam Speaker, I rise to support Government Motion No. 4/91. I have always supported whatever came before this House that I felt would be of assistance to Caymanians and especially those involved in farming. I am pleased to see that Government has seen fit to bring a motion which will make available to the farmer and those involved in light industry and other tourist related businesses an opportunity to promote their efforts in these two areas.

Like the Second Elected Member for Bodden Town, I too, have had an opportunity to work with the AIDB. As a matter of fact, I think I was the second chairman of that Board. It is a great concern of mine that nowadays it is no longer operated the way that it was originally designed to. It seems to me from speaking to farmers that there is too much of the old commercial banking involved with it. In some instances, it is my understanding, that it is easier and quicker, especially for the farmer, to go to a commercial bank and obtain funds to continue farming rather than going to the AIDB.

I agree wholeheartedly that Government needs to monitor the funds properly when they are loaned to the different individuals. I have seen in the past, two areas which have been affected as a result of Government's leaving, until it was too late, a loan that had come into problems over the years. We have the Hydroponics Farm over in Lower Valley that has experienced many problems but I am happy to say that Government has now stepped in and is offering some support to the farmer for the next two years, as I understand. With regard to tourist related businesses, I think we had two cases where the businesses have experienced serious problems as a result of problems in servicing their loans.

Madam Speaker, I say this because while I am encouraging Government to take this avenue, I would not like to see any individual in the future have the hassle that the three that I mentioned, have experienced over the last two years. We need to encourage our Caymanians and take into consideration the large sums that we budget each year to promote tourism in the Cayman Islands compared to the measly sum that is spent on agriculture in the Cayman Islands. Really and truly what do we expect?

I have always been a believer that agriculture can definitely be profitable in these Islands. I am happy to note the various areas the First Official Member has outlined that can be serviced from the amount which is included in the motion. We need to take into consideration that while we spend huge sums on advertising in tourism, none of those funds are directly returned to our Treasury. We do have the

spin-offs in our economy and I am not saying this in any way to knock tourism, because I know that it is highly necessary that we advertise. I am just drawing a reference to show that we must take the bull by the horns and decide if we are going to fully support light industries and agriculture in the Cayman Islands as we have supported tourism or if we are going to call it "quits". Because, until we are prepared to include in our annual Budget a large sum which can be made available to the local farmer and those involved in light industries, agriculture and those industries will never be successful.

I support wholeheartedly that we take this stand and when it comes to the next Budget I would like to know that we have a substantial figure in that Budget that will be made available to farmers and to those involved in tourist related businesses and other light industries.

Madam Speaker, once again I am happy to support Government Motion No. 4/91.

Madam Speaker, once again I am happy to support

MADAM SPEAKER:

The Honourable Member for Education.

HON. BENSON O. EBANKS:

Madam Speaker, I support Government Motion No. 4/91 seeking the authority to borrow US\$1.2 million from the Caribbean Development Bank for onlending to the Agricultural and Industrial Development Board for onlending to Caymanians for use in the agricultural, industrial and tourism development sectors.

I would have thought that this could have been a motion with quite easy passage through the House but as usual we have some Members speaking with forked tongues. They say they support it but then they import irrelevant and extraneous things into the debate.

The fact is that the AIDB was established for this very purpose, to receive money from AIDB and other such aid-development lending agencies for onlending to Caymanians. It was never the intention that money from Government's General Revenue be used for this purpose unless of course it was absolutely impossible to get it from these development aid sources.

So this motion is not and should not be tied in anyway to Government's normal financing requirements for recurrent or capital expenditure. It would be untenable if Government were to seek to use money from General Revenue to finance the business ventures of any segment of society. That is my view. Because if we started that, and we are not going to be accused of favouritism, then we would have to consider requests from all areas and segments of the commercial society and that is not the function of Government. That is the function of commercial lending institutions.

The AIDB was and is designed as I said, to receive money from development agencies. This money usually is lent to member governments of the institutions on favourable terms for onlending to its citizens because these monies are in fact, used normally in either longer term or higher risk businesses than would normally be financed by commercial institutions.

Madam Speaker, it is worth saying that this \$1.2 million will be the largest tranche, from what I can see, ever offered by Caribbean Development Bank to this Government for onlending to AIDB. So if the previous loans had been in any way mishandled, I doubt that the Caribbean Development Bank would be offering this money to Government.

According to my calculations, until now (and the Caribbean Development Bank was established some 20 or 21 years ago), this Government has only had \$2.6 million lent to it for AIDB purposes and a further \$122,800 for student loans. That can only reflect a favourable image held by Caribbean Development Bank regarding this country and the way its finances are managed. Members should not try to cloud the issue by suggesting that there is anything untoward or irregular with Government's handling of its finances. It is in good standing with Caribbean Development Bank, otherwise we would not get this money to borrow.

On the question of the student loans, the reason why we are unable to include money for student loans is because Caribbean Development Bank, in making this money available in the past, (the \$122,800) made a portion of it available, in fact the greater portion of it, for financing education at regional institutions and because Caymanians tend to go abroad, that is to either the UK, Canada or the United States, we have not been able to fully utilise that portion of the loan which was earmarked for regional institutions and the bank will not grant a further tranche until we are able to use up that money. In other words, they have that money sitting there for this country and unless and until we can use up that section, they have indicated we will have difficulty getting more for non-regional education.

As I pointed out, AIDB was established for this very purpose; to borrow money for onlending. And in fact, the local projects which will be approved or have in the past been approved by AIDB for funding, must meet the Caribbean Development Bank criteria for this type of loan. In other words AIDB does not have an entirely free hand in lending this money. The projects have to meet criteria that have been laid down by the Caribbean Development Bank, so maybe that is where some Members find that the terms and conditions are not exactly what they would expect to be coming from an entirely autonomous body, but it has a lot to do with where the money comes from.

Having said that, I only want to add one further thing and that is that this money although it is being borrowed by Government and will be on-lent to AIDB, whenever AIDB lends this money it is properly secured so that the risk of its money being lost is very small. I do not believe that Government's current borrowing or even any downturn in the world economy should cloud Members' visions when dealing with this motion. This is money that is coming from the outside to be put into our economy to help Caymanians break into these industries or improve their existing ventures. It is new money and will circulate in the economy and provide the multiplying effect. It can only have positive results.

I support the motion and recommend it to all Members.

Thank you.

MADAM SPEAKER:

The First Elected Member for Bodden Town.

MR. ROY BODDEN:

Thank you, Madam Speaker.

Madam Speaker, in addressing this motion I would like to say that in response to a comment made by the last speaker concerning the difficult passage that this motion is having, I assume he was referring to the arguments put up by my colleagues on this side of the House.

No loan or no application for loan support should be easy at this time. While the amount is only for US\$1.2 million, it would be well if that were the only loan the Government is responsible for or has incurred at this time. This loan is compounded by the fact that we already have a public debt of over CI\$40 million. So any addition to that complicates the problem perhaps by exponential degrees. Anyway, there are some good things about this loan application and I support the fact that it is being used in the agricultural and industrial sectors, especially in the agricultural sector where I hope it can benefit those farmers who are struggling to improve their agricultural production and the lands.

I caution however, that we should be careful and perhaps if the Government, that is the elected Members of Executive Council, were stronger in their economic planning and projection (because it is to them that I have to give this caution) we could have avoided borrowing this money. If only we had thought twice about the \$1 million which was spent to promote the New York route, on which we have yet to receive any returns, and the \$300,000 that is earmarked to build a sub-Post Office in a constituency which statistics have proven as remaining stagnant for the last decade. There would have been no need to borrow this money if only we had used those funds for this purpose.

Madam Speaker, mention was made that the function of a good Government is to husband the country's resources so that they are utilised to the most advantageous effect for the benefit of the nation and in so doing, reducing the responsibility or the liability of successive political directorates.

I am reminded of this in the current issue of *The New Caymanian* talking about debt and the fact that Caymanians have now adopted the American trend of living in indebtedness. And I pose the question, because someone is eligible for a loan should that person take a loan, or should they take a loan only when that loan is necessary for a needed project? I marvel at the philosophy that I hear pouring forth from some people.

We need to be careful with borrowing in light of commitments which the Government has to Cayman Airways if what I read in the newspaper is factual. We also need to remember that we already have, as I mentioned before, a substantial public debt. And while in this case this loan will be supported by me, I will in the future be looking carefully at any applications for loans made by the Government.

Thank you, Madam Speaker.

MADAM SPEAKER:

The Third Elected Member for George Town.

MR. TRUMAN M. BODDEN:

Thank you, Madam Speaker. I support this motion and the intent behind the use to which these funds are to be put. I believe that this is one of the better areas that Government can use the loan funds of Caribbean Development Bank to assist the Islands in the areas of agriculture, industry, and tourism development.

The necessity for this is one that arises naturally when you have within a community areas of commerce that may be borderline from the economic returns, areas where there can be a loss or a profit and the difference many times is a very slim one and is very uncertain. Uncertainty in agriculture with the weather, acts of God so to speak, and areas where within industry and tourism it is important that certain necessary services and industries be kept going because they are an integral part of the overall area of development in that category for the Cayman Islands.

I will be dealing with Government's financial position and my worry is when the large loan arises at a later stage, but I was quite surprised to see that here we are supporting the Government in this matter and the Member for Education somehow, either through annoyance, confusion, or whatever, got up and began to beat on the Backbench. He must expect that at times there will be some criticism but if he is getting a "yes" to what he puts up I think he should, quite frankly, take it and not get upset about it, especially so early in a nice quiet meeting as we are having this morning.

I see that he is smiling so I assume that he is taking that the right way. I know he has no further right to speak on this matter, but it is a fact and there has to be criticism in areas where it is the duty of the Backbench to protect the public to ensure that there is accountability for the funds that are being spent and to ensure that Government is kept in line in seeing that the money that has been appropriated is being spent the way it should.

I support areas of what the Second Elected Member for Bodden Town raised and what the other Members raised. This loan is a good example of the position where money is being used, I think, for good purposes and in the interest of the Cayman Islands as a whole, so I have no hesitation in supporting this and I would urge the AIDB, in making the sub-loans of this US\$1.2 million, to see that it is done in such a way that those who need it most and the areas that are most needed for the economy of the Cayman Islands will be those that receive it.

Thank you.

MADAM SPEAKER:

The First Elected Member for West Bay.

MR. W. McKEEVA BUSH:

Thank you, Madam Speaker.

Madam Speaker, I am well aware that the Board was constituted for such purposes as implied in the resolution before the House and it is true to say that Caribbean Development Bank realises that the Cayman Islands, up to now, have been most successful in handling its financial affairs. I do not think that that needs to be preached to the House by any Member of the Government Bench.

Nobody on this side is speaking with a forked tongue. We are saying in a very straight-forward manner, as plain as A-B-C, that we support the purposes of this loan. We support the development of local industries and any input that the Government can make is most welcome. It is a pity that we are not in a position to subsidise some of the local industries since Government takes by the \$10 millions from local industry.

While saying that, as good representatives, we have to realise the overall position of the country and the overall position of the country today is not a good one. As it is with ourselves, our own houses, our own homes, so it is with the country. If we cannot borrow, or if we are getting to a position where we are overloaded, we might want a lot of things, we might even need a lot of things but sometimes we have to say, "We cannot do it." We have to be careful of what we are doing.

This country has a tremendous amount of financial commitment and by the day it is piling up. I am worried today that we have reached the place where our loan position is more than half of our annual budget. Now maybe somebody after me can get up and say that we are only guaranteeing the loan. I have always maintained that whenever we guarantee, if any institution is not in the position to pay back it can only mean that the Government of this country is liable. Now I know that the Government Bench has said many times that the two matters are different; our loan position, lending for capital and those loans which have gone out to Authorities or Boards. I know this is their position but nevertheless, as I have said, if we are guaranteeing something we are liable.

Day by day things are getting worse. We have Cayman Airways on our hands which is not in a good position and I should say here and now that if the Government would only listen they might not get into as many problems as they have gotten into.

You know I remember distinctly being criticised for getting up and saying that I have a gut feeling that the deal with Cayman Airways is not the right one to get into. The Member for Education, the same Member who spoke of forked tongues was the one criticising me as saying, "God help us if I start using my head."

Madam Speaker, things are not well in this country and I tell them once again they should learn to take advice. Criticism is good. It keeps people on their toes and it should either make them straighten up or stop altogether what they are doing. That has not been the case with this Government and they are only compounding their problems. I say again, our financial position, no matter what any accountant says, is not a good one.

I will give my support to this resolution because I believe that the purposes for which the loan is being applied are good ones. I trust that sometime further on in the day we can hear just how well we are doing.

MADAM SPEAKER:

At this time the House will be suspended until 2:30 p.m.

AT 1:02 P.M. THE HOUSE WAS SUSPENDED

HOUSE RESUMED AT 2:36 P.M.

MADAM SPEAKER:
Motion No. 4/91.

Please be seated. Proceedings are resumed. Government

Unless any other Member wishes to contribute to the debate, I would ask the Honourable First Official Member, mover of the motion, to wind up.

HON. THOMAS C. JEFFERSON:

Thank you, Madam Speaker.

both verbally and silently but

useful before we complete this particular Government Motion.

May I offer thanks to Honourable Members for their support I believe that a little more background information might be

As I understand it the AIDB is now dealing with four different matters: loans in respect of agriculture; loans in respect of industrial activity; loans in respect of tourism; and student loans. Some Members made reference to the establishment of the AIDB some years ago. This loan that is presently before the House for its consent is the fifth Caribbean Development Bank loan to this Government and this one, like others, is to assist the AIDB in financing its lending activities.

Between the years of 1976 and 1982, there were two loans totalling US\$660,000. Those two loans were approved for small industry credit and also a loan of \$312,500 for farm improvement credit. In 1985, CDB also approved a loan of \$1.2 million for an agricultural and industrial credit line to allow the AIDB to continue its work. As well, that loan incorporated student loan activity.

I believe that the way in which the Board has administered its responsibilities, in accordance with some of the wishes of Members, e.g. the security taken before or prior to loans being extended or dispersed to individuals, is in place and working properly. I believe too, that the Government has responded to ensuring that the AIDB does have, within budgetary limitations, additional funds to lend to students. The present 1991 Budget does have an allocation of \$120,000 and I believe that it is the intention of Government to make it an item that is a recurring one, provided the resources of the country can meet that proposed amount.

Members also made comments about the public debt and I believe that the public debt at the moment, that is at the end of July, if we break it into two portions, that portion that relates to Government's direct obligations, the balance would be \$5.1 million. The amount for self-financing loans as of 31st July, would be \$23.8 million. We know this Legislative Assembly has given authority to the Government to borrow a further \$12.9 million but none of that loan, as yet, has been drawn down.

We will be hearing later about other consents which are necessary in addition to this \$1 million for the AIDB so that I think when we get to the next motion being put before the House, I will try to be a little bit more explicit as to what the overall amount would be if it were to be totally drawn down.

I thank Members for their support.

MADAM SPEAKER:
against No.

I shall put the question. Those in favour please say Aye...Those

AYES.

MADAM SPEAKER: The Ayes have it.

AGREED. GOVERNMENT MOTION NO. 4/91 THE LOANS (CARIBBEAN DEVELOPMENT BANK) LAW, 1977 - AGRICULTURAL AND INDUSTRIAL DEVELOPMENT BOARD ACCORDINGLY APPROVED.

MADAM SPEAKER: Government Motion No. 5/91, The Loans (Caribbean Development Bank) Law, 1977 - Civil Aviation Board.

The Honourable First Official Member.

GOVERNMENT MOTION NO. 5/91

The Loans (Caribbean Development Bank) Law, 1977 - Civil Aviation Authority

HON. THOMAS C. JEFFERSON: Madam Speaker, I beg to move Government Motion No. 5/91, entitled The Loans (Caribbean Development Bank) Law, 1977 - Civil Aviation Authority. It reads:

"WHEREAS section 3(1) of the Loans (Caribbean Development Bank) Law, 1977 provides that the Governor may in such manner and on such terms and subject to such conditions as may be agreed between the Governor and the Bank, borrow from the Bank from time to time such sums as may be required by the Government not exceeding \$250,000 or, with the consent of the Legislative Assembly, amounts in excess of that sum;

AND WHEREAS it is proposed that the Governor of the Cayman Islands shall borrow an amount not exceeding the equivalent of eight million, five hundred and seventy thousand United States dollars (US\$8,570,000), from the Bank for the purpose of onlending the funds to the Civil Aviation Authority to finance improvements to the Owen Roberts International Airport in Grand Cayman being the reconstruction, strengthening and repairing of the runway with an asphalt concrete overlay;

BE IT THEREFORE RESOLVED THAT this Honourable House do consent, pursuant to section 3(1) of the said Law, to the borrowing by the Government of the Cayman Islands from the Caribbean Development Bank on such terms and conditions as may be agreed of a sum not exceeding eight million five hundred and seventy thousand United States dollars (US\$8,570,000) for the purpose of onlending the funds to the Civil Aviation Authority to finance improvements to the Owen Roberts International Airport in Grand Cayman being the reconstruction, strengthening and repairing of the runway with an asphalt concrete overlay."

Madam Speaker, the objectives of the borrowing, as stated in Government Motion No. 5/91, are to improve facilities at Owen Roberts International Airport to acceptable international standards to cater to traffic flows projected to the year 2010. Secondly, to expand the tourism sector in the Cayman Islands by improving the infrastructure for airport transport.

The work to be done, as described in the project document is :

- (1) approximately 41,745 square yards, (they call it milling approximately 41,745 square yards) of asphaltic concrete to a depth of 2.5 inches;
- (2) patching and earth work of 250 square yards;
- (3) the grading of shoulders, 19,067 square yards;
- (4) placing an overlay of approximately 28,500 tons of asphaltic concrete;
- (5) grooving the runway, 117,000 square yards;
- (6) application of approximately 25,000 square yards of seal costs;
- (7) stripping and marking of the runway; and
- (8) the construction of approximately 4,700 square yards of new asphaltic concrete apron for general aviation rating.

The borrowings will also assist with electrical work, the ground lighting relocating, some engineering services and project management.

The total cost of the project is estimated at \$8,929,000. The cost estimates of the civil and electrical work are as based on a priced bill of quantities at January 1990 prices for construction work prepared by the Consultants engaged by the Civil Aviation Authority, while the estimates for engineering services and project were prepared by the technical staff of the Public Works Department. The cost estimates have been reviewed by the Caribbean Development Bank staff and are considered acceptable.

Table 3 gives a summary of the project cost estimates which breaks the allocation into a local portion and a foreign portion. But in terms of mobilisation costs, that item will be \$850,000. The civil works will be \$5.5 million, the electrical works will be \$46,000, engineering services will be \$578,000 and project management would give us \$64,000. Those figures added together are \$7,051,000.

There are also physical contingencies of \$920,000, price contingencies of \$721,000 and lastly interest on the loan during the construction and the commitment fees are \$237,000. This works its way back to the figure that I mentioned earlier of \$8,929,000.

I believe that all of us who use the airport for one reason or another, whether it is on Cayman Airways taking off and going to Miami or other places, realise that the runway itself, in particular, needs urgent attention. I recommend the borrowings to this Honourable House.

MADAM SPEAKER:

The Motion is open for debate. (PAUSE)

HON. THOMAS C. JEFFERSON:

Madam Speaker, I think we can take the vote.

MADAM SPEAKER:

I was coming to that conclusion myself, but the Third Elected Member for George Town will not allow us to do that.

I was coming to that conclusion myself, but the Third Elected

MR. TRUMAN M. BODDEN:

Thank you, Madam Speaker.

This motion is one which I will support as I see it as a necessary matter to be dealt with at this time. The economy of this country depends upon good communication with the outside world and it is important that the airport be put into tip-top shape, at least necessary tip-top shape, to ensure that there is continuity of communications.

This, however, is a very significant sum of money. It is important that the Government recognise that as its borrowings go higher and higher each year, that the day is going to come when the country, if it proceeds at the rate in which it is going now, may not be able to borrow loans of this significant amount.

There is the worry that we will fall into the trap that politically other islands have gotten into where we borrow and borrow. Here it is for a necessary matter, but we have to always be cautious that we do not lose sight of the fact that while the government that borrows is rarely the government that has to repay because there are normally moratoriums on some of these CDB and other institutional loans, governments of the future have to deal with raising the money for the repayments and the people of this country will have to bear the burden for those repayments.

I know that it is fashionable from the financial point of view that Government now transfers its public debt to what are called self-financing loans that other arms of Government, be they institutions which are merely statutory authorities or whether they are separate corporate entities as well, and then they show that the...(AUDIO INTERRUPTION)

The thing that has become fashionable it appears with this Government is that there is a borrowing which is a primary debt and the Government owes that debt. It is onward lent to an Authority or a Board or some other type of statutory corporation. Then you reduce the public debt by that amount and it is shown on the other side, in this double entry bookkeeping that we are often told with Cayman Airways that we did not know about, which shows an off-setting amount for that and everybody says, "Oh, look, the public debt is being reduced."

In this case, this onward lending is in fact a primary debt to the Government and if there is a default on it then the Government itself stands as the primary borrower to repay it. They are borrowing the money and they are onlending it to the Civil Aviation Authority. Years ago, this would have been shown normally as a public debt but it gets transferred on these days. That is why it is important that when we look at where we are going with loans of this size, we realise that one must add together the public debt as well as the debt for which Government has either guaranteed or which it has onward lent to the arms of Government such as the Civil Aviation Authority, in a few sessions earlier, it was the Water and the Sewage Statutory Authority that these funds had moved on to.

Caution has to be looked at and exercised in relation to these borrowings. We know, notwithstanding the fact that certain loans for the capital works may not yet have been drawn down, that we must expect that some of that will be drawn down when one looks at Government's current financial position. Failing that, there must be a continued depletion and deterioration of the General Reserves which, at this stage, cannot go any lower in my view, because it basically stands at what it was some seven or eight years ago, give or take \$1 million here and there.

A year or so back there was a motion that I moved in this House which stated two things, it was in two parts. One was that Government should not exceed borrowings of which 10 per cent of the recurrent expenditure would be used to service the debt and that part of the motion failed.

The second part of it was that Government should not enter into obligations contractually unless the funds had been approved. I have not been able yet to get a copy of that motion

but I would once again caution Government to be careful, to ensure that before any contracts, not just large ones such as this, may be entered into, (and if I am wrong on that at least I saw in the newspaper that some agreement was signed in relation to it), to first put in place the authority that will clothe them with the right to put this through because in the House as it now stands, with a minority of elected Members on the Government side, it is not always assured that all borrowings or all authorisations of expenditure may succeed. I know that regardless of that Government is bound contractually if that is the case.

But once again, just a word of caution there and also to say that I believe that the time has long passed when the Government should be looking for ways or new areas which are not taxing upon the local public to raise funds to deal with loans such as this, or to replace loans such as these, to ensure that there is a vibrant economy and not one that is going to be saddled with heavy debts in the future.

I support the motion. My words of caution are repetitions of the past because I do know that sometime in the next year we can expect that Government will be coming for sizable sums of money, presumably most of it will have to be borrowed for the Hospital, whatever that may be - \$15 or \$20 million; for the Schools, which could be quite a sizable amount of the estimated sum of \$32 million over the five year period and there are also those areas that at present may not be foreseeable that may arise.

This specific amount was not put into the Estimates, naturally, and this is the reason for the motion at this time. But we were told that it was being dealt with and that it would be coming to the Legislature.

I support this. I think that it is necessary and while I do not know exactly where we stand as far as the full public debt at this stage, I once again will echo that Government has to be cautious and make sure that the spending is within an amount that can be properly and easily serviced without heavy taxing of our people as has been done in the recent past.

I support the motion.

MADAM SPEAKER:

The Third Elected Member for West Bay.

MR. JOHN D. JEFFERSON, JR.:

Thank you, Madam Speaker.

Madam Speaker, I rise to give my support to Government Motion of No. 5/91, calling for approval to borrow a sum of \$8,570,000 for the resurfacing of the Owen Roberts Airport.

Madam Speaker, I support this because I feel that good communication and continued improvement in our tourism related facilities such as airports are very important for our continued success in the area of tourism and banking. I also feel that it is justified because air safety is of vital importance. We have been very fortunate in this country, in that, we have not had any disasters such as airplane disasters through crashes because those things could be brought about by aircraft having to use unsafe air-strips for landing fields.

I might be wrong, but I also believe that it has probably been in the region of 25 years since the present air-strip was re-surfaced because I can remember while I was in High School having an Easter job on the air-strip and that has been over 25 years.

The borrowings, I feel, are also justified by the fact that the Civil Aviation Department is in a position to earn fees or revenue to repay these funds through assessing landing fees to airlines using the Cayman Islands destination and these fees can be used then to repay the loan.

I also have a great deal of respect for the Civil Aviation Department and its abilities. In my opinion, it is probably one of the best run Government Departments or Authorities in existence today. It is also headed up by a Caymanian and staffed almost exclusively with Caymanians.

The borrowings would also increase Government's commitment as far as the funds that it is responsible for. I am always cautious as far as Government's borrowings are concerned. I believe that one of the reasons for our success as a country and as a Government has been our ability and our prudence in managing our financial affairs. By that, I mean we have always been the type of people that live within our means and there are lots of needs, there are lots of services that Government is called upon today to provide.

The caution that I would throw out is that, we continue to provide those facilities and services as our revenue dictates and allow rather than going out there and borrowing money just to provide the service. The day that we lose our financial independence in this country, things are going to change drastically.

I would hate for us to continue to go on the expenditure bit that we have been set on, I would say, in the last three or four years, and get in a position where after a few years we will find ourselves suffering from the same symptoms and problems as so many other Caribbean countries, where the IMF comes in and dictates to you what you have to do in order to get additional funds, just to service borrowing needs.

My attitude is that we continue when we are providing the annual Budget, to assess the needs this country has, prioritise them and provide them as our local revenue allows because I believe that financial independence is a top priority if we are to continue to enjoy the period of prosperity and independence we have experienced and enjoyed in this country for so many years.

My position is and I have always said this from the time I was elected, whenever Government brings something that makes sense, that I feel that is in the best interest of this country and that we can afford, they can count on my support.

So, Madam Speaker, I support this Motion. thank you.

MADAM SPEAKER:
Cayman.

The Second Elected Member for Cayman Brac and Little

MR. GILBERT A. McLEAN:

Thank you, Madam Speaker.

I suppose, Madam Speaker, I will be a bit different than the speakers before me because I will first of all express grave concern about the further loan commitment of this country to the extent of US\$8,570,000. It is a staggering sum of money, even if it was easy dollars or some other dollars that we hear about in near regions to ours, but this is United States dollars. And, Madam Speaker, I am sure that the Civil Aviation Department of this Government will not be paying CDB back in Cayman Islands dollars, they will be paying them back in hard currency, namely, U.S.

That means that much less in this country of ours. A commitment which is written in black and white, which will be a legal and binding commitment and one which if the situations in this Island grows worse, then it will become all the harder to repay.

Madam Speaker, I listened to the presentation of the information when this Motion was being moved and I find it extremely meager. It is not sufficient to say that one wants US\$8,570,000 being the reconstruction, strengthening and repairing of the runway with an asphalt concrete overlay. What is all that fancy language and words supposed to mean? It is some special kind of rock or asphalt? They are going to reconstruct, they are going to strengthen and they are going to repair the runway.

Madam Speaker, for that kind of money it would seem to me that somebody would know exactly what they are going to do on that runway. If you have a mile and a half of runway, what are you going to do? Are you going to reconstruct part of it? Are you going to strengthen part of it or are you going to leave some of it there and just repair it for that kind of money?

It does not make a lot of sense to me, perhaps there are those who would say that I cannot make a lot of sense of it but I have had in my life time a little association with people who have laid several thousands of miles of asphalt concrete.

I would suggest that, for that kind of money in some of the other islands in the Caribbean, that, that kind of money would not only build a runway, it would put in a complete road system and build some buildings. It is not, I say, sufficient information to this House to simply say one must give the Civil Aviation Department that kind of money because they want to reconstruct, strengthen and repair the runway.

How wide is it going to be? How long is it going to be? Is it going to be the same length or are they going to extend it so that it can take 727...ah, no we do not want any 727s - 747s and DC-10s. Is it going to be lengthened? Are the sides going to be extended in keeping with the dimensions that is required by the International Civil Aviation Authority? What is it all about? Nobody has said so far. I believe there needs to be more information on this particular request before this House. Why did the Government not present a paper setting out a little something for the benefit of us underlings as to what this money is supposed to cover? It is not clear to me, Madam Speaker.

The only thing that I have heard about in relation to the airport runway, and that was a few months back when a local company allegedly was offered a contract for \$4.5 million, if I remember correctly. I was very pleased with that because it was an acknowledgment, I think, that there are among us persons capable of doing the work where normally the Government would have sent and hired someone from somewhere else to do it. The people it was awarded to are hard working, honest, civic minded people. I was also very pleased about that, but that was \$4.5 million. What are all the other millions about? Nobody has said. But yet, they expect that we will sit in this House and approve it. Well some might, Madam Speaker, but certainly if I do not hear something more and a whole lot more explicit, realistic information, it can pass but it will pass without my vote. That is nothing strange.

We are talking about a runway which is an area in any country designed to provide a place for aircraft to land and take off. In itself it does not generate revenue but certain fees are charged as an international standard in the world for planes to land and take off on run-ways. I have no basis of comparison between what we charge here, let's say, to what is charged in Miami, what is charged in Jamaica, Barbados and all of the rest of it. But at least I have heard that our landing fees are definitely on the high side.

Will this not mean that they will have to get a whole lot higher? Or is someone suggesting that because we have a new runway, more planes are going to land on it, just like we said when we got new planes, more people were going to fly on them?

I wonder where is that what they call good old Caymanian common sense or are we suffering from some kind of strange syndrome called "million dollaritis"? We do not quote in the thousands no more, it is millions, and do not worry for a moment, if the millions are there, there are ways and means of spending it. If there is any short supply of people with that know how, we find them real fast. How are we going to recoup the costs? I would bet if this money is approved, that, somewhere along the line, there will be a statement that as an act of God occurred and there was so much time lost during this month and so forth, that they need \$2 million more and I can basically just hear that request being made of the Finance Committee - they need more money to reconstruct, strengthen and repair the runway.

I think this Motion before the House is rather insulting. In this form, in so scant a manner, it is nothing short of an insult. Could they not have said, we estimate asphalt of so many million barrels, rock of so many million tons, sand of so much and labour of so much; with four or five companies working together or engineers involved in this, as well, who have to get their piece of the action and it is going to cost this much?

No, Madam Speaker. A request for near \$9 million comes to this House and Elected representatives of the people are supposed to smile sweetly and pass it.

In face of the fact, if I remember correctly, in the last Finance Committee meeting, the Third Elected Member for George Town asked for confirmation that we are now something

like \$43 million, at that time, in debt? Add this to it, that will seem that that goes over \$50 million, plus \$1.2 million passed a few minutes ago and it keeps mounting. I wonder if any thought is given to the repayment of it? We got the best aircraft in the world, but somebody had to pay for it and when you cannot pay, then you cannot play.

I am very concerned about this request. It has not been explained what this money will be used for. I can say little more about it than to raise those question and those concerns because they come naturally. If other information was given, then perhaps I could offer criticisms or suggestions or warn someone - perhaps you had better look out for this or look out for that.

Right now, I am left very much in the dark and wondering and worrying how do we pay it all back? Do we have some guarantee the times are going to continue to be good or they are going to get better when they are falling apart in every other country of the world? Is this expense necessary at this time? Are people being knocked out of their seats when the planes land? Do the planes not have enough space or length of runway to take off now? Do we need to get into this situation now?

Madam Speaker, also I recall that just last year a Motion was passed in this House, moved by the Third Elected Member for George Town, where the Motion specifically said Government would not enter into commitments of large sums of money without first getting the approval of this House.

Has that not happened now? Does it make the slightest bit of difference to the Government of the day? Does it care? Does it not have any concern that when something is passed in this Legislature it is serious business? Yet, here it comes along \$9 million, you want to strengthen, reconstruct and repair the runway. That is it.

I am against this type of Government that takes this attitude towards things. I think that it does not speak very highly of the Government's attitude towards this Legislature in bringing a Motion like this asking for such a vast sum of money with little to no explanation. I am concerned if we move into one more item of debt, how we are going to repay knowing that the Government is going to come forward undoubtedly with all sorts of goodies for the next year because that is the type of year it is?

Where do the people stand, where does the Government get the money? Only through taxation. Can we take another \$10 million package like last July? I say no, Madam Speaker.

With those rather few words, unless some information from the Member responsible for Civil Aviation, the Civil Aviation Authority or the Financial Secretary or someone can really give some explanation and some detail on this situation, I shall not give this my support.

Thank you, Madam Speaker.

MADAM SPEAKER:

The Honourable Member for Tourism, Aviation and Trade.

HON. W. NORMAN BODDEN:

Thank you, Madam Speaker.

I rise to support Government Motion No. 5/91. In doing so I will be very brief in the few comments that I have to make. Some previous speakers have offered their support for this Motion and in doing so have pointed out the importance of this project to the country. This is a fact and I think it is readily recognised by all Members of this House that it is of utmost importance that our link to the outside world and to our two other Islands are maintained. I think it was the Third Elected Member for West Bay, who spoke about the last time that the runway at Owen Roberts Airport was resurfaced and I would like to confirm that he has a very good memory because in truth and in fact, it has been exactly 25 years ago that the runway here in Grand Cayman, was resurfaced.

Maybe if I explained a bit to the House of how this project was developed, and I will endeavour to assist the Second Elected Member for Cayman Brac and Little Cayman with whatever details that I have. Of course I am not an engineer and I will not be able to give him exactly the number of square yards of asphalt that will be laid and the technical fashion in which this resurfacing will be carried out, but maybe in explaining from my experience with working with the project and working with the Steering Committee on this, I might be able to convince Members that there is full justification for this project and to enlist their support.

In recent years frequent inspections of this relatively old runway have indicated that high load bearing aircraft, such as the 727 and the DC-8, were certainly taking a toll on the asphalted surfaces and extensive tests were deemed necessary. Initially, these were what is known as spot height checks but these resulted with a clear indication that a certain amount of settling on the runway had taken place. Deteriorations were also evident which was due to aging and some failure of recent pavement works. I think the First Official Member of Government, in presenting this Motion pointed out and I am sure those of us who travelled even within the last year can feel the effects of those areas in the runway and the ramp, which, to some extent has suffered a structural failure.

In 1990, bearing all of these factors in mind the Civil Aviation Authority commissioned an engineering survey of the runway at Owen Roberts International Airport to be conducted.

Tomlinson Engineering suggested a method of analyzing the pavement resulting (noise) in an evaluation and appropriate recommendations were made for timely repair and maintenance of the entire maneuvering areas. These are primarily the areas at both ends of the runway. Following that report, the Board of the Civil Aviation Authority selected a small committee to follow up on the recommendations of the report and several meetings were held to determine the most appropriate route to take in order to get the best job done at the most appropriate time.

In this process the Public Works Department, Tomlinson Engineering, the Director of Civil Aviation, the Deputy Financial Secretary and a couple member of the Civil Aviation Authority agreed to serve on what was considered by the Authority as a Project Committee.

With the assistance of the Financial Secretary initial discussions took place with CDB for possible funding. In February of this year, CDB officials visited and met with the Director of Civil Aviation, with Members of staff from the Portfolio of Tourism, Aviation and Trade and the Financial Secretary. It was agreed that a submission would be made for funding and it was intended originally that 80 per cent of the cost of this funding would be provided by CDB and the Civil Aviation Authority would provide the other 20 per cent from its own resources.

Madam Speaker, in regards to the work that will be carried out, we feel that the engineering studies that have been conducted clearly identified what work had to be done on the runway and on the aprons, and it was a matter of fact that the need for these repairs is urgent and could no longer be postponed.

It is my understanding that the work will consist of runway repairs, that is the asphaltic overlay to a certain height in some areas. I think the Financial Secretary, in the project document referred to 2.5 inches in some areas. Into the work that will be done in resurfacing the actual runway, there is the general aviation apron repairs and construction which is the area where the private aircraft are handled.

It is also the re-sealing of the apron and other necessary work including what is known as the runway grooving, the painting of markers in certain areas, and the re-adjustment of runway lighting.

Madam Speaker, the procedure regarding the pre-qualification of contractors and the award of the contractors was followed in accordance with the schedule that had been developed by the engineers in consultation with Public Works Department and I might point out here that the timing and success of this project is very critical. The idea was to start this project during the off-season so that it could be completed by the middle of December before the high season starts. The whole project has been followed very closely and in accordance with the time frame that has been set out. It should be completed in time.

I know the point was made by one Member regarding additional costs and over-run. I think that the Civil Aviation Authority, acting on the advice of the Public Works Department and Tomlinson Engineering which are the advisors to the Authority on the project, have tried as hard as possible to ensure that every area has been covered in the contract that could possibly be covered to tie the amount that has been agreed to. We are also very pleased that it has been possible for us, that is the Civil Aviation Authority, to award both contracts; the one for the engineering and the other to Island Paving, both local contracting firms.

I think this speaks well for the country that we have advanced to a stage where we can find that type of expertise available here in the Cayman Islands and that we do not have to go outside to bring in contractors to do the work. I believe that the Civil Aviation Authority will be able to service its debt from its revenue earnings from landing fees, from travel tax and other sources that are available to the Civil Aviation Authority. I trust that the project will proceed on schedule and that the funding will be provided through the sincere support of all Members of this House.

Thank you, Madam Speaker.

MADAM SPEAKER:

The First Elected Member for West Bay.

MR. W. McKEEVA BUSH:

Madam Speaker, I rise to support the Resolution before this House because I understand and realise that there is need for repair work at the Airport. I quite understand what is being done.

There was a time, Madam Speaker, in this country when development was funded by Revenue. Sadly, that is not the position today. This present regime, meaning the four Members of Executive Council, has borrowed practically everything it has needed. What work has been done, that I can see, large or small projects, have been done on borrowed money. The Government have to borrow because they have done but very little to bring in the kind of revenue which is needed today to run the country and do necessary and vital infrastructural development.

We have a good man at the wheel in the Honourable Financial Secretary. When I am advised by him, I feel good, but he, however, is only one person and can only do what the four Elected Members of Council want done. As has been said by the Second Member for Cayman Brac, it is one thing to borrow money but another matter when that which is borrowed has to be paid back.

I have to be concerned overall regardless of what has been said about the debt position. I have to be concerned overall when I see the mounting debt in this country. I am hoping that we do not get to the position where some day in the near future we have to devalue our currency. These are worrying concerns of mine.

They say that, "Oh, we can borrow because we have a good name.". We have always had a good name but I believe, if I am not mistaken, Madam Speaker, we have reached number three in the credit position. I think when dealing with Caribbean Development Bank we are now rated in the number three position or something around there. We used to be the top. We have gone down as a diving centre. I hope that we do not go down as a financial centre.

Gone are the days of the \$30 million in Reserve and Surplus. These four Honourable men on the other side do not listen to anybody when we try to give them good advice. I say it again, as I said this morning, Cayman Airways is in front of us, we do not know what is going to happen, nothing has been said by way of statement to make this country know what is going on with it. We see in the papers that the planes, that grand deal that they had somehow come up with has left us...

MADAM SPEAKER:

Honourable Member, that is not the matter before the House at the moment. Would you please confine your remarks to Government Motion No. 5/91?

MR. W. McKEEVA BUSH:

Madam Speaker, I trust that I am not ranging too wide. I am only saying that we have to be concerned because we have situations on our hands that could put the country in a position where we cannot pay our bills. We are borrowing and I have no doubt that the Civil Aviation Authority would have every good intention to pay back but, I believe if Honourable Members on the other side would inform the House correctly, that same Cayman Airways which I am talking about is one of the people that is supposed to pay the Civil Aviation to help the Civil Aviation pay back loans.

I happen to understand that Cayman Airways has not even paid the landing fees since January. So, if they are not getting that kind of revenue, what are we going to pay back with? That is my concern. We just heard that the loan will be paid back from such revenue but if the revenue is not coming in, where is the money going to come from? If the revenue is not coming in, if, for instance, Cayman Airways is not paying and they are doing nothing to bring in the kind of development to generate the income, who is going to pay? Who is going to pay, Madam Speaker? The same people that paid last year? Take it out of the local economy and they will have businesses to such an extent that people are hurting? It is one thing to borrow but it is another to pay back. So I have to be concerned overall.

I know we are not going to hear anything about all the bills that are piling up. You are not going to get any statement to inform us and we can only debate in the blind. I look forward to hearing, the truth, the whole truth and nothing but the truth on what the true position of this country is when we take all of our loan positions together, including Cayman Airways and the 737-400s, that we do not have now.

MADAM SPEAKER:

Proceedings will be suspended for 15 minutes.

AT 3:55 P.M. THE HOUSE WAS SUSPENDED

HOUSE RESUMED AT 4:28 P.M.

MADAM SPEAKER:

Please be seated. Proceedings are resumed. There are four minutes left to the moment of interruption at 4:30 P.M. I expect the time would be too short for any Member to make a contribution. I shall therefore ask the Honourable the First Official Member if he would move the adjournment.

**MOMENT OF INTERRUPTION - 4:30 P.M.
STANDING ORDER 10(2)**

ADJOURNMENT

HON. THOMAS C. JEFFERSON:

Madam Speaker, in accordance with the wish of the Business Committee, I move the adjournment of this Honourable House until 10 o'clock Wednesday morning.

MADAM SPEAKER:

The question is that this Honourable House do now adjourn until 10 o'clock Wednesday morning. I shall put the question. Those in favour please say Aye...Those against No.

AYES.

MADAM SPEAKER: The Ayes have it. The House is accordingly adjourned until Wednesday morning at 10 o'clock.

AT 4:29 P.M. THE HOUSE STOOD ADJOURNED UNTIL 10:00 A.M., WEDNESDAY, 4TH SEPTEMBER, 1991.

**WEDNESDAY
4TH SEPTEMBER, 1991
10:10 A.M.**

MADAM SPEAKER:

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 II, 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 Speaker of the Legislative Assembly, 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.

Let us say the Lord's prayer together:

Our Father who art in Heaven, Hallowed be Thy Name, Thy Kingdom come, Thy will be done on earth as it is in Heaven; Give us this day our daily bread, and forgive us our trespasses, as we forgive 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.

STATEMENT BY MADAM SPEAKER

MADAM SPEAKER:

Proceedings are resumed.

Before we proceed to the Business of the House, I want to apologise to Members for the 10 minute delay. I cannot at this moment tell you the reason why, but the House was adjourned until 10 o'clock this morning and I would ask that in future every effort be made for it to commence at 10 o'clock. Thank you very much.

Questions to Honourable Members. Deferred Question No.

188. The Third Elected Member for West Bay.

QUESTIONS TO HONOURABLE MEMBERS

DEFERRED QUESTION NO. 188

THE THIRD ELECTED MEMBER FOR WEST BAY TO ASK THE HONOURABLE ELECTED MEMBER RESPONSIBLE FOR COMMUNICATIONS, WORKS AND AGRICULTURE

No. 188: Would the Honourable Member advise what progress has been made in implementing the recommendations accepted by Government in Private Member's Motion No. 14/91?

Answer: Subsequent to the passage of Private Member's Motion No. 14/91, the Port Authority acquired the services of security officers to police the Port, including the cruise ship landing. There are currently two taxi dispatchers at the cruise ship landing who are handling all dispatches in a satisfactory manner.

The United Church is cooperating with the Port in not allowing taxis to park in their premises and solicit fares. Additionally, two uniform police officers are posted at the cruise ship landing whenever a cruise ship is in Port. This is to maintain order and eliminate harassment of tourists.

The Director of Ports advises that insofar as the cruise ship landing is concerned things are functioning in an orderly and efficient manner.

Regarding the establishment of a central location in George Town for buses providing public transportation to and from George Town, the Public Works Department is carrying out a study to determine the most suitable location for this facility. Two areas which show considerable promise are behind the Public Library and along Albert Panton Street.

SUPPLEMENTARIES

MADAM SPEAKER: Supplementary. The Third Elected Member for West Bay.

MR. JOHN D. JEFFERSON, JR.: Madam Speaker, I am very pleased to hear that progress is being made. My question is with regard to the bus depot, how quickly does the Member expect Public Works to complete their research in order to make a decision as to what destination or area will be used for the bus depot?

HON. LINFORD A. PIERSON: Madam Speaker, shortly after the passage of Private Member's Motion No. 14/91, Public Works was directed to take this matter as the top priority and to report to the Portfolio as early as possible. As mentioned, there are two areas which we are looking at right now. Perhaps of those two the most likely area for the purpose of a central depot would be along Albert Panton Street. We are also looking at another area near to George Town, as we realise that the building on the old Kirk Plaza premises will perhaps commence shortly and the buses will have to find alternative areas to park.

MADAM SPEAKER: The Third Elected Member for West Bay.

MR. JOHN D. JEFFERSON, JR.: I wonder if the Member would mention what kind of time frame he is working with, with regard to the establishment of the central bus depot in George Town?

HON. LINFORD A. PIERSON: I am reliably informed that we are looking at another eight weeks.

MADAM SPEAKER: If there are no further supplementaries we shall proceed to Question No. 190, standing in the name of the First Elected Member for Bodden Town.

THE FIRST ELECTED MEMBER FOR BODDEN TOWN TO ASK THE HONOURABLE ELECTED MEMBER RESPONSIBLE FOR EDUCATION, ENVIRONMENT, RECREATION AND CULTURE

No. 190: Would the Honourable Member say what action has Government taken to meet the requirements of Private Member's Motion 3/90 regarding the International College of the Cayman Islands (ICCI)?

Answer: As agreed in the Legislative Assembly, Government has passed the matter to the Education Council for action.

To date, the Education Council has requested the International College of the Cayman Islands to submit an application for registration which the College has done. As part of this process the Education Council has requested and received copies of the papers submitted by the College to the Association of Independent Colleges and Schools, Washington DC, USA, for accreditation. These documents are currently being studied by the Education Council. It is hoped to resolve the matter before the end of this year.

SUPPLEMENTARIES

MADAM SPEAKER: The First Elected Member for Bodden Town.

MR. ROY BODDEN: Through the Chair, I would like to ask the Honourable Member what action has Government taken to address that portion of the Motion which asks for an assessment to be made of the ICCI, with regard to its viability and its prospects for operating as an institution of tertiary education in the Cayman Islands?

HON. BENSON O. EBANKS: Madam Speaker, that part of the Motion will be dependent on the outcome of the preliminary study being done, as mentioned in the answer.

MADAM SPEAKER: The First Elected Member for Bodden Town.

MR. ROY BODDEN: Madam Speaker, I wonder if the Honourable Member is saying that the College will be registered, but if the assessment, when it is done, states that the College is not worthy of being deemed or classed as an educational institution and it will then have to be registered thus, causing great inconvenience and embarrassment?

HON. BENSON O. EBANKS: No, Madam Speaker. I am not saying that it will be registered. I am saying that the whole study will be done before it is registered, but this packet of papers is the first part of the study being carried out. It would certainly depend on what this shows up. For example, this shows the staff that are available, the courses that are offered, the content and so on, which is part and parcel of what the Member is referring to.

MADAM SPEAKER: The First Elected Member for Bodden Town.

MR. ROY BODDEN: I wonder if the Honourable Member could explain to the House, why was the assessment not done before the application for registration was considered?

HON. BENSON O. EBANKS: Madam Speaker, the Member is a member of the Education Council and he knows that that was the route that the Education Council decided to proceed on; to invite the College to register and this would lead to the Council being able to request all of the information it considered necessary to meet the terms of this Motion as well as for registration.

MADAM SPEAKER: The First Elected Member for Bodden Town.

MR. ROY BODDEN: Madam Speaker, I would like to ask the Honourable Member if the question appeared before the Council as to what procedure should be put in place? For example, whether the assessment should be made before registration was considered or should the assessment be made after the application for registration? And, Madam Speaker, that Member is the Chairman.

HON. BENSON O. EBANKS: Yes, Madam Speaker, I am the Chairman and that is why I know what went on and the Member, who is a member, should also know what went on. The question was not put as to what specifically would be done. The question that was decided was how to proceed on the whole question before Council and this was the decision that was taken.

MADAM SPEAKER: The Third Elected Member for West Bay, caught my eye previously.

MR. JOHN D. JEFFERSON, JR.: Madam Speaker, in the answer to the question, the Member mentioned that these documents are being studied by the Education Council. I wonder if he would advise this House, who is doing this study?

HON. BENSON O. EBANKS: At the moment the documents are with me, Madam Speaker, as Chairman of the Council.

MADAM SPEAKER: The Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: The Member, as Chairman of the Education Council, should also have information available to him prior to this about the ICCI College, is he also looking at information which was submitted many years ago, along with the up-dated information which ICCI may have submitted to the U.S. Accreditation body in the United States? And, should not that very first documentation give a very clear indication of its position?

HON. BENSON O. EBANKS: Madam Speaker, the documents to which I refer having been supplied at the request of the Education Council, are the only documents I have any knowledge of, in connection with the College. I have seen statements in the press that an application was made for registration, I think it was in 1977, and the documents submitted, but my staff have not been able to supply those documents to me.

MADAM SPEAKER: The Third Elected Member for George Town.

MR. TRUMAN M. BODDEN: Is the resumption of giving grants to ICCI dependent on this registration as this was stopped, I understand, in 1984?

HON. BENSON O. EBANKS: Madam Speaker, I have no knowledge of when the...if grants had been given in the past to ICCI, I have no knowledge of when it was stopped.

The only thing I have knowledge of is the Hotel School which was carried on at the College sort of on behalf of the Portfolio of Tourism, Aviation and Trade, which at one time was stopped and it was attached to our Community College here in George Town. So any payments that were being made in that regard were stopped. But I have no knowledge of any grants ever having been made or being stopped.

MADAM SPEAKER: The Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: Is it not true that studies were done by personnel from the University of the West Indies, as well as qualified personnel from the University in Oregon, in the early years of the ICCI, which were submitted to Education Department? And is it not true that it is the intention or the wish or policy of the Education authorities, at this time, to take ICCI out of the Education system, so as to provide business for the Community College and to allow the Community College to look good in the present affair?

HON. BENSON O. EBANKS: Madam Speaker, I missed the first part of that question. I caught when you mentioned the University of the West Indies, I did not get the first couple of words. Could you repeat that?

MR. GILBERT A. McLEAN: Madam Speaker, I asked the Member if it is not true that personnel or a team or a qualified person from the University of the West Indies, did an assessment of ICCI and also qualified persons from a University in Oregon in the early years which were submitted to the Education Department?

HON. BENSON O. EBANKS: Madam Speaker, I am aware that a team from the University of the West Indies came to Cayman and had a discussion with the founder of ICCI and a gentleman whom, I believe, was his technical advisor, I do not know where he came from, but there is no record of that meeting or of any recommendations emanating from that meeting. I have not seen any of those records.

Now, as regards the last part of the Member's question. Madam Speaker, my Portfolio does not regard ICCI, as a threat to the Community College of the Cayman Islands. I am satisfied that the Community College can hold its own against any competition and it is not my intention, as I said, in the meeting where we were debating this Motion, I have no intention of putting any straws in the way of ICCI. If it can take the competition from the Community College, I have no worry about the Community College standing the competition from ICCI.

MADAM SPEAKER: The next Question, No. 191, stands in the name of the First Elected Member for Bodden Town.

THE FIRST ELECTED MEMBER FOR BODDEN TOWN TO ASK THE HONOURABLE THIRD OFFICIAL MEMBER RESPONSIBLE FOR INTERNAL AND EXTERNAL AFFAIRS

No. 191: Would the Honourable Member say:

- (1) how many persons were dismissed and how many persons retired from the Government Service in the past five years;
- (2) what was the nationality of these persons;
- (3) what were the Departments or Portfolios from which these retirements or dismissals occurred; and
- (4) what were the grounds for dismissal?

Answer: (1) Over the past five years, a total of 21 persons have been dismissed from the Service and 49 have retired.

(2) All persons were Caymanian.

(3) Persons were dismissed from Civil Aviation, Computer Services, Customs, Fire Service, Health & Social Services, Immigration, Marine Survey, Personnel, Post Office, Public Works Department and Registrar of Companies.

Persons retired from Civil Aviation, Medical Health Services, Education, Customs, Finance & Development, Port Authority, Post Office, Central Funding Scheme, Legislative Department, Police, Treasury, Mosquito Research & Control Unit, Communications Works & Agriculture and Public Works Department.

(4) The grounds for dismissal were as follows:-

absenteeism	-	7 cases
conviction of a criminal offence	-	4 cases
official corruption	-	2 cases
misconduct	-	8 cases.

*A breakdown is attached (*see page 830*).

SUPPLEMENTARIES

MADAM SPEAKER: The First Elected Member for Bodden Town, supplementary.

MR. ROY BODDEN: I wonder if the Honourable Member could explain how the dismissal is arrived at? That is, what body or bodies sit and make the decision for dismissal?

HON. J. LEMUEL HURLSTON: Madam Speaker, dismissal from the Public Service is done in accordance with the terms and conditions of the Employment Agreement. There are three basic types of Employment Agreements. There are casual/hourly paid agreements, there are contractual agreements and there are agreements in respect of persons on the Permanent and Pensionable Establishment.

In the case of persons on the Permanent and Pensionable Establishment, dismissals are based on advice of the Public Service Commission. In all cases where the Officers are occupying posts that are within the purview of the Public Service Commission, and there are certain positions that are outside the scope of responsibility for the Public Service Commission in which case for those positions the decisions are taken by His Excellency the Governor on the advice of anyone whom he chooses to consult.

MADAM SPEAKER: The First Elected Member for Bodden Town.

MR. ROY BODDEN: I would now like to ask the Honourable Member if conviction in a court for a criminal offence, means automatic dismissal from the Service?

HON. J. LEMUEL HURLSTON: No, Madam Speaker. It does not.

MADAM SPEAKER: The Third Elected Member for West Bay.

MR. JOHN D. JEFFERSON, JR.: Madam Speaker, on the Member's answer he mentioned that four persons were dismissed because of conviction of criminal offences? I wonder if he could give us an idea of what kind of criminal offences these were?

HON. J. LEMUEL HURLSTON: No, Madam Speaker, I am sorry, I do not have the details of what those convictions entailed.

MADAM SPEAKER: The First Elected Member for Bodden Town.

MR. ROY BODDEN: Madam Speaker, in cases where the Officer has been dismissed, for example, for misconduct or absenteeism, I wonder if the Honourable Member could explain the procedures employed by the particular Department prior to the Officers being dismissed?

HON. J. LEMUEL HURLSTON: Madam Speaker, the normal procedure would be that following a Departmental enquiry, a recommendation is submitted by the Head of the Department to the Administrative Secretary, who, if satisfied on the basis of that evidence, decides that there appears to be prima facie case to be answered. Formal disciplinary charges are then drafted with the assistance of the Legal Department and those charges are addressed by the Administrative Secretary to the Officer concerned, giving the Officer a deadline by which a response in writing must be submitted to exculpate the charges.

When the response is received, the Administrative Secretary then comments on the response and makes his recommendation to the Public Service Commission who, in turn, advises His Excellency the Governor.

MADAM SPEAKER: The First Elected Member for Bodden Town.

MR. ROY BODDEN: I wonder if the Honourable Member could say in these two cases, that is, misconduct and absenteeism, if the Officers involved are issued any warnings prior to the laying of charges?

HON. J. LEMUEL HURLSTON: Madam Speaker, it certainly depends on the nature of the disciplinary event. If it is absenteeism, then there certainly has to be adequate and sufficient warning. In the case of misconduct, it all depends on the nature of the misconduct.

MADAM SPEAKER: The Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: In the event of an Officer being charged with a criminal offence and the case being later quashed against him, or him not being convicted, could that Officer then be charged Departmentally and, if so, if he was then also cleared on the Departmental charge, would the Officer normally be allowed back into his post and have all of his salary and conditions of service reinstated?

HON. J. LEMUEL HURLSTON: Yes, Madam Speaker, normally, yes.

MADAM SPEAKER: The next Question is No. 192, standing in the name of the Second Elected Member for Cayman Brac and Little Cayman.

THE SECOND ELECTED MEMBER FOR CAYMAN BRAC AND LITTLE CAYMAN TO ASK THE HONOURABLE ELECTED MEMBER RESPONSIBLE FOR TOURISM, AVIATION AND TRADE

NO. 192: Will the Honourable Member state when will the purchase of Pedro Castle be completed and how soon will Government commence the development of the property as a tourist attraction?

ANSWER: The property on which Pedro Castle is situated is on a part of the Thomas Hubbell Estate.

An agreement has been reached between Government and the trustees of the Estate for the purchase. However, the matter is pending an order of the Grand Court before the purchase can be completed. It is hoped that the purchase can be completed before the end of 1991. Government plans to enlist the assistance of the National Trust and the Museum to develop this site as a prime tourist attraction once the purchase has been completed.

SUPPLEMENTARIES

- MADAM SPEAKER:** Supplementary. The Elected Member for East End.
- MR. JOHN B. McLEAN:** I wonder if the Member could say whether or not these premises will operate as licensed liquor premises or will Government sub-lease that to private enterprise?
- HON. W. NORMAN BODDEN:** Madam Speaker, the total development plan has really not been decided on, but what took place in preliminary discussions and what is envisaged is that there probably would be a restaurant without a liquor licence and it would probably be sub-let to the private sector.
- MADAM SPEAKER:** The Elected Member for East End.
- MR. JOHN B. McLEAN:** So, in other words, then, am I to understand that there will be no liquor sold on the premises?
- HON. W. NORMAN BODDEN:** Those are the plans at the present time and I do not envisage that that part of the plan will be changed.
- MADAM SPEAKER:** The Second Elected Member for Cayman Brac and Little Cayman.
- MR. GILBERT A. McLEAN:** Would the Member say if the structure of the Castle itself along with the property around it would be developed as well, say in a kind of local village concept?
- HON. W. NORMAN BODDEN:** Part of the plan would be to first of all endeavour to restore the Castle itself as closely as possible to what it was originally and as I said, to put a small restaurant and curio shop there and to develop the grounds and gardens which would be very pleasant for people to visit and spend some time there. That is my understanding of the plans at present.
- MADAM SPEAKER:** The Third Elected Member for George Town.
- MR. TRUMAN M. BODDEN:** Would the Honourable Member say what time frame he thinks would be needed for these two stages?
- HON. W. NORMAN BODDEN:** If the purchase is completed by the end of this year, with the help of the National Trust and the National Museum, we would hope to put the start of the restoration plans sometime in early 1992. I believe that we are looking at probably, a two to three year project at least, and it will require substantial funding in order to accomplish some of the plans that have been considered. I propose to put in the 1992 Budget some amount that will enable the National Trust and the Museum to at least start implementing some of the plans and I am also hopeful that we can enlist the help of the private sector as well, because it is a project of several years and it will cost a lot of money to get it to the level that we would all wish it to be.
- MADAM SPEAKER:** The Second Elected Member for Cayman Brac and Little Cayman.
- MR. GILBERT A. McLEAN:** In his answer, Madam Speaker, the Member said the Government would enlist the assistance of the National Trust and the Museum. Are there people in these two organisations who have a knowledge of Pedro Castle as it existed, say in the 1950s or early 1960s and if not, will the National Trust or Government attempt to get in touch with such people? If that is the case, I think they will find that there is more to the Castle than what is seen above ground because there were two jails underneath, in a basement-like fashion, that have now been filled.
- HON. W. NORMAN BODDEN:** Madam Speaker, I am sure it would be the intention of all organisations or individuals involved with the restoration to get as much local help from people living in that area who have a knowledge of what it was, I guess, when they were growing up. But it is also being researched, I think, by Dr. Pedley - I believe that the historical part of that will be established as accurately as possible and whatever local help that can be recruited, I am sure that that will be done.
- MADAM SPEAKER:** The next Question, No. 193, stands in the name of the Second Elected Member for Cayman Brac and Little Cayman.

THE SECOND ELECTED MEMBER FOR CAYMAN BRAC AND LITTLE CAYMAN TO ASK THE HONOURABLE THIRD OFFICIAL MEMBER RESPONSIBLE FOR INTERNAL AND EXTERNAL AFFAIRS

NO. 193: Would the Honourable Member inform the House what is the monthly rent paid by Government for the Harbour Centre Building?

ANSWER: The monthly rent paid by Government for the Harbour Centre is CI\$27,720.00. This is calculated on the basis of CI\$24.00 per square foot per annum.

SUPPLEMENTARIES

MADAM SPEAKER: The Second Elected Member for Cayman Brac and Little Cayman, supplementary.

MR. GILBERT A. McLEAN: Madam Speaker, would the Member say if the rental on this building occurred by accident or was it the case that the Government informed the owners of that building to construct it while guaranteeing them that Government would rent it?

HON. J. LEMUEL HURLSTON: Madam Speaker, the building was under construction before Government announced any plans to acquire additional office accommodation facilities. It follows therefore, that there was no pre-arrangement prior to construction.

MADAM SPEAKER: First Elected Member for Bodden Town.

MR. ROY BODDEN: I wonder if the Honourable Member could say if the Government tried to find an alternate site other than the Harbour Centre and if the Government tried to negotiate the cost per square foot on the present lease?

HON. J. LEMUEL HURLSTON: Madam Speaker, the answer to both parts of that supplementary is, yes, the Government did consider alternative arrangements and locations and yes, the price was a negotiated price.

MADAM SPEAKER: The Elected Member for East End.

MR. JOHN B. McLEAN: I wonder if the Member could say whether or not it is correct that Government has approached the owners of Harbour Centre with the intent of applying the monthly rent to a purchase deal, once there can be a sale for the building alongside it?

HON. J. LEMUEL HURLSTON: No, Madam Speaker. I have no knowledge of that.

MADAM SPEAKER: The Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: Madam Speaker, immediately adjoining the building that the Government is occupying now is the construction of another area which looks to be about the same size. Will Government also be renting that when it is completed?

HON. J. LEMUEL HURLSTON: No, Madam Speaker. Not based on present plans.

MADAM SPEAKER: The Third Elected Member for George Town.

MR. TRUMAN M. BODDEN: Would the Honourable Member say whether the lease is a straight lease or whether there are either options or first refusal pre-emptive rights, so that it could be purchased at a later stage?

HON. J. LEMUEL HURLSTON: Madam Speaker, there is an option to renew the lease on Phase I and that option is exercisable within a certain time period. No, there is an option to renew the lease. Government has no intention of purchasing and there is no option of purchasing.

MADAM SPEAKER: The Second Elected Member for Bodden Town.

MR. G. HAIG BODDEN: Madam Speaker, can the Member say if the lease on the Harbour Centre will in any way propel the sale of the Tower Building and if Government is also in a position to state the beneficial owners of the Harbour Centre?

HON. J. LEMUEL HURLSTON: Madam Speaker, there are no plans being propelled or otherwise advanced in respect of the sale of the Tower Building.

The owners of the Harbour Centre are a locally registered company by the name of Cayman Commercial Developments Limited.

MADAM SPEAKER: First Elected Member for Bodden Town.

MR. ROY BODDEN: I wonder if the Honourable Member could outline to the House the benefits the Government saw from renting this building?

HON. J. LEMUEL HURLSTON: The primary benefit was to provide office accommodation for a growing public service and a number of offices were in need of additional or new space requirements. A number of departments were expanding at a rate which they could not accommodate in their existing locations and an additional venue had to be considered.

The departments that are housed in the Harbour Centre are the Tourism Department, the Government's Audit Office, the Education Department, the Agricultural and Industrial Development Board and Housing Development Corporation, the Banking Supervision Department and the Insurance Department.

MADAM SPEAKER: The last supplementary question will be asked by the Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: Madam Speaker, I would like to ask the Member how long a term has the building been rented for and secondly, if Government has in place any plans for providing sufficient building for increases in the Service and thirdly who is guilty of entering this arrangement for \$27,000+ per month when that amount of payment could provide Government with millions of dollars to construct a building itself?

HON. J. LEMUEL HURLSTON: Madam Speaker, the term of the lease is three years. The Government does have plans for providing additional office accommodation for itself and plans are advancing towards this. It was hoped that such additional office accommodation facilities could have been built and completed within the life of the lease before its expiry, however, there is an option within the lease for an extension or a renewal if that should become necessary. The Government is responsible for the decision to lease. There is no one individual within the Government that is to be found guilty of that decision. It was a Governmental decision.

MADAM SPEAKER: The next question stands in the name of the Second Elected Member for Cayman Brac and Little Cayman.

THE SECOND ELECTED MEMBER FOR CAYMAN BRAC AND LITTLE CAYMAN TO ASK THE HONOURABLE SECOND OFFICIAL MEMBER RESPONSIBLE FOR LEGAL ADMINISTRATION

NO. 194: Would the Honourable Member say what progress has been made to date in improving the system of Court Reporting and in recruiting sufficient staff to service all Courts?

**DEFERMENT OF QUESTION NO. 194
STANDING ORDER 23(5)**

HON. RICHARD W. GROUND: Madam Speaker, I regret that I do not have a written answer available today. In those circumstances I wonder if, with the leave of the House, I might defer answering this until later in the week?

MADAM SPEAKER: The question is that under Standing Order 23(5) Question No. 194 be deferred. Those in favour please say Aye. Those against No.

AYES.

MADAM SPEAKER: The Ayes have it. Question No. 194 has accordingly been deferred until a later Sitting.

AGREED. QUESTION NO. 194 DEFERRED UNTIL A LATER SITTING.

MADAM SPEAKER: The next Question No. 195, stands in the name of the Third Elected Member for West Bay.

THE THIRD ELECTED MEMBER FOR WEST BAY TO ASK THE HONOURABLE THIRD OFFICIAL MEMBER RESPONSIBLE FOR INTERNAL AND EXTERNAL AFFAIRS

NO. 195: Would the Honourable Member advise what action is being taken by the Caymanian Protection Board regarding the issuing and renewal of Gainful Occupation Licences in the light of the present economic slow-down being experienced in the Cayman Islands?

ANSWER: The Caymanian Protection Board monitors domestic economic activity based on Governmental reports and statistics. Consequently, in considering applications for the grant or renewal of Gainful Occupation Licences, economic conditions are taken into account by

the Board. The Board, for example, is required to take particular account of the availability of the services of especially Caymanians and other persons already resident in the Islands.

SUPPLEMENTARIES

- MADAM SPEAKER:** The Third Elected Member for West Bay.
- MR. JOHN D. JEFFERSON, JR.:** I wonder if the Member could say what communication presently exists between the Caymanian Protection Board and the Labour Office?
- HON. J. LEMUEL HURLSTON:** Madam Speaker, weekly reports prepared by the Labour Office are filed with the Caymanian Protection Board.
- MADAM SPEAKER:** The Second Elected Member for Cayman Brac and Little Cayman.
- MR. GILBERT A. McLEAN:** Could the Member say if there has been any refusals at all of applications for work permits or termination of work permits in the face of the current slow-down in the economy?
- HON. J. LEMUEL HURLSTON:** Madam Speaker, refusals can be for a variety of reasons. I know of no refusal that has been attributed to the slow-down in the economy. A refusal could be attributed to the fact that the application and the merits of the application have not been sufficient to satisfy the Board as to the need for the work permit. But I know of no refusal that is directly attributable solely to any slow-down, perceived or otherwise, in the economy.
- MADAM SPEAKER:** The Third Elected Member for West Bay.
- MR. JOHN D. JEFFERSON, JR.:** Madam Speaker, is the Member saying that the Caymanian Protection Board, in arriving at decisions on GOLs, does not take any consideration of the economic situation of the Cayman Islands?
- HON. J. LEMUEL HURLSTON:** No, Madam Speaker. What I am saying is that the Board can only grant approval when it is satisfied that all conditions merit approval. Where the Board is not satisfied that the application merits approval, it is refused. The reasons for refusal could be a number of things. I know of no refusal that is solely attributed to any slow-down in the economy.
- MADAM SPEAKER:** The Third Elected Member for George Town.
- MR. TRUMAN M. BODDEN:** Would the Honourable Member say whether or not the aim of the Board's policy in considering the economic conditions is that Caymanians be kept fully employed, even if it means that work permits have to be refused because there are Caymanians out of work who can fill the jobs that foreigners have?
- HON. J. LEMUEL HURLSTON:** Madam Speaker, most definitely. That is the whole concept of Caymanian protection.
- MADAM SPEAKER:** The First Elected Member for Bodden Town.
- MR. ROY BODDEN:** I wonder if the Honourable Member can explain how the interests of Caymanians can be protected when there are no formal economic indicators that the Caymanian Protection Board uses to gauge economic trends in the Islands?
- HON. J. LEMUEL HURLSTON:** Madam Speaker, my understanding is that it is incumbent upon the applicant to convince the Board that the application is justifiable and merited. The Board, once so satisfied, then takes the general factors and the general interests of the Islands as a whole into consideration and as part of the general consideration all available economic and statistical indicators that are available are taken into account.
- MADAM SPEAKER:** The time is now 11:00 o'clock.
- 11:00 A.M.**
SUSPENSION OF STANDING ORDER 23(7) & (8)
- HON. THOMAS C. JEFFERSON:** Madam Speaker, I believe that it is the wish of the House that, under Standing Order 83, I move the suspension of Standing Order 23(7) and (8) to allow the other supplementaries and questions to be taken.
- MADAM SPEAKER:** The question is that Standing Order 23(7) and (8) be suspended that the remaining questions on the Order Paper may be taken. Those in favour please say Aye, Those against No.

AYES.

MADAM SPEAKER: The Ayes have it.

AGREED. STANDING ORDER 23(7) & (8) BE SUSPENDED TO ENABLE THE REMAINING SUPPLEMENTARIES, AND QUESTIONS ON THE ORDER PAPER, TO BE ASKED.

SUPPEMENTARIES (continuing)

MADAM SPEAKER: Supplementary. The First Elected Member for Bodden Town.

MR. ROY BODDEN: I wonder if the Honourable Member could say then what happens in those cases where a foreign national applies for a job which was previously held by a Caymanian and that Caymanian, or some other Caymanian, tenders communication to the Board saying that that post could be locally provided for? How is the interest of the Caymanian then guaranteed in the absence of any economic or other indicator?

HON. J. LEMUEL HURLSTON: Madam Speaker, in cases where Caymanians make applications for jobs and notify the Caymanian Protection Board with a copy of that application, the Caymanian Protection Board will certainly keep that application on file in the event that the employer subsequently files an application for a Gainful Occupation Licence in respect of that vacant post. That Caymanian application is then looked upon more critically and is taken into account in the Board arriving at its decision. That is just one additional piece of information that is very helpful to the Board in many instances.

MADAM SPEAKER: The Third Elected Member for West Bay.

MR. JOHN D. JEFFERSON, JR.: Madam Speaker, if the Member has the information, I wonder if he would indicate whether or not there has been a reduction in the number of work permits which have been approved this year compared to the same corresponding period last year, taking into consideration the present economic situation?

HON. J. LEMUEL HURLSTON: Madam Speaker, I can advise generally that there has been a slowing down in the rate of new grants of work permits by approximately 10 per cent. A year ago, new permits were being granted at the rate of approximately 30 per cent per annum. That percentage has now been reduced this year to approximately 20 per cent growth, therefore the rate of growth has reduced.

MADAM SPEAKER: The Third Elected Member for West Bay.

MR. JOHN D. JEFFERSON, JR.: Madam Speaker, I am pleased to hear that the percentage is dropping. I wonder if the Member could say in what areas have there been a decline? Professional or domestic?

HON. J. LEMUEL HURLSTON: No, Madam Speaker, I do not have the breakdown nor the categories with me.

MADAM SPEAKER: The next Question No. 196, stands in the name of the Third Elected Member for West Bay.

THE THIRD ELECTED MEMBER FOR WEST BAY TO ASK THE HONOURABLE THIRD OFFICIAL MEMBER RESPONSIBLE FOR INTERNAL AND EXTERNAL AFFAIRS

NO. 196: Would the Honourable Member say what improvement in systems and services have been implemented in the Immigration Department and the Caymanian Protection Board since being relocated in the new accommodations?

ANSWER: Improvements in systems and services implemented thus far by the Immigration Department and the Caymanian Protection Board since being relocated in the new accommodation, include a more systematic approach in dealing with customers at the public counter by minimising crowding and congestion. This has been accomplished by designating areas for specific functions.

There has also been a marked improvement in the telephone system by employing the separate services of a switchboard operator and a receptionist.

The staff of the Caymanian Protection Board can now exclusively handle matters relating to Gainful Occupation Licences and Trade and Business Licences.

A cash collection computer programme is being prepared by Computer Services. This will enable the Department to collect fees, and thus avoid the public being referred to the Treasury Department.

The offices are now in a better position to further implement the Immigration Adviser's

Recommendations which were accepted, and with the renovation of the old facilities, these recommendations will be fully implemented.

SUPPLEMENTARIES

MADAM SPEAKER: The Third Elected Member for West Bay.

MR. JOHN D. JEFFERSON, JR.: Madam Speaker, from my observation and my information it appears that those members of staff tending the counter, fielding questions and dealing with issues from the public lack training. I wonder if the Member can say what plans are in place to ensure that the staff members are well trained so as to avoid the wasting of time of having to run to a supervisor or a senior officer with very trivial questions, at times.

HON. J. LEMUEL HURLSTON: Madam Speaker, there is a programme of in-service training within the department and officers from the department are also nominated to attend other training courses organised in the Public Service. One was recently conducted on the subject of Customer Service Relations and as more public officers are put through these kinds of courses we hope to see an improvement in the quality of customer service relations with members of the public.

MADAM SPEAKER: The Third Elected Member for George Town.

MR. TRUMAN M. BODDEN: Would the Honourable Member say what is being done towards ensuring that decisions of the Board are sent out to applicants, members of the public, as early as possible after the decision is made?

HON. J. LEMUEL HURLSTON: Madam Speaker, efforts are being made to improve the computerised and word processing capability that will enhance the dispatch of correspondence communicating decisions. That is being actively pursued.

MADAM SPEAKER: The Second Elected Member for Bodden Town.

MR. G. HAIG BODDEN: Madam Speaker, in the answer the Member indicates that a system was set up for the collection of fees which will avoid the public having to be referred to Treasury. My question is, will this also extend to the refund of deposits when work permits have expired? I understand this is one of the gripes that people have as it is so difficult to get a refund.

HON. J. LEMUEL HURLSTON: Madam Speaker, I am not certain whether the refunds are also going to be handled as part of this cash collection system. I will make enquiries about that and inform the Member as soon as possible.

MADAM SPEAKER: The Third Elected Member for West Bay.

MR. JOHN D. JEFFERSON, JR.: Madam Speaker, the Member, in his supplementary answer on training, mentioned that there is an inter-departmental training programme in place. I wonder if he could say who is responsible for conducting those training sessions?

HON. J. LEMUEL HURLSTON: Madam Speaker, one of the assistant Chief Immigration Officers has been designated as the departmental trainer.

MADAM SPEAKER: The Third Elected Member for West Bay.

MR. JOHN D. JEFFERSON, JR.: Madam Speaker, I wonder if the Member could say how often these sessions are run?

HON. J. LEMUEL HURLSTON: At the moment sessions are not run on any formal or regular basis, primarily because of a lack of adequate accommodation facilities to do so. Part of the renovation of the former building is going to entail the provision of a room dedicated to the purposes of training. The renovations in that particular area are just about to commence.

MADAM SPEAKER: The next question No. 197, stands in the name of the First Elected Member for West Bay.

THE FIRST ELECTED MEMBER FOR WEST BAY TO ASK THE HONOURABLE ELECTED MEMBER RESPONSIBLE FOR COMMUNICATIONS, WORKS AND AGRICULTURE

NO. 197: Would the Honourable Member say:

- (1) what has been the cost to Government for the past two years of the Farmers Market;

- (2) what income has been derived for the same period and the expenditure; and
- (3) what control does Government exercise over the financial affairs of the Farmers Market?

- ANSWER:**
- (1) The Farmers Market is leased and operated by the Cayman Islands Farmers Co-Operative Society. The operation is assisted by an annual subsidy given by Government - the cost for the past two years (1989 and 1990) was \$279,069.82. Of this amount the cost for 1989 was \$143,727.60, and \$135,342.27 for 1990.
- (2) (i) Income for nine months of 1989 was \$48,117.49 and \$36,158.34 during the year 1990.
- (ii) The total expenditure for the same period 1989 and 1990 respectively was \$154,229.49 and \$168,216.58, respectively.
- (3) The Agriculture Department maintains a vote control register with details of all expenditure for the Market. The Treasury Department has designed an accounting system which has been implemented. The Manager of the Market is also required to prepare monthly income statements, quarterly reports, and an annual financial statement.

SUPPLEMENTARIES

- MADAM SPEAKER:** The First Elected Member for West Bay.
- MR. W. McKEEVA BUSH:** Thank you, Madam Speaker.
Can the Member say when this accounting system was implemented?
- HON. LINFORD A. PIERSON:** Madam Speaker, the accounting system was finally implemented in January, 1991.
- MADAM SPEAKER:** The First Elected Member for West Bay.
- MR. W. McKEEVA BUSH:** Can the Member say what kind of system existed for the years 1989 and 1990?
- HON. LINFORD A. PIERSON:** Madam Speaker, it is my understanding that the Treasury Department was responsible for the accounting for the Farmers Market during the years 1989 and 1990.
- MADAM SPEAKER:** The Third Elected Member for George Town. He caught my eye first.
- MR. TRUMAN M. BODDEN:** Could the Member say, just giving categories not names, the breakdown of the staff and salaries and secondly, whether Government recovered the amount misappropriated previously under the old accounting system? Sorry, the first question was if the Member would give the breakdown, just in categories, of staff and salaries? And the second question was whether the amount that was misappropriated has been recovered by Government?
- MADAM SPEAKER:** If the Member can give the figures for salary and staff, but this was not part of the particular question... if he can?
- HON. LINFORD A. PIERSON:** Madam Speaker, I have a block figure here that may not provide the Member with the total information which he requires, but in 1989 total salaries paid were \$93,249 and in 1990, \$98,739. While I am on my feet, my previous answer regarding the assistance given to the Farmers Market was through the assistance from the Accountant General and one of his staff, we were assisted with the accounts at the Farmers Market.
- MADAM SPEAKER:** The First Elected Member for West Bay.
- MR. W. McKEEVA BUSH:** In the Member's answer he has said that during 1989 and 1990 there was a different accounting system than the one operating today. I wonder if the Member can say whether the system which operated in 1989 and 1990 had turned up any misappropriations?
- HON. LINFORD A. PIERSON:** Madam Speaker, it is my understanding and my knowledge that when I examined the accounts of the Farmers Market it was discovered that the system was inadequate and I authorised that an improvement to the system should be done. This was undertaken and became fully operational in January, 1991.
- The second part of the Member's question regarding any

misappropriation, the accounting system did not in itself turn up any misappropriation at the Farmers Market but there was in fact a situation which was discovered which was handled through the Portfolio, I think to the satisfaction of the Treasury Department.

- MADAM SPEAKER:** The First Elected Member for West Bay.
- MR. W. McKEEVA BUSH:** Thank you, Madam Speaker.
Can the Member explain to the House what the situation was that his Portfolio exposed or dealt with?
- HON. LINFORD A. PIERSON:** No, Madam Speaker. I do not think that is appropriate at this point.
- MR. W. McKEEVA BUSH:** Madam Speaker, with much respect to the Chair and to the Member, the Member himself has opened up this issue by saying, "Yes, there was a situation." I think the House is due an explanation of what kind of situation he found. And, if there were any misappropriations, who the person was, who held that person's permit, and that sort of information. I feel that under the Standing Orders, the House is due those answers.
- HON. LINFORD A. PIERSON:** Madam Speaker, with respect, the question of misappropriation was one raised by the First Elected Member for West Bay. It is a matter that is still under investigation and I do not think that it is appropriate that I should go into any further detail.
- MADAM SPEAKER:** If the matter has not been resolved, this is not the appropriate time for it and eventually it will be disclosed when the Auditor General's Report is submitted for consideration by the Public Accountants Committee.
- MR. W. McKEEVA BUSH:** The Member has given us an undertaking that he is going to inform the House at that time?
- MADAM SPEAKER:** I assume it will be revealed then.
- MR. W. McKEEVA BUSH:** I just heard the Member say that he will not give an undertaking.
- MADAM SPEAKER:** Can we now go to the next question. Question No. 198, standing in the name of the First Elected Member for West Bay.
- MR. W. McKEEVA BUSH:** Madam Speaker, I trust that I will be more successful with this question.

THE FIRST ELECTED MEMBER FOR WEST BAY TO ASK THE HONOURABLE ELECTED MEMBER RESPONSIBLE FOR TOURISM, AVIATION AND TRADE

- NO. 198:** Will the Honourable Member inform the House what percentage of the advertised all-inclusive packages to the Cayman Islander, the Radisson and Hyatt Hotels sponsored by Cayman Airways accrues to Cayman Airways Limited?
- ANSWER:** Financial details of the inclusive "packages" offered by Cayman Airways Limited are treated as confidential because of possible effects with wholesalers, travel agents, the airline, and individual hotels. However, the information can be made available to Members under confidential cover for their information.

SUPPLEMENTARIES

- MADAM SPEAKER:** The Second Elected Member for Bodden Town.
- MR. G. HAIG BODDEN:** Madam Speaker, may I ask the Member if he was informed of this miracle package by the management or the Board of Directors before it was put in?
- HON. W. NORMAN BODDEN:** Madam Speaker, I am not too sure of which package the Member asking the supplementary question is referring to. In the market there are probably eight, 10 or 12 packages, so I am not too sure which one he is referring to, but I can tell the House that I am not normally consulted on this area of the company's operation. If they plan to put an attractively priced package in the market place, no, I am not consulted about that beforehand.
- MADAM SPEAKER:** The last question on today's Order Paper is No. 199, standing in the name of the First Elected Member for West Bay.

THE FIRST ELECTED MEMBER FOR WEST BAY TO ASK THE HONOURABLE ELECTED MEMBER RESPONSIBLE

FOR TOURISM, AVIATION AND TRADE

NO. 199: Would the Honourable Member say how many new members of staff were employed by Cayman Airways Limited since January, 1991 and what were the posts to which they were appointed?

ANSWER: New members of staff employed by Cayman Airways Limited since January 1991, and their positions, are as follows:

- 1 Cargo Agent in Miami
- 4 Agents in the Miami Reservations Department
- 6 Security Agents at Miami Airport
- 1 Ticket Agent in Grand Cayman
- 6 Ramp Agents in Cayman Brac
- 1 Sales Assistant in Miami
- 1 Receptionist in Miami
- 1 Training Manager in Miami
- 1 Yield Management Manager in Miami
- 3 Sales Representatives in Miami
- 1 Sales Auditor in Grand Cayman

It should be noted that the six Security Agents in Miami and six Ramp Agents in Cayman Brac replace functions previously carried out by outside contractors.

SUPPLEMENTARIES

MADAM SPEAKER: The Third Elected Member for George Town.

MR. TRUMAN M. BODDEN: Thank you. Can the Honourable Member say why there was such a heavy increase in staff in Miami?

HON. W. NORMAN BODDEN: I pointed out in the answer that there are six Security Agents in Miami which replaced outside contractors and the other new employees cover probably about 10 different departments. It is my understanding that this was an attempt from January to the present to improve the reservation services at Miami and to strengthen the sales staff in order to combat competition.

MADAM SPEAKER: The First Elected Member for West Bay.

MR. W. McKEEVA BUSH: Thank you, Madam Speaker. Can the Member say what are the salary scales of these new members of staff? And, if he does not have the information at hand whether he would give an undertaking to provide it as soon as possible?

A further supplementary would be what is the total number of staff now at Cayman Airways?

HON. W. NORMAN BODDEN: Madam Speaker, I do not have the salary scales asked for by the Member. I could likewise supply those scales of salary to him under confidential cover because I do not think that we have ever aired publicly what the different employees are earning, at least not at this stage. So I would be willing to get that information and supply it to the Member.

The second part of the supplementary, I think, related to the total?

MADAM SPEAKER: That is correct, Sir.

HON. W. NORMAN BODDEN: I would also be able to give that to the Member as well.

MADAM SPEAKER: Thank you. The Elected Member for East End.

MR. JOHN B. McLEAN: I wonder if the Member could say whether or not management was aware of the present bad financial position of Cayman Airways prior to making the decision to employ 26 additional people?

HON. W. NORMAN BODDEN: Madam Speaker, the additional number would represent about 14. However, it covers a period of eight months and I am sure that management was and is aware of the financial situation of the company. As I said earlier, it is my understanding that this was an attempt to help the airline to combat the strong competition they are receiving and to expand their sales activities to provide a better reservation service and to assist the company in capturing a greater share of the market.

MADAM SPEAKER: The Second Elected Member for Bodden Town.

MR. G. HAIG BODDEN: Madam Speaker, apart from the six replacements in Miami,

there seems to be 12 additional new workers. Can the Member say if these additional workers or the hiring of them is related to the transfer of Mr. Gonzales to the Miami area?

HON. W. NORMAN BODDEN: No, Madam Speaker. I would not say that it is related to the transfer of Mr. Gonzales. It covers probably about, as I said, nine or 10 different departments.

MADAM SPEAKER: That concludes Question Time for this morning. The House will be suspended for 15 minutes.

AT 11:34 A.M. THE HOUSE WAS SUSPENDED

HOUSE RESUMED AT 12:00 NOON

MADAM SPEAKER: Please be seated. Proceedings are resumed. Government Business, Motions, Government Motion No. 5/91 The Loans (Caribbean Development Bank) Law, 1977 Civil Aviation Authority.

Continuation of debate, thereon. The First Elected Member for Cayman Brac and Little Cayman.

GOVERNMENT BUSINESS

MOTIONS

GOVERNMENT MOTION NO. 5/91

THE LOANS (CARIBBEAN DEVELOPMENT BANK) LAW, - 1977 CIVIL AVIATION AUTHORITY

CAPT. MABRY S. KIRKCONNELL: Thank you, Madam Speaker. I rise to give my support to Government Motion No. 5/91, Loans (Caribbean Development Bank) Law, 1977 Civil Aviation Authority. Although this is a large sum of money, I realise that tourism and our air connections are very important to this territory and it is absolutely essential that we keep our runways in tip-top condition. I feel that it is an investment in the future of this country when we keep up with the times and provide for the safe arrival and departure of air crafts.

I am convinced that Civil Aviation is handled by a very competent staff. I also realise that the foreign airlines flying in here will also contribute with their landing fees and the departure tax will help to off-set and eventually pay back this loan. Therefore, it will not be a direct burden on the revenue of this country but it certainly will help to generate revenue in the economy which is brought in by the arrival of foreigners to our country.

As has been said by other Speakers, we realise the seriousness of the financial situation of the whole world in general. Major developed and industrialised nations are having to be more cautious with their spending and certainly, I, as a Member of this Legislature, am cognizant of the fact that we too must be very concerned. But I think we must get our priorities right and provide the infra-structure that is necessary that we can continue to derive the revenue to keep our country moving ahead.

Therefore, Madam Speaker, in order to conserve the time of this Honourable House, I will not go on to a lot more rhetoric about it. I will just say that I have confidence in the Civil Aviation Authority, and therefore, I give this Bill my full support.

MADAM SPEAKER: If no other Member wishes to speak, perhaps the mover might now wish to reply?

HON. THOMAS C. JEFFERSON: Thank you, Madam Speaker. First let me begin by thanking Members for their support of this Government Motion No. 5/91.

I believe that in the early stages of trying to explain what the project was all about, it may be that a Member or two were not present at the time and as a result did not hear that part of the presentation. Perhaps before I finish my winding up, it might be good to try to give a summary of the project as Members are calling for more information.

The background to this project is that, during March to June, 1990, a comprehensive analysis of airside pavements were conducted by Roy D. McQueen & Associates Ltd., in conjunction with Tomlinson Engineering Ltd., and Municipal Testing Laboratory Inc., at the Owen Roberts International Airport here in Grand Cayman. The study culminated in a final report that recommends a 10 year programme of pavement, maintenance and re-habilitation projects required to maintain safe and efficient operations at the Owen Roberts International Airport. These projects have been prioritised and scheduled out over a 10 year period according to need and annual budgetary capacity of the Civil Aviation Authority of the Cayman Islands. The projects of immediate concern to the Civil Aviation Authority are those mentioned in my presentation of the Government Motion No. 5/91, namely the entire Owen Roberts runway.

If we look at it or try to imagine Madam Speaker and Members, there is a small portion nearest Crewe Road, that has an asphalt base which was done in 1978. There is a small portion at the end of the runway, over on the North Sound Side, which has an asphalt base done in 1982, to allow a safety area and for the aircraft to turn around, having landed.

The present new apron at the Owen Roberts International Airport, has two taxi-ways to get in and get out. The taxi-way nearest the North Sound, as you come out and then

head towards the North Sound on the runway, there is an area of the runway which it is anticipated will have to be, (in layman's terms) dug out and the speculation or anticipation is that it maybe as far down as 14 feet. That is the reason why in the presentation, I mentioned milling and strengthening and rehabilitation. That is actually what that means, Madam Speaker, and Members.

There is an area of the runway which will be required to have a concrete pavement restoration and I believe looking at the little diagram in front of me it is probably where the aircraft threshold is.

The original project when the final design was costed, totalled \$6,415,811.00 plus a physical contingency (and these are CI dollars) of \$962,372.00, so the total project cost when it was put out to tender was estimated to be \$7,378,183.00. The project having gone to tender, the Civil Aviation Authority received five tenders. The average tender was \$7,343,840.00. The successful tenderer, I believe all of us know, was Island Paving Limited with a tender of \$4,365,192.50. As a result of the gap, this explanation comes as a result of trying to demonstrate why the gap between the \$8.6 million, roughly, which the Government Motion puts forward and the actual tender award.

The majority of awards, of the five, were in the area of \$7 million to \$11 million. So that the successful tender, Island Paving, perhaps because they have been in the business a long time, because they have other business connections, being their own connections or their own companies, were able to put forward a tender of this kind.

The original thought of the Civil Aviation Authority was that because the project was costed at such a significant figure, let us round it off at \$7.4 million dollars, that it would undertake to do only the runway and not deal with the apron and the taxi-ways. But, I cannot tell the Civil Aviation Authority what to do, but it may be logical to say that having received a tender of \$4.4 million, roughly, for the work needed on the runway it would seem to my mind that, considering aircraft flying in and out, that we should move on, do the aprons and the taxi-way and finish the whole thing at one time. Because, I believe that at the end of the day, the cost to the Civil Aviation Authority is going to be significantly less by doing the whole thing at one time. The traffic, both visitor and local travelling public, will be disrupted or reduced or restricted to some extent by the reduction in flights because the planes cannot land at certain times because they are working on the runway. I think it is logical that we do the whole thing and get it over with and not do a little bit now and do a little bit later.

While the Government Motion is asking the Legislative Assembly's consent for \$8.6 million, the Civil Aviation Authority's needs, I understand, will not take up this entire amount. I believe that the requirement, as I understand it, for the taxi-way work and themaybe Members and Madam Speaker, you will allow me to back up.

I believe I indicated earlier that there was an attempt to do it in phases. So Phase I and II would have been the runway and Phases II (a) and (b) would have dealt with the taxi-way and apron. If they were to undertake to do all these projects at the present time, we would be talking about the whole runway, the taxi-ways and the apron being something in the range of \$7.4 million. I believe the Government Motion that is before the House certainly covers that amount of money being spent.

I recommend that the House give the approval for the Government Motion of \$8.5 million. If it is not necessary, we can inform the Caribbean Development Bank that we will not be drawing down all of it and the other portion will lapse. I am unable to say how the Civil Aviation Authority will deal with this, as I mentioned earlier I cannot speak for them, but given that Island Paving is all ready, it appears on site, I see much equipment and crushed rock in place, it would seem logical that we move on with the same organisation and do the entire job. That is, runway, taxi-way, apron and everything.

I recommend the Government Motion to Honourable Members.

MADAM SPEAKER:
by the House. I shall put the question.

The Question is that Government Motion No. 5/91, be approved

have it.

Those in favour please say Aye, those against No. The Ayes

AGREED. GOVERNMENT MOTION NO. 5/91 PASSED.

MADAM SPEAKER:

The next item of Business is Bills.

GOVERNMENT BUSINESS

BILLS

SUSPENSION OF STANDING ORDER 46(1)

HON. THOMAS C. JEFFERSON: Excuse me, Madam Speaker, under Standing Order 83, I move the suspension of Standing Order 46(1) to allow the Bills to be taken this morning.

MADAM SPEAKER: The question is that Standing Order 46(1) be suspended in order that Bills may be dealt with this morning. I shall put the question.

MADAM SPEAKER:
Town.

Honourable Member, the Third Elected Member for George

MR. TRUMAN M. BODDEN:

Madam Speaker, I will be short on this, but I find it very worrying that we are once again coming here with several very important and far reaching Laws which have not complied with our Standing Order, but more than that, I know that Members of the public have not had the proper opportunity of finding out what these are about and given any input back to Members of the House. Especially I think where you have the public seriously affected by some of these, in their pocket and otherwise, it has to be the duty of the Government, the Elected Government especially, because they are the people answerable to the people of this country to get these Laws out in time, to see that people have a fair opportunity of finding out what is in them and to be able to give input back to Members.

I do not think it is good enough. For example, I do not even think these have been gazetted. While I know that is not a part of the Standing Orders, the Green Paper only came out to us a few days ago even though we had received the White Papers a few days earlier. I am asking Government, so that it does not appear that there is an attempt to railroad, so to speak, a full session of Laws in this House, that they try to get their act together and see that the publication of the major Laws, especially, go out as early as possible. I would not object if there are small amendments coming up, if there is lack of time.

I would just say this on the gazetting, the date that comes out on the Laws for the Gazette is not the day that they go to the people and I can tell you the Gazette has not been received, at least not by me, and my firm is under 'B'. Presumably so, it should be one of the earlier ones that it is mailed to.

So, what I am asking Government to do is to try to get out of this situation and make sure that several weeks, and in fact, maybe a month or two are given when Bills are very important. I hope that someone will reply and that someone will give an undertaking on what is going to happen in the future on this matter.

MADAM SPEAKER:

The Second Elected Member for Bodden Town.

MR. G. HAIG BODDEN:

Madam Speaker, the Business Committee agreed to put these Bills on today's Order Paper I imagine simply because they had pity for Government who is in such disarray, that it had no business ready for this meeting of the House. If these Bills had not gone on today's Order Paper there would have been no Bills and probably the meeting could have ended today and the Bills still would not have been in time. As these Bills are very important and as it appears that no-one in the public knows what is in them, it is my suggestion to the Members responsible that they simply take the First Reading of these Bills and postpone them until the Budget Meeting in November.

MADAM SPEAKER:

The First Elected Member for Bodden Town.

MR. ROY BODDEN:

Thank you, Madam Speaker.

I believe that anyone in his right senses would have to be concerned over this issue of unusual occurrence. I wonder if the Government has been too busy dealing with the numerous crises to which it is obvious it is now plagued to get its business in order and properly file its Bills so that the correct amount of notice is given, rather than to have to resort to waiving of the Standing Orders.

I might say that circumstances being what they were, I was not present at the House Committee meeting when the agenda was discussed but it would not have had my support because I am not sympathetic towards the Government in this case.

The Government must get its business done in the proper fashion and I take a dim view of this business of having to waive Standing Orders because the Elected Members of Executive Council, are so taken up with other matters that they put such important issues on the back burner and now have to inconvenience this Honourable House, and what is even more frightening, deny the public input and representation with and to their representatives on important issues as these.

I can only say that this action, again, is far more an indication of the routine manner in which the Elected Executive Council handles its affairs, than it is an aberration and this is one of those things that one need say no more about because these kinds of actions speak with an obscene eloquence. I hope that the Government, when the time comes, is prepared to take its tea, as such action deserves.

MADAM SPEAKER:

The Third Elected Member for West Bay.

MR. JOHN D. JEFFERSON, JR.:

Madam Speaker, I also rise to offer my concern with regard to Government not being in a position to file or submit its up-coming bills within the specified period as called for by the Standing Orders.

I recall since I have been elected in this House, comments to the effect that the previous Government, that is the 1976 to 1984 Government, came in and pulled out Bills out of their back pockets and introduced them at the same time and they did not feel that that was acceptable. I think that the Government must ensure that Legislation coming to this House, is properly filed in time and avails the public the opportunity of reviewing what is being proposed, with a view of getting its input so that when a matter is being discussed in this House, the representatives, as well as Government, are aware of what the feelings of the public are on these very important pieces of Legislation. So, Madam Speaker, I am concerned that Government finds itself in this position but I think it should make every endeavour to ensure that bills and other matters of such importance are filed with the Legislative Assembly in a timely fashion.

Thank you.

MADAM SPEAKER:

The First Elected Member for Cayman Brac and Little Cayman.

CAPT. MABRY S. KIRKCONNELL:

Thank you, Madam Speaker.

Madam Speaker, speaking on the suspension of Standing Orders, as a member of the Business Committee of this Honourable House, our first meeting was on Thursday, 29th of August, at which time we barely had a quorum; two members were absent. At that time I voiced that I felt it was not proper that we should place these items on the agenda until the proper time, which my understanding is Friday, Sept. 6th. As is noted, they were not put down on the Agenda on Monday. We held a subsequent meeting when more members were present and it was decided that they would be put down and it would be put to this Honourable House to decide whether they wished to waive Standing Orders or not.

I have great concern that these are far reaching Bills. A concern that I have is that the amendment to the Land Registration Rules has not been gazetted to the best of my knowledge. The knowledge that I have of it is what I have seen in the *Caymanian Compass*. I presume it should have been gazetted last Monday, but as of now it has not reached my hand and that is incorporated as part of the objects and reasons in the Stamp Duty Bill. The same as the Members of this House have not received it, I am sure the public, even the Legal practitioners, as the Third Elected Member for George Town, being the head of one of the largest Law firms in the city has said that his firm is not in possession of it, I feel that we should await the 6th of September when the time allotted by Standing Orders has elapsed.

I thank you.

MADAM SPEAKER:

The Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN:

Thank you, Madam Speaker.

What I have to say will be brief and that is simply to voice the concerns, as have a number of my colleagues on this side, that we are not following the Standing Orders as far as ensuring that bills to be dealt with in the Legislative Assembly are reaching Members in the time specified. Much has been said about this matter by the Chamber of Commerce. They recommend months ahead of time and they put forward their arguments for it. I have heard other persons in the public speak about the short time allowed bills and with good cause.

It is important that the public should have an opportunity of seeing these bills, at least that part of the public that is concerned enough to get them and read them, try and digest them and who take the time to call their representatives about what they see good or bad about them. Certainly it is necessary that Members of the Legislative Assembly have sufficient time to discuss it among themselves and to attempt to identify any areas which may not be best in the public interest.

Some of these Bills (there are six all together) are significant in terms of the changes they propose to bring about. Some deal with matters which are emotional or religious and so these Bills here today, are significant. I cannot see anything wrong if these Bills are set down to be dealt with on the particular day for which, by the Standing Orders, it would be required. I think that would be much more desirable as only yesterday, I understand part of the reason being for giving time for these Bills and also the fact that Executive Council was to hold a meeting yesterday. The House adjourned so as to give the gentlemen involved with that, sufficient time. As far as I am concerned, if there can be that type of interruption in the process, we could interrupt accordingly to give these Bills the proper time to be heard or seen or received by Members.

Thank you.

MADAM SPEAKER:

The Honourable Elected Member for Education.

HON. BENSON O. EBANKS:
understatement.

Madam Speaker, to say that I am a bit surprised would be an

As I understand it, white copies of all other Bills on the Order Paper were sent out 13 days ago. Tomorrow would have been the required 14 days for those. Certainly, on Friday all of these Bills would have been properly circulated according to Standing Orders. Be that as it may, no Member of the Elected Government is on the Business Committee which set these Bills down for today's sitting. These were placed here by the Business Committee which is comprised of some of those Members from the other side who have been the most vociferous in attacking the Motion to suspend Standing Orders.

Now, Madam Speaker, this is obviously just another cheap attempt to pound up on the Elected Members of Executive Council. If those Members had no intention of suspending Standing Orders to deal with these Bills, then they should not have put them on the Order Paper. If there has been a miscarriage of any parliamentary requirement, procedure or justice here, it is the Business Committee (not the Elected Members) that is responsible for it. So I do not know why they have come here pounding up on the Elected Members of Government about this.

It is significant that this First Member for Bodden Town who says that the Elected Members of Executive Council take a casual approach to their responsibilities or their duties is a Member of the Business Committee and he was not here the first day they met. I can only assume, since I have not seen any report, that he must have supported them going on the agenda for today. To come here and take a cheap shot at trying to pound up the Elected Members of Executive Council is in my opinion, the work of a rather small Member.

Thank you, Madam Speaker.

MR. ROY BODDEN: Madam Speaker, on a Point of Explanation, Ma'am. I tendered my apologies for my absence from the meeting. I was off the Island. The Member was off for five weeks, that is why the Business was not tabled in time.

HON. BENSON O. EBANKS: Madam Speaker, I understand the Member to say he was off for five weeks. No wonder he did not attend the meeting, because I certainly was not off the Island for five weeks, so he must be talking about himself.

MADAM SPEAKER: Shall we have no further debate on that issue, please? Would any other Member wish to debate the Motion? If not, I will ask the Honourable First Official Member to reply.

HON. THOMAS C. JEFFERSON: Madam Speaker, I guess it is all my fault, I am Chairman of the Business Committee.

The Business Committee met on the 2nd September which was Monday afternoon at 4:07 pm. That is what the Minutes say and all Members of the Business Committee were present. In the Minute, under Item 2, it reads:

"The Committee had before it Business Papers Nos. 1 and 2 for consideration.

Tuesday Sitting of the House: The Committee recommends that the Legislative Assembly adjourn today until Wednesday, 4th September, 1991.

Bills: The Committee recommends that Standing Orders be suspended to enable all the Bills to be taken on Wednesday, 4th September, 1991."

Madam Speaker, Bills set down for today, are Nos. 1 through 5 which were circulated on the 22nd of August, 1991. Bill No. 6 which is the Coroners Bill, 1991 was circulated on the 27th of August, 1991.

**MOTION TO SET THE BILLS ON THE ORDER PAPER
FOR MONDAY 9TH SEPTEMBER, 1991, AND THAT THE HOUSE DO ADJOURN**

But if it is the wish of all Members, we can adjourn this House until Monday morning, if that will be adequate time for everybody to have to study the Bills and take input.

MADAM SPEAKER: Is the Honourable Member submitting a Motion to that effect?

HON. THOMAS C. JEFFERSON: Madam Speaker, I am.

MADAM SPEAKER: The Motion before the House now, is that these Bills should be set down on the Order Paper for next Monday. I shall put the Question and if there is a debate, those wishing to debate it may do so. If not, I shall put the Question.

Those in favour please say Aye, those against No. The Ayes have it.

AGREED. THAT THE BILLS BE SET DOWN ON THE ORDER PAPER FOR MONDAY, 9TH SEPTEMBER, 1991.

MADAM SPEAKER: The next Item, Government Motion No. 6/91 (The Public and Audit Law, 1985) Loan Guarantee for the Cayman Water Company Limited. The Honourable First Official Member.

Clarification of Motion: By the Hon. First Official Member

HON. THOMAS C. JEFFERSON: Madam Speaker, with respect, I thought we were voting that the House adjourns until Monday morning.

MADAM SPEAKER: That was not the Question I had put. I put the Question that the Bills as set down on today's Order Paper be removed and be set down for the Order Paper on Monday. We still have another Government Motion No. 6/91, to deal with today unless there is another Motion for that also to be adjourned until Monday.

**MOTION TO ADJOURN THE HOUSE
UNTIL 10:00 A.M. MONDAY, 9TH SEPTEMBER, 1991**

HON. THOMAS C. JEFFERSON: I do not wish to tangle with Madam Speaker, but when I made the Motion, it was for the House to adjourn.

MADAM SPEAKER: Well, if it is the wish of the House that it should now adjourn, I shall put the question on that Motion so that the records will be clear. The Motion is that the House do now adjourn until Monday morning. Those in favour...

MR. W. McKEEVA BUSH:

Madam Speaker...

MADAM SPEAKER:

Do you wish to debate the motion?

MR. W. McKEEVA BUSH:

Yes, Madam Speaker. I am not prepared to vote for an adjournment of this House for two and a half days because of misunderstandings of Members and because Bills were not properly gazetted. I run the country's business as best as I can and I have set down time to be in this House. While I am in sympathy with Members and offer support to the same extent concerning the Bills, I feel that we should go ahead and carry on with the other business we have. This is the country's business and I am really sorry that Members feel that we should adjourn but we do have Government Motion No. 5/91, which deals with another loan matter and I think we should go ahead and deal with it. In fact, that could take, I believe, the balance of today.

There are some Bills here that Members are objecting to, for instance, the Stamp Duty and the Land Holdings Bills. Those two are very important Bills. The other ones as far as I am concerned, are of minor importance and I believe that come tomorrow, maybe even Friday (because I believe the other Motion will take quite a bit of debate) we would have sufficient time to deal with those items.

I really cannot support adjourning the House, I object to it strongly. We come here to do the country's business, we must do it.

MADAM SPEAKER:

(Pause) Would any other Member wish to debate whether the House should adjourn today and continue on Monday? The First Elected Member for Bodden Town.

MR. ROY BODDEN:

Madam Speaker, the only concern I have is that I believe at the conclusion of this Meeting (and we were hoping to have concluded the business by the middle of this month) some Honourable Members are scheduled to attend a Commonwealth Parliamentary Association Conference.

I wonder if the postponement will not then jeopardise the plans of those Honourable Members and perhaps if we do have to postpone, might not some consideration be given to meeting later in the afternoons so as to ensure that these Honourable Members are not denied the privilege and opportunity to attend this stimulating and important conference?

MADAM SPEAKER:

Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN:

Madam Speaker, when we took the vote awhile ago to adjourn until Monday, it was my understanding that we were doing that in respect of the Bills which were before the House and I personally see no objection in dealing with the Government Motion which is on the Order Paper. I believe it could be dispatched with this afternoon. I see no problem there.

However, it is left to the majority will of the House. I think if we just came back to deal with Bills, it would be a cleaner operation. Thank you.

MR. W. McKEEVA BUSH:

I rise on a Point of Clarification, Madam Speaker, in reference just now to matters on the Order Paper I referred to Government Motion No. 5/91, it is actually Government Motion No. 6/91 which is left to be dealt with.

MADAM SPEAKER:

Thank you.

Let me say that the Question was clearly put by me that the adjournment considered only of the Bills that were being objected to being on the Order Paper for today. That was the Question that I put, and the Question that was replied to. If there was any difference in understanding it certainly is not the fault of the Chair.

Now we are dealing with the debate on the adjournment of the House which would include Government Motion No. 6/91. If there is no further debate would the Honourable First Official Member wish to reply?

HON. THOMAS C. JEFFERSON:

Madam Speaker, my reply is probably very brief. The House can vote as it so desires I think it is what I would say. The Government wishes me to say that the adjournment should be until Monday morning.

MADAM SPEAKER:

I shall put the Question that this Honourable House do now adjourn until Monday morning. Those in favour please say Aye, those against No.

AYES AND NOES.

MADAM SPEAKER:

The Ayes have it.

MR. W. McKEEVA BUSH:

Can I have a division, Madam Speaker?

MADAM SPEAKER:

Certainly, Madam Clerk, could you take the division?

DIVISION NO. 23/91**Ayes: 7**

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

Noes: 8

Mr. W McKeeva Bush, JP
 Mr. John D Jefferson, Jr
 Mr. Truman M Bodden
 Capt. Mabry S Kirkconnell
 Mr. Gilbert A McLean
 Mr. Roy Bodden
 Mr. Franklin Smith
 Mr. John B McLean, JP

NEGATIVED BY MAJORITY:

**MOTION TO ADJOURN THE HOUSE UNTIL 10:00 A.M. MONDAY, 9TH
 SEPTEMBER, 1991 DEFEATED.**

AT 12:56 P.M. THE HOUSE WAS SUSPENDED

HOUSE RESUMED AT 2:21 P.M.

MADAM SPEAKER:

Please be seated. Proceedings are resumed. Government Motion No. 6/91 (Public Finance and Audit Law, 1985) Loan Guarantee for the Cayman Water Company Limited. The Honourable First Official Member.

GOVERNMENT BUSINESS**MOTIONS**

GOVERNMENT MOTION NO. 6/91

**(THE PUBLIC FINANCE AND AUDIT LAW, 1985)
 LOAN GUARANTEE FOR THE CAYMAN WATER COMPANY LIMITED**

HON. THOMAS C. JEFFERSON:

Madam Speaker, I beg to move Government Motion No. 6/91, entitled the (Public Finance and Audit Law, 1985) Loan Guarantee for the Cayman Water Company Limited.

"WHEREAS section 28(1) of the Public Finance and Audit Law, 1985 provides that no public officer shall give a guarantee involving any financial liability upon the Government unless such guarantee is given for the purposes of and in accordance with the provisions of a law or a resolution of the Legislative Assembly;

AND WHEREAS it is proposed that the Financial Secretary, acting on behalf of the Government of the Cayman Islands, should guarantee a loan of up to two million, two hundred and twenty-five thousand dollars in the currency of the United States to be loaned by the European Investment Bank to the Cayman Water Company Limited for the purpose of funding the construction of the proposed West Bay Water Supply project subject to payment by the Cayman Water Company Limited to the Government of one per centum up to the total amount of the guaranteed sum;

BE IT THEREFORE RESOLVED THAT this Honourable House do consent, pursuant to section 28(1)(a) of the said Law, to the Financial Secretary guaranteeing repayment of the said loan up to two million, two hundred and twenty-five thousand dollars aforesaid to be loaned by the said European Investment Bank to the said Cayman Water Company Limited for the aforesaid purpose, subject to the terms of the said guarantee being approved by the Attorney General."

Madam Speaker, the Cayman Water Company has for the last 18 to 20 months been dealing with the possibility of extending their water system. I think Honourable Members as well as many members if not all of the population, know that the Cayman Water Company has a franchise or a licence to distribute desal water between the areas of George Town Cemetery and West Bay Cemetery, that is, along Seven Mile Beach.

The company proposes to extend the water distribution system from its current location at the West Bay Cemetery into the residential district of West Bay and distribute the water throughout all areas of the West Bay district. Initially, the company proposes that it has sufficient water producing capacity from their present site on Seven Mile Beach to meet the demands of the West Bay residents. Present capacity, I understand, being 1.2 million gallons per day.

In year two, Cayman Water Company proposes to construct a reservoir in the West Bay district with a two million gallon capacity and a water producing plant. The laying of the pipes and connecting to households in the district is scheduled for completion by July, 1993.

The total cost, as I understand it, Madam Speaker and Members, is US\$5.5 million and if we break down this sum, it is \$.5 million for the design, the consultancy and

engineering of the proposed project, \$5 million for the reservoir, which I mentioned earlier, and the land on which the reservoir will be built and \$4.5 million for the laying of the water distribution pipes within the district.

Cayman Water Company obviously has done much sourcing of financing during this period of 18 to 20 months and has reached some agreement with the European Investment Bank that it will supply or furnish a loan of US\$2.25 million, the remaining portion of the project costs to be funded from the company's own resources and/or perhaps some additional borrowings locally.

It is normal procedure that European Investment Bank would require the country in which the firm is located to guarantee such a loan mainly because it is unable to supervise the projects from such a long distance away. It feels that if the Government of the respective country issues a guarantee then the Government itself will provide some over-sight and monitoring of activities of the Water Company or any other company.

I recommend the guaranteeing of the Cayman Water Company's US\$2.2 million, roughly, to Honourable Members.

MADAM SPEAKER:

The question is, as set out by the Honourable First Official Member under Government Motion No. 6/91. The Motion is now open for debate. The Third Elected Member for George Town.

MR. TRUMAN M. BODDEN:

Thank you, Madam Speaker. This Motion once again calls for the Government to guarantee a substantial sum of money. Once again the cause for which this is being requested, namely the extension of the water supply, is good.

This Motion is a guarantee to a franchised company, Cayman Water Company Limited, which will have the sole right of supplying water within the area of the franchise which it now has not only along the West Bay Road, but also throughout the West Bay district. I would hope that since Government is actually taking on a secondary contingent liability it will ensure that the cost of water is not excessive and will be tempered by the fact that Government itself is making it possible for the Water Company to extend its business into that area.

These days many people rely more heavily on piped water but though there are those who still rely on water from cisterns or wells. Since Government is franchising the company it has to ensure that the public itself is protected. I notice that the Government is getting one per cent on the guarantee. I am not certain whether that is a one per cent of, or whether it is an annual percentage during the period of the guarantee. But what this does is really to indirectly tax the people. It is like putting the extra duty on to diesel knowing that diesel is used for electricity and for water. In that way we have the Government taking further bites into the public by getting extra little taxes, or in this instance, if it is annually, it could run over a period of time.

Government's duty is to ensure that it protects the public in franchises because the competitive edge of several competing businesses is removed and instances such as this give the Government an opportunity, if it is not satisfied with certain areas of the franchise or certain acts or omissions of the company, to renegotiate since the franchise company wants something from Government at this time.

I would hope that opportunity, such as this, would be taken. I am not by any means suggesting any breach of an agreement or anything of that sort but it does give a chance where Government can sit down with a franchise company, be it the Water Company or Cable and Wireless or the Utilities Company, whatever, and discuss matters which are in the interest of the public. The loan I hope, would be fully secured. I would assume it is being fully secured but I would be grateful to the Honourable First Official Member to confirm that our guarantee, as such, is one that is as safe contingently as possible. I am sure that the Honourable Second Official Member, who will be approving the terms of it will make sure, as usual, that Government is sufficiently protected in the instance that we may be called upon to pay under the guarantee.

I believe that the extension of the water into the West Bay area is one that is needed. It is one that will enhance life for the people in that area and will make life somewhat simpler provided, naturally, that it is not too costly.

On that basis, Madam Speaker, and since on the previous Motion I gave words of caution on the question of over borrowing by Government, this instance is a guaranteeing, I know, but sometimes there is not a lot of difference as in some instances where guarantees are given, repayment may be difficult to be ensured. But that they will consider all of these when they are thinking of any other heavier borrowing or guaranteeing in the future and restrict Government within what is a reasonable and acceptable means of financial credit and borrowing to the community. The amount I see is actually one which is up to the sum of \$2,225,000 but I would expect that more than likely that sum will be drawn down.

The good part of it is that I would expect that the European Investment Bank would be giving a preferential rate of interest, or I would hope that they would be giving a preferential rate of interest, so that benefit would be passed on to the public provided that the franchise is properly structured to ensure that low interest rates such as this are, in fact, passed on.

So with that I support it with the cautions that I have given and would wish the people of West Bay all the best in getting this vital supply of water in the near future.

MADAM SPEAKER:

The Third Elected Member for West Bay.

MR. JOHN D. JEFFERSON, JR.:

Thank you, Madam Speaker. I gladly rise to offer my support of Government Motion No. 6/91, which calls for a guarantee from Government for a loan to the Cayman Water Company in the sum of US\$2,225,000 for the purpose of supplying the district of West Bay, which I represent, with

piped water.

I am pleased to say that this was one of the issues that I raised in my 1988 campaign and I am glad to see that we are in a position where, as promised, we can supply the district of West Bay with piped water.

I trust that the Cayman Water Company will see to it that the services are made available to every resident in that district who is interested in it and I also trust that the service can be offered to the residents of that district at a reasonable rate - a rate that my people in West Bay will be able to afford.

There is no doubt in my mind, that this will be a profitable venture for the Cayman Water Company because I believe, and I have information to support, that the residents of West Bay will welcome and make every effort to take advantage of this very valuable service.

The possibility of providing the district of West Bay with piped water has been mooted for several years now and I have followed with interest this possibility ever since I heard it mentioned.

Madam Speaker, I am pleased to see that Government has seen fit to provide this guarantee so that the people of my district of West Bay can be provided with this very valuable service.

Thank you.

MADAM SPEAKER:

The Second Elected Member for Bodden Town.

MR. G. HAIG BODDEN:

Madam Speaker, I too give my support to this Motion. As the 'Father' of the water system in Cayman, I guess it is only natural that I should support its expansion because I remember the early days when the Cayman Water Company was given its first franchise to supply water on the West Bay Beach.

The company had some very difficult financial times which they appear to have overcome now. Over the years they have provided a worthwhile service to that area and this guarantee I am sure will enable them to get the capital at lower interest rates than they could find locally. However, I must caution that the Government is giving many guarantees and if one looks at the Government's report and accounts for 1990, one will see that apart from the loans which the Government has, the contingent liabilities amount to a substantial sum.

These accounts show that last year contingent liability was approximately \$50 million. Included in that is the Government's pension to civil servants and also there is at least one guarantee that the Government may have to fork up some money. I refer to the first item on the page which is the \$2 million letter of credit for the 737-400 aircraft for Cayman Airways. By the way things are going, I would not be surprised if that letter of credit soon goes into operation.

Also in supporting this Motion I must bemoan the fact that the Government has dragged its feet on providing piped water for the Eastern districts. It was my hope that in 1985, we would have seen piped water in East End and Bodden Town. And believe me, after all these years all we have is the smile of the Member responsible. While it is a gracious smile, indeed, it does not do anything towards putting in the system.

We are getting there, George Town has been given some piped water, although it is not adequately covered. West Bay will now be taken care of but I see according to a magazine, which was published this week, that only Hercules could ring money out of the Government for the Bodden Town District as long as the present Government continues its attitude towards the two Bodden Town representatives. I do not know how factual that is but in the case of the water, it is certainly true. The franchise which the Cayman Water Company has provides a small royalty to the Government and I have no way of knowing whether that will continue with this extension into West Bay. I also see that the Government will receive a one per cent remuneration for affording this guarantee and this is perhaps a normal business practice. Perhaps they are coming to their senses, even if it took Cayman Airways to do it.

I can only say that the reason why I support this Motion is because I believe that a safe drinking water supply for the entire community is one of the greatest safe-guards to health. This is why the Government looks so bad in not taking care of the needs of the other districts and even in Cayman Brac where water is scarce. All that you can hear when they do not want to do it is how much it will cost, and when they want to do it the cost is nothing. Anyway, this seems to be a forward move and one that I do not consider an extravagance. I applaud the First Official Member for putting forward this Motion in his usual honest and straight forward manner and I support it.

MADAM SPEAKER:

The First Elected Member for West Bay.

MR. W. McKEEVA BUSH:

the Resolution before the House.

Madam Speaker, it goes without saying that I am in support of

The purpose of this Motion is much appreciated by me and I believe, indeed, it will be appreciated by the people of my constituency, the district of West Bay. The need for a supply of fresh potable water in West Bay has been a concern of mine for many years and as many Members know, I have been in this House calling for that move to take place ever since I entered the House. Let no one say that it is not needed because the deterioration in the well water in West Bay is quite noticeable. I very well remember moving into my home in 1976 and using the well water then. Today it cannot be used. The objective then of the resolution is the provision of financial assistance in the form of a guarantee of supplier's credit, I guess we could say.

It has taken quite some time to get to this point here today and I speak now as a member of the Water Authority. We have been for, probably, a year and a half dealing with the

matter of the Cayman Water Company coming into West Bay and supplying water. It was not easy because there were several things to be weighed. The Authority, in the final analysis, recommended that Government grant the licence. The licence has been with Government for quite some time. But on our part (and I believe that I can speak for the Water Authority here or at least most members), there is no question whatsoever in anyone's mind that it is the best move. Some people have said, "Let the Water Authority do it."

When I considered, as a member of the Authority, that aspect I realised it would be a more costly exercise if the Water Authority attempted that project. That is because the Cayman Water Company already has a water line which ends at the West Bay Cemetery. It would have meant that a new line put in by the Water Authority on West Bay Road to the district would not attract other clients since there already was a contract. So it did not make much economic sense for the Water Authority to attempt the project.

Another good aspect of the contract is that when the West Bay contract was being made and dealt with, the old Cayman Water Authority contract for Seven Mile Beach was reviewed; reviewed to tighten the controls that Government has over the operation of that company i.e. the pipe laying procedure. Also the Cayman Water Company's rate is now tied to the Water Authority's rate. The advantage is that the Cayman Water Company cannot now pass on any inefficiency on their part to any client. In effect, they had to put in new machinery to produce water at a price which is in line with the price charged by the Water Authority. I believe the price for residents per 1000 gallons will be somewhere in the region of \$20 and that is very reasonable when trucked water now is much more expensive.

Madam Speaker, as I said, I do not think that anyone can question the need and certainly, as a member on the Board of the Water Authority, I will be keeping a close watch on the progress. I have already made the Board know that this must not be a case where we go through for instance, the Northwest Point area where there are more condos, but it must be where the district of West Bay is serviced and the contract is carried out within the time frame. I think that it is a three year period and I would hope that at the end of three years, if not before, the entire district of West Bay, for those who want it, will have fresh potable water.

Madam Speaker, I am glad that we are at the stage where we are. As I said, it took us a long time to get here. I am one of those who cautions Government about its guarantee on any loan, but this is not a Caribbean Utilities contract; for instance where they were guaranteed 15 per cent profit. I would like to congratulate the Chairman, the Director of the Water Authority and my colleagues on the Authority and the Member who has helped to push the matter thus far. I hope that Government, on its part, will see that the contract is carried out as it should be. Government has been, many times, put in a bad situation with previous contracts. We know the sewerage system on the beach has been, if not a failure, close to it. Madam Speaker, it only leaves for me to say, I support the resolution.

MADAM SPEAKER:

The First Elected Member for Bodden Town.

MR. ROY BODDEN:

Thank you, Madam Speaker.

Madam Speaker, it would have to be a very ill-informed and selfish representative who would not give his support to a resolution such as this. And so, it goes without saying that I too lend my support to this worthy and much needed project.

It is good to know that this is a venture in which Government and the private sector are cooperating; Government, by virtue of guaranteeing the loan. In return not only is the Government being rid of the responsibility of providing a necessary and essential service at the public's expense, but Government is getting a return of one per cent by merely standing as guarantor and not having to fork out any money from its own coffers.

I think that this is commendable and I would like to offer my congratulations and support to all parties concerned. Certainly it demonstrates the foresight and wisdom of the Water Authority and the Member deserves commendation for his part. But I hope that the effort at cooperation does not end there because there are other areas in the Island which experience an equally dire need for a ready supply of potable water. It would be remiss of me if I would sit down without making some mention of the constituency which I represent which according to statistics is the fastest growing constituency in the country and as yet, has no such supply of potable water. While I am not begrudging the worthy people of West Bay, I am only hoping that the next move in such a direction could be Bodden Town.

We have been fed nothing but promises accompanied by the Member's usual graciousness and diplomacy but my mother used to tell me as a youngster that promises were a good breakfast but a darn poor supper. So I hope that the next turn of the provision of a ready supply of potable water will be the turn of the Bodden Town people.

I readily give my support to this venture to provide a supply of potable water for the West Bay constituency.

MADAM SPEAKER:

The First Elected Member for Cayman Brac and Little Cayman.

CAPT. MABRY S. KIRKCONNELL:

Thank you, Madam Speaker.

Madam Speaker, I rise to give Government Motion No. 6/91 - Loan Guarantee for the Cayman Water Company Limited, my support.

I am glad to know that it has been decided that the Cayman Water Company will extend piped water to the West Bay area. I know that is a heavily populated area and one that needs piped water. I am glad to know that those people will, in the not too distant future, be getting piped pressurised water. It will be a way of improving the health standards of that district as we try to upgrade the entire

Cayman Islands.

I am also glad that the Government is in a position to guarantee this sum of money to enable the Water Company to get the loan at a much better rate, I am sure, than they would have gotten approaching a regular commercial bank. Therefore, as I said earlier, I am in full support of it.

I have also listened to the representatives for the districts of Bodden Town, East End and North Side and I do hope that they will join the others in getting this facility as soon as possible. Going now to my own district, the people of Cayman Brac are very grateful for the arrival of the Water Authority in Cayman Brac and the piped water for the small area which it has been able to do at the present time. It was very disappointing of course that it was not able to go into the more densely populated areas with the piped water, which I am sure would have made the system viable in the long run.

I do have concerns as to the viability of the Water Authority's project in Cayman Brac with it being just in the small area that it now covers but I do hope that since funds have been located through the European Bank by the Cayman Water Company that some time in the future funds may be available that pipe water could be extended to the areas which were requested in Cayman Brac. As I have said, that would help to make it a viable project. We do not want to be considered a drag on the Water Authority, and we would like to be able to pay our way and by being able to sell the water that it can produce would provide for that being a reality.

So with these few words, again I am happy for the people of the West Bay district and I give this my full support.

Thank you, Madam Speaker.

MADAM SPEAKER:

The Elected Member for East End.

MR. JOHN B. McLEAN:

Madam Speaker, I too, would like to offer my support to Government Motion No. 6/91. I feel it is for a very good cause and I hope and trust that within the near future I will see a similar such motion for the Eastern districts. In any country it is very important to have a good supply of clean water, especially in our country where we depend fully on our tourist industry. It is a fact that in most of the districts we now have problems with our wells. As a matter of fact, I would say in most cases that perhaps the water should not be used from the wells. I have, on numerous occasions, spoken of the need for water, especially in my district. I am aware that we do have a good supply of water but I am very concerned at the extent to which the lens are being pumped. This is not only my concern but many members of my constituency are very much concerned too.

I would invite the Honourable Fourth Elected Member of Executive Council to have the Water Authority look into having a survey done for my district, East End, and as other Members have stated I am not jealous of West Bay but it is from a point of need and I see great urgency in this survey being carried out so that we can handle this matter before we really get into problems with water. As the Member for Bodden Town mentioned, there is nothing better than to know that our people are utilising clean fresh water.

I heard a few days ago that water will be piped in as far as Midland Estates. It is now my hope that once this is underway, immediate steps will be taken to have this continued to the Eastern districts. I am very concerned that for too long now we have been ignored, not only from the point of view of water but other requests which I have brought before this House. While not as important as a good supply of water, I would invite Government to consider this request and to act as promptly as possible. I give it my great support and it is my hope that the people of West Bay will enjoy the supply once it is put in place. I would like also to say that it is my hope that the Government will have some control, not only over the quantity of water that is produced in that area, but indeed to make sure that it is of good quality.

Madam Speaker, over the years I have spoken to individuals on the Seven Mile stretch who have been very concerned over the quality of water which has been produced there. As a matter of fact I have heard conversations where reports have been made on the quality of water. It is my opinion that Government, should on a daily basis, monitor the output and quality of water to ensure that our people will not consume water which is not suitable for good health.

MADAM SPEAKER:
Cayman.

The Second Elected Member for Cayman Brac and Little

MR. GILBERT A. McLEAN:

Thank you, Madam Speaker.

I rise to speak briefly on Government Motion No. 6/91 and to say that I support the supply of clean piped water for the whole of the Cayman Islands.

I would wish to see piped water in every single district, including the district of West Bay for which this loan is being proposed, all of the Eastern districts above Spotts/Newlands and certainly for the district that I represent, Cayman Brac.

Cayman Brac has been fortunate in that in recent times there has been put into place a water plant and reservoir there, however, the extent of the piped water is very limited indeed. And while I may agree at this time that there must be a start and one must wait to see how the demand will go, I do trust that the Member responsible will be monitoring it very closely to see how soon it may be changed to provide water by pipes to other areas than those which are supplied now.

Madam Speaker, I believe that the supply of pure water in the Cayman Islands should be a priority for any Government, be it this one or the one to come. However many there may be, it is accepted on the world scene that the supply of good clean water in any country is a priority because it

deals with the health of the people of the country and also there are very few things, plants or animals, which survive without that very essential element, namely water. It should be a priority for us because nowadays the wells as we know them, or the ground water which we could drink from at one time, use for cooking and otherwise, has become contaminated due mainly to the use of water in flushing toilets. So it is as if the same thing has brought a case against itself.

Studies have proven that we have a problem with contaminated ground water and there is also evidence that the change of seasons in this country (we could be absolutely sure at one time that in April, May, September and October, we would have rains) really does not happen the way it used to anymore. So all of these factors, I believe, point toward the need for making this a priority.

A question that came to mind was why would the Government assist a private company to do business in providing this service and the Water Authority which is a Government agency, not doing it itself. But that position was made quite clear by the First Elected Member for West Bay when he explained the reasoning behind it. I totally agree with the logical argument which he put forward and which apparently the Board of the Authority took.

I would however, draw attention to the fact that it is the Cayman Islands Government which is guaranteeing this loan to a private company, a company which operates for profit. I hope that it is safe for the Government to do so. One can look on the other side of things and say the fact that they have a franchise and a monopoly in certain areas of this Island and indeed the area where the largest amount of water is being used, namely by hotels, condominiums and homes. Why then is not their position such that they could approach commercial banks directly to find a loan for the amount of (I think it was said by the mover) approximately \$5 million?

I do trust that there will be no question of a problem occurring where Government might be called upon to pay on behalf of the private company.

The Second Elected Member for Bodden Town noted that there was an arrangement for a royalty payment to Government because of the franchise which this company holds, and he did not know whether that would be in play at this time. I would also note that all that Government is getting for this exercise is one per cent of the \$2.5 million. I know with most businesses or banks when they lend money there is normally a finder's fee. I do not know whether in this case those in Government who are dealing with this matter might find that some sort of participation or some increased consideration would be in order.

Madam Speaker, I am perhaps the voice of doom, but I must also note that in less than 24 hours the Government has undertaken borrowings of \$11,995,000. I do not know if that is of significance to anyone else in this House, or if it has a different significance to me, but certainly I try to keep before me the fact that there is an ever-mounting and increasing loan position in Government.

I trust, as the Mover has said, that the European community normally requires the Government of the country to which it is making a loan to become involved in the process because Europe being geographically placed where it is, feels more comfortable if the Government of the country takes a keen interest in the performance of the work seeing that the project is carried through in a proper manner.

I do not know what type of arrangement this Government has in place for that but I would certainly hope that there is some mechanism whereby the financial authorities or the authorities here, will have some way of monitoring how the work on this project goes, how the money is expended at least until the money which it has guaranteed has been paid and it is no longer a liability to the Cayman Islands Government.

Madam Speaker, I would only reiterate that I support the idea of piped water to every single district of these Islands. I believe it should be given a priority.

MADAM SPEAKER:

The Honourable Member for Education.

HON. BENSON O. EBANKS:

Thank you, Madam Speaker.

This is West Bay's turn again today, Madam Speaker. It is a day that many of us have been waiting for, the announcement that piped water will be put into West Bay.

Now, much has been said about the guarantee, the nature of the guarantee, the risk of the guarantee and so on. This is not the first time that Government has given this type of guarantee. If Members scrutinise the Government's accounts, they will see that some of these contingent liabilities that they have been making so much fuss about represent a similar guarantee given to Caribbean Utilities some years ago by another Government. By that I mean different Members in Executive Council secured a loan from the European Development Bank for the purchase of a generator. It will also be seen that Government has given a similar guarantee to secure a loan for Cayman Brac Power and Light to purchase a generator to provide electricity in Cayman Brac. The details I will not get into, but Government has not just entered into this guarantee for the sake of the one per cent charge that it is making. Other prudent financial considerations have been made conditions of this guarantee. It would be safe to say that when the guarantee is in place, Government would be well secured. The risk is minimal, if it is at all present.

A query was raised as to whether it is prudent for Government to be issuing this guarantee to a private company. I have pointed out that this is not new. CUC and the Cayman Brac Power and Light Company have both been recipients of Government's guarantees. Madam Speaker, I do not believe that I would be giving away any secrets if I said that the studies that I have seen on this proposed project do not indicate that Cayman Water Company will be making any great fortune from this undertaking of making water available to West Bay. Naturally, in the final analysis, it is motivated by profit but it is also, in my view, providing a service to the district of West Bay and because of its peculiar position, at a cheaper cost to the country than the Water Authority could do it. By this I mean that because Cayman Water Company has the franchise for the West

Bay Beach area, it is already piped in that general area, the Water Authority would have to run pipes throughout that entire length of land without being able to sell one gallon of water from the pipes. I realise of course, that from what I have seen there would probably be a plant and a reservoir somewhere in the West Bay district. Nevertheless, what I have said holds good.

I also believe that the Water Authority really needs a period to consolidate. It has taken on some challenging and commendable undertakings to provide water and sewerage for George Town and some of the outlying areas of George Town and even in Cayman Brac. I would like to see the Water Authority do a little bit of consolidation before it takes its next big leap.

Of course, the opportunity could not be missed to once again lecture Government about its contingent liabilities and its borrowings and so on. Let me hasten to say that I do not accept that Government has borrowed \$11+ million in 24 hours. Government has agreed to guarantee the borrowings of two of its statutory bodies and this undertaking by the Cayman Water Company. When we were dealing with the Airport Loan yesterday the statement was made that once upon a time capital development was paid for out of revenue. I would like to call attention to page 44 of the 1990 Accounts and there we will see that there are two loans that still exist from 1966 which were taken out to do the rehabilitation and extension to the airport the last time it was done, 25 years ago.

So let us not kid ourselves. Any Government that has taken on any significant capital development in this country has had to borrow the money. I am not suggesting for one moment that Government should throw caution to the wind or become any less prudent now than it has been in the past about its borrowings but Government is not in any serious position with its borrowings.

Madam Speaker, someone has said that it has now become fashionable to hive off Government borrowing in statutory bodies. What that has enabled Government to do and the country and anybody that will look, is to see how those entities operate. And, if anyone looks, they will see that the majority of them operate profitably. So when that is done it is done for a very good reason, to segregate that business so that you can look and see what each one is doing. For example, the Civil Aviation Authority for which the \$8 million was guaranteed yesterday, in addition to repaying its loans to Government, contributed \$500,000 to general revenue of the country last year not on its own, but contributed it to the general revenue of Government. So lets not get carried away.

The important point is this. That having created self-accounting entities out of those bodies, you cannot expect to find that revenue in Government's revenue now. So it would be foolhardy and ignorant, in my opinion, to suggest that Government's total liabilities must now be pegged as a percentage of Central Government's revenue because in the same way that the great multitude of its debts have been hived off so has a great proportion of its income. Madam Speaker, Cayman Airways has been dragged across the floor. I am not going to get into that, we are going to have plenty of fun with that next week! We will have some good debate on that next week and I am not worried in the least about who is going to win that argument.

I support this guarantee. As I said, I am not going to get into the final details of the security and so on, I leave that to the mover, if he has not already done so but I believe he has in its presentation. There is no doubt in my mind that it is a wise move by Government to be doing this and I can only suggest to the company that it tries to get on with the job and have piped water in West Bay at an early date.

Thank you, very much.

MADAM SPEAKER:

Proceedings will be suspended for 15 minutes.

AT 3:42 P.M. THE HOUSE WAS SUSPENDED

AT 4:02 P.M. THE HOUSE RESUMED

MADAM SPEAKER:

on Government Motion No. 6/91.

Please be seated. Proceedings are resumed. Debate continues

Works.

The Honourable Elected Member for Communication and

HON. LINFORD A. PIERSON:

Thank you, Madam Speaker.

I too, rise to make my short contribution to this very important motion before the House. As the Member responsible for the water supply for these Islands, it gives me much pleasure to support Government Motion No. 6/91.

Madam Speaker, much has been said regarding the guarantee that Government proposed to put in place to enable the Water Company to obtain a loan for this supply in West Bay. It should be noted and it was recited in the preliminary areas of the motion that this is required by the European Investment Bank. The guarantee from Government for this loan will benefit the people of West Bay tremendously in that it will enable the Water Company to obtain a loan at much lower interest rates thus allowing the Water Company to give the people of West Bay a less costly water supply.

I would have thought that this would be a welcome move to all Members of this Honourable House, yet we have Members who rise in this House and talk with forked tongues. On the one hand they support the motion, on the other hand they criticise Government for trying to get the loan to make it possible.

I am convinced that most members of the listening public can distinguish between political rhetoric and contempt. The Honourable Member for Education, Environment,

Recreation and Culture reminded this Honourable House that the guarantee that is being provided to the Water Company is not peculiar in that similar guarantees have, in the past, been provided to such companies as CUC and the Cayman Brac Power and Light Company, just to name two.

As the second largest district in Grand Cayman, I am of the view that water supply for that district is long overdue. It is for this reason, as the Member responsible for this subject that from the initial stages together with the Water Authority, I gave my full support to this project. There were times when we had to sit down and examine the cost to Government, as we do in all cases, but no district in these Islands should be deprived of good quality drinking water. I regard this guarantee that Government is providing as an investment in the people of these Islands and in particular, in the people of West Bay.

There is no secret that I am fully supportive of a proper water supply throughout the Island but we all know that Rome was not built in a day and much will depend upon the financial feasibility and viability of extending water into the many areas of these Islands.

We have already provided an excellent water supply throughout George Town as far east as Spotts/Newlands. It was somewhat surprising to me that one Member, a previous speaker, I believe it may have been the First Elected Member for Bodden Town, was not aware of the comments which I made yesterday regarding the three-phased extension of water up to Midland Acres. It would seem from the comments that he made that he is still hoping that something will be done for that area when in fact, I made it quite clear in the presentation of the Water Authority Report for the financial year ended 31 December, 1990, that Executive Council has already given approval to the extension of water into Bodden Town. In principle, approval has been given to the three phases with full approval being given for the first phase. I went on to say that with the credibility that the Water Authority has built up in its short life-span that it is quite possible that they will not have to come back to Government for a guarantee for the two other phases into the Midland Acres area.

One Member, I believe that he may have been the First Elected Member for Cayman Brac and Little Cayman, congratulated the Water Authority and me for putting a supply of water in Cayman Brac and for that I thank him. I would just like to lay his concern to rest that a proper feasibility study was in fact done in relation to the request to pipe water throughout other areas of Cayman Brac but it was found not to be financially feasible. That is not to say that this will not be done in the future but at this point in time I think that that Member, together with others, realise that even with the limited piped supply of that we have in Cayman Brac, it will mean a certain degree of subsidy from the Water Authority.

So to suggest that this is in fact a viable situation in Cayman Brac I feel would not be correct. But water is needed on that Island and when it was considered from an economic point of view, it was felt that the social element was important and thus it was the decision of Government that water should be supplied to Cayman Brac. All things cannot be measured on just economics alone. That water supply has been completed and I believe in Cayman Brac we have supplied piped water in the most important areas at this point in time. It is an area that is used primarily by the tourists that go to that Island and it is also one of the more developed areas for the residents.

Madam Speaker, it is our hope to use a truck to transport the potable water to other areas of Cayman Brac as is now being done in Grand Cayman. The Water Authority hopes to officially open that facility on the 21st of this month. Other areas in Grand Cayman will be given attention. As a matter of fact, surveys are now being conducted by the Water Authority to determine not only the financial feasibility but also other areas of viability regarding those districts and other areas.

In his contribution to this motion, the Member for East End said that district is being ignored. I take some amount of issue with this statement as I cannot accept it as being totally correct. I believe that that Member knows that plans are afoot to have that area surveyed and that action will be taken depending on the financial constraints of the Water Authority. We have to walk before we can run. But no householder or resident of this country will be able to truly say that he is deprived of good potable drinking water as we continue to supply water to all areas of this Island by trucks, as we have done in the past.

As regard his concern about the monitoring of the water lenses in East End, I can assure him and this Honourable House that this is being done on a very regular basis. Quality water is not just a privilege for a chosen few. It is indeed a right for all of us, not only for us but for the generations to come. This is the reason why Government has agreed to guarantee the \$2.5 million required for the water system in West Bay. This is the reason why Government has indeed invested so heavily in good, potable drinking water for these Islands. It would be remiss of me if I did not recognise the individual whom I regard as the architect of this whole project, Mr. Vassel Johnson.

Mention was also made regarding a problem of potable or good quality water on the West Bay Beach area. I am sure that the memories of Members of this Honourable House are not so short that they do not recall very recently an amendment to the Water Authority Law being brought to this Honourable House to address that particular point.

We are aware that certain hotels in the West Bay Beach area provide their own desalination plants. We are also aware that the quality of water being produced by some of those plants is not as good as it could be, thus the reason for the amendment to the Water Authority Law. As soon as those desalination plants get to the stage where they require replacement, those facilities will be forced to hook up to the good potable water supply.

Madam Speaker, much of what is being done now in regards to proper water supply throughout these Islands should have been done long ago and should have been brought forward by those who are most vocal in criticising Government on this guarantee.

One Member, I believe it might have been the First Elected Member for West Bay who expressed his concerns about the operations of the sewerage system along West Bay Road. I accept that this system has been fraught with problems from day one but I also understand that it is now

being corrected and that Member is in a very good position to be able to make his views known to the Water Authority as he is a member of that Board.

I also believe that it was the Second Elected Member for Cayman Brac and Little Cayman who stated his concerns about what he regarded as a small increase or a fee of one per cent being charged by Government. But perhaps on reflection he will realise that if Government had charged a much higher fee, this would indeed have been reflected in the rate increases to the people of West Bay. I am sure that this is not what he would have wished to see. Also his query on the guarantee provided by Government, I think I have already covered this. This ensures that the Water Company will be able to get the best possible financing arrangements for their loans at a lower cost than would have been available from some of the other institutions.

I would take this opportunity to thank the Water Authority and the Environmental Health Department for the very important role that they are playing in respect to the quality and pricing of water in these Islands.

One Member mentioned on a previous occasion that Government loans made to assist in these projects take away from loans available to the little people of these Islands. Nothing could be further from the truth. If that Member would check with the bankers in these Islands, Grand Cayman in particular, he would find out that many of the banks have more money than they can get rid of. So to suggest that loans obtained by Government take away from loans available to the smaller people in this country is misleading.

Madam Speaker, as stated earlier, I believe that Government Motion No. 6/91 is a good motion. Water supply for West Bay is long overdue and it gives me much pleasure to support this motion.

Thank you.

MADAM SPEAKER:
mover to wind up.

If no other Member wishes to continue the debate I will ask the

HON. THOMAS C. JEFFERSON:

Madam Speaker, it is always courteous to say thanks to Members for their support although to some extent conditioned.

I think that it is important to point out that the guarantee which Government decided to give in respect of the Cayman Water Company is not something that we just accepted and did. The Finance and Development Department analysed the project both in terms of cost benefit analysis and the social values of the project. On those two bases, the Department made the recommendation to Government to assist the company with the guarantee and also to place the charge of one per cent. I believe that it is on that basis that the Government should be looking to the future and not always doing things for nothing because it is costing the Government a pretty penny to pay the salaries of all the individuals in this Government.

Madam Speaker, the giving of the guarantee to the Cayman Water Company will certainly have certain conditions attached to it and some Members raised the point of security. That aspect is one of the conditions of the guarantee among other things, that they will have to furnish to the Government on a frequent basis.

I thank Members for their support of the guarantee.

MADAM SPEAKER:

The question is Government Motion No. 6/91 - Loan Guarantee for the Cayman Water Company Limited. Those in favour please say Aye, those against No. The Ayes have it.

AGREED. GOVERNMENT MOTION NO. 6/91 PASSED UNANIMOUSLY.

ADJOURNMENT

MADAM SPEAKER:

I will now entertain a motion for the adjournment of the House.

HON. THOMAS C. JEFFERSON:

House until 10:00 o'clock Monday morning.

Madam Speaker, I move the adjournment of this Honourable

MADAM SPEAKER:

The question is that this Honourable House do now adjourn until 10:00 o'clock Monday morning. Those in favour please say Aye, those against No.

AYES.

MADAM SPEAKER:

10:00 o'clock Monday morning.

The Ayes have it. The House is accordingly adjourned until

AT 4:26 P.M. THE HOUSE STOOD ADJOURNED UNTIL 10:00 A.M., MONDAY, 9TH SEPTEMBER, 1991.

(Attachment to Question No. 191)

Public Service Dismissals - 1986-1991 (to date)**Dismissed by year:**

1986	3
1987	3
1988	9
1989	4
1990	1
1991 (to date)	1
Total	21

Immigration	2
Marine Survey	1
Personnel	1
Post Office	1
PWD	2
Reg. Companies	2
Total	21

Dismissed by Department:

Civil Aviation	1
Computer Services	1
Customs	1
Fire Service	8
H & SS	1

Dismissed by reason:

Absenteeism	7
Convicted of a Criminal Offence	4
Official Corruption	2
Misconduct	8
Total	21

YEAR	DEPARTMENT	REASON FOR DISMISSAL
1986	Fire Service	Misconduct
1986	Fire Service	Misconduct
1986	Fire Service	Misconduct
1987	Fire Service	Absenteeism
1987	Immigration	Official Corruption
1987	Reg. Companies	Misconduct
1988	Customs	Official Corruption
1988	Fire Service	Misconduct
1988	Fire Service	Misconduct
1988	Fire Service	Convicted of Criminal Offence
1988	H & SS	Convicted of Criminal Offence
1988	Immigration	Misconduct
1988	PWD	Absenteeism
1988	PWD	Misconduct
1988	Reg. Companies	Absenteeism
1989	Civil Aviation	Convicted of Criminal Offence
1989	Computer Services	Absenteeism
1989	Fire Service	Convicted of Criminal Offence
1989	Post Office	Absenteeism
1990	Personnel	Absenteeism
1991	Marine Survey	Absenteeism

**MONDAY
9TH SEPTEMBER, 1991
10:00 A.M..**

MADAM SPEAKER:

Prayers by the Honourable Second Official Member.

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 II, 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 Speaker of the Legislative Assembly, 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.

MADAM SPEAKER:

Please be seated. Proceedings are resumed.

Presentation of Papers and Reports. Report of the Select Committee on Cayman Airways. The Honourable First Official Member. Chairman of the Select Committee.

PRESENTATION OF PAPERS AND REPORTS

REPORT OF THE SELECT COMMITTEE ON CAYMAN AIRWAYS

HON. THOMAS C. JEFFERSON:

Madam Speaker, I beg to lay on the Table of this Honourable House, the Report of the Select Committee on the review of Cayman Airways Limited.

MADAM SPEAKER:

So ordered.

HON. THOMAS C. JEFFERSON:

Madam Speaker, this Committee was created by the establishment and approval of this Honourable House of a Private Member's Motion No. 4/90, approved on the 8th of March, 1990, unanimously. That Motion read:

**"PRIVATE MEMBER'S MOTION NO. 4/90
SELECT COMMITTEE CAYMAN AIRWAYS LIMITED**

WHEREAS Cayman Airways Limited made a profit of approximately \$1,000,000 for the financial year ended 30th June, 1989 which is an improvement of \$2,000,000 over the loss of US\$1,077,268 for the financial year ended June, 1988;

AND WHEREAS Government grants substantial annual subsidies to Cayman Airways Limited to the extent of C\$1,050,000 for 1990, and has granted C\$1,250,000 to the Portfolio of Tourism for promotion of the New York/Cayman route and tourism in that area;

AND WHEREAS provision of air services between Cayman Brac/Little Cayman and Grand Cayman has deteriorated and the residents continue to be dissatisfied;

NOW BE IT THEREFORE RESOLVED THAT this Honourable House recommends that the Standing Finance Committee consider and determine whether funds should be provided for the appointment of an independent firm or persons to examine all aspects of Cayman Airways Limited, identifying areas of profits and losses, the financial affairs, management, equipment and operations, including the Cayman Brac and Little Cayman routes;

AND BE IT FURTHER RESOLVED THAT, pursuant to Finance Committee's recommendation of the

funds for such an examination, and, subject to the selection of a firm or persons, the Honourable Member for Tourism Aviation and Trade shall provide copies of all progress reports of the appointed firm or persons as soon as possible to Members of the Finance Committee for consideration; and that the final report be laid on the Table of this Honourable House by the Member for Tourism Aviation and Trade."

THE TERMS OF REFERENCE FOR AND SELECTION OF CONSULTANTS TO UNDERTAKE THE STUDY

The Motion was first addressed at a meeting of the Standing Finance Committee on the 27th of April, 1990, when the Honourable W. Norman Bodden, Member responsible for Tourism, Aviation and Trade discussed the proposed Terms of Reference for the Consultants which his Portfolio was in the process of preparing. The Finance Committee on the 25th of May, 1990, approved the Terms and considered a short-list of individuals and companies which the Portfolio deemed best suited to conduct the study. A short-list of six companies were approved (by a majority vote) by the Finance Committee on the 24th of August, 1990, and submitted to the Central Tenders Committee for its consideration and selection.

Aer Lingus and Simat, Helliesen and Eichner Inc. were awarded the contract by the Central Tenders Committee to undertake the study of the Company in accordance with the Terms of Reference approved by the Committee.

Aer Lingus was contracted to undertake:

- 1) To examine the overall management of the company and to determine if all necessary measures are being taken to maximise revenue and control expenditure.
- 2) To examine the total staff complement and productivity and to advise on all areas of improvement.
- 3) To review salaries and conditions of service of all staff.
- 4) To review all service contracts and to advise on the financial feasibility of the airline performing the services for itself.
- 5) To review and to advise of marketing, sales and advertising programmes of the airline.

Simat, Helliesen and Eichner Inc. undertook the following Terms:

- 1) To evaluate the National Airline's economic contributions to the Cayman Islands' development (i.e. support of tourism, services to the local population and spin-off benefits to the economy).
- 2) To review and advise on the Airline's development with regards to aircraft selection and routes, and to recommend any improvement (if any) thereon.
- 3) To examine the financial feasibility of the Company and to indicate what, if any, Government subsidy will be required.
- 4) To examine the local services being provided and make recommendations in regard to efficiency, cost and suitable equipment for these routes (Grand Cayman/Cayman Brac and Little Cayman).
- 5) To advise on the future development of the Airline, including viability of privatisation and/or participation of Company employees.
- 6) To indicate the estimated value of international route rights held by the Cayman Islands Government for the National Airline.
- 7) To examine the joint working relationship between Cayman Airways Limited and the Department of Tourism in the overseas offices in regard to the sharing of offices and staff, and to advise thereon.

Although not part of the Terms, the Consultants were also required to review the bilateral Air Services' Agreement and to advise of the effect that these have on the future development of the Airline.

MEETINGS WITH THE CONSULTANTS AND INTERIM REPORTS

On 22nd of April, 1991, the Select Committee met the Consultants to discuss the Terms of Reference and, in accordance with the provisions of the Motion, received Interim Reports - the first on 28th of June followed by a second supplementary Report on 9th July, 1991. In considering the data of the Interim Reports which the Committee found to be fair, factual and impartial, both in relation to the organisational and financial performance of the Company, the Committee considered it prudent to meet the Consultants before their final recommendations were submitted. It met the Consultants and Government's appointed Project Manager on the 31st July, 1991, when the Committee was briefed of the Company's true impending financial crisis come October of this year. The Committee recognises that Government cannot continue to subsidise the Company to the tune of \$6 million to \$7

million per annum. Based, however, upon the implementation of the Consultants' recommendations it is considered that the Company has the potential to operate a break-even or to make a small profit in normal commercial circumstances.

COMMITTEE'S RECOMMENDATIONS

The Committee considers that, in view of the fact that Government undertook to have the Company assessed, with which assessment it is highly satisfied, it is desirable that every effort be made to ensure the continued survival of Cayman Airways Limited at a reasonable break-even position by restructuring the Company in accordance with the Consultants' recommendations.

The Select Committee therefore recommends to this Honourable Legislative Assembly:

(1) That, in view of the fact that Government has undertaken at some expense to have the study conducted, it is necessary to hire a Management Team to effect any accepted recommendations of the Reports.

(2) That the new Management Team be hired at the earliest possible time;

That the Hon. W. Norman Bodden shall prepare, for Finance Committee's consideration, a submission to fund the salaries of the Management Team;

(4) That the Management Team shall have full authority to implement the accepted recommendations, reporting to the Honourable Member for guidance, and that Cayman Airways Limited's Management shall assist and cooperate.

(5) That the submission for financial assistance by the Company to the Portfolio will, hereinafter, only be presented to Finance Committee for the appropriation of same if the Portfolio is of the opinion that the submission is sound and reasonable;

(6) That Members be kept abreast and advised of the recommendations which are, or which are not, going to be implemented.

The Committee expressed grave concern about the 737-400 to be delivered in February 1991 and considers it to be ill advised to lease another 737-400.

CONSULTANTS' FINAL REPORTS

The final Reports of the Consultants were submitted to Members of the Committee on 27th August, 1991. These Reports are to be tabled in the Legislative Assembly during the Third Meeting of this 1991 Session which commenced 1st September, 1991.

MINUTES OF MEETINGS OF THE SELECT COMMITTEE (Attached) 22nd April, 1991; 11th July, 1991; 30th July, 1991; and 29th August, 1991 form an integral part of the Committee's Report and are attached hereto. The Committee also met on Wednesday, 4th September, 1991, to consider the draft Report. These minutes of the meeting are also attached.

REPORT OF THE SELECT COMMITTEE

The Committee agrees that this Report be the Report of the Select Committee on Cayman Airways Limited and recommends to this Honourable House the adoption of its recommendations contained herein.

Thank you, Madam Speaker.

MADAM SPEAKER: Reports of the Consultants on Cayman Airways Limited. The Honourable Elected Member for Tourism, Aviation and Trade.

REPORTS OF THE CONSULTANTS ON CAYMAN AIRWAYS LIMITED

HON. W. NORMAN BODDEN: Madam Speaker, I beg to lay on the Table of this Honourable House the final reports as prepared by airline consultants Simat, Helliesen and Eichner Inc. of New York and Air Linguis of Ireland, on Cayman Airways Limited.

MADAM SPEAKER: So ordered.

**Motions: (i) To Adopt the Reports; and
(ii) To Defer Debate thereon.**

HON. W. NORMAN BODDEN: Madam Speaker, as stated through the Select Committee on

Cayman Airways Report, just presented by the First Official Member, the Honourable Financial Secretary, on the unanimous acceptance by this House of Private Member's Motion No. 4/90, which was moved by the Second Elected Member for Cayman Brac and Little Cayman in March of 1990, a Select Committee on Cayman Airways consisting of all Elected Members with the Financial Secretary as Chairman, was established. This was done subject to the provision of funds by Finance Committee to cover the cost for an independent firm or persons to examine and report on all aspects of Cayman Airways Limited. A sum of CI\$176,030 was voted by Finance Committee and the Select Committee commenced its meetings.

The procedure as to how this project would be conducted was agreed on by the Committee and followed precisely which was as follows:

- "1. The Committee to consider and agree upon the terms of reference.
2. The Committee to select a list of interested consultants for the study from the list provided by the Honourable Member for Tourism Aviation and Trade.
3. The Committee to forward to the Central Tenders Committee the Terms of Reference and the selected list of interested consultants.
4. Thereafter, the Central Tenders Committee to select consultants from the Committee's recommended list.
5. Thereafter, the Central Tenders Committee to transmit Terms of Reference to selected consultants.
6. Thereafter, the Central Tenders Committee to receive bids and to select consultant.
7. The consultant once selected, to meet Members.
8. The consultant to provide through the Honourable Member Interim Reports for each Member of the Committee and the Clerk's office.
8. No such interim reports to be forwarded to Directors of Cayman Airways Limited.
9. The Committee to review the Interim Reports upon receipt of same.
10. Thereafter, final consultant's report to be laid on the Table of the House."

Madam Speaker, Air Linguis was selected to address and focus on the areas relating to specific airline problems of functioning economically and efficiently. Simat, Helliesen and Eichner Inc. was selected to deal with the broad and general nature concerning the environment in which Cayman Airways Limited operates.

This study of Cayman Airways is the most comprehensive examination every conducted of the airline in its 23 years of existence. I consider that it has been a most worthwhile and necessary exercise. The consultants report, as far as I am concerned, are well balanced and clearly stated. Logical conclusions have been drawn and reasonable and sensible recommendations have been made. Recommendations which, when properly implemented, are bound to produce favourable results, which of course cannot be achieved over-night. A difficult transitional period must therefore be expected for the Airline.

The consultants have adequately addressed all items of all Terms of Reference and have done so in a competent and professional manner. Therefore, under Standing Order 24(9)(viii), I wish to formally move that the reports of the Airline consultants, Simat, Helliesen and Eicher Inc. and Air Linguis, on Cayman Airways Limited be accepted. Furthermore, that as previously agreed, by Honourable Members that the debate on the reports be taken after completion of all other items of business set down on the Order Paper for this meeting.

Thank you, Madam Speaker.

MADAM SPEAKER: There are two Questions before the House. The first is that the reports, as outlined by the Honourable Member for Tourism, Aviation and Trade, be adopted by this Honourable House and second that the debate thereon be deferred until the end of the business of this meeting. The question is open for debate.

If there is no debate I shall put the Question. Would you like me to repeat it?

MR. TRUMAN M. BODDEN: I wonder whether you had put the Question, Madam Speaker, first on the adjournment if that would be possible?

MADAM SPEAKER: Well the first Motion as moved by the Member was that the Reports be accepted. I shall put the Question that the Reports be accepted. Is there a debate thereon?

MR. TRUMAN M. BODDEN: Madam Speaker, may we ask that the Member lay the Report and take the motion first that the debate be adjourned until after the other business so that we do not have to take a

motion on the acceptance at this stage.

MADAM SPEAKER:
Table and these have been so ordered.
comment?

Honourable Member the reports have already been laid on the
Would the Honourable Member wish to make any further

HON. W. NORMAN BODDEN: Yes, Madam Speaker. I take the point being made by the Third Elected Member for George Town, and I would like then to amend the Motion, or either take it in the first part that the reports having been Tabled be debated after completion of all other items of business set down on the Order Paper for this meeting.

MADAM SPEAKER: The Motion has been duly amended by the Honourable Member for Tourism, Aviation and Trade and the Question now before the House is that the debate on the reports be deferred until the end of the business which has been scheduled for this meeting. If there is no debate, I shall put the Question, thereon. Those in favour please say Aye...Those against No.

AYES.

MADAM SPEAKER: The Ayes have it.

AGREED. THAT THE DEBATE ON THE CONSULTANTS' REPORTS BE DEFERRED UNTIL THE BUSINESS SET DOWN FOR THIS MEETING HAS BEEN DISPOSED OF.

MADAM SPEAKER: The debate is accordingly deferred.
The next item on today's Order Paper, Questions to Honourable Members. Number 200, the First Elected Member for Bodden Town.

QUESTIONS TO HONOURABLE MEMBERS

THE FIRST ELECTED MEMBER FOR BODDEN TOWN TO ASK THE HONOURABLE THIRD OFFICIAL MEMBER RESPONSIBLE FOR INTERNAL AND EXTERNAL AFFAIRS

No. 200: Would the Honourable Member say: (a) how many complaints against the police have been reported by citizens during the past two years; (b) what was the nature of these complaints; and (c) how were they handled?

Answer: During the past two years (1989 and 1990) the number of complaints made against the Police were as follows: 1989 - 30 (5 substantiated) 1990 - 34 (5 substantiated) In 1991 to date, 22 complaints have been received (three substantiated, 10 still under investigation).

A summary of the complaints and a general description of how each substantiated complaint was handled is provided on appendix attached.

Appendix:

1. The 30 complaints made in 1989 were as follows:-

Lack of police action	7
Harassment by police	7
Assault by police	5
Abuse and/or threats by police officers	3
Wrongful arrest and/or detention	2
Domestic complaints involving police officers	2
Allegation of perjury by an officer	1
Unlawful police action	1
Unlawful removal of property by an officer	1
Incorrect reporting of traffic offence	1
	30

Of these 30 complaints, all of which were fully investigated, five were substantiated and 25 were unsubstantiated. The five substantiated complaints were as follows:-

i) **Wrongful Arrest**

The complaint was substantiated but was as a result of an error by the Courts Office who issued a warrant of arrest for non-payment of a traffic ticket. The ticket had, in fact, been paid. The complainant's attorney was informed accordingly.

ii) **Abuse and Threats**

The complaint was substantiated. The police constable involved was off duty and intoxicated. An altercation over a traffic dispute arose in which the officer was abusive and threatened the complainant that he would give her name and vehicle registration number to other officers. The officer was charged with a disciplinary offence to which he pleaded guilty. He was fined two days pay and lost one rest day.

iii) **Domestic Complaint**

The complainant alleged that an officer was having an affair with his wife. The officer was interviewed but denied the allegation. However, there was sufficient evidence to substantiate the complaint from previous incidents. The officer was warned about his conduct.

iv) **Harassment**

The complainant was stopped and questioned by a police constable whilst out jogging. He consequently complained about the manner in which he was approached by the officer.

The officer, who was a probationer, was interviewed and given suitable advice and guidance. The complainant was informed of the action taken.

v) The complainants alleged that a case of theft in which a sum of money was stolen from the wife's handbag was lost in Court by inefficiency on the part of the police. The matter was investigated and the complaint was substantiated. The complainants were awarded the sum of \$800.00 (equivalent to the amount stolen) from the Police Welfare Fund.

2. The 34 complaints made in 1990 were as follows:-

Lack of police action	7
Harassment by police	7
Assault by police	6
Improper procedure	4
Incorrect reporting of a traffic offence	3
Abuse and/or threats by police officers	2
Uncivil behaviour	2
Improper conduct during raid on premises	1
Improper conduct during a search of premises	1
domestic complaint involving a police officer	1
	34

Of these 34 complaints, all of which were fully investigated, five were substantiated and 29 were unsubstantiated. The five substantiated complaints were as follows:-

i) **Lack of police action**

The complainant wrote to advise that her written applications to join the force had not been dealt with properly. Upon investigation, it was discovered that the complainant had been advised verbally by the Training Department that here applications were unsuccessful but no follow-up in writing was made. Instructions were given to the Training Department that all applications must be acknowledged in writing. The complainant was sent a letter of apology.

ii) **Abuse and threats**

A probationary woman police constable used abusive and threatening language to the proprietor of a health club. The officer's employment was terminated due to other unrelated unsatisfactory behaviour. The complainant was informed of this in action in writing.

iii) **Uncivil Behaviour**

A complaint was received that a constable left his vehicle engine running outside the complainant's residence at 11:30 pm and refused to turn it off. An argument developed during which the officer threatened to arrest the complainant. The constable, who was a probationer, was seen by his Chief Superintendent and given suitable advice and guidance. The complainant was notified in writing.

iv) Incorrect reporting of a traffic offence

The complainant received a warning letter dated 1.8.88 for careless driving 18 months after the incident occurred. A civil court ruled in the complainant's favour in the accident nine months before the letter was received. An enquiry revealed that the letter was addressed for delivery by hand but was overlooked for some time. It was eventually sent to the Post Office c/o General Deliver but unclaimed. It was then returned to the police and finally hand-delivered to the complainant. The warning letter was withdrawn and a letter of apology sent to the complainant. Instructions to prevent a recurrence were given to the Traffic Department.

v) Harassment

The complainant and his mother were threatened and harassed by a police officer concerning a dispute over a parking space at a supermarket. The officer, who was a probationer, was identified and seen by his Chief Superintendent. He was given advice and guidance as to his future conduct. A note of the interview was placed on his personal file.

3. The complaints received so far this year are as follows:-

Assault by police	8
Wrongful arrest and detention	3
Harassment	3
Uncivil behaviour	3
Abuse and/or threats	3
Unlawful removal of property	1
Improper police procedure	1
	22

Of these 22 complaints, nine were unsubstantiated, three were substantiated and 10 are still under investigation. The three substantiated complaints were as follows:-

i) Wrongful arrest and detention

Two officers arrested a man on suspicion of arson without making proper enquiries into the case. The person reporting the matter was only requesting a warning about a small fire set on his land to burn rubbish. The complainant was released without charges and a letter of apology sent. The two officers were interviewed by their Chief Superintendent and given advice and guidance on how to deal with future cases of this nature. The complainant's aggressive and uncooperative nature when spoken to by the officers was a mitigating factor in their favour.

ii) Uncivil behaviour

The officer was involved in an altercation with another man who was the father of the officer's girlfriend's child. He was alleged to have pushed the complainant. The complaint was substantiated but there was a degree of provocation on the part of the complainant. The officer, a probationary constable, was seen by his Superintendent and given advice and guidance. The complainant was informed of this action in writing.

iii) Wrongful arrest and detention

An off duty officer had a dispute over a minor traffic matter and proceeded to place himself 'on duty' and demand the name and address of the complainant who was subsequently arrested and required to give a urine specimen on suspicion of consuming a controlled drug. The test was negative. Disciplinary charges have been brought against the officer but have not yet been heard.

SUPPLEMENTARIES

MADAM SPEAKER:

The First Elected Member for Bodden Town.

MR. ROY BODDEN:

I wonder if the Honourable Member could say if, in dealing with these complaints, any provision is made for the complainant to either appear before the Board handling these complaints or for their written depositions to be taken?

HON. J. LEMUEL HURLSTON:

Madam Speaker, the method and procedure used for investigating complaints is tailored to suit the complaint itself. Generally speaking complaints are lodged in writing

and the investigation is then commenced on the basis of the written complaint and any substantiating evidence which the complaint points to. If during the investigation it becomes necessary to make further enquiries of the complainant this is always done.

MADAM SPEAKER: The Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: Would the Member say why there is such a small percentage of complaints substantiated?

HON. J. LEMUEL HURLSTON: No, Madam Speaker, I cannot.

MADAM SPEAKER: The Second Elected Member for Bodden Town.

MR. G. HAIG BODDEN: Madam Speaker, will the Member say if most of the complaints received covered circumstances where it would be difficult for the complainant to prove the case? In other words, were they not mostly the word of the complainant against the officer?

HON. J. LEMUEL HURLSTON: Madam Speaker, it is probable that a number of the complaints could only have been substantiated on the basis of the circumstances as described by the Member, however, I do not have the analysis broken down in that particular fashion. The fashion in which I have provided the answer is to describe to Members how each of the substantiated complaints were dealt with and Members will see from the analysis provided that that varied considerably.

MADAM SPEAKER: The First Elected Member for Bodden town.

MR. ROY BODDEN: Thank you, Madam Speaker. I wonder if the Honourable Member could say if the police force has an Internal Affairs Department which investigates these complaints or tell the House exactly how these complaints are received and by what Board or Department are they handled?

HON. J. LEMUEL HURLSTON: Madam Speaker, the Department operates under regulations which are prescribed and the Department is organised into sections. There is the Administration section, the Uniform Branch, the Criminal Investigation and other sections. The largest section in terms of numbers of officers is the Uniform Branch and that Branch is headed by a Chief Superintendent. Many complaints are dealt with at that level, that is, they are investigated and disposed of by the Chief Superintendent in charge of the Uniform Branch.

Other complaints are occasionally referred to a more Senior Officer, occasionally rising to the rank of the Deputy Commissioner of Police and in those cases the Deputy Commissioner of Police will head up the investigation and in rare circumstances the Commissioner himself will have to become involved in certain other types of investigations.

MADAM SPEAKER: The Elected Member for East End.

MR. JOHN B. McLEAN: I wonder if the Member could say if any positive action has been taken with regard to police harassment and/or brutality, as this number seems to be quite high?

HON. J. LEMUEL HURLSTON: Madam Speaker, could the Member give reference to the House of the numbers that he is referring to, please?

MR. JOHN B. McLEAN: Madam Speaker, I do not have a number with me, but it is referred to several times in his answer of harassment, police assault and other abuse.

HON. J. LEMUEL HURLSTON: Madam Speaker, in all cases the way in which the complaint was handled and dealt with has been provided in the written answer circulated. I have nothing further to add.

MADAM SPEAKER: May we proceed to the next question No. 201, standing in the name of the First Elected Member for Bodden Town.

THE FIRST ELECTED MEMBER FOR BODDEN TOWN TO ASK THE HONOURABLE THIRD OFFICIAL MEMBER RESPONSIBLE FOR INTERNAL AND EXTERNAL AFFAIRS

No. 201: Can the Honourable Member say: (a) what is the total staff complement of the Computer Services Department; (b) what is the annual Budget of this Department; and (c) how many Caymanians and non-Caymanians are employed in this Department, what positions do they hold and what are their dates of employment?

Answer: (a)The total staff complement for the Computer Services Department is 46 posts.
(b)The annual budget for 1991 for the Computer Department is \$1,933,337.00.
(c)There are 2 Caymanians and 17 non-Caymanians employed in this Department and three

posts are presently vacant

(please see following list for breakdown of posts held and dates of employment).

Appendix:

Computer Services as of 26th August, 1991

Budget:	\$1,933,337	(1991)
Staff Complement:	46	100%
Caymanians:	26	57%
Non-Caymanians	17	37%
Vacant:	3	7%

Title	Status	Grade	Start Date
Mgr.Computer Services	<i>Non-Caymanian</i>	<i>SS3</i>	<i>26-Jun-90</i>
Systems Development Mgr.	<i>Non-Caymanian</i>	<i>TH9</i>	<i>31-Aug-86</i>
Operations Manager	<i>Non-Caymanian</i>	<i>TH9</i>	<i>16-Feb-82</i>
Sr.Support Analyst	<i>Non-Caymanian</i>	<i>TH8-9</i>	<i>5-Oct-89</i>
Executive Officer	<i>Caymanian</i>	<i>E 1-2</i>	<i>01-Dec-89</i>
Accounts Officer II	<i>Caymanian</i>	<i>E 1-2</i>	<i>04-May-87</i>
Clerical Officer	<i>Caymanian</i>	<i>C 1-4</i>	<i>03-Dec-90</i>
Database Administrator	<i>Non-Caymanian</i>	<i>TH8-9</i>	<i>02-Oct-87</i>
Sr.Analyst/Programmer	<i>Caymanian</i>	<i>TH8-9</i>	<i>07-Nov-84</i>
Sr.Analyst/Programmer	<i>Non-Caymanian</i>	<i>TH8-9</i>	<i>13-Oct-86</i>
Analyst/Programmer	<i>Caymanian</i>	<i>TH7-8</i>	<i>01-Jun-88</i>
Analyst/Programmer	<i>Caymanian</i>	<i>TH7-8</i>	<i>14-Nov-86</i>
Analyst/Programmer	<i>Caymanian</i>	<i>TH7-8</i>	<i>15-Jun-74</i>
Analyst/Programmer	<i>Non-Caymanian</i>	<i>TH7-8</i>	<i>28-Jul-91</i>
Analyst/Programmer	<i>Non-Caymanian</i>	<i>TH7-8</i>	<i>02-Jul-91</i>
Analyst/Programmer	<i>Non-Caymanian</i>	<i>TH7-8</i>	<i>02-Jul-91</i>
Analyst/Programmer	<i>Non-Caymanian</i>	<i>TH7-8</i>	<i>11-Aug-89</i>
Analyst/Programmer	<i>Non-Caymanian</i>	<i>TH7-8</i>	<i>04-Jan-89</i>
Analyst/Programmer	<i>Non-Caymanian</i>	<i>TH7-8</i>	<i>30-Oct-88</i>
Analyst/Programmer	<i>Non-Caymanian</i>	<i>TH7-8</i>	<i>15-Nov-87</i>
Analyst/Programmer	<i>Non-Caymanian</i>	<i>TH7-8</i>	<i>15-Nov-87</i>
Operations Shift Super.	<i>Caymanian</i>	<i>TH7-8</i>	<i>22-Jul-91</i>
Sr.Computer Technician	<i>Caymanian</i>	<i>TH7-8</i>	<i>13-Sep-90</i>
Technical Librarian	<i>Caymanian</i>	<i>TH7-8</i>	<i>04-Jun-84</i>
Computer Technician	<i>Non-Caymanian</i>	<i>TH6-7</i>	<i>01-May-91</i>
Programmer	<i>Caymanian</i>	<i>TH6-7</i>	<i>27-Aug-90</i>
Programmer	<i>Caymanian</i>	<i>TH6-7</i>	<i>09-Jul-90</i>

Programmer	<i>Caymanian</i>	<i>TH6-7</i>	<i>01-Jul-87</i>
Sr.Computer Operator	<i>Caymanian</i>	<i>TH6-7</i>	<i>04-May-87</i>
Sr.Computer Operator	<i>Non-Caymanian</i>	<i>TH6-7</i>	<i>01-Dec-82</i>
Computer Technician	<i>Caymanian</i>	<i>TH5-6</i>	<i>07-Aug-89</i>
Computer Technician	<i>Caymanian</i>	<i>TH5-6</i>	<i>01-Nov-88</i>
Computer Technician	<i>Caymanian</i>	<i>TH5-6</i>	<i>29-Aug-88</i>
Computer Technician	<i>Caymanian</i>	<i>TH5-6</i>	<i>11-May-87</i>
Jr.Programmer	<i>Non-Caymanian</i>	<i>TH5-6</i>	<i>11-Feb-91</i>
Computer Operator	<i>Caymanian</i>	<i>TH 5</i>	<i>10-Jun-91</i>
Computer Operator	<i>Caymanian</i>	<i>TH 5</i>	<i>01-Sep-89</i>
Computer Operator	<i>Caymanian</i>	<i>TH 5</i>	<i>01-Aug-89</i>
Sr.I/O Operator	<i>Caymanian</i>	<i>TH 5</i>	<i>04-May-87</i>
Sr.I/O Operator	<i>Caymanian</i>	<i>TH 5</i>	<i>01-Sep-85</i>
Input/Output Operator	<i>Caymanian</i>	<i>TH3-4</i>	<i>27-Feb-89</i>
Input/Output Operator	<i>Caymanian</i>	<i>TH3-4</i>	<i>02-Sep-85</i>
Input/Output Operator	<i>Vacant</i>	<i>TH3-4</i>	
Data Entry Operator	<i>Vacant</i>	<i>TH1-4</i>	
Data Entry Operator	<i>Vacant</i>	<i>TH1-4</i>	
Warehouse Keeper	<i>Caymanian</i>	<i>AD1-5</i>	<i>19-Mar-90</i>

SUPPLEMENTARIES

MADAM SPEAKER: Supplementaries, the First Elected Member for Bodden Town.

MR. ROY BODDEN: Thank you, Madam Speaker.
Supplementary. It is noticed that the four top posts are held by non-Caymanians. I wonder if the Honourable Member could say what attempts are being made to groom Caymanians for these top posts?

HON. J. LEMUEL HURLSTON: Madam Speaker, the top positions in the Department require years of experience for which none of the present serving officers qualify. However, every effort is being made to assist these officers and when the necessary experience has been built up promotion is inevitable.

MADAM SPEAKER: The Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: Madam Speaker, this question is in two parts. I would like to ask the Member what is included in the \$1,933,337? And precisely what is being done to assist the officers in this particular Department to reach the position where they will assume jobs above where they presently exist?

HON. J. LEMUEL HURLSTON: The break-down of the annual budget is as reflected in the 1991 Estimates and I do not happen to have my copy of the Estimates with me but the budget is reflected as part of the Personnel and Management Services Recurrent Budget and the details are broken down in the approved Estimates.

The efforts that are being made to promote, and encourage the promotion of, Caymanians within the Department forms part of the Caymanianisation programme throughout the Civil Service and that is that in-service training is continued on an organised basis, regional and international training courses are sponsored by the Department and regular staff evaluations are carried out with a view to determining suitable candidates for promotion.

MADAM SPEAKER:
Cayman.

The Second Elected Member for Cayman Brac and Little

MR. GILBERT A. McLEAN:

Madam Speaker, is the Member saying that there are in-service courses in computer systems developments and operations and analysis? If not, then how or what is done to assist Caymanian persons in these particular areas?

HON. J. LEMUEL HURLSTON:

Madam Speaker, in computing there are a number of disciplines. There are disciplines that involve technician groups, disciplines involving programmers, disciplines involving analysts and then there are management and supervisory disciplines in the supervisory levels.

Caymanians generally entering the Department, enter with a qualification that enables them to be slotted into one of those general groupings. In order to gain promotion into the management and supervisory positions, officers not only require training but they require a certain minimum years of experience as well. The in-service training that is carried on, on an understudy basis where Caymanians work along side expatriate counter-parts on the job with a view to transferring the expertise that the contracted officer has, and based on the assessment and the performance of the officer at the end of the period of the assessment, the assessment is then done with a view of determining suitability for promotion.

MADAM SPEAKER:

If there are not further supplementaries the next Question is No. 202 standing in the name of the First Elected Member for Bodden Town.

THE FIRST ELECTED MEMBER FOR BODDEN TOWN TO ASK THE HONOURABLE THIRD OFFICIAL MEMBER RESPONSIBLE FOR INTERNAL AND EXTERNAL AFFAIRS

No. 202: Will the Honourable Member inform the House how are police patrols scheduled so as to ensure maximum safety and effectiveness of officers involved?

Answer: The Police Uniform Branch is organised on a four-shift system where manning levels permit it.

George Town:

At Central Police Station, which covers the whole George Town area, including West Bay Road as far as the Holiday Inn, the four shifts each consist of an Inspector-in-Charge, a Station Sergeant, a Patrol Sergeant and 10 Constables. These shifts work an eight hour duty period for five days a week from 7 a.m. to 3 p.m., 3 p.m. to 11 p.m. and 11 p.m. to 7 a.m., thereby covering the entire 24-hour period. The fourth shift acts as a relief shift when the other three shifts are on rest days.

There is one area patrol car driver with an observer to provide a mobile patrol and to be available to answer calls for assistance. This vehicle is in touch with the Central Police Station control room by radio.

A George Town foot patrol is provided whenever possible of one or more officers, depending on manpower available. Leave, sickness, training, Court attendance, etcetera, inevitably reduce the number of officers available. There are insufficient constables to provide a full beat system in the George Town area. The foot patrol officers are equipped with a hand-held radio. As far as possible, foot patrols are provided during busy periods, particularly on cruise ship days.

The Traffic Department operates a four-shift system, each shift consisting of a Sergeant and four Constables. These Officers patrol in vehicles and cover the entire Island of Grand Cayman to respond to accidents and enforce the Traffic Law and Regulations. They also support the general duties of the Uniform Branch and the CID in serious incidents. Motorcycle patrols are also employed.

West Bay:

West Bay Police Station provides cover for the full 24-hour period, but there are insufficient officers to operate a full four-shift system. The station has one Inspector, three Sergeants and twelve Constables. There are usually three officers on duty at night and mobile patrols are carried out as frequently as circumstances permit.

Officers are in touch with their station and the main control room by radio and are supported when required by officers from Central Police Station.

Out Stations:

The Out Stations, consisting of Bodden Town, North Side and East End have insufficient officers to provide 24-hour cover, but as a general rule only the period between 2 a.m. and 6 a.m. is not covered. During this period, cover is provided by Central Police Station. Officers patrol the outer districts by car and are in touch with Bodden Town Police Station and the main control room by radio. The Out Station strength is currently one Inspector, one Sergeant and nine Constables. Recently a special unit drawn from Central Police Station, consisting of four constables, was

assigned to the Out Stations. This unit will work for one week at the out stations and one week at West Bay at a time.

Cayman Brac:

Cayman Brac Police Stations have insufficient officers to operate a shift system. The strength is currently one Inspector, one Sergeant and six Constables. The station operates mobile patrols as circumstances permit.

Criminal Investigation Department:

The CID, which includes the Drug Squad, operates independently of the Uniform Branch and, with the exception of the Drug Squad who operate plain-clothes mobile patrols, particularly at night, the CID are generally engaged in visiting scenes of crime and carrying out investigations. The current strength of the CID is 60 officers (all ranks), with 25 of these (42 per cent) in specialist or support roles such as scenes of Crime, Criminal Records Office, Fingerprint Bureau, Drugs Profit Confiscation and Intelligence, Special Branch and Commercial Crime Branch.

Honourable Members will appreciate, I trust, that every effort is made to structure and schedule patrols to provide maximum safety and effectiveness, subject to manpower and the resources. Duty rosters and manning levels, particularly in the Uniform Branch, are constantly under scrutiny and review.

SUPPLEMENTARIES

MADAM SPEAKER: Supplementary, the First Elected Member for Bodden Town.

MR. ROY BODDEN: Thank you, Madam Speaker. I would like to ask the Honourable Member if there are any plans in the near future to boost the complement of officers so that the precinct in Bodden Town may afford round the clock coverage to the citizens in that area?

HON. J. LEMUEL HURLSTON: Madam Speaker, the Department is currently of the view that the hours of 2:00 a.m. and 6:00 a.m. when the Stations are not covered are periods during which the policing activities or reports to the police are at their minimal and any reports received can adequately and conveniently be handled from Central Police Station.

MADAM SPEAKER: The First Elected Member for Bodden Town.

MR. ROY BODDEN: Thank you, Madam Speaker. I wonder if the Honourable Member is aware that a number of constituents in Bodden Town have voiced dissatisfaction with having to experience the inconvenience and sometimes the unavailability of officers when requested because it takes them a difficult time to get onto the station in George Town and by the time a patrol car is dispatched, then the complaint is irrelevant because the persons whom they were complaining against will have already left the scene?

HON. J. LEMUEL HURLSTON: Madam Speaker, that is partly one of the reasons why a special unit consisting of four constables had been dispatched to supplement and augment the strength in the Out Stations and as mentioned in the written answer, this special unit alternates between one week in the eastern districts and another week in West Bay. It is very much an experiment to see how effective it proves.

MADAM SPEAKER: Supplementary, the First Elected Member for Bodden Town.

MR. ROY BODDEN: Thank you, Madam Speaker. I wonder if the Honourable Member could say if it is customary or if it is common practice that two female officers are allowed to patrol together without the availability of a male officer?

HON. J. LEMUEL HURLSTON: No, Madam Speaker, I am not familiar with the assignment of the sexes within the various departments. I could not comment.

MADAM SPEAKER: The Member for East End.

MR. JOHN B. McLEAN: I wonder if the Member could say whether or not additional patrols have been put in place in the areas outlined in Private Member's Motion No. 9/91?

HON. J. LEMUEL HURLSTON: Yes, Madam Speaker. Additional patrols have been put on within the capability of the resources.

MADAM SPEAKER: If there are no further supplementaries, the next Question is No. 203, standing in the name of the Second Elected Member for Cayman Brac and Little Cayman.

THE SECOND ELECTED MEMBER FOR CAYMAN BRAC AND LITTLE CAYMAN TO ASK THE HONOURABLE SECOND OFFICIAL MEMBER RESPONSIBLE FOR LEGAL ADMINISTRATION

No. 203: Can the Honourable Member say what are the circumstances under Cayman Islands Laws where a person can be fingerprinted and photographed before being formally charged with an offence?

Answer: Power to take fingerprints and photographs is vested in the Police under section 25(1) of the Police Law which reads as follows:-

"Any police officer may cause to be taken, for use and record in the registry of the Force, photographs, descriptions, measurements, fingerprints, palm prints, footprints or other physical specimens of any person in lawful custody for any offence punishable by imprisonment, whether such person has been convicted of such offence or not."

The expression "lawful custody" in that context means "detained consequent upon a lawful arrest". There is no requirement that the person be formally charged. Indeed, the provision is intended, *inter alia*, to facilitate the completion of the investigation process where there is reasonable ground for believing that the person in custody has committed a serious offence. The important safeguards against unwarranted invasion of privacy are:

- (i) That there must be sufficient evidence already available upon which a lawful arrest can be grounded;
- (ii) That the power is granted only in respect of offences which are punishable by imprisonment.

Additionally, if the offence for which the person has been arrested is not subsequently proved, he is entitled to have any photographs, fingerprints or other specimens turned over to him or destroyed.

SUPPLEMENTARIES

MADAM SPEAKER: Supplementary, the Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: I would like to ask the Member if I am understanding his reply correctly, that a person who has been arrested or detained, but not charged with a particular offence, can be photographed and fingerprinted and secondly, if there have been any instances where persons who have not been convicted or wrongfully detained or arrested have requested the destruction of fingerprints and photographs which might be taken and, how does that person know that this has been done?

HON. RICHARD W. GROUND: The answer, Madam Speaker, is yes, he understood my answer correctly. I have no means of knowing whether people have requested, it would be a police matter and I have to make specific enquiries and would need notice of the question. Thirdly, the only means of knowing whether it is being done is, I suppose, trusting in the fact that the police force is run and organised properly.

Should in any later proceedings it appear that fingerprints have been improperly retained and used for investigative purposes, that may well lead to either disciplinary proceedings or the evidence concerned being declared inadmissible.

MADAM SPEAKER: The Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: Would the Member give an undertaking to inform this House after enquiry, as to whether there have been requests by persons who have been fingerprinted or photographed, where subsequently they have not been convicted or there has been wrongful arrest if there has been a destruction of these fingerprinting and photographs?

HON. RICHARD W. GROUND: I would ask, Madam Speaker, that the Member reconsider asking this question. It would not be me, it is not directly my responsibility, but for the police to go through every single case where an individual was not charged to find out whether he asked that the records be destroyed is going to be a huge task. If he wants to ask, could we check that the procedures are enforced and applied, then that might be more reasonable.

MADAM SPEAKER: Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: Madam Speaker, could I limit the time to perhaps the past 24 months? That should give a fair reflection, I think.

HON. RICHARD W. GROUND: Madam Speaker, I do repeat that it is an enormous task, it is going to have costly personnel consequences for Government. I can hear the First Elected Member for George Town, saying that we should do it, and if the Member wishes to insist, of course it will be done. But it is a big task and every time one of these big tasks is imposed upon an operative arm of Government, something else does not get done.

MADAM SPEAKER: Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: Madam Speaker, I would like to request of the Member replying, that this information be supplied and perhaps it would be a good place to start for collecting such vital statistics within the police force.

MADAM SPEAKER: I would suggest Honourable Member that no time limit should be set because, as has been indicated by the Honourable Second Official Member, if this is pressed upon, it means that other important services probably like patrols might have to be put aside.

MR. GILBERT A. McLEAN: Madam Speaker, I did not ask him to report within this Session or even the next. I simply asked if the Member could get such information and supply it to this House in usual official time, due course.

MADAM SPEAKER: However, you did state for the last 24 months, did you not?

MR. GILBERT A. McLEAN: Yes, Madam Speaker.

MADAM SPEAKER: This is a long period if they have to cover all of those. Shall we pass on to the next question? No. 204, standing in the name of the Second Elected Member for Cayman Brac and Little Cayman.

THE SECOND ELECTED MEMBER FOR CAYMAN BRAC AND LITTLE CAYMAN TO ASK THE HONOURABLE ELECTED MEMBER RESPONSIBLE FOR COMMUNICATIONS, WORKS AND AGRICULTURE

NO. 204: Can the Honourable Member say what steps are being taken by Government to improve the roadways from the eastern districts leading into George Town?

Answer: Supplementary funding is currently being sought to undertake certain urgent road works in this and other areas of the Island. In the meantime, routine patching and maintenance work is continuing on the main roads between the Eastern districts and George Town.

SUPPLEMENTARIES

MADAM SPEAKER: Supplementaries, the Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: Will the Member say if the present scraping of the roadsides along the roads leading into George Town is part of the exercise of improving and maintaining the roads and is he aware that the sides of the roads are washing out, during this exercise?

HON. LINFORD A. PIERSON: Madam Speaker, I am informed that the clearance of weed or grass on the side of the road, referred to as the present scraping of the roads, is a part of maintenance. I am also informed that the Chief Engineer is not aware of any of the roads washing out.

MADAM SPEAKER: The Member for East End.

MR. JOHN B. McLEAN: Madam Speaker, that is a funny one. We all see this each day, however, I have a supplementary. Can the Member say when has the last major road works been carried out on the road East End to Frank Sound?

HON. LINFORD A. PIERSON: Madam Speaker, I am informed that the road between Frank Sound and East End was constructed during the 1970s, but since then maintenance work has been carried out on an annual basis.

MADAM SPEAKER: The Member for East End.

MR. JOHN B. McLEAN: Madam Speaker, I wonder if the Member could elaborate on what maintenance he is talking about on the road from East End to Frank Sound, on an annual basis?

HON. LINFORD A. PIERSON: This would refer to patching and other maintenance roadworks.

MADAM SPEAKER: The Member for East End.

MR. JOHN B. McLEAN: Madam Speaker, I wonder if the Member could say when last he has visited the district of East End?

HON. LINFORD A. PIERSON: Madam Speaker, I visit that area on a regular basis.

MADAM SPEAKER: The Member for East End.

MR. JOHN B. McLEAN: Madam Speaker, I wonder if the Member could enlighten the House as to whether he is aware of such works as was just pointed out?

HON. LINFORD A. PIERSON: Madam Speaker, I am aware of this, but I am further aware, so is the Member asking the question, that he has recently met with the Portfolio requesting that certain maintenance work be carried out on that road. He is aware, as I have said in the substantive answer to his question, that supplementary funding is now being sought to carry out major road maintenance work between Frank Sound and East End and as soon as this has been approved in Finance Committee, the work will be undertaken.

MADAM SPEAKER: The Member for East End.

MR. JOHN B. McLEAN: Madam Speaker, a further supplementary. I wonder if the Member could say whether or not it is correct that funds have been in the annual budget for the last two years and no major work has been carried out on the Frank Sound to East End Road and at the end of the year the funds just fell back to the revenue?

HON. LINFORD A. PIERSON: Madam Speaker, I am informed that funds were in the budget in 1990, but due to the tremendous amount of work Public Works had to carry out it was not possible to complete all of the roadworks.

MADAM SPEAKER: The Member for East End.

MR. JOHN B. McLEAN: Madam Speaker, I wonder if the Member could say whether or not Public Works Department endeavoured to sub-let such jobs to private enterprise as was suggested by the Finance Committee?

HON. LINFORD A. PIERSON: Madam Speaker, I am advised by the Chief Engineer that the work was not at the stage at that point in time to be sub-let.

MADAM SPEAKER: The Member for East End.

MR. JOHN B. McLEAN: My last supplementary, Madam ...

MADAM SPEAKER: I am glad to hear that Honourable Member.

MR. JOHN B. McLEAN: It is very important, Madam Speaker, and that is why I am dealing with it thoroughly. I wonder if the Member could say when it is hoped that Public Works Department will commence work on this area, which is in such a bad state of repair?

HON. LINFORD A. PIERSON: Madam Speaker, I just advised the Member that an application is now before the Financial Secretary for submission to this upcoming Finance Committee. As soon as approval is received through Finance Committee work will be undertaken on that road.

11:00 A.M.

SUSPENSION OF STANDING ORDER 23(7)

MADAM SPEAKER: The time is 11:00 am which would conclude question time unless there is a Motion for continuation.

HON. THOMAS C. JEFFERSON: Madam Speaker, I believe it is the wish of the House that under Standing Order 83, I move the suspension of Standing Order 23(7) to allow the other questions to be taken this morning.

QUESTION PUT: AGREED: **STANDING ORDER 23(7) SUSPENDED TO ENABLE THE REMAINING QUESTIONS ON THE ORDER PAPER TO BE TAKEN.**

MADAM SPEAKER: Question No. 205, standing in the name of the Second Elected Member for Cayman Brac and Little Cayman.

THE SECOND ELECTED MEMBER FOR CAYMAN BRAC AND LITTLE CAYMAN TO ASK THE HONOURABLE ELECTED MEMBER RESPONSIBLE FOR COMMUNICATIONS, WORKS AND AGRICULTURE

No. 205: Would the Honourable Member say if the application to Government to extend the lease on the property in Safe haven or the old Galleon Beach property has been approved?

Answer: The SafeHaven lease extension has been approved for an additional 41 years, expiring in the year 2090. The premium for this extension was US\$2 million payable in installments. The first payment of US\$1 million was made on 13th August, 1991, with the balance of US\$1 million to be paid over ten

years at \$100,000 per annum.

Inquiries have been made on behalf of the lease holders of the Galleon Beach property for Government to extend the lease, but there have no further developments regarding this matter.

SUPPLEMENTARIES

MADAM SPEAKER: Supplementary, the Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: Will the Member say what total number of years the additional 41 now gives the particular lessee and if the \$1 million which is due to the Cayman Islands Government to be paid over 10 years, attracts any interest?

HON. LINFORD A. PIERSON: Madam Speaker, the answer to part one of the supplementary. The total number of years is 99 years. The answer to part two, as mentioned in the substantive answer the total consideration is \$2 million. One million dollars have already been paid and the balance of the other \$1 million will be paid over 10 years at a \$100,000 per annum. There is no interest charged.

MADAM SPEAKER: The Third Elected Member for George Town.

MR. TRUMAN M. BODDEN: Thank you, Madam Speaker. Would the Honourable Member say how many square feet of land was involved and what the price per square foot the premium represented? Thirdly, what is in fact the going sale price per square foot for property in that area?

HON. LINFORD A. PIERSON: I am reliably informed by the Technical Officer, the Lands Officer, that it is inappropriate to consider the valuation of this large tract of land by square feet as no previous survey had been carried out. The area of property under consideration is 280 acres, not in square feet.

MADAM SPEAKER: The First Elected Member for West Bay.

MR. W. McKEEVA BUSH: Madam Speaker, thank you very much. In recent months this side of the House has been endeavouring to get information on this aspect. Why did the Member not see it fit to consult us on this very important aspect?

HON. LINFORD A. PIERSON: Madam Speaker, I am not sure what the Member is trying to elicit because this is Government's business, it was not a matter that I felt needed to be brought to Members of the Backbench.

MADAM SPEAKER: The First Elected Member for West Bay.

MR. W. McKEEVA BUSH: Madam Speaker, thank you very much. It is true to say that it is Government business, but indeed the Backbench is considered a part of the Government. Furthermore, does the Member not realise that this affects the West Bay district and does he not also realise that this property will not revert to the people of these Islands, probably in our life time?

HON. LINFORD A. PIERSON: Madam Speaker, the valuation on this property was not done hastily. It was done after much consideration, not only by Government, but indeed, by the people that are qualified to do the evaluation. So all considerations were taken, Madam Speaker.

MADAM SPEAKER: The Third Elected Member for George Town.

MR. TRUMAN M. BODDEN: Thank you, Madam Speaker. Could the Member enquire or say whether land in this area is not sold by the square foot and specifically, would he ask the gentlemen who is briefing him there, whether he has not seen land sold by the square foot in this area?

HON. LINFORD A. PIERSON: Madam Speaker, again, I am answering after consultation with the Lands Officer, the method used in an area that had not been previously surveyed is price arranged between buyer and seller and that no question had been raised as to square footage in this particular instance as the whole area had to be considered, some 280 acres.

MADAM SPEAKER: The Second Elected Member for Bodden Town.

MR. G. HAIG BODDEN: Madam Speaker, I have two questions. One is, does the Member have any idea, at all, what the cost of one house lot is in this area? That is what it is being sold for now and two, although the answer is very cloudy, does it mean that the total lease given to these people is for 99 years?

HON. LINFORD A. PIERSON: Madam Speaker, the answer to the first part of the supplementary, I am not sure is directly related to the question and I do not really have the answer. That is the

whole long and short of it. I do not know how much the Safehaven is selling their lots for down there.

MR. G. HAIG BODDEN: So you give away the Government's land without knowing what it is worth?

HON. LINFORD A. PIERSON: Madam Speaker, I am sure that the Honourable Member knows better than that and I do not think that such a comment deserves further elaboration. As relating to the second part of this question, I have already said that the total lease, now that the extension has been put in place, will be 99 years.

MADAM SPEAKER: The Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: Madam Speaker, the square footage of 280 acres is 12,196,800 square feet and the Member has said that he has given this property over to the lessee for 99 years, for only \$1,683.50 per month. Taking into account the cost of property per square foot there, does he not feel that the people of the Cayman Islands have been gypped by this particular agreement?

MADAM SPEAKER: The word 'gypped' is not a very nice parliamentary expression. Would you find another word to substitute, please, Honourable Member?

MR. GILBERT A. McLEAN: How is 'defrauded', Madam Speaker?

MADAM SPEAKER: Pardon?

(MEMBERS' LAUGHTER)

MR. W. McKEEVA BUSH: Or worse!

MR. GILBERT A. McLEAN: Madam Speaker, I am trying to establish if through Government not getting true value for this, the people of the Cayman Islands have not been in some way defrauded?

HON. LINFORD A. PIERSON: Madam Speaker, the answer to that unnecessary supplementary is, no.

MADAM SPEAKER: The Third Elected Member for George Town.

MR. TRUMAN M. BODDEN: Can the Member say whether there have been any sales or agreements for sales on any of this property? Secondly, the lands which are in that area, such as Governors Harbour, can he say whether that is sold normally on a square foot or not?

MADAM SPEAKER: Honourable Member that is really not part of the original question about the matter of sales. We are dealing with the extension of the lease and the matter of sales and Governors Harbour sales are really outside the purview. This information will not be available. I will not allow that question.

MR. TRUMAN M. BODDEN: I accept the ruling, do you mind just letting me say the reasoning behind it, which is that the value of the property is very important because he stated the price of the lease.

MADAM SPEAKER: That is not going to change the situation now, is it?

MR. TRUMAN M. BODDEN: No, Ma'm, nothing changes it, but we have a right to enquire whether the public is getting its full value for the money's worth.

MADAM SPEAKER: I do agree, but we must stay within the ambit of the original question.

HON. LINFORD A. PIERSON: Madam Speaker, it might be helpful to the Member if he realises that the 280 acres are not totally dry land. A lot of that is canals and ponds and that what you see their now was initially swamp land. As regards the value that the public is getting, I am satisfied that after extended negotiations that Government has received good value for money.

MADAM SPEAKER: *(Addressing the Third Elected for George Town)* Please do not talk across the room Honourable Member. The Third Elected Member for West Bay, caught my eye.

MR. JOHN D. JEFFERSON, JR.: Madam Speaker, in the answer to the parliamentary question the Member mentioned that a \$2 million premium was assessed against Safehaven for the extension of this lease. He mentioned that \$1 million was paid and the other \$1 million would be paid over 10 years at \$100,000 per annum.

I wonder if the Member would confirm whether or not it is a normal Government policy to allow the payment of Stamp Duty on an installment basis without penalty?

HON. LINFORD A. PIERSON: Madam Speaker, I am informed that all Stamp Duty was paid up front.

MADAM SPEAKER: The last supplementary on this will be the Second Elected Member for Bodden Town.

MR. G. HAIG BODDEN: Madam Speaker, I want to ask the Member if there is any provision in this new arrangement for the Government to benefit for any sub-lease within the terms of the extension? In other words we know that these properties are going to be sold everyday. Will Government benefit from allowing the sale within the lease, other than normal Stamp Duty?

HON. LINFORD A. PIERSON: Madam Speaker, Government stands to benefit tremendously on the leases and it should be understood that for a release or sale of property there, Government will attract 7.5 to 10 per cent Stamp Duty on the property.

MR. G. HAIG BODDEN: With respect, Madam Speaker. The question was, will Government benefit other than the Stamp Duty which we know they will get? The developers should pay a penalty for selling within the lease.

HON. LINFORD A. PIERSON: Madam Speaker, perhaps the Member knowing exactly what answer he wishes to elicit, could perhaps be a little more clear as to specifically what areas he is thinking about Government benefiting in because I have already stated that Government stands to benefit tremendously.

MR. G. HAIG BODDEN: Madam Speaker, if you will allow me to explain.

MADAM SPEAKER: Very briefly, please.

MR. G. HAIG BODDEN: With the property on the Seven Mile Beach, which had been leased originally, if a clause had been in that lease which would have allowed Government to benefit for sub-leases within it, Government would have obtained a lot of revenue. But there was no such provision. I am asking the Member, if the present Government was smart enough to make provision for this, since they are extending the lease to 99 years, again?

HON. LINFORD A. PIERSON: Madam Speaker, I think the Member knows that Government is smart enough, and we did do that.

MR. W. McKEEVA BUSH: Say that again.

MR. G. HAIG BODDEN: But will he tell us what they are getting apart from the Stamp Duty and the fee here? What will they get from the individual transactions?

HON. LINFORD A. PIERSON: Madam Speaker, I could go into basic economics as to the multiplier effects and so on that the Stamp Duty would give...

(Interjections)

MADAM SPEAKER: Order! Order!

HON. LINFORD A. PIERSON: ...but I am sure that that is not what the Member is eliciting. I am satisfied, Madam Speaker, that the agreement between Government and Safehaven was properly drawn up. It was legally vetted by the Legal Department. The Portfolio took advice from our technical people in the Lands and Survey Department to get the valuation and that I feel very happy that Government got good value for money. As to the details of this it could take some time to go into all the possible direct and indirect benefits that could accrue as a result.

MADAM SPEAKER: The next Question, No. 206 standing in the name of the First Elected Member for West Bay.

THE FIRST ELECTED MEMBER FOR WEST BAY TO ASK THE HONOURABLE ELECTED MEMBER RESPONSIBLE FOR HEALTH AND SOCIAL SERVICES

No. 206: Will the Honourable Member say what progress has been made in the preparation of the National Health Insurance Legislation; will he give details of the estimated cost to individuals, couples or families for health coverage and what illnesses are to be covered or excluded?

Answer: To date, a draft of the National Health Insurance Bill has been circulated to Members of the

Legislative Assembly and other interested groups for their comments by 30th September, 1991. To attempt to give details of estimated cost to individuals, couples or families as for Health Coverage would be only an estimate at this time. All illnesses are to be covered by the National Health Insurance Legislation.

SUPPLEMENTARIES

- MADAM SPEAKER:** Supplementary, the First Elected Member for West Bay.
- MR. W. McKEEVA BUSH:** Can the Member say what time he circulated a draft copy of the bill to Members on this Backbench?
- HON. D. EZZARD MILLER:** Madam Speaker, I do not have the specific date before me, but it was approximately three weeks ago.
- MADAM SPEAKER:** Supplementary, the Second Elected Member for Bodden Town.
- MR. G. HAIG BODDEN:** Madam Speaker, I received a copy of the bill and from it I understand that the Government will be paying premiums for those that cannot pay. My question is, will the Member tell us what amount has he arrived at, that is the amount that the Government will have to pay for those who are unable to pay? Certainly he must have this if he is about to put forward the bill.
- HON. D. EZZARD MILLER:** Madam Speaker, the bill says that Government will pay the premiums of those people who are unemployed, who presently do not pay for their health care services. Because the exact cost of the monthly payment has not yet been determined, I am unable to give a specific figure as to what Government's payment will be.
- MR. W. McKEEVA BUSH:** How can he put a bill forward and he does not know what it is going to cost? What kind of horse deal are you trying to put through man?
- MADAM SPEAKER:** If there are no further supplementaries we will go to the next Question, No. 207, standing in the name of the Third Elected Member for West Bay.

THE THIRD ELECTED MEMBER FOR WEST BAY TO ASK THE HONOURABLE THIRD OFFICIAL MEMBER RESPONSIBLE FOR INTERNAL AND EXTERNAL AFFAIRS

- No. 207:** Can the Honourable Member say if any person in recent times have lost their Caymanian Status? If the answer is in the affirmative, will he give the number and reasons?
- Answer:** Several persons have lost Caymanian status by virtue of the provisions of section 21 of the Caymanian Protection Law, 1984, which addresses inter alia the issue of a divorce or legal separation, as well as loss upon reaching the age of eighteen and failing to re-apply, or not being resident in the Cayman Islands for the required seven years preceding their eighteenth birthday. However, unlike the granting of Caymanian status, no statistics are maintained in respect of the number of cases involving loss of Caymanian status.

SUPPLEMENTARIES

- MADAM SPEAKER:** Supplementaries, the Third Elected Member for West Bay.
- MR. JOHN D. JEFFERSON, JR.:** Thank you, Madam Speaker. For the benefit of the Members of the House, I wonder if the Member could advise if it is possible to lose one's Caymanian Status because of a criminal conviction? If the answer is yes, what type of convictions?
- HON. J. LEMUEL HURLSTON:** Madam Speaker, it is possible. There is a provision under the legislation which enables the Court, the Judiciary, to make a recommendation to the Caymanian Protection Board as regards Caymanian Status revocation in such cases where the gravity of the offence is seen, in the eyes of the Court, to be sufficient to warrant that review as an additional penalty.
- MADAM SPEAKER:** The Second Elected Member for Cayman Brac and Little Cayman.
- MR. GILBERT A. McLEAN:** Will the Member say if it is not dangerous that no statistics are kept on the number of persons who lose Caymanian Status and could it not be the case that there are those who have technically lost that Caymanian Status, who are still on the Island claiming to have it?
- HON. J. LEMUEL HURLSTON:** Madam Speaker, it is true to say that it would be helpful if statistics had been introduced and maintained over the years. However, there have been numerous changes to the

legislation over the years which have affected the various qualifying persons and in many instances, persons who may have lost Caymanian Status, by virtue of the provisions of one section have subsequently regained it by virtue of the operation of other sections. That further serves to complicate the ability to maintain up-to-date and reliable statistics.

MADAM SPEAKER: The First Elected Member for Bodden Town.

MR. ROY BODDEN: Thank you, Madam Speaker. In the case where it is recommended that revocation of one's Status be made as a result of a conviction for a criminal offence, I wonder if the Honourable Member could say where does this recommendation for revocation originate? Whether it is with the presiding Judge or whether the Prosecution would have to make the request to the Judge?

HON. J. LEMUEL HURLSTON: Madam Speaker, the decision is firmly in the hands of the Court. Who initiates or draws the Court's attention to the provisions in the law is not spelled out who shall initiate and call attention to it. The provision is there and it is for the Courts to invoke it.

MADAM SPEAKER: The Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: Thank you, Madam Speaker. Would the Member say how does the Immigration Department inform a person that they have lost Caymanian Status?

HON. J. LEMUEL HURLSTON: Usually in the form of a letter, assuming that the loss is as a result of a divorce or a legal separation or any other such issue that comes to the attention of the Tribunal and that letter is then addressed to the individual, so confirming.

MADAM SPEAKER: If there are no further supplementaries, Question No. 208 standing in the name of the Third Elected Member for West Bay, will be taken now.

THE THIRD ELECTED MEMBER FOR WEST BAY TO ASK THE HONOURABLE ELECTED MEMBER RESPONSIBLE FOR TOURISM AVIATION AND TRADE

No. 208: Would the Honourable Member advise what measures are being taken by Government to address problems of layoffs of Caymanians caused by the economic slow down?

Answer: The Labour Office has no record of Caymanians being laid off except in the recent case of BCCI.

Ensuring employment for Caymanians is a major priority of the Labour Office and therefore Labour Inspectors are constantly monitoring the situation to establish that employers are giving priority to Caymanians in filling those jobs for which they are qualified and experienced.

The directives and policies of the Caymanian Protection Board also provide for preferential treatment of Caymanians.

SUPPLEMENTARIES

MADAM SPEAKER: Supplementary, the First Elected Member for West Bay.

MR. W. McKEEVA BUSH: Madam Speaker, can the Member say how many persons are unemployed?

HON. W. NORMAN BODDEN: Madam Speaker, according to the Labour Office, the latest statistics indicate that during the first seven months of this year employers registered 154 job vacancies and 136 Caymanians registered as seeking employment.

MADAM SPEAKER: Supplementary, the Third Elected Member for West Bay.

MR. JOHN D. JEFFERSON, JR.: I wonder if the Member would be in a position to give a breakdown of the classes of people who are unemployed?

HON. W. NORMAN BODDEN: Madam Speaker, with respect, the substantive question deals with the lay-off of Caymanians and I know that the unemployment or those persons who are unemployed, that situation is closely related.

The statistics which I read awhile ago would indicate that there are jobs available but they are probably not jobs that Caymanians are willing or able to fill because in addition to those numbers, which I have given as being the situation in the private sector, it is also my information that Government, itself, at the end of August had 126 vacancies to be filled.

The weekly reports that I receive from the Director of Labour, the last one being the 27th of August, gives a cross section of vacancies or categories of persons who are seeking

employment and have registered with the Labour Office. They cover the area for instance of: two gardeners, 17 receptionists or clerk typists, bedroom maid and housekeeper, a carpenter supervisor, one computer operator, one bartender, a security officer, cashiers and sales clerks, filing clerks, front office reservation clerk, one mason and one switchboard operator. There is a wide variety of categories of persons seeking employment according to the last report I received.

MADAM SPEAKER:
Elected Member for West Bay.

The next Question No. 209, standing in the name of the First

THE FIRST ELECTED MEMBER FOR WEST BAY TO ASK THE HONOURABLE ELECTED MEMBER RESPONSIBLE FOR EDUCATION, ENVIRONMENT, RECREATION AND CULTURE

No. 209: Would the Honourable Member state if the size of the Volley Ball Court at the West Bay Playing Field has been constructed to international standards?

Answer The hard court at the West Bay Primary School playing field was constructed originally to meet the prescribed dimensions for international competition in netball, as this is the largest playing area required of the hard court sports played here. The court was intended to be used for a number of sports, including volleyball.

With the construction of the John A. Cumber Infant School and the Development of a dual lane access from Fountain Road, a portion of the hard court in question had to be removed.

Adequate space remains for its reconstruction and this work will be commenced shortly.

SUPPLEMENTARIES

MADAM SPEAKER: Supplementary, the First Elected Member for West Bay.

MR. W. McKEEVA BUSH: Madam Speaker, can the Member say whether they did not know that this cutting up of the court would hinder young people who were using the court and leave them without the use of it?

HON. BENSON O. EBANKS: Madam Speaker, I would assume that this was known but, what we are talking about here is in a space of a couple of weeks. We are not talking about a generation.

MADAM SPEAKER: The First Elected Member for West Bay.

MR. W. McKEEVA BUSH: Thank you, Madam Speaker. I think the Member would know, or he should know, that it has been more than weeks since that Volley Ball Court has not been able to be used. The question is, could they not have gone and put the road in such a position so as to not have had to touch the Volley Ball Court?

HON. BENSON O. EBANKS: Madam Speaker, we are in fact talking about a couple of weeks. The road that destroyed a portion of this court was only done a couple of weeks ago and it will be made good in a couple of weeks time, I am assured.

Madam Speaker, I am advised by the Public Works Department that there was no other place to put this road. If we were going to build a road at the width that they proposed, the court had to be moved. Now it might be possible to ask a question why was the new court not built before the old one was destroyed? And I had the same question for Public Works Department, they thought that the few weeks disruption, being mostly out of school, would not be a problem.

MADAM SPEAKER: The First Elected Member for West Bay.

MR. W. McKEEVA BUSH: Thank you, Madam Speaker.

MR. W. McKEEVA BUSH: I think if the Member would pay a visit to the site he would realise that there is quite sufficient space to the north of the road which where the road could have been put so as not to hinder the Volley Ball Court and destroy the coconut trees that were there.

HON. BENSON O. EBANKS: Madam Speaker, I doubt that the purpose of a question is to seek an argument. I have no intention of getting into one, other than to say that, I have visited the site and I am satisfied that Public Works has made reasonable use of the land that is there.

MADAM SPEAKER: The First Elected Member for West Bay.

MR. W. McKEEVA BUSH: Madam Speaker, questions are not for arguments. Questions are to elicit information and that is all I want to say to this House that I am trying to do. But, if the House would adjourn and pay a visit to the site. They would see that there is quite sufficient space where a road could have

been put.

MADAM SPEAKER: The point is, Honourable Member, that the matter is now *fait accompli*.

HON. BENSON O. EBANKS: And merely to point out, Madam Speaker, that that can only be the Member's opinion and Public Works has expressed a contrary opinion.

MADAM SPEAKER: That concludes Question Time. The House will be suspended for 15 minutes.

AT 11:37 A.M. THE HOUSE WAS SUSPENDED

HOUSE RESUMED AT 12:03 P.M.

MADAM SPEAKER: Please be seated. Proceedings are resumed. Bills, First Readings.

GOVERNMENT BUSINESS

BILLS

FIRST READINGS

THE MUSIC AND DANCING (CONTROL) (AMENDMENT) BILL, 1991

CLERK: The Music and Dancing (Control) (Amendment) Bill, 1991.

MADAM SPEAKER: The Bill is deemed to have been read a first time and is set down for Second Reading.

THE LAND HOLDINGS COMPANIES SHARE TRANSFER TAX (AMENDMENT) BILL, 1991.

CLERK: The Land Holdings Companies Share Transfer Tax (Amendment) Bill, 1991.

MADAM SPEAKER: The Bill is deemed to have been read a first time and is set down for Second Reading.

THE STAMP DUTY (AMENDMENT) BILL, 1991.

CLERK: The Stamp Duty (Amendment) Bill, 1991.

MADAM SPEAKER: The Bill is deemed to have been read a first time and is set down for Second Reading.

THE ADOPTION OF CHILDREN (AMENDMENT) BILL, 1991.

CLERK: The Adoption of Children (Amendment) Bill, 1991.

MADAM SPEAKER: The Bill is deemed to have been read a first time and is set down for Second Reading.

THE REGISTRATION OF MERCHANT SHIPS BILL, 1991

CLERK: The Registration of Merchant Ships Bill, 1991

MADAM SPEAKER: The Bill is deemed to have been read a first time and is set down for Second Reading.
Bills, Second Readings.

SECOND READINGS

THE MUSIC AND DANCING (CONTROL) (AMENDMENT) BILL, 1991.

CLERK: The Music and Dancing (Control) (Amendment) Bill, 1991.

HON. J. LEMUEL HURLSTON: Madam Speaker, I beg to move the Second Reading of a Bill for a Law to amend the Music and Dancing (Control) Law, 1977 to allow restaurants and hotels to play soft background music on restricted days.

Madam Speaker, music in licensed premises has been governed by a restriction placed in the Music and Dancing (Control) Law, which establishes licensing arrangements in a partnership conjunction with licensing arrangements under the Liquor Licensing Law. Under the Music and Dancing (Control) Law, 1977, permitted hours and permitted days are defined. Permitted days are defined as meaning days other than Good Fridays, Christmas Day and Sundays. The effect of this has been to prohibit music and dancing in licensed premises on these days.

A total number of licenced premises currently exist some with and some without Music and Dancing Licences. There are a total of 118 properties on Grand Cayman that fall into the category of potentially having a Music and Dancing Licence and of this potential 118, 92 of these premises or 78 per cent, currently have existing licences. Of this 92, 57 exist in retail premises, 18 in hotels, 14 in package outlets, and three in wine and beer categories.

The proposed amendment seeks to make a provision that notwithstanding sub-section 1(b), which is the subsection relating to the prohibition, music may be played on Sunday, Good Friday and Christmas Day in restaurants and hotels that are premises subject to this Law providing that the following conditions are observed-

- "(a) the music must be pre-recorded music of a soft, background nature, not to be heard beyond the boundaries of the property on which it is played:
- (b) the time during which it is played shall be between the hours of 9:00 a.m. and 11:45 p.m.; and
- (c) dancing is not permitted."

This amendment has come as a result of representation made to the Government siting inconvenience to patrons who dine on these days in hotels and restaurants wishing to have soft back-ground music for their listening pleasure. The representation came from three primary groups on the Islands. They were the Hotel and Condominium Associations, the Restaurant Association and the Cayman Islands Chamber of Commerce.

As a consequence to these representations, Government considered the matter and concluded that it was only fair and reasonable that premises licensed as restaurants and hotels ought to be given limited permission to offer soft background music. We chose pre-recorded music so as to ensure that we are making a distinction between music for listening and no live entertainment. Live entertainment will therefore, not be permitted on these occasions.

I trust that this Bill in being commended to the House will be seen as an attempt to provide a form of entertainment for listening for patrons dining in restaurants and hotels on days that would normally be restricted days. I think I should make the point that there are some premises not licensed under the Liquor Licensing Law, not licensed under the Music and Dancing (Control) Law, and that these premises were never, nor will they be, affected by the provisions of these amendments.

I should also comment, perhaps, that queries have been raised regarding music coming from other sources other than stereos. Music coming from televisions, for example, or music coming from radio broadcasting; these sources have always been legitimate sources and persons listening to television music or radio music were never intended to be caught by these licensing provisions.

The amendments, if passed, would simply allow restaurants and hotels to engage in soft background pre-recorded music provided that the music is not to be heard beyond the boundaries of the property on which it is played, provided it is between the hours of 9:00 a.m. and 11:45 p.m.; and further provided that there shall be no dancing.

I commend this bill to the Honourable Legislature.

MADAM SPEAKER:

The question is that a Bill entitled, the Music and Dancing (Control) Amendment Law, 1991, be given a Second Reading. The motion is open for debate.

The Third Elected Member for West Bay.

MR. JOHN D. JEFFERSON, JR.:

Madam Speaker, I rise to voice my objection to this proposed amendment to the Music and Dancing Law.

Madam Speaker, I rise to voice my objection to this proposed

Madam Speaker, in 1989, Government brought an amendment to the same Law, and it was passed after we pointed out that dancing should not be allowed on Sundays, Good Fridays and Christmas Day. They went ahead and had it passed, but fortunately the community, that is the Christian community, rose up and protested this move and Government quickly had to reverse their position in the next Meeting of the Legislative Assembly, by bringing a Law repealing that amendment. Here is another attempt by Government to once again violate the sacred days in our community under the pretense of permitting a licensed premises to play soft music on Sundays, Good Fridays and Christmas.

The amendment does not say what type of music it should be other than it should be soft music and it is my contention that in this community these days and the tradition of holding them sacred has been in place for a very long time. I see no reason why we should even consider amending this tradition under the pretense of tourism.

What concerns me is the fact that we here, in the Cayman Islands, are prepared to sacrifice everything that we have held on to over the years that have been important to us, all under the excuse of tourism that the bars should be open on Sunday because the tourists want to drink and for

entertainment, they should be allowed to dance on Sunday or Christmas Days or other special holidays. I have observed that visitors to the Island are interested in knowing what we hold as being traditional and customary in the Islands. What I have also observed is that most visitors do not look at those traditions or practices as an inconvenience, but they respect the community because of its stand for certain things. I believe that we here in the Cayman Islands should at least attempt to hold onto something so that we will be in a position to pass these traditions and practices onto our children so that they in turn, can do the same with theirs.

I really do not buy the flimsy excuse that this should be now changed because the tourists or somebody eating in a hotel wants soft music while he is having his dinner, lunch or breakfast. We have five days for those who observe the Sabbath, which is Saturday, and the case of us who keep Sunday, we have six days. In our community in which those people or members of our community who indulge in this type of activity (that is, music and dancing and the whole bit) they have six days. There is no excuse that they are being deprived of these services and I feel that it is important for us to keep that in mind and not be in a position where we allow any further erosions or deteriorations to those things that we uphold in our society. I am really concerned.

I remember when I was a boy Sunday was a very special day in this country. I dared not think that Sunday was a day of relaxation as far as going to the beach and picnics or whatever it is. It was a sacred time. I was expected to get up on a Sunday morning, we who were churchgoers went to church to worship, it was a day of reflection as far as your Christian principles and teachings were concerned, and it also provided a day of rest. Even God in His tremendous efforts of creating the world took a day off. So, Madam Speaker, I see no reason why we should now give up Sunday, as well as the other days for this type of activity.

I am concerned with the direction in which I see our society headed. As I said today, to many people, we have allowed it to happen because we were not man enough and women enough to say, "Ladies and gentlemen" (and I am talking in particular the expat influence) "here are our traditions, we are not going to allow you to change them for anything." We have not done that. What we have done is drift along with the tide. We have found that in this country today, there is a greater tendency to want to follow than to lead, which I think is important for us if we are going to preserve our identity as a people or as Caymanians. We must be in a position where we take a stand for something, especially those things that we cherish in our society. If we are to retain our heritage, we must be prepared to hold onto our customs, traditions and practices that we hold so dear in our community.

I urge Government to, rather than spending time on issues such as this, devote sufficient attention to addressing the many social needs and problems we are faced with in this country because there are many. Today, our prisons are filled with young people who have fallen through the cracks of society. Why? Because sufficient attention has not been placed on addressing their needs, that is, those people who have a drug problem, etcetera. That is where our focus should be as far as our Government is concerned.

I cannot support this amendment. I do not think it is necessary and my attitude is that anyone who cannot go to a hotel or a restaurant on Sunday and enjoy himself, as far as eating a meal without having music, then as far as I am concerned that is tough. But I am not prepared to let go anymore of the things that we hold so sacred in this society. One of those things is the fact that we have as a tradition held in high esteem, Sunday, Good Friday and Christmas.

Thank you.

MADAM SPEAKER:

The Third Elected Member for George Town.

MR. TRUMAN M. BODDEN:

Thank you, Madam Speaker. This bill is an attempt to partially resurrect a bill that was brought to this House some time ago to deal with liquor licences on Sunday, Good Friday and Christmas Day. As far as I can remember, this passed through this House without at least the seven Backbenchers' support, I believe, and some three months or so later the Government had to reverse it.

MADAM SPEAKER:

Honourable Member, this is dealing with music and dancing.

MR. TRUMAN M. BODDEN:

Yes, Madam, this is tied in with the Liquor Licensing Law. The one relates to the other, the definitions of premises and everything. I cannot remember if the Music was brought as well, I think it was. I am sorry the Music and Dancing Licence Amendment, did apply it was something like this which went along with the, yes it was this, it was a bill that was passed back in 1989. It dealt with the permitted days and also tied in with it, as far as I can remember, the Liquor Licensing Law. But this one, in any event, was dealt with and it dealt with the hours on Music and Dancing Licences.

That amendment was conferring on the Liquor Licensing Board the power to deal with the Music and Dancing Law because they are inter-related - same Board and everything. That Law was put through and it had to subsequently be reversed because the public felt it was wrong, notwithstanding the will of this House. I find several things to support what the Third Elected Member for West Bay has just said, in principle, I believe that this is not necessary at this stage and I do not think also that it is physically possible to talk about confining music within the boundaries of the property.

The times that are set, such as 9:00 am in the morning, there is bound to be music going on at the same time churches are in session and I do not really see where the benefits of this bill are going to offset or be greater than the detriment that may be created to society or to the churches if the Law remains as it is.

We are dealing with Good Friday, Christmas Day and Sunday. I

feel that since the protection of a quarter mile distance for a licensed premises to be from any church, civic centre or similar building has now been removed, then it makes it even more important that a nuisance is not created to churches and other similar places on these sacred days.

I do not believe that there is any advantage to really having this music within the restaurants. I doubt very much, at least I have never called up a restaurant and asked do you play music?, you just go to it. As far as tourists go, they rarely repeat many of the same places on the same trip.

It is a short period that ones spends for a meal and on the basis that it could be a considerable nuisance to churches, especially, if it was not properly controlled. Therein lies the one danger with this. It looks all well the way it is written here but in reality there are bound to be considerable abuses of it.

So on that basis, I feel that the bill should not, or at least will not get my vote and I should point out that I feel that this is a matter, at least on my part and perhaps I guess other Backbenchers feel, of a conscience vote. It is dealing with matters which are substantially moral and/or religious and my personal vote will be against it. I feel that Government should very carefully think back to the 1989 dilemma when they forced one of these amendments through along the same lines. Even though this is less far reaching than it was then, we are dealing with things like the permitted hours and the permitted days but they think very carefully before they do so this time.

I do not think it is in the interest of society, interest of the churches or the interest of the Cayman Islands and I do not think it is any hurt to the restaurants to continue as they are doing now. So I will be voting against it.

MADAM SPEAKER: Would any other Member wish to continue the debate? The First Elected Member for Cayman Brac and Little Cayman.

CAPT. MABRY S. KIRKCONNELL: Thank you, Madam Speaker. A Bill for a Law to amend the Music and Dancing (Control) Law, 1977 to allow Restaurants and Hotels To Play Soft Background Music On Restricted Days, which is now before this Honourable House has given me a lot of concern.

Like other previous Members have said, I remember well the bill that was before this Honourable House in 1989, but I wish to take some time to explain the difference of the bill before us here today with the one which we dealt with then. As Members and the listening public will know, I supported the bill in 1989, and was instrumental in encouraging Government to repeal it later as it was not the request of the public at large. The issue that was foremost opposed by the people who contacted me in the 1988 Amendment, was the fact that it was giving wide open provisions for Sunday, Good Friday and Christmas Day, not only for music but for dancing as well. Also it empowered the Liquor Licensing Board to alter the hours of the prescribed days and that is where the real problem arose.

This Bill says:

"2. Section 3 of the Music and Dancing (Control) Law, 1977, is amended by-

- (a) renumbering the section as subsection (1);
- (b) adding the following as subsection (2) -

- (2) Notwithstanding subsection (1)(b) music may be played on Sunday, Good Friday and Christmas Day in a restaurant or hotel being premises subject to this Law, providing the following conditions are observed -

(I call this to the careful attention of Members and the listening public).

- (a) the music must be pre-recorded music of a soft, background nature, not to be heard beyond the boundaries of the property on which it is played;
- (b) the time during which it is played shall be between the hours of 9:00 a.m. and 11:45 p.m.; and
- (c) dancing is not permitted."

Madam Speaker, this says for "premises subject to this Law". I also would like to call to the attention that if a premise does not have a Liquor Licence they have had the opportunity of playing background music all of the time. They have not had any restrictions placed on them, if they are not licensed premises. This is simply giving to the licensed premises the equal opportunity as the other non-licensed premises have.

I am fully aware that background music is played, not particularly for entertainment, but to create an atmosphere of privacy when you are in a crowded area. You notice in most office buildings there is background music, primarily so you do not listen to everything that is being said on a telephone or the conversation of the person sitting next to you. It is to create something else to listen to and create a certain amount of privacy. It is not for the dancing public or those who are crazy about certain types of music, it is clearly defined here that it will be a soft background nature.

I concur with what the Third Elected Member for West Bay has

said. I had the same up-bringing. I consider myself a Christian and a religious person, to a certain extent, a church member and I have all the respect for Almighty God that anyone else in this House has. But when my solemn responsibility as a Legislator is the question at hand, I must vote in a way that will provide justice and equality for all.

I do not feel that voting to support this motion before the House in anyway compromises my position. If you choose not to go to a place where soft background music is playing on Sunday, that is your privilege. It is not going to interfere with your upbringing. It is my belief that our Laws must be fair and equitable to all.

As I said before, the Music and Dancing (Control) Law, is subject to premises that are licensed, only. Other premises do not come under the restrictions. Therefore, Madam Speaker, with this explanation I support the Motion.

Thank you, Madam Speaker.

MADAM SPEAKER:

The Second Elected Member for Bodden Town.

MR. G. HAIG BODDEN:

Madam Speaker, this Bill is just another example of the turmoil and uncertainty under which the present Government labours. We have heard from previous speakers how only a short while ago they put through an amendment to this Law which would have permitted music and dancing on Good Friday, Christmas Day and Sundays and how under severe pressure they brought that Law back to the House at its next meeting and amended it. Now we see a bill which will make another change.

One can only wonder, whether the Government is liberal or conservative in this matter, whether they run hot or cold and who is applying the pressure at this time.

I cannot support the amendment.

MADAM SPEAKER:

Member for Education.

If no other Member wishes to speak, the Honourable Elected

HON. BENSON O. EBANKS:

Madam Speaker, I support the bill for a Law to amend the Music and Dancing (Control) Law, 1977. Let me hasten to assure the Second Member for Bodden Town, who just spoke, that this has nothing to do with turmoil and uncertainty in which the present Government labours.

As the First Elected Member for Cayman Brac has rightly said, this bill applies only to premises that are licensed and therefore come under the Liquor Licensing Law and the Music and Dancing (Control) Law. A premise that is not licensed to sell liquor, has no requirement for this Law, therefore, is free at the moment to play music on these days. It was felt that the minimum that could be done was to put restaurants and hotels on the same footing as those institutions in that category which did not have a liquor licence.

MADAM SPEAKER:

Honourable Member that matter has already been raised. Could I bring you back to the subject? Please do not repeat a point that has been made by another Member, thank you.

HON. BENSON O. EBANKS:

Yes, Madam Speaker. Just reiterating, but you are perfectly right. I was leading to the point that, in fact it is my understanding that radio music played in one of these institutions at the present is illegal and proprietors of these institutions have in fact been required to cut off their radio. That has to be an unsatisfactory state of affairs, so this small amendment seeks only to allow people to play background music that cannot be objectionable. The definition given makes it impossible to disturb a church, for example, since the music has to be at a level that it cannot be heard in adjoining premises.

So the argument that it would disturb church services does not hold water and therefore since it cannot disturb neighbours the argument that it would disturb churches and neighbours on their day of rest has no foundation within the Law. I point out that this has no effect on bars generally, this refers only to hotels and restaurants.

One Member would have made one believe that the time that an individual spends in a restaurant is all that matters but a restaurant that is doing business has people in it continuously. So inconvenience does not only extend to the time it takes one person to have a meal, or one group of people, but it extends over the entire period that the place is opened since patrons are going in at all hours of the day that they are open. So I do not believe that there has been any reasonable argument put forward why this Bill should not be supported and I give it my whole-hearted support.

MADAM SPEAKER:

The House will be suspended until a quarter past two.

AT 12:50 P.M. THE HOUSE WAS SUSPENDED

HOUSE RESUMED AT 2:16 P.M.

MADAM SPEAKER:

Proceedings are resumed. Debate continues on the Second Reading of a bill entitled The Music and Dancing (Control) (Amendment) Bill, 1991.

Cayman.

The Second Elected Member for Cayman Brac and Little

MR. GILBERT A. McLEAN:

Madam Speaker, I rise to speak to the Bill For A Law To Amend The Music And Dancing (Control) Law, 1977 to allow restaurants and hotels to play soft background music on restricted days. In doing so, I wish to note that this particular amendment to this Law is directing specific attention to the present conditions which exist in the hotels and restaurants in the Cayman Islands at this time in the area that hotels and restaurants cannot, on Good Fridays, Sundays, or on Christmas Day, play music legally.

The amendment, in my opinion, wishes to bring about a change which will accommodate, largely, that part of our economy called tourism. Whether or not we like all of the various changes which have come about since the Cayman Islands have become a tourism destination, tourists do bring significant hard currency to this country. I think that it is true that our tourist trade brings the largest amount to the country. Because of this there have been certain changes in our life-style, our culture and various laws and amendments to laws have been made specifically to accommodate this part of our economy.

This amendment brings into play, I believe the personal opinion of people. Some speakers have referred to it as a conscience vote and I subscribe to that view. I think it also takes into account however, certain common sense aspects. By that I mean that anywhere else in the Cayman Islands, except hotels and restaurants, music can be played on Good Friday, Sundays and Christmas Day. But it is my understanding and I have at least spoken to two people who are legal practitioners, that the way the Law is presently stated, inside of a restaurant or a hotel on these particular days as the Law now stands, any music, be it even religious, could be found to be illegal.

That being the case, I think that we have been caught in a situation which is certainly, let us say, in an attempt to do good or to do something in a certain direction, it has created an anomalous situation.

Previous speakers have spoken about the religious considerations to this amendment and I certainly subscribe to those views insofar as they are sound, practical and relate to our culture, but not to a point where it would invoke any condition of bigotry. I fervently believe that people in this society who wish to practice their religious beliefs in the way that they see fit or believe in, should have the right to do so. By the same token persons who, for whatever reasons, may not share those same beliefs have a right within the society to their particular opinions.

When I was elected as a Member of this House on the 16th November, 1988, I believe that among the votes which I received were many people who in their daily lives devoutly practised Christian principles, who are avid churchgoers, and some who are not, but are indeed Christian believers. But among that number were also many persons who chose more to the life of not attending church and not taking similar religious beliefs, in fact some very heavy rum drinkers were among those. However, I believe that any Member of this House has an obligation to represent all sectors of the society and I certainly feel that way. While I would never encourage anyone not to go to church or to have religious beliefs, I certainly would not attempt to impose on anyone that they must do a particular thing because another sector says that they should, particularly where it is left to one's conscience or belief, where those rights should come into play.

When the amendment came to this House in 1989, where dancing was being reinstated on Christmas Day, Sundays and Good Friday, I voted against it. At that time I pointed out that prior to the 1970s dancing on Sundays was certainly not very much in vogue. It changed in the late 1970s. I am not saying that because it changed it was something bad. I simply make the point that it changed and at that time, like now, I really do not see any good cause to reinstitute it. The two days that I never could recollect there ever being a dance were Good Friday and Christmas Day, but on Sundays, certainly. This particular amendment does not of course talk about allowing dances on these days, in fact it specifically says it will not be permitted. So, if we take this situation for exactly what it says then I can see no grave offence in allowing this particular amendment.

What I am particularly concerned about and a number of questions have been asked of me from people who operate licensed premises and restaurants, if it is true that if they play any music on a Sunday and so on, it is illegal. I would say to them, "Yes, that is my understanding, any music." Surely that was not the intention, at least I do not believe that was intention when the Law was amended. Certainly in all good faith I would not want to see the owners and the proprietors of these premises finding themselves before the court simply by turning the radio on because there are certain FM stations which have secular music shall we say, or religious music for that matter and finding themselves before the court because the Law says there should be no music on these premises.

As I have pointed out it does not prohibit music at all in other places, it is strictly in these specific locations. There could be music on the beach, in a sports club, in homes, or on boats. It is strictly in these premises, hotels and restaurants. In the due course of things, I believe that most people expect and certainly are not against, background music being played when someone is dining or for that matter when people are in a hotel and there is little activity, I cannot really see where that can be so offensive in this society, or in this country, or where this breaches, to any severity, the Christian principles which I believe generally exists in Caymanian society.

I take note of the fact that the amendment also specifically says the music must be confined to the premises, that is the sounds of the decibels, the loudness cannot project beyond the premises. I think that is important, be it in a hotel, or a restaurant, or in one's home. And nowadays one does not have to travel too far away from their home to be disturbed by music pounding maybe half a mile away. So I do subscribe to that particular proviso in this proposed amendment.

Madam Speaker, this amendment tries I think, to give to these particular locations the same right or privilege that is taken for granted in other parts of these Islands. I can see no offence in it, I can see no grave trespass against the culture of my country and I can see no specific sin to this being done, if I should take a religious point of view.

this bill when it comes to a vote.

Because of the points which I have put forward, I will support

Thank you.

MADAM SPEAKER:

Honourable mover if he would reply.

If no other Member wishes to debate, I would ask the

HON. J. LEMUEL HURLSTON:

Members for their contributions and on these rare occasions when a reply is not necessary, on this occasion I too, wish to waive my right of reply.

Madam Speaker, I would just like to thank all Honourable

Thank you.

QUESTION PUT: AYES & NOES:

MR. JOHN D. JEFFERSON, JR.:

Madam Speaker, may I have a Division?

MADAM SPEAKER:

Certainly. Madam Clerk would you take the Division, please?

DIVISION NO. 24/91

Ayes: 9

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
Mr. Roy Bodden

Noes: 3

Mr. John D. Jefferson, Jr
Mr. G Haig Bodden
Mr. John B. McLean

Absent

Mr. W. McKeever Bush
Mr. Truman M. Bodden

AGREED BY MAJORITY: THE MUSIC AND DANCING (CONTROL) (AMENDMENT) BILL, 1991, GIVEN A SECOND READING.

THE LAND HOLDINGS COMPANIES SHARE TRANSFER TAX (AMENDMENT) BILL, 1991

CLERK: The Land Holdings Companies Share Transfer Tax (Amendment) Bill, 1991

HON. THOMAS C. JEFFERSON:

Madam Speaker, I beg to move the Second Reading of a bill entitled A Bill For A Law To Amend The Land Holding Companies Share Transfer Tax Law.

Madam Speaker, back in July 1990, we moved the Miscellaneous Duties and Fees Law, Law 7 of 1990, which dealt with division in terms of the consideration of land and how much would be charged on each consideration. For example, where the consideration is less than C\$250,000 the stamp duty would be 7.5 per cent, where the consideration is C\$250,000 or more, the stamp duty consideration would be 10 per cent. That Law, the Miscellaneous Duties and Fees Law, deals with land that is being purchased or owned by individuals. The bill which is presently before the House deals with the same categorisation of stamp duty except that it is where companies are purchasing and holding land. So in actual fact, it is a consequential amendment as a result of us having agreed to the proposal in the Miscellaneous Duties and Fees Law to have a separation in the amounts charged on consideration, that is 7.5 and 10 per cent.

The Memorandum of Objects and Reasons state that this bill seeks to amend the Land Holding Companies Share Transfer Tax Law to ensure that the payment of the duty payable on the taxable amount of a transfer of equity capital is made at its true value.

Clause 2 makes a minor amendment to the Law; clause 3 seeks to amend section 3 of the Law to divide the payment of duty into two categories, depending on the taxable value of the equity capital being transferred, as I mentioned earlier, 7.5 and 10 per cent. This clause, in particular, seeks to add to section 3 of the Law provisions which will render it easier to collect the appropriate tax payable on transfers, by deeming as one transfer any number of transfers taking place over a 12-month period. Paragraph (7) requires a transferor of shares to declare that the transfer does not form part of a larger transaction, and paragraph (8) sets a penalty for making a false declaration.

The bill before the House allows us to deal with companies, as we are presently dealing with individuals in terms of the amount that the consideration would be charged at. If it is \$250,000 or less, in clause 3 it would be 7.5 per cent, if it is over \$250,000 it would be 10 per cent.

I recommend the bill to Honourable Members.

MADAM SPEAKER:

The question is that a bill entitled the Land Holding Companies Share Transfer Tax (Amendment) Bill, 1991 be given a Second Reading. The motion is open for debate.

It would appear that no one wishes to debate this bill. I shall put the question.

QUESTION PUT: AGREED. THE LAND HOLDINGS COMPANIES SHARE TRANSFER TAX (AMENDMENT) BILL, 1991**THE ADOPTION OF CHILDREN (AMENDMENT) BILL, 1991**

CLERK: The Adoption Of Children (Amendment) Bill, 1991

HON. D. EZZARD MILLER:

Madam Speaker, I beg to move the Second Reading of a bill entitled A Bill For A Law To Amend The Adoption Of Children Law (Revised). The short bill seeks to make five changes to the Adoption of Children Law, Law 42 of 1967 (Revised).

Some changes are needed to this Law because it appears that certain individuals are using the Adoption Law to circumvent the restrictions of the Immigration Law and those of the Caymanian Protection Board. As an example, from 1984 to 1989 we had an average of about 14 adoptions approved. In 1990 we had 29, nine of which were over the age of 14. In 1991, so far, we have had 28 cases filed. Now we believe that there are other means under the Law where people can raise step-children and other members of the family without having to go through the adoption process, as under the Guardianship Law. However, in that instance the immigration restrictions are not affected. The bill attempts to do this.

Section 2 of the bill before the House, seeks to amend section 2 of the Law which deals with the interpretation section. The Law now defines a "child" as meaning a person under the age of 18 years who has never been married. The bill seeks to amend the definition of a "child" to read "means a person of the age of fourteen years or under;". We believe that the age of 14 years and under is quite adequate because most normal adoptions are usually for infants in jurisdictions where it is not necessary to adopt simply for immigration purposes.

Section 3 of the bill proposes an amendment to section 9(2) of the existing Law which deals with adoption orders. The old definition says: "An adoption order may be made on the application of two spouses authorising them jointly to adopt a child.". The definition as proposed in this new bill says: "An adoption order may be made on the joint application of two spouses who, at the date of the application, have been married and living together for not less than three years;".

Again, the Board often finds itself considering applications for a number of step-children shortly after the couple has been married. Sometimes we have had the marriages break up even while the adoption papers are being processed and it leaves the children somewhat in a quandary. We believe that this three year period will at least allow the Board to believe that there is some stability in the marriage.

Section 4 of the bill before the House proposes to change the restrictions which the Law places on the making of an adoption order. The old Law said that the judge could make an adoption order if one of the applicants has attained the age of 25, has attained the age of 18 and is a relative of the child; or is the mother or father of the child. The new definition, as proposed in this bill, will say: "(i) has attained the age of twenty-five years but is not over the age of 60 years;".

We find it is necessary to put this additional restriction in because there are a couple of cases which have been brought to the Board where very old Caymanians, over the age of 60 years are marrying young foreigners and then applying to adopt three or four children. It is unlikely that that parent will be employable for the extended period of time required to raise the children properly.

It goes on to say: (ii) is the mother or father of the child; and [an introduction of a completely new section about the child] (b) the child - (i) is born in the Islands; or (ii) is the child of a person possessing Caymanian status; or (iii) is, with the permission in writing of the Chief Immigration Officer for the express purposes of the adoption proceedings, resident in the Islands.". Now therein lies the crux of the matter because what happens now is if these people bring their children on the Island and they are given a short period of time by the Immigration Department, invariably they simply come up to the Secretary of the Adoption Board, fill out an application form to adopt the children and then go to the Immigration Department and say that they have applied to adopt and these children need to have their time extended over several months to allow the necessary paperwork to take place.

What we are trying to do in putting this restriction in the Law is that the Adoption Board will at least have made an initial home-study of the parents who are trying to adopt this child, to enquire as to whether they have the financial and other means to look after the children properly and then when it is time for them to do the home-study with the family, the parents can apply to bring the child in under a letter from the Secretary of the Board stating the period of time that the child needs to be on the Island (usually about two or three months for this study to take place). So this will reduce the number, we believe, that are trying to circumvent the Immigration Laws.

Section 5 of this short bill seeks to amend the Second Schedule of the principal Law that deals with the Rules for Adoption and what this simply does is to allow the Secretary of the Board to charge a non-refundable fee of \$75 which is paid into Central Revenue and which is paid on presentation of the application. Presently there is no fee for filing the application nor for the court proceedings which take place.

This is a short bill which seeks to correct what the Board believes are certain unworkable provisions of the Law and I commend it to the Honourable House because what the bill is trying to do is to make it easy for Caymanians who genuinely wish to adopt children for all the correct

reasons, whether moral, social or otherwise, and while not making it impossible for children to be adopted for other reasons, to at least ensure that the applicants comply with our other restrictions under the Caymanian Protection Law and the Immigration Law.

I recommend the bill to all Honourable Members.

MADAM SPEAKER:

The First Elected Member for West Bay.

MR. W. McKEEVA BUSH:

Thank you, Madam. I rise in support of the bill and briefly say that I am in sympathy with the Member because there have been many persons who have used the Law to get around the Immigration Law and I know in my constituency this has caused some problems in the community. As I said, I heard that there were some adoptions of persons of well over the age of 20. I think this bill goes a long way to plug those loop-holes and therefore, I will give my support to it. It is only left to see how workable it will be.

MADAM SPEAKER:

would the Honourable Mover like to reply?

If no other Member wishes to avail himself of the opportunity,

HON. D. EZZARD MILLER:

silent support.

Madam Speaker, just to thank Honourable Members for their

Thank you.

MADAM SPEAKER:

Thank you. Following the debate on the last bill, The Land Holdings Bill, I did not give the Honourable Member the opportunity to thank Members for their silent support by no debate and I apologise for that.

QUESTION PUT: AGREED. THE ADOPTION OF CHILDREN (AMENDMENT) BILL, 1991, GIVEN A SECOND READING.

THE REGISTRATION OF MERCHANT SHIPS BILL, 1991

CLERK: The Registration of Merchant Ships Bill, 1991

HON. THOMAS C. JEFFERSON:

Madam Speaker, I move the Second Reading of a bill entitled A Bill For A law To Provide For Registration Of Merchant Ships By Demise Charter, And In The Course Of Transfer Of Ownership.

This bill seeks to introduce the concept of registration of ships which are chartered by demise if the charterer is qualified to own a Cayman Islands ship and to lay down the conditions by which this might be achieved. We call it "charter by demise" but in essence it is dual-registration, it is only a different name.

My understanding is that many of the ships which are constructed in various countries, that particular country usually gives some amount of subsidy to the owners of the ship in order to attract them to build their ships in their respective country. As a result of the owner agreeing to build their ships in that respective country, the subsidy is given by the country and the country also requires that their nationals be the crew and the officers on that ship, as well as the mortgaging for the construction of the ship is normally done in that particular country.

I believe in order to attract more ships to the Registry in the Cayman Islands and having these facts known to us, it is going to be extremely difficult for the owner of a ship, given those kinds of conditions under which the ship is constructed, to move the register from that particular country to the Cayman Islands.

What this bill is seeking to do is to allow the ship to continue all of its obligations to the country where it was constructed or mortgaged and where its crew is from and to allow it to also register their charter in the Cayman Islands. It is very likely that the crew of such a ship would present no problem because the Cayman Islands legislation allows us to have crews from NATO countries as well as the European community.

I believe the bill presently before the House is a facility which in my view, can be attractive to ship owners and we have put this bill before the House hoping to have it approved so that this facility can also be mentioned when we carry out our promotions in London towards the end of this month.

There is also a Cruise Ship Conference being held in Florida around the middle of next month and one of the topics at that conference (and I hope that I am not telling tales out of school), is Flexibility of Registration of Ships. I believe that this facility which we have before us will be an attractive feature for us to mention at that promotion as well.

This bill is comprised of four parts and contains 17 clauses. The bill was drafted, as all other Merchant Shipping Legislation, by our Marine Legal Council in the United Kingdom and vetted by our Legal Department here. We are all satisfied that it meets the objectives which it has set out to accomplish.

Part I contains the short title and interpretation clauses; Part II sets out the conditions for registration by demise charter (in other words by dual-registration which means the same thing). Clause 3 defines the status of the ship Clause 4 lays down the provisions which will apply to such ships, such as, the obligations of the charterer, the compliance with the Merchant Shipping Laws of the Islands, and modifies certain provisions of the Merchant Shipping Act 1894 of the United Kingdom as it applies to the Islands

(Clause 5).

Clause 6 deals with the transfer of rights and obligations of the charterer; Clause 7 protects the rights and obligations of parties holding equitable interests in the ship; Clause 8 enables the Governor in Council, in certain circumstances, to grant dispensation to the owner of a Cayman Islands ship of 1600 GRT (gross tons) or above which is chartered by demise outside the Islands. This clause lays down the conditions under which such dispensation may be granted, and in particular, stipulates that the owner must satisfy the Registrar that the ship is registered in the jurisdiction of a named country, outside the Islands, which is subject to the same International Conventions as would apply to the Islands if the ship were registered here.

Clause 9 seeks to specify the conditions for termination of the dispensation granted by the Governor in Council. Clause 10 stipulates that only the flag of the country to which the dispensation applies shall be flown, and sets a penalty for breach of the requirement.

Part III deals, generally, with registration in the course of transfer of ownership and this it does in Clauses 11 to 17. In particular, Clause 11 sets out the circumstances and procedures under which the provisions of the clause shall apply; Clause 12 provides for the consequences of registration pursuant to Clause 11; and Clause 13 seeks to apply certain provisions of the Merchant Shipping Act 1894 of the United Kingdom where a ship is registered pursuant to Clause 11(2).

Part IV deals with miscellaneous matters affecting registration and offences for contravention of any of the conditions of transfer (Clause 15); clause 16 provides for the marking of the ship with the official number and net registered tonnage; and Clause 17 seeks to apply Section 66 and 67 of the Merchant Shipping Act 1894 as they apply to declarations made under Part I of that Act.

We know that the registration of ships under the UK Merchant Shipping Act of 1894 and 1988 are extended to the Cayman Islands and required the owner to be (a) a citizen of the United Kingdom or colonies or (b) a company incorporated in the United Kingdom or Dependencies. In either case possessing a majority shareholding in the ship, that is 33 sixty-fourths, the remaining 31 sixty-fourths may be owned elsewhere. The documentation required to be submitted to the Registrar provides proof of title to the vessel; that no lien exists, example mortgage; and that the vessel is not registered in another country.

This new bill effectively introduces the concept of dual-registration where a ship can be registered in one country for the purposes of title and assignment of mortgage but registered in another country, for example the Cayman Islands, for the period of a time charter where (a) the charterer will be qualified to own the ship as a Cayman Islands ship, if he did own it and (b) has complete control of the ship and employment of the master and crew during the so-called "bare boat", (another word for dual-registration and another word for demise charter).

I recommend the bill to the House because I believe it is in the best interest of the Cayman Islands and the facilities which it seeks to offer to ship owners and the international world.

MADAM SPEAKER:

The First Elected Member for Cayman Brac and Little Cayman.

CAPT. MABRY S. KIRKCONNELL:

Thank you, Madam Speaker. Madam Speaker, I rise to give my full support to a Bill For A Law To Provide For Registration Of Merchant Ships By Demise Charter, And In The Course Of Transfer Of Ownership.

This Law is a technical Law but one that is necessary, I think we could term it "to bring our ship registration of age". It is necessary that we can achieve the purpose that we set out in getting ships from other countries to register here in the Cayman Islands. It is in quite technical language which would take quite a while to explain but I think the Honourable First Official Member has done a superb job in explaining it.

I think it bears out the fact that we do have a good Ship Registry here in the Cayman Islands. The manning clause which the Board of Trade has given to the Cayman Islands makes many things possible and we should be proud of that achievement that we have the right to man our ships with people whom we feel are competent, including NATO countries and EEC countries and not just people with Caymanian or British licence. That is a terrific advantage and the other technical features of this are very important also. I feel confident that the enacting of this Law will bring additional tonnage to our registry and help to make our registry more viable.

Before I sit down, I would again like to say that I do look forward in the not too distant future that we will have legislation before this House which will deal with ships of a smaller nature, the special larger yachts, fishing boats, live-aboard dive boats and others which are so important to our economy and the pleasure and welfare of our people. I think that it is important that our Government look into that aspect. It is my understanding that that type of legislation is being drafted and I do look forward to seeing it before this Honourable House at an early date.

Thank you, Madam Speaker.

MADAM SPEAKER:

Member if he would reply.

If no other Member wishes to debate, I will ask the Honourable

HON. THOMAS C. JEFFERSON:
unanimous support.

Madam Speaker, I only wish to thank Members for their

QUESTION PUT: AGREED. THE REGISTRATION OF MERCHANT SHIPS BILL, 1991, GIVEN A SECOND READING.

HOUSE IN COMMITTEE 3:07 P.M.

COMMITTEE ON BILLS

MADAM CHAIRMAN: Please be seated. The House is in Committee. Before we proceed with the bills I assume the House, as usual, will agree that the Honourable Second Official Member would make any necessary typographical amendments to these bills.

The first bill for consideration, A Bill For A Law To Amend The Music And Dancing Control Law. The Clerk will read the Clauses.

THE MUSIC AND DANCING (CONTROL) (AMENDMENT) BILL, 1991

CLERK: CLAUSE 1. Short title.
CLAUSE 2. Amendment of section 3 of Law 10 of 1977

QUESTION PUT: AGREED. CLAUSES 1 AND 2 PASSED.

CLERK: A Bill For A Law To Amend The Music And Dancing (Control) Law, 1977, To allow Restaurants And Hotels To Play Soft Background Music On Restricted Days.

QUESTION PUT: AGREED TITLE PASSED.

THE LAND HOLDING COMPANIES SHARE TRANSFER TAX (AMENDMENT) BILL, 1991

MADAM CHAIRMAN: The next bill for consideration is The Land Holding Companies Share Transfer Tax (Amendment) Law, 1991.

CLERK: CLAUSE 1. Short title.
CLAUSE 2. Amendment of section 2 of Law No. 14 of 1976.
CLAUSE 3. Amendment of section 3 of the principal Law.

QUESTION PUT: AGREED. CLAUSES 1 THROUGH 3 PASSED.

CLERK: A Bill For A Law To Amend The Land Holding Companies Share Transfer Tax Law.

QUESTION PUT: AGREED. TITLE PASSED.

MADAM CHAIRMAN: The next bill for consideration is the Adoption of Children (Amendment) Law, 1991.

THE ADOPTION OF CHILDREN (AMENDMENT) BILL, 1991

CLERK: CLAUSE 1. Short title.
CLAUSE 2. Amendment of section 2 of Law 42 of 1967.
CLAUSE 3. Amendment of section 9 of the principal Law.

CAPT. MABRY S. KIRKCONNELL: Madam Chairman?

MADAM SPEAKER: Yes. The First Elected Member for Cayman Brac and Little Cayman.

CAPT. MABRY S. KIRKCONNELL: I would like to speak to clause 4, so if we could take clause 3 first?

QUESTION PUT: AGREED. CLAUSES 1 THROUGH 3 PASSED.

CLERK: CLAUSE 4: Replacement of section 10(1) of the principal Law

MADAM CHAIRMAN: The question is that clause 4 do stand part of the Bill.

CAPT. MABRY S. KIRKCONNELL: Madam Chairman, I wonder if the Honourable Member would consider the age of 65 there, instead of 60?

HON. D. EZZARD MILLER: I do not have any strong feelings about that we just figured that even at age 60 one is normally left employed for five years and adopting a child under the age of 14, he would not be normally employed long enough to take him to age 18.

If the Member has a particular reason why he wants the age of 65, I would really not object to it.

CAPT. MABRY S. KIRKCONNELL: Madam Chairman, often times there are people of some wealth that want to adopt at that age. Normally they would not take them just because they need to be adopted and I would think the age of 65 would be appropriate.

HON. D. EZZARD MILLER: I do not have any strong objection to it and I would support 65 years of age.

MR. TRUMAN M. BODDEN: Madam Chairman, I was going to raise the same point. I do not really know why an upper limit has been put on this because as the First Elected Member for Cayman Brac has mentioned, the Board, when considering this, it is fully discretionary. If there was someone who may be over 60 who was sufficiently wealthy enough that they could raise the child, then perhaps there would be no objection to it. Alternatively, if it would assist and either the age is increased or removed then I would have no objection to adding "and is a relative of the child", because it could well be that a child is left and his only near relative may well be over 60 but may be sufficient enough to have custody during at least a few years of his life and to leave him secured to carry on. I know there was no provision before on the upper limit of age so I would ask that that be considered even if it is limited to the relative of the child.

HON. D. EZZARD MILLER: Madam Speaker, there is nothing which would prohibit somebody from trying to get guardianship of a child if they simply wanted to raise the child in a normal way as an extended parent. The reason why we put an upper limit here is because we have had some cases, one case in particular, where somebody aged 63 married a young foreigner and applied two weeks later to adopt seven children. The mother has since deceased and the father is in a position that he promised the children that he would adopt them and is very unlikely to.

These people are not normally those people who are well off and can afford this. Most of the adoptions taking place in this country are simply and strictly for immigration purposes by the less well off in our community. If some relative of a child wanted to raise the child because something had happened to his/her parents, he can simply apply under the Guardianship and Custody Law and become the legal guardian of the child and continue to raise the child in the normal way. He does not need to adopt the child in order to contribute to raising the child.

MR. TRUMAN M. BODDEN: If the Member feels that this is the same as the Guardianship Law, why is he worried about this? These are two different things.

HON. D. EZZARD MILLER: With respect, Madam Chairman.....

MR. TRUMAN M. BODDEN: May I finish please? He may well achieve the same purpose in some instances but in others he would not and really, as I understand it as is set out in section 9, the Court may make an order. If the Court has doubts about anything, then the it would not or should not make an order. So I do not think that the guardianship aspect of it replaces this aspect, especially, and that is why I said I do not mind it being limited to where it is a relative of the child.

HON. D. EZZARD MILLER: Madam Chairman, I am fully aware that they are two separate pieces of legislation, the Guardianship and Custody Law and the Adoption Law. I was simply making the point that if the relative of a child wanted to be the legal guardian and raise the child, they could apply for guardianship or custody under that Law because there is really no need to adopt the child in order to continue to raise the child. And I disagree with the Member that it is discretionary by the court.

Section 10 says: "(1) An adoption order shall not be made....".

MR. TRUMAN M. BODDEN: Madam Chairman, section 10 is very simple, it says "shall not be made unless - ", that is he may make it if these things arise and he shall not make it unless. Anyhow, I do not want to get into that aspect, but another point that I wanted to raise on it is whether in (b)(iii) what type of residence did he mean, whether he meant permanent residence or, (because it just says residence and residence could be a day)?

HON. D. EZZARD MILLER: Madam Chairman, I think it means temporary resident because it also says for the express purposes of the adoption proceedings. When I was debating the Bill I said that it is normally for a period of two to three months for the home-study to be completed.

What is happening now is that these children are being brought in simply by filling out an application form and they are going to the Immigration Department and demanding extensions over extensions over extensions for the whole life of the application is being processed and sometimes that can take a year.

MR. TRUMAN M. BODDEN: I understand what the Member means here but I just was not certain. I know if the Honourable Attorney General can throw some more light on the subject...The Chief Immigration Officer then would be instructed that this does mean several months of residence, not just an overnight residence, like you say they fill out a form.

HON. D. EZZARD MILLER: Yes, Madam Chairman, I would think that the letter which the Secretary of the Adoption Board gives to the people who are applying for the adoption would specify the period of

time that the child needs to be here to conduct the home-study and other proceedings under it.

MR. TRUMAN M. BODDEN: That is explanatory and I think in practice that should work. I just was not certain of that. So if he would really just consider that other aspect that the First Elected Member for Cayman Brac and Little Cayman raised.

MADAM CHAIRMAN: There has not been formulated a motion for an amendment to section 4.

HON. D. EZZARD MILLER: Subject to leave of the Chair, I would not object to changing the 60 to 65 years but I would want to retain some upper limit on it.

MADAM CHAIRMAN: The Chair grants permission and if that is the wish of the majority that the figure 60 should be changed to 65, if that would meet some of your concerns?

CAPT. MABRY S. KIRKCONNELL: That would suit my concern, Madam Chairman.

MR. TRUMAN M. BODDEN: I am just wondering whether he would not consider moving the limit higher if it was a relative of the child, which would very much restrict the class for adoption?

HON. D. EZZARD MILLER: Madam Chairman, I really do not feel that we need to make a special exception for relatives of children. I think that they can have other provisions under the Law. Even a relative of a child wishing to adopt the child, I would think that anyone over the age of 65 could, in fact, have their finances and other means stressed and I would like to leave that to the vote.

MADAM CHAIRMAN: So the proposal is that section 4 be amended under the new section 10(1) which would now read in sub-paragraph (a)(i): "(i) has attained the age of twenty-five years but is not over the age of 65 years; or."

QUESTION PUT: AGREED. CLAUSE 4 AS AMENDED PASSED.

CLERK: CLAUSE 5. Amendment of the Second Schedule to the principal Law.

QUESTION PUT: AGREED. CLAUSE 5 PASSED.

CLERK: A Bill For A Law To Amend The Adoption Of Children Law (Revised).

QUESTION PUT: AGREED. TITLE PASSED.

MADAM CHAIRMAN: The next Bill for consideration is The Registration of Merchant Ships Law, 1991.

THE REGISTRATION OF MERCHANT SHIPS BILL, 1991

CLERK: CLAUSE 1. Short title and commencement.
 CLAUSE 2. Interpretation.
 CLAUSE 3. Registration of ships chartered by demised to a qualified person.
 CLAUSE 4. Consequences of registration pursuant to section 3(1).

MADAM CHAIRMAN: We seem not to have a clause 5.

HON. RICHARD W. GROUND: Madam Chairman, I think it is a printing error in the green copy as in the white copy that was circulated to Members there is a clause 5.

MADAM CHAIRMAN: The Members have copies of the white paper which was the original submission. Clause 5 is contained therein but it seems to have eluded the printers. Do Members have copies of that, clause 5?

HON. RICHARD W. GROUND: Perhaps I might just take Members through the error if they have the white copy.

In the white copy there is a clause 4 which has two sub-clauses, (1) and (2). Now clause 4(1) is in the green copy. If one goes over the page from clause 4(1) in the green copy it leaps to 5(2)(b), so what has been omitted from the green copy is clause 4(2), clause 5(1) and 5(2)(a). In other words, it looks like a page is gone on the green copy. And may I add that I am grateful, Madam Chairman, that you picked that up because I have not seen this until this was raised.

MR. TRUMAN M. BODDEN: Madam Chairman, maybe the House should give the Honourable Attorney General the scope that in the event that there may be anything else, that we follow the white copy which is really what I have because the green copy came out quite late and to be frank, I never really got

through that.

HON. RICHARD W. GROUND: I should certainly be very grateful for the opportunity to treat this omission as a typographical error and any others.

MADAM CHAIRMAN: Yes. The Clerk will read clause 5.

CLERK: CLAUSE 5. Provision relating to the application of the Merchant Shipping Acts and the Merchant Shipping Law where a ship is registered under section 3.
 CLAUSE 6. Transfer of the rights and obligations of the charterer under the charter by demise.
 CLAUSE 7. Rights and obligations relating to interests in ships registered pursuant to section 3(1).
 CLAUSE 8. Dispensations in respect of certain laws relating to ships which are chartered by demise and registered outside the Cayman Islands by reason of that charter.
 CLAUSE 9. Termination and revocation of dispensations granted under section 8.
 CLAUSE 10. Flag to be used where a dispensation has been granted under section 8.
 CLAUSE 11. Registration of ships in course of transfer of ownership.
 CLAUSE 12. Consequences of registration pursuant to section 11.
 CLAUSE 13. Provisions relating to the application of the Merchant Shipping Acts and the Merchant Shipping Law where a ship is registered under section 11.
 CLAUSE 14. Definition of transferee in this Part.
 CLAUSE 15. Termination of overseas registration.
 CLAUSE 16. Ship's carving and marking note.
 CLAUSE 17. Application of sections 66 and 67 of the Merchant Shipping Act 1894.

QUESTION PUT: AGREED. CLAUSES 1 THROUGH 17 PASSED.

CLERK: A Bill For A Law To Provide For Registration Of Merchant Ships By Demise Charter, And In The Course Of Transfer Of Ownership.

QUESTION PUT: AGREED. TITLE PASSED.

MADAM CHAIRMAN: That concludes Committee on Bills. The House will resume.

HOUSE RESUMED AT 3:30 P.M.

REPORTS ON BILLS

MADAM SPEAKER: Proceedings are resumed. Reports on Bills.

THE MUSIC AND DANCING (CONTROL) (AMENDMENT) BILL, 1991

CLERK: The Music and Dancing (Control) (Amendment) Bill, 1991

HON. J. LEMUEL HURLSTON: Madam Speaker, I have to report that a Bill entitled The Music and Dancing (Control) (Amendment) Bill, 1991 was considered by a Committee of the whole House and passed without amendment.

MADAM SPEAKER: The Bill is accordingly set down for Third Reading.

THE LAND HOLDING COMPANIES SHARE TRANSFER TAX (AMENDMENT) BILL, 1991.

CLERK: The Land Holding Companies Share Transfer Tax (Amendment) Bill, 1991.

HON. THOMAS C. JEFFERSON: Madam Speaker, I have to report that a Bill entitled A Bill For A Law To Amend The Land Holding Companies Share Transfer Tax Law was considered by a Committee of the whole House and passed without amendment.

MADAM SPEAKER: The Bill is accordingly set down for Third Reading.

THE ADOPTION OF CHILDREN (AMENDMENT) BILL, 1991.

CLERK: The Adoption Of Children (Amendment) Bill, 1991.

HON. D. EZZARD MILLER: Madam Speaker, I wish to report that a Bill entitled A Bill For A Law To Amend The Adoption Of Children Law (Revised) was considered by a Committee of the whole House and passed with one amendment.

MADAM SPEAKER: The Bill is accordingly set down for Third Reading.

THE REGISTRATION OF MERCHANT SHIPS BILL, 1991.

CLERK: The Registration Of Merchant Ships Bill, 1991.

HON. THOMAS C. JEFFERSON: Madam Speaker, I have to report that a Bill shortly entitled The Registration of Merchant Shippings Bill, 1991 was considered by a Committee of the whole House and passed without amendment.

MADAM SPEAKER: The Bill is accordingly set down for Third Reading.
That concludes the Business on the Order Paper for today. I will ask the Honourable First Official Member to move the adjournment.

ADJOURNMENT

HON. THOMAS C. JEFFERSON: Madam Speaker, I believe that it is the wish of the House that I move the adjournment until 10:00 a.m. tomorrow morning with the view that we do Legislative or Parliamentary work tomorrow morning and do Council's work in the afternoon.

MADAM SPEAKER: The First Elected Member for West Bay.

MR. W. McKEEVA BUSH: Thank you, Madam Speaker. Madam Speaker, I understood from this morning's business that once the Business on the Order Paper had been finished that the motion was that we move unto Cayman Airways Business. That is my understanding of it and that is what I am here prepared to do. Furthermore, I am not prepared to suspend again tomorrow afternoon. We, so far since this meeting has begun, have had three days off and I think that if one looks at this pile of stuff belonging to Cayman Airways that it is going to be a lengthy debate and I feel that we should come prepared to do the country's business.

Sometime ago I moved a resolution saying that we could set a different time frame to facilitate Government, that is we meet at 2:00 o'clock or 2:30 p.m. instead of 10:00 in the morning. This would give Honourable Members on the other side time for Government and everybody in fact, to get their business done. I think we just cannot continue hopscotching the way that we have been doing. I am not prepared to do it. There is business to be done, let us do it!

MADAM SPEAKER: Honourable Member I would just like to make a clarification. The question that was put this morning when the reports from Cayman Airways were laid on the Table was that the debate on these reports would continue after all of the business for this meeting, this meeting includes the day from whence we began the 2nd of September until we conclude what had been sent out in the Business Papers. That was the question that was put, not that at the end of today's sitting we should begin tomorrow with Cayman Airways. This means that whatever business has been sent out by the Business Paper, when all of that business has been dealt with, we would then have the debate on the Reports on Cayman Airways. So that probably was just a bit of misunderstanding.

The First Elected Member for Bodden Town.

MR. ROY BODDEN: Thank you, Madam Speaker. Madam Speaker, I am concerned that we are not utilising the time as effectively as we could and as a consequence we are not treating the nation's business with the seriousness with which it should be treated.

With all due respect to the Honourable Members of Executive Council, I know that they have work to do but they are getting paid to do that work and they cannot expect to take the time when the nation's business or the nation's work should be done to do their work. Either they have to do so earlier or later but the time designated for the nation's business should not be infringed upon by the business of their Portfolios.

Additionally, at the end of this current sitting or sometime during this month some Honourable Members are scheduled to depart on a very important conference. I am afraid if we continue losing time the way we are doing through postponements that this will not be possible thus denying these Honourable Members a glorious opportunity to participate and share in experiences which are almost invaluable in their undertakings.

I was reading an editorial in the Caymanian Compass not too long ago where they were chiding us for inefficient use of time. I am afraid if we continue the way that we are going we will be in for another chiding for inefficient use of time I do not think that it is necessary and I hope that the majority of Members feel this way.

MADAM SPEAKER: I would just also like to say that not only are other Members scheduled to leave next week but I understand that there is a Member who would be leaving this week-end for a most important conference of Magistrates in Australia but be that as it may, the business of the House takes preference and unless someone has some other new thoughts to be added to this debate, if it is going to be a repetition of what has already been said, I would ask Honourable Members to bear in mind that repetition is one of the orders which we should try to avoid.

The First Elected Member for Cayman Brac and Little Cayman.

CAPT. MABRY S. KIRKCONNELL: Madam Speaker, thank you. I recommended, as a Member of the Business Committee, that we not meet tomorrow as it had been agreed prior that the Executive branch of Government needs that to prepare for their meeting. I think now those of us on this side also need additional time to read all of these reports and to be prepared to debate them. At least, I speak for myself that I need additional time and I think that it would be in the interest of good government to give the Executive branch tomorrow then come back here on Wednesday prepared to go through until we complete the business of the House.

MADAM SPEAKER: Would the mover of the motion for the adjournment wish to reply?

HON. THOMAS C. JEFFERSON: Madam Speaker, I am not sure what point we are making now. On the one hand we say we want to be more efficient, allocate more time to the House. My proposal was that we meet in the morning rather than not meeting at all tomorrow, but if it is the wish of the House that we do not meet, it is fine with me. I leave it to the vote.

MADAM SPEAKER: Well, I shall put the question.

QUESTION PUT: AYES & NOES:

MR. W. McKEEVA BUSH: Can we have a division, Madam Speaker?

DIVISION NO. 25/91

Noes: 12

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
Mr. W. McKeeva Bush
Mr. Truman M. Bodden
Capt. Mabry S. Kirkconnell
Mr. Gilbert A. McLean
Mr. Roy Bodden

Ayes: 2

Mr. John D. Jefferson, Jr
Mr. G Haig Bodden

Absent

Mr. John B. McLean

NEGATIVED BY MAJORITY: THAT THE HOUSE ADJOURN UNTIL 10:00 A.M. TUESDAY, 10TH SEPTEMBER, 1991, FOR THE MORNING SITTING ONLY.

MADAM SPEAKER: The result is two Ayes, 12 Noes. The House will be accordingly adjourned until (we have not set a date), Wednesday.

MR. W. McKEEVA BUSH: Madam Speaker.....

MADAM SPEAKER: Before I say that I would say that it is rather unusual to have a motion coming from Government Bench and they in turn vote against it.

MR. W. McKEEVA BUSH: Yes. Madam Speaker, the motion as I understand it was for the House to meet tomorrow morning to adjourn at the midday to begin again on Wednesday. I want to record in this House that my vote is against the midday adjournment until Wednesday. As I said, I want to vote that we meet all day.....(interruption)

(addressing voice across the floor) Listen! If you want to state your case you should get up and do as I am doing. I am trying to explain to Madam Speaker. The bunch of you cannot even run this country right. You put a motion and vote against it!

MADAM SPEAKER: Honourable Member, please speak to the motion. Thank you.

MR. W. McKEEVA BUSH: Yes, I am sorry Madam Speaker. But I was dealing with that bunch of rowdies over there.

MADAM SPEAKER: Well, do not. You are dealing with the question before the House now. Make a comment on that and not against other people, please.

MR. W. McKEEVA BUSH: Just a clarification, Madam Speaker, that I am voting against closing down the business of the House midday tomorrow. But, as I said, that is what I want to do, that is, to meet

tomorrow morning to carry on all day.

HON. THOMAS C. JEFFERSON: Madam Speaker, I believe that it is appropriate that I move a motion that we adjourn until 10:00 o'clock Wednesday morning.

MADAM SPEAKER: Yes, I think that is in order. The question is that this Honourable House do now adjourn until 10 o'clock tomorrow morning. I shall put the question. Those in favour please say Aye...Those against No.

AYES.

MADAM SPEAKER: The Ayes have it. The House is accordingly adjourned until tomorrow morning at 10 o'clock.

AT 3:45 P.M. THE HOUSE STOOD ADJOURNED UNTIL 10:00 A.M., WEDNESDAY, 11TH SEPTEMBER, 1991.

**WEDNESDAY
11TH SEPTEMBER, 1991
10:00 A.M.**

MADAM SPEAKER:

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 II, 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 Speaker of the Legislative Assembly, 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.

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.

MADAM SPEAKER:

Please remain standing while Madam Clerk administers the Oath of Allegiance to the Honourable George Anthony McCarthy.

ADMINISTRATION OF OATHS OR AFFIRMATIONS

OATH OF ALLEGIANCE

Mr. George Anthony McCarthy

HON. GEORGE A. McCARTHY:

I, George Anthony McCarthy, do swear that I will be faithful and bear true allegiance to Her Majesty Queen Elizabeth II, Her heirs and successors according to Law, so help me God.

MADAM SPEAKER:

The Honourable George Anthony McCarthy will now take his seat as the Honourable First Official Member, temporarily.

MADAM SPEAKER:

Please be seated. On behalf of the Legislative Assembly, I would welcome Mr. McCarthy to the House.

Presentation of Papers and Reports - Report of the Select Committee on Parliamentary Pensions (Amendment) Bill, 1991. The Honourable Elected Member for Health and Social Services.

PRESENTATION OF PAPERS AND OF REPORTS

REPORT OF THE SELECT COMMITTEE ON PARLIAMENTARY PENSIONS (AMENDMENT) BILL, 1991

HON. D. EZZARD MILLER:

Madam Speaker, I beg to lay on the Table of this Honourable House the Report of the Select Committee on Parliamentary Pensions (Amendment) Bill, 1991.

MADAM SPEAKER:

So ordered.

HON. D. EZZARD MILLER:

Madam Speaker, this Select Committee was established on 26 June, 1991, following the second reading of the Parliamentary Pensions (Amendment) Bill, 1991 (A Bill For A Law To Amend The Parliamentary Pensions Law, 1984) when the Honourable Member for Health and Social Services, during the second Meeting of the 1991 Session of the Legislative Assembly moved in accordance with Standing Order 49 that the Bill be referred to a Select Committee of the whole House. This was unanimously agreed upon by the House. In accordance with Standing Order 69(2) the Speaker of the Legislative Assembly nominated me, the mover of the Bill, to be Chairman of the Committee.

The Select Committee held two meetings on Wednesday, 26 July, and Wednesday, 28 July, 1991. The minutes of the Committee are attached and form part of this Report. The

Select Committee considered a Bill For A Law To Amend The Parliamentary Pensions Law, 1984 which was read in Parliament and taken through the Second Reading debate. The Committee considered the Bill clause by clause and the Committee agreed that the Bill be recommended without amendment to the Legislative Assembly for a Third Reading.

The Select Committee agreed that this Report of the Select Committee be the Report to be laid on the Table of the Legislative Assembly at the Third Meeting of the 1991 Session which started on Monday, 2 September, 1991.

MADAM SPEAKER: The Bill is accordingly set down for Third Reading. The next item on today's Order Paper, Questions to Honourable Members. Question No. 210, the First Elected Member for Bodden Town.

QUESTIONS TO HONOURABLE MEMBERS

THE FIRST ELECTED MEMBER FOR BODDEN TOWN TO ASK THE HONOURABLE THIRD OFFICIAL MEMBER RESPONSIBLE FOR INTERNAL AND EXTERNAL AFFAIRS

NO. 210: Will the Honourable Member state what is the total staff complement at the Northward Prison, and what are the ranks and nationalities of these officers?

ANSWER: The total staff complement at Northward Prison is 87. At present the post of Chief Officer is vacant and there is a vacancy for one Prison Officer (male). Ranks and nationalities of staff are as follows:

Statement of Staff of Northward Prison as at 28th August, 1991 by Rank and Nationalities

Rank	Complement	Nationality
Director	1	British
Deputy Director	1	Caymanian
Chief Officer	1	Vacant
Principal Officers	4	4 Caymanians
Lead Officers (male)	10	5 Caymanians 4 Jamaicans 1 Nicaraguan
Lead Officers (female)	2	2 Caymanians
Prison Officers (male)	43	1 British 11 Caymanians 20 Jamaicans 8 Barbadians 1 Nicaraguan 1 St Lucian 1 Belizean
Prison Officers (male)	1	Vacant
Prison Officers (female)	12	7 Caymanians 3 Jamaicans 1 Belizean 1 Barbadian
Higher Executive Officer	1	Caymanian
Executive Officer	1	Caymanian
Clerical Officers	2	Caymanians
Storekeeper	1	Caymanian
Maintenance	2	Caymanians/Nicaraguan (married to Caymanian)
Driver/Messenger	1	Caymanian
Assistant Cooks	4	2 Caymanians 2 Jamaicans
Total:	87	

SUPPLEMENTARIES

MADAM SPEAKER: Supplementaries. The First Elected Member for Bodden Town.

MR. ROY BODDEN: Thank you kindly, Madam Speaker. I wonder if the Honourable Member can say if, in the case of the two vacancies, namely that of Chief Officer and Prison Officer (male), any attempt has been made to recruit Caymanians for these vacant posts?

HON. J. LEMUEL HURLSTON: Madam Speaker, the post of Chief Officer has not as yet been advertised to be filled. The position of male Prison Officer is about to be filled by a Caymanian.

MADAM SPEAKER: The Elected Member for East End.

MR. JOHN B. McLEAN: Madam Speaker, I wonder if the Member could say what steps are being taken to encourage more Caymanians to join that service?

HON. J. LEMUEL HURLSTON: Madam Speaker, the normal recruitment procedures are followed in the case of this service as indeed in respect of any post in the Civil Service. Vacancies are advertised internally as well as publicly and there are a variety of campaigns that are from time to time pursued with particular thrusts.

In the case of the Prison Service there have been a number of such campaigns carried on where particular groups of persons are targeted. Extensive recruitment efforts are made by personal contacts. Previous applications kept on file are very carefully reviewed and every follow-up action that can possibly be taken is taken.

MADAM SPEAKER: The Elected Member for East End.

MR. JOHN B. McLEAN: Madam Speaker, I wonder if the Member could say if there are any benefits offered to foreign officers over those to the Caymanian officers?

HON. J. LEMUEL HURLSTON: No, Madam Speaker.

MADAM SPEAKER: The First Elected Member for Bodden Town.

MR. ROY BODDEN: Thank you, Madam Speaker. I wonder if the Honourable Member is in a position to shed any light as to whether the position of Chief Officer is likely to be filled from among the four principal officers whom I see are listed down here as being of Caymanian nationality or whether this position is likely to be filled by someone from outside of the system?

HON. J. LEMUEL HURLSTON: Madam Speaker, a decision on the filling of that post has not yet been taken and I do not therefore wish to comment on what the possibilities are.

MADAM SPEAKER: The Elected Member for East End.

MR. JOHN B. McLEAN: Madam Speaker, I wonder if the Member could say whether or not the foreign officers, who are brought here to join the staff of the Prison, are fully trained when they arrive here or if it is done here?

HON. J. LEMUEL HURLSTON: Madam Speaker, many of the officers recruited from abroad have some previous experience in a disciplined form of service either in a prison service or some other related security type service. Regardless of their previous training and experience local induction training is compulsory for all persons joining the service.

MADAM SPEAKER: The First Elected Member for Bodden Town.

MR. ROY BODDEN: Thank you very kindly, Madam Speaker. I wonder if the Honourable Member could say if the training officers undergo any formal courses in psychology or sociology?

HON. J. LEMUEL HURLSTON: No, Madam Speaker, not formal courses, however, to the extent that those subjects are relevant to security, which is the primary focus of their responsibility, it is touched upon in very general terms.

MADAM SPEAKER: The next question No. 211, stands in the name of the First Elected Member for Bodden Town.

THE FIRST ELECTED MEMBER FOR BODDEN TOWN TO ASK THE HONOURABLE THIRD OFFICIAL MEMBER RESPONSIBLE FOR INTERNAL AND EXTERNAL AFFAIRS

NO. 211: Would the Honourable Member say why the reception area at the Government Administration Building was removed from the ground floor to the third floor?

ANSWER: The switchboard operators, located near the rear entrance to the Government Administration Building, were not truly effective as receptionists. The switchboard has been moved to the Personnel Department as a means of reducing the establishment and providing better utilisation of staff. The savings in staff cost is approximately \$15,000 per annum.

The security officer will continue to provide directions to the reduced number of visitors to the

building (the Education, Banking and Insurance Departments generated most callers and they have moved to the Harbour Centre). All Departments receive their own visitors.

SUPPLEMENTARIES

- MADAM SPEAKER:** Supplementary. The First Elected Member for Bodden Town.
- MR. ROY BODDEN:** Thank you, Madam Speaker. I wonder if the Honourable Member is in a position to say by what amount has this change reduced the expenditure and how has this change improved the effectiveness of the reception and the security for this building?
- HON. J. LEMUEL HURLSTON:** Madam Speaker, the staff savings amounted to approximately \$15,000 per annum and the effectiveness of the change is seen primarily in the utilisation of the telephone operator for additional clerical duties in the Personnel Department which duties could not have been effectively performed on the ground floor where the staff previously sat.
- There has been no change in the effectiveness of the security officer and there are no reception facilities on the ground floor. The building has signs for direction and each department in the building receives their own visitors.
- MADAM SPEAKER:** The First Elected Member for Bodden Town.
- MR. ROY BODDEN:** Thank you, Madam Speaker. I wonder if the Honourable Member could say if the space which was saved has been utilised by any other department presently located in the Government Administration Building and if the Honourable Member could tell this House the name of that department?
- HON. J. LEMUEL HURLSTON:** Madam Speaker, the switchboard and reception area previously occupied an area that is now occupied by the Treasury Department. It was a little corner of that area that had been previously dedicated to the telephone operators. That space has now been given up to the Treasury Department.
- MADAM SPEAKER:** The Second Elected Member for Cayman Brac and Little Cayman.
- MR. GILBERT A. McLEAN:** Madam Speaker, I would like to ask the Member if he could say whether there is indeed a security officer at the Government Administration Building anymore and precisely where is he located? If there is not one, is it not serious in terms of security to have the public simply entering the building, going to any floor they wish and moving around as they wish, since there is no reception on the first floor?
- MADAM SPEAKER:** Honourable Member part of that answer has been provided, the security officer is still there. The other part, the Honourable Member may wish to reply.
- MR. GILBERT A. McLEAN:** Madam Speaker, I see it says that he will continue to provide directions, I do not know if such a person is still there.
- HON. J. LEMUEL HURLSTON:** Madam Speaker, the security officer is still in post. His duties have not been altered and he has been provided for the first time, with a desk, chair, and the ability to perform his duties more effectively.
- MADAM SPEAKER:** The Elected Member for East End.
- MR. JOHN B. McLEAN:** Madam Speaker, in answering the question, mention was made of a savings of approximately \$15,000 per annum. Could the Member say whether or not this is as a result of laying off a staff member?
- HON. J. LEMUEL HURLSTON:** There has not been a laying off of any staff member but there has been a redeployment of staff and yes, one person has been transferred to another job in another Government building.
- MADAM SPEAKER:** The Elected Member for East End.
- MR. JOHN B. McLEAN:** Madam Speaker, a further supplementary. In other words, you are saying that that individual that was at the Glass House is presently in another department in another building?
- HON. J. LEMUEL HURLSTON:** Yes, Madam Speaker, being paid against the provisions of another post, so that there is, in fact, a savings in total expenditure as a result of that move.
- MADAM SPEAKER:** The Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN:
floor of the Harbour Centre?

Would the Member say if there is a receptionist on the ground

HON. J. LEMUEL HURLSTON:

Not to the best of my knowledge, Madam Speaker.

MADAM SPEAKER:
Elected Member for Bodden Town.

The next question No. 212 standing in the name of the First

THE FIRST ELECTED MEMBER FOR BODDEN TOWN TO ASK THE HONOURABLE THIRD OFFICIAL MEMBER RESPONSIBLE FOR INTERNAL AND EXTERNAL AFFAIRS

NO. 212: Would the Honourable Member advise the House what is Government's policy regarding officers in the Civil Service who have been charged with misconduct, investigated and exonerated?

ANSWER: Public officers who have been exonerated following charges of misconduct are reinstated if they had been suspended or interdicted. Any emoluments withheld are restored and employment resumed.

SUPPLEMENTARIES

MADAM SPEAKER: Supplementary. The First Elected Member for Bodden Town.

MR. ROY BODDEN: Thank you, Madam Speaker. Is it customary that reinstatement may involve placement to posts other than the post originally held by such officer or officers?

HON. J. LEMUEL HURLSTON: Madam Speaker, that is a matter entirely for the head of the respective department and in light of the particular circumstances.

MADAM SPEAKER: The Elected Member for East End.

MR. JOHN B. McLEAN: Madam Speaker, I wonder if the Member could say how many such cases have arisen over the last year?

HON. J. LEMUEL HURLSTON: No, Madam Speaker, I do not have any statistics on the number of the cases in the last year.

MADAM SPEAKER: The First Elected Member for Bodden Town.

MR. ROY BODDEN: Thank you, Madam Speaker. I would like to ask, in those cases where charges have been laid and investigations have been carried out by professional bodies such as the Police, in light of the fact that there may not have been sufficient evidence for the Police to lay formal charges or the Police could find no reason to lay any charges against the person, is it customary for the Civil Service to reserve the right to then charge the person or to disapprove of the person's reinstatement?

HON. J. LEMUEL HURLSTON: Madam Speaker, the Civil Service does reserve the right to institute disciplinary charges following the completion of any enquiries which may or may not have led to criminal charges. The regulations, however, stipulate that any disciplinary charges must await the outcome, if any, of any criminal charges so that criminal charges must take precedence and following that, charges for misconduct become an option.

MADAM SPEAKER: The Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: Madam Speaker, would the Member say if such a scenario as was queried by the First Elected Member for Bodden Town has occurred in recent times in respect of a teacher and has Government, after finding no wrongdoing, reinstated this person to their post?

HON. J. LEMUEL HURLSTON: Yes, Madam Speaker, I can confirm that such a case took place recently.

MADAM SPEAKER: The First Elected Member for Bodden Town.

MR. ROY BODDEN: Madam Speaker, I will waive my right to the Second Elected Member.

MADAM SPEAKER: The Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: Madam Speaker, I simply wanted to ask the Member if he could answer the second part of the question, whether or not the teacher has been reinstated.

HON. J. LEMUEL HURLSTON:

Yes, Madam Speaker.

MADAM SPEAKER:

The First Elected Member for Bodden Town.

MR. ROY BODDEN:

Thank you, Madam Speaker, a supplementary. Am I to understand from the Honourable Member's answer that the teacher has been reinstated to his original post or has the teacher been merely reinstated in the Government Service?

HON. J. LEMUEL HURLSTON:

Madam Speaker, the teacher has been reinstated to his original grade within the teaching service. He has not been reinstated to the area of responsibility to which he was originally assigned but he has been reinstated to his substantive grade within the teaching service.

MADAM SPEAKER:

The First Elected Member for Bodden Town.

MR. ROY BODDEN:

Thank you, Madam Speaker, a further supplementary. In cases where these members are charged with misconduct is it customary at the laying of the charge for a request to be made for the member's resignation or are the members informed as to the route such investigation is likely to take and the consequences if they are proven guilty?

HON. J. LEMUEL HURLSTON:

Madam Speaker, the procedures are clearly laid down in the regulations and officers are encouraged to familiarise themselves with the provisions of those regulations. Where in doubt, interviews may be held for clarification but the regulations set out quite clearly, step by step, what the correct formal procedures are to be followed.

MADAM SPEAKER:

The First Elected Member for Bodden Town.

MR. ROY BODDEN:

I wonder if the Honourable Member could then tell the House why, in the case of the teacher mentioned, he was requested to tender his resignation prior to the conclusion of the investigation?

HON. J. LEMUEL HURLSTON:

Madam Speaker, I believe that that question is inviting me to comment on an area that I would prefer not to comment upon inasmuch as it is information which is protected between an employer and an employee and I have no knowledge that the party to the source of that information has given permission for it to be revealed publicly.

MADAM SPEAKER:

The next question No. 213, standing in the name of the Second Elected Member for Cayman Brac and Little Cayman.

THE SECOND ELECTED MEMBER FOR CAYMAN BRAC AND LITTLE CAYMAN TO ASK THE HONOURABLE ELECTED MEMBER RESPONSIBLE FOR COMMUNICATIONS, WORKS AND AGRICULTURE

NO. 213: Can the Honourable Member say what is Government's policy on the provision of car parking space for the public and Civil Servants in areas of Government Offices?

ANSWER: There is currently no policy on the provision of car-parking space for the public and civil servants at Government offices. There are assigned parking spaces at most Government offices for senior staff as well as undesignated spaces which are available for subordinate staff and visitors.

SUPPLEMENTARIES

MADAM SPEAKER:

Supplementary. The Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN:

Madam Speaker, would the Member confirm that as conditions presently exist just about all of the parking spaces both at the Government Administration Building, at the Tower Building and at the Harbour Centre are basically all used by staff of Government in those buildings?

HON. LINFORD A. PIERSON:

Madam Speaker, it might help the Member if I give an indication of the spaces available. But to give an undertaking or to give an answer as to the adequacy as regard that, I do not have that information but I will provide him with what I have. At the Tower Building there are a total of 118 spaces, 28 of which are designated for senior staff, 13 designated for visitors and 77 undesignated.

At the Glass House there are a total of 120 spaces, 30 of which are designated for senior staff and 90 undesignated. At the Harbour Centre there are a total of 59 spaces, 13 designated for senior staff and 26 undesignated, 20 across the street from the Harbour Centre.

MADAM SPEAKER:

The Elected Member for East End.

MR. JOHN B. McLEAN:

Madam Speaker, I wonder if the Member could say what steps have been taken to negotiate further parking for the buildings in question?

- HON. LINFORD A. PIERSON:** Madam Speaker, that matter is now receiving attention.
- MADAM SPEAKER:** The Third Elected Member for George Town.
- MR. TRUMAN M. BODDEN:** Thank you, Madam Speaker. Would the Honourable Member say whether he proposes to designate some of these spaces specifically for public use?
- HON. LINFORD A. PIERSON:** Madam Speaker, the question of designation of spaces at Government buildings is one for the Personnel and Management section of Government. That is not my responsibility. Maybe the Honourable Administrative Secretary could answer him on that.
- MADAM SPEAKER:** The Third Elected Member for George Town.
- MR. TRUMAN M. BODDEN:** Since this is an obvious problem that the Member knows about has he liaised with the Honourable Administrative Secretary to try to find out about getting them designated?
- HON. LINFORD A. PIERSON:** Madam Speaker, it has not been a problem of mine. It is not my responsibility.
- MADAM SPEAKER:** The Third Elected Member for George Town.
- MR. TRUMAN M. BODDEN:** Surely it is a problem of the public, is it not?
- MADAM SPEAKER:** That is a statement, please.
The Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: Madam Speaker, as it seems clear that no one in Government has responsibility for traffic and parking, would someone from the Government side undertake to look into this matter, determine who might have responsibility for it in this country and make some policy whereby parking at Government buildings is worked on a percentage basis whereby there would be so much provided for staff and some consideration would be given to the public for parking?

HON. LINFORD A. PIERSON: Madam Speaker, it seems that this Member is again reading into something that was not said. Nobody said that there was no responsibility for traffic and parking. What was said was that the responsibility for designating this is one for Personnel and Management. But I would say that the Development and Planning Law provides for one car parking space for 500 square feet of office space. All Government offices constructed since the Development and Planning Law came into effect have been in compliance with the Law.

However, it should be noted that with the tremendous amount of motor vehicles being imported onto the Island, this ratio is no longer adequate. The Central Planning Authority and Public Works Department are currently reviewing this matter.

MADAM SPEAKER: The next question stands in the name of the Second Elected Member for Cayman Brac and Little Cayman, No. 214.

THE SECOND ELECTED MEMBER FOR CAYMAN BRAC AND LITTLE CAYMAN TO ASK THE HONOURABLE ELECTED MEMBER RESPONSIBLE FOR HEALTH AND SOCIAL SERVICES

NO. 214: Will the Honourable Member say what will be the estimated cost of constructing the proposed new Hospital in Grand Cayman and the extension of the Faith Hospital in Cayman Brac? Will the Member also state from what source will the funding for these projects come?

ANSWER: The contract which was signed with Ellerbe Beckett/Chalmers Gibbs Martin & Joseph mandates that the hospital which is designed must be built and equipped for \$16 million.

The extension to the Faith Hospital is currently estimated at \$1.3 million, but the Quantity Survey which will give a more accurate estimate will be completed by 30th September, 1991. The funds for these projects will be from loan funds to the Health Services Authority under Government guarantee.

SUPPLEMENTARIES:

- MADAM SPEAKER:** Supplementary. The Second Elected Member for Cayman Brac and Little Cayman.
- MR. GILBERT A. McLEAN:** Could the Member say what is the location where the new Hospital is expected to be built?
- HON. D. EZZARD MILLER:** On a 36-acre site directly behind Bob Thompson's subdivision

off Smith Road, which is presently owned by Government.

MADAM SPEAKER: The First Elected Member for Bodden Town.

MR. ROY BODDEN: Thank you, Madam Speaker. Does the contract have any contingency clause or a contingency clause and if so, could the Honourable Member inform this House as to what such clause or clauses may entail?

HON. D. EZZARD MILLER: If the Member is referring to contingencies as related to the cost of the building, there are no clauses. It must be for \$16 million.

MADAM SPEAKER: The First Elected Member for West Bay.

MR. W. McKEEVA BUSH: Madam Speaker, can the Member say whether this 32 acres of land is reclaimed property?

HON. D. EZZARD MILLER: I cannot answer that question. This property came into Government hands long before I went into the Portfolio and I have no knowledge of the source of the property.

MADAM SPEAKER: The First Elected Member for West Bay.

MR. W. McKEEVA BUSH: Madam Speaker, I believe I know the source. I am not talking about the source. When I say reclaimed I mean whether it is property that has to be filled or is it dry land?

HON. D. EZZARD MILLER: I think that it is a combination of dry land and swamp and some areas will require filling. It depends on where the foot-print of the building is located.

MADAM SPEAKER: The Elected Member for East End.

MR. JOHN B. McLEAN: Madam Speaker, I wonder if the Member could say if there has been a bank identified from where the loan funds will come?

HON. D. EZZARD MILLER: Not at the present time.

MADAM SPEAKER: The First Elected Member for West Bay.

MR. W. McKEEVA BUSH: Madam Speaker, I wonder if the Member can say if he has done a costing on the amount of fill that will be needed to fill that property he spoke about?

HON. D. EZZARD MILLER: I have not done a specific costing on the fill but that is included in the \$16 million, site development, land use, everything.

MADAM SPEAKER: The Second Elected Member for Bodden Town.

MR. G. HAIG BODDEN: Madam Speaker, may I ask the Member if the Government's guarantee mentioned in the final paragraph of his answer has yet been obtained, keeping in mind the resolution which was passed by the Legislative Assembly on 25 July, 1990 requiring that all these contracts not be entered into until they have been properly authorised and appropriated?

HON. D. EZZARD MILLER: The loan for the construction of the facility has not yet been guaranteed by Government neither has any contract entered into for the construction of such a facility. The funds to design the facility are in the 1991 Budget as voted for in this House in November, 1990.

MADAM SPEAKER: The Third Elected Member for George Town.

MR. TRUMAN M. BODDEN: Could the Honourable Member say whether he has done a costing based on the split-site hospital and one based on a hospital on the single site?

HON. D. EZZARD MILLER: It is not necessary to do any costing for a split-site hospital because no such thing was ever contemplated. The in-patient facility which is the hospital, is going on one site.

MADAM SPEAKER: The Third Elected Member for George Town.

MR. TRUMAN M. BODDEN: The \$16 million then only relates to what you are going to build on the new site. It does not take into consideration the position of what is left on the old site and any renovations there. I have one further question. Have you done a costing on the recurrent expenditure for running both the old hospital site, whatever you leave on it and this new one that you are building?

HON. D. EZZARD MILLER: The \$16 million only refers to construction of the new hospital

on the separate site and yes, cost analyses have been done on recurrent expenditures for retaining the out-patient facility on the present site and operating the new hospital on the other site and it is cost effective.

MADAM SPEAKER: The Third Elected Member for George Town.

MR. TRUMAN M. BODDEN: In that costing do you not have a considerable amount of duplication of equipment, duplication of services such as an X-ray at the old site, an X-ray at the new site, basic machines at each site and also extra staff to run them?

HON. D. EZZARD MILLER: That includes what duplication will be necessary. But there is duplication of X-ray machines now. There is an X-ray machine in the out-patient part of the hospital and there is an X-ray machine inside the hospital.

MADAM SPEAKER: The Elected Member for East End.

MR. JOHN B. McLEAN: Madam Speaker, taking into consideration that a contract has been signed, I wonder if the Member could tell us how soon he anticipates putting the loan funds into place?

HON. D. EZZARD MILLER: Madam Speaker, I repeat that the contract that has been signed is for the design facility. Those funds are in place. It is anticipated that the preliminary design work and costing will be completed by the end of December and loan funds will be applied for prior to that date, probably in the 1992 Budget Session.

MADAM SPEAKER: The next question No. 215, standing in the name of the Second Elected Member for Cayman Brac and Little Cayman.

THE SECOND ELECTED MEMBER FOR CAYMAN BRAC AND LITTLE CAYMAN TO ASK THE HONOURABLE ELECTED MEMBER RESPONSIBLE FOR HEALTH AND SOCIAL SERVICES

NO. 215: Can the Honourable Member say how persons on temporary work permits and gardeners and domestic helpers on annual work permits can be covered by the proposed National Health Insurance Legislation?

ANSWER: The draft legislation for National Health Insurance makes it mandatory that employers must provide health insurance for all employees, at least to the Standard Benefit Package level. This means that all the categories identified in the question will have health insurance.

MADAM SPEAKER: If there are no supplementaries we shall proceed to Government Business - Bills, Third Readings.

GOVERNMENT BUSINESS

BILLS

THIRD READINGS

THE PARLIAMENTARY PENSIONS (AMENDMENT) BILL, 1991

CLERK: The Parliamentary Pensions (Amendment) Bill, 1991.

HON. D. EZZARD MILLER: Madam Speaker, I beg to move that a Bill entitled The Parliamentary Pensions (Amendment) Bill, 1991 be given a Third Reading and passed.

QUESTION PUT: AGREED. THE PARLIAMENTARY PENSIONS (AMENDMENT) BILL, 1991, GIVEN A THIRD READING AND PASSED.

THE MUSIC AND DANCING (CONTROL) (AMENDMENT) BILL, 1991

CLERK: The Music And Dancing (Control) (Amendment) Bill, 1991.

HON. J. LEMUEL HURLSTON: Madam Speaker, I beg to move that a Bill entitled The Music And Dancing (Control) (Amendment) Bill, 1991 be given a Third Reading and passed.

QUESTION PUT: AGREED. THE MUSIC AND DANCING (CONTROL) (AMENDMENT) BILL, 1991, GIVEN A THIRD READING AND PASSED.

THE LAND HOLDING COMPANIES SHARE TRANSFER TAX (AMENDMENT) BILL, 1991

CLERK: The Land Holding Companies Share Transfer Tax (Amendment) Bill, 1991.

HON. GEORGE A. McCARTHY: Madam Speaker, I beg to move that a Bill entitled The Land Holding Companies Share Transfer Tax (Amendment) Bill, 1991 be given a Third Reading and passed.

QUESTION PUT: AGREED. THE LAND HOLDINGS COMPANIES SHARE TRANSFER TAX (AMENDMENT) BILL, 1991, GIVEN A THIRD READING AND PASSED.

THE ADOPTION OF CHILDREN (AMENDMENT) BILL, 1991

CLERK: The Adoption Of Children (Amendment) Bill, 1991.

HON. D. EZZARD MILLER: Madam Speaker, I beg to move that a Bill entitled The Adoption Of Children (Amendment) Bill, 1991 be given a Third Reading and passed.

QUESTION PUT: AGREED. THE ADOPTION OF CHILDREN (AMENDMENT) BILL, 1991, GIVEN A THIRD READING AND PASSED.

THE REGISTRATION OF MERCHANT SHIPS BILL, 1991

CLERK: The Registration Of Merchant Ships Bill, 1991.

HON. GEORGE A. McCARTHY: Madam Speaker, I beg to move that a Bill entitled The Registration Of Merchant Ships Bill, 1991 be given a Third Reading and passed.

QUESTION PUT: AGREED. THE REGISTRATION OF MERCHANT SHIPS BILL, 1991, GIVEN A THIRD READING AND PASSED.

FIRST READING

MADAM SPEAKER: First Reading.

THE CORONERS (AMENDMENT) BILL, 1991

CLERK: The Coroners (Amendment) Bill, 1991.

MADAM SPEAKER: The Bill is deemed to have been read a first time and is set down for Second Reading.

Second Reading.

SECOND READING

THE CORONERS (AMENDMENT) BILL, 1991

CLERK: The Coroners (Amendment) Bill, 1991.

HON. RICHARD W. GROUND: Madam Speaker, I rise to move the Second Reading of the Bill For A Law To Amend The Coroners Law. I hope that I can take it quite shortly and taking it from the green copy of the Bill, clause 1 simply deals with citation.

Clause 2 takes this opportunity to correct a very minor typographical error that has always persisted in the Law. It deletes the apostrophe in the title Coroner's.

Clause 3 is the first substantive amendment affected by the Bill and it seeks to delete clause 6(4)(c)(iv) of the Coroners Law. That clause was added in 1979 by an amendment. That amendment dealt with the various verdicts that a Coroner's jury can bring in. A Coroner's jury can bring in verdicts that the death was brought about by either natural causes, misadventure or suicide and this is the subject of clause 6(4)(c)(iv) "by the unlawful act of any person or persons that is to say whether by criminal negligence, by the driving of a vehicle, by manslaughter, or any other offence contrary to the Penal Code."

It is that last sub-paragraph which is now sought to be deleted. The reason for the deletion is that that sub-paragraph (iv) requires the Coroner's jury to arrive at a judgement as to criminal liability without being in a position to know all of the facts. In particular, without having, in many cases, an opportunity to hear the person who might eventually be accused of any offence to allow him to make any defense. It is also the case that a Coroner's jury is not the proper place for potential criminal liability to be determined. The proper place is before a court enquiring into a criminal charge or indictment, alleging a criminal offence. The problem with Coroner's juries bringing in this sort of verdict is that it tends to pre-judge the issue of later criminal proceedings. In some circumstances it may compel the prosecuting authorities to decide to prosecute someone that they may not have otherwise prosecuted. In other cases it may compel them to make a choice that they would not otherwise have made between potential accused. When the matter comes to trial the jury hearing the criminal

trial may well have at the back of their minds the fact that a Coroner's jury has already decided that there was a criminal act committed here and that prejudices it.

The clause 4 that we currently have in the Law was ultimately derived from the English legislation on Coroners. It has been repealed in England after the considerations of a Royal Commission. I believe that the time has now come to repeal it here because it is a hindrance to the due administration of the Criminal Law. I have discussed this with the Coroner and with the Judiciary and they all concur in this.

Going on in the green Bill to clause 4 of the green Bill. This seeks to address another problem that the Coroner has been experiencing in the administration of the Coroners Law. At present section 4 of that Law requires the Coroner to hold an inquest in any case where a person has died a sudden death of which the cause is unknown. The key word is "unknown". The Coroner has been experiencing some difficulty in determining what is meant by "unknown" and in particular has been in doubt as to what is the correct course to follow where someone has died a sudden death, doctors say it was a natural death albeit sudden because it was a heart-attack or some other sudden tragic cause of death. The doctors may say that but the Coroner is uncertain whether that amounts to the cause of death being known for the purposes of the Law or whether he should not still hold an inquest which is a time consuming and expensive process and involves summoning a jury of seven people and so on, whether he should not hold an inquest to formally confirm the doctor's opinion.

To do so is essentially otiose and unnecessary if a doctor has certified that the death is from natural causes and that death for instance is a heart attack or whatever. What the Coroner wants to be able to do is where there is such a certification from a doctor admitted to practise in the Cayman Islands that he can simply accept it at face value and not go further. Unless of course there is some other circumstance that makes him, in his discretion, think that he should go further. So it just changes the way the presumption lays. At the moment in the case of such a sudden death the Coroner feels obliged to hold an inquest, often to the distress of the deceased's family and relatives. The amendment would allow him not to hold an inquest unless he thought that it was necessary. Madam Speaker, I urge the House that that is a sensible and practical change to make.

The next clause in the green Bill, indeed the last clause in the Bill and the last proposed amendment is the insertion of a new section 9A in the Coroners Law to allow evidence at inquests to be given by written statements. At the moment if evidence is to be put in at an inquest even if it is formal evidence, technical evidence or unchallenged evidence a witness has to appear, be sworn in, and give testimony. Thus is medical evidence being given as to the cause of death, it may be unchallenged, it may be accepted by all parties and be absolutely beyond doubt, but nonetheless the doctor has to come along wait in the Court, wait until he is called and then give live evidence in the witness box. It is very time consuming and in many cases it is unnecessary. What the Coroner's Court needs is the ability in cases where there is no real reason for the live evidence to be given to receive a properly certified written statement of what that evidence would be.

We already have provision in the case of criminal proceedings of prosecutions whatever, to allow uncontested evidence to be put in in the form of written statements and it is really an archaism that that provision is not up to now been extended to the Coroner's Court. This amendment would allow that sensible provision to extend to the Coroner's Court. Again it does not compel the evidence to be taken in this form it merely allows the Coroner, where in his discretion he thinks that it is proper to receive written evidence to do so, provided of course that it complies with the various formal requirements that are set out in the amendment.

Again my submission to the House is that this is a sensible, practical course to follow, something that will go some way to relieving the unnecessary burden on the time of the Coroner and hence of the Courts and allow them to concentrate on the more difficult issues that are often before them.

I therefore, commend this Bill to the House.

MADAM SPEAKER:

The Third Elected Member for George Town.

MR. TRUMAN M. BODDEN:

Madam Speaker, I support this Bill. The Honourable Attorney General has set out quite clearly the details of the amendments and the merits of them.

I spent a few years of my life as a Coroner in the early seventies as a newly qualified lawyer and indeed if some of these amendments had been in at that time, it would have made the judicial machinery a lot more certain and a lot more able to reach conclusions and avoiding the splitting of juries, which in those days had to be unanimous in certain instances.

The first amendment that removes the jury's obligation to state whether the deceased's death was occasioned by specific criminal offences is perhaps the one that more time has been spent, and I remember of juries having to go back and spend hours trying to decide the difference between the finer points of law. I think that the removal of this and also the reasons given by the Honourable Attorney General that having brought a verdict of manslaughter, murder, death by dangerous driving or whatever, could possibly prejudice future trials and during my time I had juries return everyone of the offences that are in this including that of murder. The Coroner's Court is basically a court of inquiry and I believe that to have to go into these specifics and have to direct a jury on the finer points of murder, or manslaughter, death by dangerous driving, at this stage becomes unimportant. In fact, for a long time in other countries not only in this but in preliminary inquiries, the move has been towards simplicity. Because if the inquest feels there arises certain offences then in any event there subsequently has to be either a preliminary inquiry, but in my day you could actually indict directly after the inquest and occasionally that was done at that time. But I fully agree with this. I fully

agree with the main reason I guess as the Attorney General has put up that it is going to avoid having to come up with these specific offences, which are unnecessary at this stage.

The other amendment where "has not been medically determined" replaces "is unknown", I think is good. It is updating it, and while not too often these days, instances do arise where that section could create some cause for concern.

Perhaps the most important section from the point of view of procedure is the section which will be permitting the written statement, proof of the written statement to be put in. I should say at least in my day, and that has been like I said 1970, 1971 or 1972, I used to admit the statements notwithstanding that there were no provisions in the Law and it was the practice as I had been told by Judges and Magistrates before me. The Magistrate and Judge was in fact the same person in those days too that this could be done and if there is any doubt in it, there is naturally power to call the person who made it to have that person examined upon oath. Sometimes there are lawyers at inquests, sometimes several of them representing different interests whether it is the Insurance company or the family of the deceased and they have a right if they so wish and they can convince the Coroner because I think it is still in his discretion to call the witness. But, many times the statement does not bear a lot of serious evidence in it and it can be tendered without justice being affected in any way.

I think the amendments were long overdue. I commend the Honourable Attorney General in updating these and I am very happy to support this Bill in full.

MADAM SPEAKER: If no other Member would wish to debate the Bill, I will ask the Honourable Second Official Member if he would like to reply?

HON. RICHARD W. GROUND: I would just like, Madam Speaker, to thank the Member who spoke for his helpful and clear support of this. I am pleased that in the last amendments all we are doing is formalising a sensible practice that the Courts have applied at least in the past and to also thank those other Members, who I trust by their silence, have indicated a tacit support for this.

MADAM SPEAKER: I am sorry, I need to put the question that the Coroners (Amendment) Bill, 1991 be given a Second Reading.

QUESTION PUT: AGREED. THAT THE CORONERS (AMENDMENT) BILL, 1991 BE GIVEN A SECOND READING.

MADAM SPEAKER: The House will now go into Committee to consider the Coroners (Amendment) Bill, 1991.

HOUSE IN COMMITTEE

COMMITTEE ON BILL

MADAM CHAIRMAN: Please be seated. The House is in Committee to consider the Coroners (Amendment) Bill, 1991.

As is customary, it is assumed that the House will give the Second Official Member the authority to make any necessary minor amendments. The Clerk will now read the clauses of the Bill.

THE CORONERS (AMENDMENT) BILL, 1991

CLERK:	CLAUSE 1:	Short title.
	CLAUSE 2:	Amendment of section 1 of Law 15 of 1975.
	CLAUSE 3:	Repeal of section 6(4)(c)(iv) of the principal Law.
	CLAUSE 4:	Amendment of section 4 of the principal Law.
	CLAUSE 5:	Insertion of new section 9A in the principal Law.

QUESTION PUT: AGREED THAT CLAUSES 1 THROUGH 5 DO STAND PART OF THE BILL.

CLERK: A Bill For A Law To Amend The Coroners Law, 1975.

QUESTION PUT: AGREED: THAT THE TITLE DO STAND PART OF THE BILL

MADAM CHAIRMAN: That concludes proceedings in Committee on the Coroners (Amendment) Bill, 1991.

The House will resume.

HOUSE RESUMED

MADAM SPEAKER: Please be seated. The House will be suspended for 15 minutes.

AT 11:10 A.M. THE HOUSE SUSPENDED

THE HOUSE RESUMED AT 11:30 A.M.

MADAM SPEAKER: Please be seated. Proceedings are resumed. Committee Report on the Coroners (Amendment) Bill, 1991.

REPORT ON BILL

CLERK: The Coroners (Amendment) Bill, 1991

HON. RICHARD W. GROUND: Madam Speaker, I beg to report that the Coroners (Amendment) Bill, 1991 has been considered by a Committee of the whole House and passed without amendment.

MADAM SPEAKER: The Bill is accordingly set down for Third Reading. The next item on today's Order Paper is the Commencement of the Debate on the Report of the Consultants on Cayman Airways. The Honourable Elected Member for Tourism, Aviation and Trade.

COMMENCEMENT OF THE DEBATE ON THE REPORT OF THE CONSULTANTS ON CAYMAN AIRWAYS LIMITED

HON. W. NORMAN BODDEN: Thank you, Madam Speaker. When I Tabled the Consultant's Reports on Cayman Airways on Monday last, I indicated that the debate on those Reports would commence after the Business of the House that had been previously set down on the Order Paper and that being the case, I will now commence the debate on those Reports.

My presentation today deals with the facts, findings and comments contained in the Airline Consultant's Reports on Cayman Airways which were tabled in this Honourable House on Monday, 9th of September. The two consultants were assigned different Terms of Reference. Aer Lingus was given five and Simat Hellieson and Eichner was given seven and additionally were asked to comment on the existing bilateral air-services agreement between the United Kingdom and the United States of America as it affects the future development of the Airline.

I will first be dealing mainly with the Report prepared by Aer Lingus, their assessment, identification of problem areas and their recommendations. Aer Lingus was instructed to examine the overall management of the company and to determine if all necessary measures are being taken to maximise revenue and control expenditure. Secondly, to examine the total staff compliment and productivity and to advise any areas of improvement; to review salaries and conditions of service of all staff; to review all service contracts and to advise on the financial feasibility of the Airline performing these services for itself; to review and to advise of marketing sales and advertising programmes of the Airline.

It is important to note that in commenting on the overall management of Cayman Airways, both consultants in dealing with different areas of their report, were strongly supportive of many of the major decisions taken by the Airline but also, naturally, identified areas for improvements.

For example, in spite of the Airline's poor financial performance this year due to many factors such as the Gulf War and its adverse effects, the downturn in the United States economy and fierce competition from major U.S. Airlines on its main route, that is, the Miami route, the productivity of Cayman Airways' staff compared well with industry standards and rated extremely high in comparison with airlines serving the Cayman Islands, and indeed, with airlines serving the region and around the world. It has been established that Cayman Airways' revenue passenger mile per employee were more than double and in all cases higher than 10 other airlines. It is also significant to note that only American Airlines had a higher productivity level.

On the other hand, urgent recommendations for strengthening management, reorganising and streamlining the company's method of conducting its business at the top have been made. A first step being for the Government, the Board and Senior Management to agree in writing to a formal high level statement of Cayman Airways main mission and objectives.

I might point out here that although a mission statement was in fact produced and handed to the Airline back in 1985 at the time of the Swiss Air Study, this seems to have been forgotten about today and in any event it needs updating. A Discussion Draft has been reproduced by Aer Lingus which will be adjusted if necessary, to suit the specific needs of Cayman Airways but in any event, the Airline will be given by Government in 1991, Mission Statement which, to some extent, cannot be too different from what I have always understood its mission to be and that is to provide safe, reliable, dependable air transportation to and from and within the Cayman Islands and to make its contribution to our tourism development with a minimal subsidy assistance from Government.

It is clear that from all reports that the lines of responsibility between the Government, the Board of Directors and senior management must be clarified and adhered to. The Government should lay down National policy and resist the temptation to manage the Airline itself no matter how inclined it may be to do so; the Board, to be strengthened by members who are appointed for their proven business record, should focus on policy and strategy overseeing the Airlines performance but not being involved in its day to day operations.

Thirdly, senior management should run the Airline consistent with Board approved policies, plans and budgets. The Aer Lingus Consultant has identified as one of the most critical issues to be resolved among the parties concerned, is to determine the extent to which Government should underwrite any Airline losses incurred in pursuing Government's or tourism's objectives which are out of line with

Cayman Airways' own commercial objectives. In other words, if the Airline is obliged to provide services, all be it at a loss, but which supports tourism development from which our country's economy benefits as a whole, then Government should expect to compensate the Airline to at least a break-even level.

It has been correctly stated that a programme to resolve the present under capitalisation state of the Airline needs to be agreed on based on a recommended Five Year Business Plan. It has also been noted by the consultant that Cayman Airways, perhaps because of size and importance within the Cayman Islands, receives an undue amount of local attention in the media and cautions that while this may be good in a sense, but to the extent that it damages the external image of the Airline, or indeed undermines staff moral, it requires careful monitoring.

The report goes on to state that allowing the Airline and its management to become a public political issue can have a destabilising influence on the Airlines future prosperity. Of course, I hold no hope for any substantial change in this area until and unless the Airline is partially or totally privatised. But it is an important point made by the consultants that is worth mentioning and worth been made aware of.

I have to say that recent reports in the press, in the local media, it appears to me how focused on the negative aspects of the reports only, which is unfortunate. I have no doubt that these can be damaging to the Airline because I have to say in this case, what sells newspapers does not fill airline seats. Aer Lingus believes that the Executive Committee of the Airline, as presently constituted, should be discontinued because its role in the company's Executive decision making process compromises the real responsibilities of the Board.

The Senior Management structure should be strengthened with up to four Divisional Heads reporting directly to the Managing Director. These would be Heads of Marketing, Finance, Operations and Maintenance, and Personnel and Administration. The consultants also recommend that a Business Planning Unit under the Head of Marketing be set up which would deal with tactical planning in regards to marketing. Also that a Finance and Expenditure Committee to deliberate on all expenditure above an agreed level and additionally recommends that a General Management Committee be established, although, I am of the view that this latter Committee is to some extent already in place and functioning.

In another section of the report, recommendation was made that a dedicated Contracts Manager be employed to negotiate and monitor this level of expenditure. They pointed out the savings that could be realised in this area could well pay for this position. The consultants finally recommends, in the area of efforts to strengthen Management, that given the extent of the changes recommended on the already existing pressures of Management, it may be appropriate that experienced Contract personnel are brought in to assist and advise Senior Management on the implementation of the recommendations of this report. The Portfolio of Tourism, Aviation and Trade fully accepts and endorses this recommendation, as so did the Select Committee on Cayman Airways. The salaries of which are to be paid by Government eventually.

I believe that the success of any study is bound to rest with the proper and timely implementation of those recommendations which are accepted. This is bound to be a sound investment in the future of the Airline. That is the recommendation to bring in a Management team to assist with the implementation of those recommendations which are accepted. The only observation I would make, before leaving the section dealing with the reinforcement of Management, is while that I have no doubt that the recommendations made for new positions and the establishment of committees will be effective and produce necessary and desired results, it must be borne in mind that costs in this area have not been quantified and are bound to be some substantial, even though I accept that some of this can hopefully be accomplished from within the Airline's existing resources, that is both human and financial,

Now turning to Revenue Maximisation and Cost Control. It is significant to note that Aer Lingus states and I quote, "that while not wishing to suggest that everything is perfect, we found no evidence of gross under-achievement in either the revenue or cost area.". None the less, because of the present economic climate (a climate I would say in which there has been wide spread turmoil and exceptional circumstances in the Airline business where larger and supposedly much more efficient airlines have piled up substantial operating losses and, indeed, some have disappeared altogether), every effort must be made to increase revenue and to control costs.

Aer Lingus therefore set a schedule of performance improvements which Senior Management must commit themselves and the rest of the organisation to achieve. These include the company actively pursuing full and part charter opportunities, increased cargo movements and better passenger load factors which has been stated as the key to maximising revenues. The observation here that has been made is that Cayman Airways current overall load-factor is likely to be less than 40 per cent and it is not possible to make profits with that level of capacity occupied. Having noted, however, that there is no evidence of wide-spread excess cost, it can rightly be claimed that there is, however, some costs which do not really earn their keep.

Flight crew pay is stated as over-generous to the extent of 20 to 25 per cent, even though the high salaries are compensated for in part by relatively high utilisation of flight crew. Nevertheless, the excessive cost of flight crew does appear to be beyond the capacity of Cayman Airways to bear. It has, therefore, been recommended that to bring crew salaries back in line with what is normal in the industry, that at least a target 20 per cent reduction in pilot costs over a three period be put in place or at least a pay freeze should be introduced and remain in effect until the present anomaly is eliminated. The salary of the Managing Director, who is also an active flight duty Captain on a part-time basis, appears to be 30 per cent higher than anticipated for his position. The salary of the Vice-President of North America is also considered to be high by some 20 per cent.

It has, therefore, been suggested that at some point in the future

a detailed review of salaries in Cayman Airways must be undertaken. There have been other areas where a cost reduction programme should be put underway which would represent smaller savings but it is anticipated that if all targets, both in increased revenue earnings and cost saving measures were achieved, this would add some \$8 million to the bottom line of Cayman Airways. The bulk of which is, however, expected to come from improved marketing performance.

One of the weaker areas of the Airline with which the consultants were not impressed is the marketing area and this must receive urgent attention. It is also noteworthy that, contrary to the often and widely expressed opinion, Cayman Airways is not considered to be over-staffed. The consultants clearly state that Cayman Airways staff compliment is well in line with the best in the industry and its performance ratio would be exceptional if it could bring its load factors up to the levels which have been recommended. However, it has been recommended that a detailed review of functions and job specifications with each department be undertaken and that a positive programme of non-recruitments be instituted with the exception of senior management and some specialists positions. As regards the level of salaries being paid, I have already dealt with crew and top management salaries. It has been noted that in other categories such as mid-Management, Secretary, Receptionists, Account Supervisor the salaries are somewhat on the low side. Cabin Crew salaries tend to be on the high side, however, by industry standards while salaries in the Technical categories of Mechanic and Technical Supervisors are reasonable.

However, because the Flying Operations Department plus Cabin Crew, make up a total of 37 per cent of the payroll, costs in this area must be kept under strict control. It is also noteworthy that the conditions of service were not found to be over-generous and are broadly in line with industry standards.

In the area of service contracts it was found that although Cayman Airways has succeeded in achieving good value in the terms and conditions of the contracts, it appears that the contractual arrangements were drawn up in a somewhat haphazard fashion probably, comments the consultants, due to the way in which the Airline has developed. Although some savings could be realised through contract revisions by an appointed Contracts Manager, which I mentioned earlier, the consultants found no justification for the Airline to directly take on any existing service contracts. One of the main recommendations in this area is for the fuel situation to be more formalised and attempts made to secure a more favourable price through a system wide fuel contract.

Marketing and Sales. As I mentioned earlier, the need for an effective and carefully implemented marketing programme appears to be one of the weakest links in the Airlines organisation. Recommendations have therefore been made for a Market and Sales Division ideally located at the company's headquarters here in Grand Cayman and directed by a Head of Marketing who would be responsible for marketing, for promotion, for advertising and for public relations. It has also been noted that one of the Airlines major needs is consistent schedule planning; schedules that are market driven and not operationally dictated.

The company's goal should be to at least achieve a 55 per cent load factor. Annual marketing plans need to be drawn up in advance showing exactly what the targets are, how these targets will be met, what resources will be applied and what methods will be employed. Marketing information systems need to be developed and utilised to a greater advantage. The consultants have pointed out the serious disadvantage with which the Airline is faced, in regards to airline fares which can be undercut by its competitors whose main interest are their long haul sectors to the Miami hub and not the Cayman Islands.

The report also comments on the bilateral air services agreement as it affects the Airline, especially in view of the weak financial state of Cayman Airways and the likely increase in competitive activity from the United States in the future. I may add here that negotiations with the United Kingdom to present our case to the United States has been in process for sometime now and is being actively pursued. This report in its Summary of Findings found Cayman Airways to be a company with the potential to operate at break-even or to make a small profit under normal circumstances. This, I should point out, differed somewhat from the findings of SH&E which goes to show, I had to think in reading the report, that good men can differ even with the same set of facts.

Finally, in the report the recommended strategy for the Airline, given its poor economic performance this past year, which is shared by many airlines, large and small, the strategy recommended by Aer Lingus is for the Airline to consolidate and optimise its present position in terms of market share, in terms of load factor, revenue and costs. In pursuing this strategy every effort must be made to contain major financial and marketing exposures, such as would be created by further fleet expansion, such as the fourth aircraft due in February. This opinion is also held by SH&E which predicts that the fourth aircraft cannot be profitably operated under current or near future predicted conditions.

The report goes on to state, however, that this should not preclude longer term planning for improved operating circumstances. Madam Speaker, I now turn to the reports from Simat Hellieson and Eichner and I will read the Terms of Reference which were assigned to them. There were seven.

Firstly, these consultants were asked to evaluate the National Airlines Economic Contributions to the Cayman Islands' Development, that is, the support of tourism services to the local population and spin off benefits to the economy. Secondly, to review and advise on the airline's development in regards to aircraft selection and routes and to recommend any improvements if any thereon. Thirdly, to examine the financial feasibility of the company and to indicate what, if any, Government subsidy will be required. Fourthly, to examine the local services being provided and to make recommendations in regard to efficiency, cost and suitable equipment for these routes: Grand Cayman/Cayman Brac/Little Cayman. Fifthly, to advise on the future development of the airline including viability of privatisation and/or participation of company employees. Six, to indicate the estimated value of international route rights held by the Cayman Islands Government for the national

airline and seven to examine the joint working relationship between Cayman Airways Limited and the Department of Tourism in the overseas offices in regard to the sharing of offices and staff and to advise thereon.

Madam Speaker, SH&E found in their report that the quantifiable benefits attributable to Cayman Airways range from \$45.5 million to \$58 million a year, and went on to point out that these would not be provided by others if Cayman Airways did not exist. These benefits include employment equal to five or six per cent of the Island's jobs. Without Cayman Airways the gross domestic product would be greatly reduced, unemployment would increase and average incomes and the standard of living would be depressed. It is therefore true to say that Cayman Airways is an essential part of the fabric of the success of the Cayman Islands. This is particularly true for a Government owned or influenced airline that has a local employment base and which performs services that would not otherwise be undertaken by other airlines.

One of the big benefits of having Cayman Airways is what those visitors by Cayman Airways spend locally, who would not otherwise come to the Cayman Islands and this is estimated at \$23 million per annum. The Report pointed out that passengers who fly on Cayman Airways as opposed to its competitors generate at least a one-third per cent more contribution to the country's economy. Other benefits are the inter-island service, the promotion budget of over \$3 million a year which also promotes the Cayman Islands and it is clear that if Cayman Airways did not exist these additional funds would either have to be spent by the Department of Tourism or visitor air arrivals would be substantially reduced. It should also be noted that Cayman Airways presence and competitive impact provides lower fares to Miami than would otherwise be in the marketplace today. So this represents a substantial saving to the travelling public. Perhaps of equal or greater importance is the availability of a reliable air service. The existence of Cayman Airways removes the total reliance on foreign air carriers which, as history has proven, can result in substantial disruptions which threaten the economic well-being of our people and the economy.

Madam Speaker, to my mind (and in my humble opinion) this says it all in a nutshell. This to me is what Cayman Airways is all about. Additionally, the point has been made by SH&E that while some people may challenge the efficiency and the profitability of the airline, Cayman Airways is well regarded internationally from an operational point of view. It offers professional cock-pit crew, a high standard and degree of safety, in-flight service, on time performance, quality aircraft, baggage handling, it enjoys top rating among all other Caribbean flag carriers. This in itself speaks well of management and the staff of Cayman Airways. I would like to make the point here that it takes hard cash, good money to maintain these high standards which must never be compromised. I now come to aircraft selection and routes.

SH&E evaluated the past replacement of the B-727 aircraft with the B-737-400. It examined pending and recently completed aircraft changes, further aircraft fleet adjustments and route decisions driven by Cayman Airways profitability issues as well as tourism needs and objectives. In regard to air routes it is obvious that doubling the United States carriers seats in the Miami/Grand Cayman market in the past three years has created excess capacity and cause Cayman Airways market share to drop below 50 per cent. Recent research has established that American Airlines captures 60 per cent more traffic that its flight share and 21 per cent more traffic than its seat share. This demonstrates the strength and marketing power of American Airlines and the fact that it has gained very quickly a great share in the Miami/Grand Cayman market.

It is recommended that the moratorium should be continued and that an arrangement be arrived at to prohibit replacement of services reduced or abandoned by any existing United States carriers. I mentioned this and would say again that this matter is being actively pursued through the Foreign and Commonwealth Office with the United Kingdom Department of Transport and we expect that they will recognise this because I might say here with due respect to all concerned, that part of Cayman Airways' problem today caused by excess capacity on the Miami/Grand Cayman route was created by the signing of Bermuda where the United Kingdom gave the United States an open sky policy and authority to the Caribbean, while on the other hand on the North Atlantic route they were certainly careful to ensure that British Airways was protected and each year, before any US or UK carriers agree on schedules to be operated over the North Atlantic, they sit down and work that out so that there is just about equal capacity. So let me say here that I expect some favourable response from them.

This part of the Report dealing with routes goes to some length to deal with the variety of new destinations which were under consideration by the airline but have not been pursued and which in any event the airline would not be able to operate without substituting existing gateways or obtaining increased rights to the United States. I would say however, that if a satisfactory "sharing agreement" is reached with a viable US carrier this should be favourably considered and this point was very clearly substantiated in the consultant's reports as well.

In examining the airline's current route structure and the viability of existing services it is noted that Cayman Airways currently has large lost margins and secondly, that conditions have changed considerably in recent times. The Report goes on to explain that a route can lose money on a fully allocated accounting basis but might still generate positive cash flow and make a contribution to indirect costs. This could happen due to the route being charged with fixed expenses such as general and administration, aircraft rent and maintenance burden in other words substantial overhead including airport operations and so on.

It is significant to note that when all the routes are evaluated on whether they cover variable costs alone then all international routes except Atlanta do so. And the Report made the point that this destination must be closely watched. In regards to aircraft selection SH&E reports that Cayman Airways decision to dispose of the 727 aircraft was an excellent and extremely well-timed decision. The disposal was well-executed, generated substantial net cash and has an annual continuing value to Cayman Airways in excess of \$1.5 million represented by savings in capital and operating costs.

SH&E claims that replacement with the B-737-400 aircraft was a good, but not necessarily the best decision based on the facts at the time. The Report goes on to state that since

acquiring the 400s the market conditions have changed. Specifically, the United States to Grand Cayman competition has been much harsher than expected, recession and war have depressed traffic, market values of the older B-737 aircraft have declined while values of newer series B-737 such as the 400 have held firm. It is, I am sure, therefore true to say that had these same conditions existed back in 1989 when the decision was made to lease the 737-400, the 737-200 or the 300 aircraft would have naturally been selected.

Conditions of the day must have a direct bearing on the decision-making process at the time. This is true in any business and much more so in the airline business that is a high-risk business and highly susceptible to changing market conditions. SH&E go on to state that they believe that a three aircraft fleet under present prevailing conditions should ideally consist of two B-737-200s and either one 737-300 or a 737-400.

The consultants have again stated here that due to the highly threatened nature of Cayman Airways operations, Cayman Airways should defer any expansion until after the airline has stabilised. Financial feasibility, subsidy, route value and future development of Cayman Airways. As these items are closely related, SH&E amalgamated its response to these items.

This section of the Report starts off by stating that despite good management efforts Cayman Airways has consistently shown material losses except for one-time circumstances such as when Eastern withdrew its Cayman service giving Cayman Airways a near monopoly at the time and the gain of assignment of the 727 lease to Air Alaska. Due to factors previously stated the current year is predicted to show a pre-subsidy loss of at least US\$7.9 million. SH&E states here that based on its own evaluations as well as a review of Aer Lingus' work that without partnerships Cayman Airways will never have sustained periods of profitability. While SH&E agrees that most of the items identified by Aer Lingus as possible or achievable, SH&E is pessimistic about the prospects of CAL ever achieving a profit as currently structured and without unusual events.

SH&E also goes on to point out that at least the airline should be successful in reducing its annual losses to some \$2 million to \$3 million. To do so it is recommended that their be prompt implementation of SH&E and Aer Lingus' recommendations. Secondly, that increased capitalisation is effected, increased subsidy and operating or equity partnerships be established. It was correctly noted here that if the Government's subsidy, if the current subsidy of US\$1.2 million had been adjusted for actual inflation plus the airline's growth, the revised subsidy level would today be between \$2 million and \$2.6 million. Accordingly, SH&E recommends an annual subsidy of \$2.5 million plus or minus \$500,000.

The Report also indicated in this regard that a transitional subsidy will probably be necessary to put in place reorganisation, a process which has been recommended and which needs to be embarked upon immediately. In regards to international route valuation the Report estimates that Cayman Airways' international routes because of the airline's losses would have a less than average value estimated to be between \$7 million to \$12 million.

Future development. The consultants, in addressing the options available to the airline, made some valuable observations and recommendations clearly indicating that the importance of Cayman Airways to the Cayman Islands dictates a careful review of those options which include: maintaining the status quo which is stated as an unacceptable option; downsize survival, this is unlikely to be successful because of the sizeable overhead needed by any carrier regardless of its size and because of the fact that revenue drops faster than cost; three-aircraft fleet as recommended seems a sensible option that should permit stabilisation of Cayman Airways; a four-aircraft fleet makes sense after the airline is stabilised but will probably increase losses and the consultants went on to point out that the operation of a fourth aircraft should only be considered in the light of the substantial contribution that it can make to tourism development.

Partial privatisation when coupled with other recommendations is an attractive option if done in concert with logical partners. SH&E recommends that the Government and Cayman Airways Board should give very serious consideration to partial privatisation which includes employee involvement in the programme which has been proposed.

I now turn to the inter-island service. SH&E in regards to the inter-island service states that given the traffic levels and geography of the routes it may prove impossible to serve the routes profitably. Historically, the airline has provided service at a loss and attempts to upgrade service have led to increased losses. The consultants go on to state that as the amount of subsidy and service provided is a political question that can only be decided by the people of the Cayman Islands, SH&E does not pretend to be able to define the one best course of action. Instead SH&E efforts should be viewed as efficient options at various levels of subsidy.

The results of SH&E's analysis suggest that the net cost of providing inter-island service could be roughly halved by providing service with either one or two 19-seater aircraft which could also serve Little Cayman supplemented with a B-737 service up to two, three, or four times per week to Cayman Brac. The analysis also indicates that there is a good case to be made for increasing the fares charged by a reasonable amount which would not be sufficient to drive away traffic.

This combination of aircraft would allow current service levels to be retained or improved through the operation of higher frequencies. The Report makes the point that the service suffers from frequent schedule changes, has generally poorly timed jet schedules, is operated in combination with very small propeller-driven aircraft and at times is disruptive to the rest of the airline.

The consultants go on to state however, that despite widespread dissatisfaction with the current levels of service, the inter-island service has not been an evident constraint on the development of tourism on Cayman Brac and Little Cayman, as Cayman Brac hotels enjoy a high average annual occupancy rate of some 76 per cent or seven points higher than the total Cayman Islands combined. While Little Cayman levels are 59 per cent and is below the Cayman Islands' average, it is important to note that Little Cayman occupancy rate has increased by some 18 per cent since 1989.

Normally in the industry low density, short-haul service such as the inter-island service are usually served by small prop driven aircraft which admittedly results in loss of comfort for the passengers however, they allow more frequent, conveniently timed schedules with less negative impact on profits. An example was given in the Report of the San Juan/St. Croix routes which requires some 10,000 seats weekly and is served primarily by a 19-seat aircraft.

In contrast the Cayman Brac/Grand Cayman route requires less than 4,000 seats weekly and is served non-stop with jet aircraft. Three options were examined operating two, three or four 737 round-trip flights with 27 weekly flights that is with one 19-seat aircraft. It was found that the best financial results are derived from operating two weekly 737 flights plus 27 return trips with one 19-seat aircraft.

With two 737 flights per week plus the 19-seater the loss would be \$759,000 per annum. With three jets flights per week the loss would be \$1,024,000 per annum. With four jets flights per week the loss would be \$1,291,000 per annum. Comparable operations with two 19-seat aircraft would naturally produce less favourable financial results because the utilisation would bound to be less. This, I should point out, is with total allocated costs. A comparison was also made the schedule which was operated in April this year and on an annual basis the loss would amount to \$1.8 million. These proposals will have to be given serious consideration by the airline bearing in mind the demands and needs of the service both to Cayman Brac and to Little Cayman.

Lastly, I come to the working relationship between Cayman Airways and the Department of Tourism. This was also commented upon and I must say not very favourably by Aer Lingus especially in the area of joint sales staff. They stated that while Cayman Airways and the Department of Tourism objectives are similar, they are not the same. The objective of the Department of Tourism is to meet Islands arrivals and expenditure targets while the objectives of Cayman Airways sales staff is to meet company revenue requirements. On the other hand, SH&E believe that the Cayman Islands joint working relationship is closer than many other countries and is a model that others would covet. Cayman Airways and the Department of Tourism's combined presence in the United States provide much more exposure than either would have alone.

Admittedly, there are some problems but it has been stated in the Report that these pale in comparison with the benefits. The problems have been identified in the area of co-ordination as differing objectives and personal interactions.

SH&E does not recommend making any substantial changes in what is basically a cost effective organisation and relationship but has however, identified four actions that should improve the co-ordinated functioning and relationship. Firstly, explicitly articulated written policies and goals should be provided. Secondly, the use of the Department of Tourism statistics to set goals and quotas. Thirdly, a neutral professional assessment of areas of contention should be made and fourthly, improved internal communications.

This concludes my presentation of the consultants' Reports on Cayman Airways. I have tried to place the contents of these Reports fairly and squarely before this Honourable House and the listening public of the Cayman Islands. I have to conclude by saying however, that I have some concern about the company's plans and internal company information being made this public. Hopefully none of it will further prejudice the airline and its operation but this is the requirement of the Select Committee and I personally have no problem with Cayman Airways' matters being made public as I have never, ever had reason to attempt to withhold any information on Cayman Airways from Members of this House or the country. And any time that I have requested that Cayman Airways business be conducted or discussed in this House under confidential cover is in the interest and well-being of the airline to ensure that it is not placed at any competitive disadvantage and to endeavour to see that the credibility of the airline remains high in the eyes of the travelling public.

As I said when tabling the Reports, I believe that the consultants have provided very useful and valuable information for the country and the airline. I find the Reports to be well-balanced, the recommendations reasonable and it is the Portfolio's intention that steps are taken to implement these recommendations which it accepts as expediently and professionally as possible.

It is well know that the airline is struggling for survival, just the same as Pan American, Continental, Air West, Eastern Airlines, Transworld Airways and many others. It has been admitted that Cayman Airways is the airline of the Cayman Islands. We live in a changing world and Cayman Airways is no exception. Changes will have to made, some of then drastic if the airline is to survive. I would dare say and solicit the support of all Members for this to be accomplished.

Madam Speaker, I recommend the Reports to this Honourable House and request their acceptance by Honourable Members.

Thank you, Madam Speaker.

MADAM SPEAKER: The question before the Honourable House now is that the Report of the Consultants on Cayman Airways be accepted.

MADAM SPEAKER: The motion is open for debate. The Second Elected Member for Bodden Town.

MR. G. HAIG BODDEN: Madam Speaker, the Report before the House has come about at a time when certain actions have caught up with the airline and so the contents of this Report are very critical. It reminds me of one of my favourite poems "The Hound of Heaven" by Francis Thompson. That is a story of a man who tried to flee from the hound but he was pursued relentlessly until finally the hound caught up with him. The man heard these words which he never forgot: "All things betray thee, who betrayest Me."

The Report is contained in six volumes and while I find it a very good report, I believe it could have been written or could have been summarised on a single page. In fact, that

summary which contains only 18 words, is found in the middle of the Aer Lingus document and is known as Table I - B.

I have spent many hours studying this graph and the more I looked at it the more I recognised how we have gotten into trouble because we have departed from the recognised structure of an organisation. This chart shows that the ideal situation for Cayman Airways or any other company like it would be to have your shareholders at the top, below them the Board of Directors, below them the Managing Director and then below him you would have the Heads of the different Departments answering to the Managing Director.

What is missing completely from Cayman Airways is the top section of this chart, that of the shareholder. The shareholders should be the Executive Council but more particularly the four elected Members of Council including the Member responsible for the airline but they are not there. They are what the Americans call "MIA", missing in action.

On page 21 of the SH&E Report and in future if you will permit, for brevity I will refer to this as the "She" Report. In the middle of the page the SH&E Report says: "Investors need the right to control the CAL Board (or at least have influence and certain veto power), the right to appoint management, and the ability to run the airline in an unimpeded business-like manner." It is my contention that the elected Members of Executive Council put there by this House and the by the people of this country, have abrogated their responsibilities in the matter of Cayman Airways and have left it to management and the Board of Directors and this is why we are today facing this serious catastrophe.

That SH&E Report that I referred to was the document dealing with Financial Feasibility, Subsidy, Route Value, and Future Development of Cayman Airways. I am starting with this because if we are to make any headway with the airline from now onward we have to look to the shareholders to start at the top. They have gone AWOL, (absent without leave) and if they can be found I trust that they will now move forward to implement this Report.

The Member who spoke at the introduction of this motion did not tell us why he allowed and when I say he it is because I am putting the blame on his shoulder, why he and his elected colleagues of Executive Council, the shareholders, allowed the many changes that have been made during the period when this study was going on. This study was recommended I believe in August a year ago and another one had been requested in February 1989, a request that had been denied. But when things were getting critical the Second Elected Member for Cayman Brac, I believe it was, brought the motion to have this study done.

I want the Member when he winds up to tell us why he stood by and closed his eyes and the other elected Members, because they have the majority in Executive Council as shareholders, allowed these changes such as the opening of the new office in the West Shore Shopping Plaza; the default on lease of the 737-400 sitting by awaiting litigation which may well be brought; the many major scheduling changes which have been to the detriment of the airline; the suggested cut in the pay of the staff which has completely demoralised the staff; the change in management; the lease of two 737-200s and the lease of another 737-300 that will be coming down on the 15th of this month, I understand, while we still have on our hands the two 737-400s and we have paid a deposit of \$500,000 for a 737-400 to be taken up in February. Why? Why is this going on? Where are the shareholders?

The Report recommends that a management team be put in and as the Member correctly stated the Select committee agree that this is a good thing. I hope the management team will be in and that they will be given a free hand to do what is necessary to salvage what we can because it is my belief that although the company started losing money from the day it leased the 737-400s, they have compounded their problems with the acquisition of the other aircraft.

Not only that, despite the fact that the Report has pointed out how the airline has at least improved the image of the Cayman Islands giving it what they call a "halo" effect, they have moved us backwards, backwards into time by renting a 12-year old 737-200 that is much older than the 727s that they sold at the time that they sold them because they were 10 years old then. I understand that one of these 200s does not have any first class seats. We have been moved backwards. What is going to happen to the airline when a passenger appears at the Miami counter with a first class ticket to Grand Cayman? Are they going to give him a voucher for \$200-odd and still bring him free? We could go on and on, but I have six volumes to debate. Also we were supposed to have moved away from noisy aircraft. Stage II aircraft they call the 727s, are we any better with the changed equipment?

I would like to put right a fallacy that many people are labouring under and a fallacy mentioned by the Member about the Gulf war and its effects on the losses. I have here with me the Audited Accounts of Cayman Airways for the year ending June 1990. These accounts show that the airline in June 1989 had made an operating profit of over \$1 million and during the first year of operation with the 737s that operating profit had turned into a loss. That loss was so great that the auditors, as is their responsibility, made a note, Note 12, to the balance sheet to show that that operating loss was caused by the increase in the payments on the new aircraft. This was June 1990. The Gulf war, according to my recollection, started January 15, 1991, seven months after they had lost the first \$5 million.

We do not yet have the figures that will show us what happens from June 1990 to June 1991, but we know that the Gulf war only covered a small portion of that or about half of it from January to June. But we know that the Gulf war, if it did nothing else, succeeded in giving us good prices for oil and fuels because the price of fuel rose sharply during the Gulf war for a short time and then declined steadily below the pre-war price. What I am saying is that the average price of oil over the period of the operation of the 737s was either lower or not significantly higher to affect the operations.

What caused the fuel bill to be high is the fact that they sat by silently while the flights were increased and the aeroplane was run up and down empty at midnight and 5:00

o'clock in the morning when they could make no connecting flights. That is what put up the fuel bill and it is time that we tell the public the truth. I blame Executive Council for it, they are the shareholders and I hope that I am not repeating myself but it is only the shareholders that can be blamed.

They try to blame the competition on the Miami route. That competition is there but Executive Council knew all about it because from the documentation that I have here American Airlines were designated as carriers between Miami and Grand Cayman in 1985. They knew the competition was coming. How can they now blame it if they were absent without leave and did not do anything about it?

Pan American Airlines received its designation on the Miami/Cayman route in September 1985 and submitted its schedules on August 11, 1989 and inaugurated its services September 23, 1989. So they knew. Eastern Airlines was designated carrier on the Miami/Cayman route in September 1985. It submitted its schedules in December 1986. It inaugurated its services on January 6, 1987. It suspended its services on March 6, 1989. It again submitted schedules to start up service on September 25, 1989 and recommenced services November 1989.

So with this on again off again action of Eastern Airlines, Cayman Airways should have profited. But there is no evidence that the Member for Education and the Member for Tourism even knew that this was going on much less have the airline and the Board of Directors and the management take the action to let them profit from it. And the real competition comes from American Airlines. American Airlines applied for designation on March 21, 1989 and that was recent to the events with the change of aircraft. So if they had forgotten about the two carriers that applied in 1985, they should not have forgotten about the application made in March 1989.

American Airlines was designated a carrier on June 1, 1989. It submitted its schedules on August 31, 1989 and inaugurated services on November 1, 1989. So that while it is true that the airline now has competition from Pan Am and American Airlines, it is also true that if the shareholders and the Directors and the management had been wide awake, they would have known how to cope with it. Now American Airlines is a competitor. Why? Because when they filed in March and when they came into operation in August they were using a 727, the same aircraft that we had. But since that time we have downgraded our equipment and American Airlines have upgraded theirs to a 757. This is where the competition has come from.

When the 727s were introduced into the Miami/Cayman run at the time it was the best aircraft on the run. No other airline could compete with it. Today, it takes a lowly and humble spot, in my opinion, at the bottom of the pile with a 737-200, while American flies a 757 and Pan Am flies a 727, Air Jamaica flies a 727 and Northwest the DC-9. And we have gone back to the ancient, no first class, noisy 737-200. So the competition has not come about because we did not know. But like the NAPA car advertisement, because we will not listen. We will not listen.

But the real culprits in this exercise of the competition comes from giving up rights which this country had enjoyed, in our greed to get more. It is my understanding that the moratorium which existed on the Miami/Cayman route was traded so that we could go into New York and Atlanta and Tampa. So that we could get more points of entry into the United States. The moratorium which kept the American carriers away from our main route was ended. I am not saying it was done yesterday but was ended instead of an attempt being made to extend it. I understand it was finished, it came to an end a little while before it had run out. So we are faced with competition of our own making and I blame the shareholders.

I have heard...

MADAM SPEAKER:

Would this be a convenient time for you to take the suspension?

MR. G. HAIG BODDEN:
will finish with this.

Yes, Madam Speaker, but I would just one more sentence and I

I heard the Member speak about the Bermuda II Agreement but my recollection is that he was Government's representative at the time the Bermuda II Agreement was signed and he took along with him the Director of Tourism and Civil Aviation Director who was Mr. Verran at the time. At least the document that I have shows that.

HON. W. NORMAN BODDEN:

Madam Speaker, I think that that should really be corrected because that is an inaccuracy. There is no document that can indicate to the Member who just spoke that I was the Government's representative at the negotiations on Bermuda II. I attended there as an observer and that was the extent to which I was involved. I did not participate or have any input whatsoever in those negotiations and I think the record should be corrected.

MR. G. HAIG BODDEN:
it will show....

Madam Speaker, I will have that page photocopied for you and

MADAM SPEAKER:

The House will be suspended until quarter past 2:00.

AT 1:03 P.M. THE WAS HOUSE SUSPENDED

HOUSE RESUMED AT 2:17 P.M.

MADAM SPEAKER:

Please be seated. Proceedings are resumed. Debate continues on the motion for the acceptance of the Report of the Consultants for Cayman Airways.

The Second Elected Member for Bodden Town.

MR. G. HAIG BODDEN:

Madam Speaker, I will be moving on to my next point but I would just like to let the House know that I gave the Clerk a photocopy of the leaf from the Bermuda II Agreement which does show that Mr. N. Bodden, at that time the Manager of Cayman Airways Limited, was one of the airline representatives at that meeting. The way I look on it, Cayman Airways is a part of the Government. I say no more on that.

The Report deals with many areas where it is anticipated that money can be saved. I believe this will be the job of the management team to examine this Report and find out what can be done.

There is no question that the two top employees are paid a generous salary. The Member spoke about the salary of the pilots which seem to be higher than other pilots in similar situations. But I want to make the point that my understanding of that paragraph is not the interpretation given to it by the Member. I understood the Member to talk about a 20 per cent reduction to be put in place over three years or a pay freeze. I do not understand that at all. I understand that a target should be set for a reduction over that period and according to page 59 of that Report the consultants said they had no solution as to how this would be achieved. In fact the words that they used were: "We have no panacea as to how this might be achieved but feel that at a minimum a pay freeze should be introduced and stay in effect until the present anomaly is eliminated.". The Member had given reasons which are set out in other parts of the Report, that the crew do work at extra hours and have performed well safety-wise, have kept the airline on time and factors being what they are, the consultants rightly said that they have no quick solution. What they suggest is that the salaries be held at their present levels until such time as they even out.

To my mind this Report does not suggest in any way that the salaries of the pilots be cut. In fact, the only recommendations for cutting seem to be in the two top people. But what alarms me about the non-action of our elected shareholders, that is the representatives of the people of the Cayman Islands, is that they allowed management to make an announcement that they were going to cut 19 per cent of salaries from people whom the Report identified as being grossly underpaid. People whom the Report said had not received a pay increase since 1989. This untimely and demoralising act of management was countenanced by the shareholders because there is a chain of command whereby the owners of the company, in times of crisis, must be able to have influence as I read earlier the SH&E Report had suggested any investor in the company should have. And if investors should have it, then total owners must have that control even more so.

When we take into consideration the fact that our Government here has been responsible for the 9 per cent increase in the cost of living over the last quarter, we can only conclude that they are compounding the woes of the staff of Cayman Airways as well as all of the working people because it has been pointed out that the actions of this Government, particularly the elected Members who have control now, putting up the hospital fees, this is identified in the Report that was published recently by the Statistics Unit, were responsible for the continual rise in the cost of living. If the Government would put in reasonable increases there would not be this effect on the working people. But when you get an increase like the hospital fees, a big \$10 million tax package, and I could on and on, it is bound to destroy the economy and to be felt, although the Member for Education does not agree with me, to the very bone.

Now the Aer Lingus Report points out that the heavy use of the aircraft has put an additional strain on the workers and it is only fair that the compensation should be in line with the work. I will not attempt to go into all the detailed areas that the consultants touched upon where money can be saved but they showed where even a savings of ten to 20 cents per passenger could result in one area with a savings of \$34,000. But the one recommendation that Aer Lingus comes to, or the one conclusion that they come to is the key to this whole matter and that is found on page 63 of their Report in the last paragraph: "However, the critical factor is that a strengthened Senior Management be put in a position to set themselves targeted improvements along the line given here and commit themselves and the rest of the organisation to their achievement.". That is the concluding paragraph in the Aer Lingus Report.

We will watch and see if our shareholders, even the absentee ones, will have the courage to take the action to strengthen the management team in such a way that it performs in a more profitable fashion than it has.

The Member spent a lot of time on the SH&E Report and I believe that the document that most absorbed his time was the one dealing with routes and aircraft. It is fitting that this was done because no matter how we may trim a little here or a little there, if these major factors of routes and aircraft are not correct then we are spelling trouble for the airline.

The Report points out that only the Kingston/Grand Cayman route makes any money. In the list of operation, according to the Table, every other route lost money except the Kingston route; yet we find that the attitude of management (and this must be a reflection of the shareholders) is very poor towards the travellers on the Jamaican route because they are treated like pigs. They are shuttled back and forth in the dead of night on some flights, they are given very poor treatment and, my understanding is, abused when they are passengers paying their fare.

HON. BENSON O. EBANKS:

Madam Speaker, I wonder if the Member would call our attention to the section of the Report that he is quoting that from?

MR. G. HAIG BODDEN:

I would like the Member to look at page 3 of the SH&E Report on Routes and Aircraft where he will see in the third paragraph it says: "Among the existing services, only Kingston is cash-flow positive....".

HON. BENSON O. EBANKS:

Yes, Madam Speaker, I am aware of that but I am talking about the other part, the treatment that the staff gives those passengers.

MR. G. HAIG BODDEN:

Madam Speaker, I would like the Member to show me where I said that was in the Report. That was my opinion. I said the Report identified Kingston as being the only cash-flow positive route.

The point that I am trying to make is that here the airline, with a little improvement, should be able to make more money because it is a known fact that the passengers to and from Jamaica take with them a lot of goods and they usually have overweight baggage because the people are coming down here to trade their mangoes or their potatoes or salt fish, whatever and they are taking back goods to Jamaica maybe radios, foodstuff, hundreds of items. I am wondering what is going to happen with the introduction of the 737-200 on the Jamaica run.

I believe that run is now going to be turned into a non-profit route because it is my understanding from a few merchants that used to sell goods to the Jamaicans to take home that since the change in the aircraft some Jamaicans have told them they are now buying some of the things that used to buy here in Miami because Air Jamaica's 727 can accommodate them comfortably. The Report, and I am saying this only for the benefit of the Member for Education, continues to say on page 3 that "Miami has a near cash-flow positive."

Miami has always been one of the best routes and I believe in the Table it shows that in the last 12 months of operation for which figures were available that the Miami route had come very near to breaking even. This is good for the Cayman Islands because we know the Miami route is bringing tourists that spend money, is bringing cargo which the country needs and is providing services which we need.

The Table shows that the heaviest loss money-wise on any route was the New York route. Here, I blame this on the Government because I remember some time in the 1980s, 1985 or 1986, we had an opportunity to open up the New York route and I remember seeing a picture of the Member for Tourism on the front page of the newspaper saying that the airline would not be taking up the New York route at that time. I believe it was a mistake not to have taken it up and they would have had a gold mine had they taken it up at that time because shortly after that Eastern, who had been feeding Cayman Airways in Miami with traffic out of the northeastern United States, ran into problems and we would have been in line to capitalise on this route.

But the other reason why the New York route has suffered so badly is because initially the schedules were so poor. I understand there has been some correction in the schedule which hopefully, will improve the payload. But when they went into New York they did with New York what they did with Cayman Brac, ran the aeroplane whenever the aeroplane was available. That is, the schedule was fixed to suit management's idea of how many trips he could make forgetting the one thing that makes any business run and that is the customer.

The schedules of recent times in Cayman Airways have put the customer last. You have seen the letters in the newspaper, (I know the Member for Education has seen them) complaining about the schedules to Cayman Brac. There was even one I believe from a woman on the Houston flight who complained about the good old days when it was easy to make connections, when you did not have to get up at daybreak in the morning. All of this has caused reduced trafficking on these routes. And all of it is a reflection of the shareholders being absent because I would suspect that if management intends to put in a new route or management intends to put in a new schedule, that they will pass this by the Board of Directors who in turn will let the Member know and if there is any big change from what had worked well, they would look at it and call in the necessary people and find out if it was a sensible approach.

But we heard from the Member's own lips this morning that he does not want this talking about keeping Cayman Airways out of politics and Executive Council Members appear to want to wash their hands of what is their responsibility. This cannot work. The Member must either accept his responsibility or give it to the Member for Education.

The Report mentions that management had been looking at some new routes, Chicago and Baltimore. We know nothing of this. We wonder, and I consider myself as a representative of the people one of the shareholders of Cayman Airways, I am wondering if the Member for Tourism knew this was being done? Anyhow the Report recommends that at this time the airline does not enter into these new routes.

Now, we come to the part of this Report upon which the Members of Executive Council, as indicated by the Member who introduced the motion, will endeavour to build their case and that is the part of the Report that says it was a good idea to dispose of the 727s. Yes, Mr. Honourable Member for Education, I see that in the Report on page 4. It says: "CAL's decision to dispose of its B-727 aircraft was an excellent and extremely well timed decision." What the Report does not say, but what we all know, is that they squandered the money they got from this marvellous sale. The \$12.5 million from Alaska Airlines and the \$4 million from the deposit that was sitting there as security. So what good, what benefit has come to anyone from this wonderful deal?

Some Government in the past or some management in the past provided them with a gold mine. I mean \$12.5 million is not peanuts. This is big bucks! The mega bucks, the big dollars, handed to them on a golden platter from the sale of the 727s! And today they are not only hungering but hankering for more funds.

The Report says the disposal was well executed. I question that, I think they could have gotten more but lets take it at face value. The disposal was well executed, generated

substantial net cash and has an annual continuing value to CAL in excess of \$1.5 million. But despite that, despite that, they cannot even pay the rent on the 737s.

The Report goes on, on page 4 to say, "Replacement with B-737-400 aircraft was a good, but not necessarily the best, decision based on the facts at the time.". They did not need an expert to tell them that because, had they walked on the street, any child from the Savannah Primary School, could have told them that if they were changing the mortgage on a house that they were buying and acquiring a house that was no better, for monthly payments that were more than three times as much, it would have to be a foolish move.

This is exactly what they did. The lease purchase payments on the 727s was \$210,000 a month. This lease, the equity which had been built up in it was sold for \$12.5 million, which perhaps was a fair value at the time but the replacement aircraft cost more than three times as much and when we add to that the cost of the cargo plane which had to be brought in because the replacement aircraft cannot handle the cargo, they know that, it was a bad deal. The replacement aircraft takes about 12 or 13 per cent less freight, but that is not the problem because we are getting 12 or 13 per cent less freight now anyhow because of their bad management of the economy.

What is bad is that the 400s, as everybody knows, does not have a cargo door. The door in the 737-400 is much smaller than the door in the 727, and when they have very long packages or very big packages, even if the plane is empty, they cannot get them in the bubbles of the 737-400. So that is why you see Donald Trump, even Donald Trump in trouble; hiring out his cargo planes to us. That is why they are renting Donald Trumps 727s.

The Report says that the market conditions are harsher now. I dealt with that earlier and will not go back into it. The war has depressed the traffic and I will just say on that, that I already pointed out that they had lost \$5 million seven months before the Gulf War started.

The Report goes on to suggest what would be a perfect fleet. Now, here we come to the question again of the absentee owners of this Airline. The Report is recommending what should have been done when they got this \$12.5 million in their hand - what they could have done - what would be the ideal aircraft to replace the planes that have so lovingly given them a bonanza?

Why did not the Members of Executive Council, who are the owners, the representatives of the owners, why did they not ask the consultants what must we do with this money? Must we rent 737-200s or 300s? No, I understand they were shown glossy photographs of a state of the art aircraft, perhaps taken into the cockpit and dazzled by the flickering lights, the digital print-outs on the dash-board and they said, "boy this is the toy, this is what we must have."

You see, if these people, I apologise for calling them people, if these Honourable Members of Executive Council had listened to the Backbench, the Airline would not have the problems it has today. Reading from Tuesday, 18th July, 1989, in the *Caymanian Compass*, it says:

"In a Caymanian Compass story, on the 6th of July, MLAs (talking about the Backbenchers) opposing the financial aspects of the lease said it would cost US\$1 million for personnel training.

Additionally, the MLAs said, their information showed the initial cost of the lease would be US\$16 million. Monies for just the deposit on the planes and parts would have to be obtained through a bank loan.

Mr. Neil Cruickshank, Chairman of the Board of CAL, has said the planes will be leased at a cost of US\$310,000 each per month with a 15 year lease agreement that will be a total commitment of more than \$111 million.

And despite no official contract having been signed and recent criticisms of the cost of the lease, Cayman Airways has been proceeding with plans for the introduction into its inventory of two Boeing 737-400 aircraft, scheduled for delivery to CAL sometime in October, 1989."

So they knew what it was going to cost and I hope I am not repeating myself, when I say like the NAPA ad, "I told you so, but you never listened." Now, all of the that is history, we have to deal with the present dilemma this country is in. The present dilemma that the shareholders have put the Airline in by their hasty action because the Finance Committee knew nothing about this sweetheart deal until it was a fait accompli. They knew nothing about it, it was done under wraps.

What is evident is that the company is unable to pay the monthly rent on the 737-400s. Cayman Airways has been in trouble, financial problems on more than one occasion. There were times when it owed money to Government, but I believe this is the first time that it has ever had real problems with an international company. They have a lease that they have signed and although nobody has ever seen it, I am told it is for 15 years and there is no way to get out of it. Of course, unless the other party agrees to let them off the hook.

This Report has said, "Default is a resort of last choice." The worse decision that management could take or our beloved Members of the Elected Executive Council could take is to default on the lease payments.

The consultants have pointed this out to them and I would like to get the assurance from either the Member for Tourism or the Member for Education, who has not spoken, that there will be no default on this lease, that they will negotiate properly and although they appear not to have negotiated in the past, that at this time, they will negotiate even if we have to lend them Mr. Truman Bodden, from

this side, to help them.

Now, one would have thought that when the Government or the Airline discovered it was unable to pay the payments, which Executive Council must have approved because they are the shareholders, they would have set about trying to get rid of one of these aircraft. There is no evidence that I see that this has been done. If they have it, let them give it to me. What have they done? They have been all over the place leasing aircraft. At one time they even had one from Haiti, which is shown in one of these tables as being the worse off in the airline industry in the Caribbean.

Now, I understand they have two 737-200s and will soon have a third, so that we have five aircraft on our hands, but the real burden is coming on the 2nd of February, when they take over another 737-400. So what would have been a sensible business approach would have been to make certain that they have gotten rid of one of these aircraft before they take on the payments on other aircraft. If they could not pay on the two that they had, how are they going to pay on the four that they now have? And how will they pay on the five that they will have at the end of this month and how will they pay on the sixth they will have by the end of February?

Have they panicked? Is there no reason left and who is responsible? What has happened to the shareholders? When I finish I am going to cut that part of the page that shows the shareholders at the top of the organisational chart because it appears that they do not exist. Equally important with the aircraft would be the routes which the country has. I have for the last 19 years been a stalwart supporter of Cayman Airways and have over the years taken more licks, politically, for Cayman Airways than any other part of the Government but in all my wildest dreams I never imagined that our National flag carrier could have found itself in the depths of despair to which it has now fallen.

We have the Miami route with heavy competition and if I can believe what I saw a couple of months ago, is that the answer to this was to put in more flights. Can you imagine something like this? When the passengers were getting scarce because there were other airlines, Cayman Airways put in more flights.

Which means we were making more flights to Miami but taking less passengers per flight. So we have really compounded the problems with what the consultants call our low seat efficiency.

The Report makes a suggestion, which the Government should take up immediately, and that is, that if one of the American carriers should cease to operate, that the service cannot be replaced, I think the Government should actively pursue that because at the present time it is a known fact that Pan Am has been having difficulties and who knows when they may cease to operate. But we need to have our house in order and I hope I will hear from the Member that he will start negotiations, if they have to be through the British Government, let it be through the British Government, so that if Pan Am ceases to fly into Cayman, that no new American carrier will come in. Or, the alternate suggestion is, that if another carrier comes in that the flight be operated by Cayman Airways on what they call a 'dual designated code sharing operation'.

The Report has been mild in some of its suggestions and I think it is simply because they have been at this business a long time and they hope that the people for whom the Report is intended, will be able to read between the lines. I think it is clear that the Atlanta route should be cut out because the load factor on that has averaged only 43.4 per cent and although I am no expert, if they are losing the money they claim they are losing on New York, maybe they should look at cutting that out, as well.

I know Members in replying to my debate will endeavour to give excuses but, let me say, this is no time for excuses. This is no time for peace offerings. They have brought this country and this Airline to the brink of financial disaster and we trust that they will at least admit that they have failed because it is a universal fact that you cannot solve a problem until you admit its existence.

On page 11, the third paragraph of the SH&E Report, I read: "These substantial losses on most routes mandate a close examination of whether service should be continued." These are hard decisions that Management will have to take, these are decisions that will have to be taken up through the organisational structure and these are decisions that must be acted upon, if necessary.

The Report highlights the fact the inter-island route is one of the unprofitable ones but does not in anyway suggest that we cut it out. They suggest ways of improving it and if I have the time during my four hours I may deal with that, but I have three other Reports and lots of other papers before I get to that. I think we must get back to where there is proper dialogue between the shareholders and the Board of Directors. The Report found this out and of course, I knew this from long experience with this Government, that the Board should be filled up with people that have the ability to run the Airline. I think it is filled up with their political supporters. This has to be corrected and it is only the shareholders that can do this.

I understand we are giving them time-off on Tuesday to have an Executive Council and I hope they appoint a new Board of Directors and a new Managing Director. I do not know if our shareholders have the courage to do this. As far as the Airline is concerned, and the Elected Members of Council are concerned, 1989 to 1990 had to be the 'Year of the Beast'. The year when Government lost its budget, the year when the Airline lost its schedules, the year when they allowed the civil servants to take over Finance Committee, Hong Kong style. It had to be the year of our discontent. Far worse year than the 1932 hurricane or 1988, when we had Hurricane Gilbert.

It was the year when the bull went astray in the china shop, when Motion No. 3/90 and the Constitutional Review brought havoc and instability to this country. I think they had better get their house in order and try to correct these things because time is not on our side. Time is running out and while the mill of the Lord grinds slowly, it grindeth exceedingly fine.

We have been, when I say we, the shareholders and the management have been running around changing aircraft just like how you change the food on your table. Try one brand of condensed milk and if you do not like it, you try another brand. I wonder if the public is aware of the cost

involved in the change of an aircraft because when you change from a 400 to a 200 or from a 727 to 737, whatever it is, there is a cost that does not meet the eye of the average person. That cost is that every person involved in the maintenance and operation of that aircraft has to be retrained; mechanics, pilots, stewardesses, because while you can go out and drive somebody else's car and feel around for the headlights or the controls for the windshield wiper, you cannot do this with an aircraft and it cost money. Every time you hear they have leased a different aircraft it is money expended. Money that never comes back.

I believe it is time that the Airline decides on what routes it will have, whether it needs to cut the routes, what aircraft it will need and try to stick to it. You see, the amazing part of the transition to the 737s was not that that deal provided \$12.5 million cash, it was that that deal was made immediately after the June, 1990, balance sheet had shown that the 727s had made an operating profit in excess of \$1 million. So why the change and was the new arrangement studied in detail or did they only look at the consumption of fuel without taking all the other cost factors into account?

As a Member pointed out, one of the Reports shows that this little Airline, if properly managed, could make a profit. The other consultant feels that might be difficult and it would probably always lose some money. But one thing is certain, they agree that, if properly managed, and I think by managed they mean overseeing by the overseers, not by absentee landlords, overseen by the overseers, it could serve this Island.

For example, Mosquito Research, to my knowledge has never made money for Government but nobody would be so silly as to suggest that, that Department of Government should be cut off. We know the reason why Cayman Airways was formed many years ago and, in fact, that is mentioned in this Report in an indirect way when it says that, "we know what happened with B.W.I.A. and Lacsca", we cannot depend on a foreign carrier.

Cayman Airways went out and leased a jet when they were told by B.W.I.A., they could no longer service us and we have a business here which is useful and there is a whole volume on that, which I will be dealing with in a short time. On page 23 of this Report, the second paragraph it says:

"Finally, the Cayman Government [notice they are not talking management] must know CAL's route priorities to properly advise the British Government how to establish bargaining priorities in bilateral negotiations with the U.S. Government."

You saw how sensitive the Member for Tourism was when I mentioned the Bermuda II Agreement. But let me tell you, these bilateral agreements can make or break this country. They can make or break the Airline and the Government in order to advise the British Government must understand what their Airline is doing. If this Report has done nothing else, I think it has pointed out that the Elected Members of Executive Council can no longer hide behind the fact that Cayman Airways is a limited liability company. They must assume their responsibilities, they must know what is going on and if the Board of Directors does not carry out their will, it is the responsibility of the Elected Members of Executive Council to change that Board of Directors.

I only have a few more points on this particular volume of this Report but one of the significant warnings in it is that, CAL should defer any expansion until after the Airline has stabilised. I am wondering how much of this has taken place? How much expansion has taken place since this Report went into the hands of the Member for Tourism because I know that at least one new jet has come in and another one is coming. This, I think, is the expansion which they are talking about. I would also like, with the help of this Report, to explode a myth that the Government has tried to use and that was the myth that the 727s were so noisy they had to get rid of them. There was no urgency to get rid of them. This Report says on page 28, that in October, 1990, the US enacted noise legislation. One year earlier when they got rid of the 727, there was not any threat. People might have talked about it, the conservationists might have talked about it, but according to this, the noise legislation was enacted in October, 1990, and would come into effect in the year 2000, which is still nine years away from now. Of course, it is true to say that that noise legislation would have affected all Stage II aircraft, which I believe included the 727, but, I think also includes the 737-200. So the myth that they had to scrap the 727s or give them away was a figment of their imagination.

Now if one looks at this Report, one will see that many of the airlines that went bankrupted owned 727s. Well that is simply because there were more 727s in the air than any other aircraft. But these airlines also owned new and more sophisticated aircraft and with all of this happening around, one wonders why our very intelligent Executive Council had to rush into this deal with GPA and could not look around and pick-up aircraft from one of these bankrupt companies. Because up until the last time I went to Miami, I saw parked at the Miami Airport some four or five brand new 757s formally owned by Eastern Airlines.

I mentioned earlier that the Government or the Airline had squandered the money which they got from the 727s. The Report highlights this and it is found on page 29, and I would like to read the paragraph, it is the final paragraph. "CAL received \$12.5 million dollars in arranging an assignment of B-727 aircraft. Close to two-thirds of this amount has quickly consumed in B-737 start-up expense and related deposits (Table 5.3)." So what do we have? You sell an asset, you squander the money. Where are you? Is this the only time it has been done? What about the Shorts and the Tri-lander?

I am not saying the time had not come to replace the Tri-lander, perhaps it had come, but they went and bought a museum piece called the 'Shorts', for \$1.25 million and they have it up for sale at Opa Locka Airport and they have reduced it to less than 50 per cent. The last figures we heard in this House, they were asking \$500,000 and there are no buyers, no takers. Did you notice what happened? We did not even hear they were selling the Tri-lander. Somebody grabbed it up because it was an asset, it was an asset. A functioning aircraft. Perhaps not the worlds best, but it could make the trip.

The same thing with the 727. The people were chasing us down to get them - Mexicana Airlines, Alaska Airlines. I hear the phones at the Glass House and Cayman Airways were ringing continuously. Everybody rushing to buy them. Who is calling them to take the 737s because we have changed an asset? We have dissipated, we have sold an asset and dissipated the funds.

So, while they sold the 727, and perhaps it was the only way they could raise any cash, if they had put that money in the bank or called in an expert to advise them, but no, they fell into a trap and it is very difficult, even with our help, to extricate them. The Report sets out in Table 5.3, to which I just referred, a breakdown of what they did with that \$12 million and \$8 million out of it, \$7. something million, right away went into these new aircraft.

I was not a Member of the House at the time, from what I read, I understood they were not going to cost anything. They were going to pay the rent. Government was free of its obligations, there would be no deposits, rather no Government guarantees. This is what I heard on the outside. But look at the 1990, Government Reports. I have a copy here and it shows under the Government's contingent liabilities that this Government has signed a letter of credit for \$2 million in connection with the two 737s. That is in the Government Report. I do not know whether it is correct or not.

There is also in that same contingent liability a \$3 million guarantee for an over-draft at Royal Bank, and mind, when they had the \$12.5 million plus the \$4 million from the deposit which had come from the sale of the BAC-111. Now the Report sets out several other aircraft that were on the market and gives reasons why some of these could have been used. Reasons why some of them might not have been as attractive as the 737s.

It is my belief that the main problem with the lease was not that they chose a particular aircraft. I believe that they were taken for a ride and they paid too much for it because in newspaper article which appeared last week, I believe, I saw that these 400s can be leased for \$200,000 per month and we are paying top dollar for ours. All because Executive Council, instead of negotiating properly, were perhaps out getting their pictures taken to appear in the local press.

The other aircraft that were possibilities at the time would have been the MD-80 and 87, or the A320. The consultants feel that as these aircraft were not of the Boeing type, they would be more involved in training mechanics and perhaps pilots to convert them to the Boeing system.

They also show in a chart, which is Table 5.6, (it does not have a page number) of the SH&E Report, that the 737-400 was sort of out of its league because the way the chart is drawn, it has a dark area, which shows (I am saying this for the benefit of the Member of Education because he does not seem to understand, that is why I am saying this, I know the other Members understand it, Madam Speaker). The dark area shows what they consider the appropriate aircraft.

The Boeing 737-400 is shown with a part of it outside of the appropriate area into that section that is called - too large. In other words, these two 400s, according to this chart, appear to be a little on the big side. This is what they actually said. Now I hope the Member will understand the chart and if he does not, I can let him know the page of the text that says, "perhaps what would have been ideal if they had had only one of these with some other aircraft". But, as I said, in their haste to conclude this 'sweetheart deal', they called it at the time, they appeared not to have taken the advice.

MADAM SPEAKER: Will this be a convenient time to take the suspension?

MR. G. HAIG BODDEN: Yes, Madam Speaker.

MADAM SPEAKER: Proceedings will be suspended for 15 minutes.

THE HOUSE SUSPENDED AT 3:47 P.M.

THE HOUSE RESUMED AT 4:04 P.M.

MADAM SPEAKER: Please be seated. Proceedings are resumed. Debate continues, the Second Elected Member for Bodden Town.

MR. G. HAIG BODDEN: Madam Speaker, the four years from 1984 to 1988, seem to have been some of the less troubled years for the Airline when the company was able to settle down and finally begin to show a profit. We know that after the 1988 elections, something seems to have gone wrong. Also about this time, we note there was a change in the Managing Directors when Mr. Arthur Hunter resigned and the last three years the Airline seems to have had one crisis after the other with the exception of the period up to June, 1989.

If the matter of the number of aircraft can be agreed upon and the routes agreed upon and there can be within another 12 months a new change of direction in shareholders, which I hope will come about with the next election, we may well see the Airline moving again at a tolerable pace.

I do not think there is anyone that would be so foolish as to argue that the 727s should never have been replaced. I do not think there is anyone that would argue that there should be no change in the Directors, no change in the Managing Director, no change in the Government because all the factors point to it. Page 37 says emphatically that CAL's survival is at stake. This is a positive statement but one that is worthy of note. The Airline is in serious problems. I am afraid that in order to correct these problems we are going to need some very strong action.

The Airline, if it is able to negotiate with the lessors of the 400s will be left with aircraft that are much cheaper to operate but will probably have aircraft that are much higher to

maintain. I think that we should not look at only one feature of the aircraft in this exercise. I believe we spent, when I say we, I think the Government paid too much attention to one item in the lease of the 400s and that was the savings on fuel, overlooking all of the others.

With the reversion to the 200, we must look at all the factors and page 38 of the Report sets out the negative factors associated with the 200. We will have a reduced passenger capacity on each flight which means that other airlines may pick-up passengers that would have travelled with Cayman Airways. We will have reduced cargo capacity. This is going to hurt badly on the Jamaica run as the 200 will not be able to cope with all the excess baggage if there is a full load of passengers. It is going to hurt on the Miami run and will mean that we will have to make more use of the cargo plane, again increasing the cost.

We are going to have every problem that we claim we had and every problem that caused us to get rid of the 727s. The Report says we are going to have the operating costs of fuel and maintenance. The maintenance on these 200s is going to be higher than on the 400. The fuel is going to be higher, they are going to burn more fuel than the 400. If we operate them beyond the year 2000, we are going to have the FAA-mandated modifications. The hush kits that will be necessary if they are going to run into Miami or into the States.

We are going to have to Stage III noise regulations to deal with. We are going to have the problems with operational reliability. We cannot expect an old aircraft to run as smoothly as a new one. And there is always the problem of the physical appearance. There is also going to be the reduced mission capability. This means the payload and the range will be less. It is a fact that the 200 will not be able to fly non-stop to New York.

We are going to have the same problem that the BAC-111 had in going to Houston and if we try to get rid of them, we probably will be faced with penalties for an early lease return. We are certain to get the possible negative publicity in the Cayman Islands of having smaller aircraft and older aircraft. But despite all these negative factors the matter is these aircraft can be leased for much less per month and the savings on the lease will in some respects make up for the increased cost of fuel and maintenance.

I do not know what types of lease we are entering into on these aircraft but I certainly hope that they are not being leased for 15 years. Perhaps the Member will enlighten us on this. The Report sets out what they think would be ideal for the Airline in the way of aircraft which is to have two 737-200s with one other aircraft, either a 737-300 or a 737-400. I think the main reason for the recommendation on the third aircraft of the size of the 400 or the 300 is because of the long route to New York.

Now, we have a problem on our hands. We have heard no word from the Member who moved this Motion as to what he intends to do about the major problems that the Airline has. From what I have heard from the Member for Education, in the coffee room, they do not have the will to do anything but! the Report tackles this problem. It says on page 43 that: "CAL's principal options are: direct sub-lease/assignment to other airlines (with or without penalty)".

I think here they are talking about the 400s because we need to get rid of them. They are saying CAL should be actively trying to sub-lease or to assign these expensive jets to some other airlines even if they have to accept a penalty in doing it. By that they mean even if you have to lease them for less than you are paying to GPA. The second option: "accommodation with lessors (with or without penalty)". That, I expect means giving the planes back with the consent of GPA with whatever they will accept, or perhaps having done the original agreement in good faith, they may not exact the penalty. But these are things that our intelligent Exco Members have to be actually and actively pursuing rather than worrying about how the Member for West Bay or myself are now sitting down or standing up.

The third option is "defaulting". Now that is a far away option and in other portions of the Report they have said emphatically that, that would be the last thing we should think about. It is the first thing our Government has thought about because defaulting apart from whatever financial burden may be placed upon the Airline has other effects. How will it sound to the world if a respectable tax haven, if the Government of a respectable colony of Her Majesty's Government has defaulted on a puny lease?

These are things that need to be considered and the consultants say this option should not be taken. And of course, the other one is for the Airline to be provided with increased Government subsidies. I do not know if they told them to state they had put the Government in and how last year we ended with the largest deficit in the history of these Islands and, in fact, the only substantial deficit in the history of these Islands and that the Government may need a subsidy from CAL soon if they go ahead with all their grandiose programmes.

They make a very true observation in this Report. It says: "CAL's current management has shown a good ability to trade aircraft...". No question about that, I mean it is phenomenal their ability to acquire and to trade aircraft. So the Report goes on that: "CAL's management should be given a mandate to redouble their already vigorous aircraft trading activities.". That is in the hope that they too may be able to trade the 737-400s.

The Report goes on to detail how this could be accomplished but I will not go into that. The middle paragraph on page 44 repeats the action of defaulting. It says: "A default scenario should be avoided at nearly all cost. It would be an embarrassment to both the airline and the Government. The repercussions could cause significant damage to the reputation and therefore the attractiveness of the Cayman Islands. Even if this embarrassment were not a problem, the airline would suffer through transition expenses (including legal fees), avoidance by passengers and travel agents, impairment of vendor credit, and impairment of the of the cash flow cycle via closer-in-booking curves. In addition, CAL probably would ultimately find itself a loser in court; and have to repay defaulted amounts with interest and penalties."

I heard the Member for Education say in this House that he was going to have fun with this Report and I heard him repeat it a couple of times in the coffee room that he is going to

have fun with this Report. I hope he is not going to have fun with this because this is the blackest day the Cayman Islands have ever seen and his action, along with the action of other shareholder, have precipitated the dilemma in which we are in.

The final lines of this Report give us hope and I believe with the proper people in place, something could be selvedged. The Report says: "Unfortunately, there is no easy or assured prescription. Many of the problems that are plaguing CAL are plaguing most other airlines around the world, thereby making placements and swaps difficult in today's thin market. The key is determination, persistence, and well thought out options and strategies. The only other alternatives are more expensive than either necessary or desirable." The second largest volume in this Report is the one that deals with the Economic Contribution of Cayman Airways to the Cayman Islands' Development.

The Member rightly paid a lot of attention to this but I would say this was one aspect that we did not need to pay for. If the Member had collected my speeches over the last 19 years, on the value of Cayman Airways to the Islands, and if he had collected the speeches of the late Jim Bodden and other people who supported the Airline, in the face of adverse criticism, in the face of petitions and marches, there would have been no need to pay consultants to tell us about the part that Cayman Airways has played in our Islands development.

There is one phrase I have repeated more than any other single phrase and I would like to say it again and that is, 'that communications, adequate communications is the most important ingredient in an Island economy.' I remember in the early 1980s when we had a visit from some Parliamentarians from the British Virgin Islands. They were impressed with the Cayman Islands and one of them said to me, you people do not know how lucky you are to have your own National airline. We are suffering because we do not.

The Report says the same thing in almost identical words and he told me of how Liat would overfly when they were loaded, although they were paying them it did not stop at their Islands, how it would come in full, it could not take the passengers and so on and they were losing. Well if one reads this Report one will find that the contribution that Cayman Airways has made to the development of the Cayman Islands, far exceeds any money that has been spent on it. It is my firm belief that if it had not been for Cayman Airways, the Cayman Islands would not have reached the level of prosperity which it now enjoys.

This Report on page 3, says: "The quantifiable benefits attributed to CAL range from \$44.5 million to \$58 million per annum. They also include substantial employment incremental representing 5-6% of the Islands's jobs."

**MOMENT OF INTERRUPTION 4:30 P.M.
STANDING ORDER 10(2)**

MADAM SPEAKER: Honourable Member it is now 4:30, the moment of interruption. I will ask the Honourable First Official Member to move a motion for the adjournment.

GEORGE A. McCARTHY: Madam Speaker, I beg to move the adjournment of this Honourable House until 10:00 a.m. tomorrow morning.

MADAM SPEAKER: The question is that this Honourable House do now adjourn until 10 o'clock tomorrow morning. I shall put the question. Those in favour please say Aye...Those against No.

AYES.

MADAM SPEAKER: The Ayes have it. The House is accordingly adjourned until tomorrow morning at 10 o'clock.

AT 4:31 P.M. THE HOUSE STOOD ADJOURNED UNTIL 10:00 A.M. THURSDAY, 12TH SEPTEMBER, 1991.

**THURSDAY
12TH SEPTEMBER, 1991
10:00 A.M.**

MADAM SPEAKER:

Prayers by the Honourable Third Official Member.

PRAYERS

HON. J. LEMUEL HURLSTON:

Let us Pray.

Almighty God, from whom all wisdom and power are derived:

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

Bless our Sovereign Lady Queen Elizabeth II, 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 Speaker of the Legislative Assembly, 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.

MADAM SPEAKER:

Please be seated. Proceedings are resumed. Presentation of Papers and Reports. The 1990 Annual Report and Financial Statement of the Port Authority of the Cayman Islands. The Honourable Member responsible for Communications Works and Agriculture.

PRESENTATION OF PAPERS AND OF REPORTS

1990 ANNUAL REPORT AND FINANCIAL STATEMENT OF THE PORT AUTHORITY OF THE CAYMAN ISLANDS

HON. LINFORD A. PIERSON:

Madam Speaker, in accordance with section 18 of the Standing Orders, I beg to lay on the Table of this Honourable House the Report of the Port Authority for the year 1990.

MADAM SPEAKER:

So ordered.

HON. LINFORD A. PIERSON:

Madam Speaker, the highlight of the 1990 financial year was the official opening of the Port Authority's new and prestigious facility on Harbour Drive on 12 July, 1990. This was at a cost of \$1.4 million and includes the Authority's handsome new building and adjoining facility for dock workers and the rotunda at the cruise ship landing. In 1990 the Authority generated net profits of \$973,041, over \$70,000 more than was netted in 1989, making it our most successful financial year to date. This was due in part to the 30 per cent increase in Port Service Charges instituted during the year, the first such increase made since the Authority began its operation in late 1976.

It would appear from the Authority's 1990 statistics that after the rapid and massive growth experienced during the construction boom of the mid-1980s the economy is beginning to level out once more into a more consolidated position. While port calls by cargo ships to Grand Cayman increased by nearly six per cent over 1989's figure to 303, the amount of cargo landed declined by 4 per cent from 1989 to 136,563 tonnes.

The number of containers off-loaded also decreased slightly by 2.8 per cent from 1989 to 12,992 and ties in with the respective slight decline which was half of one per cent in the amount of containerised cargo landed. However, these figures do not in any way gainsay the steady progress the Authority had made over the years. The Port Authority's new building on Harbour Drive was occupied since October 1989 and besides being the Authority's Administrative Headquarters also provides offices for Customs and Immigration Officers engaged at the Port.

The covered rotunda at the cruise ship landing dock costing \$292,810 was also completed and provides a more welcoming atmosphere for visiting cruise ship passengers. During 1990 work was also continued on the \$3.5 million scheme started in 1989 to establish a new cargo distribution centre at the airport industrial park. The centre is expected to be operational by the end of this year.

The present facilities at the George Town Dock have become increasingly cramped and make difficult work of unpacking, examining and stacking the 1,000 or more containers which bring cargo to the Port each month. Additionally, a fleet of five trucks and 15 flat-beds will be bought by the Port Authority to off-load incoming containers and transport them to the new centre where they will undergo the usual Customs procedures.

To further contribute to the easing of the clogged traffic along Harbour Drive, the Port Authority has lobbied the Government's Communications Portfolio to add new regulations to Cayman Islands Traffic Laws to deter taxi from picking up passengers between the traffic lights at the Harbour Drive/Fort Street intersection and the northern end of South Church Street. If these regulations are accepted there are plans to establish a taxi depot outside the Central George Town area with a rota system that will only allow an allotted number of taxis in the ranks at the cruise ship landing at any one time. It is hoped that this new system will be in place by the end of 1991.

Over in the Cayman Brac and Little Cayman and in particular Cayman Brac, the Port recorded 91 calls by cargo ships a decrease of just over one per cent to 1989's figures. As at the Grand Cayman Port, figures for the amount of cargo landed show a decline compared to 1989's statistics. Containerised cargo landed were down by nearly 34 per cent to 3,215 tonnes. Cargo off-loaded from ships decreased by 22 per cent to 5,081 tonnes. To maintain the important port services to Cayman Brac inaugurated in 1981, the Port Authority absorbs the Port's operating costs each year.

In 1990 the Port at Cayman Brac reported a net loss of \$216,660 which was subsidised from the Authority's gross profit of \$1.1 million. This profit effectively illustrates the remarkable growth of the Port Authority's business over the years. The continued success of the Cayman Islands economy despite the recession and the problem in the Gulf which benefits Caymanians, residents and visitors alike and stimulates an increasing flow of imports and places great responsibility on those who operate the Port. The improved and expanded services thus provided will be particularly timely as the Cayman Islands prepare to undertake the challenges a new century will herald at the end of this decade.

Thank you.

MADAM SPEAKER: We will now proceed to Questions. Question No. 216, standing in the name of the First Elected Member for Bodden Town.

QUESTIONS TO HONOURABLE MEMBERS

THE FIRST ELECTED MEMBER FOR BODDEN TOWN TO ASK THE HONOURABLE ELECTED MEMBER RESPONSIBLE FOR COMMUNICATIONS, WORKS AND AGRICULTURE

NO. 216: Will the Honourable Member say what is the status of the proposed project between Rotary Club Central and the Government to establish bus shelters which can be used by school children?

ANSWER: The Rotary Club has identified 24 sites for the establishment of the proposed bus shelters and on the 13th August, 1991, received the block and parcel numbers of these sites. Government will assist in gaining permission from the respective property owners for the erection of these shelters. As soon as permission is received from the property owners, works will commence. It is estimated that by the 1st of October, 1991, the construction process will begin.

SUPPLEMENTARIES

MADAM SPEAKER: Supplementary. The First Elected Member for Bodden Town.

MR. ROY BODDEN: Thank you, Madam Speaker. I wonder if the Honourable Member could say if once work has begun it will be continued until the project is completed or if there are any breaks anticipated in the work?

HON. LINFORD A. PIERSON: Madam Speaker, it is proposed that once works have commenced that they will be continued straight through until completion, including Cayman Brac as well.

MADAM SPEAKER: The First Elected Member for West Bay.

MR. W. McKEEVA BUSH: I wonder if the Member could say exactly where these shelters will be placed?

HON. LINFORD A. PIERSON: Madam Speaker, I do not have all of the details available but I would be very pleased to provide the Honourable Member with this information.

MADAM SPEAKER: If there are no further supplementaries, may we proceed to question No. 217, standing in the name of the First Elected Member for Bodden Town.

THE FIRST ELECTED MEMBER FOR BODDEN TOWN TO ASK THE HONOURABLE ELECTED MEMBER RESPONSIBLE FOR COMMUNICATIONS, WORKS AND AGRICULTURE

NO. 217: Will the Honourable Member inform the House when does Government plan to start work on the requested re-alignment of the Northward Road intersection?

ANSWER: There is currently no schedule for this project. A topographic survey has been completed. There is no funding in the 1991 Budget for lands acquisition or construction.

SUPPLEMENTARIES

MADAM SPEAKER: The First Elected Member for Bodden Town, supplementary.

MR. ROY BODDEN: Thank you, Madam Speaker. I wonder if the Honourable Member can say if Government still plans to acquire the land off of the main road between the main road and the junction of Northward Road, lands which are owned I believe by Mr. Colin Panton?

HON. LINFORD A. PIERSON: Madam Speaker, it is proposed to acquire some property in order to carry out the necessary works at this junction. It is also proposed that the necessary financing will be included in the 1992 Budget.

MADAM SPEAKER: The First Elected Member for Bodden Town.

MR. ROY BODDEN: Thank you, Madam Speaker. I wonder if the Honourable Member could say if his Portfolio has received any complaints from residents in the area as to the dangerous situation which exists at that intersection in the recent past?

HON. LINFORD A. PIERSON: Yes, Madam Speaker, my Portfolio received one complaint.

MADAM SPEAKER: If there are no further supplementaries, the next question is No. 218, standing in the name of the Second Elected Member for Cayman Brac and Little Cayman.

THE SECOND ELECTED MEMBER FOR CAYMAN BRAC AND LITTLE CAYMAN TO ASK THE HONOURABLE ELECTED MEMBER RESPONSIBLE FOR HEALTH AND SOCIAL SERVICES

NO. 218: Will the Honourable Member say how will indigents, people over 65 years of age and all persons who receive free health care be covered by the proposed National Health Insurance?

ANSWER: It is intended that the Government will pay the premiums of indigents and all persons who presently receive free health care and who are not employed. It is hoped that those people over 65 years who do not now receive free health care will be provided with health insurance, either as a retirement benefit or by self-payment if retired. All those who continue to work will have to be provided with health insurance by their employers.

SUPPLEMENTARIES

MADAM SPEAKER: Supplementary. The Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: Would the Member say if Government will be attempting to negotiate with the insurance companies to insure persons or nationals in this country over the age of 65?

HON. D. EZZARD MILLER: Yes, Madam Speaker, in fact that is one of the specific questions we have asked the industry to recommend on how best to handle the over 65s and I certainly would assume that the Government would be able to negotiate a favourable rate for itself being the largest employer on the Island.

MADAM SPEAKER: Supplementary. The First Elected Member for West Bay.

MR. W. McKEEVA BUSH: Madam Speaker, I wonder if the Member could say what will happen to those people who cannot afford to pay premiums which would give them health care in accordance with the price charged at the hospital?

HON. D. EZZARD MILLER: If they are employed, their employer, as the legislation mandates, will have to provide it and he is on that liberty to take 50 per cent of the cost back from the employee and the legislation also mandates that he must cover the spouse of the employee. Those people who cannot afford it would have to be certified by the Social Services Department as being indigent in order to qualify for Government paid premiums.

MADAM SPEAKER: The First Elected Member for West Bay.

MR. W. McKEEVA BUSH: I wonder if I am getting the Member right? Is he saying if a premium is \$100 that it takes a premium of \$200 to be able to afford the \$300 charged by the Hospital? Is he saying that Government is going to pay that, how is he saying that will come by? I am not following him too closely.

HON. D. EZZARD MILLER: Madam Speaker, under the proposed legislation there is what is called a Standard Benefit Package which all employers must provide for their employees. That Standard Benefit Package will include the cost of hospitalisation and all of the fees at the Hospital. As to what the premium of that is going to be, it is in the Regulations that we have attached to the Bill. The figures, I do not have them before me, but I think it is somewhere around \$40. Those were taken from what it cost for the premium in Bermuda at the time that the Bermuda Hospital charges were the same as ours.

Presently in Bermuda the charges at the Hospital are approximately 100 per cent higher than those in the Cayman Islands and presently the premium is \$50.

MADAM SPEAKER: The Elected Member for East End.

MR. JOHN B. McLEAN: Madam Speaker, I wonder if the Member could say whether or not there has been any indications by any insurance company as to their willingness to offer insurance to those over 65?

HON. D. EZZARD MILLER: Yes, Madam Speaker, we have had a meeting with the industry and they are presently addressed on that and they feel that it can be accommodated.

MADAM SPEAKER: The First Elected Member for Bodden Town.

MR. ROY BODDEN: Thank you, Madam Speaker. I wonder if the Honourable Member could say if his Portfolio has a register of the number of those persons over 65 who may be in need of some assistance from the Government either in terms of this medical health insurance or any kind of insurance or provisions which are necessary for them to survive?

HON. D. EZZARD MILLER: Madam Speaker, the Portfolio does not maintain such a register but the Department of Social Services does and those people who are presently entitled to that have a letter or a card which identifies them as being in that category.

MADAM SPEAKER: The Third Elected Member for George Town.

MR. TRUMAN M. BODDEN: Thank you, Madam Speaker. Would the Honourable Member confirm that people who need necessary medical treatment regardless of whether they can pay for it or not, in other words indigents, will be getting that medical treatment during the interim and the processing of all of these things?

HON. D. EZZARD MILLER: Madam Speaker, the Member is correct. All of those people needing health care presently get it. In emergency situations the treatment is rendered and the questions about payment are asked afterwards.

MADAM SPEAKER: The First Elected Member for West Bay.

MR. W. McKEEVA BUSH: Thank you, Madam Speaker. Is the Member saying that the \$40 or \$50 charge is per person, per family or per couple and is this weekly or monthly?

HON. D. EZZARD MILLER: That \$50 is per person, monthly.

MADAM SPEAKER: The Third Elected Member for West Bay.

MR. W. McKEEVA BUSH: Can he say what is the charge per family or per couple, and further the Member has publicly said that he is making this scheme based on this Bermuda Order I wondering whether he can confirm to the House that Bermuda has a hospital levy which backs up the whole scheme of things?

HON. D. EZZARD MILLER: To answer the question I would assume that the industry would give breaks on premiums according to numbers. And as an employer, if he has 10 people or 20 people, he probably would get a break on it if he has certain numbers. As to what it would cost a couple or a family, I am unable to say that at the present time. The Member is correct in that the Bermuda legislation does contain several forms of levies which are not contained in our legislation.

MADAM SPEAKER: I apologise to the First Elected Member for West Bay, I had no intention of demoting you in spite of the absence of the Third Elected Member. The First Elected Member for West Bay.

MR. W. McKEEVA BUSH: Thank you, Madam Speaker. I was not quite sure whether the Member did answer the part about the hospital levy?

HON. D. EZZARD MILLER: Yes, Madam Speaker, I said it is true that the Bermuda Law includes several, I think it is either three or four forms of hospital levies. None of those are contained in the legislation which is presently circulated, nor does the Committee, nor the Portfolio support those types of levies.

MADAM SPEAKER: The First Elected Member for West Bay.

MR. W. McKEEVA BUSH: I believe, I am just browsing through the legislation, I see where there are no levies but what I am asking is the Member has said that the plan is based on that plan, I am asking him what gave rise to those things in Bermuda and whether there is not a possibility of the same thing happening in Cayman?

HON. D. EZZARD MILLER: I cannot say definitively what gave rise to those levies in Bermuda. I suspect that they could have been just ways of adding funds to the Government Treasury. I see no need for those kinds of levies in Cayman. I think that it can be handled through user fees and the insurance premiums and payments suggested mutually by the Health Insurance Commission which is established under the Law and which will provide for representation from the Health Authority, the health insurance industry, employees, and from employers. It is under the Chairmanship of the present Superintendent of Insurance and they will obviously need the services of an actuary on a consulting basis to set the premium based on the agreed charges for the menu prescribed on the Standard Benefit Package.

MADAM SPEAKER: There have been sufficient supplementaries and I do not think it necessary to anticipate what may happen in the future. We will proceed to the next question No. 219, standing in the name of the Second Elected Member for Cayman Brac and Little Cayman.

THE SECOND ELECTED MEMBER FOR CAYMAN BRAC AND LITTLE CAYMAN TO ASK THE HONOURABLE ELECTED MEMBER RESPONSIBLE FOR HEALTH AND SOCIAL SERVICES

NO. 219: Will the Honourable Member say what will be the terms and conditions of service of doctors presently employed by Government at the George Town and Faith Hospitals under the Health Services Authority Law?

ANSWER: Doctors at George Town and Faith Hospitals employed by the Government prior to 1st January, 1991, will continue after that date according to the terms of their Government contract of appointment until it is completed. When the Government contract has been completed, the Health Services Authority will offer a new contract, on a sessional basis, to the doctor selected for the position.

SUPPLEMENTARIES

MADAM SPEAKER: Supplementary. The Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: Taking note of the Member's reply would the terms and conditions, as envisaged by the Health Authority, differ considerably from those which are offered by Government presently for these doctors?

HON. D. EZZARD MILLER: No, Madam Speaker. For instance we have calculated the amount to be paid on a session based on the what the doctors are presently paid annually and divided the year up in x number. A session will be defined as one three hour session. And the terms and conditions will be very similar to what they are. But the added benefit to the physician is that after he has completed his contractual relationships to the Health Authority subject to the Caymanian Protection Board, he could in fact work for other institutions or work in private practice.

MADAM SPEAKER: The Third Elected Member for George Town.

MR. TRUMAN M. BODDEN: Will the Member say that whether after the Civil Service contract for employment has ended will the Labour Law apply to the terms and conditions thereafter?

HON. D. EZZARD MILLER: Yes, Madam Speaker, the Labour Law will apply but the Member has to realise that in addition to his contractual relationships with the Health Authority on an hourly basis, the physician will have a professional relationship with his client which might entail him working more hours than are specified by the Labour Law.

MADAM SPEAKER: The Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: Thank you, Madam Speaker. The session that the Member referred to of three hours will this be each day or will it be so many times per week, how will the Authority determine the number of sessions for these doctors?

HON. D. EZZARD MILLER: Madam Speaker, that will vary depending on the speciality and the demand for the services at the Health Authority. It could wind up in some specialities, at the risk of getting in trouble, for instance, Internal Medicine might have five three hour clinics a week, ENT which would be in less demand might only be two three hour sessions per week.

MADAM SPEAKER: The Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: Madam Speaker, I would like to ask the Member how will he ensure that doctors who are working at the Hospital and in these, under the present terms, when the Health Authority takes full effect will not be referring patients to their personal clinic which they can carry on after these sessions for Government which would mean a loss of revenue to the Hospital?

HON. D. EZZARD MILLER: Madam Speaker, it would be very difficult to prevent that in a contractual relationship and if discovered, I guess, it would have to be dealt with at the time but it is assumed that there would be no great advantage in doing that because with the advent of health insurance he is not necessarily going to get anymore from that patient in his private office than he is going to get at the Hospital for his sessional.

MADAM SPEAKER: The First Elected Member for Cayman Brac and Little Cayman.

CAPT. MABRY S. KIRKCONNELL: Thank you, Madam Speaker, a supplementary. Would the Honourable Member confirm that the practitioner will be paid then for the hours worked or the sessions worked and not the patients seen?

HON. D. EZZARD MILLER: Yes, Madam Speaker. However, I will keep track of the number of patients that he seeing as well so that if he asks for an increase in pay, I can ask for an increase in patients.

MADAM SPEAKER: The First Elected Member for West Bay.

MR. W. McKEEVA BUSH: Thank you, Madam Speaker. Can the Member say whether this will cost Government less or more?

HON. D. EZZARD MILLER: In some specialities again, it will cost the Government less because the person will be paid on a fixed rate per session rather than a monthly salary and in some specialities if we increase the number of sessions according to demand, it could cost a little more.

MADAM SPEAKER: The next question is No. 220, standing in the name of the Second Elected Member for Cayman Brac and Little Cayman.

THE SECOND ELECTED MEMBER FOR CAYMAN BRAC AND LITTLE CAYMAN TO ASK THE HONOURABLE ELECTED MEMBER RESPONSIBLE FOR HEALTH AND SOCIAL SERVICES

NO. 220: Would the Honourable Member say what steps have been taken to inform all staff at the George Town and the Faith Hospitals and the public as to the changes to be implemented under the Health Services Authority Law?

ANSWER: Meetings have been held with Management Groups, Supervisory Groups and Medical Staff to inform them of the transfer to the Health Services Authority and its implications. An information sheet has been circulated to all staff at the George Town Hospital and a box set up for enquiries regarding the Authority.

Meetings have been held for all staff at the Hospital on both mornings and afternoons so that staff working both shifts might attend. Meetings have been held with the Cayman Medical & Dental Society to acquaint them of the Law. In addition, it is planned to develop for Board approval, a complete personnel manual as well as an operational manual prior to the Authority coming into full action on 1st January, 1992.

SUPPLEMENTARIES

MADAM SPEAKER: The First Elected Member for West Bay, supplementary.

MR. W. McKEEVA BUSH: Thank you, Madam Speaker. Can the Member say whether he has the backing of the Staff Association on this?

HON. D. EZZARD MILLER: I wonder what Staff Association the Member is talking about?

MR. W. McKEEVA BUSH:

Staff, if not Association, then the staff.

HON. D. EZZARD MILLER:

Yes, Madam Speaker, I think the majority of the staff support it. However, there is always resistance in individuals and staff to change and some of that is attributable to not being aware prior to this of the full implications. That is why we are endeavouring to inform them as much as possible of the changes.

MADAM SPEAKER:

The First Elected Member for West Bay.

MR. W. McKEEVA BUSH:

Madam Speaker, can the Member say whether he has the support of the Medical and Dental Association on this matter?

HON. D. EZZARD MILLER:

Yes, Madam Speaker.

MADAM SPEAKER:

If there are no further supplementaries, that concludes question time for today. We will not proceed to Government Business. Bills, Third Reading.

GOVERNMENT BUSINESS

BILLS

THIRD READING

THE CORONERS (AMENDMENT) BILL, 1991

CLERK: The Coroners (Amendment) Bill, 1991.

HON. RICHARD W. GROUND:

Madam Speaker I beg to move that the Coroners (Amendment) Bill be given a Third Reading and passed.

QUESTION PUT: AGREED.

THE CORONERS (AMENDMENT) BILL, 1991, GIVEN A THIRD READING AND PASSED.

MOTIONS

GOVERNMENT MOTION NO. 7/91

PUBLICATION OF THE REPORT OF THE SELECT COMMITTEE TO REVIEW THE CAYMAN ISLANDS (CONSTITUTION) ORDER, 1972

MADAM SPEAKER:

Government Motion No. 7/91 - Publication of the Report of the Select Committee to Review the Cayman Islands (Constitution) Order, 1972. The Honourable Elected Member for Tourism Aviation and Trade.

SUSPENSION OF STANDING ORDER 24(5)

HON. W. NORMAN BODDEN:

Thank you, Madam Speaker. In order to enable me to move Government Motion No. 7/91, I would have to move the suspension of Standing Order 24(5) which says: "Subject to the exceptions specified in paragraph (9), no Member shall make a motion unless he has given notice in writing of that motion either at some previous sitting of the House, or to the Clerk, not less than five clear days before the sitting at which such motion is to be made."

I would like at this time to formally move the suspension of Standing Order 24(5) to enable me to move Government Motion No. 7/91.

MADAM SPEAKER:

The matter is open for debate. The Third Elected Member for George Town.

MR. TRUMAN M. BODDEN:

Madam Speaker, I fully support this. It is one good instance where the Standing Orders are being waived to give a longer time to the public to consider an extremely important matter. In fact, it is about the only time I ever remember the Standing Orders being waived in the interest of the public.

Thank you.

QUESTION PUT: AGREED.

STANDING ORDER 24(5) SUSPENDED TO ENABLE GOVERNMENT MOTION NO. 7/91 (HAVING BEEN GIVEN ONE DAY'S NOTICE) TO BE DEALT WITH.

HON. W. NORMAN BODDEN:
which reads:

Madam Speaker I beg to move Government Motion No. 7/91

"WHEREAS the Report of the select Committee appointed by Private Member's Motion No. 25/90 to review the Cayman Islands (Constitution) Order, 1972, will not be ready for tabling during this current Meeting of the Legislative Assembly;

AND WHEREAS the Select Committee recommends that its Report be published for public consideration as soon as possible and before it is debated in this Honourable House;

BE IT NOW THEREFORE RESOLVED THAT:

- (1) This Honourable Legislative Assembly do order that the Report of the said Select Committee be published as soon as it is agreed upon and signed by the Chairman and Members thereof; and
- (2) That Standing Order 71(4) be suspended to enable the Report to be published before it has been tabled in this Honourable House."

And Madam Speaker, Standing Order 71(4) reads: "The proceedings of and the evidence taken before any select committee and any documents presented thereto, and decisions of such a Committee, shall not be published by any member thereof or by any other person until after the Committee has presented its report to the House."

Madam Speaker, this request to the House is in accordance with the wish of the Select Committee which was established by this Honourable House to review the Cayman Islands Constitution. As the motion formally states the purpose is to make the public fully aware of the Committee's report before it is tabled and debated in this Honourable House. The Committee has agreed to this and it is felt by all of the Committee members that a time should be given to the public to be able to study the Committee's report, to be aware of the Committee's findings so that they will be better informed of what is being proposed before the report is tabled and debated.

It is envisaged or proposed that a special meeting of this Honourable House will be called sometime in the month of October for the specific purpose of debating this report. I believe that this is fair and reasonable. It certainly gives and creates a greater awareness in the public as regards this very important matter and I certainly would solicit the support of all Honourable Members.

Thank you.

MADAM SPEAKER: Government Motion No. 7/91, Publication of the Report of Select Committee to Review the Cayman Islands (Constitution) Order, 1972 is now open for debate. The Third Elected Member for George Town.

MR. TRUMAN M. BODDEN: Thank you, Madam Speaker. I support this motion. I think it is good that on a matter so important as the Constitution of the Cayman Islands the people have to be given every opportunity that they may wish to have or that is necessary to ensure that the instrument that we finally get is what the people want. It is not necessarily what this House wishes, it is what the people wish. And we, as their representatives, are duty bound to carry out their wishes and the only way that we can know this is doing what the Honourable Member is now doing, which goes along with certain other ways of increasing the exposure to it at a later stage. I commend this because I think that once the public sees the in-depth deliberations of this Honourable House over the last period of months and the reasoning behind either the agreements or the conflicts which they will find within those reports, and within the minutes, that it will assist them in coming to the conclusions which they, the public, must come to.

Not just us, the public's view is what is overriding in this matter and those minutes and the report will now give them some idea of what is going to come into this Honourable House for debate and it will assist them in giving us the feedback we need to carry out that debate. So I think that it is very good that this has happened but I repeat that every opportunity has to be given to the public and we cannot rush this because if it is wrong in the end, this country could have a disaster on its hands.

So I commend the Member for extending this longer period than usual under the Standing Orders for the public to be given the opportunity to go through the minutes and the report that is coming here for debate.

MADAM SPEAKER: If there is no further debate I shall ask the Honourable Member if he would like to reply.

HON. W. NORMAN BODDEN: Thank you, Madam Speaker. Just very briefly to thank the Third Elected Member for George Town for his contribution and to thank all other Members who have given their support.

QUESTION PUT: AGREED. GOVERNMENT MOTION NO. 7/91 PASSED.

MADAM SPEAKER: The next item on today's Order Paper - Continuation of the Debate on the Report of the Consultants on Cayman Airways Limited. The Second Elected Member for Bodden Town continuing.

DEBATE ON THE REPORT OF THE CONSULTANTS ON CAYMAN AIRWAYS LIMITED

(CONTINUATION OF DEBATE THEREON)

MR. G. HAIG BODDEN: Madam Speaker, at the close yesterday evening I had been discussing the economic value of the airline to the Cayman Islands. This is a subject that is inexhaustible and I do not intend to pursue my debate, but will rather use the few minutes for which I shall speak this morning to summarise the situation as I see it.

The Reports have highlighted the fact that we need to get rid of the 737-400s. They have warned against the action of defaulting on the lease. I only hope that the major actions taken by the airline have all followed the proper channels as laid down by our Companies Law, and that proper resolutions were passed by the Board of Directors when they sold the 727s; when they entered into the lease for the 737-400; when they made the decision to park the 737-400s which may well have other repercussions; when they took the lease arrangements for the two 737-200s that they have now, knowing that this is an addition to the payments that are due on the 737-400s because the Directors have a responsibility. I wonder if our shareholders have any idea of the money that may be needed over the next few months if we are to come out of this mess into which Executive Council has allowed the Directors and the Management to put us into.

I cannot close without referring to a few of the articles which appeared in the press because we cannot ignore public comment. There was a letter on 10 September, 1991 in the Caymanian Compass written by Mr. Franklin Smith, a former Member of the House who vigorously opposed the lease of the 737 aircraft. Quoting from that letter, he said: "I was one of the Backbench MLAs who opposed the acquisition of the two 737-400 aircraft because of the high priced lease payments which was an increase of approximately US\$400,000 per month above the amount being paid for the two state of the art 727-200 aircraft. This was no sound financial deal."

There are dozens of articles and many letters that say the same thing. Also a recent letter on 11 September, 1991 which caught my eye is one written by veteran Mr. O. L. Panton who served in this House for more than 20 years and he writes: "I cannot understand why there are so many financial problems after we got those two "state of the art" airplanes. I seem to remember hearing Mr. Cruickshank remarking jovially the day one of Mr. Jim Bodden's 727s took off for Alaska "there goes half of our problems." Surely if this were so, when the other 727 left we could take it that all of the problems were behind us." What a pity the statements were not accurate, that is the statements attributed to the Managing Director did not come to pass.

Speaking about the newspaper, I think we ought to look (because the memory is so short) at some of the news releases that were made in June and July 1989 and from that time onward up until the early 1990s to see what the public was saying and to show that the Government went ahead making decisions that were not approved by sensible people in the community. In a very unusual item a front page editorial, one of the few editorials that has ever been written on the front page "Deep Concerns Over the Actions of the Airline". This editorial appeared on Monday, 31 July, 1989 and was so dramatic it reminds me of when the London Times broke its lifelong tradition of carrying classified advertisements on its front page to announce the death of Sir Winston Churchill. This editorial reads: "Today's edition of this newspaper deals with issues which appear to have far-reaching consequences for this country and all who live in it. We have deliberated seriously about the manner of handling this information and we present here on the front page for the following reasons."

The information that they are speaking about is the statement put in by the majority of the elected Members of this House. The editorial goes on: "Whatever the subjectivity of the statement from the seven MLAs, this is the considered position of a majority of the twelve duly elected representatives of this country and their concerns are therefore of the utmost importance. In a specific sense, matters in the national airline continue to be of consequence to these Islands and the confusing and controlled information picture of recent times needs to be clarified if public concern is to be put to rest. In a wider sense, it appear that a breakdown in communication and/or cooperation has taken place within this Government and given the grave consequences of such a condition, it is imperative that the country be made clearly aware of the deeply held concerns recently being voiced. We feel these concerns..."

MADAM SPEAKER: Honourable Member, I think you are aware of Standing Orders which provide that there shall be short extracts from newspapers to supplement your arguments. That appears to be going on a little longer than short in my estimation.

MR. G. HAIG BODDEN: Thank you, Madam Speaker, I think that I have read enough to prove the point on that. I would certainly only like to move on to one other matter and that is to the public meetings which the Members of Executive Council held during this critical stage when they went from district to district spreading propaganda about the Backbenchers and trying to let people believe that they had worked out such a marvellous deal.

In a meeting at West Bay one of them said, "You hear them talking about the sweetheart deal with Alaska Air. Of course it was a sweetheart deal, but are none are so blind as those who fail to see." They criticised the Backbenchers for having pointed out to the public that over the 15 year period of the lease they had committed the Government to over \$100 million. This is correct because the lease for the aircraft was \$310,000 or a total of \$620,000 which is over \$7 million per year and over \$100 million over the 15 years. In addition there was a commitment to set aside (and I cannot find if this has been done), another \$110,000 per month to provide a fund for the air frames.

But when they criticised the Backbenchers for exposing this

they tried to counter it and I think it was the Honourable Member for Tourism who referred to the revenue side which he claimed the Member for Education had told them about. And according to Mr. Linford Pierson's statement here he said, "Mr. Benson mentioned it is something like \$2 billion otherwise translated to \$2,000,000,000, two and nine zeros, exactly \$2 billion." This meeting went on but because I do not want to try the patience of the Chair, I will not go into any of the more sordid details of that meeting.

I started my debate speaking about "The Hound of Heaven" and how he had finally caught up just as the actions of the Government are beginning to catch up. I can only trust that when they negotiate with GPA that GPA will realise that they are dealing with an immature and leaderless people; a Government, an organisational structure without any top, and will have mercy on them.

With your permission, I will read just one short verse from that poem "The Hound of Heaven" and then I will close my debate.

"I fled Him, down the nights and down the days;
I fled Him, down the arches of the years;
I fled Him, down the labyrinthine ways
Of my own mind; and in the mist of tears
I hid from Him, and under running laughter.

But with unhurrying chase,
And unperturbed pace,
Deliberate speed, majestic instancy,
They beat - and a Voice beat
More instant than the Feet -
'All things betray thee, who betrayest Me.'"

MADAM SPEAKER: Would any other Member wish to continue the debate? (Pause)
If no other Member wishes to continue the debate.... The Third Elected Member for West Bay.

MR. JOHN D. JEFFERSON, JR.: Thank you, Madam Speaker. Let me say that I welcome the consultant's report and that I feel if the majority of the recommendations which they have put forward are implemented, it will result in an improved financial position of Cayman Airways. However, in my opinion, the Report is two years and some \$22 million too late. The issue that we are dealing with today is a most serious one, that is, the financial survival of our national airline, Cayman Airways. To some people that survival may not necessarily be that important, but I was amazed to learn from reading the Reports of the value and contribution of Cayman Airways to our local economy. Cayman Airways, according to the Report contributes between \$44.5 million to \$58 million per annum to our economy. It provides some five to six per cent of the jobs available in the Cayman Islands and without Cayman Airways our Gross Domestic Product would be greatly reduced, unemployment would increase and the average income and standard of living would be depressed.

In a survey conducted by the Department of Tourism, it was impressive to learn that Cayman Airways had the top rating among all Caribbean fly carriers. That is impressive indeed. It has a reputation only behind American Airlines of its US competitors.

In 1990, of the 172,730 visitors from the US, Cayman Airways flew 83,582, that is 48 per cent of our US visitors. SH&E, which was one group of consultants that were contracted, forecasts that if Cayman Airways was not in existence it would result in a decline in tourists or visitors to our Islands in a region of between 27,000 and 30,000 persons. In my opinion, that is significant. That would represent a decline of between 12.2 to 13.5 per cent in our visitor arrivals in the Cayman Islands. Cayman Airways employs a staff of 250 in the Islands and provides total direct employment in tourism representing some 18 per cent of the work force. The airline also provides a stable air service which is so essential to our continued success as an off-shore financial centre and tourist destination. So we can see that Cayman Airways' continued survival is essential for our continued growth and economic success in the Cayman Islands.

On the subject of routes and aircraft the consultants had much to say and to mention a few of their findings and recommendations it said for example, that the Dallas and the Toronto which is being contemplated by Cayman Airways should not be operated as these routes will only add to the losses of Cayman Airways without meaningfully benefitting tourism. They mention the possibility of maybe expanding the route system or service to include Baltimore but this should only be pursued if there can be code sharing agreement with, I think, US Air in the United States. Chicago was also mentioned as one of the possible routes or destinations that Cayman Airways should add to its route but the consultants did say that any expansion at this stage should be on hold until the financial position of the airline stabilises.

I think the whole argument of Government's decision to change the aircraft from the 727s to the 737-400s is justified by a statement or remark by the consultants. Basically what the consultants mention was that Cayman Airways decision to dispose of its 727 aircraft was "an excellent and extremely well timed decision." That is very positive. But it also goes on to say that a replacement with the 737-400 aircraft was a good one but not necessarily the best decision based on the facts at the time. The way I interpret this information is that Cayman Airways was successful in negotiating a deal for those 737-400s around market prices at the time. Maybe they got them for \$1,000 to \$5,000 less than the going rate at the time for those aircraft and the consultants complimented the airline for those achievements. But it said nothing about whether the airline could afford those aircraft. And that has been the contention of the Backbench all along.

It is like my going out and negotiating a contract to buy a Rolls Royce on time. I might be successful in maybe beating the dealer down a couple of thousand dollars and maybe

even getting below the sticker price but it does not necessarily mean that after I have negotiated such a deal that I am in position to meet the monthly repayments on that commitment. It can be considered a good deal because I got it near market rate at the time but the fact remains I cannot afford the payments and Cayman Airways found itself in the same position. How can you logically come to the conclusion that based on the fact that Cayman Airways in its history, with the exception of 1989 or 1988, I think it was, made a profit of approximately \$1 million. At that stage its commitments on its aircraft at the time, which were the two 727-200s, was in the region of something like \$100,000 per month.

I had the opportunity of being an employee at Cayman Airways for approximately 18 months, serving as their Accounts Manager and later as their Internal Auditor and at that stage the lease payments were due on a quarterly basis. I recall how difficult it was every quarter for us to accumulate \$600,000, I think it was, to make the payment. Now it goes without saying that if you are having difficulty finding \$600,000 every three months in the airline, it is going to be much more difficult to find \$620,000 per month to meet that commitment in the face of increased competition, in the face of a US recession, in the wake of Hurricane Gilbert and all of the other factors which have affected our economy over the past two years.

So I support the consultant's statement. Yes, it was a good deal but it was unaffordable.

MADAM SPEAKER:
Proceedings will be suspended for 15 minutes.

Would this be an opportune time to take the suspension?

AT 11:25 A.M. THE HOUSE WAS SUSPENDED

HOUSE RESUMED AT 11:45 A.M.

MADAM SPEAKER:
The Third Elected Member for West Bay.

Please be seated. Proceedings are resumed. Debate continued.

MR. JOHN D. JEFFERSON, JR.:

Thank you, Madam Speaker.

When we took the break, I was dealing with the decision by Cayman Airways to change its aircraft, that is the 727s for the 737-400s. I mentioned that at the time there was much confrontation and much debate and much pleading from the Backbench for the airline and Government to proceed cautiously in this matter because of the possible financial consequences. One of the interesting statements at the time was that the deal was an ideal one because the savings that will be realised from flying the 737-400s as compared to the 727-200s will be more than adequate to off-set the increase in the monthly repayments on the more expensive lease for the 737-400s.

It was also mooted that with the utilisation of the 737-400s that the profitability of Cayman Airways could be substantially increased because it costs some 40 per cent less to operate the 737-400s compared to the 727-200s that were in use at the time. What is interesting is that in 1988, the last year that we had audited financial statements for the operation of the 727-200s, that year the airline made \$1 million in profit. In 1989, after the switch took place, we lost over \$1 million and the projected loss for the financial year ending June 30th 1991, is estimated at \$7.9 million.

Madam Speaker, Government at the time made a decision because their accountant, that is the only qualified accountant in the House, checked the figures and was satisfied that they were in order and that was a good deal. And you know after the decision was made, Executive Council that is the Elected Members of Executive Council went from district to district in an attempt to convince the members of the general public that their decision was a good one. And in an attempt to put down the Backbenchers, who they said did not know what they were talking about, they were unqualified and the whole objective of the Backbenchers protest was that they were a bunch of power-hungry individuals.

Cayman Airways at the time was not the issue. It was our attempt to grab control of power. And in the meeting that they had in West Bay, the Member for Communications had some very interesting things to say, and with your permission, Madam Speaker, I would just like to read a short excerpt from his speech and it starts by saying: "They put themselves up as the experts. They tell you that over 15 years it is going to cost Cayman Airways \$111 million. I feel amused. I am amused when I hear those brilliant certified accountants giving you that type of information. "There is only one certified accountant in the Legislative Assembly. Ladies and gentlemen, that is me.". Now, like I mentioned, he had looked at the figures, he was convinced that over the 15 year period Cayman Airways stood to earn in the region \$2 billion.

Our argument at the time was that such a move should not be made without some professional advice being brought in to review the operation of Cayman Airways and to advise accordingly. If the experts found that it was necessary for us to change the aircraft, then I do not think that the Members of the House would have had a problem. In that same meeting in West Bay held by Executive Council, the Member for Tourism had this to say with regard to bringing in somebody from the outside. It says: "Some people have asked why will they not have an outside study done? And I asked them quite promptly, why should we when we have the staff capable of conducting such a study? We should be proud of this instead of attempts by some people to criticise and ridicule the job that they are not capable of doing themselves.". So Executive Council was convinced that the decision taken by the Executive Committee of Cayman Airways was a good one and that they were capable of making that decision on their own without bringing in experts to advise them accordingly.

Now that flies in the face of the recommendations of the consultants, SH&E. This is what they had to say. It says: "As a result a preferred three aircraft fleet for CAL would consist of two B-737-200s and either one B-737-300 or one B-737-400.". So what this means is that if we had

brought in the consultants at that stage they would have recommended changing aircraft undoubtedly, but they would have recommended that we change the aircraft and replace them with aircraft that we could afford, that being the 737-200 which lease-wise was very much in line with what we were paying for the 727-200 and which was also fuel efficient and capable of servicing those destinations that were at the time being serviced by Cayman Airways.

So we can see the value of the recommendation or the study by the consultants. The problem that we face now is that we have a report from consultants with certain positive recommendations for improvement, but I am not sure that we are going to be in a position to implement those recommendations because at the present time we have an expensive, 15-year lease for two very expensive aircraft which the lessors are not prepared to take back and which we have not been able to make the lease payments on. I think, if I am correct, we have technically defaulted on.

This leaves our national airline and the Government of the Cayman Islands in a very precarious position. There is no doubt in my mind that Cayman Airways will be sued and not only Cayman Airways because the lessors, who are GPA, know that Cayman Airways is 100 per cent owned by the Government of the Cayman Islands. This could possibly result in an embarrassing situation not only for the airline, but for the Government of these Islands. This whole situation could have been avoided if the persons involved in this deal were prepared to listen. To make matters worse we now have a contractual commitment on a third 737-400 which we are scheduled to take position of in February 1992 at a cost, I understand, in the region of \$305,000 per month.

Now we are having problems now making a commitment on two, which is \$620,000 a month. But we are going to be in a position where we can add a third one and make payments on three which would put us in the region of about \$925,000 per month. Impossible and unnecessary! The consultant's contention is that they believe that taking delivery of this fourth aircraft, well there is about five now I think, we have two 737-400s, I understand we have two 737-200s, its is more than that too. Then we have two 727s leased from Trump Airlines and we are in the process now of getting delivery of a 737-300 and then in February we add a third 737-400. We cannot forget we still have the Shorts.

The consultants believe or recommend that Cayman Airways make every attempt to get out of this contractual agreement so that they would not be forced to take delivery of that third 737-400. They state: "Proper schedules should significantly enhance route profitability since operational constraints and other factors have caused ill-timed and frequently changing schedules.". That is part of the problem at Cayman Airways. We are not in a position where we can provide those routes that we do have with prime time schedules.

On the Jamaican route which is the only route showing a positive cash flow, I think the schedule is very unreasonable because passengers flying from here to Jamaica arrive very late at night and if you want to catch the flight coming back in this direction you have to leave very early in the morning. In summary, the consultants recommend that all existing routes should be continued with stable, appropriately timed schedules. But they do warn that several routes should be looked at very carefully, that is the Houston, New York and especially the Atlanta destination.

On the question of the present lease on the 737-400s, the consultants have thrown out the following suggestions for consideration to get out of the present situation. And the first thing that they threw out is that Cayman Airways should consider absorbing a portion of that lease, they say perhaps five to eight per cent of the lease rate to make it attractive for some other airline to pick up that particular lease. Basically what they are saying is that we are committed for \$310,000 per month on each aircraft, I am not sure what the going rate is now on those aircraft, maybe it is \$300,000, we should maybe be in a position where we say to any airline who is interested in subleasing those aircraft that we would maybe let them go for \$290,000 to \$295,000 per month with Cayman Airways being responsible to the lessor for the difference.

They also suggest that negotiations be conducted with the lessors with the possibility of entering into an investment arrangement whereby the lessor becomes a shareholder in the airline to partially off-set the commitment on the lease. Apparently this has been done with other small airlines in which the lessor, who in this case is GPA, was prepared to make such an arrangement. They said that a default scenario should be avoided at nearly any cost. In other words that is a last resort.

I support that recommendation because as I said before I think that it would mean international embarrassment not only for Cayman Airways but for the Government of the Cayman Islands. The consultants also have suggested or recommended that Government's subsidy to the airline be increased because of the added expense that the airline is faced with in the face of the present competition and they recommend that that subsidy be in the range of between US\$2.5 million to US\$3 million per annum. As long as the other recommendations which have been put forward are implemented, that is Management is strengthened and the financial position of the airline is stabilised, then I feel that the Members of this Legislative Assembly will support a subsidy in that amount for our national airline.

I look at any investment in Cayman Airways as a commitment by this country in the area of tourism. My contention is that I do not really expect Cayman Airways to be in a position where they are financially viable, that is making a profit on an annual basis. All that I am asking from the airline is that those losses be kept to a minimum and to a level where they are affordable.

The consultants also had some recommendations for improving the financial position of the airline. They said that Government must be in a position where it increases the capitalisation of the company which was undercapitalised from its inception. I support that. Government must also consider increasing the subsidy as I mentioned before and they also mentioned the possibility that we should pursue the possibility of an operating or equity partnership. The ideal situation would be a non-competitive partner, that is not Northwest, Pan Am or American airline but a US airline such as US Air. These improved results can only

be realised if a proper management team is brought in to see that the necessary improvements and recommendations put forward by the consultants are implemented.

The consultants were also asked to look at the relationship between the Department of Tourism and Cayman Airways and their conclusion is that the relationship between these is a successful one and a relationship that maybe other countries should model after. In their opinion the relationship stretches the resources of both organisations by increasing each's effectiveness and efficiency. But they did find some problems and basically the problems were as a result of the differing objectives or missions of both organisations and the conflict was most noticeable at the senior level.

They identified the problems as follows: lack of proper co-ordination, for example members of the teams from the Department of Tourism and Cayman Airways visiting in the same agencies etcetera, right behind one another which basically duplicates effort and could be much more effective, if those scheduled visits can be co-ordinated so that duplication can be avoided. They also noticed the problem with regard to differing objectives. According to them the objective of the Department of Tourism is to bring people to the Cayman Islands and secondly to ensure that they fly Cayman Airways.

I feel that the relationship between the two entities have worked very well but can be improved. The other problem that they noticed was personal interaction, there is a conflict. What I noticed from my personal observation is that especially in the Coral Gables office, it appears that each head of whatever division he represents seems to be interested in building a little fiefdom unto himself, not taking into consideration costs etcetera, and this should be avoided at all costs because the Department of Tourism and our investment in Cayman Airways is substantial. The consultants do not recommend making any substantial change or changes in this area and I would support that because in the long run the benefits from this relationship far outweighs the minor negatives that have been observed. They did conclude that the personnel in these different divisions are first class and that they will be hard to replace.

The other consultants at ASI also had some very interesting observations and conclusions or recommendations for strengthening the operation of the airline with the objective of improving the financial position. The first area that they highlighted that I would like to mention is the area of salaries and conditions of service. They found that the salaries of the two most senior executives are some 25 per cent to 30 per cent higher than would be normal for these positions, that is the salaries of the present Managing Director, Mr. Kel Thompson, and the former Managing Director, who is now the Vice President-North America, Mr. Tino Gonzales.

They feel that the salary of \$130,000 for the present Managing Director and the salary of \$108,000 for the VP-North America is unjustified. What should have happened when there was a change in Managing Directors in January of this year, Mr. Gonzales' salary, if he was to be retained by the airline, should have been reduced. But it is my opinion that he took no cut in salary. All that he did was take a change in location and rather than having one Managing Director at the present time, we have two. They also mentioned that the pilot's salaries were too high, some 20 per cent to 25 per cent higher than those found in the industry. That might be a fact but my contention is that you normally get what you pay for. I believe, it is my contention that Cayman Airways gets good value for money as far as the salaries that it pays its pilots.

In my opinion Cayman Airways, even though it is a small airline, has some of the most capable pilots found in the industry. I cannot say the same about the Managing Director and the salary for the VP-North America. And me, I am not personally prepared to recommend any cut in the salary presently enjoyed by our pilots.

I think the reason why the survey has found that Cayman Airways is the premier carrier in the Caribbean is because of our personnel at Cayman Airways, that is our pilots, our flight attendants, our ground crew, our customer service agents, etcetera. Any time that you start dealing with someone's means of livelihood, that is his salary, it creates a very negative and demoralising situation.

Aer Lingus also recommended that the Executive Committee of the Board be abolished and I support this, for the same reasons that they highlighted. Since 1984, it is a fact that the Executive Committee has run the airline not Senior Management, even through the Managing Director is a part of that Committee. There should be specific and distinct responsibilities as far as the Board of Directors, Government and Management are concerned. Government should be in a position where it advises the Board of what it would like to see, what the objectives of the airline are. The Board should see to it that these policies are formulated and those policies passed down then to Management for implementation on a daily basis. Under those circumstances should members of the Board be responsible and involved in the day to day operation of the airline.

The consultants do mention that staff productivity compares well with industry standards. It has been my experience, as I mentioned before, to have worked in Cayman Airways and I can vouch that Cayman Airways has some of the most dedicated members of staff of any entity that we have presently in these Islands. Every effort should be made to ensure that they are properly paid and compensated for their efforts.

It was the observation of the consultants that there is a serious weakness in Senior Management in the airline and that it should be strengthened immediately. My contention is and I think it is the recommendation also of the consultants that a management team is brought in to ensure that the recommendations which are accepted by the Select Committee on Cayman Airways and the Members of this House are implemented. The members of that team should have the authority and should answer directly to the shareholders of the airline, that is Government through the representative for that Portfolio, the Member for Tourism. We should not allow anyone to frustrate or derail any efforts in that area as far as bringing in this new management team.

The consultants also recommended that we look at the possibility of bringing in a Contracts Officer for the airline on a full-time basis, a permanent basis, who would be

responsible for reviewing and negotiating all contracts on behalf of the airline. I support this. I believe that what he will achieve in savings would more than pay for his salary. The consultants were a bit concerned with their findings in the area of marketing and sales. And they see a need for the establishment of an integrated marketing and sales division and located at headquarters, that is here in Grand Cayman. I support that move.

The objective of this division should, in the short term, be to improve the load factor performance of Cayman Airways. We need to get our load factor up on those aircraft to a much more acceptable level in order for the airline to be in a position to help carry itself financially. They said the marketing objectives should be clear in the areas of traffic growth, revenue, load factor, yield and market share. In other words, we should have a proper marketing plan for the airline. They also recommend that an annual marketing plan be drawn up in advance with specific targeting and performance monitoring under all relevant headings. In other words, there must be a proper plan in place and the plan should be monitored to ensure that the objectives are achieved and that we get good value for the investment or money spent.

In the area of increasing or improving the revenue of the airline, the consultants recommend that serious pursuit be taken in exploring the possibilities of charters, especially charters that are on behalf of the big tour operators. In other words, how that business works is that the airline has a commitment of let us say, \$20,000 or \$25,000 per flight, two times a week on behalf of a tour operator to transport visitors to and from the Cayman Islands. The charter business is a good business and one that I think will go a long ways in improving the revenue situation of the airlines.

Madam Speaker, I think that it is time that we address the situation that we are presently faced with. I would recommend that the Chairmanship of the Board of Directors of Cayman Airways is immediately brought into the Portfolio of Tourism with the Member himself sitting as Chairman. It is good to say that we have an independent Board, we have a private company, being Cayman Airways, that is independent and responsible for making policy etcetera, to run itself, that is all fine and good as long as the airline makes decisions that it can afford to support. But when the airline makes decisions such as had been made in 1989 where not only the survival of the company is at stake but the Cayman Islands Government stands to be embarrassed by the situation, then I think we, as a country and as a Government, should take every step necessary to ensure that this kind of embarrassment or situation is not duplicated.

I think the Member must be in a position where, on a daily basis, he is totally informed of what is going on with regard to negotiations now with GPA. He must because at the end of the day if there is a shortfall, Cayman Airways will be looking to Government for a hand-out. I have no problem in continuing the support for Cayman Airways, I always have, I always will because I recognise the value of Cayman Airways to this country and to the economy of the Cayman Islands. But we must keep the financial losses of that airline to a level that we can afford. So, through this crisis I feel that it is important for us and for Government, as the shareholder, to ensure that the recommendations of the consultants are implemented and that the survival of the airline is ensured.

You know, the other day when I heard the announcement of the 19 per cent cut in salaries at Cayman Airways, I was very upset. And not only I was very upset, but the members of the staff of that airline, who, as I said, have worked so hard, have made so many sacrifices, who are earning a minimum pay to be told that all of a sudden because of the wrong decision of Management that you are going to have to pay for it. I took that very hard. In my opinion staff salaries should never have been touched until all of the other possibilities for reducing expenditure had been explored and that was not the case. There are many areas in Cayman Airways where improvements could be realised in savings, many areas.

I support the statement by a member of staff who said, "Even if Management wanted to show how dedicated and how concerned they were for the airline, they would have taken the cut first." But they did not do that. I also resent the way in which it was done. I understand there was a "hit team" that just walked through departments saying, "Can I have your attention for a few minutes, ladies and gentlemen. With effect from this 15th of September, your salary will be cut 19 per cent. Take it or leave it. Thank you." You do not deal with people that way.

I think, it may be harsh, it might also mean that I might lose some political support for saying what I am going to say, but what is important to me is the survival of our airline. It is my contention that the situation will never be improved to the level that it should until we replace the present Chairman, the VP-North America and our present Managing Director. I feel that the present Managing Director has lost the support of his staff. And I have heard all kinds of arguments put forward that good pilots make good Managing Directors or Managers. That might be the case but I believe that measures should be taken at this stage to recruit someone who has the level of experience in administration necessary to fill the position of Managing Director and a local Caymanian identified, who has the potential to be trained over a period of time, to eventually fill that position.

It is time that we stop playing games. We are talking about the finances of this country. And regardless of who recognises it, one of the keys to our financial success has always been our financial independence. We have always been prudent with regard to our expenditure. On an annual basis when Government puts together its Budget, expenditure is undertaken in line with projected revenue for the upcoming year. We have never been a Government that believed in deficit spending or incurring large loans for the purpose of financing any projects that we might be interested in doing. That is a prudent approach. So we cannot afford to allow any individuals or group of individuals to jeopardise what we have enjoyed for so long in this country.

I think that it is time and the time has come when some very harsh decisions, some very unpopular decisions have to be made because what is at stake is the survival of our national airline. All kinds of excuses are being thrown out at the present time by those involved. At the time when the decision was being taken the Backbenchers reminded the Government and Cayman Airways at the time that

Pan Am had filed, American Airlines had filed and we understood there was a good possibility that they would be commencing operations that year. We were told and it was also mentioned in an article on the 1st October, 1990. It says here: "Cayman Airways now realises it can compete with the big boys.". That was in 1990. In 1991 we are crying that we cannot compete. We are calling for a re-negotiation of the Bermuda II Agreement because of the competition. It is too late.

Do you think that the US airlines are going to back down now just because Cayman Airways has financial problems? They will not. Look at what American Airlines did when they were told that they could only have one flight a day to the Cayman Islands. All that they did was to say, "Fine." They put on an aircraft with basically twice the capacity. So rather than making two trips, they do the same thing with one aircraft.

We are not in a position where we can fight the "big boys". They have the resources, they have the network and they also have the inter-line traffic to support their flights to the Cayman Islands. We do not. What we must do as a Government and as Cayman Airways is to recognise the objective of the airline and basically arrive at a position where that objective can be achieved at an affordable cost.

Madam Speaker, I take no, should I say, gratification, in the way things have turned out because if Cayman Airways fails, I will suffer like every other Caymanian in this country. But I can say, "We told you so." This is just another example of a Government and of people in position who are not prepared to listen to anyone. It has always been my contention that if you keep your mouth shut long enough, you can learn something from anyone. That is a good attitude because we do not know everything. By now the Elected Members of Executive Council should have learned that lesson. They do not know everything.

In closing, I would just like to assure the Member for Tourism that he has my support in this very difficult time as far as Cayman Airways' reorganisation is concerned and I trust that he has the fortitude and the courage to do what has to be done to ensure that this present situation is reversed and that our airline, with its employees, can continue to survive and to benefit these Islands for a very long time to come.

Thank you, Madam Speaker.

Proceedings will be suspended until 2:15 p.m.

MADAM SPEAKER:

AT 12:53 P.M. THE HOUSE WAS SUSPENDED

AT 2:17 P.M. THE HOUSE RESUMED

MADAM SPEAKER:

Please be seated. Proceedings are resumed. Debate continues on the Report of the Consultants on Cayman Airways Limited. The Honourable Member for Health.

HON. D. EZZARD MILLER:

Madam Speaker, I wish to offer my support to the findings and recommendations of the two consultants, that is Aviation Services Ireland Limited and Simat, Helliesen & Eichner, Inc., and to encourage other Members to provide support for the Honourable Member of Tourism, the Board and Management to implement them for the benefit of Cayman Airways Limited, its employees and the country.

Madam Speaker, it is in my view rather unfortunate that Members have taken a political one-upmanship and an I-told-you-so approach which can do no one, except maybe those politicians might gain some support in the minds of some of their less informed supporters. Certainly it has to further damage the airline which everyone gives lip-service that we are trying to save. The consultants have made what, in my opinion, are sound and timely recommendations and the only debate we should be having on this Report is how best to provide the resources which will be needed to put these recommendations in place. I question the relevancy of 1989 newspaper articles, whether editorials or otherwise, to the matter that is at hand before this Honourable House.

Members should be supporting the Honourable Member to put these recommendations in place. Members who have spoken and no doubt many of those to follow, have used this occasion to try to justify their actions for the summer of 1989 when they created so much turmoil in the country. Lessons should be learned from history. The consultants have applauded the decision to change the aircraft from 727-200s to 737-400s. They have gone further and recommended that in today's marketplace and in today's circumstances, they should be changed again. This time to smaller aircraft which will offer a fleet of two 737-200s, one 737-300 or one 737-400.

Now, Madam Speaker, it just so happens that that is exactly what Management and the Board have recommended in the absence of this Report. Yet, we hear speakers here criticising Management, calling for their replacement when the consultants have confirmed that their decisions were good decisions and their recommendations coincide with the action presently being taken by the Board of Cayman Airways and the Managing Director. Instead of being critical of Management, Members should be men enough to support and applaud them in their decisions, in particular for having the courage to make a decision to change aircraft having taken so much flak from Members over their previous decision.

One Member said that the Board members were only our political supporters, in other words political appointees, but I wonder which of them or their supporters could have done such a superior job to what is presently being done by the present Board and the Managing Directors? Members would make the public believe and to some extent they are making assumptions about the actions taken by Management without the benefit in one or two instances of knowing what steps Management has taken that have gotten us to this point where we are about to park the aeroplanes leased from GPA. Because all Members of this House were told as early as March by the Managing Director in a Finance Committee about most of these proposals, so they are aware of the alternatives put forward at that time by the Managing Director. But they would

have the public believe that this is something that has been sprung on them and they have heard nothing about it.

I am not at liberty to go into the details of what took place in that Finance Committee because the Managing Director was speaking under confidence and it was a secret of Finance Committee. But everyone of those Members know what his proposals were, what the alternatives were and what was the position he took on things such as staff salaries and it was not what they are postulating today.

MR. W. McKEEVA BUSH: (inaudible)

HON. D. EZZARD MILLER: (*Addressing the Third Elected Member for West Bay*) Yes, he did and he told you exactly that and he told you how long it had been in default.

MADAM SPEAKER: Order, please. No conversations across the Hall, please.

HON. D. EZZARD MILLER: Madam Speaker, the consultants also recommended equity participation in the company by a foreign carrier. Now this takes us right back to square one, full circle. That is where we started when the company was first organised by the Government of the day in 1968. We had 40 per cent equity ownership in Cayman Airways at that time by a foreign carrier and the Government owned 60 per cent.

Now, that was done in the wisdom of that Government. The Government of the day in 1978, in its wisdom, changed it to full Government ownership. It is probably fair to say that the Government of the day made what they considered was a right decision for Cayman Airways and the country taking into consideration the mitigating factors and conditions at that time. Since that date Cayman Airways went through several types of aircraft, all supposedly the best choice at the time the choice was made and with the particular circumstances existing at that time. Now we are told by the consultants that what is needed to assist the airline to profitability is equity participation. That is what is dictated by today's condition and competition.

Are we to assume that all of the decisions taken by the various Governments and entities all through the years since 1968 were wrong? No, Madam Speaker. I would prefer to say that they were correct decisions taken within a particular set of circumstances. Some people have a crystal ball which they can gaze into when there are no consequences for their actions or for that words that speak because they are not responsible for anything. What we need to do is to forget politics, leave our political cloaks outside and do what is best for Cayman Airways and not give lip-service as is being done because they figure it will get them a few votes.

Support the Member to get on with the job. Support the Management. Support the Board of Cayman Airways. Members would have the public believe that the Board is made up of some strange animals or just our political supporters. Let me, for the interest of the listening public who might not know, say a word about the Board members of Cayman Airways. The Chairman is Mr. Neil Cruickshank, former bank manager of the one of the biggest banks on this Island. The Deputy Chairman is the Honourable Financial Secretary responsible for the finances of Government. Mr. Kirkland Nixon, our Chief Fire Officer, runs one of the better run departments in Government. Mr. Sheldon Hislop, Director of Civil Aviation, again one of the better run authorities in the land. Mr. Leonard Ebanks, presently a bank manager of a fair sized local bank. Mr. Errol Bush, Director of the successful Port Authority whose report was laid on the Table of this Honourable House this morning and Mr. Harding Watler his secretary, as the Principal Secretary of Tourism, Aviation and Trade. Added to that is the Managing Director and the Vice President of Marketing and Mr. Moses Kirkconnell from Cayman Brac.

Decisions of the Board are made collectively. One wonders why Members only call for the resignation of the Chairman? Is it fear of political fall-out from asking the other members to resign? I believe that is what it is. He holds Cayman Status and they probably think he does not have large political roots so they can afford to call for his resignation. I support the several other recommendations contained in the two consultants Reports in the various volumes. These were all reiterated by the Honourable Member in moving the motion and I see no need to repeat them. Members have copies of the Report and I trust that they have taken the time to read it.

Members are aware from the Report of the Select Committee which was tabled in this Honourable House on Friday last that the Honourable Member responsible for the subject has given the undertaking to implement what is certainly one of the most important recommendations of the Report. That is the addition of two seasoned airline managers to supplement Management. The consultants did not recommend, as some Members have asked for, the replacement of Management. In fact, the Report gives the Management and staff of Cayman Airways some good accolades. They point out some shortcomings and that is why they have recommended that they be supported by two managers, not replaced. I believe that if the consultants felt that they needed to be replaced, they would have recommended such. The Member has gone as far as to tell those members that he is presently reviewing applications for the post.

But you know, it is really disheartening to hear some Members, after we have gone to the trouble to select consultants which were short-listed by a Committee of the elected Members of this House and the final choice was made by the Central Tenders Committee, but one could only assume that had the Central Tenders Committee selected any of those put on the short-list, the Select Committee would have accepted them as being capable of doing the job. Now we have that report and already you can hear Members taking positions on the implementation of certain recommendations. And they are trying to make it difficult already for the Member to implement recommendations which they might not like, such as cutting some of the top pilot's salaries. It is fine to cut the MD that part of the recommendation is fine but do not touch our supporters, some of the pilots.

That can only be for their own political reasons. That is like I am going to the meeting and promising the staff that they are going to guaranteeing them the salary. That is an easy

promise to make because they know that they cannot keep it, there is no way that they can fulfill that promise to the staff from the Backbench in Government. And they knew that when they were telling the staff so. But again, in six months they will be able to duck and hide and say, "We could not do it." I believe that for the best possible chance, the success of Cayman Airways, all of the recommendations contained in those Reports must be implemented in order to get the maximum and synergistic effect of each and every one of the recommendations. For the success of the airline we have to implement them all. We might not like some of them but their total package will assist the airline to come out of its present dilemma, and that is what we have to be concerned with; the saving of Cayman Airways.

Madam Speaker, I urge all Honourable Members to endorse the recommendations of the Report and to get on with the business of providing the resources for the Honourable Member to implement them, who I am confident has the will and the support of Executive Council to implement the recommendations.

Thank you, Madam Speaker.

MADAM SPEAKER:

The First Elected Member for Bodden Town.

MR. ROY BODDEN:

Thank you, Madam Speaker. In rising to make my comments on the findings of the consultants whose Reports have just been tabled, I would like to begin by saying that it is impossible for people to expect that Cayman Airways will not be a politically charged topic because the whole idea of Cayman Airways was spawned by politics. It had a political birth and for all of its existence it has been shrouded in politics sometimes more so than others. So I find it difficult, if not impossible, to suggest that we can separate politics from Cayman Airways. I would say that we should try to separate political interference in the day to day affairs of Cayman Airways but I would hasten to add that can only be done if these recommendations which are found to be appropriate, workable and practical are implemented.

I would like to say from the outset, lest there be any misunderstanding, that as far as I am concerned I categorically and unequivocally state that the top Management of the airline has to be removed if Cayman Airways is going to have any chance of breaking even, let alone being successful. I am not couching that in nice terms. I am not making any apologies. I have said that full well knowing that I have spent much time in deliberating it and it is premeditated because I like to call a spade a spade. I do not care if it costs any political support. That is the position from which Roy Bodden is standing. I will go further. If this were a privately run organisation, some people's heads would be on the accounting block and I have to say again, I can only speak from my own experience, it would not be easy because some people would not be far from being charged for misappropriation.

As regards the comment made by the last speaker concerning the relevance of newspaper articles of 1989, we cannot get away from the past. The past is as much a part of us as is the present and as will the future be. The fact is whether it was brilliance, genius or just good timing, seven Members of the Backbench said that we were doing the wrong thing at the time which we were doing it. And the Honourable Elected Executive Council whether they want to admit it or not, we were right and they were wrong. And they will never be able to right that wrong unless they can admit that they were wrong. Some people are trying to suggest that the recommendations state that there was nothing wrong with the deal only the timing was wrong. Well, I would like to know if the timing is wrong how can the deal be right?

There can be no justification. No justification in the fact that the equipment was changed at an inappropriate time. And there are some sections of these recommendations that I take umbrage to and that I disagree with because it still remains to be seen how changing the aircraft at a time when the company had just made \$1 million profit with the 727s paying what I would consider an affordable lease, for equipment on which the lease rates were exorbitant. I remain to be convinced how that could have been a decision taken in the best interest of the company at that time. So that is one observation and recommendation that I am afraid logic escapes me. I cannot agree with that. What I can agree with however, is the recommendation where the consultants speak of a lack of consensus as to the main mission and objectives of the airline and where they recommend that an agreed mission statement should be drawn up between Government, Board and Senior Management.

I would like to elaborate on a point. When a company is drawn up and a Board of Directors and shareholders and employees are properly structured, the logical hierarchy of that company should be that the Board of Directors direct the operations of that company, report to the shareholders and keep in touch with the Management. If there is any breakdown on the part of anyone in the hierarchy, the company becomes dysfunctional. It strikes me that what these Reports are saying is that there was some disfunction because some elements in that hierarchy were missing. My colleagues stated that the shareholders were absent without leave. They have to bear the full brunt of this responsibility for what has befallen Cayman Airways now. And in all of its turmoil, this is worst off that it has been because never before has it been faced with a liquidation crisis. It was cash short, it was clouded in political controversy, there were accusations made about it being the dumping ground for supporters of politicians, but never has the airline been on the brink of death and demise because of gross mismanagement. I am saying again it will not get any better until we remove some people from the top.

Madam Speaker, I am not going to try the patience of the Chair by rehashing arguments that have been going on, have been belaboured and well articulated but I would like to raise another important point from the ASI Report, page 15 because I think that this is one of the seminal points. Paragraph three states:

"The present Executive Committee structure, which we understand involves Chairman, Director,

Chief Executive, and VP-North American should in our view be discontinued. We are not suggesting that this approach is ineffective but rather that it involves the Board in Executive decision making thus compromising the role of the Board and is also inimical to the development of true teamwork at the Senior Management level."

What are we waiting for? What have we been waiting for? There needs to be a clearer delineation and demarcation of the roles of the various officers and offices. I say this mainly for the benefit of the Member for whom I have the greatest of respect, have always had that since coming to know him in politics. Sometimes we have to bite the bullet and I say it rather better for us to get rid of the excess baggage early than let that excess baggage swamp the ship.

There is no way that I am going to support these recommendations by voting any public funds for Cayman Airways as long as the present Managing Director remains in his post, as long as the Vice President for North America remains in his post, and as long as the current Chairman remains in his post. I say, "No, no, one million times no." What I will support is a management team comprised of airline specialists coming in to run the airline with appropriate new understudies. But this team must be given carte blanche to clean up any excess baggage, to remove any unnecessary and non-performing people.

One of the things that I am convinced has happened to Cayman Airways, is that the current VP-North America brought over an albatross from Air Florida and until we are rid of that albatross, Cayman Airways will never be any better. The significance of the albatross, in the days of yore when men took to sea on the sailing ships it was recognised that an albatross was a bird of ill omen. If an albatross perched on your ship, it was doomed. Smart sailors, once making that observation, would leave the ship as early as was convenient. Cayman Airways has a few albatrosses and they are not among the Caymanian staff, middle and lower level, not at all. These people who have executive responsibility should have realised that the airline got into problems when they decided, for whatever reason they may have concocted, to change the equipment. Now they want to blame the Gulf war and the recession in North America. That is no excuse because I am saying that good managers and good planners, while they cannot forecast every war and see every recession, would have sufficiently laid out the pros and cons and would have taken certain things into consideration and would have sought the necessary advice and expertise that would have allowed them to stay away from the equipment change at that time. Especially when such a move was objected to by the majority elected Members in the country's parliament.

That is no excuse to say that Cayman Airways is in this trouble because of the Gulf war and because of the recession in the United States. That cannot rationalise the fact that we are now faced with the decision of defaulting on our lease. And yet, we cannot pay the lease on two aeroplanes and now we have about five or six. Where is this going to end? When some people raised objections, because the move to bring in consultants to study Cayman Airways was not successful on the introduction of the first motion in this Honourable House the first motion was voted down because there was no need to do that, Cayman Airways was doing well according to them. It had to take the dogged persistence of the Backbench, with their irrepresive disputatiousness to bring it back a second time. If only they had seized on the opportunity to accept it the first time. If only they had not embarked on some of that political one-up-manship to which the Honourable Member for Health referred, we would not have been mired to this depth now. Now they are coming and telling us, "Keep the politics out of it. Let us support the recommendations."

We have always on the Back bench supported Cayman Airways. What we have not supported was the haphazard and reckless way in which some of the top executives of Cayman Airways run the airline, like it is their private fiefdom. And what we have not supported is the laid-back way and the confidence with which the Member, under whose responsibility it falls, feels about them. We say to the Member, "You are ultimately responsible to the parliament, put some heat on them. Because if you do not put the heat on them, you might have to take a little heat yourself." We are not objecting to any reasonable subsidy for Cayman Airways but what we are saying is the people's money is not stored in a bottomless pit and we are not prepared to give it all away because ultimately we have to account to the people ourselves.

We have every confidence now that the Report has been tabled, that the Honourable Member is going to do whatever is necessary, even if that means canning a few people to have the airline run properly because we believe it is his objective and his intention to see that Cayman Airways is a success and a credit to our country.

Madam Speaker, on the matter of the recommendations concerning salaries, the ASI Report states on page 27: "The salary of the MD appears to be high by a factor of some 30%." But more significantly, it says there is a conflict between the job of Managing Director and Chief Pilot. The paradox of this situation is made more stark by the fact that the staff have been told that their salaries have to be cut by 20 per cent. If the top executives, the Managing Director, the VP-North America, if they wanted to set an example why did they not cut their salaries by a proportionate amount?

Some Members from the Government side tried to suggest that the pilots are exorbitantly paid and that they should suffer a cut. That is not the solution. Cutting the pilot's salary is not the solution to solving Cayman Airways's dilemma. While the pilot's salary may be attractive, the pilot's work hard. An easy way to deal with that is to freeze it for a year or two but why demoralise the hard working pilots by cutting their salaries?

We have a good Report. We have a crisis on our hands. I am concerned that if it is not handled properly, we have already lost some face, let us see what in these Reports, are practical, what in these Reports can be implemented; let us see how we can streamline the organisation so that it continues to serve the Cayman Islands without being a white elephant on the country. And, Madam Speaker, I promised that I was not going to be long, so let me conclude by saying that if we have to take decisions to

restructure the top Management, let us do that.

All that I can say, after having read these Reports, is that something drastic needs to be done and I would shudder at the thought of us having to default on the lease with GPA taking the dishonourable approach, because that is what it is, taking the dishonourable approach of returning the people's planes in a way that leaves our integrity in question and then pretending that we can put the airline on the right track by voting new funds and leaving the same people, who squandered all of the monies in the past, in the top positions. If we are that blind, heaven help us and I am saying again that my position is that I will not be voting my people's funds if the top Management remains in place.

Thank you.

MADAM SPEAKER:

Would any other Member wish to continue the debate? (Pause)
If not, I will ask the Honourable Member if he would like to wind up. The Third Elected Member for George Town would wish to debate? Please do so.

MR. TRUMAN M. BODDEN:

Thank you, Madam Speaker. The Report that has been laid on the Table of this Honourable House is one of the largest sets of documents in the line of a report that I have seen in a long time. It is one that is not physically possible, in the time that we have had, to fully read and digest it the way it should be done before a full, in-depth report is made on the matter.

It does contain a lot of material that is very important and which has to be scrutinised very carefully at a level other than in a debate in this Honourable House if proper sense is going to be made of it and if it is going to be valuable. I think this debate can deal with generalities and some specifics but a report of this sort should be dealt with over a period of weeks of intensive study. And the experts who did the Report should be called once or several times again, if necessary, to assist in looking at the reasons and the other aspects of it to ensure that there is a full understanding of the ramifications of the recommendations.

The dilemma that one faces at this stage is that the motion is asking that the Report be adopted. That means that it be adopted in its entirety and I do not think, therefore, that the motion gives the flexibility that it should in deciding what parts of the Report are acceptable, what parts are not acceptable. It would appear to me to be more constructive and I say this constructively that perhaps at the end of this debate the House resolve itself into a less formal mode, be it a Select Committee or some other committee, whereby parts of the Report could be looked at fairly expeditiously.

We have just about come to the end of the Constitution Select Committee, which has taken a lot of our time and some time remains. Failing that, then the duty rests on the Honourable Member for Tourism to go through it carefully and to make the specific decisions as to what should be implemented, taking it in conjunction with the management team that I would recommend to be set up and the other members of the Board could maybe be involved to see what areas are implementable fully or partially, or what areas should be rejected. So my debate here will deal basically with a fairly rapid reading of the Report and not attempting to deal with a lot of specifics which time would not permit but which, in any event, would take considerably more studying.

The history of this is fairly important because whether we like it or not, Cayman Airways has always been involved in politics, it has to be. It is a public, a Government-owned company that is subject to the public's scrutiny that public funds, expenditure demands. Regardless of what can be said about it, it seems that politics continues to be in it and will continue for years to come as long as public funds are expended on it. This whole problem of the selling of the 727s and the purchasing or leasing rather of the 737-400s is what triggered the disruption in this country brought about ultimately in the changing of the Finance Committee and the moving and passing of a motion by the Government for Constitutional review. This is at the root of those problems.

It is interesting, in fact, it is painfully interesting to see that predictions made two years ago by the Backbenchers have become true. That truth has caused suffering on the staff of Cayman Airways. The truth that was put forward then that could have avoided this has now been shown to have been wise planning, wise decisions, wise recommendations I should say, at the time; which were objected to by the Government and its supporters. Had they been followed at that time, this fateful day would not now be upon us. And the Reports go into a lot of this history. It is for that reason that I would like to very briefly refresh Members' memories as to some of the main objections at the time to going on with the change of the jets. After I deal with that, I would like to look at some areas of the Reports specifically and I would like then after that to end with saying what I believe are some of the things that are necessary to ensure that Cayman Airways continues and that its staff do not continue this suffering and the lack of morale that has been thrust upon, them mainly not of their own making.

There is a summary of a dissenting statement of 23 May, 1989, which was made at the time and summarised a considerable amount of what we felt were the problems that we foresaw at the time. I will read that briefly. It says:

"Having regard to the shortness given; the inadequacy of the documents and Report; the failure to fully present the case for preserving the present jets and present position; the total failure in the Reports to state the inherent risks of leasing new jets and sub-leasing the present jets; failure to properly consult the public on a matter of such major importance; the speed at which the deal was pursued without having other competitive bids; and the ultimate high cost brought about by the lessors of the 737-400s and the failure of Cayman Airways to produce and discuss its overall financial position.

We have no alternative but to vote against the leasing of the 737-400s and sub-leasing of the 727-200s to preserve the present position and allow this complex matter to be dealt with in a timely and more informed comprehensive way."

MADAM SPEAKER: Honourable Member, we do not seem to have a quorum in the House.

MR. TRUMAN M. BODDEN: I am sorry.

MADAM SPEAKER: You may continue.

MR. TRUMAN M. BODDEN: Thank you. I am not certain whether I just simply scared most of the Executive Council, other than the Honourable Member for Tourism, or what happen there.

The other things put forward in a bit more depth at that time were that tourism had been decreasing at the time. The 727s were only 50 per cent utilised and that 50 per cent was run with only a 60 per cent load factor. And the worry that we had at the time was summed up in what unfortunately is now the situation and it was in paragraph C and is very short. It said: "The leasing of another person's jets places a very heavy burden on Cayman Airways and a breach of the lease can mean loss of the jets and we are back to square one with no flying equipment other than the Shorts." That was two years ago and uncannily the accuracy and the worry around the cost of those jets and what would happen is now back as a harsh reality.

After that position and throughout, I should state, that the statements began by saying that we support Cayman Airways which we always have and which I always will do. In the subsequent statement that we issued on 12 February, 1990 (and I will only read some short portions of these as I go through the debate), we normally began by saying that we support Cayman Airways and that we wish to see it continue successfully, fully recognising its importance and contribution to the Cayman Islands. And we naturally voted for all subsidies subsequent to our time of being in the House.

Back in February 1989 we had put forward a motion to get the same study, which unfortunately some two years later is just coming about, and the Government had rejected it and one year ago on 12 February, 1990, we said this in a written statement to the public: "Our request for a study and examination of Cayman Airways on several occasions beginning with a resolution in the Legislative in February 1989 had been rejected by the Government but which we believe would have identified areas of its losses and may have avoided to some extent the financial crisis which CAL is now in. We are again calling for such a study and examination." Throughout the period of our being in the House here this term, we knew we could see that there were problems with Cayman Airways, problems which the Government was not prepared to face.

Had the study we are now debating had taken place when the problems started in late 1989, immediately after, within a month or two after buying the 737-400s, then this country would be \$21 million better off because I will show that that is what has been sunk into Cayman Airways over the years since buying the jets.

MADAM SPEAKER: Honourable Member, I would ask you not to repeat in your debate what has already been said.

MR. TRUMAN M. BODDEN: May I just address you on that specific point, Madam? Do you mind if I address you on that?

MADAM SPEAKER: Please do.

MR. TRUMAN M. BODDEN: Madam Speaker, the position and it would have been good if the Honourable Attorney General were here to present either for or against this but I would be happy to once again deal with it when he is here, because I believe that for the benefit of the Chair, as in a Court, hearing brief arguments one way or another would put you in a better position as a Judge, so to speak, to weigh this up.

MADAM SPEAKER: Honourable Member, this is about the third time that I have heard the same argument and we must go by our Standing Orders and Standing Order 41(1) deals with tedious repetition of a Member's own or other Member's arguments. That is the point that I am making.

MR. TRUMAN M. BODDEN: That point is what I would like to address you on, Madam. There is a general rule against repetition. There is not a general rule against repetition. And as I understand it in large Parliaments, the saying is that 200 Members cannot speak on the same subject without some repetition. This specific section that you are referring to is moving on to the contempt section and it deals with tedious repetition and not repetition generally. It is only, as I understand it, Madam Speaker, when repetition gets to a stage where it becomes intolerable to the Chair and there is persistence in it that this section comes into play.

Now there is a general rule against relevance and any relevance tedious or not, is something that is not tolerated. But I would submit that the word "tedious", in fact the section is clear it says: 41(1) 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," and the word "tedious" is used on repetition but not in relation to relevance then at that stage the section comes into play. But I would submit and I think I have made a note here in Mays Parliamentary Practice, 21st Edition at page 393 and 394 sets it out.

I would ask, Madam Speaker, that when dealing with very important matters it is not going to be possible for a Member to speak if he has to remember and avoid everything said by another Member in a two or three hour speech. Naturally, I would avoid being tedious and once you draw my attention to it, I would avoid that, Madam.

MADAM SPEAKER: Well, I have drawn your attention to it, and after three Members have persisted in the same thing, I find that it is becoming tedious. So I have drawn your attention to it and I will ask you, would you please avoid it if possible.

MR. TRUMAN M. BODDEN: All right, Madam. That section is such a serious section that I do not know if I dare run the risk of having it brought in and in the circumstances I believe rather than run that risk of you ruling me in contempt, it would be probably better at this stage for me to curtail my speech, and it does worry me. That is a contempt section, Madam. That is something in which you can take away my right to speak. I do not want to run that risk.

MADAM SPEAKER: Honourable Member, I am not asking you to curtail your speech, but since I have drawn your attention to the points where you have repeated another argument, if you can continue your speech without doing the same thing, you can do so.

MR. TRUMAN M. BODDEN: My difficulty is, as I said, that it is just about impossible when there are very long speeches for people not to run that risk. What I would ask is that at a later stage perhaps when the Honourable Attorney General is here to put the other side, if we could have merely a discussion on that specific section.

MADAM SPEAKER: Yes, I am not prepared to have any discussion. The fact is that I have heard three Members with the same thing and I feel that if I am sitting here and I hear three Members repeat the same arguments, other Members can do the same too. And it can be avoided. I do not think that humanly impossible. I am not stopping you. Would you continue your debate, please?

MR. TRUMAN M. BODDEN: Madam Speaker, I think perhaps until I can really fully understand, because I seem to not to fully understand this specific section. This is one in which, if I am named, I can lose my right of speech in this House and quite frankly, I do not think that Cayman Airways or this debate.... There will be other ones coming behind me, that could deal with it. It does worry me, Madam. As you can see as it goes on to say....

I think I had better just leave it at that stage.

MADAM SPEAKER: That is your privilege, Honourable Member. The House will be suspended for 15 minutes.

AT 3:30 P.M. THE HOUSE WAS SUSPENDED

HOUSE RESUMED AT 3:48 P.M.

MADAM SPEAKER: Please be seated. Proceedings are resumed. Debate continues.
The Third Elected Member for George Town.

MR. TRUMAN M. BODDEN: Thank you, Madam Speaker. I will go on to a different area from where I was at the break. The most comprehensive Report is that which has been provided by Aviation Services Ireland, commonly called the Aer Lingus Report. It has dealt with several areas which are very important to Cayman Airways. It has looked at some of the past and it has dealt with how some of the future should be looked at.

It is divided into several different sections which it discusses and explains certain aspects of the problems that Cayman Airways has and what it recommends. In the statements that they have made the main conclusions and recommendations are set out in it and they have stated that:

"Given the airline's poor financial performance over the past year, we believe that the correct strategy for the airline in the immediate future is to consolidate and optimise its present position in terms of market share, load factor revenues and costs. In pursuance of this strategy every effort should be made to contain major financial and marketing exposures such as would be created by further fee expansion, that is the fourth aircraft due in February 1992. This should not preclude longer term planning for improved operating circumstances."

So set out here the Report is saying that one of the main aims has to be to increase revenues and that seems to me to be a logical approach.

Another of its findings is also that it finds a lack of clarity in responsibilities between Government, the Board, and Senior Management. I believe that that borders on what they further deal with which is a lack of communication among the staff and between the staff and Management, and Management and the Government. At page 12, under Relationships and Responsibilities, there is a statement which I think is important. It says: "We get the distinct impression that certain key marketing decisions are dictated to the airline by DOT and other interests. Principal among these decision items are choice of aircraft, the airline schedule,

advertising and promotional programmes." That very clearly states, as I stated earlier, that politics has not left the airline. They say that these key marketing decisions relating to choice of aircraft, airline schedule, advertising and promotional programmes are dictated by the Department of Tourism.

In any event I do not see the serious objection to this. There has to be some accountability for the public's funds and I really think that the Member for Tourism could well get considerably more involved than he is in looking at the day to day major, I say major, policy decisions that especially are going to have to be made in the next month or two. When I was on the Board of Directors, and I did spend quite a few years there and Mr. Jim Bodden was on there as Chairman, at least we knew what was going on and the major decisions were made at the Board level.

What appears to me from the Report, and if I am wrong the Member perhaps can correct it, but it appears to me that the decisions in the airline, including major decisions, seem to be taken by an Executive Committee. And that Executive Committee which is comprised of the Chairman, the Director, the Chief Executive and Vice President North America, I think these are basically Mr. Cruickshank and Mr. Thompson and also Mr. Leonard Ebanks and Mr. Gonzales, they have stated specifically at page 15 that this "should in our view be discontinued."

That I fully support because they go on to state at page 17 that if you have for example, a financial and expenditure committee set up, there have to be parameters and limitations on their authority because a committee of a Board should not be given literally, unlimited powers. If that becomes the case then the Board becomes less responsible, it becomes less involved and they recommended for example, and this is usual with Executive Committees or Finance Committees of companies, that levels of expenditure be set. For example Divisional Heads limited to \$10,000 and the Chief Executive \$100,000 and above, the Board.

Here, I think, lies one of the reasons why we may well find that some of those decisions, and I agree with what the Member for Social Services said about the Board. You have good members on the Board but I really wonder was the information fully going there? Were they given enough time with proper agendas on all major issues and were they really taking the major policy decisions? And it has to be only policy decisions because they should not be involved in the day to day running of the company. That is left to the Managing Director and to Management.

But if the Executive Committee has been taking a lot of these decisions, and we know a lot of the decisions have been crisis decisions where things are urgent, however, there is no reason why the expertise that sits on the Board could not have been drawn on more and the discontinuance of that, unless, and I state this, if the proper delegation and parameters had been set out then perhaps the recommendation to abolish that may not have arisen.

They recommend that there be a General Management Committee and that that does what Management Committees in most companies would do. It would deal with things such as reviewing the previous month's performance and producing the next month's forecast. On that basis then, the company knows where it has gone for the last month, where it is going for the next month, and things can be kept up to date. So I believe that recommendations such as those have to be looked at and where possible they should be implemented.

I notice, for example on page 42 there is a recommendation that marketing and sales should be based at the Head Office in Grand Cayman and their reasoning set out there, despite I see it was argued against by some of the senior staff, seems once again to be logical.

The area of considerable worry has arisen around parts of expenditure also. And I am happy that the Report looks at both of the main aspects of the company, the main structure of the company, in that they are dealing not only with cost saving and expenditure reduction but they are also dealing with the question of the increase in revenue.

The case for Cayman Airways and its losses were put up by the Member for Tourism and broadly I understood them to be the increased competition, the problem surrounding the Gulf war, the problem with the high expenditure on the jets and I would just like to touch briefly, because I believe the Second Elected Member for Bodden Town touched on this, but just to summarise by saying that in relation to competition it was obviously foreseeable and we have clear statements from the airline and the Tourism Department, that all of Pan Am, Eastern and lastly American Airlines on March 21, 1989 had filed for flying into Cayman. And we know that the jets were not signed, the agreements, leases were not signed until many months after that and they were delivered in September and October of 1989.

So the Board had obvious knowledge of this but it is like the statement that was made by Mr. Charles Glidden on behalf of Cayman Airways when he said words to the effect that Cayman Airways now realises that it can compete with the big boys. That was a mistake because one should never get so complacent that you begin to go out and directly seek to take on what is obviously a formidable competition, it always has been, and always will be in a very difficult and complex area of commerce, namely aviation. The competition has arisen mainly for two reasons. In the earlier days when Mr. Jim Bodden was the Member of Tourism and also the Chairman of the Board there was an agreement which allowed one US carrier only to one Cayman carrier on the Miami route. And this did give quite an edge to Cayman Airways and it was negotiated after quite a long and difficult period. That was subsequently terminated some, I think four or six months, just before it was up. It was terminated so that the airline could have further routes such as New York, I think was one of the main ones, at the time.

That, in my view, was a mistake. I know the Member for Tourism says that that together with the negotiations that His Excellency and himself did at a later stage on the air routes assisted some but I really think that, at least (and I was involved in the negotiations to get the first restriction on the Miami route), I do feel that losing that also was one of the main things that contributed to the competition. But when you have a route such as the Miami route which is probably taking, or I know is taking the substantial part of your

passengers, your efforts must go into building your major routes. And it is shown in the SH&E Report that that was one of the routes, in fact there were losses on all, and I would like to deal with that later but that was one of the routes that was just about breakeven. But the important thing was it is carrying the vast majority of the passengers so the airline's effort should have been more based and biased towards securing and avoiding the competition on the Miami route than to expand to compete with the "big boys".

When you take on a new route you immediately lose what is called "feed traffic", people who would feed passengers into you. If you go on a route where you are competing with them naturally they are not going to give their passengers. So the more routes that Cayman Airways takes on, the more cities flies to, the less will be the feed from other airlines. This is the reason why quite a while back I said that I felt that what would probably have been best, I think this is about a year ago, would have been for Cayman Airways to concentrate on the routes where it stood a substantial chance of making a profit rather than to go into rapid expansion and lose a lot of the feed traffic. And I know some of the feed traffic was lost as a result of Eastern going down.

Now, the other point, and I will be very brief on that, was the Gulf war. I will show from the accounts that Cayman Airways lost money long before the Gulf war and it is going on to lose it more and more, well after the Gulf war. That contributed, but the ongoing problem is obviously not with those upsets or the fact that, for example Pan Am came back to running back on the Miami route after being off for a few months.

One of the important things to look at, I think, is to see where our airline had been successful in the past and to try to stay with what has made that success. When I say success it is a success to have made a small profit but looking at the extent of the losses now, it is also a success to only have maybe lost \$1 million or \$1.5 million, and as I will show, most of that was being repaid on a lease for the 727s that ultimately Government and the airline would have benefitted from because the jets from the equity point of view, would have been back to Cayman Airways at the end of the 727 lease.

No matter what Members here may say or what any report may say, the harsh reality of this is that Cayman Airways has very rapidly deteriorated from the financial point of view and these days and very unfortunately from the staff morale point of view since the changes in equipment and the extension of the route system, the new areas that are being flown to, and in fact you will see that the new ones are where large sums of money are being lost. No matter what is said the harsh facts are that Cayman Airways lost some \$5 million in the reports to the end of 1990 and I will show how that is made when I deal with the accounts and this year it is expected to lose I think some \$7.5 million. It cannot be that everything has been done right and everything is well that it has moved from that loss position, small loss position into such a heavy and increasing and continuing loss.

The question of where our duty as MLAs and representatives of the people lies, there can be wide ranging views on these but we have to look at the reality, we have to look at the checks and balances that have of necessity to go with public funds and ensure that everything can be done to assist the airline, even though our duty to the public must also be balanced against that. I believe that the days are long gone when we should say that because there was some politics in Cayman Airways and no fully free hand was left to the Board that that is the answer for Cayman Airways, I believe. I honestly believe that if the Member for Tourism had been sitting as the Managing Director or sitting on the Board, or in some way directly involved in the major decisions, which I hope he will be from here on, that some of the trauma and economic mistakes, especially in the last few months, could not or should not have arisen.

I would like to just point out that it is no new thing to talk about foreign airlines being in a loss situation. They were in a loss situation and the airlines were bankrupt when we bought the first jets, the 111s. We know we bought the 727s from Air Florida which was bankrupt at the time and a headline on Wednesday, November 15 in the Caymanian Compass says "CAL Shows a Profit" and next to it in the headline it says "As US Airlines Report Losses." So it is not correct to say that because other airlines are losing money, Cayman Airways must lose money. If we take that approach then when the world goes into recession we throw our hands up and say, "We may as well go into it with you." Because we know not just during the time that I was in Government but during the time of the previous Government, that this country has not followed rigidly any set pattern in relation to recessions or economic disasters in the world. And the one time that the profit, and a very good profit was made and it was made after paying on the lease purchase of the 727s, quite a substantial amount, that we found that with the other airlines showing substantial losses we were reporting profits.

I do not think that this has been read but it is directly and brief on this point. The *Caymanian Compass* of 24 January, 1990, said: "Not that the national airlines was ever divorced from politics. An entity that is engaged in a service to the public in this vital area of air communication will always be a public interest. more so if it receives substantial Government subsidies, as CAL does." I am not saying that politics is good for the airline, do not get me wrong. But what I am saying is that we have to face reality and it is nonsense to keep blaming it on politics or because something someone says here. You have the Member for Tourism giving a substantially free hand to the Board to Management and the mess is far more than when the four ExCo Members, including myself, Capt. Charles, Mr. Haig, and Mr. Jim sat on the Board. So I think that we have to be realistic about this. I do not think that it is good enough to just try to blame it on some problem and to sweep it under the carpet.

One of the other things that I would like to touch on is that it has been said time and time again and in fact, it has been repeated in the SH&E Report and it was definitely said by the Executive Council Members, two of them at least of whom I have a transcript of what they said at a public meeting, that the Swiss Air Report recommended the 737s. And they implied that they recommended the 737-400s.

That Report does refer to 737s in it but if one takes the time and one goes to the back of it, one will find that, very clearly set out is a comparison between the DC-9 the 727-200 and

the 737-200, because at the time I do not think the 400s were even made. So from as far back as that report we saw that the move which was recommended was really one which is what two years later Cayman Airways is coming back to on its jet equipment.

The other area that I would like to touch on from the Aer Lingus Report was that at least two airline specialists would be appointed to study and assist the Board and Management. Underpin them, I guess in many ways, in solving CAL's serious problems and I believe that this is going to be important because somewhere within the framework of Board Management staff and Government, there has been a serious breakdown of communication; a serious breakdown in overlapping of responsibilities and it is very difficult to repair problems with the people who have created the problems because there is a human tendency in all of us, at times, to attempt to sweep the problem under the carpet and go on and in this instance, let the people pay.

The area that the Report has come down very hard on has also been, what I think, is one of the contributing factors to the low moral in the Airline and perhaps one of the most difficult problems subject, I guess, to what legal problems Cayman Airways has on its several jets now. But one of the most difficult problems to solve is to take a staff as large as that and to boost its moral after there have been continuous and, I would say, excessive reductions or cuts in their salary.

The staff that were in the Town Hall at the meeting we had with them, I looked at them, Madam Speaker, and I thought, I am really sorry for them. You were looking at staff that seemed to a stage where some of them, at least, had apparently given up hope.

That is why I think it must have been reassuring when the Backbenchers, despite what the Member for Social Services may think when the seven of us, stated that, we were going to assist in seeing that the 19 per cent reduction was not implemented at this stage. In that area the important aspect, I believe, is to understand that, as we have seen, it is very easy to go out and lease another jet or to lease a piece of computing equipment but it is nearly impossible to put back together a staff with team work and high moral of some 350 people. But that is why that aspect of the way they were dealt with is one that, to me, is now a very delicate matter. It is a matter that has to be given the highest priority by the Board and Management. The Board laying the policy, Management communicating and properly negotiating and involving the staff in decisions.

I hope that the period by which they are assured of not having the heavy staff cut in salaries, that advantage will be taken of this, by both the staff and the Board and Management to try to sort out, what I think is probably their most difficult problem. Because with the best jets in the world, if you do not have staff pulling together as a team with high moral, then you cannot have success in Cayman Airways. That is why I have held that our over-riding duty as MLAs is to see that the staff are treated fairly and equitably, not as intervening, but as saying on the other hand that we support the Member for Tourism and Government in funds that they may bring to subsidise the staff salaries.

I would hope that as reports come from the Member for Tourism in the near future, on this, that we will see once again the very good staff that Cayman Airways has being boosted, moral wise, and now getting involved where they should have been for the past few years with taking and understanding some of the problems and decisions that are being made. I believe that many of the other problems that CAL has will probably be solved more easily or fall away, perhaps other than some of the major ones such as jets, competition, that sort of thing, if the staff are back to a more normal way of life where they do not have to worry about loss of jobs or loss of salary the following morning.

I would now like to go on to another area and to begin looking at part of the Report that the SH&E team put together. This first area that I would like to deal with is Table 4.3 which sets out the distribution of passenger revenue and traffic. One of the striking things on this is that when this was done on June 10th, 1991, the load factor, the amount of person carried in the aircraft, on all, except two because the third one is borderline. Two of the seven routes were actually 50 per cent and above which is a reasonable load factor. Some of those stretching from upwards to 61 per cent on the Miami route which shows revenue there of some \$16.8 million and is, in fact, more than the revenue on all other routes put together.

**MOMENT OF INTERRUPTION - 4:30 P.M.
STANDING ORDER 10(2)**

MADAM SPEAKER: It is now 4:30, the Moment of Interruption. I will ask the Honourable First Official Member to move the adjournment.

ADJOURNMENT

HON. GEORGE A. McCARTHY: Madam Speaker, I beg to move the adjournment of this Honourable House until 10:00 A.M. tomorrow morning.

MADAM SPEAKER: The question is that this Honourable House do now adjourn until 10 o'clock tomorrow morning. I shall put the question. Those in favour please say Aye...Those against No.

AYES.

MADAM SPEAKER: The Ayes have it. The House is accordingly adjourned until tomorrow morning at 10 o'clock.

AT 4:31 P.M. THE HOUSE STOOD ADJOURNED UNTIL 10:00 A.M., FRIDAY, 13TH SEPTEMBER, 1991.

**FRIDAY
13TH SEPTEMBER, 1991
10:00 A.M.**

MADAM SPEAKER: Prayers by the First Elected Member for West Bay.

PRAYERS

MR. W. McKEEVA BUSH:

Let us Pray.

Almighty God, from whom all wisdom and power are derived:

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

Bless our Sovereign Lady Queen Elizabeth II, 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 Speaker of the Legislative Assembly, 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.

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.

MADAM SPEAKER: Please be seated. Proceedings are resumed. Presentation of Papers and Reports. Report of the Standing Business Committee, the Honourable Temporary First Official Member.

PRESENTATION OF PAPERS AND OF REPORTS

REPORT OF THE STANDING BUSINESS COMMITTEE

GEORGE A. McCARTHY: Madam Speaker, I beg to lay on the Table of this Honourable House the Report of the Standing Business Committee.

MADAM SPEAKER: So ordered.

GEORGE A. McCARTHY: Madam Speaker, your Committee held three meetings on dates as follows - 29th August, 1991, 2nd September, 1991, and 4th September, 1991. On Monday, 9th September, the Members of the Committee pursuant to a round-robin agreement recommended the remaining order of business to be set down for this meeting. This is set out in Appendix 1.

Business Papers. A total of five Business Papers containing the business of this meeting of the House were duly circulated to all Members. Madam Speaker, there are two errors in the Paper that I have in front of me. I will now correct these errors. The first meeting was on the 29th of August, 1991, and the Business Papers that were dealt with, instead of five should have been seven, therefore a total of seven Business Papers containing the business of this meeting of the House were duly circulated to all Members.

Your Committee agrees that this Report be the Report of the Standing Business Committee to this Honourable House.

Thank you, Madam Speaker.

MADAM SPEAKER: Report of the Standing Finance Committee, meeting held on the 20th June, 1991. The Honourable Temporary First Official Member.

**REPORT OF THE STANDING FINANCE COMMITTEE
(Meeting held 20th June, 1991)**

GEORGE A. McCARTHY: Madam Speaker, I beg to lay on the Table of this Honourable House the Report of the Standing Finance Committee, held on 20th June, 1991.

MADAM SPEAKER: So ordered.

GEORGE A. McCARTHY: Madam Speaker, the meeting held on the 20th June, 1991, gave consideration to the Minutes of the proceedings and Reports of meetings. The Committee duly approved the

following Minutes of proceedings and Reports of meetings.

1. Minutes of proceedings held 3rd, 4th, 5th, 6th and 10th December, 1990.
2. Report of Minutes of proceedings of meetings held on the 11th December, 1990.
3. Report and Minutes of proceedings of meetings held 25th and 26th of March, 1991.
4. Report and Minutes of proceedings of meetings held 18th April, 1991.

Other Matters. District Administration Funds. With due leave of the Chairman, Mr. Gilbert McLean, made note that funds voted for District Administration were nigh on the way to depletion. He suggested that it would be necessary in the near future for representation to be made for additional funds if work in Cayman Brac is to continue. The Committee agrees that this Report be the Report of the Standing Finance Committee to this Honourable House.

Thank you, Madam Speaker.

MADAM SPEAKER: Report of the Standing Finance Committee, meetings held on 10th - 12th of July, 1991. The Honourable Temporary First Official Member.

REPORT OF THE STANDING FINANCE COMMITTEE
(Meetings held 10th - 12th July, 1991)

GEORGE A. McCARTHY: Madam Speaker, I beg to lay on the Table of this Honourable House the Report of the Standing Finance Committee meetings held 10th thru 12th of July, 1991.

MADAM SPEAKER: So ordered.

GEORGE A. McCARTHY: Madam Speaker, the meetings of 10th thru 12th July, approved a total supplementary of \$2,704,458.00 details of which are as follows.

(1) HEAD 04 - FINANCE AND DEVELOPMENT

(a)	SUB-HEAD 03-039 - PUBLICATIONS, PERIODICALS	
	To meet the cost of two publications on the Cayman Islands in the United Kingdom:	CI\$ 14,400.00
(b)	SUB-HEAD 07-045 - MISCELLANEOUS VISITS AND ENTERTAINMENT	
	To meet expenditures which were not budgeted for in various departments:	CI\$ 60,000.00
	SUB-TOTAL	CI\$ 74,400.00

(2) HEAD 07 - INSURANCE

(a)	SUB-HEAD 07-023 - INSURANCE EQUIPMENT	
	To meet additional insurance coverage and increased premium rates:	CI\$ 8,125.00
(b)	SUB-HEAD 07-024 - INSURANCE BUILDINGS	
	To meet additional insurance coverage and increased premium rates:	CI\$ 51,300.00
(c)	SUB-HEAD 07-025 - INSURANCE LIABILITIES	
	To meet additional insurance coverage and increased premium rates:	CI\$ 16,010.00
(d)	SUB-HEAD 07-026 - INSURANCE VEHICLES	
	To meet additional insurance coverage and increased premium rates:	CI\$ 104,750.00
	SUB-TOTAL	CI\$ 180,185.00

(3) HEAD 13 - TREASURY

(a)	SUB-HEAD 01-001 - BASIC SALARY	
	Additional funds required for the salaries of the three officers employed in the Internal Audit Unit:	CI\$ 40,597.00
(b)	SUB-HEAD 01-009 - CONTRACTED OFFICERS SUPPLEMENT	

	To meet the cost of contractual supplement:	CI\$ 5,236.00
(b)	SUB-HEAD 27-013 - OFFICE FURNITURE To meet the cost of office furniture:	CI\$ 5,500.00
	SUB-TOTAL	CI\$ 51,332.00
(4)	HEAD 13 - JUDICIAL	
(a)	SUB-HEAD 02-002 - CONFERENCES AND SEMINARS To meet the cost of Conference Fees for attendance by a member of the Judiciary at the International Conference on White Collar Crime:	CI\$ 330.00
(b)	SUB-HEAD 02-015 - SUBSISTENCE To meet the cost of subsistence to the officer attending:	CI\$ 900.00
(c)	SUB-HEAD 02-018 - OFFICIAL TRAVEL Cost of the air fare at economy rate:	CI\$ 970.00
	SUB-TOTAL	CI\$ 2,200.00
(5)	HEAD 14 - LEGAL	
	SUB-HEAD 03-036 - PRINTING Funds required to retain the services of the Editor of the Cayman Islands Law Reports in the United Kingdom:	CI\$ 17,000.00
(6)	HEAD 18 - POLICE	
	SUB-HEAD 40-002 - BOATS Funds required for the purchase of a small launch to replace the Lima 1:	CI\$ 30,000.00
(7)	HEAD 19 - FINANCE - LOANS RATIFICATION OF ROUND ROBIN APPROVAL (10TH JULY, 1991) Funds requested as a loan to the Sister Islands Community Care Association to build a new Rest Home in Cayman Brac which is estimated to cost CI\$500,000.00:	CI\$200,000.00
(8)	HEAD 27 - EDUCATION	
(a)	SUB-HEAD 01-001 - BASIC SALARY To provide salary for six teachers needed to meet the projected increase in enrollment at the George Town Primary, the John A. Cumber Primary and the Lighthouse School in September, 1991:	CI\$ 55,000.00
(b)	SUB-HEAD 08-029 - SCHOLARSHIPS & BURSARIES Additional funds requested to meet the unusually high number of applications and approvals for overseas scholarships:	CI\$ 100,000.00
(c)	SUB-HEAD 41-022 - SCHOOL BUILDINGS	
(i)	For the renovation of the classroom and kitchen facilities at the George Town Primary School to provide for the unforeseen increase in the school's enrollment:	CI\$ 179,580.00
(ii)	For the renovation of the old Hotel Training School Building to accommodate the students enrolled in the Alternative Education Programme scheduled to commence in September, 1991:	CI\$ 7,700.00
(iii)	For the re-roofing of the Cayman Islands High School Assembly Hall:	CI\$ 25,000.00

(iv)	For repainting of schools:	CI\$ 62,850.00
(v)	For tiling of the Cayman Islands Middle School Canteen:	CI\$ 29,000.00
(vi)	For the purchase of a Scanner and Scan Sheets for the Student Administration System.	CI\$ 8,400.00
SUB-TOTAL		CI\$ 312,530.00

**(9) HEAD 31 - COMMUNICATIONS, WORKS AND AGRICULTURE -
GOVERNMENT CENTRAL FUNDING SCHEME**

(a)	SUB-HEAD 07-057 - SECURITY SERVICES Request for funds to pay Shield Security Services for services at nights and on weekends to protect costly equipment parked on the compound:	CI\$ 16,000.00
(b)	SUB-HEAD 14-899 - MISCELLANEOUS Funds required for the purchase of tools, paints and welding rods for the general operation: of the Scheme	CI\$ 50,000.00
(c)	SUB-HEAD 41-020 - PURCHASE OF LANDS	
(i)	Funds requested to pay MGTP Compensation claim submitted by Mr. Dalkieth Bothwell of West Bay:	CI\$ 9,515.00

RATIFICATION OF ROUND ROBIN APPROVAL - (10TH JULY, 1991)

(ii)	A sum of CI\$520,000 was approved for the acquisition of Block 23C Parcel 88 for the George Town Primary School. Of this amount \$260,000 will be an initial payment to be made in 1991 and the balance to be paid over the next ten years at 10% per annum payable on a monthly basis:	CI\$ 520,000.00
SUB-TOTAL		CI\$ 595,515.00

(10) HEAD 35 - PLANNING
SUB-HEAD 01-001 - BASIC SALARY

Additional funds requested to pay two Planning Officers who have recently returned from training overseas: CI\$ 51,500.00

(11) HEAD 37 - PUBLIC WORKS

(a)	SUB-HEAD 06-004 - STREET LIGHTING To meet the monthly cost of street lighting and installation of new lights:	CI\$ 47,920.00
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(12) HEAD 41 LOCAL CONSTRUCTION

(a)	SUB-HEAD 41-006 - ROADS To refund the sum of \$11,319 to the Cayman Islands Museum who undertook to construct the sidewalks of the Museum and \$10,560 to effect the paving of the Glen Eden Cul-de-Sac Road which was gazetted as a 30 foot road in February, 1991.	CI\$ 21,879.00
(b)	SUB-HEAD 41-001 - AIRPORT DEVELOPMENT (CAYMAN BRAC) For payment of retention held on the Airport Terminal Building and the Fire Station pending the correction of final defects.	CI\$ 49,233.00
(c)	SUB-HEAD 41-010 - FIRE SERVICE BUILDINGS (OWEN ROBERTS AIRPORT) For payment of retention held pending the correction of final defects.	CI\$ 13,910.00
(d)	SUB-HEAD 41-012 - GOVERNMENT OFFICES Additional funds requested for the completion of the Broadcasting House extension, being \$34,286 and the Immigration Office's extension - \$65,607, a total of:	CI\$ 99,893.00

- (e) **SUB-HEAD 41-023 - SPORTS/PLAYING CENTRES & PARKS**
To meet expenses of the lighting of the West Bay Sports Centre - \$25,638; the Softball field access road - \$20,946; lighting of the track and field of the George Town Sports Complex - \$38,504; and the lighting of the Bodden Town Playing Field - \$4,225, a total of: CI\$ 89,314.00
- | | |
|------------------|-----------------------|
| SUB-TOTAL | CI\$274,229.00 |
|------------------|-----------------------|

6.2. OTHER MATTERS

VARIATION OF FUNDS

The Committee also approved the variation of funds under the following Heads from the various Sub-Heads as listed below:

- (a) **HEAD 28 - HEALTH AND SOCIAL SERVICES** The sum of \$8,000 from Sub-Head 07-014 - Fees Consultancy to Sub-Head 02-002 Conferences and Seminars, to meet the cost of Secretarial services and social events for the Meeting of Chief Medical Officers and Permanent Secretaries of the British Dependent Territories to be held in Grand Cayman from 16 - 18th September, 1991.
- (b) **HEAD 21 - DISTRICT ADMINISTRATION** A request to vary funds FROM:
- | | |
|---|---------------------|
| Sub-Head 41-023 Sports/Playing Centre and Parks | \$ 93,000.00 |
| Sub-Head 41-025 Yards and Stores | \$ 55,000.00 |
| | ----- |
| TOTAL | \$148,000.00 |
| TO: Sub-Head 41-006 Construction of Roads; | \$148,000.00 |
- (c) **HEAD 41-009 - PHASE 1 OF THE AGRICULTURAL DEVELOPMENT PLAN**
In the 1991 Estimates \$917,900 was approved for the implementation of Phase 1 of the Agricultural Development Plan and this amount is reallocated for the following purposes:
- | | | |
|-----|--|---------------------|
| (i) | Re-building and extension of the Farmer's Market | \$290,000.00 |
| | (ii) Purchasing of Agricultural lands | \$150,000.00 |
| | (iii) Infrastructural Development | \$100,000.00 |
| | (iv) Hydroponic Development/Demonstration | \$ 60,000.00 |
| | (v) Planning of Slaughtering Facilities | \$ 50,000.00 |
| | (vi) Livestock development Programme | \$ 30,000.00 |
| | (vii) Operation of Plan Implementation | Unit \$220,000.00 |
| | (viii) Short-term Consultants | \$ 17,000.00 |
| | | ----- |
| | | \$917,900.00 |
| | | ----- |

The Committee agrees that this Report be the Report of the Standing Finance Committee in regard to the meetings held from the 10th thru 12th of July, 1991 to be laid on the Table of this Honourable House.

Thank you, Madam Speaker.

MADAM SPEAKER:

The next item on the Order Paper Questions No. 221, standing in the name of the Second Elected Member for Cayman Brac and Little Cayman.

QUESTIONS TO HONOURABLE MEMBERS

THE SECOND ELECTED MEMBER FOR CAYMAN BRAC AND LITTLE CAYMAN TO ASK THE HONOURABLE ELECTED MEMBER RESPONSIBLE FOR HEALTH AND SOCIAL SERVICES

No. 221: Would the Honourable Member say if Government proposes to undertake any practical programme to promote primary health care or preventative medicine to reduce the national demand on health care services?

Answer: The Government is presently, and will continue with increasing dedication, to promote primary health care and preventative medicine to reduce the national demand on health care services.

SUPPLEMENTARIES

MADAM SPEAKER:
Cayman. Supplementary.

The Second Elected Member for Cayman Brac and Little

MR. GILBERT A. McLEAN:

Thank you, Madam Speaker. Could the Member site any

particular programme or programmes that are in effect at this time in this area?

HON. D. EZZARD MILLER: Yes, Madam Speaker, in the area of preventing diseases which immunization is for. I think the Member can be assured that from published statistics the Cayman Islands has one of the best programmes in the free world with most of the coverage being greater than 93 per cent of the population. Some as high as 97 or 98 per cent. In terms of preventable non-communicable diseases, the Member is aware of the recently appointed Health Promotion Council which have launched such programmes as 'Heart Beat Cayman' in an effort to reduce the incidence of cardiovascular disease and high blood pressure by promoting fitness, avoiding over-eating, reduction in the drinking of alcohol and drug abuse, no smoking, exercise, diet and also programmes like the Diabetes Association to reduce the affects of non-communicable diseases like diabetes or on the cardiovascular. There is anti-natal testing at the Hospital, free neonatal testing and we have very good school programmes for children in the terms of prevention at that level.

MADAM SPEAKER: The First Elected Member for Bodden Town.

MR. ROY BODDEN: Thank you, Madam Speaker. I wonder if the Honourable Member would state if the district clinics will be utilised in these kinds of promotional programmes, especially in light of the fact that some consideration should be given to reaching the elderly?

HON. D. EZZARD MILLER: All of the district clinics are presently involved in these programmes and they in fact do play special attention to elderly and there are particular programmes within the districts where the district nurses visit the elderly and try to treat them at home.

MADAM SPEAKER: The Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: A further question involving the districts. Are there any programmes in place whereby lectures might be given by Public Health Nurses, dieticians, for example, on eating habits and food preparation in terms of reduced fats and so on as tends to be the case of the Caymanian diet?

HON. D. EZZARD MILLER: Madam Speaker, presently programmes like that at the district clinics are usually confined to the schools, but there is intention under auspices of the Health Promotion Council to introduce these kinds of programmes through exercises with some of the Church groups. We are presently negotiating with two or three Church groups to have a nurse visit when they are having their craft classes, etcetera, and use some low cardiovascular exercise type machines to try and promote them to good eating habits as well.

MADAM SPEAKER: If there are no further supplementaries the next Question is No. 222, standing in the name of the Second Elected Member for Cayman Brac and Little Cayman.

THE SECOND ELECTED MEMBER FOR CAYMAN BRAC AND LITTLE CAYMAN TO ASK THE HONOURABLE ELECTED MEMBER RESPONSIBLE FOR HEALTH AND SOCIAL SERVICES

No. 222: Would the Honourable Member say if dental care is to be covered under the proposed National Health Insurance Scheme?

Answer: The present draft of the National Health Insurance does not include dental care in the standard benefit package. However, any employer could decide to cover dental care as an additional benefit.

SUPPLEMENTARY

MADAM SPEAKER: Second Elected Member for Cayman Brac & Little Cayman

MR. GILBERT A. McLEAN: Madam Speaker, this Question is in two parts; a) is this dental care covered under the Bermuda scheme and b) would the Member take into consideration discussion with the various insurance companies the possibility of including dental care into the basic package?

HON. D. EZZARD MILLER: Madam Speaker, to the best of my knowledge, dental care is not included in the standard benefit package in the Bermuda situation and, yes, I will undertake to enter discussions with industry to see what increase in cost the standard benefit package would bear if it included at least the treatment of dental disease in terms of fillings or extractions but not cosmetic work.

MADAM SPEAKER: If there are no further supplementaries, the next Question is No. 223, standing in the name of the Second Elected Member for Cayman Brac and Little Cayman.

THE SECOND ELECTED MEMBER FOR CAYMAN BRAC AND LITTLE CAYMAN TO ASK THE HONOURABLE

ELECTED MEMBER RESPONSIBLE FOR HEALTH AND SOCIAL SERVICES

No. 223: Will the Honourable Member state what arrangement is proposed for dealing with persons who arrive at the Government Hospitals for emergency treatment who are not covered by the proposed National Health Insurance?

Answer: Patients arriving for emergency treatment will be treated firstly and questioned as to the National Health Insurance secondly.

SUPPLEMENTARIES

MADAM SPEAKER: Supplementary, the Second Elected Member for Cayman Brac & Little Cayman.

MR. GILBERT A. McLEAN: Has the Member taken any steps or does he intend to take steps to ensure that the particular point he has made is clearly understood by persons working in the casualty or emergency areas of the Hospital, or anywhere for that matter?

HON. D. EZZARD MILLER: Madam Speaker, that is the present policy as handed down to the Hospital authorities but if the Member has a concern about it, I can see that it is re-enforced.

MADAM SPEAKER: The First Elected Member for Bodden Town.

MR. ROY BODDEN: Thank you, Madam Speaker. In such cases, I wonder if the Honourable Member could state if there are any special provisions in place so that money may be reclaimed from those foreign nationals which are treated and probably which will not likely to be under the National Health Insurance scheme?

HON. D. EZZARD MILLER: Madam Speaker, as we do now, in the case of foreign nationals in an emergency, we treat them and try to get payment afterwards either from a recognised credit card. We accept most of them or in some instances we might even try and bill an insurance plan that they have if it provides coverage outside of continental United States but all effort is made after the treatment to collect the cost.

MADAM SPEAKER: If there are no further supplementaries, that concludes Question time for today. The next item is Statement by Member of the Government. The Honourable Elected Member for Communications, Works and Agriculture.

STATEMENT BY MEMBER OF THE GOVERNMENT**Standing Order 30**

RE: Statement made by the Second Elected Member for Cayman Brac and Little Cayman about people being 'defrauded' by lease extension entered into between the Government and SafeHaven Ltd.

HON. LINFORD A. PIERSON: Thank you, Madam Speaker. In accordance with the provisions of Standing Order 30, I wish to make the following statement with the view to clearing up a statement made by the Second Elected Member for Cayman Brac and Little Cayman to the effect that the people of these Islands were defrauded in the lease extension entered into between the Government and SafeHaven Ltd.

Madam Speaker, I can factually and categorically state that both my Portfolio and Executive Council acted in the best interest of the people of these Islands, in the process of the negotiations leading to a final agreement between Government and SafeHaven. All dealings in relation to the SafeHaven negotiations were carried out by professionally qualified land valuers at the Lands and Survey Department.

In December, 1990, my Portfolio instructed the Director of Lands and Survey to open discussions with SafeHaven following an application from that company to extend the Head lease. Negotiations continued through June 1991, with a final agreement of US\$2 million being reached payable as follows: US\$1 million on the 13th of August 1991, and US\$100,000 per annum for 10 years with Stamp Duty up front. I would emphasise that Government, as lessor, had no rights under the lease to anything other than to take possession of the land and improvements made thereon in the year 2049.

The present day worth of that right to take future possession was estimated by the Lands Officer at CI\$72,000. This is because of the long pay back period and also to reflect the fact that no-one can accurately predict what trend the economy will take in the future. It should be noted that the rent for the Head lease was only 20 pounds per annum. Approximately CI\$27 per annum, throughout the tenure of that lease. I would also point out that Government leased approximately 280 acres of swamp land, which has only been brought to their present physical condition as a result of the lessee's expenditure, which will be in the region of some US\$50 million by the end of this year.

Admittedly, Government by extending the lease has increased the viability of the SafeHaven project, but it should be appreciated that this investment will have a substantial multiplier effect on the local economy in the years ahead. It is estimated that the cost benefit to the people of these

Islands from the sale of sub-leases will ultimately be to the tune of C\$100 million in Stamp Duty alone.

As we all know, all valuations of land inevitably involve a subjective element, but the criticism being voiced regarding this lease extension is unjustified and would not seem to be substantiated by professional advice. The Lands Officer that dealt with these negotiations, who is a Chartered Valuations Surveyor, categorically states that the negotiated lease for SafeHaven was professionally and properly carried out and that Government has received excellent value for money.

I totally support the views of the Lands Officer.
Thank you, Madam Speaker.

MADAM SPEAKER:

Second Elected Member for Bodden Town.

**SHORT QUESTIONS
(Standing Order 30(2))**

MR. G. HAIG BODDEN: Madam Speaker, under Standing Order 30(2), just for clarification, I would like to ask Member to let us know how he arrived at that figure of US\$2 million for extending this lease of 280 acres, taking into consideration that the normal price for land in that area, say at Canal Point is now \$7 per square foot? Even the undeveloped swamp land is sold for \$1.75 per square foot. Will he tell us how they arrived at this arbitrary, very low figure of US\$2 million?

HON. LINFORD A. PIERSON: Madam Speaker, the section of Standing Orders that the Member referred to also refers to short questions. The statement that I have just read stated that the negotiations commenced in December, 1990, by professionally qualified land evaluators. The negotiated position was reached in June 1991, at the total amount of US\$2 million. Madam Speaker, I cannot add to what the professional evaluators have provided.

MADAM SPEAKER:

First Elected Member for Bodden Town.

MR. ROY BODDEN:

Madam Speaker, what my colleague is attempting to elicit is, what formula did the Honourable Member or his staff use to arrive at the figure of US\$2 million?

HON. LINFORD A. PIERSON:

Madam Speaker, I am reliably informed by my land valuator that the professional valuation carried out was done on professional principles, (some members laughter) the techniques used are those that are acceptable within the industry and these were followed to the letter of the Law.

As regard any other areas of the questions that are being raised, Madam Speaker, I do not regard those as appropriate at this point.

MADAM SPEAKER:

short questions, no statements.

The First Elected Member for West Bay. Please bear in mind,

MR. W. McKEEVA BUSH:

Madam Speaker, I will be short. I hope the Member can be as short or as informative. The question is, why did the Government not seek to get some sort of interest paid on the annual amounts?

HON. LINFORD A. PIERSON:

Madam Speaker, the purpose of this statement was to explain, which I think it is quite explicit, in the way the valuation was carried out. The total negotiated position was US\$2 million. It has to be borne in mind, and this was read into the question, that the annual lease under the old Head lease was 20 pounds per annum, which translates to C\$27 per annum. The negotiated lease was for US\$2 million, up front, the US\$1 million paid on the 13th of August, 1991, a \$100,000 per annum for 10 years. Stamp Duty up front. There was no interest charged on the US\$1 million paid over 10 years and that was quite explicit in the statement.

MADAM SPEAKER:

The Third Elected Member for West Bay caught my eye first.

MR. W. McKEEVA BUSH:

I agree, Madam Speaker, but he did not answer the question.

MADAM SPEAKER:

The Third Elected...

MR. W. McKEEVA BUSH:
charge some interest?

(Interrupting) The question is why did the Government not

HON. LINFORD A. PIERSON:
Government regarded it as inappropriate at the time.

Madam Speaker, I thought that would have been quite clear.

MR. W. McKEEVA BUSH:

Why does...

MADAM SPEAKER:

Third Elected Member for West Bay.

MR. JOHN D. JEFFERSON, JR.:

Thank you, Madam Speaker. I wonder if the Member can

confirm that the reason why the lease was extended was to enable the sale of that property much easier? He wants me to repeat, Madam Speaker.

I am saying, I wonder if the Member can confirm that the reason why the lease was extended in the first place was to enable the lessee, who is SafeHaven, to dispose of the property in that area much easier?

HON. LINFORD A. PIERSON: Madam Speaker, I thought that would have been quite obvious. That is quite true. But it is also true from those people that know the real estate market, that we are going through a pretty rough time right now and there is no guarantee, if they had a million years added to that lease, that they are going to be able to sell it as fast as Members might think.

MADAM SPEAKER: The Third Elected Member for George Town.

MR. TRUMAN M. BODDEN: Thank you, Madam Speaker, Two short questions. The Member has stated that the estimated Stamp value to Government will be \$100 million. Is that therefore, worked on the basis that at either 7.5 per cent or 10 per cent of the Stamp Duty that the estimated value of the property is going to be between \$750 million to \$1 billion to produce this amount of Stamp value?

HON. LINFORD A. PIERSON: If, the \$100 million which has been estimated, and I must stress estimated, while capitalised at 7.5 per cent or 10 per cent produces the figures the Member is speaking about, then that must be the estimated figure.

MADAM SPEAKER: The Third Elected Member for George Town.

MR. TRUMAN M. BODDEN: Would the Member give an undertaking to produce in writing how this valuation formula was asked? But secondly, would he state whether the increase of 40 years on the lease gave the value of the lease, a free-hold value, of which the owners in the sale at the \$750 million to \$1 billion will be receiving the benefits excluding \$2 million on the increase?

HON. LINFORD A. PIERSON: Madam Speaker, this is a commercial transaction as the Honourable Member can well appreciate. The figures of \$750 million to \$1 billion is his figures, I have not presented those figures here. I did say that if you capitalise 7.5 per cent of 10 per cent, of the \$100 million which is estimated, then those figures could be quite feasible.

As regards the benefits to be derived over the period, this again is a commercial transaction. I have pointed out in the statement that, at the end of this year it is estimated that the developers would have spent near US\$50 million in this country. One can easily see that the country will benefit from the US\$50 million.

I have also stated that over the period, in the future that these leases will be sub-let, which is 15 to 20 years in the future, it is estimated over that period, nobody can accurately say, that it could be in the region of \$100 million in Stamp Duty alone. They are basic estimates over 15 to 20 years, Madam Speaker.

MADAM SPEAKER: The Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: Madam Speaker, I see that the statement made here was with the view of clearing up a statement made by myself to the effect that the peoples of these Islands were defrauded in the lease extension entered into...

MADAM SPEAKER: Please Honourable Member, that is clearly laid out. Please do not go over that. Just ask a question, a short question, please.

MR. GILBERT A. McLEAN: Madam Speaker, I was simply trying to ask the question by quoting what was said here, since for me to ask what was the statement, I would need to read what he had said.

MADAM SPEAKER: I do not think that is necessary because it is before everybody. Just ask a question, please.

MR. GILBERT A. McLEAN: Madam Speaker, I would like to ask when did I make the statement, which I was attempting to read awhile ago?

HON. LINFORD A. PIERSON: Madam Speaker, in this House a few days ago, the Second Elected Member for Cayman Brac said that Government was 'gypped'. You corrected him, and told him that the phrase was unparliamentary. In his haste to find a word to substitute, he said 'defrauded'.

MADAM SPEAKER: Under Standing Order 32, no debate may arise and the Chair in its discretion will allow short questions to be put to the Member who has made the statement in order for clarification. I think we have had 20 minutes of this now.

MR. GILBERT A. McLEAN:
Because apparently it is...

Madam Speaker, may I just try to get this clarified, please?

MADAM SPEAKER:

Yes, please ask a short question, that is all.

MR. GILBERT A. McLEAN:

This statement is being made because I made a statement.

MADAM SPEAKER:
please.

Please do not make a statement. Just ask a question now,

MR. GILBERT A. McLEAN:
Hansard. I quote what I said as was recorded:

Madam Speaker, I would like to quote if I may, from the

"Madam Speaker, the square footage of 280 acres is 12,196,800 square feet and the Member has said that he has given this property over to the lessee for 99 years, for only \$1,683.50 per month. Taking into account the cost of property per square foot there, does he not feel that the people of the Cayman Islands have been gypped by this particular agreement?"

MADAM SPEAKER: The word 'gypped' is not a nice parliamentary expression. Would you find another word to substitute, please, Honourable Member?

MR. GILBERT A. McLEAN:Defrauded, Madam Speaker.

MADAM SPEAKER:Pardon?

MR. GILBERT A. McLEAN:Madam Speaker, I am trying to establish if through Government not getting true value for this, the people of the Cayman Islands have not been in some way defrauded?".

Madam Speaker, that is a question and not a statement.

MADAM SPEAKER: Honourable Member, you will have an opportunity under Standing Order 31 to make a personal explanation. You can make that as long as you would like to. This will now conclude any short questions for clarification on this statement.

We will continue with Government Business. The debate on the Report of the Consultants on Cayman Airways Limited. The Third Elected Member for George Town, continuing.

GOVERNMENT BUSINESS

DEBATE ON THE REPORT OF THE CONSULTANTS ON CAYMAN AIRWAYS LIMITED

(Continuation of debate thereon)

MR. TRUMAN M. BODDEN: Thank you, Madam Speaker. Yesterday, I was dealing with the SH&E Report and the distribution of passenger revenue and traffic under Table 4.3. I will only perhaps deal with one of the five Reports, but I will attempt to go into some detail in the limited areas that I will deal with and in the interest of time, as I appreciate some Members of the House wish to leave next week, in the interest of the Members I will take and deal in depth with just a few specific areas, and I will not deal with some of the other Reports that I believe other Members can deal with and that they will deal with.

Going on from showing that the load factor on five of the seven routes, sorry, yes seven routes of Cayman Airways were in excess of 50 per cent. For example, Miami in the Table, show 61 per cent, Kingston 61 per cent. I would like to go on to look at Table 4.5 in the SH&E Report. This shows that Kingston has a profit of 14 per cent but that there are losses on every other route. Some of these, as on the New York, to the extent of 75 per cent loss on that specific route. The next worse loss is Atlanta at 57.8 per cent; Houston is a loss of 29 per cent; Tampa at a loss of 24 per cent and Miami at a loss of 5.5 per cent.

What I stress here, again, the most important route is Miami. It carries the vast majority of passengers, more than any of the other points and therefore, the stress must be put on that. I would like to tie that in with the only area that I will refer to in this Report and I would like to read from the SH&E Report of the Cayman Airways Evaluation of Inter Island Service. It says this:

"On a fully-allocated cost basis, the net loss of the inter-island operation declines from \$1.9m with the April schedule, to a loss of as little as \$759,000 under the least schedule option. These figures also assume no change in inter-island local or through fares".

That is very important. The loss can be reduced to \$759,000 on the inter-island, the Cayman Brac routes, without any increase in local or through fares. They go on to say:

"Even the most costly options result in significantly reduced losses. Moreover, an increase in the net

fare by \$5 per passenger would reduce these losses by \$200 - \$300 thousand annually."

The importance of this, when tied in with the Report that I have just read from, deals with the principle that if we are subsidising, for example, the passenger coming from New York to Grand Cayman, by 75 per cent, then it has got to be unfair.

To increase the rates for the Cayman Brac/Little Cayman routes when they can be reduced to a loss of some \$750,000, compared to New York which is losing \$1.436 million, why should our people have to pay to make the Cayman Airways routes to Cayman Brac and Little Cayman profitable, when we are subsidising every route except Kingston? In principle I am saying that this is wrong. I will stand here and I will give the Member for Tourism my undertaking, if he needs the \$759,000 to make sure that we do not cause problems on the route and the study specifically says, if you increase the fares, you can expect losses. It has to be weighed against the losses that are going to come in.

I would be happier with subsidising that route provided they follow what has been stated here, rather than seeing our people suffer to increase a local route because our duty has got to be to the people of Cayman Brac, Little Cayman and Grand Cayman, before it is to people from New York or Atlanta or Houston or anywhere else. I believe that the problem and the reason for it is that because the two jets we had, had to be flown at such high hours. (Because we have so many points now that they go to) Then the times were bad for those inter-island flights and I think that the Member now, and the two Members for Cayman Brac and Little Cayman, seem to have a clear indication that a small subsidy for there, is what is needed.

Where I find a problem with justification is, why in the past Cayman Brac and Little Cayman's routes were used as a political tool in getting more and more money out of Government? On the other hand, we are really doing nothing with where the real losses are. A million out of \$7 or \$8 million loss a year on that route when we are paying a subsidy in excess of that is really peanuts! I hope the problem, at the end of this debate, will never again at least be put on the basis that Cayman Airways problems is Cayman Brac and Little Cayman. That is a small part of the problem.

I would like to move on from there, because I believe that will be dealt in depth by the Members from the Brac, but I would like to go to another area of the Report and this is one of the few areas that I will deal with in depth, as I mentioned earlier, I am not going to even attempt to go into the other four Reports from SH&E. I am reading here from page 40 which actually is somewhat misplaced in mine. I do not know whether Members have it, but it is well up front in the Report.

MADAM SPEAKER:

Honourable Member, I am sorry to interrupt you but it appears that we have no quorum of the House. I would ask the Serjeant to ask a Member to come in from the Common Room please. (PAUSE)

May I ask Members in future before they wish to leave the Chamber to check to see that there is a quorum of seven Members remaining behind? The Business of the House has to proceed. Would you continue, Honourable Member.

MR. TRUMAN M. BODDEN:

Thank you, Madam Speaker. I endorse what you stated there, I think Members should always remain if it is going to bring the quorum below.

I would like to read from page 40, I better take page 32 which just precedes it first and then page 40. This is coming from the SH&E Report. What they had to say in this is that:

"The -200 (meaning the 737-200, which are the more recent of the aircraft acquired) can serve all of CAL's routes except for New York.

CAL selected the -400 for a variety of reasons including those previously mentioned. It also considered: 1) maintaining the size of the B-727, 2) choosing a very new and modern aircraft, 3) its current mode of higher utilisation in lieu of marketing-optimized schedules, and 4) benefits of fleet commonality.

In part, these factors directed some attention from the traditional analysis of trade-offs between operating and capital costs. Generally, airlines that can naturally maintain high utilisation should seek high capital cost-low operating cost aircraft. Conversely, airlines with normally low aircraft utilisation should seek aircraft with lower capital costs and higher operating costs.

Generally airlines with low average stage length have lower aircraft utilisation. [Then they stated the converse.] In turn, airlines with low utilisation tend to use aircraft that have a lower cost per seat than airlines having higher utilisation. As CAL's mission and routes naturally gravitate toward low utilisation, there is merit in considering less expensive (and also younger design), but not necessarily state-of-the-art aircraft.

At the time of CAL's decision, no one could have fully known of or anticipated factors such as: aging aircraft requirements, bankruptcies, final form of noise regulations, Gulf War, recession, and the competitive intensity of new Grand Cayman-Miami services.

With the benefit of "20-20 hindsight", an ideal decision would have been to obtain one B-737-300 on long-term lease and two B-737-200 on short-term leases. However, that type of evaluation is irrelevant."

Well it would be irrelevant as they did not do it. Reading from page 40 they first state there that because of downgrading the jet from the state-of-the-art 400s to the 737-200s there may be some passenger loss but they feel that that would only be slight. They say this here:

"SH&E believe CAL will suffer no adverse reaction among the U.S. public. However, some Caymanians may be sensitive to the smaller and older aircraft; and this sensitivity may be heightened by local newspapers. Nonetheless [and they point the advantage here], SH&E anticipates little passenger loss as CAL's customers tend to be flight time and price driven, and as the -200 is newer than Pan Am's and Northwest's Cayman fleet and larger than Northwest's Cayman aircraft.

However, even if some Caymanians avoided CAL, there would be little damage to CAL's economics. Forecast displaced passengers represent a very high 40 % of resident passengers (28% after load balancing). In fact, CAL could lose 95% of its passengers before fully offsetting the -200s cost savings."

That statement I think is an alarming statement. In fact, CAL could lose 95 per cent of its passengers before fully offsetting the -200s cost savings. Basically this Report is saying that at present with the 737-400s and the amount of passengers being carried, the savings of the 737-200 is so great that they could lose 95 per cent of the passengers and still be ahead. The savings (and they go on to show) is approximately \$2 to \$2.3 million per annum per aircraft.

Now, I would like to go into what has been delved into on one

side and look at the aspects of this.

They said that the sale of the 727-200s was a good one and we did get \$12.5 million and we did get the \$4 million and I am not going to go into that aspect. We did get a good lot of money for them. But, the Report makes a series of statements and this is over many, many pages. I have merely tried to take the summary areas of it. They have pointed out the desperate need at present to not only rectifying routes to deal with other areas of problems - communications, staff, that sort of thing, but the most pressing problem is that we must get the 737-200s into replace the 737-400s.

I would like to go into an area of the history of this and then lead up to what I see as a solution in this area. As I mentioned earlier, I am not going to try to go wide over all of these Reports but in these few specific areas that I go into, I would like to deal with them in some depth. When we go back to looking at the statements made here, we also have to look at the financial statements of Cayman Airways over the years and the estimated position of Cayman Airways at present. I am going to deal here with operating losses and net losses and what the gross amounts of revenue were. In 1984, the Audited Accounts show that there was a net loss of \$2.75, but this was offset by the fact that \$1.79 million had been paid on the lease purchase of the 727s. Here I want to point out, when you look at the accounts, subsequent to leasing the 400s and now the 200s and the 300 when it comes, you will find that the accounts divide into what are called operating expense and non-operating expenses.

When you are purchasing or lease purchasing, which is the nearest you could get to what was being done with the 727s, it does not come out of operating losses, it comes out of the non-operating side. Because part of that payment goes towards what ultimately we got back of the US\$12.5 million on the 727s and the \$4 million deposit. The \$16.5 million out of the overall transaction so part of this is accumulated in as assets and not just written off in losses.

Moving quickly, in 1985, there was an operating profit of \$461,310 and a loss of \$1.8 million of which \$1.73 million was paid for the 727s. This has been accumulated over the years. In 1986, there was an operating profit of \$818,813, a net loss of \$1.9 million and \$1.675 was paid on the 727s. So when that is taken out, the net loss is considerably reduced. In 1988, there was an operating profit of \$735,092, a net operating loss of \$1.812 million and \$1.528 was paid on the 727s. In 1989, shows an operating profit of \$2.72 million and it showed a net profit of \$978,000 when paying \$1.429 million on the jets. So in 1989, the airline for the first time in many, many years showed not only the operating profit which it had shown throughout all of the years since 1984, and before that I would think, but I did not go that far back.

Now what is significant is that in 1990, the loss shown in the Audited Accounts moved from a profit of \$2.72 million and a net profit of \$978,000, it moved to what showed in the Audited Statements of June 1989, as an operating loss of \$956,000 and a net loss of \$1.625 million. But, here is where one has to look at the way this was made up and it is reflected in note 12 which sets out the position in relation to this.

The Audited Accounts of 1990, 1989 was what I dealt with earlier, the item shows at page 3 of the Audited Accounts what is referred to as the loss before unusual items and in note 11, it had this to say: "The following amounts have arisen from transactions which are distinct from the normal activities of the company and have been classified as unusual items in the income statement."

In this are set out the sale of the 727s giving \$12.5 million to Cayman Airways and under this they have written out of it the losses as cost associated with the introduction of the 737s - \$1.473 million. Cost of inauguration of the New York route of \$1 million, they have even written down the Shorts SD3-30 and related rotables to net realisable value by writing off \$773,000. So they have taken out \$3.3 million, \$254,059, out of the footnotes in note 11, when this is added to 1990 loss and this is something which the auditor cannot deny, that these are losses because these have been written off in the footnotes. It shows that the true loss for 1990 was \$4.1 million on the operating side and the net was \$4,879,891.

It would be impossible to have the Airline going in 1989 from a

profit situation to now a estimated \$7.9 million with there being only \$1 million loss in 1990. The band of losses just does not work out and where we get really what the auditor regarded as the problem to the extent that he had to footnote it is found in footnote 12. It says: "Flying operations for the year ended 30 June 1990 include an amount of \$5,093,000 (1989: NIL) in respect of the rental payment expense relating to the operating leases on the new 737's. There was no comparable expense in the preceding year since the leases on the 727's were accounted for as capital leases with the resultant expense items being depreciation of flight equipment under capital leases and interest on capital lease obligations."

I hope that this area, which I would now like to show, is what I think the major problem area does show that through-out all of the years of using an aircraft that may have been expensive to operate and I am not here trying to justify whether, as I said, I think we got a good amount on the 727s but, through-out the time, what the Report has said is that, where you have routes such as ours you are better off using an aircraft which has low lease payments or lease purchase payments, better still, and higher operating fuel and whatever goes with it, costs.

Now, I had been called all sorts of things back some years ago when I attempted to point this out to the Member. I want to make it clear here, the decision and how we arrived with the aircraft and the problems we have rest squarely on Executive Councils shoulders. The Member for Tourism, I think, in what he felt was the right way to go, did leave Cayman Airways with a considerable amount of freedom. But what we now have is a problem and a serious problem and regardless of how or how much freedom was left, I believe that there should have been more supervisory, or whatever, controls placed upon the expenditure of large sums of money and of opening new routes.

It was not just the aircraft but it was also the number of routes that were opened and I am only going to deal briefly with these aspects of this but I believe that things have to be put in place because in the days when we objected to certain areas of this, we were called things such as power hungry and we were going to wreck the country. Today, the wrecking is here and it surely is not our fault. I would like to read very briefly a few statements that were relevant to the time when the Report makes its statements on the changing of the aircraft. These statements I think are important.

The first one that I would like to mention is that in a meeting back on the 10th of August, 1989, at the West Bay Town Hall by the four Executive Members, the Member for Communications and Works said words to the effect that, "there were individuals who wanted to bring such a motion (which was relating to, I think, the No Confidence Motion) against an Executive Council Member which I am a part, without a good reason. Just because they are a bunch of public power hungry politicians", or words to that effect.

Two last things I would like to refresh the Members memory on is when he said words to the effect at that meeting that "they tell you that over 15 years it is going to cost Cayman Airways \$111. I feel amused, I am amused when I hear those brilliant certified accounts giving you that type of information, there is only one certified accountant in the Legislative Assembly, ladies and gentlemen, and that is me". He went on in that meeting to state, confirm Mr. Benson's revenue of \$2 billion the airline would have over a period of 15 years. And stating that, "all they are trying to do [that was, us] is to mislead you, the people, by giving you a bunch of lies". So I would like to refresh the public's memory on that meeting and to mention here that, notwithstanding, the problems and these meetings were purely on the question of the change-over of the aircraft and the problems that Finance Committee at that time was experiencing.

Lastly, to tie this in, that Member, all Members of Executive Council took this course of action but it was also taken with the approval of the First Elected Member for Cayman Brac and Little Cayman, and on the 4th of August, in the *Caymanian Compass*, he had this statement to make:

"I support what has been done with Cayman Airways,' Captain Mabry said. 'I supported it in Finance Committee, it is a move in the right direction. We should be proud we have people in Cayman Airways who could develop such a comprehensive survey of aircraft and complete a very favourable lease arrangement. It is the best financial position Cayman Airways has ever been in, he said of the cash generated by the lease arrangements with Alaska Airlines. I will do nothing that will in anyway damage the stability of this country, my motto is 'country before self'."

That was the second reminder that at that time, the debate in these areas and the looking at the facts were quite significant. Now, when we glance back at one of these matters at the time I was of the understanding, I had been told, that ...

MADAM SPEAKER:

Honourable Member, I am sorry to interrupt again, we seem not to have a quorum of the House. This seems to be persisting this morning. I do not know the reason why.

Would this be an opportunity to suspend for 15 minutes?

Proceedings are suspended for 15 minutes.

AT 11:25 A.M. THE HOUSE WAS SUSPENDED

HOUSE RESUMED AT 11:42 A.M.

MADAM SPEAKER:

Elected member for George Town.

Proceedings are resumed, continuation of the debate, the Third

MR. TRUMAN M. BODDEN:

I would like to go back to one very quick point to clarify which the Member for Tourism has pointed out to me. It is at page 14 of the Cayman Airways Evaluation of the Inter Island Service. What I was reading from there, said that: "On a fully-allocated cost basis, the net loss of the inter-island declines from \$1.9 million with the April schedule, to a loss of as little as \$759,000 under least schedule option. These figures also assume no change in inter-island local or through fares.". I understand that is without any increase. Is that correct? Yes, thank you.

I would like to go on to the second part of this aspect of debate and to show that despite what was said about doing the several checks on the 727-200s, in the end we were in the agreement with the purchasers, the Alaska air people, we did in fact agree that on the C-check, which is the lessor of the checks, the diesel are just one, that we would pick up a part of that and also Cayman Airways agreed to pick up a part of the compliance with air-worthiness on the engines and also to pay Alaska Air for the time that the engines were out and the C-check was being done. I do not know the amount of time that was involved but it could have been quite a reasonable sum of money.

I would like to mention one last thing from the 1989 meeting. As I understand the present problem that we have is that, notwithstanding the fact that the US\$12.5 million from the 727s has been used and it appears or we have been told the guarantee of C\$5 million or \$US6 million has also been spent, it now is obviously cash that was spent since the purchase of these jets and with the other change-overs it probably is in the area of \$20 or \$21 million.

I would like to mention one thing that happened at the meeting I referred to in West Bay and it was when the Member for Tourism said words to these effect, and this was back in 1989: "I see where Mr. Truman Bodden wondered whether the company had thrown away \$14 to \$16 million. Obviously, ladies and gentlemen, he has not understood one single word of all of the information that has been published including what he published. You know something, ladies and gentlemen, there are none so deaf as those who refuse to hear." I guess, two years later those same words could be repeated here but I do not believe in relation to me at this stage.

I am moving on now to what I see as the possible way of dealing with the problem on the jet and I do not profess to know the details of most of what has gone on in the recent months. I know some of it, but as usual, we are Backbenchers, and not in the position, as Government is, to have all of the details of the transactions.

At present we have the 737-400s which are from GPA, and which, as was reported in the newspaper, the airlines would be attempting to give back to GPA. That is what the Report by SH&E has recommended. Provided that, that can be done without penalty, as the Report states, then the airline has already, I guess somewhat prematurely maybe, has gone ahead and leased two further 737-200s. Those they have gotten at quite a good lease price because the airline market, at present, is down and not only have the 737-200s taken a tumble, but so have the 737-400s. So all of the airline values and lease costs are down and the move now is to get away from the financially crippling payments of \$610,000 a month and substitute them for the more realistic payments which, I understand, would allow us to lease two 737-200s and one 737-300 for approximately what we were paying for one of the -400s.

Cayman Airways problem has been that it does not have sufficient passengers to fill the seats of the aircraft. Therefore, with now getting smaller jets because the 737-200 is, in effect, a two-thirds size version of the 727-200 and this is very clear. It is but a third smaller, it has two engines instead of three, so it has one-third less engines, but it is the same engines, it is the same cockpit instruments that were there in the -200s. In fact, what we had were 737-200s advanced, which were the advanced series and a much newer series than the regular 737-200.

It does make sense at this stage to go to a smaller aircraft and I do not think that the public should necessarily look at it as taking Cayman Airways backwards. I think they are doing something that should have been done a long time ago. If they have expanded the routes to seven, remember it was only about three in the days when the 727-200s were run, so with only three routes you can easily fill the larger aircraft and I think that would have still been the case with the 737-400s if we had of had only fewer routes and giving prime times to the scheduling.

What we are doing now is to go back to a small version, so to speak, of the 727-200s. They are reliable jets, they are old, but age in the airline industry is not really that big a problem. I think the first jet we have is a 12 year old jet, when we sold the -200s they were I think, eight years and 10 years old, respectfully. It is a fact, and if necessary, I can quote from the report because I see a couple of the Members smiling. The 737-200 has a JTD/15 engine, the 737-300 is a more advanced aircraft but the same engines sits on the 727-200. It was a JTD/17 and these comparisons, if the Members want to see it, are also set out in the Swiss Air Reports. The engines are the same, the cockpit is the same and the 737-200 is not the state of the art jet that the 400 was and let me say this, the 737-400 is a lovely jet and is no doubt preferable to most things on the market. Our problem at present is that we cannot afford it because it has to be run at such high hours, probably over 300 hours, compared to a cheaper jet that you can run at 200 or 220 hours a month because you do not have the heavy lease payments.

With what is happening now, where the airline is going back to the older version of jet, is what seems to be the answer. Where I worry (and this really worries me) is if we are going to look carefully at filling the seats of these, then I believe that we are going to have to restrict the number of jets we have. I know that the Report states that the 737-200, at page 32, can serve on all of CAL's routes except New York to where, in effect, if we are going to take on a -300, which is a more advanced series and differs in parts considerably I understand from the 737-200s that we now have, we are going to have two types, same 737s but two different types of aircraft with duplication of parts.

The Report specifically says that our better value that is

provided we understand at the New York route, which is the biggest loser, may not be able to run, I would think, with full capacity but they recommend that the best, from the cost point of view, would be a fleet of 737-200s.

I throw that out because I do not believe or I am not certain, but I do not believe that the 737-300 is yet leased and therefore this has to be considered.

What becomes even more worrying is if we find that the airline is going to have more than the three jets, the 737-200s and the 737-300, and if they are going to end up with another -400 coming in February, we had understood, and I think this has been borne out from day one because I would like to refer briefly to a statement that the Member for Tourism made on the 17th of July, 1989, and he said, "in the proposed B-737 aircraft lease, Cayman Airways will have the option to lease a third B-737." That was what I had understood the position to be with the third -400, that we could perhaps forfeit a small deposit that was paid on the option and get out of it. However, if Cayman Airways has legal obligations to take on a third 737-400, and I am by no means saying that, and I point this out very clearly, I am not saying that Cayman Airways should breach any of its legal obligations, then the position does become very worrying.

What is stated at page 35 of the SH&E Report is this and this is basically what I have been saying: "The -200 or the -300 are good, acceptable, and close options as the third aircraft in CAL's fleet. Economic risk and reward criteria would slightly favor the -200 option." So they are basically saying, you are better off taking three -200s, which we will get probably for less than the price of one 737-400, than bringing in the more advanced 737-300 and that I think the Member needs to look at carefully. However, I realise that certain things have happened and maybe the Member does not have the amount of options available to him as I may think at this time but what I would say is that if we do end up with two 737-200s, one 737-300 and one 737-400, that is going to be economic madness.

I hate to use that extreme a word but there is no way if the airline at this stage is having losses to the extent as the Report has said that you could run a 737-200 with only five per cent of the passengers and be better off financially than running a 737-400 with everybody in it paying. The savings are 95 per cent and that when you look at the present situation is one which dictates that the airline has to limit itself, I think, to the three jets. In relation to this, I believe that the airline also has to look carefully at its route system and I appreciate that if you cut a route, even though it is not profitable but it is contributing to the revenue of the company, you could be worse off than leaving it but we are moving from jets now that have to be run at very high hours to jets that can be run at very low hours. That I think should become an option area that should be looked at carefully by the airline.

Let us not for one moment, believe that the running of an airline is simple. To me, I believe it is one of the most complex things in the world but on the other hand there are clear business decisions. You do not, when you are committed to lease two jets, say the 737-400s, enter into leases which are not conditioned to lease another 737-200 or to take another 737-300. Simple financial decisions dictate that you solve your problem first before you go on to trying to legally bind yourself on other contracts.

One of the things that does worry me is going to be how can Cayman Airways get the fleet it should have without serious penalties in relation to getting rid of the part of the jet fleet which it does not need.

The position, as I mentioned earlier, is also going to hinge in Cayman Airways taking an approach now that instead of feeling they are up to competing with the big boys, as Mr. Gliddon put it on behalf of Cayman Airways, that they look at ways and means of surviving as a small airline because more routes and new aircraft obviously did not mean financial gain it meant very serious financial losses; losses to such an extent that the Government feels it cannot in reality support them.

I am coming near to the end of my debate on this, the position, as I see it, is now a critical one. I would like to ask if the Member for Tourism would consider at some stage, since all of the information just about that came out in the March Finance Committee on Cayman Airways, it seems as if Mr. Gliddon has put just about all of this out to the public now, whether he would not reconsider part of that closed meeting at least being released because what he was worried about, I am afraid Mr. Gliddon has been passing on to Mr. Catlin on a fairly regular basis.

Why I ask that is that I do not like to go on record as taking a decision without seeing what the reasons behind why I took the decision was, and it was the CI\$5 million guarantee and I understood his reasons for not wanting it but I do think that that is well gone at this stage as far as secrecy goes.

To summarise, I will be voting with Government on this Report but I would like it to be made clear that I am not saying that this Report be adopted in full and the vote is for that. I understand that. What I am saying is, within these Reports someone has to take the time and go through them and try to sort out what is practical, what is not, what Government can afford, what Cayman Airways can afford. That duty could well fall on the shoulders of the Member. In saying that we adopt the Report, I am not saying I agree with everything in it. In fact, I do not think I understand everything in it and I have not really touched four volumes of it.

However, some of the main things that I believe are necessary, in summary, is that a management team be set up comprising the necessary representation from all departments in Cayman Airways together with a Managing Director and that management team now form the basis upon which decisions, medium and large, would be looked at in considerable depth and then recommendations made thereafter appropriately, whether it be to the Board or to the Managing Director, for implementation. I also believe that the Report in mentioning that the Board should be restructured; we have good people on the Board but I believe that we could also bring in, either my enlarging or replacing some of the people with expertise that is necessary that could assist Cayman Airways.

What is most important and I agree with wholeheartedly is that

the Executive Committee of the Board which comprised the Chairman, the Managing Director, the Vice-President for North America and Mr. Leonard Ebanks be abolished because that, as I see it, effectively usurped the powers of the Board.

I do not believe for one minute that if the Honourable Financial Secretary and Honourable Attorney General and the other Members of Government and those in there, had of known that the airlines may be entering into commitments that it may not be able to get out of and may end up paying substantial penalties that they would not have approved a recurrence even if the first time went through.

Therefore, I do not believe that the airline has had the benefit of a fully operational Board on policy matters and this is crucial. When decisions the size of this are being taken and whatever committees, including the management team or management committee, I believe the Board must set the perimeters within which it can operate because they are in effect delegating to that Board or that team their powers. As was mentioned in here one way of dealing with, for example, a financial management team is to say anything about \$10,000 can be dealt with by the Managing Director, anything up to \$100,000 can be dealt with by the management team, anything above must go to the Board.

It seems, and I do not know if this is correct, it does seem to me that Executive Committee has been the cause of a lot of these problems and with fairness it did operate in considerable crisis which adds to the pressure. Secondly, I believe that at least two airline specialists is recommended on a contractual short term basis and should be employed to assist the Board and management in solving CAL's serious problems. I also feel that as soon as possible the routes (the jets are now being looked at) be dealt with and that the fleet be reduced to the older but still quite good aircraft, the 737-200s, which will cost a lot less, burn a bit more fuel but cost a lot less and which can fly with much fuel passengers than the more expensive 737-400.

As I mentioned earlier, it would be catastrophe economically, financially if we ended up with a couple more jets than we needed. I guess the only consolation with that is that Cayman Brac may finally get some good hours with running to there which they deserve. I believe also that as the aircraft are changed the spares and rotables or whatever is used to maintain the engines and the aircraft, should be sold at market value as soon as possible to give some added cash.

I would ask the Member for Tourism, Aviation and Trade to continue to provide the full and regular reports to MLAs. Where he has to do it in confidence that is all right, but at present it is somewhat worrying when we may be left in the dark really not knowing what is going on but knowing that one day we may be called into Finance Committee and asked for more money on it. I believe also that the recommendation that we should pursue charters, the big tour charter operators which can fill the excess seats at lower fares that this should be pursued. I believe also that once the Board is restructured it should have a very hard look at the Managing Director and the top management, the Vice President North America and other top management to see whether either their expertise cannot be used in an area where it will be more productive than it has been at present or take whatever steps they feel necessary and if it comes to the stage of having to remove them for the airline to survive then the Board, I feel, must do it.

I believe that the Managing Director, when he took over the airline, inherited mammoth problems and I did tell this to him. Now, as I mentioned then, when everything crashes, whoever sits in the seat, I am afraid, everything falls on his shoulders because the problem did not arise a year ago, it arose, I think, several years even before that.

Lastly, I have an overriding duty to the staff at Cayman Airways, as a representative in this Legislative Assembly and I pledge that I will assist with subsidies provided they are affordable to Government and necessary to CAL and the staff and provided that I am satisfied that those funds are not going to be wasted as have some funds in the past and further provided that Cayman Airways has in place full and proper checks, balances and controls to ensure that the public's funds are going to be properly spent. On that basis then, I would be happy (and I should mention here that I am only one and it does take a majority of this House in Finance Committee) to approve it.

I also continue to pledge, as we have jointly done in the past, and as stated for example in our statements as far back as 1989 and specifically on 12 February 1990 that we support Cayman Airways, we wish to see it continue successfully, fully recognising its importance and contribution to the Cayman Islands.

In any way that I can assist the Member or the Government in solving some of these problems, I am prepared to help and I would hope that with God's help in the near future, Cayman Airways can be back on its feet and that the staff can be once again happy, pulling together as a team and proud to be flying the air carrier of the Cayman Islands, Cayman Airways.

Lastly, with the exception of the Member for Tourism and Mr. Jim Boddan, as an ordinary Member not in the Tourism Department and Portfolio, I have probably put in more time and spent more hours on Cayman Airways than anyone else in this House. And that was because I believed in it. And that time I gave freely and I therefore am very proud that I supported it. I will continue to support it, subject, as I said, to ensuring that the public's funds are protected.

Thank you.

MADAM SPEAKER:
Honourable Member for Education.

Would any other Member wish to continue the debate? The

HON. BENSON O. EBANKS: Thank you, Madam Speaker. I can understand the reluctance of the group of seven to speak. Anyone listening to this debate readily understands that the collective opposition is really not interested in what the consultants have had to say or even the welfare of Cayman Airways. It is painfully

obvious that they are interested only in attempting to cloak their actions in the summer of 1989 and subsequently with some degree of respectability by saying, "I told you so." But the consultants' reports do not support the position taken by the Backbenchers in 1989 nor does it support their position today. And therein lies their dilemma. A dilemma which has placed them in what I call a wicked mood.

Yes, the way Members of the Backbench in this House have conducted themselves in this debate is, in my view, nothing short of wicked. There have been unfounded accusations and innuendos. Their deliberate omissions of crucial statements from parts of the consultants' reports and their misrepresentations of the facts is, as I said, wicked. But, I suppose that by now I should be well aware of their tactics.

This dilemma that they find themselves in, in my view, stems from the fact that the consultants, in their extremely full, comprehensive and reasoned reports, have not been able to find one shred of evidence to support the wild and imagined charges made by some of those Members in the past and continue to do today. If the consultants had been able to state that Airline Catering was making a killing and overcharging for the food supply to Cayman Airways, or that C. L. Flowers and Son were being overpaid for their baggage and freight handling services, or that the lease of the 737-400 planes was a mistake, that Government and management were grossly deficient then it is my view that Members of the Backbench would have been happy.

The consultant's Final Report is made after the Members of the Backbench had an opportunity to discuss with the consultants their preliminary reports. They spent hours with the consultants questioning them and in my view, in some instances, attempting to put words in their mouths. This is the Final Report and it is my intention to attempt to put these Reports in their true perspective. And let me hasten to add that my stance on this Report is not due to any feeling of superiority over the Backbench in this field of endeavour. I am not an expert in fact, I am a very run-of-the-mill and ordinary. I just happen to be that much better than anyone and all of them in that group of seven.

If I had to make a summary of the consultant's report, it would read something like this: The consultants have given the airline its Directors, management, and staff a glowing report. The Report has identified that the problems with Cayman Airways Limited started with its changed ownership structure in 1978 and has recommended that the airline seek out another institutional investor as soon as possible to remedy this deficiency. It applauds, as a stroke of business genius, the decision to sell the two 727-200 aircraft in 1989 and gives high marks to the decision to replace them with 737-400 aircraft based on the evidence available to the Directors at that time.

It would continue: The Report applauds the high level of efficiency of the company's management, crew and staff. It rates the airline among the top in the industry worldwide, not just regionally. It exonerates the Directors and management from all accusations of inefficiency levelled by the Backbench against them. It further shows that the Honourable Member of Executive Council has done and is doing a good job with the airline and that the Backbenchers owe him, the company and its Directors and management an apology.

The Report concludes by stating that in spite of all of the facts, the airline is tops. It is nevertheless a human endeavour and wherever human beings are involved there is always room for improvement. It sets out adjustments which, if able to be successfully implemented, should improve the company's operations further.

Finally, the Report makes the wish which it accepts as difficult, if not impossible to achieve, that the local press and the Backbenchers of this House would leave the company to do its business which it has done so admirably up to now under very trying circumstances. That would be my summary of the consultants' report and I will now proceed to show from the Report, not by omitting what it says or importing words into the Report, as has been done.

ASI, Aviation Services Ireland, states at page 4 of their Report, Item 1 of 3.2.2: "1. The available evidence suggests that Cayman Airways staff productivity compares well with industry standards." At page 6, Item 3.2.4. under the heading of Service Contracts we find this comment: "1. We found no serious cost anomalies under this heading and in a number of cases were pleasantly surprised at the attractive rates achieved." Under the heading Marketing and Sales on page 7 is found this comment: "3. Yields are in line with, and in some cases above, USA industry averages."

At page 7 under Item 3.2.6 headed Revenue Maximisation and Cost Control we find these words:

- "1. The year just ended has been an exceptional one in Air Transportation and Cayman Airways is not alone in recording a loss on operations.
2. While not wishing to suggest that everything is perfect we found no evidence of gross under-achievement in either the revenue or cost areas."

At page 19 the Report states under Item 5.2 headed Overall Staff Complement: "In the case of Cayman Airways our conclusion from the available evidence is that overall staff complement and productivity compares favourable with industry standards. As a general indication of this we draw the readers' attention to the Table A, Appendix II where we show a comparison of Revenue Passenger Miles achieved per employee for a range of airlines in similar environments and some notable extremes. Even making allowances for the pitfalls of this type of comparison Cayman Airways staff complement is well in line with the best in the industry. Its performance ratio would be exceptional if it could bring its load factor up to the levels recommended elsewhere in this report."

Madam Speaker, the tables referred to here compare Cayman Airways with seven other airlines including Bahamas Air, Air Jamaica, BWIA, Aviateca, Cubana, Lacs, Air Pacific, Air Malta, Cyprus Airways, American Airlines, and Aeroflot. And the only company which surpasses Cayman Airways' achievement is American Airlines with a 0.97 score as compared to Cayman Airways 0.88.

I believe that that says a lot. The Revenue Passenger Miles achievement is the yard stick of performance within the airline industry and little Cayman Airways is number two in all that they could find to compare it with yet, we hear so much chat about the direction and management of this airline.

At page 44 of the Report Item 8.4.2 headed Capacity and Revenue Management, the consultants have this to say: "Yields are in line with, and in some cases above, USA industry averages.". And they call attention to the Boeing Report, 1990 made on Cayman Airways. They go on: "Both yields and costs (break-even load factors) are considerably better than those achieved by two other Caribbean carrier viz. Air Jamaica and BWIA. In both cases the Cayman Airways B.E.L.F. is at least 10% lower and yield at least 10% higher.". In other words there is a separation of 20 per cent, one 10 per cent lower and the other going in the right direction 10 per cent higher. "Under current circumstances the key to improved performance is clearly load factor."

This is dealt with at great length further on in the Report. And it will be seen that Cayman Airways is struggling against large and serious odds to maintain its load factor and it is doing a creditable job. At page 49, section 8.7:

"Competition

It must be noted that Cayman Airways is in direct competition with some of the toughest and sharpest operators in the business - most notably, American Airlines.

Apart from the question of size the airline is under specific threat in two specific areas:-

(i) The airline faces head to head competition with three major US carriers on its main trunk route, i.e. GCM-MIA.

(ii) The airline's direct fares on other trunk routes can be undercut by its competitors whose main interest are their longer haul sectors to the Miami hub."

That has to be proof positive what I have said that the airline is being competently managed. The consultants probably could not put it in print but I can say it here that there is evidence that US carriers are carrying on a fare war and undermining CAL in their domestic routes and to Miami. That is evident.

As I said earlier, the consultants have pointed out that Cayman Airways are not alone in recording losses during this period and perhaps it is as good a time as any to call the House's attention to the fact that only yesterday American Airlines announced that it had lost a lot of money in the first six months of this year and as a consequence they would have to cut and save \$500 million in the near term and they pointed out that the area targeted for greatest savings, is their aircraft procurement meaning the cost of the aircraft. So, Madam Speaker, Cayman Airways is not alone in its quest for cheaper aircraft and it should be remembered that American Airlines is the carrier referred to by the consultants as the toughest and sharpest operators in the air transport business.

As regards the Directors, the chief criticism is that they have directed in an unorthodox way because four of them have as an executive committee involved themselves in management roles. This is referred to in at least two sections of the Aviation Services Ireland Report. On page four under the heading Overall Management paragraph 3 they state:

"We believe the present Executive Committee structure has the potential to cloud the responsibilities between Board and Senior Management. We believe the Executive Committee should be discontinued and be replaced by a properly functioning Senior Management Team which may need to be further strengthened and a more orthodox Management Team."....

This is the point I want Members to listen to:

"which may need to be further strengthened and a more orthodox management structure be put in place."

At page 15, under the heading Management paragraph 3 the consultants state: "The present Executive Committee structure, which we understand involves Chairman, Director, Chief Executive, and VP-North America should in our view be discontinued. We are not suggesting that this approach is ineffective but rather that it involves the Board in Executive decision making thus compromising the role of the Board and is also inimical to the development of true teamwork at the Senior Management level."

No where in the Report does it state that the Executive Committee has usurped the authority or role of the Board as suggested by the Third Elected Member for George Town who just completed his submission. It does not say that. It complains that it is a rather unorthodox style but

it goes on in as many words as to say that if that committee does not take on management functions then you have to put extra management material within the company and since the consultants have found that the results of the airline, the performance of the airline is excellent, then I take off my hat to those Directors who have acted in that capacity and thank them for doing for the airline a job in addition to what would normally be their job; saved it money at a time when the airline could least afford to pay extra staff. I think they should be congratulated and thanked.

Further on the consultants state that in these recommendations they do not expect to see them implemented over night. They talk about the airline consolidating its cash flow position and it is probably at that time that they would recommend a change in management structure when it can afford it.

But those are little nuances that one would hardly expect to be understood by some people.

I am surprised to have heard the Third Elected Member for George Town suggest that decisions taken by the Board of Directors were not taken by the full Board; the Directors decisions were taken by the Management Committee. That is not what the consultants have suggested. The consultants objected to the Directors making what might have been management decisions but not in usurping the authority of the Board. Those are different functions.

I am going to get into the next heading on my summary so I would not mind if we took an adjournment at this point.

MADAM SPEAKER:

Proceedings are suspended until 2:15.

AT 12:50 THE HOUSE WAS SUSPENDED

HOUSE RESUMED AT 2:13 P.M.

MADAM SPEAKER:

the Honourable Member for Education.

Please be seated. Proceedings are resumed, debate continues

HON. BENSON O. EBANKS:

Thank you, Madam Speaker. When we took the break I was developing the various headings included in what I said would be my summary of the consultants report and I had, in my view, proven beyond doubt those statements dealing with the vindication of the Directors and Management and staff of the airline.

I would like to move on in developing those statements. The consultants SH&E at page 4 of their Report entitled, Cayman Airways Routes and Aircraft, had this to say about the decision to sell the two 727-200 aircraft and replace them with two 737-400s in 1989. It states: "CAL's decision to dispose of its B-727 aircraft was an excellent and extremely well timed decision." And I would like to emphasise that last part: "was an excellent and extremely well timed decision."

Yesterday we heard the First Elected Member for Bodden Town saying that someone had said that the timing of the decision was bad therefore it could not be a good decision. I want to make it clear that the consultants have said it "was extremely well timed." They go on to say: "The disposal was well executed, generated substantial net cash, and has an annual continuing value to CAL in excess of \$1.5 million."

Some previous speakers have gone into 1984 accounts, 1985 accounts and all up the line. But we do not need to look any further than that statement to find out that the disposal of the two 727 aircraft and replacing them with the two Boeing 737-400 was a good decision. It has an on-going value in excess of \$1.5 million to the airline and that is not just bland statement unsupported by further fact. It lists that quite clearly further on in the Report when they are dealing with it in detail.

Given two seconds I am going to find that and read it. This is what it has to say; Annual savings in thousands of dollars at Table 5.4:

"ANALYSIS OF B-727-200A REPLACEMENT.

	Annual Savings (\$000)
Fuel	\$2,262
Flight engineer	540
Maintenance	1,050
Landing fees	200
Rent (excess cost in rent)	(4,776)
D-check/engine overhaul	1,465
Hull insurance	(12)
Cargo charters	(390)
Interest/amortisation on surplus funds	1,456

Total difference	\$1,795"

So that puts paid to all this nonsense we have heard up in here this morning.

The only thing the Third Elected Member for George Town reminded me of this morning when he was getting on about those 727s was an experience that I know somebody

had with a little station wagon. One June they were offered \$175 pounds for the station wagon and they had learned to love it so, they would not sell it and by January they gave it away for 12 pounds to get it out of their yard. It has deteriorated that rapidly and it surprises me that the Third Elected Member for George Town cannot see that.

I am going to develop this theory or not theory but point in the consultant's report on the disposal of the 727-200 further because this has to be put to rest once and for all. It was the argument of the opposition in the summer of 1989 that the mistake was to be selling the two 727 and further to replace them with two 737-400 aircraft. That was the argument pure and simple. This is what the consultants have to say when they are dealing with that in more detail:

"CAL [Cayman Airways] reliably operated two relatively new leased B-727-200 (Advanced) aircraft. In late 1989, these aircraft were replaced with two new leased B-737-400 aircraft. The B-727 aircraft were disposed of by assigning the leases to Alaska Airlines in exchange for a \$12.5 million payment to Cayman Airways."

They ask two questions in valuating the transaction:

"Was disposal of the B-727 aircraft appropriate?
Was the B-737-400 the best replacement type?"

By both subjective and quantitative measures the B-727 disposal was an excellent decision; and replacement with B-737-400 aircraft was a good decision based on the facts at the time.

Subjective Evaluation

Although there were hints in 1989, the B-727 aircraft has subsequently become an unattractive declining-value aircraft that is a glut on the market and a burden to most of its operators."

Those are not my words, those are the words of the consultants.

"Even though Cayman Airways Limited aircraft were relatively new they were still of old design. Compared to more modern replacement aircraft they have three engines and three pilots as opposed to two. This results in greater maintenance expense, more things to go wrong, higher fuel burn, and higher crew cost. As a result, relative to alternative aircraft such as the B-737 or MD-80 series, the B-727 have higher plane-mile and higher seat-mile costs. In addition, CAL's aircraft were due for multi-million dollar D-checks (heavy airframe overhaul) and complete engine overhauls.

Most of those airlines who have B-727 aircraft are attempting to eliminate them from their fleet. In October 1990, the U.S. enacted noise legislation that provided (with limited exceptions) that all stage 2 aircraft would be banned from U.S. operations by the year 2000. This created a surplus of close to 2,400 surplus stage 2 aircraft in U.S. aircraft fleets in addition to aircraft operated by non-U.S. airlines. While not unanticipated, the certainty of this legislation further reduced B-727 aircraft values shortly after CAL disposed of these aircraft.

In addition, the U.S. FAA recently imposed stringent aging aircraft requirements which hit the B-727 particularly hard.

Furthermore, the B-727 is very heavily represented in the fleets of distressed (TWA) and bankrupt (America West, Continental, Eastern, Midway, and Pan Am) airlines. As shown in Table 5.1 and Figure 5.1, the B-727 is the most highly represented aircraft in bankrupt and distressed airlines' fleets - it represents 38% of their fleet count. Another way of looking at this situation is that one-third (322 tails) of the entire U.S. fleet of B-727's is operated by bankrupt or distressed airlines."

It goes on to tell about those woes.

I am going to skip the rest on that section and come down to the Quantitative Evaluation, page 29 5.1.2. "Cayman Airways received 12.5 million dollars in arranging an assignment of B-727 aircraft. Close to two-thirds of this amount has quickly consumed in B-737 start-up expense and related deposits." Some Members have tried to use that additional bit about the two-thirds being used up in saying that the money was squandered and that it did not do them any good because it went. The truth of the matter is, if Cayman Airways had continued to fly the 727s, what would have happened was that the airline would have had to have found \$6 million for D-checks within a year or two and they could not have started the New York run unless they went out and borrowed further money so instead of having a net surplus of cash they would have had a net deficiency of cash in the region of \$10 million to have done the same thing that they did in advertising and meeting start up costs. So it is a substantial difference. The Report goes on to say:

"This transaction [that is selling the 727s and replacing them] was an excellent one for CAL and one of the best small B-727 transactions SH&E has observed. In essence, CAL disposed of an undesirable aircraft for near its market value even though CAL did not own the aircraft. Further, this transaction occurred just prior to valued-depressing noise regulations, aging aircraft maintenance

requirements, and numerous airline bankruptcies."

They go on to talk about the transaction again being \$1.8 million annually better to the airline but I am not going to repeat that. I want to read this sentence and I hope it sinks in, Madam Speaker: "Thus, it is clear that a combination of foresightedness, excellent negotiation, and fortuitous timing resulted in a very favorable result from B-727 disposal." One does not see that written about Directors and Management that are incompetent and incapable. That is the work of, in my view, good business men. Excellent business men. They go on to talk about the alternatives which the airline had at that time for replacement aircraft. They said:

"CAL had a wide range of narrowbody replacement options for the B-727. Their competitors operate B-727, DC-9, and B-575 aircraft. A quick evaluation shows that the aircraft operated by Pan Am and Northwest are obsolete aircraft more than twenty years old which airlines throughout the world acknowledge are dying breeds.

However American Airlines and other airlines around the world are successfully operating the B-757. While this is an excellent aircraft for American, it is not the appropriate choice for CAL.

The B-757 is close to 30% larger than the B-737-400. It is too large because: 1) CAL does not have access to or benefit from American's extensive on-line fee, 2) CAL does not have the market share (versus seat-share) premium of American, 3) CAL uses its aircraft on less dense secondary gateways, and 4) CAL's Miami strategy calls for high frequency operations.

Furthermore, CAL cannot support the high capital cost of the B-757 due to network features resulting in low utilisation. In contrast, American receives volume-purchase discounts and has an extensive, varied, and inter-connected network that permits high utilisation.

In summary, the B-757 is an excellent aircraft that is right for American's mission, but not CAL's mission."

A few days ago we heard the Second Member for Bodden Town say that that is what Cayman Airways should have gotten. That on his trips to Miami he sees these 757 aircraft parked; they belong to bankrupt Eastern and Pan Am and that CAL should have gotten one of those. That is what the airline would have probably ended up with had that Member had an input into the decision because he immediately decided that he would attempt to demonstrate that the 737-400 was not choice when it was made because it was only marginally in the appropriate column of excellent aircraft that were available.

What he did not say was that on that same chart that he was using was that the 757 was way out to the right of that section as being too large. He quite rightly pointed out that the 737-400 was marginally outside of the appropriate aircraft section although, firmly in the excellent as far as operating efficiency is concerned. But what he failed to say was that the 727-200 even at the time this study was done was farther out in the too large section than the 737-400 and that it was classified under poor when it came to operating efficiency.

Now, if that was the case in 1989, then how much too large was it in 1982? I would suspect that it would have been on the same position in the graph in 1982, nearly off of the page as the 757 is in 1989. In other words, the 727-200 was never a good decision for Cayman Airways because it was under the poor operating efficiency section and it was too large when it was purchased.

I think I should read the section on page 31 under 5.2.2 Other Choices because this shows why CAL would have made the decision they did and that it was not an unreasonable decision. In fact, what it said is that it was one of several good decisions that could have been made. Not the best, but one of the good ones.

"A good way of initially narrowing the search for acceptable B-727 replacements is to screen for operating efficiency and aircraft size. (and that is the table that just spoke on) On this basis, the B-737-300, the MD-87, and the B-737-200 are clearly within the envelope for further consideration. The A-320, B-737-400, and MD-80 are at the edge of the envelope for further consideration. The passenger appeal of each is good, although maintaining this appeal on the older aircraft is in part a function of the particular interiors and external cosmetics of the particular aircraft tail number operated.

CAL not step-up to the MD-80 & 87 or the A-320. As non-Boeing aircraft, they would have involved significant and possibly more burdensome transitions than remaining with a Boeing fleet. This is particularly true with respect to pilot with respect to pilot training and maintenance. In addition, aircraft availability and price relationships were reportedly at least as favorable for Boeing aircraft at the time. As there were no clear advantages for a non-Boeing fleet, CAL's decision to remain with Boeing was an acceptance decision.

That narrows the choice to the B-737 series: -200, -300, and -400. These aircraft become more expensive, larger, and more operationally efficient as the series number increases. As shown the -300 and -400 have sufficient range capability to serve all of CAL's current routes. The -200 can

serve all of CAL's routes except for New York.

CAL selected the -400 for a variety of reasons including those previously mentioned. It also considered: 1) maintaining the size of the B-727, 2) choosing a very new and modern aircraft, 3) its current mode of higher utilization in lieu of marketing-optimized schedules, and 4) benefits of fleet commonality.

In part, these factors directed some attention from the traditional analysis of trade-offs between operating and capital costs."

MADAM SPEAKER: Honourable Member, you have been reading extensively from reports. Perhaps in future you would just call attention to the page and do a brief summary.

HON. BENSON O. EBANKS: Thank you, Madam Speaker. That I can do, it was just that unfortunately the printed version is not available to listeners and that was the reason for doing this, but, thank you very much. I am just about finished with this section of it anyway.

This analysis on the choice of an aircraft basically says that all things being taken into consideration it is understandable why Cayman Airways made the choice it did in 1989 to go with the 737-400. It says further that Cayman Airways was not the only airline that made this choice passenger appeal being a very strong being a very strong inducement. US Air that was another that went heavily into the -400 and the passenger appeal and reliability of the aircraft certainly had to be uppermost in the minds of Cayman Airways Directors and Management when they decided to go for the -400.

The Honourable Members will recall that there was a campaign even against the -400; questioning its safety and reliability because a decision was taken to trade in the 727s. I am reliably informed that Members went house to house canvassing people not to fly the airline when the new aircraft were introduced.

I hear some Members saying that it is not true. Those people who told me that they were visited at their homes will know now that they are being told they are telling untruths. That is the people who were visited are now being called liars. I wish I did have the opportunity to read this whole Report which as you can see is the largest one in the lot and is, in my opinion, the sum and substance of the recommendations.

Suffice it to say that no reasonable person can read this Report and fault the Directors and Management of Cayman Airways in their decision. Let us not hear anymore going back into accounts from 1985 and 1984 and 1983. We all know that a big portion of the lease on the 727s was hidden below, what we call, below the line going in as interest and therefore it took its biggest impact at that point.

It should also be remembered that the 1990 accounts because Cayman Airways had some cash for the first time in its life and everybody knows how it feels to have cash. They paid off a lot of debts that they would not have otherwise had the money to pay off. That is why that year showed substantially less on their operating account including over \$2 million on the same 727 aircraft to get them out of hock to be able to sell the lease to Air Alaska because that was a part of the arrangement. This balloon payment was down at the bottom. Yes, there is a table in this very book that shows the lease, do you have the 1990 Accounts? Look at the table there, the present worth of the lease. I do not believe we are going to hear anymore about that having been a bad decision because anytime somebody can get rid of an albatross and be \$1.8 million a year better off, that cannot be a bad deal.

I also said that the consultants said that we should revert to the ownership pattern that existed prior to 1978. Another one of the books from SH&E entitled Financial Feasibility, Subsidy, Route Value, and Future Development of Cayman Airways says at page 18, that: "Absent a partnership of some form, CAL is likely to remain on the fine line between commercial success and failure." It goes on to point out that an institutional investor is the type of person that should be sought and then maybe the staff management and some Caymanian investors.

But it is extremely important to make a point that I ask your indulgence to read six lines of the report at page 21. It says:

"To avoid problems such as have occurred in the past, there must be mutual fairness and protection for the Government and new investors alike. Among other conditions, this would probably require: 1) control provisions for investors, 2) service requirement rights for the Government, and 3) unambiguous subsidy guidelines.

Investors need the right to control the CAL Board (or at least have influence and certain veto powers), the right to appoint management, and the ability to run the airline in an unimpeded business-like manner."

That in short says, that if the airline is going to succeed even under those conditions it must be run in a business like way; not by politicians grabbing it and pulling it in every direction. It is significant that Cayman Airways, prior to 1978 when air traffic in this country was very limited, never lost any large amount of money. In fact when Government had invested US\$112,000 in the airline it got back \$70,000 by way of dividends. So 1989 is not the only year that the airline made money. The airline constantly made money prior to 1978.

It was when politics, which the consultants have advised against

allowing to become predominant in the airline, owned or wielded the sway and which was propounded again yesterday by the Third Elected Member for George Town when he said that from 1978 to 1984 the four Elected Members of Executive Council sat on the Board and at least they knew what was going on.

What he did not tell us was that when this Government took over in 1984, the first job it had to do was to call an emergency meeting of Finance Committee and get two quarterly lease payments off to the lessors in Texas, a check to Texaco for fuel and a check to the maintenance company in Miami who were reliably informed were waiting in the jetway with plasters to put on the plane when she arrived. That was the situation at that time, so let's not hear about any glorious success stories under that management. That can be shot down quite easily.

While dealing with the political aspects of this Report maybe I should include here what the consultants had to say about the wish which they accepted would be difficult to implement but they expressed the wish that the management could be left unimpeded to get on with their work. I am now dealing with the Aviation Services Ireland Report page 12 under 4.2 Relationships and Responsibilities. It says:

"We also believe it to be the case that Cayman Airways, presumably because of its size and importance in the Cayman Islands context, receives an undue amount of local attention and comment in the media and among citizens in general. In one sense this is good and to be applauded but to the extent that it may damage the external image of the airline or indeed undermine staff morale it requires careful monitoring. In brief allowing the airline and its management to become a public political issue can have a destabilising influence on the airlines's future prosperity."

It has a considerable destabilising effect because there is an old saying that 'a dog that will bring a bone will carry one'. It is an accepted fact, it is known far and wide that within the airline there is a lot of note and news carrying about planned decisions or decisions of Management and the Directors. It invariably finds itself into the press under 'reliable sources', or something like that is the credit that is usually given to it but it is unfortunate but true that within the airline itself there are people that are still in love with the 727s and cannot get it out of their system, like the Third Member for George Town. This is why the consultants have noted in their Report that top Management does not always feed down to middle management in their view as much policy decisions as might be desirable under normal circumstances. But if those decisions are going to be leaked to politicians, to be brought into this House to ask questions about or be leaked to the press for sensationalism, then I understand fully why Directors and top Management have 'Top Secret' files - for our eyes only, because it would be damaging for much of the information to get out before they are ready to put it out. That is why I am saying that the consultants are perfectly right when they say that the airlines should be de-politicised.

I am discouraged and upset to hear politicians talking about they are the shareholders of the airline, and they demand to know, and this and that, and we own it and we are going to find out. Sure we own it, but in the normal course of business, in a public company shareholders have one general meeting a year. They appoint the Directors, the Auditors, they accept the accounts, but their biggest job is to approve their dividend. Yet, we hear every time we turn around that the shareholders were absent without leave from Cayman Airways. That is as it should be. Cayman Airways should be given policy directions from Government and the Directors and Management left to implement them.

If we are going to follow what we have heard here and what we have heard in the past, what the Second Elected Member for Bodden Town was advocating day before yesterday and yesterday morning, then according to him the shareholders should be having weekly meetings and the Directors should be having yearly ones. A complete reversal of the situation as it should be. It is widely known that every time this House meets we have that problem and I intended to leave this a little bit later but I might as well say it now. You heard that this was the second attempt to get a study done of the airline and this and that and that now we have a good report. The biggest winners in this Report is the competition to Cayman Airways because every business plan and every business option open to Cayman Airways is now public knowledge as is Cayman Airways innermost secrets about everything else. The biggest winners out of this exercise are the competition to CAL.

It is, as I said earlier, also fascinating and fantastic that the Report gives Management, the Member, the Directors, a clean bill of health but it is damaging when every little secret and option opened to Cayman Airways has been put out for the full scrutiny and pre-emptive strike by the competitors that it faces; some of which have been said by the consultants to be strong and ruthless. That seems to be what some Members glory in but I believe that since it had to come out it is well that we had the study. I believe that.

I do not believe that I have anything left in my summary to deal with. I believe that I have established that that summary is fair and accurate and I believe that I can now move on to deal with some of what I consider triviality but which for the good of the airline must be answered.

One of the criticisms hurled at the Member for Tourism was that he allowed changes to take place in the equipment of the airline while the study was still going on.

It was understood clearly when the Terms of Reference for the consultants were set up that the airline would have to continue to function and one of the conditions of the study was that the airline could not be made privy to anything that might have been found in the early days. No information was to be passed on. So, I am happy that Management of the airline and the Directors and to whatever extent the Member he was involved permitted the airline to do its studies and to do what it had to do to change its equipment.

Now the House has been critical of the moves to change to the

737-200 and -300 aircraft and somebody must have told them that that is exactly what the consultants were recommending and the some of them pulled back on that but some are still getting on criticising it. There is an old saying about when you throw the rock and I hear some squealing and I wish if possible maybe we could have some quiet.

The decision to go to the -200 at this time is a logical one and I want to make the point that it is in my opinion a career just decision. Two and a half years ago the Board of Directors decided to go with the -400 and as I have shown that was a logical and reasonable decision at that time because the difference in rental on the -200, the -300 and the -400, at that time, was not great. It is the fall in the rental value of the -200 and -300 recently that has opened up this new window of opportunity to Cayman Airways. Now an aircraft that was leased in 1982 is still being fondled and hugged up and cuddled by the people that had something to do with that; cannot let it go. It is like a Teddy bear.

How much more would have been their desire to hold on to the -400 which is only two years old, brand new, still has factory scent on it. They would not have been able to take this decision, a decision that needs to be taken, confirmed by the consultants, needs to be taken in the interest of the airline and God moves in mysterious ways His wonders to perform and He knows that if certain things that were advocated in the 1989 had happened it would have been much worse for Cayman Airways today. That is why they did not allow it to happen.

God moves in mysterious ways, Madam Speaker, and He has His hand in what happens with Cayman Airways. He guides the Management and the pilots and everybody else, that is why it is successful. As I said, that takes maturity but yet that is the Management that we hear coming from the other side have to go. I could understand, I possibly the rational in that argument if the they had of sat flat on their butts and did nothing until the consultants told us that is what should be done but it was from December last year that these moves were being advocated, so it could not possibly have come from the consultants.

I do not know because this sometimes happens. The consultants sometimes get ideas from the companies, from within and that is a possibility, but nevertheless that is what the economic analysis in this Report shows to be the best fleet; what the airline has gone out to get now. I maintain that that is a demonstration of good Directors and good Management and I want someone from the other side to prove logically to me that it is not. I do not want to hear about interest payments that were made under the line and equity that was being built up that nobody else could see. We want a rational argument.

The Second Member for Bodden Town said that from 1990 the auditors had put a note on the accounts to show that they had made a loss of some \$5 million and that it had nothing to do with the war, that it had nothing to do with competition but it said that it was in connection with the introduction of the 737. I answered that earlier, Madam Speaker.

They had cash they paid it up front. I saw in the 1989 accounts expenses that were incurred establishing other services that were spread over a long period and that is customary accounting practices. You amortise those types of expenses, like formation expenses over a number of years because they are a continuing benefit to the company but the airline had cash in 1990 and they paid cash up front for the expenses for introducing the new New York run and training their pilots instead of carrying it on the books, like was the practice previously.

The consultants make clear that increased competition is in fact a major factor in the low occupancy rate of the airline. I am not going to get into too much of the details about when American Airlines and this one and that one were given an assigned route to Cayman and so on. I am going to leave that for the Member. I am going to make the point that even though it was two years, at least after designation before American and Pan Am came in to Cayman, that in the case of American statistics show that American's business in and out of Miami, at that time, the time they came to Cayman represented five per cent of that business and that earlier this year when the study was done they controlled 20 per cent of the traffic in and out of Miami. In other words, Miami has become American's hub. They have replaced the bankrupted Eastern. That is considerable.

Another factor, the US recession is real in terms of travel. I believe that the last statistics I heard for Cayman, our air arrivals are down approximately five per cent and while that is less than most other Caribbean destinations, it is interesting to note that it is identical to what is being experienced in Florida, California and Hawaii. It is not alone for Cayman. It is global, I guess, in the United Kingdom they are giving away seats trying to get Americans over there. I do not know how much that has fallen by, but certainly more than five per cent.

The real culprits in those were the Gulf War and the depressed economy. Thank God, I believe there are signs that the economy in the United States is turning around. You will not see dramatic changes tomorrow, but they are coming and I believe that next year is going to be bright for Cayman and brighter for Cayman Airways as well. But the truth is you have to cut your suit according to your cloth, so I applaud Management and the Directors for their change.

I heard one speaker, I think it was the Third Elected Member for George Town castigating the Member for Tourism for having said at a public meeting in connection with the decision to go with the 737-400 as a replacement for the 727-200, castigating the Member for having said, "why go outside for advice when we have had our own Caymanians do this study and we believe the figures to be right?" Now, that in his view was sacrilege. But the consultants have said that they cannot fault those figures, that they find nothing materially wrong with that projection and it is significant that it works again that they are now confirming the projections for the new fleet.

What is really amusing, is to hear the seven Backbenchers advocating that Government spend more money on consultants. Every time that this Government has come to this Legislature for money to employ consultants it has been castigated, "unnecessary spending of money, you do not

know what you are doing always having to get advice", and now that we have one institution under discussion that is able to do in-house studies we are castigated for not bringing in expertise from abroad. I hope that that fact is not lost on the Caymanian public who might be listening to me.

You hear people get up and talk about Caymanianising this and Caymanianising that and how much they love Caymanians. You get a couple in position who are doing some good work but it does not happen to jive completely with the views of the opposition and you hear, "they have to go, no good, get something from outside and tell us what to do".

MADAM SPEAKER: Would this be a convenient time to take the break, Honourable Member?

HON. BENSON O. EBANKS: Yes, Madam Speaker.

MADAM SPEAKER: The House will be suspended for 15 minutes.

AT 3:26 P.M. THE HOUSE WAS SUSPENDED

HOUSE RESUMED AT 3:42 P.M.

MADAM SPEAKER: Please be seated. Proceedings are resumed. Debate continues.
The Honourable Member for Education.

HON. BENSON O. EBANKS: Madam Speaker, during my last spell on my feet I mentioned about the dangers of errors being made in news releases that were not directly from the responsible party in organisations and during the break, I just happened to get the latest publication of the New Caymanian for today. It demonstrates what I was saying so vividly that I would like to call attention to it. There is an article on page 9A entitled "Were commissioners told the truth?" and it is by Franklin R. Smith, Sr., Guest Columnist and the picture is that of Attorney Steve McField with Mr. Smith written under it. That is what I mean by dangers of these devils' mistakes.

Now the Second Elected Member for Bodden Town the day before yesterday, said that Kingston (and this part is right out of the first part of what he said) was the only route that showed a positive cash flow for Cayman Airways at this time. That was true, but the rest of what he said was not accurate because he gets the same monthly reports that I get.

All Members of the Assembly get them and Cayman Airways continues to increase its share of that market, not lose it as he suggested. And with some of what he said he would have been better off to leave it unsaid because he said that the staff of CAL treated the Jamaican passengers badly, that the traders from Jamaica had stopped because they could not carry their freight on the 737-400, that he understood that they were going to Miami where Air Jamaica's 727 could handle the freight easily.

I am sure that by now he himself sees the fallacy in that statement because Air Jamaica flies the 727 to Cayman and if that was the problem all the passengers needed do was switch. But the truth of the matter is that before the 1984 election, it may have been in 1982 or 1983 but it was certainly before that change, the management of the airline at that time discouraged those people from coming to Cayman to purchase and one of the leading wholesalers in Cayman even refused to sell them merchandise. That is a well known fact. So he cannot tie that around this Government's neck; that ribbon is well placed around somebody else's neck. And it is partly around his, so he cannot transfer that easily.

The Second Elected Member for Bodden Town and the Third Elected Member for George Town were also critical of the airline going into New York but the consultants have confirmed that even though Cayman Airways has not yet shown a profit on that route that it was a wise decision because it is opening up a new market. The people who come are relatively more wealthy. They stay for longer periods and that on a cost benefit analysis to the country, it is exceedingly good business and that the market is sufficiently promising, that with better scheduling that will come from the three planes, which the Third Member for George Town opposes, the route will come good and that it should be pursued. The same thing is stated for Atlanta, that it should be continued with a new schedule to regain traffic because the statistics show it to be potentially a good market.

As I said, I am going to skip that part of his talk to deal with the payment on the planes. The consultants have proven beyond a doubt that the airline is better off by \$1.8 million every year having sold the 727s and even leasing the "expensive" as we call them, state of the art, 737-400s. And as I said any time somebody can change equipment and be better off by \$1.8 million on that transaction without any improvement in load factor or reduction in fuel prices, than it is beyond me to see how anybody can argue successfully that that is a bad deal. So I am not going to get into his mortgage payments.

Madam Speaker, the Second Elected Member for Bodden Town went on to say that.....

Madam Speaker, I am going to leave that Member alone, I would be wasting the time of the House to reply to anything more that he said. I want to deal with some of the things that the Third Elected Member for West Bay and the First Elected Member for Bodden Town had to say.

Madam Speaker, the Third Elected Member for West Bay, I do not have too much quarrel with what he said up front in his contribution but toward the end he seemed to have lost his way. He said that the argument put forward by the Backbenchers in the summer of 1989 was not whether Cayman Airways should change the planes but whether they could afford the 737-400s. As I said earlier we know

that that is not the whole story. It is true that they tried to use the argument that since the rent was roughly three times what the rent/lease payment was on the 727 that it could not possibly be more economical to lease the newer plane. But that is also swept up by that sum which has been checked and rechecked by the Backbench and they cannot find anything wrong with it and the answer is that on the statistics at that time the airline was \$1.8 million better off. The consultants told them when we were discussing the preliminary report, "Let's get off of this thing about the 727 because the only difference between that and the 737-400 would have been that the airline would have been in trouble last year instead of this year." That was their view.

The difference is that had Cayman Airways been able to keep its share of the market with the 737-400, it would have been flying high in profit but competition reduced travel and increased cost of fuel by the Gulf war put paid to it. But the truth of the matter is it would have lost a greater market share, it would have lost more on fuel and would have gotten in trouble a lot earlier. And something that has not been said yet, when those planes were transferred, when the lease was sold for the \$12.5 million this Government was released from a \$17.752 million obligation under that lease. That is on page 10 of the June 30, 1990 Accounts. I notice that the accountant on the other side did mention that. So that is another added financial plus on that deal. I want to call that to the Third Elected Member for West Bay's attention. I believe that when he comes back Monday morning he will tell me that I am right.

You know they take a strip off of the Member for Communications for having said in public meeting in 1989 that you cannot aggregate leases and not aggregate the possible revenue. Their argument was that there was a lease commitment of \$111 million over the 15 years and the Member merely said that you cannot have single-entry bookkeeping. If you are going to aggregate the lease over 15 years well, then you must aggregate the possible revenue which probably is \$2 billion or whatever they are saying but it was a figurative expression, you cannot aggregate one without aggregating the other. And they cannot prove that figure wrong regardless what they said because in 15 years Cayman Airways might be flying to the moon. All that was said was you cannot aggregate one without aggregating the other and that the revenue possibilities are unlimited. For example nobody would have believed that the 400 would have been flying into Cayman Brac as frequently as it is.

(inaudible interjection)

HON. BENSON O. EBANKS:

Not now, I agree! (laughter)

Madam Speaker, the Third Elected Member for George Town said that the whole disruption in this country in 1988 was ultimately caused by selling the 727 and leasing the 737-400 aircraft. He said that is at the route of the change in Finance Committee and a motion for Constitutional review.

Now I understand that one of the most vociferous complaints by that Member and some of the Backbench is because they were not consulted on the deal. I have to admit that had I known that the Member had such a tender spot in his heart for those aircraft, that I would have suggested that he be told they were going before he was told. But that does not affect the fact that the decision was a good one and that was not what brought the disruption. The country might as well know that before the airline issue became public the plan was to set the country moving by stirring up the people because they were not getting enough turtle meat, the Turtle Farm. (laughter)

They are laughing, but it is true, I have the document in my briefcase! The plan was to bring a motion to permit the importation of turtle meat and figuring that the Government would oppose because of our international obligations that is what they were going to use to stir up the people. So the airline merely gave them a good excuse.

The Third Member for George Town said he cannot see the problem with politics being involved in Cayman Airways. The First Member for Bodden Town said the same thing. He said, in fact, that the airline was born of politics and that it was political from day one. That is not my understanding of why the airline was formed. The airline was formed in 1968 because the country needed rights into America. Lacsca was willing serving Cayman but..... (interruption)

Madam Speaker, the First Member for West Bay must have something speaking in his ear because I did not mention this before. He said I said it. Somebody has been talking in his ear. He is hearing things.

MADAM SPEAKER:

Excuse me, I think that Members must bear mind that the Chair has the responsibility to call any person who is not keeping within the Standing Orders.

HON. BENSON O. EBANKS:

Madam Speaker, Lacsca was serving Cayman and it was the Department of Transportation in the United Kingdom who called it to this Government's attention that Lacsca did not have the right to do turnarounds in Cayman from Miami, that it was quite all right to come from Miami, to touch down and go on to Costa Rica and vice versa but that they did not have the right to fly the shuttle, the circuit from Miami to Cayman and back. And Cayman tourism or the demand for airlines was increasing to the extent where Lacsca could not serve the country on just the touchdown on its way to and from Costa Rica or Miami and a partnership evolved with Lacsca where the Government had 51 per cent, Lacsca 49 per cent and it started in fact for the inter-island run and then when Lacsca got its jet they chartered the jet and the relationship grew from that. Then it went on to where Government had 60 per cent, Lacsca had 40 per cent and down the road. That went well until 1978 when, it is my understanding that politics crept in. It was not the birth of Cayman Airways, it was the reorganisation of Cayman Airways in 1978 that came of a political decision.

Madam Speaker, the Third Elected Member for George Town

this morning, in dealing with the replacement aircraft that are now, I guess they are use, the 737-200s, claimed that they have the same engines as did the 727-200s, that is not what I understand. They have the same dash engine but it is a different series.

The 727 had the biggest engine in that series possible and had three of them and this one has a smaller engine and of course I would just like to point out that he even then had to make the little comment that it was 12 years old. Can one imagine what one would have suffered if one had tried to introduce that aircraft at the time that it was changing the beloved 727-200s? I venture to say that the furor would have been much greater than it is today.

The question that I continuously am asked even by Members of the seven is if there was nothing wrong with the chartering of the 737-400s why are they being changed now, two years down the road. I was asked this even at the last break and I thought I had made that clear. But the point is that at the time that deal was made the 200, as I understand it, was leasing for approximately or near \$200,000 a month, the 300 series was almost as much as the 400. Today the lease is much, much lower, less than half of what it was then and the 400 lease has stayed up here. So it makes sense for a small, undercapitalised airline like Cayman Airways to go for the acceptable cheaper plane. That is a simple answer. And in today's market the answer to the question asked by the Third Elected Member for West Bay would have to be, no. A small undercapitalised airline cannot today afford the 400 when the 200 is so much more reasonable. That is the answer. At the time it was done, yes, it was a logical decision. And the one that is proposed today is also logical.

The Member for George Town also worried that we were getting too many seats, too many planes. The consultants have addressed that and as I said, the consultants have recommended independently of the Board or the airline, the identical fleet that the airline if getting.

Now it is true that the airline, in planning into the future, has made some arrangements for another 400 in February next year and while the present market conditions would dictate that that would be surplus to requirements, if there was a dramatic turnaround the consultants have shown how that can be utilised effectively, both for the airline and for the Island. If there is not a turnaround the management of the airline, whom the consultants acknowledge are good airplane traders in their report they acknowledge that Cayman Airways staff are good airplane traders and I am confident that that same staff will do justice to that situation and do what is right and it is not going to be done cured by involving the Third Elected Member for George Town's politicians in it.

You know, Madam Speaker, the Second Elected Member for Bodden Town and the Third Elected Member for George Town continuously throughout their contributions asked or made statements to the effect that this was the first time that the airline had really been in serious financial troubles. Now that is totally contrary to my knowledge.

The first time that the airline had cash to speak of was when it sold the remainder of the leases on the 727. It has always, in my opinion, as the consultants have said, been undercapitalised because it was never intended when it was capitalised to be an aircraft-owning airline. It was always intended to lease aircraft. And as I said it was able to pay dividends in the early days. But I am sure that it does not come as any surprise when I say that Government's Treasury is not a bottomless pit of money and Cayman Airways, like all the other demands that the country places on the Treasury, will have to stand in line and everything will have to be decided upon when one sees how big the cake is to share up, who gets what slice according to need, according to the country's need at the time.

Madam Speaker, I also want to be deal a little bit with the Bermuda II agreement. It was said that the Member for Tourism was Government's representative at the Bermuda II negotiations some years ago. That could not be so because the Member was not then a Member of Government and that is a Government to Government negotiation not an airline to airline or airline to a country negotiation. He was there so that the Government Members could use his knowledge but the Bermuda II agreement has been used to justify the reorganisation of Cayman Airways in 1978 and I am saying, without fear of successful contradiction, that that was not necessary.

At that meeting Cayman Airways, with its then present ownership, 60 per cent by the Government, 40 per cent by Lacs, was designated as the British carrier for the Cayman Islands without limit as to time. It did carry a recommendation that all British carriers in the Caribbean endeavour to increase their British ownership but if there had been any specific problem, it could not have been given without limit as to time. And I might as well deal with the charge by the Third Elected Member for George Town about the Miami moratorium. The truth of the matter about that is after the 1984 election when the now Member for Tourism and Aviation took over, it was discovered that no action had been taken on renewing this moratorium which was expiring the following April. The Member got busy and it was renewed and to the best of my knowledge it was renewed a second time and the best advice that was given when it was coming up for the third renewal or at the time that it was renewed the second time was that it was highly unlikely that another renewal would have been given. And the best advice that the Member received was that rather than go down to the wire in April and have nothing to trade it was better to secure something by surrendering that moratorium three months in advance.

That advice, incidentally, was given not by the management of Cayman Airways that was given by an outside consultant and maybe that will now satisfy the seven Backbenchers since the advice came from outside Cayman.

4:30 P.M.

MOMENT OF INTERRUPTION

MADAM SPEAKER:

It is now 4:30 p.m., Honourable Member.

HON. BENSON O. EBANKS:

Yes, Madam Speaker, you can close at this point.

MADAM SPEAKER:

Would you move the motion for the adjournment, please.

ADJOURNMENT

HON. GEORGE A. McCARTHY:

Madam Speaker, I beg to move the adjournment of this Honourable House until 10:00 a.m., Monday, 16 September, 1991.

MADAM SPEAKER:

The question is that this Honourable House do now adjourn until 10 o'clock Monday morning. I shall put the question. Those in favour please say Aye...Those against No.

AYES.

MADAM SPEAKER:

Monday morning at 10 o'clock.

The Ayes have it. The House is accordingly adjourned until

AT 4:32 P.M. THE HOUSE STOOD ADJOURNED UNTIL 10:00 A.M., MONDAY, 16TH SEPTEMBER, 1991.

**MONDAY,
16TH SEPTEMBER, 1991
10:10 A.M.**

THE SPEAKER: Prayers by the Elected Member for Tourism, Aviation and Trade.

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 II, 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 Speaker of the Legislative Assembly, 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.

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.

MADAM SPEAKER: Please be seated. Proceedings are resumed. Questions - Deferred Question No. 194, the Second Elected Member for Cayman Brac and Little Cayman.

QUESTIONS TO HONOURABLE MEMBERS

DEFERRED QUESTION NO. 194

THE SECOND ELECTED MEMBER FOR CAYMAN BRAC AND LITTLE CAYMAN TO ASK THE HONOURABLE SECOND OFFICIAL MEMBER RESPONSIBLE FOR LEGAL ADMINISTRATION

NO. 194: Would the Honourable Member say what progress has been made to date in improving the system of Court Reporting and in recruiting sufficient staff to service all Courts?

ANSWER: The position remains basically the same as set out in my answer in the September 1990 meeting. There are currently two reporters. In addition, a Caymanian on the staff of the Judicial Department is currently pursuing a two and a half year course at Tampa University in order to qualify as a Court Reporter.

SUPPLEMENTARIES

MADAM SPEAKER: Supplementaries. The Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: Madam Speaker, would the Member confirm then that with two reporters there is only a limited amount of Court activities which they are covering? Two Courts at the most.

HON. RICHARD W. GROUND: Yes, that is right. I can confirm that. I believe they are covering the Magistrates Court and in those Courts covering trials.

MADAM SPEAKER: The Third Elected Member for West Bay.

MR. JOHN D. JEFFERSON, JR.: Thank you, Madam Speaker. I would like to ask the Member what type of total we are talking about that the Courts would need as far as reporters to adequately staff each session?

HON. RICHARD W. GROUND: It is not as simple a question to answer as it might first seem. There are three judges and two magistrates, so at anyone time one could have a maximum of five Courts sitting. It may be that even with five Court Reporters it would not be possible to cover the five Courts because time is needed to transcribe the record that the Court Reporters take and one may have to exceed five in order to cover the theoretical number of Courts that may sit at any moment.

In fact, that number might be reduced by leave, by the judges

sitting in Chambers with matters that are heard in private under the rules and the time that the judges themselves spend writing up their judgements. So there is a bracket, rather than a definite figure, but I think one could say to cover all the Courts a minimum of five would be necessary.

MADAM SPEAKER: The Member for East End.

MR. JOHN B. McLEAN: Madam Speaker, from the answer given, the course which the Caymanian is taken is two and a half years, could the Member please tell us when there is hope that the person will return to take up the post?

HON. RICHARD W. GROUND: I believe she has just started the course, so we are looking at two years.

MADAM SPEAKER: The Third Elected Member for George Town.

MR. TRUMAN M. BODDEN: Thank you, Madam Speaker. Could the Honourable Member say what steps would be taken to get the further necessary Court Reporters?

HON. RICHARD W. GROUND: Madam Speaker, obviously the first step is to get provision made in the establishment of the Civil Service. The Member may know that those now are a formal procedure for doing that through the Manpower Services Unit. As to what steps are being taken to implement that I do not know. I am answerable for the Judiciary but I do not manage their affairs.

Once the establishment was agreed, it would then have to be approved in the Budget. Again, it is a matter to be put forward and frankly to complete with the other needs of the service in formulating the budget. Again, I regret I cannot say what steps are being made in that direction.

MADAM SPEAKER: The Second Elected Member for Bodden Town.

MR. G. HAIG BODDEN: Madam Speaker, may I ask the Member if there has been any resistance from the Courts to these appointments?

HON. RICHARD W. GROUND: I simply have no personal knowledge on that, either way.

MADAM SPEAKER: Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: Would the Member say if the equipment that the Court Reporters are using is it modern equipment which assists them as much as is reasonably possible in both recording and deciphering the notes which they take?

HON. RICHARD W. GROUND: I believe that they transcribe on a computer terminal. One of the standard ones used by Government. At the moment there is only one which has been an impeding factor in their performance. I understand that a request is in for a second one.

MADAM SPEAKER: The Member for East End.

MR. JOHN B. McLEAN: Madam Speaker, I wonder if the Member could say, has any interest been shown by other Caymanians in pursuing the course for a Court Reporter?

HON. RICHARD W. GROUND: I am unable to answer that. I can raise it with the Clerk of the Court, if the Member would like me to.

MADAM SPEAKER: The First Elected Member for Bodden Town.

MR. ROY BODDEN: Thank you kindly, Madam Speaker. I wonder if the Honourable Member could explain to the House how the process of arriving at a full compliment of Court Reporters is taking so long?

HON. RICHARD W. GROUND: As I mentioned earlier, Madam Speaker, increases in the establishment have to now go through a procedure which is intended to insure that the Civil Service maintains within the bounds that the country can support and requests for Courts staff, just like requests for Crown Council, Legal Draftsman, all additions to the Public Works establishment, all have to go through these same channels. I do not know, as I said, what progress is being made on that.

MADAM SPEAKER: The First Elected Member for Bodden Town.

MR. ROY BODDEN: Thank you, Madam Speaker. I wonder if the Honourable Member can say if any complaints have been received by practicing attorneys as to delays and inconveniences, etcetera, as a result of them having to wait for the judges recordings rather than the recordings of the Court Reporters to that?

HON. RICHARD W. GROUND: Madam Speaker, I am unable to say. Perhaps I could just reiterate that, in answering questions in the House on behalf of the Judiciary, I can only do so on what they tell me and unless a point is specifically raised in advance I cannot ask them for an answer. I am not involved in the day to day management of their department.

MADAM SPEAKER: The next Question No. 224, standing in the name of the Second Elected Member for Cayman Brac and Little Cayman.

THE SECOND ELECTED MEMBER FOR CAYMAN BRAC AND LITTLE CAYMAN TO ASK THE HONOURABLE ELECTED MEMBER RESPONSIBLE FOR HEALTH AND SOCIAL SERVICES

NO. 224: Will the Honourable Member say if consideration is being given to providing insurance coverage under the proposed National Health Insurance Legislation for patients with chronic illnesses including AIDS?

ANSWER: The draft legislation as circulated intends that chronic illnesses including AIDS will be covered. The Health Insurance industry has been asked to recommend how best to do this, having been given three suggestions by the Committee:

- (1) Spread the risk amongst the companies who sell health insurance;
- (2) Contribute to a fund under the administration of the Health Services Authority;
- (3) Offer a window of opportunity twice a year where all applicants are insured.

However, it is the Government's intention to ensure that the "uninsurables" are covered in one way or another.

SUPPLEMENTARIES

MADAM SPEAKER: The Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: In the event that the insurance companies do not choose to offer insurance coverage what then would be open to Government or what means would be open to Government for taking care of this particular situation?

HON. D. EZZARD MILLER: Madam Speaker, the Government, being one of the biggest purchasers of insurance in a national health insurance programme, because of its employees and their dependents, if the industry refuses to cover it the option left to the Government is to operate its open captive in which it would cover all of its clientele, for want of a better word, and the uninsurables. That, I believe, because the industry will not have the opportunity in that case of providing health insurance for that large block of people, should motivate them to provide it in one form or another.

MADAM SPEAKER: The Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: Taking into account that the Government subsidises health care by several million, I think this year it is \$13 million, does the Member envisage or is there any indication that the cost for health insurance to cover at least that amount of health services will be exorbitant?

HON. D. EZZARD MILLER: No, Madam Speaker, in actual fact the subsidy offered by Government to Health Services in 1991 is approximately \$11 million including capital expenditure and overseas medical care. It is not envisaged that health insurance purchased for the clientele to which Government now offers "free" health care would be exorbitant. In fact it should be considerably and substantially less than that amount of funds.

MADAM SPEAKER: If there are no further supplementaries, the next question is No. 225, standing in the name of the Second Elected Member for Cayman Brac and Little Cayman.

THE SECOND ELECTED MEMBER FOR CAYMAN BRAC AND LITTLE CAYMAN TO ASK THE HONOURABLE ELECTED MEMBER RESPONSIBLE FOR HEALTH AND SOCIAL SERVICES

NO. 225: Will the Honourable Member say:

- (a) if doctors presently employed by Government will be allowed to engage in private practice by the Health Authority; and

(b) if the reply is in the affirmative, will he state how this will be arranged?

- ANSWER:** (a) Subject to the approval of the Board of the Health Services Authority, the Caymanian Protection Board and the Health Practitioners Board, it is believed the opportunity for doctors transferring to the Health Authority from Government Service to be permitted to engage in private practice will result in improved health care for all citizens.
- (b) However, the doctor must have completed on any day, week and month his contractual obligations to the Health Services Authority, and a system will be set up to monitor this. Under the rules of the Medical Staff Association, the doctor will make a proposal seeking permission of the Medical Advisory Committee which will advise the Board of the Health Services Authority.

SUPPLEMENTARIES

MADAM SPEAKER: Supplementary. The Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: The condition of allowing Government doctors or doctors employed by the Health Authority, will this be something to happen at some point in time in the next year, or whenever, or will it now come into play for the doctors presently employed by the Cayman Islands Government?

HON. D. EZZARD MILLER: It could only come into play at the expiration of the present contract under which doctors are employed because we could not change the conditions of the contract in the middle of their service.

But on the terms of the new contract that existing physicians will be offered after their present contract or terms of employment have expired will be on a sessional basis and not on a monthly or totally full time basis. Then the opportunity would provide itself for that doctor, if he could get employment in the private sector, to apply to the Medical Advisory Board and of course, as I said, it would be subject to the Caymanian Protection Law because he would have to get a work permit, not being a Caymanian, to work in the private sector.

MADAM SPEAKER: The Second Elected Member for Cayman Brac and Little Cayman.

MR. GILBERT A. McLEAN: Would this, a similar arrangement be allowed to say, nurses, who also work for the Health Authority, although the question was directed about doctors?

HON. D. EZZARD MILLER: It would not be an impossibility for it to be extended to some of the other paraprofessionals in the organisation. It might be a little less possible or practical because of the conditions under which they are employed. To try to give an example, let us take the doctor that gives anaesthesia at the Hospital. We might like to operate three or four days a week and there would be nothing wrong, for instance, of him giving anaesthesia at a private clinic when he is not needed at the Hospital at all, except that he would be on call or not during the time that he would be on call because we have other anaesthetists who rotate on call, but in the period when he is absolutely free.

On the other hand nurses are working more of a full time shift, either eight hours or whatever. It would be a little more difficult but it should not be an impossibility.

MADAM SPEAKER: If there are no further supplementaries, that concludes Question Time for this morning.

The next item of business, Government Business - Continuation of the Debate on the Report of the Consultants on Cayman Airways Limited. The Honourable Elected Member for Education, Environment, Recreation, and Culture continuing.

GOVERNMENT BUSINESS

DEBATE ON THE REPORT OF THE CONSULTANTS ON CAYMAN AIRWAYS LIMITED

(Continuation of debate thereon)

HON. BENSON O. EBANKS: Thank you, Madam Speaker.
Madam Speaker, on Friday I demonstrated by reading extensively from the Report that in summary the consultants have said that generally the Directors, management and staff of Cayman Airways have been doing an excellent job; that the sale of the 727-200 aircraft in 1989 was a stroke of business genius, not only did it generate \$12.5 million in cash but it also represents a continued annual savings of \$1.8 million to the airline; that their replacement by two 737-400 aircraft was one of several good decisions which could have been taken at that time and in fact, based on the then known facts, it was a good decision.

I also said that the consultants acknowledged, in the final analysis, that the airline is a human endeavour and that wherever human beings are involved there is also room for improvement and that the consultants have accordingly suggested some areas of improvement.

It is this aspect of the consultant's reports that I wish to concentrate on at this time.

The consultants have recommended that a clear, unambiguous statement of Cayman Airways Limited's main mission and objectives be agreed and written between Government, the company's Board of Directors and the Senior Management. It is to be noted that such a statement was prepared in 1985 but the consultants consider that the statement is not quite precise enough and that management was not sufficiently involved in its preparation and perhaps have not been sufficiently attentive to its implementation.

It is also worthy to note that the airline was reorganised in 1978 when the Second Elected Member for Bodden Town, the Member for East End and the Third Elected Member for George Town were members of its Board of Directors and that this was done without the benefit of such a statement or indeed, without a feasibility study or business plan being done.

MR. JOHN B. McLEAN:
the House. I joined Executive Council in 1980.

Madam Speaker, on a Point of Order, the Member is misleading

HON. BENSON O. EBANKS:

Madam Speaker, I apologise, the Member is correct but the other two were in fact, members. The point that I am making is that the Second Elected Member for Bodden Town and the Third Elected Member for George Town are among the most vociferous in their criticism of present management.

Unlike the views of the Second Elected Member for Bodden Town, who apparently believes than the shareholders, that is Government, should be actively involved in the management of the airline on a daily basis, the consultants recommend that Government should lay down national policy with respect to the airline, the Board strengthened by members chosen for their proven commercial and/or business record should focus on policy and strategy overseeing the company's performance without being involved in daily operation, Senior Management should run the airline consistent with policies, plans, and budgets approved by the Board.

As I said on Friday, the present Executive Committee of the Board has been recommended by the consultants to be discontinued, as it is in their view unorthodox and it should be replaced by a strengthened management team with up to four Divisional Heads. Air Services Ireland in their report, also recommends establishing a financial and expenditure unit made up of a Chief Executive and two or three Divisional Heads.

While acknowledging that it will not be easy to improve on the airline's current performance, the consultants recommend a series of improvement opportunities to be implemented. These include: an improvement to the airline's load factor and point out that an improvement of 5 points here will generate in the order of \$3 million annually. The recommendations also include a more aggressive marketing strategy towards freight and charter revenue. Additionally, it recommends an increase of ground freight charges such as delivery fees, to increase non-passenger revenue from the current less than three per cent yield to the worldwide standard of seven per cent. It also recommends that flight crew, that is pilot's salaries be rationalised by cuts and freezes over the next three years.

Other cost reductions suggested are: a modest staff cut of eight persons; a reduction in the allowance being made for future D-checks on aircraft; a 10 per cent reduction in domestic landing fees; a possible reduction of one per cent in promotion costs; and a general reduction regime for those cost headings classified as General Administration.

The amounts envisaged to be saved from any one of these areas is certainly small and by itself will not account for much but when added together could be considerable. If even 50 per cent of what is recommended is achievable, then it would seem to be worthwhile to undertake it. The consultants also make some recommendations on routes but their most profound recommendations are in respect of aircraft type and fleet size. The consultants consider that the ideal fleet size for Cayman Airways in today's changed market conditions of over competition and a depressed US economy, is two 737-200 aircraft and one 737-300 or one 737-400 aircraft.

Cayman Airways Limited management independent of and without benefit of the consultant's report, have acquired such a fleet; clear proof that the management is knowledgeable and on top of the situation. A clear indication that management do not need to be fired or replaced as demanded by the opposition in this House but rather that they need to be encouraged and commended for doing a good job.

It is my view that if the management of Cayman Airways Limited is left to get on with the job of managing the airline and given Government's assistance when requested, to the extent that Government can give that assistance, then the skies will be fair for Cayman Airways and its staff.

Thank you, Madam Speaker.

MADAM SPEAKER:
Elected Member for West Bay.

Would any other Member wish to continue the debate? The First

MR. W. McKEEVA BUSH:

Thank you, Madam Speaker. Madam Speaker, I listened attentively to Members of Executive Council on their views regarding the Report of the Consultants on Cayman

Airways, the national flag carrier. A pitiful contribution was theirs. I have never heard a weaker defense of the indefensible.

Their story is similar to that story called "The Emperor's New Clothes", especially the Member just finishing. All of us who went to school and heard these stories know what that story was all about. It was something that the Emperor was supposed to have impressed everybody that he had, everyone in his kingdom, that is, that he had. But lo and behold, the Emperor was naked. While all of us, as Backbenchers, can and have shown and will continue to show good sense and judgement for the national good, we are committed to the proposition that the national good must transcend group or sectional interest. We are, however, equipped mentally and psychologically to deal firmly and impartially with a Government, who by any means and in any guise, may be so ill-advised as to seek to spoil our good name to gratify their puerile ambitions.

It could never be expected that we, as a Backbench, would smile and congratulate the Executive Council, the Chairman of CAL, its Managing Director and its VP-North America in the monumental blunders they made in handling the affairs of the national airline and in playing musical chairs with planes every couple of years.

In 1989, I was the first Member who called for their dismissal. For some strange reason the Member for Education and his Executive Council, the Member for Tourism and his Executive Council would not cut the umbilical cord. I say no less today. The Managing Director should go back to what he knows and that is flying planes. The Chairman and the Executive Council should realise he just cannot do the job and the VP-North America should have been fired from 1985, as was promised in the 1984 campaign by the Member for Education, the one that is praising him today and also in the 1988 campaign. And if the Member for Tourism cannot bring about these necessary changes, and he is ultimately responsible, then the responsibility for the national flag carrier, in my opinion, for its best interest, should be handled by another Member. I say that with no disrespect to the Member for Tourism. As for the Member for Health and Social Services and the Member for Education, I will deal with their dirty little speech in due course.

It is true that we, perhaps, let us say that we should not have gone back to the sorrowful state of 1989. What has been done, has been done. I took a position and today the Reports are a stinging indictment on the Management of CAL and the Executive Council. And blind Bartimaeus could see that. However, after the unfortunate and high-handed actions of Executive Council in 1989 in regards to CAL which finally brought about the split in the Government of which I was a part, I made a promise to myself that since Executive Council had postulated so often on the public platforms in this country that it did not need my support for Cayman Airways Limited and it did not need to consult the Backbench on any matter connected to it because it was a private company, I promised myself and my family that I would not get into any hot water over it. While I do not intend to get into any hot water, I intend to put right some of the unfounded allegations made by the Member for Health and the Member for Education, who should know better but their disposition leaves them to such tasteless conclusions.

I have always supported the airline, even after the 1989 unfortunate incidents. At the end of the day what I realise and what has to be taken into consideration is the contribution that Cayman Airways makes to the entire Cayman Islands.

But no Member of Council needs to get up on a soap-box and talk about this contribution. If we remember correctly the late Jim Bodden stood on the floor on both sides of the fence, on Executive Council and on this Backbench and pounded that story over and over. But people like the Member for Education insulted and derided the late Jim Bodden for having taken that stand. Yet he comes here today with his nonsense about Backbenchers being political.

Because of the large investment which this country already has in CAL, I feel that it must continue to serve as an instrument to try and achieve national, social, and economic goals for these Islands. For those reasons, I supported a motion brought by the Second Elected Member for Cayman Brac and my colleague the Third Elected Member for West Bay in 1989, to examine all aspects of Cayman Airways' financial affairs, management, equipment and operations and then make recommendations to this House. I supported that motion. However, the Members of Executive Council, again, took a one-upmanship position because they knew they could depend upon a vote on this side of the House to defeat that resolution and they refused the motion. Here is what the Member for Tourism said that day were his reasons for not allowing the motion to pass. I quote: "To support this motion would be for me to agree that something is wrong, that an investigation or examination and recommendations that follow can cure and correct. I do not believe this, he said.". Madam Speaker, from then we knew that all that was being told us was not the whole truth and nothing but the truth.

The Reports by the consultants have pointed many problems in the same areas we suggested in May 1989 to be looked at. These problems did not arise today or last year as the Member for Education and the Member for Health would like us to believe. But surely those problems had to exist in 1989. They talk about one-upmanship. That was the height of it!

It stands to reason that these problems which are pointed out today in these reports could have been identified and addressed two years ago had the Executive Council not taken a political position to outvote us simply because they felt that we could not tell them anything. They had all of the experience. They knew all about it. There is no sense for any Member in this House to get up and talk about 1968, or 1957, or 1954 because that does not help the position we are faced with in this country.

The Member opening the discussion on this motion, the Member for Tourism, did not go into that. Very quietly and sensibly he stayed away from any of those positions but just dealt with the Reports before us today. However, as I said, not voting for that motion in May 1989 was one more mistake on the part of Executive Council.

Now as far as the Reports are concerned, I fail to see how any Member of Executive Council can claim exoneration of Management. The Member for Social Services and the

Member for Education seemed to be labouring very hard to convince people that everything is hunky-dory and that they were right and that the Backbenchers were wrong in 1989. As I said, their story reminds me of "The Emperor's New Clothes".

The two of them, in their debate, tried to put forward the suggestion, "Oh, do not worry, the findings of the consultants are only ordinary, run-of-the-mill things which happen in airlines. Nothing is really wrong. These things happen in every airline." No wonder! Not only is the airline sick but the country is suffering also with their kind of mentality.

I might as well answer the Member for Education, who on Friday looked across here and made the pronouncement that he is better than anyone of us. I do not know what he meant by that, that he is better than anyone of us on the Backbench. That Member is suffering from some kind of hallucination that he is God's gift to these Islands.

Let me tell that Member something. He is not capable, he is not competent to deal in such matters as airline managing and therefore he can very well confirm with the blunders that are made in the national flag carrier. And I say that seeing that as big as the Queen Anne's Revenge was, he could not find her when she was anchored not too far from shore in front of Governor's Harbour after 7:00 in the afternoon and ended up on Rum Point Reef. If he cannot find the Queen Anne's Revenge in the North Sound, I do not think his piloting capabilities are too strong. (laughter)

As far as the Member for Health and Social Services is concerned, he knows all about everything. His mistakes are too numerous to mention and you would call me to order if I went into them...

MADAM SPEAKER: So please do not do that, all right?

MR. W. McKEEVA BUSH: I would not do that, Madam Speaker.

MADAM SPEAKER: Right.

MR. W. McKEEVA BUSH: But as far as planes are concerned his knowledge seems to be cross-wired, seeing that when he attempts to pilot one he steps on the gas instead of the brakes and ends up on the edge of the sea.

I doubt that the Board of Directors of Cayman Airways Limited are themselves happy with the Management. I do not think the entire Board is even fully consulted on matters as they should be. Certainly the Reports say that staff members and heads of departments, who should know what the run-of-the-mill is in the airline and what their duties are, do not seem to know. It looks to me that there is a lot of unhappiness and if the Board were not made up of a sizeable amount of civil servants and if those civil servants could speak their mind publicly, a different story might well be told.

The Reports say that the Executive Committee (which is a Management Committee), and other areas of the airline have been working at cross-purposes and is unorthodox. With due respect to all of them, this has been counter-productive and perhaps created or compounded some of our present problems. The consultants say that there is considerable scope for improving and streamlining the overall management and structure of Cayman Airways. I do not think that any reasonable person who reads these Reports and would speak the truth could say that there is not serious incompetence in Management, unless those persons had something to hide.

My teachers, at least two of them, used to tell me, "It is a very small man who will not admit that he has made a mistake."

One only has to look at the Reports and I draw Members' attention to pages 13, 14, 16, 42, 45, 46 and 47 of Aviation Services Ireland's submission, and we find where the incompetence lays. It is not difficult to see, nor is it difficult to understand.

First of all on page 13 they say: "...management and staff are relatively uninformed as to how well the airline is doing at any given point in time, and indeed how well their own areas of responsibility are performing against target, and indeed in some cases what these targets are." This speaks for itself. The airline is not being run properly. And the present day problems are not the fault of the Backbenchers or the *Caymanian Compass* as the Member for Health and the Member for Education would like this country to believe.

We go on to page 14 and it shows here, for the sake of time I will not go into reading it but it says certain things must be done here and a detailed Annual Business Plan for the airline is needed. If the consultants can say this must be done, surely they are not now being done, then how can the airline be run along proper commercial lines? How can any Member say that it is being run properly if it does not have a detailed Annual Business Plan?

They say here, and I would like to read this part on page 16, it says: "We also found it difficult to lay our hands on specific proposal documentation for past and present key expenditure decisions. We believe that no capital expenditure decision should even be considered by Senior Management and/or Board without a proper case being documented and submitted in good time to the relevant decision making authority."

We go on to page 42 and here it talks about marketing. It says: "It is agreed that there has been no consistent planning policy and this is reflected, most obviously, by the frequent changes promulgated by the airline."

Now we go to page 45. It deals here with Market Research and Management Information. Here they say that a new route is being proposed to New York or as an extension of the New York service to Toronto but they say here that this new route is being proposed but not on "facts or analysis."

Here is why the airline is in such deep problems.

And we look at page 46, and this is important enough I believe, for me to read. It says: "The marketing objectives should be clear and defined in terms of growth, revenue, load factor, yield and market share. The executive responsible for marketing and sales should prepare an annual marketing plan for the approval of the Managing Director with the objective of showing how the marketing targets will be met, the resources to be applied and the methods to be employed. There had been no proper overall marketing plan in the past. This is considered an essential ingredient for marketing and sales implementation in the future."

And page 48 goes on to say that there is confusion between the Department of Tourism staff and Cayman Airways employees. It says: "...the present arrangement tends only to muddy the waters of responsibility and accountability."

Madam Speaker, the consultants, by what I have just read here, have exposed serious deficiencies in Management. They have pointed out that the Board is not functioning properly, through no fault of its own; that there is no detailed Annual Business Plan; there were no specific proposal documentation for past and present key, mind you key, expenditure decisions. They found deficiencies in Market Research/Management Information that in planning new routes they did not base the plan on facts or analysis and it must be that marketing has to be one of the key ingredients in running an airline, yet the consultants say that there have been no proper overall marketing plans in the past. They say that mistakes were made when despite severe shortfall in passengers there were more persons flying than planned. Can we say, in all honesty, that this is good management?

In any commercial operation, in any corporation throughout the world and even in Cayman, as close-knit as we are, this would not have been allowed to happen and I blame the Members of Executive Council and I blame the Member for Tourism. They are not doing their jobs in spite of coming to West Bay in 1989 and telling people not to listen to McKeeva because he cannot spell the word pharmacist. They like to deride people and put people down. They set themselves up as the saviours of the world but when we look at them, very small men in certain instances, they are.

It was said by both the Member for Education and the Member for Health that we were trying to put words in the mouths of the consultants. That is a most ridiculous charge and it only goes to show you to what length people like the Member for Education will go to discredit the Backbench. It was not the Backbench who worked along with the consultants so we never told them what to twist in favour of anyone's position.

If you look at the Report from Aviation Services Ireland (ASI) it would seem that the Managing Director was pushing his own ideas instead of giving the consultants the chance to make recommendations free from his influence. In their suggestion for marketing and sales effectiveness, they say that it is logical and sensible to locate the Head of Department and Support Managers at the Head Office here in the Cayman Islands. But the Managing Director and the VP-North America both were arguing against this recommendation. The consultants say that it must be done.

It did no good for the Member for Education to get up and talk about the airline flying off good into fair skies. He made those same kinds of announcements in West Bay when he said that they were going to make \$2 billion (and I will get to that later on) and what has happened? They have lost more money than ever in the history of this country at any given time.

Of what use is it to hire expensive consultants only to find that perhaps what they have recommended is not their findings but the wishes of those whom they are examining. I had to think about what else in the recommendations might have been what the Managing Director and the VP-North America wanted reported.

I go on to say that there had been association with CAL's top Management in one way or another over the last recent years. And while I agree with most of the Report, I have to wonder how much it was tempered because of those associations.

I am tired of getting blamed by people like the Member for Education for things that they do. We, on this Backbench, are tired of people like him using the time of the House to castigate us saying that he is better than us. It must be that his two feet are bigger than ours but he is not any better than us! We are charged by the same Member, the Member for Education that is, that members of staff have been giving us information to ask questions in this House. You know, that is the height of ridiculousness. I have never been given any information in the past that I could have asked a question on that was not already common knowledge. Cayman Airways Limited has a Public Relations Officer who it seems to me, gives quite a bit of information to the press on behalf of the Managing Director.

Now the Member for Education spoke about options open to CAL and competitors taking advantage of CAL because of these questions in the House. However, that Member there making that kind of statement could not point out one thing that has been raised in this House that could have been damaging because it was asked. Every time a question was asked in this House the matter was already a fait accompli. Done!

Whenever the Member for Tourism felt that something should not have gone public, he used the part in the Standing Orders that says that he can give it to us in writing. So it is ridiculous to talk about staff members giving us information. As a representative of the people, I feel that we are not told enough about areas such as CAL's method of budgeting and financing, for instance. I, for one, would like to see a better budgetary system rather than having to find ourselves in the position of being asked to vote the money or guarantee loans after the money has been spent, as is usually the case.

The sanction of this parliament is required when they need a guarantee so that they can continue in business, yet, we are placed in an impossible position when the time comes

for us to scrutinise the manner in which the money is spent in order to determine whether it is an economic operation and whether we are receiving value for the money we authorise.

The Member for Education and the Member for Health and Social Services went to great lengths to chastise this Backbench for supporting the staff. The Member for Health went on to say that we supported the staff when we knew we had no authority to vote money. Well, he has another guess coming! Both of them, the Member for Education and the Member for Health and Social Services complain about pilots' salaries being too high. They do this while both of them are recipients of at least \$60,000 per year that we know about and all that I can say is that the pilots of Cayman Airways earn their money and whenever we take off we feel safe with them, but we cannot say that about that team over there. When they are at the wheel, I tremble in my boots! This country is left in their butter-finger hands! (laughter) They complain, the two Members that I am referring to, about staff salaries as if they worry about expense, while they pilot a bill in this House to take care of themselves in better pensions. Such hypocrisy! (laughter) But it is typical of them.

I will say, with all sincerity and frankness, I have always held the opinion that the pilots and staff of Cayman Airways should be well paid. I do not hold that opinion because of any votes because West Bay is a district that never ever had a large staff complement on Cayman Airways. Never! That was held for political votes for the Members, whoever they were, including this one. I hold that opinion because I think the airline on the whole, has good dedicated staff.

One of the reasons why I was in opposition to the 737-400s was because at that time there was a lot of unfortunate publicity about them. I am scared whenever I get in a plane. The first thing I do is to pray. I do not ever feel safe in any airplane but I certainly feel more at ease when I know one of our own pilots is at the wheel. I congratulate them.

These so called high salaries, which are being complained about by the Member for Education and his protegee the Member for Health, these salaries which are said to be paid to pilots and other staff, for instance, this did not happen over night. The salaries are not an expense that the Member and the Management did not know about for years now. So it should not be of any surprise to them. They were happy to satisfy the pilots sometime back in order to keep their support, so what are they complaining about now? It should not come as any surprise to them that salaries are high. But I know when pilots of Cayman Airways were paid basically nothing in comparison to other airlines and in our economy of today where it costs so much to live in this country through the fault of the four Members over there, how can they expect to take away that which has taken years for people to attain?

Remember people have children in that airline who struggled to see that those children go abroad to get a pilot's licence. They did not just come about it. They had to go to school for it. I wish that there was a School of Politics on how to run the country so that we could send those four over there! (laughter) And that their jobs could have been as well done as the pilots.

Why are they criticising the pilots today? Why? In 1989, according to them when they came into the Committee, we questioned them on certain matters about pilots and what did they say? "Do not worry. The pilots are satisfied, we have done everything to assist them." They helped give the pilots salary whether it was in 1989, or just before, to keep them at ease. What is the difference today? This great cutback of salaries will have not only a demoralising effect but this severe cutback in salaries will come as a severe financial setback for staff members.

I want those four people to tell me what will happen to those staff members, pilots and otherwise, who have negotiated mortgages and built homes at the current salary scale? Anybody that is living decently today went out and borrowed; they did not just get it so. Do you think that Barclays Bank or any of the other banks are going to cut down their rate or their loan mortgage payment because Cayman Airways' Management has done so poorly? I doubt it.

We must remember staff who have been with the airline through thick and thin for nigh onto 20 years. If we want good pilots, if we want good staff, we must pay for them. You put people's lives in their hands. The least that we can do is to pay them well for the last thing that we want is a group of incompetent, disgruntled staff.

So the two Members who criticised us for supporting the staff, in my opinion, have a callous indifference to the needs of the staff. But I hope they will not have their way.

MADAM SPEAKER:

Will this be a convenient time to take the break?

MR. W. McKEEVA BUSH:

Thank you, Madam Speaker.

MADAM SPEAKER:

The House is suspended for 15 minutes.

AT 11:28 A.M. THE HOUSE WAS SUSPENDED

HOUSE RESUMED AT 11:50 A.M.

MADAM SPEAKER:

Please be seated. Proceedings are resumed. Debate continues on the Report of the Consultants on Cayman Airways. The First Elected Member for West Bay.

MR. W. McKEEVA BUSH:

Madam Speaker, when we took the break I was saying that the two Members, the Member for Education and the Member for Health have a calloused indifference to the staff needs and even though it was said by the Member for Health that we, as a Backbench, cannot assure the staff of their salaries, I want to reassure the pilots and other staff members that we are going to support them even if some

of the salaries are a little high. We are going to support them because we think that in today's economy, for their good service and attendance, it is justified.

Much has been said about Cayman Airways not being a Government entity, it is a private affair, according to Members of Executive Council. Cayman Airways is a Government entity. Government is the sole shareholder and this was the position that we were trying to get across to the Executive Council in 1989. Government is the only shareholder. There are no if's, and's, or but's about it. If anything happens to Cayman Airways, it falls to Government to see that it is corrected. Shareholders must carefully monitor the actions of the Board of Directors and the Management. And the main reason is that the money which Management spends is not Management's funds but funds of the shareholders, in other words, funds belonging to the people of these Islands. Managers are supposed to be hired for their expertise but in the case of Cayman Airways they spend the public's money.

The same two Members, the Member for Health and Social Services, who would not come in now and take their licks, these two Members made many unfounded allegations in their contributions. One unfounded allegation is that we were interfering politically with the business of the airline. Still again having made that statement, they could not come up with one shred of evidence to say which business or what part of the business Members have interfered with, because nothing could be further from the truth.

In all of my time as a Member of this House, I have never yet tried to give any kind of direction to any staff or Management. In 1985, I had the occasion to talk to the Member and the Chairman at that time, concerning certain staff cuts, but I did not try to give directions. They explained their position, I reported back to the person who asked me to make the enquiry, and I left it at that. However, that is more than the Member for Health can say and I wish the Member was in the Chamber instead of hiding out in the Common Room because I want him to remember what I am going to say.

Does he not remember, the Member for Health that is, when he was cursing the Member, cursing the Managing Director, cursing Personnel, cursing the pilots, cursing the Board and a few others because they would not hire a certain woman pilot who was, or is, connected to him. He had meeting after meeting with Personnel of CAL trying to get what he wanted. I attended several of them with him, as he asked me to go along with him. That was political interference! It did not stop there with him. Up until today he is still cursing some of the same people because he did not get his way with that particular woman pilot.

Does he not remember when, on another occasion, he beat down the doors of Cayman Airways again, for someone else. This time he said he had to get that person employed at Cayman Airways as that would better his chances against Edna in North Side and the family of the person would not then be in a position to criticise him in the coming election, which was the 1988 election. Does he not remember this? Those two Members should keep their mouths shut and stop trying to cut the Backbenchers' cloth by their own yardstick. The dirty fellows!

As for the Member for Education, really, he should be the last person to talk about unjustified criticism and putting in politics into the airline. My God! How many times, when he was in Opposition did the Member for Education assist Jim Lawrence in opposing the airline. How much of the Herald's information was the Member for Education's?

They are hiding out in the Common Room. They would not come in.

Yet, he comes into this House talking rot and blaming Backbenchers for things that they are common with.

How many marches and petitions did they instigate against the late Jim Bodden, the Member for Education? Ask him how many questions he asked in the House trying to embarrass the late Jim Bodden? Ask him how many things did he do to put CAL under? Ask the Member for Education about the times that he would not fly the national flag carrier when the people of West Bay kicked him out in 1976, he used to fly Northwest. The Member for Health used to do the same thing. The Member for Health is still doing it now unless he gets a free ticket.

Madam Speaker....

MADAM SPEAKER:
Report, please?

Honourable Member, could you get back to the Consultant's

MR. W. McKEEVA BUSH:
These things. They have blamed us for interfering politically and now I am answering them. I am saying that they are trying to cut the Backbenchers' cloth by their own yardstick. God only knows what they have been doing since they got into ExCo this time.

Madam Speaker, I am glad to do that but those Members raised

Now quite a bit has been said about the 1989 position and what happened and I think that I ought to put some things in the right place. We heard much about the summer of 1989. The summer of 1989 was a bad year, bad because a Government, who had staunch supporters like myself, were so poor that they could not keep us. That is why it was bad. They took some very serious matters into their own hands, having a very thin majority in the House and tried to carry on.

I am not a little boy. And I am not here to be pushed around by anyone of them. I like to take advice and I do take advice but when I believe that I am right, they are going to have to prove me wrong. And they were not doing that. There was some discontent in 1989, in particular the Member for Health bumptious and rude, who had just gotten into the Executive Council as a junior Member, tried to take senior Member position and I stood up to him. And when he told me if I did not like what he was doing, I could get out of his office, I did that. I walked out of his office and I went to the Governor at the time and said, "Your Government does not have a majority because I am not supporting them any longer in this facade." So they should keep their

mouths shut when it comes to what happened in 1989.

There were a lot of other things. One of the things that caused the split in 1989 was the abortion issue since they talk about discontent and the turmoil that we brought. It was not all Cayman Airways' issues that caused the turmoil in 1989. I supported the motion to look at the abortion issue in the House. When I went into the Committee and had a chance to talk to people in my constituency, Christian people who I always took advice from, they talked to me, some of them deceased today, and they showed me the two sides of the story and when I got there I was very careful. I made a statement in the press about my position and the Member for Health took that as an insult when he could not bamboozle me into supporting him. So, yes, there was some discontent, but the discontent was due to their hardheadedness.

Even at that I came back to this House, I think it was in early August in 1989, with a proposal to work together for the good of the country. And what happened? We signed it that day. That was my doing, none of theirs. I talked to the Member for Communications and Works, who agreed. They remember quite well. And we signed that document vowing to work together for the good of the country and that very night at the A. L. Thompson Building, the only thing they did not call me and the other two Members, was a gentleman.

That was finally the straw that broke the camel's back. They did not want to work together. They wanted to rule with an iron fist. I was not about to stand by and be pushed into things that I believed was wrong. I was that type of person before I came into this House and I am still that type of person! None of them, no man whether he is part of the Backbench or whether he is part of the Executive Council, is going to push me into something that I believe is wrong.

I felt at the time that we were not told the whole truth about the deal with the 737s and that we should not get into that situation and I said that I had a gut feeling about it. The Member for Education criticised me and said that I had no sense. He said words to the effect that it was a pity that I did not use my head, or some words to that effect. Well, he was one of those that believed that he knew it all. But I had a good feeling that they were not telling us the entire facts. A person like the Member for Education who does not have any education and never uses his common sense, cannot lead people like me when I know that he is wrong! And they were wrong then and as I said, it is a small man who cannot accept that you have done wrong.

They come today and try to pound upon the tables of this House, trying to put forward the position, trying to make their wrong, right. They cannot do that. They are compounding it. We will see as we go on.

I had that gut feeling then and I have the same feeling today; what they are doing with Cayman Airways (and I will come to that a little later on), is still the wrong thing. They are still making wrong decisions. I do not care if they come and tell me that they have experience since 1957 or 1968. Time will tell. The proof of the pudding is in the tasting and this one has gone foul.

In 1989, the 727-200 aircraft that had been acquired on a lease/purchase agreement by Cayman Airways flew out of service. It should be remembered that those two aircraft were two of the latest produced by the Boeing Aircraft Company. The reason given to Government and the public was that the B-727 aircraft were uneconomical to operate and were no longer considered as competitive with the other airlines operating here in the Cayman Islands.

The Reports, for whatever reason, have more or less said the same thing. As I said, I do not know who was talking to the consultants. I certainly did not talk to them. I listened to them when they came into the Committee Room after they had done their work. It was reported also at that time, this is what we were told, that they also required D engineering and maintenance checks which could not be done locally and would cost approximately \$3 million or somewhere in that region. I think the final figures ended in the region of \$9 million. Cayman Airways also stated that they did not have the funds to finance the checks. The monthly rental, as we must remember at that time, of those two aircraft was around \$210,000. The B-727s were sold to Alaska Airlines and it is understood that one of the terms of the sale was that CAL would pay the cost of the D-checks. This was one of the terms of the sale. Is that not true?

(addressing a Member of the Government)

What was true then? Explain to the House because you did not....

MADAM SPEAKER:

Honourable Member would you continue to address the Chair.

MR. W. McKEEVA BUSH:

but he has no new information to give.

Thank you, Madam Speaker. The Member is talking to himself

As I understand it, Cayman Airways did pay for those D-checks. Cayman Airways paid for the D-checks in spite of the fact that we were told by the Managing Director and the Chairman of the Board at that time, that they would not have to do the checks. They were selling them checks and all to Alaska Air. But information came since that they paid for the checks.

It was announced that two new B-737-400 state of the art aircraft they were called (and you can believe they certainly left us in a state), were being acquired. The new aircraft would be cost effective and would truly replace the old B-727-200 aircraft. The monthly cost would be around \$620,000. The new aircraft would therefore, cost a staggering \$400,000+ more than the old ones.

Then we were given many reasons as to why this deal was the best. The fact is that Northwest Airlines operates Douglas DC-9 aircraft that are smaller than either the B-727 or 737 aircraft. Eastern Airlines, which no longer exists, was operating the same and somewhat older 727-200 aircraft. Pan American arrived on the scene around the same time and they still fly 727 aircraft. American Airlines arrived on the heels of Pan Am also with 727 aircraft. Even today neither Northwest or Pan Am have changed their planes. American has recently changed to the 757 aircraft. As a result of the change by Cayman Airways to the smaller

737-400 it is now common sight to see chartered air freight aircraft on the ramp transporting air cargo that cannot be transported otherwise by the 737 Cayman Airways jets.

After the transaction and the transition were completed, it soon leaked out that on the sale of the lease/purchased 727 aircraft certain financial benefits were enjoyed. Firstly, the Cayman Airways equity in the ownership had earned just over US\$12 million for the company. They gained \$12 million in spite of the fact that the Member for Education said in 1989 that not one red cent of equity had accrued to the airline. What I want to ask him is what did accrue? Where did they get the \$12 million from? Cayman Airways could not just up and sell somebody else's property. It must be something that we had in owning the airline. Something along those lines.

Secondly, \$4 million surety that had been on deposit when the 727s were purchased were also released to Government. And we know that they clocked up that \$4 million and wasted it. We just cannot find it today. That has been spent too. Madam Speaker, I am getting information from across the way. They are saying that the \$4 million went to Government. I did say that it was released to Government if they heard me correctly. What I am saying is that Government's management was so poor and they made so many mistakes that they also spent that too.

The switch to the 737 aircraft was noticeably costly from day one. From day one they had problems. In little or no time Government was lending or outright granting Cayman Airways nearly the equivalent of the monthly lease payments. Cayman Airways was losing approximately \$1 million per month. The last total of losses that I have heard is somewhere in the region of \$22 million since the 737-400s were leased two years ago. A tremendous loss! And, whether they wanted to blame it on turtle meat, as the Member for Education claims, or on the Gulf war, as he also claims, the fact is that the Management of Cayman Airways clocked up \$22 million in losses, the same Management that the Member for Education says is exonerated. In any other public concern he would have to answer with his job. Not on this one. Why? Why? What caused the shortfall? Was it the increased monthly lease payments on the new aircraft? Was it the increased competition by the American carriers? As I said, was it the Gulf war or was it poor management?

Certainly the increase in rental was one of the largest contributing factors, a rental increase of around \$6,000 per day is hard to off-set by air fares when the average flight is around 48 per cent full. The rental fees themselves should have raised a red flag to CAL and the Board of Directors. Almost everyone in the Islands accepted that it could not be done. There were a few exceptions and the Backbenchers took their licks but those exceptions were mostly top Management, some Directors of Cayman Airways and those people who are satellites for the present Executive Council. Those were the people that were writing in the press criticising the Backbenchers. They just could not see that their Executive Council had done anything wrong.

The increased competition has been blamed as part of Cayman Airways' problems. When they were getting the 737-400s they knew about some of the competition but said that they could take care of it. We questioned them on that, but oh, they could take care of it. They certainly took care of it all right. It put them in a better position.

There are many things that I believe might help reduce operating costs and perhaps could be looked at. I believe that the use of an 800 telephone system could bring all Cayman Airways' reservations' telephone calls for processing, thus we would have one central reservation system.

I think, I believe that the consultants agree with me that we could reduce the North American sales costs by using selective and more productive, less expensive personnel who should rightfully report to the Head Office of the airline. In fact, they could reduce the whole North American cost by getting rid of Mr. Gonzales.

Transport revenue passengers could be done as a priority and free or reduced passengers on a subject to load basis. Quite recently a number of revenue passengers, as I understand it, were left standing in line at the airport while a number of "freebies" were allowed to travel.

I think they need to get staff morale back where it belongs. They need to get rid of all non-producing staff and pass on some of the savings to those staff that are doing the work. And most of all they need to cut out all unnecessary spending.

Now we come to Cayman Airways' favourite topic: Cayman Brac.

Madam Speaker, the increase in fares to Cayman Brac as far as I am concerned will be even more detrimental. Both Cayman Airways and Cayman Brac will now require more Governmental support. There is no reason why the Cayman Brac fares from North America should not be common-rated with Grand Cayman. There are passengers travelling to Grand Cayman only to get to the Brac. If the flight did not exist, they would never travel.

Common-rating of fares is commonly used throughout the world in the airline business. The appropriate fare is obtained by a simple proration of the fare as compared with the mileage flown. It is not correct to say that the passengers are being carried free to Cayman Brac. I do not see how they can say it. Cayman Brac deserves a decent service. Cayman Brac is part of these Islands and we must give to the people there reliable air transport. Therefore, I think we have to be careful how we increase fares and take other actions that have been taken which I do not think right for Cayman Airways.

Cayman Airways has some serious problems with the present lease and the scenario is pretty well disturbing. What are their plans and what are they most likely to do? I do not know but looking at their scenario, plans to declare bankruptcy are likely to be the most attractive at present as far as Cayman Airways is concerned.

I believe it will prove to be the most costly because the debtors will enter litigation and force Government, the owners of Cayman Airways, to inject more capital into the airline to

prove that the company is undercapitalised, I believe would be really easy.

By law a contract is a contract until it is terminated either by expiration or terms mutually agreed upon by both parties. Guinness Peat Aviation is one of the largest aircraft owners and operators in the world. Their one aim, like all good businesses, is to operate a profitable company. They invested in two B-737-400 aircraft at about \$30 million each. At the time that Cayman Airways leased the two aircraft, even Government sanctioned the decision.

There are many public statements by Executive Council Members in 1989. The Member for Education got up and talked about the company making \$2 billion in revenue. He says now that its going to fly off greatly into the skies as a good entity. I hope that pronouncement will not be like the one he made in 1989 where is asked the people in West Bay to sit back and watch the airline grow. The airline cannot grow under their leadership. That is a simple fact. It is not going to come to anything but problems because they refuse to take the right steps.

Those kinds of statements, that the airline would make \$2 billion using the new aircraft, will most certainly be used by Guinness Peat Aviation to prove that the contract was made in good faith. In addition, GPA will demand the records of accounts and recommendations made for the more efficient operations of CAL that have been ignored and prove that the company has been and continues to waste money. If I remember correctly, the contract is worth approximately \$100 million, a 15-year contract to GPA, only two of which have gone by.

Government continues to spend money like it is going out of style. There is evidently no shortage of funds at CAL. There cannot be, as they continue to employ new staff and even lease more airplanes! Therefore, any court will rule that their lease is good and that it was entered into in good faith by Guinness Peat Aviation and that Government must see Cayman Airways through the hardships. They are trying to get out of that. They never said that but I am going to call on the Member to make some explanation before I sit down.

In the light of what I have said and information on hand which I believe, an attempt to terminate the contract will be made with Executive Council's blessing. Returning the two aircraft to Miami and deserting them there or leaving them here parked on our airstrips is of no concern to GPA. CAL is liable for the aircraft and all payments until the expiration of the lease.

There are many thoughts going around about what should be done with Cayman Airways. I do not believe that liquidation of the present Cayman Airways Limited is the answer. Cayman has an obligation to prove itself dependable. Liquidation of Cayman Airways Limited would only give this Government a very bad name as it would possibly be considered legalised fraud.

Should Cayman Airways be privatised? In a legal sense this might only be possible if Government agrees to pay back all liabilities and sell the company with no outstanding bills.

I believe that Government is going to have to re-finance Cayman Airways Limited yet another time. This time though a non-political and sensible reorganisational directive must be made. All Management and Directors should be given a clear mandate. CAL should be answerable to the Member for Tourism, Aviation and Trade, who is answerable to this Legislative Assembly and if this is true, and it must be so, where is the funding coming from? What other capital expenditures will suffer as a result?

I believe when all is said and done that the Chairman, Senior Management that is, of CAL must be moved otherwise any action taken would only be another chapter in the book called "Governmental Bail-Out."

Many people have said that perhaps the Member and the Board of Directors and Management of Cayman Airways Limited should go back to the original Governmental authorisation on which Cayman Airways was founded. Basically that was to ensure that the Cayman Islands would never be without airline services as was threatened when British West Indian Airways and later, Lacs, suspended their Cayman services in 1971. Lacs not in 1971 but BWIA in 1971.

At that time it was envisioned that a regular service to Miami and Jamaica would be maintained at the lowest possible rate. In that instance Cayman Airways would have to cut their international routes and costs. Possibly only Miami, Tampa and Kingston would be considered. Proper inter-airline relations would have to be established, with all carriers operating to those destinations to ensure the most possible revenue for Cayman Airways Limited.

We hear many things talked about Cayman Airways and what to do with it. Cayman Airways can serve these Islands best if they are used as a service and fares yardstick. That is to say that Cayman Airways should have been able to set the standard for services and fares.

If the American carriers want to serve these Islands, they must do so at the highest possible standard, at the lowest possible fares. That is the way it should have been. Should they discontinue their flights, Cayman Airways will be in a position to increase flights to compensate for any seat losses that might be incurred. Then and only then will Cayman Airways function as it was planned. Caymanians will save on their subsidy and Cayman Airways Limited will truly serve its purpose, in my humble opinion.

It is judged that there is some \$17 million if Cayman Airways is going to restart. There are many figures being thrown around, we do not know what the entire amount is. I believe that with prudence and wisdom, Cayman Airways can serve this country as a proper entity. They say it might break-even, I do not know that but certainly the grief caused to this country through the present arrangements would be much less.

We have heard all kinds of reasons given for the problems of Cayman Airways Limited. The Member has said that part of the problem is with the air agreement. He said when the British were setting up the air agreement they set it up badly. So they blamed the British, they blamed the

Backbenchers, the newspapers, the Gulf war, the competition, the cost of fuel and as the Member for Education said, turtle meat. I do not know what that had to do with it but he certainly said it.

The problem with CAL is that the Management made severe mistakes. That is the problem. And the sooner we recognise that fact the better off we will be. Mistakes which were condoned by the Member and his colleagues on Executive Council. They can blame no Backbencher for this. They can blame no one but themselves. And it is time that the Member and his other colleagues take the blame instead of pointing their finger at us, or at the newspapers, or at some other entity.

The truth is that the Managing Director and the Chairman of the Board and Executive Council in 1989 came to us in Finance Committee with half-cocked information which was compiled to suit their projections. We told them about the competition especially American Airlines. I sat on my seat in that Executive Council and I mentioned American Airlines, TWA, United Airlines. They said none of them were coming here. They denied it at first that American was coming in, they denied it. And then they said that they could handle any competition because they had state of the art aircraft.

The truth and the trouble with them is they have never been totally honest with the Backbench. This information regarding designation and inauguration of other carriers' services proves that throughout 1989, during the discussions, they had to know which airlines were coming here.

That schedule of carriers' designation and inauguration of services is here for the public's scrutiny. Pan American's designation on the Miami/Cayman route in September 1985, submitted schedules 11 August, 1989, inaugurated services 23 September, 1989. Eastern Airlines is here but they made a little "bly" from Eastern when had to shut down. Cayman Airways' revenues went up.

But American Airlines, the ones that they are crying about applied for designation on 21 March, 1989; was designated 1 June, 1989...

MADAM SPEAKER:
not repeat it.

Honourable Member, that has already been stated, please do

MR. W. McKEEVA BUSH:

I am sorry, Madam Speaker, I did not quite understand that it had. I did not hear it but if you say so, I will agree. I will stop except to say, that American Airlines submitted schedules 31 August, and started 1 November, 1989. I will not use that information any further but they did not tell us the truth and they are in trouble today with it and now they are trying to blame us for it.

Another time the truth was not told to us was when we asked them about the 737-200s. We were discussing which planes could have been used because in truth and in fact, the 737-400s were at that time having a lot of bad publicity. There is no two ways about it. The English press was bombarded with information about certain things so we were there talking several times about the types of aircraft. And when we asked them about the 737-200s in 1989, their explanation was that they could not get them and if they did get them, they would be too old. This is what was told to us. Yet, in a recent issue of *The New Caymanian*, the Managing Director, Mr. Kel Thompson, said that at the time of negotiating in 1989 with Guinness Peat Aviation, the cost of the 737-200 was in the range of \$160,000 to \$180,000 a month. This is the height of it, this is why they are having problems. They cannot tell the truth! They refuse to tell the truth!

All of this went on in 1989 and it is just coming out now because I did not know the difference then although I had my doubts about it. But they would not tell the truth. The sad facts are that some of the root causes of our current condition are simply that for some time now the political management in these Islands has been dysfunctional with the truth in very important and key areas, Cayman Airways being just one main player in the game.

Dysfunction with the truth and the subordination of sensible and reasonable strategies in connection with CAL to considerations of political survival gave rise in 1989, to a ruthless propaganda and strategy that have led to the present mess. Their problem, not ours. They would not tell the truth. Then they went out from district to district spreading propaganda about us. They can blame no one. They must accept responsibility for bringing these problems on these Islands. Why blame the Backbenchers? We are not in control. We do not know all that is going on in the airline and we do not set policy. Executive Council sets policy amongst their collective irresponsibility. Yet, you hear them accusing us of playing politics.

I certainly agree that Cayman Airways should not be run from the floor of this House, I agree with that. But when problems of the magnitude which are now facing this country are brought to our attention, we would be derelict in our duty to the people of this country if we did not raise them.

It is a lot of nonsense the Member for Education talks when he says that we must not question them. We, as duly elected Members of this House and Members of the Finance Committee (although we are in the minority) have an obligation to take action when we have a mess like this on our hands. We must take action. But as I said, when things come to our knowledge, they are already done.

The problem with Cayman Airways is that matters connected with it have been pushed under the carpet; hidden from the public and from the majority of Members in this House in order to make themselves look good. That is the problem. Do not blame this Backbench. I do not expect to be told about when the floor was last mopped, or when the desk was last cleaned. I do not want to hear about the day to day runnings of it in that situation. I want to know about how we are budgeting. I want to know a little bit about their marketing strategy and the consultants say that their Management does not have a plan! Yet, they get up and talk rot, foolishness about exoneration of Management. Management should run, should be fired and these Members here should resign with them! They are making terrible mistakes and you should not compound your problems by brushing it under the table just to say don not let the other fellows know and that is their problem.

Now, it is time for the Member for Tourism, the Member responsible is who I am talking to and I hope he listens to me right now. It is time for the Member to say to this

House and to this country exactly what is the real issue at stake in this country today in regards to Cayman Airways Limited?

Madam Speaker, up to now we have heard nothing from the Members of Executive Council, no explanations, no assurances of what is the position with GPA and the vast sums of money that are needed to pay the lease of the 737-400s. That is the problem! Not a little \$160,000 a month for the staff. That is the real problem. That is the problem. The Member has not said anything in his winding up and I am going to say a few things because this country needs to know. They hide too much.

Recently, with no disrespect to the Honourable Attorney General, he resigned from the Board of Directors. We never heard cry about it! He is the Government's chief legal spokesman and that was the reason for him being on the airline because of his legal expertise. Yet, these Members come into the House and say nothing about it and pound up on the Backbenchers, criticising us and telling us that they are better than us. That is going to help this country? That is why this country is suffering. They said nothing about it. I want to know who is now on the Board that is legally advising Cayman Airways Limited. I am a part of the elected Government. We are the shareholders. They cannot come up with the 1989 foolishness about Cayman Airways being a private company. It is time that that foolishness stops!

I want to know Mr. Member, what is the true position. There are too many unanswered questions which I think must be looked at realistically and squarely and this time the truth and the whole truth, needs to be told to this country and to this Backbench.

MADAM SPEAKER: Would this be an opportune time to take a break?

MR. W. McKEEVA BUSH: Madam Speaker, I was just getting wound up, but we can take it.

Thank you, very much.

MADAM SPEAKER: I think your voice needs a rest. The House will be suspended until 2:15 p.m.

AT 12:50 P.M. THE HOUSE WAS SUSPENDED

HOUSE RESUMED AT 2:15 P.M.

MADAM SPEAKER: Please be seated. Proceedings are resumed. Continuation of the debate on the Report of the Consultants on Cayman Airways Limited. The First Elected Member for West Bay continuing.

MR. W. McKEEVA BUSH: Madam Speaker, when we took the lunch adjournment I was dealing with the position that the country is left in because of the lease agreement with Guinness Peat Aviation. I had noted the absence of the country's legal spokesman on the Board of Cayman Airways and I noted that three Members of Executive Council had spoken and nobody said anything about his absence, nor who is now the legal advisor for the Government on the Board of Cayman Airways.

As I pointed out, this country is in a serious position and I have started to ask the Member responsible for Cayman Airways some questions which need to be addressed. I think as Backbenchers in this country, as the people's elected representatives and as the shareholders of Cayman Airways Limited, we need to know what is happening.

Before I go on to those questions I would like to address the matter of the Member for Social Services making the claim that we, as Backbenchers, knew what was happening since he claims that the Managing Director told us about it in a Finance Committee meeting in March. This House knows, and the country also knows that the discussions at that Finance Committee was held in secret and the minutes have not been released to the public. At that time I fought that proposition by Government and indeed, this Backbench did, but to no avail. Government at that time had to have a secret meeting of Finance Committee.

To say that we did not have discussions on Cayman Airways would not be telling the truth, but certainly it is not true to say that we were told of their plans. That is not true. No solid alternatives were told to us. The Member for Health will never tell the truth; his truth is only pertaining to what he wants the public to know.

Before I get further into the Guinness Peat Aviation problem, to substantiate my statements this morning about Executive Council knowing what the problem was and also about their rationale for changing the 727s at the time, were based on research that was not thorough but limited.

If we look at the statement made by the Member on 17 July, 1989 in paragraph 5, I think, he said and I quote:

"the lease of the B-727 aircraft expires in 1996, however, if no action is taken at the end of the term, the company could very well find itself with aging aircraft for which there is little or no market demand simply because most airlines are switching to more efficient and technologically advanced aircraft.

On the other hand, even if the decision to change aircraft is postponed for the next two or three years it stands to reason that (a) any suitable replacement would be more costly at the time and (b) the availability of suitable aircraft will be more difficult to come by."

I am saying for people that claim they have a lot of knowledge in airline management and know so much about the airline business, their research was very limited. Their conclusions were very much incorrect. That is borne out by the fact that what the Member said in this statement in 1989, the complete opposite is true. It is not just half or a little bit but the complete opposite to what the Member said in 1989 in this statement is true.

I want now to turn back and I will be closing shortly. I want to turn back to the problem facing the country with Guinness Peat Aviation. As I said, very little information has come, or no information has come from them as to what the problem is today. May I then ask the Honourable Member is it true that a new company called Air Cayman has been formed to take the lease of the 737-200 aircraft? That is the first question.

The second question is... I hope I am going to get some answers, I see the Member for Education coaching over there. I hope this is not going to be a case where we are not told the truth. The second question is... Madam Speaker, the Member is about to rise. I do not want him to rise. I want the Member for Tourism to rise and answer these questions. I am going to give him that chance. I just want him... do not interrupt every minute, let me finish these questions and I am going to give them a chance to answer these questions.

The second question is who are the Directors and the shareholders of that Company?

Cayman Airways?

Three, what price is it paying for the assets and the goodwill of

Four, what steps have been taken to date to come to a reasonable resolution of the matters between Cayman Airways and Guinness Peat Aviation?

Madam Speaker, knowledge has come to us that they have formed a new company; that there is one shareholder, standing in the name of a civil servant; and I want to know from the Member whether these are the facts or what is the position. I am going to give way at this time, seeing that the Member did not take the opportunity in his opening address to answer these serious questions.

Madam Speaker, I wish the Member for Education would shut up so that the Member for Tourism can listen to what I have to say. These are serious questions!

MADAM SPEAKER:

Have you completed your debate?

MR. W. McKEEVA BUSH:

No, Madam Speaker. Before I go on I would like, because of the seriousness of the matter, for the Member for Tourism to answer these questions and I think in a debate I can give way for relevant information.

MADAM SPEAKER:

Honourable Member, would you wish to reply?

HON. W. NORMAN BODDEN:

Madam Speaker, I did not ask the Member to give way in order for me to make any clarification and with respect I do not see any provision under the Standing Orders where the Member speaking can invite somebody during a debate to get up and respond.

I will, however, exercise my right to respond and I will answer these questions or any other point raised by the Member that I consider appropriate, in my reply.

MADAM SPEAKER:

Thank you. Proceed with your debate, Honourable Member.

MR. W. McKEEVA BUSH:

Thank you, very much, Madam Speaker. I have been here long enough to know that I can give way for a Member to make clarification...

MADAM SPEAKER:

If he wishes to make it himself, but he did not wish to.

MR. W. McKEEVA BUSH:

Yes, that is right. I was inviting him to do so and I knew that he would not do so but I wanted to give him the opportunity and of course he had a lot of coaching from the Member for Education. I hope that the Member for Tourism is going to inform this House about these matters because there must be something. Where there is smoke, there is fire and I do not want to hear about how it is not the business of this Backbench to know these things. This country is facing a serious position in connection with Guinness Peat Aviation and the Member for Tourism is responsible to this House to let us know what the position is.

In 1989, the Government, that is the Executive Council, took a very poor stance in order to get around the Backbencher's claim that Cayman Airways Limited was owned by the Government. They said that Cayman Airways was a private company. It cannot be successfully denied that Cayman Airways Limited is a Government entity or we would not be debating it today in this House. It must be recognised that the Executive Council of these Islands do not have a cut and dried legal case in connection with GPA.

The consultant says:

"A default on the lease with GPA should be avoided at nearly all cost. It would be embarrassing to both the airline and the Government. The repercussions could cause significant damage to the reputation and therefore the attractiveness of the Cayman Islands.

Even if the embarrassment were not a problem, the airline would suffer through transition expenses

(including legal fees), avoidance by passengers and travel agents, impairment of vendor credit, and impairment of the cash flow cycle via closer-in booking curves. In addition, CAL probably would ultimately find itself a loser in court; and have to repay defaulted amounts with interest and penalties."

Clearly in this issue what is at stake is the Cayman Islands' reputation. The resolution to the problem with GPA is not to form another company called Air Cayman.

I think the scenario that I am about to give, still holds true. Years ago when people used to credit from their little community store, if you could not pay the grocer at the end of the week you did not go to his competitor and credit or spend some money. If you did that you were considered dishonourable and dishonest. The grocer would get mad and you would lose your credit. That situation holds true in any given situation.

My position (and I think the position of this Backbench) is that we must maintain our integrity. As I see it the Government of this country must face the bill and cannot run away from and should not do anything to aggravate an already bad situation. This Executive Council has backed an agreement with a 13-year, unbreakable lease, up to now. Those gentlemen cannot now say it is not their problem, especially seeing that since 1989, on the arrival of the planes here, it was all over the press that they agreed with the lease agreement.

I realise today that GPA is a powerful company and has the capacity to sue this country not only in these Islands but in London. It should not need to be pointed out to the Executive Council what unfavourable publicity that would bring us. We are supposed to be a reputable financial centre.

So I hope, truly, that when the Member for Tourism rises, whether it is today, tomorrow, or whenever, that he can tell this country that they are rectifying that situation to a sensible conclusion without being dishonourable.

Most of all what needs to be done is an atmosphere created between the Executive Council and GPA where there can be some trust and confidence placed in the guidelines and rules of the Government of the day. It is obvious that there is need for sensible action on the part of the Member responsible and not a watering down process.

In closing, these are sad days for this country. Clearly, in spite of what Executive Council Members have said, bad mistakes were made. There is no way around it. They took a position which they thought would be the best, it turned out to be the worst. It only goes to show that when they get up there and say that they are better than anyone one of us on this side, they do not have what it takes. For any person to negotiate a 15-year lease without an opting-out clause of some kind, is surely the height of incompetence.

It is very true to say that the arrival of the 737-400s saw the start of Cayman Airways' problems. I say that as a Member of this House who was elected in 1984 and saw some decisions being taken by the then Chairman which put the airline in a little better position. We gave it a subsidy in 1986 and one could say that under the circumstances, it fared well. With Eastern slipping out for a while it made a profit. However, the decision for the 737-400s, although the Report says was good at the time, there was no foresight and no proper study of world market conditions then.

On top of that there were a lot of untruths told to us which have since affected the airline in that Cayman Airways Limited had to pay, as we understand it, for the 727 D-checks. However they did it, our understanding is that they paid some money. I suppose that we are going to hear that they did not, but what we do know is that they spent a lot of money which would have been unnecessary had they not gone with the 737-400s.

Madam Speaker, there was not an immediate rush back in 1989 to get rid of the 727s. As the Reports say the 727s have until the year 2000 before any action would be taken against it flying into the United States. That is several years away. So even if we were wrong to an extent if they would have kept them they would not have been out of \$22 million. They would have had problems, that is evident but they would not have been out of \$20-odd million. On top of that they would not be in the problems that they are with GPA. That is the main problem today.

It is true that we were told in 1989 that the 737-400 could bring all the cargo that could be shipped. The fact is, the company has lost money in this aspect. This was one of the things that we talked to them about. But they would not listen. And if it were not for the increase in rates, their situation, as far as cargo is concerned, would look much worse.

In regards to the agreement with GPA, the Executive Council says that we were wrong. Whether we were wrong in saying that the 727s should have been kept is one thing but that was not our total argument. We, on the Backbench, also said that the deal would not last because it was too expensive for Cayman Airways Limited. That was our main contention. We also said that a better deal might have been the 737-300 or the 737-200. Certainly that is what is happening today. So for the Member for Education to try and say that he is such an expert, I find it hard to believe.

Ideals are fine, ideas are fine, but they constitute only part of a Governmental process. It is not good enough to have ideals and ideas without a vehicle for their practical application. This was the position that CAL was in. They supposedly had what they thought was a good idea but did not have a solid vehicle to implement it to a successful conclusion. The great deal which the Members of Executive Council bragged about and had their supporters castigate this Backbench, has failed. It has failed, but I find no consolation in it.

It would seem that the Executive Council is well on the same route that they were on in 1989. They are taking, as we have heard, some positions in which they do not have a leg

to stand on. When it comes to those Members of Council, the Member for Education and the Member for Health, they seem to have lost the right route to take.

We heard the Member for Education, in an earlier debate, say that we are going to have plenty of fun with that next week, meaning the Cayman Airways issue. We are going to have plenty of fun with that next week. I tell him and I tell all of them, that their having fun is over. The cocktail parties are finished, all the freebies are done, all the trips to New York are over, it is now time to pay! It is time to pay and I would hope that they can come up with better alternatives than what they had in 1989.

The Member for Education said the new planes will be profitable for Cayman Airways. He said, "I have looked at it. I believe it is a good deal." And he invited the public to sit back and watch the airline grow. My God, what a mess! No wonder they are in a mess. He looked at it and he believed that it was a good deal. He said that based on current earnings those planes will earn in excess of \$2 billion in 15 years and they have lost \$22 million in the run of two years. Can we leave this business in their butter-fingered hands? No! It is time for a change and that change cannot come too quickly.

My good friend on the other side, the Member for Communication and Works has left, but his evaluation of the airline's profitability was also way off mark because he also said that it would earn \$2 billion in revenue. I trust that he will explain his position when he replies. I am sure that he is going to speak after me.

What this country needs is leadership. Someone, or people who will be cooperative, people who will negotiate sensibly, people who do not think they have all of the answers and people who do not have the liberal habit of thinking that they and only they, have the answers and that they are God's gift to these Islands. If we can get good management that believes that, I believe that this country will be that much better off.

In closing, I want to give this country the reassurance that we the Members on the Backbench are committed to the proposition that the national good must transcend group or sectional interest. However, when it comes to defending ourselves and when it comes to us speaking on matters that we know are affecting this country detrimentally, we are equipped to deal firmly and impartially with a Government, who by any means and in any guise, may be so ill-advised as to seek to spoil the good image of this country to gratify their puerile ambitions.

Madam Speaker, my position has not changed in regards to the Cayman Airways problem. I support, I always did and I always will. In the current situation, I am going to stand behind the staff because I do not believe that \$160,000 is the real issue in this country. But the issue is the Guinness Peat Aviation problem.

As for me and my house, we will do what is right by the people of this country.

MADAM SPEAKER:

If not, I shall call upon the Honourable Member to reply.

Would any other Member wish to continue the debate? (pause)

The Second Elected Member for Cayman Brac and Little

Cayman.

MR. GILBERT A. McLEAN:

Thank you, Madam Speaker. I rise to give my contribution, which I shall attempt to keep as brief as possible to the motion before this House concerning the Cayman Airways study which was done in two parts by two separate consultants, Aviation Services Ireland and Simat, Helliesen & Eichner, Inc.

Madam Speaker, we have a study, quite a comprehensive one I think and while there are portions within both of the reports which comprise the whole, which smacks to some extent, I think, of thoughts placed into the minds of the gentlemen who wrote this which would soften the position for the Government of the day, altogether the Report, I think, in its findings has given a fairly accurate position of Cayman Airways.

This study is late. It should have been done years ago and I am thinking from way back in the 1970s, to say nothing of February 1989, when the opportunity arose in the House that this very same Government could have accepted a motion which was brought here by myself and seconded by the Third Elected Member for West Bay, had they not voted it down at that time.

What that motion asked for then and what it asked for in the successful motion was basically the very same. Of course it was unsuccessful because at that time the First Elected Member for Cayman Brac chose to vote with the Government.

Very outstanding in this whole situation was the fact that the three Members of the Government Backbench at that time voted for it because they had the foresight of knowing that we needed to know what the situation was with Cayman Airways. To say the very least out of the whole situation with Cayman Airways, then and now, is that the Islands of Cayman Brac and Little Cayman get the least perfect service in its whole operation.

This is not a simple matter which is before us. The Report is not a simple matter, at least its findings are not simple in terms of what it means to the Cayman Islands in what it shows are the problems. Certainly the implications of indebtedness on the Cayman Islands and its people are certainly shocking.

I wish to make it very clear that the Member for Health need not chide me as one of the Members of this Backbench to support the Member for Tourism, Aviation and Trade in recommending the implementation of any recommendations of the Report.

I have always taken the position that the Member needed to

make some tough decisions and insist that certain things be done. Certainly what reason could explain why I brought a motion to have a report in the first instance? I could not implement it. It would have to be the Member for Tourism. He is in charge, he is responsible for Aviation so the most that I could do was attempt to get a study undertaken. So from 1979, when I first had the opportunity, it was the first motion that I brought to this House ever. I chose that one because of the significance of Cayman Airways in the social, political and economic life of the Cayman Islands.

I also reject the suggestion from the Member for Health that what happened in 1989 is irrelevant and that what is happening now in that we, the Members, are debating this and debating it to the extent that we have, speakers before me and in the details that we have, is to gain political mileage.

There is one outstanding feature to this whole scenario of the Report and the present situation of Cayman Airways and that is that those of us who had, not any great foresight, or great scientific knowledge, or the vision of prophets, plain common sense are in a position to say, "Hello, I told you so." They say 'what goes around comes around' and certainly the situation now has come around to where the commonsensical ideas which were put to the Government back in 1989 have come back to haunt them.

The Member for Health must know that all that Backbenchers can do is to raise matters on the floor of this House hoping that the Government will have enough interest in hearing other points of view, will take them into account and do something about it. We can only recommend that Government is responsible. They have shirked their responsibilities and they are trying now to take the attitude, "Oh, this is not so bad after all. You fellows just do not say anything about it, it will be all right." That is the attitude that permeates and prevails in our country at this time. Some of the worst things can happen but they are all right if you do not say anything about them. I can assure the Member for Health that I would not be one to applaud the Managing Director or the Board of Cayman Airways for the disaster which is now real and living here with us at Cayman Airways.

The Member for Health also said that to look at what had happened in the past when Cayman Airways first came about in 1968, he said, and up to 1978 had no bearings but yet, on the matter at hand he raised it. He said that with the break from Lacsca that was no real big deal and it was not necessarily the right thing but those who made the decision at that time took the decision, therefore, it stands.

There were reasons for breaking that arrangement because Cayman Airways at that time was not a full-fledged entity of the Cayman Islands Government. It was an arrangement with another foreign carrier. And the Member has to know that we were not getting the very best deal out of it because first and foremost that airline was looking to make money and make profit for doing what it was doing on behalf of Cayman Airways.

At the ticket office in Miami, if one flight had to be cancelled it was not the flight to Costa Rica; there were others that could more ideally be cancelled. But that was all tossed in to try to liquidate the name of that person how, even beyond the grave, haunts Members of this Government. And that is none other than Mr. James Manoah Bodden. He made that break and he took all the blows that went with it. He went through the BAC-111s, he went through the situation with Air Florida, he brought it to the point where the 727s were finally acquired on a lease/purchase. Such a difference from what now is the case.

I pay no lip-service to a situation when I take a position on or I take one against. The middle road I find sort of difficult to ride because you are going straddle-legged and there is a possibility of being hit from both sides. I prefer choosing one. So that particular position where I am concerned, is very clear to me and I wish it to be clear to the Member for Health and the people of the Cayman Islands.

He named a number of persons who are on the Board of Cayman Airways and tried to show that they were all men of integrity. I am not here to question the integrity of any. One person's name that was not mentioned and who I understand was there as a member, was the Honourable Attorney General. I understand that he left some time ago. What I wonder is, was it the case, as the Second Elected Member for Bodden Town has said, where he tried to tell the rest of them, but they would not listen? So therefore, being an intelligent and responsible person, he did what those kind of persons would do. He got out of it. Like the Bible says, "Come ye out from among them," leave them to their ignorance and to their bad decisions and let them answer for what happens.

Two years ago I said that I thought the Chairman of the Board should resign, as well as the Managing Director, as well as the second Managing Director, who now lives in Miami. And it was not any political fall-out because the bomb had not really gone off as it has now. So that description by the Member again, really ill-describes the situation.

The reason why I said the Chairman should resign was not because he has status and he is not a true-born Caymanian and all of the nonsensical things that were said. I am not into that pettiness. The reason why I thought he should is because he was a very visible participant in the disastrous decision that was taken when we got into the situation of having the present two 737-400 aircraft. He was a key man in this strange animal called the Executive Committee, so were the two Managing Directors. That is why.

How can intelligent people, as we are supposed to be, as the Government is supposed to have, look at a situation where, in this case it is an airline, the Cayman Islands' airline, has been put into such a position and you must not hold anyone responsible for it.

Any book that I have read, anything that I have been taught in management generally, or personnel management, etcetera, is predicated on some person being responsible for certain things and some people having certain duties to perform. But the Government says no one is responsible. It is no one's duties just let us not talk about it and it will be all right.

I base my opinion on common sense and simple management

that for example, the ASI study based theirs on when it says that people have to be made responsible for certain things, duties have to be clearly set down, policies have to be clearly set down. That from where I base my position, similar reasoning.

As for not cutting pilots' salaries, he said, "You know none of us on this side would even raise that question." Well, it is one thing which is suggested in the Report.

What I would say on that particular aspect of things is that the Government and their Executive Committee and all of those at Cayman Airways who are responsible for nothing should understand that in the world of today a person normally has to commit the salary they earn into day to day expenses, recurrent financial expenses to provide themselves with a certain standard of living. I would believe that those pilots, as well as the flight attendants, as well as everybody at Cayman Airways, have committed their salaries and for a crazy person to go in tomorrow and say, "Look, I am talking away 20 per cent or 50 per cent," then it is as if you are taking away one of the legs of that person.

So while it might be necessary and the consultants say that the salaries should be reduced over a period of time, that shows their good sense and the nonsense that we heard here from the Government side by not understanding that.

The pilots do not pay themselves. The Executive Committee, the Board and all that mix up of people there were the ones who allowed the salaries to reach where those salaries are at this time. Do not blame the staff. The staff is not to blame. They are employees, they are working for wages. While I suppose, as in any organisation, there are those slackers on the job, I believe generally speaking, that the staff of Cayman Airways is very dedicated and what they lack in efficiency, productivity and effectiveness is a direct result of those persons who were supposed to be Managers and Managing Directors and in charge of giving policy directions, who did not do so.

As I have previously mentioned, I think that the findings of the consultants are but the result of the willful determination of this Government not allowing a study to be carried out two years ago.

At this time, reflecting on it, I believe that way back in February of 1989 this Government with their Executive Committee and all of the others at Cayman Airways had the thing "cooked up" that they finally brought about in the latter part of 1989.

We on the Backbench, not being privileged to all that happens in Government and basically only dependent on what Government brings to this House, or to Finance Committee, or wherever, could not have known all of the things they had in mind but certainly they had it.

In discussing this Report, I would like to do so by referring to the various volumes and comment on some of the points made therein.

The first one that I would like to refer to is the part concerning Routes and Aircraft.

The consultants noted that Cayman Airways' routes and fleet are tied to each other and to the Bilateral Services Agreement. That last part in particular, I wonder if that has caught the attention of the Government of the day, those Bilateral Agreements and how well they understand that the two 737-400s (the last time I heard about them they were parked somewhere at Owen Roberts Airport), has something to do with those Bilateral Agreements and if they understand that the rules of the game of business do not allow Cayman Airways or this Government, to go and make contractual agreements and walk away from them without the parts of those Bilateral Agreements which are relevant, coming into effect?

The consultants recommend for example under the question of routes, that a moratorium should continue if possible. A moratorium, it is difficult to figure what they mean because from way back in 1987 the present Member for Tourism was the one who assisted the moratorium which was then in place, having been negotiated during the time of Mr. Jim Bodden, to be lifted so that Eastern Airlines came in. It also paved the way for the other American carriers to come in. So what moratorium we hope to get now, where we are going to get American carriers to cut back from four to three, I am not sure. For somewhere along the line the British Government, Guinness Peat and the licensing authorities in the United States are bound to say, "Gentlemen, we have some jokers here and this game is likely to play much better if we take those jokers out of the pack."

How does one attempt to play around with the largest aircraft leasing company in the world, which I am told is British, and the British Government is going to take that sitting down or we are not going to listen to what they say and we are supposed to be a Dependency of the United Kingdom Government, just how does one approach those types of negotiations, particularly in that they are some of the toughest in the world because the airline business is really big business?

Madam Speaker, the present situation that occurs in this country brings into sharp focus the agreements between the United Kingdom Government and the company that has leased planes to one of its Dependencies, namely the Cayman Islands. Before it is all over, I think, that even the Government might learn something. However, I think that it is rather unfortunate that by the time it is over the people of this country are going to swallow a really bitter pill. It is going to affect us in more ways than one. It is as if there is a roaring silence. It is too quiet to believe that all is well.

The SH&E Report under the question of routes noted the Kingston route was cash-flow positive and Miami was near cash-flow positive.

MADAM SPEAKER: Honourable Member, that has been said four times during the debate on Cayman Airways. Unless you have a new point to make could you go on to something else, please?

MR. GILBERT A. McLEAN: Madam Speaker, I accept your ruling but I needed to say that in any kind of restructuring or reorganisation, I would certainly trust that the Management of Cayman Airways,

whoever that might be, and the Member responsible would give great emphasis and more emphasis to developing this route over the others which are being flown at great loss.

The consultants have pointed out that Atlanta might be abandoned. My position is abandon Atlanta rather than continuing to fly the plane there where it is losing.

The consultants, I hope, can get the attention of the Government better than the Members of this Backbench have because they again, have made the obvious observation that some of the things that have been going wrong in terms of routes are poorly timed flights, and I can certainly testify to that about Cayman Brac where people get out of their beds at 4:00 a.m. in the morning to go to catch the 5:00 a.m. flight. In my growing up and even in these times I think that normally people... I only get up to go home at that time or to go fishing.

Due to this, flights of Cayman Airways are unstable. I believe that the Member responsible for Cayman Airways should sit down and stop what has been going on and what has been allowed to happen time and time again. It is not that this Report had to be written for Cayman Airways to know that, because travel agents whom I personally know have said that you change your flights too often. They say that they are booking people and the flight was supposed to be on Thursdays and suddenly it is going on Fridays, or Mondays, or not at all. I know again, that has been the case with Cayman Brac, they change it every week. Every time that more money is voted for it they give them less flights. I know that for sure. One only has to look at the schedule now to know how very true that is.

I wonder what the Management and the Member are going to do about the various routes that have been identified in this study where there is a negative cash flow and it is not making a profit? Are they going to take any steps at all to cancel some of them? Or are they going to continue letting the two Managing Directors and the Chairman of the Board continue to fly those routes and blame what is happening to the airline on the seven Members that sit on this side of the House?

Simple logic is expressed in this Report when it says that routes should not be flown until there is careful analysis of it taking into account all factors and all elements. Somebody has a condominium in Fort Lauderdale and then you hear that the planes are going to fly there. Or someone's kids want to go to Disney World or Epcot so it is flying to Orlando!

One reads this Report and while it says a lot what it does not say also speaks very loudly.

Is the Management of Cayman Airways or is the Member for Tourism going to do anything about the Chicago route which is suggested? That is left to be seen but unless something is done, it is clear, even to the simplest of us, that the problems at Cayman Airways are worsening, in my opinion, by the day, for we could not afford to pay for two planes and now we have five. Poor Slow-come would know better than that!

A point made is that routes should be limited to the aircraft's capabilities and they should also take into account the economic potentials.

The other part of this particular Report refers to the fleet of aircraft. There has been so much said about this and so much read from the Report, in fact, the Member for Education read, and read, and read, and read. I will not do that. I will do my best to raise some questions and to ask since the Government is touting so much that there was such a grand deal on selling the two 727s and getting two 737-400s, if that is so fine I want him to show me in this Report where the consultant says that it was a good deal taking on the contractual liability over 15 years of \$620,000 per month or \$22,000 a day. I would like him or any of the Government Bench to show me where that was a good deal.

In fact, they make it very clear that that is one of the main elements that is sending Cayman Airways down the chute. So well this country must recall that the 727s had to be gotten rid of because they could not find \$1 million to do the checks and so on, on it. We heard such a story about the old and aging aircraft. Everything ages except maybe the Members of Executive Council. Maybe they are getting younger. Maybe that explains the irresponsible and reckless decisions that they make. They said they (the aircraft) were old and valueless. We owned nothing in them but yet it was possible to sell that nothing for \$12.5 million of which Government received \$4 million. That was not their genius. If it was genius it was certainly because of a deal that was put together by a Government prior to them.

Another question I would like to ask can they possibly show that it would not have been better to have spent \$5 million and fix two aircraft which would have been refurbished and redone where I understand the engines would have had what is called "zero hours" on them and kept them where even now if we had them and the market was not that good for them, as the consultants say it is not now, would it not be better for us to be in a position to try to find \$7,000 a day rather than \$22,000 a day? There is such a thing as a blunder, a monumental mistake. It was when the Government got in on that deal.

I have listened to what the Members from Government who spoke had to say and it is absolutely not the case that we, on this side of the House, knew about what they were plotting and planning with these planes. All that we knew was what the Executive Committee and that bunch of 'mismanagers' told us in Finance Committee and oh, what a picture they painted!

We were told that when we got these 400s Boeing was going to give training free. We would not need spare parts, they were going to keep some there and make them available to us as we might need them. No cost whatsoever for training, yet that, I understand, cost \$1 million. It would have televisions, it would have state of art avionics, and it did. There would only be need of two pilots therefore there would be a savings but yet, the same number of pilots are there.

As for fuel, I well recall those two managing directors as they tried to give the impression that as those planes approached over that Esso station by Hurley's and on over Beetman's and over Mr. Brown's, it was as if it had some sensor that would sniff up the vapors and it would fly on

that. No matter what happened the savings on fuel would out-do any \$620,000 we had to pay. What a terrible mistake!

Now the consultants have recommended two 737-200s and one 737-300 or a 400. Those planes were available when they got these 400s. What really boggled my mind was that Boeing was producing the last two 400s that they had orders for. The whole world wanted those two planes and was on stand-by for them but the Cayman Islands, they gave us the first chance! What a joke!

We have all the money in the world. I think that before it is all over they are going to prove that to Guinness Peat one way or the other. We wanted, we had to have these two planes. After that there would be no more problems for Cayman Airways. The problems were in place then as they are in place now. The problems were with the people that were running Cayman Airways.

What is the Government going to do about the other reckless decision and act which the Government allowed and which the Member for Tourism allowed his managing directors to do? They have gone and made a deal now with another international company for another 400 in January or February 1992 which will kick up the cost to \$1 million a month while defaulting on the present two.

Any attempt by the Government, or even getting the consultants to help them blame the United States recession and the Gulf War, weans in the face of simple common sense, that it is easier to find \$218 a month than to find \$620 and it makes more sense if you are paying rent on an apartment or a house that that rent is going towards purchasing that house than of you paying rent for the next 15 years of your life.

I hope that the Government has answers for the predicament in which they have put this country, not Cayman Airways, because that propaganda about Cayman Airways being a private company and so on and the Chairman of the Board did not have to tell people on the Backbench anything about what was happening there, it was not Government's; that policy is being removed fast, really fast.

As has been pointed out by the consultants, the last thing we need to do is to default on payment of those aircraft. But what else is there to do, one might ask? Simply because the money is too much, it could hardly be found in the first instance and now it cannot be found at all. Do they really believe that they are going to go to Guinness Peat and negotiate away all of that money that they had planned to make out of this situation? I doubt that most seriously.

And this country has a problem which is brought on by the Government and a management which should have been removed before this and even more so now. If there is money to pay them then indeed, there has to be money to bring in people who have no axes to grind, put them in place, give them specific directives, things to do and see to it that they are done.

I would like next to refer to the Report which deals with the relationship of Cayman Airways and the Department of Tourism. I agree with what the Report has said that the relationship has been quite successful. From my own knowledge of it when I was in the Portfolio of Tourism, Aviation and Trade it worked quite well but there was present again, a people factor; who was working for Cayman Airways and who was working for the Department of Tourism? In the meetings that came to decide on routes and this, that and the other and how many tourists they wanted for the coming year, which decisions carried? The 'boss man' of the Department of Tourism (DOT) and the 'boss man' of Cayman Airways, which one of them was the bigger boss? At least in those days there was one who was not afraid to make a decision and when he popped two cusses and said he was going to go this way at least it went that way, right or wrong. It does not seem to be the case where decisions are made anymore. The idea is to accommodate all parties, let them do what they want and let us not say anything about it.

I think it is true that the resources are stretched by the combination of Cayman Airways and the Department of Tourism. The two organisations are similar but they are not identical. The airline wants to operate in a way that it is profitable to them. They may wish to do things that might not coincide with the Department of Tourism, whose aim should be, in my opinion, to bring people to the Cayman Islands as visitors or as tourists and I certainly hope that they have not confined that exercise to just Cayman Airways bringing them here. Quite honestly, I think that has been a problem over the years that for some unsound reason those in charge of Cayman Airways believe that if 400,000 people are desirous of coming to the Cayman Islands in 1991 or 1992 that Cayman Airways is supposed to fly them all. That is indeed unsound in my opinion.

I believe that it is necessary to advertise in markets effectively to attract the people to come here with the understanding that there will be other carriers and that you just cannot confine the travelling public, foreign visitors, to this country to flying Cayman Airways. This, I am aware, has been one of the conflicts in staff in these two departments. The problems have been, I think the consultants are quite right, co-ordinating the differing objectives and personal interaction, who is boss, who calls the shots in Miami, and who is the better friend of someone here in Grand Cayman in the Department of Tourism or the Portfolio, as the case may be.

I wonder if the four actions which are necessary, are going to be followed; if the Member, as his responsibility is, and if the people who are supposed to manage Cayman Airways are going to be told that here are the explicit written policies and goals? The Department of Tourism's statistics are going to be used to set sales targets and if anyone is going to be brought in, a neutral professional, to do assessments of areas of contention, and whether (one of the most important) the Managing Directors and the Chairman of the Board are going to share any information with the rest of the people who work for Cayman Airways? I believe that those things are absolutely important and that the Member is in a position to do so something about it. He has the authority, the responsibility is his to set those policies and those guidelines and insist that they be carried out. He represents the shareholders, the people.

Madam Speaker, the consultants also looked at the financial feasibility, subsidy, the routes value and the future development of Cayman Airways. We all know that Cayman

Airways has consistently shown material losses. The question has always been what do you do to stop them? They envisage that before subsidy this year there is likely to be a loss of \$7.9 million. I do not believe that the War in the Gulf (which ended in its entirety 100 days after it started, approximately three months) or the recession (times have not been good in the States from last year) can be blamed totally for the problem at Cayman Airways. The problem is within. It is not being operated in a proper manner. It is not being managed properly.

Competition: What more can one say when the Second Elected Member for Bodden Town pointed out all of the warnings that this Government had, when the First Elected Member for West Bay did, when the Third Elected Member for George Town did, that they were warned way ahead of time about the competition. The impending competition and what it would mean. Again, let us not talk about it and the competition will go away; that was the attitude. Someone had better think about it.

The expenditure is mounting daily. There is such a silence from the Government side. What is the UK Government saying about this? I can tell this House that the officials of the Foreign and Commonwealth Office last August were given lots of details about the situation of Cayman Airways and the concerns of the seven elected representatives of this country about how it was being handled and that it would come to a point where they would quite likely be called upon to pick up the tab. Has that time come, I wonder? I wonder what they are saying? There is a dead silence, ominous; the surest sign in the world that something is wrong.

The consultants think that in October (that is next month), the airline is going to run out of cash. What is going to happen then? We have five planes now. What does the Government propose to do about the financial situation indebtedness that they have placed this country in?

Madam Speaker, speakers before me, Members of this side, have said that we gave an undertaking to the employees of Cayman Airways, who were shocked a week or two ago when they were told, "Look, on your next pay day you are going to lose 20 per cent," that we would support monies which might be requested for Cayman Airways where they were justified. Can the Government really justify the situation with Cayman Airways?

I tend to believe, as the study by the Aer Lingus says, that Cayman Airways can break even or make a small profit. I do not necessarily share the view of SH&E in the respect that they say it will never make a profit. But how does the Government, they are not going to banks because banks do not want to deal with airlines that are in jeopardy or people who cannot pay their money back. The Government is going to have to be the entity which finds the money. How does one go on putting money into Cayman Airways, into the hands of the same people that have brought it to the plight that it is in now?

I have never heard of an instance in my life (be it a multi-national company or whatever), where you know the management is a problem; your company is not profitable; you go for finances to restructure and bring your company back and you leave the same management in place. I have never heard of that, except here! It seems very clear that nothing is going to be done about the people who have brought Cayman Airways to its present position.

If the Government guarantees instead of a direct subsidy, it is still a liability on the Cayman Islands and its people so calling it a subsidy or calling it a guarantee, it is all one and the same; it is a liability. A liability where you can borrow money but you have to pay it back.

I cannot really see how if it is being suggested by the consultants that Government restructure the landing fees and the departure tax as a special favour to CAL, how again under the Bilateral Agreements, they are not going to give that same break or consideration to the other carriers. It would, in my opinion, be unfair competition so I am not quite certain how that can possibly be achieved without having some legal ramifications.

As for our routes, the consultants say they have zero value. It seems to be only the persons involved with Cayman Airways that believe that because they can fly to Atlanta, or Tampa, or Houston, or New York, that there is gold hanging out there in the skies. So what! That is air space in the United States and dozens and hundreds of flights by different air carriers fly there daily. So how can we sell it? Where is the value? Where is the money for us?

The status quo is not recommended by the consultants because Cayman Airways is in a fix. Three aircraft might make it if Cayman Airways can operate the cheaper aircraft, but how do we make those two state of the art ones go away with nothing being said by the lessor?

I think that partial privatisation may be part of a solution but again, who wants to get in on a situation and become an active participant in it, when it is losing money. People go into ventures for gain, for profit and again, if there are potential investors such as aircraft lessors, or other airlines (and I would trust that the Government would not be so adventurous as to get into a situation with Pan Am, or Northwest, or one of those), such investors are looking for returns and certainly it is my understanding that if a participation comes about it must not be the case that the percentage is too large so that it affects, again, the Bilateral Agreement.

I wish to refer now to the part of the Report which deals with the evaluation of the inter-island service. I agree most wholeheartedly that there have been may different aircraft types and routings that have served and I use the word "served" advisedly Cayman Brac and Little Cayman. There has been the Hawker Sidley 748; the Shorts which was another bad deal made by the present Management of Cayman Airways which sits in Miami and cannot even be given away; and sometimes off and on, and ever-changing, the 737 aircraft is used on this service. I believe the findings of the consultants when they say that this particular inter-island service can work at break-even or a profit.

It has always been my opinion that while Cayman Brac needs some calls or some service from the jet aircraft that ideally it needs a smaller plane with enough capacity to carry passengers and baggage. So far this has not been the case. Such an aircraft has not been found. Certainly not the

Shorts and certainly not the Trilander.

These consultants have made a recommendation. They have recommended a 19-seat Twin Otter and according to what they say, this aircraft provides a lot of space for its size and it carries a lot of luggage. This possibly, it is my understanding, could provide the capacity that is needed for divers who go to Cayman Brac. That is the chief type of tourist who goes there. Normally they always travel with lots of luggage parts and so on for their diving tanks, etcetera.

They have also said that it could shuttle, do round-robin trips between the three Islands. I have no way of disagreeing with them because they are supposed to be the experts in terms of suitability of aircraft. It is my position that a report should have been made a long time ago to show what would be the most suitable. Not simply because someone believed that they should buy a Shorts and because there was so much money available to them to do it, that they should have. A proper evaluation should have been done and a suitable aircraft chosen.

If that is the answer for it, so be it. What my point of argument is, is that Cayman Brac and Little Cayman are part of the Cayman Islands and that the two Islands should get the amount of service which it needs by clearly sitting down and working that out on the basis of the Islands development towards tourism, the demand for the indigenous people travelling between these Islands and how the airline can make some money in providing that service.

I was never of the opinion that flying the 737-400 to Cayman Brac at 4:00 a.m. and 5:00 a.m. was the solution and I have never believed that there had to be a daily flight of the jet but certainly because of the fact that certain goods and cargo and perishables are ordered from Cayman, not only does it provide a big enough capacity for people travelling but it also serves to take cargo by air to the Brac. So some service of that sort is needed.

The consultants pointed out that the Twin Otter aircraft have served in other Caribbean Islands and that Island Air or Cayman Airways might wish to look at the situation.

My own opinion is that the Government, the Member responsible needs to assess the situation carefully and not use those in-house experts that have been used and have brought the airline to where it is now but to get neutral professionals who will sit down, look at the hard, cold facts and say, "Yes, here is the number of days that we believe the jet should fly. What is the social situation? How does the public feel?" take that data, put it altogether, work it out and set up an air service to Cayman Brac and Little Cayman that can bring the three of these Islands within the same fair situation of the provision of air service.

I wish to refer now to the Aer Lingus Report. This Report has dealt more specifically with the Management of the company and has clearly identified that the problem which the Backbenchers knew was the case, they have simply confirmed it. They believe that the company can make a profit. I believe so too, if the Member and the Government do something about the Management.

On thing that is not clear in their findings is a mission statement. I saw what was prepared in 1985 as a mission statement and that struck me as a statement, yes, but it was something that was basically making a case for the existence of Cayman Airways. I do not believe that that is what the consultants are talking about.

Again it is the Member who is responsible for Cayman Airways and for what it does, so he, along with his colleagues and members of Cayman Airways, must truly work out what is the mission statement. I certainly hope that within that mission statement cognisance is taken of the fact that one of the things that Cayman Airways should do is to be a guaranteed air link with the outside world. Simply to have our Islands guaranteed a means of reaching the outside world without total dependency on a foreign air carrier.

I hope also that the mission statement will include a clear statement that Cayman Airways is not out there competing with the "big boys." The big boys are just too big. It is running a parallel and it is competing only to the extent that it can reasonably find persons to travel on it and that it has enough frequencies and is used in a manner where it can be profitable. I hope also that in any new mission statement it makes it very clear that it is not just to serve Grand Cayman but that it is essential, through whatever structuring that might be determined, to provide the proper service to all three of these Islands. Those are some of my views that I feel should be in that mission statement.

It has been known by any of us who have even thought about it a little bit that the responsibility between Government, the Board and Management of Cayman Airways has to be cloudy. No one seems to know where they are going at any given time; they are just going, they are flying full speed ahead.

The Member responsible for Cayman Airways has not said whether he intends to do away with that Executive Committee - that Executive Committee which totally perverts sound management. For if one takes members of the Board who are supposed to be making policy decisions; setting down goals and objectives and mixes those individuals with person who are supposed to be looking at the day-to-day management of the airline, and they contrive and connive to do certain things to the exclusion of the rest of the members of the Board and the decisions that are taken on the Board and ignore the rest of the people working with the airline, that has to be unsound management.

Has the Member decided to bring in contract personnel to work at Cayman Airways as a Management team? Is he prepared to give them the authority to do what they are supposed to do? Is he prepared to fully accept that such a team has to be the axe-men because one of the most difficult things in this world of human conflict is self-evaluation. You cannot really call upon the people who have put Cayman Airways where it is and say, "Take a look at yourself and correct it." It needs to be an outside person and that person or persons need to feel secure that the Member has authorised them on behalf of the shareholders that when they go in to carry out the responsibilities, the duties and the things that they are supposed to do to correct it, it is not going to be a case that one of those from that Executive Committee is going to call up and say, "You know

these people up here are giving me trouble and we do not do it that way," and so on. It cannot work if that is the case. It cannot work that way.

It seems as no surprise that there are recommendations for the redistribution of responsibilities and the re-deployment of staff seems to go without saying. One did not need to listen too hard to know that in the meetings between the members of Cayman Airways staff and Members of this Legislative Assembly at the meeting in the Town Hall that those persons were concerned about what was happening there; that there was poor communication between themselves and the Management; and they knew of things that could be done to save the airline's certain wastage that is going on. But no one listens.

Is the Member prepared to rid Cayman Airways of its two Managing Directors? Can he keep those two Managing Directors in place and expect to do what the consultants say to do? No, it cannot be done. It cannot be done. We must wait and watch. The Government is silent. It is one thing to say that you accept a report. I have seen lots of them during my time in the Service and they come to the House and say, "Yes, it is accepted," but as for what is put into place, it is two different worlds. In the removal of those two persons is the Member prepared to insist or to direct that the salaries of those two posts and in fact, if we are going to re-deploy staff, then maybe there is only cause for one, but that that salary should be brought back to the level where it should be?

Is the Member prepared to give assurances to the pilots whose salaries have also been found, according to this study, to be 20 to 25 per cent above what they say would be normal, assurances that they are not going to have 20 per cent chopped off their salaries at one time? Is he prepared to take the advice and if the adjustments are to be made, to do it over a period of time giving these persons time to readjust their lives financially? Or will one hear that at the end of September the axe has fallen, as Mr. Kel Thompson tried to let it fall about two weeks ago?

The other area which I did not know about but which the consultants found was that service contracts account for about 25 per cent of the annual expenditure of Cayman Airways. They believe that this is so important that a Contracts Manager needs to be found. I am not thinking here of any good friend or political associate or any those things. Is the Government prepared to do a costing on these various things and come to the Finance Committee with a "package", as the former three-day Chairman of the Board used to like to talk about, a "package"? And say that it is going to cost so much and here is what we need and here is what we are going to do. A Contracts Manager is going to cost so much; someone who has no axe to grind and someone who can possibly create a savings so that by his mere existence, though there is a cost, there is also profitability.

What struck me as absolutely astounding was that agreements where fuel was concerned, sometimes there were just memos, but yet these reckless people went to an international leasing company and signed up an agreement for 15 years and they did not sign a contract for fuel for 15 days!

And they say we must applaud those, Madam Speaker? Well, they can applaud, I will listen.

This Report has also said that for Cayman Airways to succeed it needs to get into good marketing and sales which would mean that because some person who has a fetish for computers, got on it and banged along the keys and came up with models and what-not in their heads and thought that the airline should fly to New York, or to Galveston, or to any such place, this should not be the way it should go. It should be something that is planned by people who know, in the detail that is necessary. It should be known to all of the staff at the airline, the Portfolio, the Member, the Managing Director, the Board and it should be regularly reviewed. Is the Member prepared to do that?

I do not think that anyone has read this particular part of this study and I think of this whole volume this gives the greatest insight into what is really happening at Cayman Airways. It is on page 16, item 6:

"We also found it difficult to lay our hands on specific proposal documentation for past and present key expenditure decisions. We believe that no capital expenditure decision should even be considered by Senior Management and/or Board without a proper case being documented and submitted in good time to the relevant decision making authority. Whereas we would accept that certain discretion should be left to SVPs we would strongly recommend that a Finance and Expenditure Committee made up of Chief Executive and 2/3 Divisional Heads be established to deliberate on all expenditure requests above an agreed level of say C\$10,000. The Chief Executive would have authority to approve expenditures below this level, whereas expenditure commitments above a threshold of C\$100,000 say, would require Board approval."

I think in that paragraph sums up the whole unfortunate situation of Cayman Airways. Imagine that there are no records for that big deal that went down on those 737s; there is no documentation. There are no decisions that can be found where this was taken in the Board. Imagine where this country finds itself with this type of a situation.

**MOMENT OF INTERRUPTION - 4:30 P.M.
STANDING ORDER 10(2)**

MADAM SPEAKER:

It is now 4:30 p.m., the Moment of Interruption. I would ask for a motion for the adjournment of the House.

It is now 4:30 p.m., the Moment of Interruption. I would ask for a

ADJOURNMENT

HON. GEORGE A. McCARTHY: Madam Speaker, I beg to move the adjournment of this Honourable House until 10:00 a.m. Monday, 7th October, 1991.

MR. G. HAIG BODDEN: Before putting that motion I would like to say that we are on the last item of business which is about completed and it is my understanding that Madam Speaker will be leaving the Island tomorrow morning. It is the will of the Backbenchers, and I believe that I am almost safe in including the First Elected Member for Cayman Brac, that the business continue on Wednesday morning.

In order to do this it would be necessary for the Speaker to appoint, under Standing Order 4(1)(c), one of the Official Members of the Government to act as Speaker for the remainder of this meeting. If the Chair feels it necessary, I will move a formal motion to that effect but I think it is the will of the whole House that you appoint one of them to carry on.

MADAM SPEAKER: Well, actually, Honourable Member, the Speaker does not make any appointment because Standing Order 4(1)(c), to which you referred, says:

"At sittings of the House there shall preside -

- (a) the Governor; or
- (b) at any time when there is a person holding the office of Speaker, the Speaker; or
- (c) in the absence of the Governor, or, as the case may be, of the Speaker, the senior official Member of the House." (It has "Members" here but I assume that means Member).

So there is no appointment. It, to me, is an automatic thing, but I did bring this to the attention of the Honourable Attorney General this morning, the Second Official Member, and apparently it seems to be difficult to appoint either the temporary First Official Member who is acting for the substantive holder of the post. It is felt that the Attorney General should not take the Chair but should be left in position to give legal advice to the House if required.

That is the situation if you....

MR. G. HAIG BODDEN: Madam Speaker, that would still leave the Third Official Member, and we would have no objection to his presiding so that the business can be completed.

MADAM SPEAKER: The Third Elected Member for George Town.

MR. TRUMAN M. BODDEN: Thank you, Madam Speaker. I support what the Second Elected Member for Bodden Town has put forward. It seems to me that we are just about to the end of the line with the business. We are all supporting the motion and I do not see any risk of anything too legal coming up but I would say this, if the Second Official Member was in the Chair then he could do his ruling from a much higher, more esteemed position. So I do not see that as hindering him but perhaps assisting him.

Once again, either of the three Official Members, the First, Second or the Third, I would be happy with and we could maybe, within the next couple of days of business, I think we could well wind this up and finish. So as a result, I would be voting against the motion to adjourn it so that automatically someone from the Official side, under the Constitution, it seems would have to take the Chair.

MADAM SPEAKER: I should also point out that a similar provision, there is a similar wording in the Constitution section 32(1). It repeats verbatim what the Standing Orders provide for.
The First Elected Member for Bodden Town.

MR. ROY BODDEN: Thank you, kindly, Madam Speaker. I concur with my colleagues on the Backbench and would wholeheartedly support the Honourable Third Official Member. I would just like to remind Honourable Members of the House that this will be Madam Speaker's first opportunity to attend a Commonwealth Parliamentary Association Conference since the Honourable Madam Speaker has assumed this position. I am sure that it is the sentiment of all Honourable Members to allow our esteemed Madam Speaker that opportunity and in so doing, I am sure there might be near unanimous, if not unanimous, agreement with the Honourable Third Official Member assuming the role as temporary Speaker in Madam Speaker's absence.

MADAM SPEAKER: The First Elected Member for Cayman Brac and Little Cayman.

CAPT. MABRY S. KIRKCONNELL: Thank you, Madam Speaker. Madam Speaker, I agree with what the First Elected Member for Bodden Town has said in that you deserve to attend the Parliamentary Conference in India. I have personally experienced many Senior Parliamentarians from around the world asking particularly about you and asking me to convey their best regards to you upon my return. I think the simplest way for us here this afternoon to solve it is to support the motion which the Honourable First Official Member has moved and I will so

do.

MADAM SPEAKER:

The Honourable Elected Member for Education.

HON. BENSON O. EBANKS:

Madam Speaker, I concur with the sentiments that it appears to be the wish of the House that Madam Speaker not be impeded from attending the Commonwealth Parliamentary Conference abroad. I believe that the motion made by the acting First Official Member of Government meets that wish.

I cannot accept the interpretation that is being placed on Standing Order 4(1)(c). I think that it is very clear. It says: "(c) in the absence of the Governor, or, as the case may be, of the Speaker, the senior official Members of the House." I do not think that means the senior Official Member of the House other than the First or Second. Or it does not mean.....(interruption)

Madam Speaker, you know, I did not expect to get a lot of support for this but I know what I am saying and I believe what I am saying. If this had been intended to be number one, number two, or number three, it would have been so written. It is specific, it says the "senior official Member of the House", and that person is named and known. That person is the leader of Government Business.

It does not say the next senior Official Member or the senior one that is even attending that particular meeting. It says "the senior official Member." If it meant the senior one that happens to be attending a specific meeting it would have been so written and in that case anyone of the Official Members, in order of seniority, who fell in that position would hold it. As for the Second Official Member being able to tender his legal advice to Government or the House from the position of Speaker is an unusual one to me. Certainly if the Honourable Member were to assume the role of Speaker, he would play the role of Speaker and not of legal adviser to the House or to Government. If he attempted that I am sure that the Member of the Opposition who suggested that, or the Backbench who suggested that would be the first to say that he should be advising the House as a whole and not Government, that he must maintain his impartiality. So I believe the way forward for us is to support the motion by the acting First Official Member.

Thank you.

MADAM SPEAKER:

The First Elected Member for West Bay.

MR. W. McKEEVA BUSH:

Madam Speaker, I cannot support postponing the meeting of this House until October. There are no good reasons why we should. Our Standing Orders provide that if the Speaker is absent then it is very clear and specific who could sit in the Chair. This Standing Order says "the senior official Members of the House." Whether the Member for Education wants to take this to mean two, I do not know how we can. I think this stands for the three of them. If one is not there it would follow that the next one would stand in his place. That must be the reasoning behind putting the word "Members". It does not say "Member" as he was trying to make the House believe. It says "official Members of the House."

I think what they are doing is very plain. They are buying time so that they can have a better say in a debate. That is what they are doing. But I do not think that that is necessary for this House. We have the capability in the House to carry on. The Standing Orders provide for it and I think that we should so move that the Honourable Third Official Member sit in the Chair. There is nothing wrong with that. Failing that, we suspend Standing Orders and put in somebody else!

But I am supporting that the Honourable Third Official Member be put in the Chair until this matter is finished. And we do not seem to have that much business or that much time left on this matter of business. But I cannot agree to put us off all the way until next month.

MADAM SPEAKER:

I think, Honourable Member, with all due respect, the provision is that it should be a senior Official Member and the Honourable Temporary First Official Member is in the position of the senior Official Member, who is not present.

MR. W. McKEEVA BUSH:

May I address you on that, Madam Speaker? The Standing Order says the "official Members of the House." (interruption)

You printed it?

(addressing a Member) What do you know about a misprint?

must...

Madam Speaker, this says "official Members of the House." It

MADAM SPEAKER:

Yes, Honourable Member, but it has also been repeated in the Constitution and in the Constitution there is no plural, just the singular.

MR. W. McKEEVA BUSH:

Madam Speaker, if that is going to be the case I am going to move a motion that we put the First Official Member in the Chair because this business must carry on.

MADAM SPEAKER:

The Third Elected Member for West Bay. If we are not careful we are going to be here until Wednesday morning.

MR. JOHN D. JEFFERSON, JR.:

Madam Speaker, in order to avoid all of the debate I think we should follow the Standing Orders. The Standing Orders say that in absence of the Governor and Speaker, the First Official Member takes the Chair. Are we saying that the acting First Official Member is not capable of filling that

role? I do not support that. My attitude is if that is what these Standing Orders say, that is exactly the way it should be done.

MADAM SPEAKER: Are you moving an amendment to that motion to that effect, that the ...?

MR. JOHN D. JEFFERSON, JR.: I so move, Madam Speaker, that the First Official Member, in the absence of the Speaker, be placed in the Chair to act as Speaker during your absence.

MR. W. McKEEVA BUSH: I second it, Madam Speaker.

MADAM SPEAKER: We have a motion before the House, an amendment to the original motion, the motion that was put by the Second Elected Member for Bodden Town that in place of the Third Official Member it will be the temporary First Official Member.

Is there any debate on that? The Honourable Member for Education.

HON. BENSON O. EBANKS: Madam Speaker, just to enquire whether the motion goes on to alter the adjourned date, otherwise it would not be an amendment to the motion as I see it.

MADAM SPEAKER: The amendment to the motion would be that the House would adjourn until Wednesday morning 10:00 o'clock and that the Honourable Temporary First Official Member would take the Chair.

MR. G. HAIG BODDEN: Madam Speaker, may I address you?

MADAM SPEAKER: Yes.

MR. G. HAIG BODDEN: I would only like to say that I agree with the Third Elected Member for West Bay and to say that for all intents and purposes the acting First Official Member is a real Member of the House, voting in every respect and has performed his duties flawlessly since his short tenure here. I am quite happy with his taking up his duties under the Standing Orders.

MADAM SPEAKER: Are you withdrawing your motion then for the Third Official Member?

MADAM SPEAKER: Yes, Madam Speaker, since that seems to be the will of the House.

MADAM SPEAKER: Well, we have an amendment to the original motion, the second motion having been withdrawn and I shall put the amendment first. The amendment is that the House should adjourn until Wednesday morning at 10:00 o'clock and that the Honourable Temporary First Official Member should take the Chair.

I shall put the question that the House do stand adjourned until 10:00 a.m., Wednesday, 18th September, 1991, and that the First Official Member do take the Chair.

AYES & NOES

MADAM SPEAKER: The Ayes have it.

MR. W. McKEEVA BUSH: Can I have a division, please?

MADAM SPEAKER: Certainly.

MR. W. McKEEVA BUSH: Madam Speaker, I withdraw the division.

HON. D. EZZARD MILLER: In that case, Madam Speaker, I think we should have a division.

MADAM SPEAKER: Let us proceed with the division.

MR. JOHN D. JEFFERSON, JR.: Madam Speaker, before we take the division, can I....

MADAM SPEAKER: I am afraid that the division is already put.

MR. JOHN D. JEFFERSON, JR.: I just have a question.

MADAM SPEAKER: All right.

MR. JOHN D. JEFFERSON, JR.: In a situation like this where the First Official Member is in

question, is he allowed to vote against himself?

MADAM SPEAKER: Well, it is not a financial pecuniary interest or anything like that. I do not think there is any objection to him voting. That seems straight forward.

MR. G. HAIG BODDEN: He can abstain if he so wishes I guess.

MR. W. McKEEVA BUSH: Yes. That is the thing to do.

MADAM SPEAKER: Division, Madam Clerk, please.

DIVISION NO. 26/91

Noes: 8

Hon George McCarthy
Hon Richard Ground
Hon J. Lemuel Hurlston
Hon W. Norman Bodden
Hon Benson O. Ebanks
Hon Ezzard Miller
Hon Linford 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

MADAM SPEAKER: The result 7 Ayes, 8 Noes, the motion accordingly fails. I shall now put the question that the House do now adjourn until Monday, 7th October, 1991. Those in favour please say Aye...Those against No.

AYES & NOES.

MADAM SPEAKER: The Ayes have it.

MR. W. McKEEVA BUSH: Can I have a division, please?

MADAM SPEAKER: Certainly.
Madam Clerk.

DIVISION NO. 27/91

Ayes: 8

Hon George McCarthy
Hon Richard Ground
Hon J. Lemuel Hurlston
Hon W. Norman Bodden
Hon Benson O. Ebanks
Hon Ezzard Miller
Hon Linford 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
Mr. John B. McLean

MADAM SPEAKER: The result of the motion is 8 Ayes, 7 Noes. The House accordingly is adjourned until Monday morning 7th October, 10:00 o'clock.

AT 4:50 P.M. THE HOUSE STOOD ADJOURNED UNTIL 10:00 A.M., 7TH OCTOBER, 1991.