



2024 – 2025

Budget Address

Laying the Foundation for Our People's Wellbeing

Hon. Juliana O'Connor-Connolly, JP, MP

Premier and Minister for Finance and Economic Development

Mister Speaker, I rise to present **The Appropriation (Financial Years 2024 and 2025) Bill, 2023.**

Mister Speaker, as we embark on this journey that holds profound significance for the prosperity and wellbeing of our people, let our shared vision for a thriving community and a future filled with opportunities be the compass that guides us on this endeavour.

As custodians of our Islands' destiny, let us stand united to lay the foundation for our people's wellbeing. In doing so, we recognize that the path ahead is not just about constructing buildings and roads; it is about building a future where every citizen is empowered, where the wellbeing of one is intertwined with the prosperity of all.

Our commitment extends beyond mere infrastructure; it encompasses the pillars that sustain a vibrant and harmonious society – quality healthcare, accessible education, meaningful employment, and a robust social safety net. We understand that true progress is measured not only in economic indices but in the tangible improvements to the lives of our citizens.

In the realm of healthcare, we pledge to enhance facilities, increase accessibility, and prioritize preventative measures. A healthy population is the cornerstone of a thriving nation, and we are dedicated to ensuring that every citizen receives the care they deserve.

Education is the key to unlocking individual potential and national progress. We will invest in our educational institutions, providing our youth with the knowledge and skills needed to navigate an ever-changing world. By doing so, we are not just building schools; we are nurturing the architects of our collective future.

Creating stable employment opportunities is another essential pillar of building a foundation for our people's wellbeing. We must strive to create an economy that provides decent and dignified work for all, regardless of gender, age, or background. This involves nurturing entrepreneurship, attracting investment, and supporting industries that promote sustainable growth. Additionally, we must ensure fair wages, safe working conditions, and social protection measures to safeguard the rights and wellbeing of our workforce.

Recognizing the importance of a robust social safety net, we commit to supporting the vulnerable among us. No citizen should face adversity alone, and by reinforcing our social support systems, we strengthen the fabric of our society.

In laying the foundation for our people's wellbeing, we also emphasize the values that define us – generosity, compassion, and unity. We celebrate our diversity and embrace the richness it brings to our collective tapestry.

Mister Speaker, this budget that is being presented here today to this Honourable Parliament for the 2024 and 2025 financial years, accounts not just for the novel challenges but also for the possibility of a prosperous road that lies ahead.

This budget represents a Government that has unwavering hope, and a vision of well-being and success of our people.

This budget invests in the education and wellbeing of our children, providing healthcare and financial assistance to those in need and ensuring the resiliency and protection of these beautiful Cayman Isles.

Summary – 2024 and 2025 Budget

Mister Speaker, the Appropriations set out in the Bill now before Parliament along with the Budget Documents that I Tabled earlier, collectively, form the Government's 2024 and 2025 Budget.

The 2024 and 2025 Budget align with the policies and projections outlined in the Strategic Policy Statement or SPS. As is often the case, the amounts in the Budget may vary from those in the Strategic Policy Statement, the overall direction and trend remain consistent. The adjustments made to the SPS outcomes and position reflect the enhanced accuracy and currency of the information now at our disposal, serving as a more reliable foundation for these estimates.

Mister Speaker, before I provide the details of the 2024 – 2025 Budget and the Government’s plans in those years, let me first summarise some of the key fiscal policies and headline figures that are contained in the 2024 and 2025 Budget:

- Mister Speaker, the 2024-2025 Budget is in full compliance with the Principles of Responsible Financial Management as prescribed by the Public Management and Finance Act, or PMFA. These Principles are the same as those specified in the Framework for Fiscal Responsibility (the FFR) which, is also a part of the PMFA;
- Core Government is forecast to earn Operating Revenues of \$1,095 million in 2024 and \$1,137 million in 2025;
- Core Government’s Operating Expenses are forecast to be \$1,052 million in 2024 and \$1,083 million in 2025. Financing Expenses are forecast to be \$18.4 million in 2024 and \$24.7 million in 2025;
- Core Government Operating Surpluses are forecast to be approximately \$43.0 million in 2024 and \$53.2 million in 2025;
- Closing Cash Balances are expected to be \$388.7 million at 31 December 2024 and \$412.1 million at 31 December 2025; and
- Core Government Capital Expenditure and Investments are forecast to total \$160.5 million in 2024 and \$117.9 million in 2025.

Mister Speaker, the Capital Expenditure and Investments include Equity Investments into Statutory Authorities and Government Companies totalling \$35.2 million in 2024 and \$24.3 million in 2025.

Mister Speaker, 2024 and 2025 revenue forecasts include new Revenue Measures.

The decision to implement new Revenue Measures was not taken lightly and efforts were made to ensure that they were non-inflationary and did not have a direct impact on the average citizen and the already high cost of living.

While the imposition of increased Revenue – enhancing Measures may be viewed as a challenging necessity, it is crucial to understand that these measures are often undertaken to address specific financial demands or to achieve broader economic objectives. The revenue generated through these new Measures plays a vital role in funding critical public services, healthcare, education, and other essential programmes that contribute to the overall well-being of our society.

The new Revenue Measures, which I will detail later in my Address, is projected to yield additional revenues of \$52.0 million in 2024 and \$80.0 million in 2025

Also, Mister Speaker, in order to meet all of the Government’s planned capital investments over the Budget period, the 2024 and 2025 Budget includes borrowings of up to \$150.0 million over the 2-year Budget period.

Operating Surpluses for the 2024 and 2025 financial years are insufficient to fund Capital Expenditures and Investments in these years and as such we will have to borrow during the 2-year Budget period. The Plan and Estimates document indicates that even with this proposed level of borrowings, the Government’s Debt-to-GDP ratio remains under a 10% level – which few countries in the world can match.

It is important to state Mister Speaker, that Government does not borrow to fund its day-to-day Operating Expenditures and, it will only use the proposed borrowings to fund Capital Expenditure and Investments.

Mister Speaker, I will provide further details on the borrowings, later in my Address.

2023 Financial Forecasts

Mister Speaker, before I provide the details of the 2024 – 2025 Budget and the Government’s plans in those years, let me provide a brief update on the current state of public sector finances and the forecasts to the end of this financial year – 31 December 2023.

Operating Revenues are forecast to be \$1.034 billion, which is some \$56.0 million higher than estimated in the original 2023 Budget. The higher than budgeted Operating Revenues are mainly due to favourable variances in investment and tourism and property-related revenues.

Mister Speaker, **Operating and Financing Expenses** for Core Government are forecast to be \$1.011 billion for 2023, which is \$60.6 million greater than the original budget of \$950.4 million.

The major drivers for the increased Operating Expenses are:

- **Outputs from Non-Governmental Output Suppliers** are anticipated to be \$33.7 million higher than originally budgeted primarily due to tertiary medical care at various local and overseas providers for uninsured, underinsured and indigent persons;
- **Outputs from Statutory Authorities and Government Companies** are projected to be \$20.2 million more than originally budgeted, primarily due to increased utilisation and funding to the Health Services Authority; and
- **Transfer Payments** are forecast to be \$25.0 million more than budget due to an increase in scholarships and the financial assistance and pension uplift to citizens.

Mister Speaker, **Personnel Costs** are trending to be \$35.3 million lower than budget in 2023 primarily due to delayed recruitment and improved efficiencies of the civil service.

Statutory Authorities and Government Companies are forecast to have a net Operating Surplus of \$1.7 million for the year ending 31 December 2023 compared to an original budgeted Operating Deficit of \$19.1 million.

The accumulated results of all of these changes is that Core Government is now forecast to achieve an **Operating Surplus** of approximately \$22.7 million, which is only \$5.1 million less than the originally budgeted Operating Surplus of \$27.8 million.

Core Government's **Cash Balances** at 31 December 2023 are forecast to be \$497.9 million, which is \$185.7 million better than the \$312.2 million that was originally budgeted in 2021 when the 2023 Budget was prepared. Mister Speaker, the higher than budgeted Cash Balances can primarily be attributed to strong favourable variances in investment, tourism and property-related, revenues.

Overall, the 2023 projections mean that the Government is forecast to be in full compliance with the Principles of Responsible Financial Management and the FFR:

- Core Government's Forecast Operating Surplus is expected to be \$22.7 million;
- Net Worth is forecast to be positive at \$2.1 billion;
- The Debt Service Ratio will be less than 10% of Core Government's Revenue, at a projected 8.3%;
- The Net Debt Ratio is forecast to be less than the maximum allowed 80% of Core Government's Operating Revenue, at an estimated 9.3%; and
- Cash Reserves at 31 December 2023 are forecast to be at 134.3 days of Operating Expenses, which is more than the minimum requirement of 90 days.

Economic Forecasts

Mister Speaker, turning now to the economic forecast for the upcoming 2-year budget period.

In 2022, the global economy saw a 3.4% expansion, which was driven by improved supply chain conditions and robust pent-up demand from the previous year. This growth followed a 6.3% increase in the prior year, which occurred amid post-pandemic restrictions in 2020. Advanced economies experienced a 2.7% rise in economic output, compared to the 5.4% growth observed in the preceding year. Projections indicate that global economic activity is set to grow by 2.8% in 2023, with an acceleration to 3.0% in 2024. Over the medium term, the world economy is expected to maintain an average growth of 3.2% between 2025 and 2027.

The local economy remained robust in 2022, with a Gross Domestic Product or GDP expansion of 3.8%. Strong international demand was a key driver for notable expansions in a number of sectors including hotels and restaurants, transportation and the real estate sector, despite rising interest rates, with the agriculture sector being the only sector to contract in 2022.

Due to global uncertainties such as fuel supply, geopolitical tensions, and high interest rates, projections for the domestic economy anticipate a 3.1% growth in 2023, decelerating to 2.2% in 2024 and averaging out at 2.5% between 2025 and 2027.

The accommodation sector is projected to expand by 29.9% in 2023 as a result of global consumer demand remaining strong, resulting in Cayman's stayover arrivals exceeding 80% of pre-pandemic levels in the first half of 2023. The sector is projected to record average growth of 14.9 percent per year between 2024 and 2027.

The transportation sector is projected to expand by 9.0 percent in 2023 before moderating to an average growth of 3.1 percent between 2024 and 2027.

Despite inflationary pressures and tighter monetary policy, the finance and insurance services sector is projected to expand by 1.0% in 2023 and 1.3% in 2024. This steady performance is supported by stable demand for financial and insurance services and Government initiatives, such as the implementation of economic substance regulations. Growth in the sector is expected to average 1.7 percent over the medium term. Business services, which include legal and accounting services, is projected to expand by 1.9 percent in 2023 before growing at an average rate of 2.6 percent per year between 2024 and 2027.

The wholesale and retail sector is projected to rise by 3.4% in 2023, with an average increase of 1.4 percent annually between 2024 and 2027. The electricity and water sectors are expected to expand by 3.7% and to an average of 2.6 percent annually between 2024 and 2027.

In the construction sector, growth is expected to slow as the cost of funding for mortgages and investments rises, but several large-scale projects hotel and commercial projects could contribute to a modest expansion of 0.5% in 2023, averaging 1.9% annually between 2024 and 2027. The real estate sector's growth is also anticipated to moderate due to increased interest rates, with projections of 0.2% in 2023 and 0.8% in 2024, averaging 2.1% annually between 2025 and 2027.

Mister Speaker, total employment surged by 22.7% to 56,355 in the Fall 2022 Labour Force survey. Despite an 18.3% rise in the labour force, the overall unemployment rate decreased to 2.1% in 2022.

Over the medium term, labour demand is anticipated to align with GDP growth, driven by the expansion of accommodation services and supporting sectors. Government initiatives prioritizing the integration of Caymanians into the workforce aim to sustain low unemployment levels. Training and mentorship programmes for Caymanian youths are expected to contribute to retooling efforts. With the projected increase in labour demand, a generally balanced labour market is expected, with a forecast unemployment rate of 2.5% in 2023 and an average of 2.7% in the remaining four years.

In 2022, despite rising international demand for financial and accommodation services, the Cayman Islands experienced an increase in total merchandise imports by 17.4%, reaching \$1,498.7 million. This resulted in a narrowing of the deficit on the Islands' current account of the Balance of Payments, with a projected deficit balance of \$698.3 million, which is equivalent to 12.2% of GDP.

Looking ahead, projections indicate a current account balance of 13.8% of GDP in 2023 and an average of 14.9% between 2024 and 2027. This stability is attributed to improvements in the tourism sector and increased imports.

Mister Speaker, the global rise in commodity prices, triggered by Russia's military invasion of Ukraine in 2022, has had significant repercussions on the cost of living. This geopolitical event, coupled with disruptions in trade agreements and escalating tensions between the US and China, led to heightened market uncertainties. In advanced economies, inflation accelerated to 7.3% in 2022, with the US experiencing an 8.0% increase in prices.

Cayman also felt the impact of rising prices, with the average consumer price index surging by 9.5% in 2022, a substantial rise from the 3.3% recorded in 2021.

In 2023, inflation in the Cayman Islands is projected to moderate to 5.2%, with an average inflation rate forecasted to be 2.2% annually between 2024 and 2027.

Mister Speaker, the global economy is facing various risks and uncertainties in the post Covid-19 era. Factors such as pricing pressures and labour market disruptions are challenging economic recovery. Despite these challenges, the global economy has shown resilience, with positive growth in economic activity due to sustained demand. However, there are concerns about the impact of supply restrictions by Saudi Arabia and other OPEC countries, which have led to higher input costs and shipping charges, potentially affecting consumer demand.

Mister Speaker, any slowdown in international demand for financial and accommodation services could hinder Cayman's projected growth and the strength of local demand can be tested in the near term. Higher interest rates could limit investments, weigh on mortgage loans, slowdown residential demand and further increase the cost of living. However, Mister Speaker, the general consensus seems to be an expectation of interest rates actually declining in the near- to-medium term.

The 2024 and 2025 Budget

Mister Speaker, now turning to the details of the 2024 and 2025 Budget.

Operating Revenue for 2024 is forecast to be \$1.09 billion, with \$1.03 billion being Coercive Revenue and the balance of \$61.4 million in Sales of Goods and Services, Investment Revenue, Donations and Other Operating Revenue.

In 2025, Operating Revenue is forecast to be \$1.13 billion with \$1.07 billion in Coercive Revenue and the balance of \$60.5 million in Sales of Goods and Services, Investment Revenue, Donations and Other Operating Revenue.

Mister Speaker, the revenue forecasts include new Revenue Measures that are projected to yield additional revenues of \$52.0 million in 2024 and \$80.0 million in 2025.

The Revenues Measures are primarily related to:

- administrative and regulatory-related fees, which are charged by the General Registry, the Department for International Tax Compliance, the Cayman Islands Monetary Authority and the Department of Commerce and Investment;
- increases to work permit application fees;
- an increase to the import duty rate on hybrid and electric vehicles with a value of more than \$70,000;

- an increase in the environmental tax payable with respect to hybrid and electric vehicles with a cost, insurance and freight value (CIF) of \$80,000 or more;
- and increase to customs fines and procedural fines;
- increase in the fees for immigration-related visas and extensions; and
- finally, Mister Speaker, an increase in the stamp duty rate is being contemplated for properties purchased in certain “high-end” geographical areas on Grand Cayman.

Operating and Financing Expenses in 2024 is forecast to be \$1.05 billion and \$1.08 billion in 2025.

Mister Speaker, the major cost drivers of the Operating and Financing Expenses are: -

1. **Personnel Costs** are budgeted to be \$500.7 million in 2024 and \$522.3 million in 2025 to fund planned recruitment activities for additional mental health staff; enhanced remuneration for educators; increased resources for Border Control; increased resources for the promotion and regulation of the financial services industry; and increases in health insurance premiums payable with respect to Civil Servants.
2. **Supplies and Consumables** are budgeted to be \$175.4 million and \$178.0 million in 2024 and 2025, respectively; and
3. **Depreciation** is projected to be \$59.0 million for 2024 and \$59.5 million for 2025 and reflects the increase in the value of the Government’s assets as various capital projects are completed. Mister Speaker, it is important to remind Honourable Members and the general public that depreciation is a non-cash expenditure item which recognises the cost of assets through the Operating Statement, in a systematic way, over the expected useful life of the asset.

4. Mister Speaker, another cost driver of the Operating Expenditure is **Financing Costs**. As I mentioned earlier, the 2024 and 2025 Budget allows the Government to borrow up to \$27.0 million in 2024 and a further \$123.0 million in 2025 – for a total of \$150.0 million over the two financial years.

New borrowing should not be a surprise to the House, Mister Speaker. In June 2020, a stand-by Line of Credit of CI\$330.0 million (US\$403.0 million) was established. The purpose for the Line of Credit was to provide additional financial resources in the event that such resources are needed and, to mitigate the effects of Government's loss of revenue and increased expenditure related to COVID-19.

Again, Mister Speaker, during the 2022-2023 Budget Period, the then Government borrowed CI\$349.0 million to fund capital investments by Core Government and investments into Statutory Authorities and Government Companies.

Mister Speaker, of the CI\$349.0 million that was borrowed during the 2022 – 2023 Budget Period, \$243.0 million (\$123.0 million in 2022 and a forecasted \$120.0 million in 2023), was used to fund the Government's Capital Expenditure, leaving a projected balance of \$106.0 million of unused borrowings from the 2022 – 2023 period, that is available for use in 2024 – 2025.

The balance of the projected unused borrowings from 2022 – 2023 of \$106.0 million, along with the 2024 and 2025 possible borrowings of \$150.0 million, will be applied towards the Government's 2024 and 2025 Capital programme of \$278.4 million (\$160.5 million in 2024 and \$117.9 million in 2025).

Mister Speaker, I would like to emphasize that the proposed borrowings of \$150.0 million will only be used to fund the Government's Capital programme over the 2024 and 2025 financial years and, will not be used to fund Operating Expenditures – as the latter is adequately funded by Operating Revenues.

Section A and sub-section 7 of the Plan & Estimates document, captioned “Debt Management”, gives a more detailed analysis of the interaction between Capital Expenditures and Borrowings. It also shows that Government’s Debt-to-GDP Ratio remains comfortably under 10%, which is an enviable metric that few countries in the world can match.

Over the 2024-2025 Budget Period, the Government will continue to keenly monitor its cash reserves and cash needs and will only draw down on the loan funds if and when it is absolutely necessary to do so.

As a result, of existing and the new borrowings, the Government is expected to incur **Financing Costs** of up to \$18.4 million in 2024 and \$24.7 million in 2025. These expenses cover the interest payments and other financing costs associated with the Core Government’s portfolio of debt.

If the proposed borrowings of \$150.0 million are actually drawn down, then it is estimated that Government’s end-of-year debt balances would be approximately \$430.2 million in 2024 and \$495.1 million in 2025.

Mister Speaker, Government will continue to honour its obligations to repay debt and approximately \$49.9 million and \$58.1 million will be repaid in 2024 and 2025, respectively.

5. **Outputs from Statutory Authorities and Government Companies**, or Public Entities, are expected to total \$179.1 million in 2024 and \$186.2 million in 2025. The budget in this category will be used to fund the following:

- \$58.9 million in 2024 and \$64.2 million in 2025 to CINICO for the provision of health insurance benefits to civil service pensioners, and qualified seafarers and veterans;

- \$46.3 million per year in 2024 and 2025 to the Health Services Authority for the provision of various medical services to the community;
- \$33.8 million in 2024 and \$35.5 million in 2025 to the Cayman Islands Monetary Authority for enhanced regulatory capacity to keep abreast of ever changing international regulatory requirements; and
- \$18.6 million per year in 2024 and 2025 to Cayman Airways Limited for the provision of international airlift to the Cayman Islands from strategic tourism markets and domestic airlift between our three Islands.

6. **Outputs from Non-Governmental Output Suppliers** are expected to be \$43.8 million in 2024 and \$39.1 million in 2025. The major items in this category are:

- \$18.6 million in 2024 and \$14.4 million in 2025 for tertiary medical care at various local and overseas providers for uninsured, underinsured and indigent persons;
- \$11.5 million in 2024 and \$11.0 million in 2025 for the Public-School Meals Programme;
- \$2.8 million in 2024 and \$2.9 million in 2025 with respect to Legal Aid Services. These amounts are entirely consistent with budgeted expenditures in prior years; and
- \$2.0 million per year in 2024 and 2025 for the care of indigent and disabled elderly persons.

7. **Transfer Payments** are forecast to be \$66.5 million in 2024 and \$64.3 million in 2025. These funds will be used to deliver critical social programmes that support our young people in achieving their educational goals and provide vital financial support to the most vulnerable in our society. The major Transfer Payments budgeted for in 2024 and 2025 are:

- \$23.8 million in 2024 and \$24.3 million in 2025 for Local and Overseas Scholarships to approximately 2,500 students per year to enable them to pursue advanced studies and acquire the skills necessary for our modern Cayman job market;
- \$15.2 million in 2024 and \$12.0 million in 2025 for Financial Assistance to support approximately 1,500 households in our community;
- \$10.9 million in 2024 and \$10.8 million in 2025 for Ex-Gratia payments to approximately 900 persons in respect of past service provided by our Seamen and Veterans; and
- \$3.2 million per year in 2024 and 2025 for Youth, Sports and Heritage Programmes.

Collectively, Mister Speaker, the Public Entities are forecast to incur a Net Deficit of \$1.7 million in 2024 and \$2.0 million in 2025. Most notably:

- the Cayman Islands Airports Authority is forecasting Operating Surpluses of \$20.2 million in 2024 and \$21.1 million in 2025;
- Cayman Airways is forecasting Operating Deficits in 2024 of \$13.1 million and \$12.1 million in 2025; and
- the Cayman Turtle Conservation and Education Centre Limited is forecasting Operating Deficits of \$9.5 million in 2024 and \$10.1 million in 2025.

For 2024, when considering the forecast Operating Revenues of \$1.09 billion and the forecast Operating and Financing Expenses of \$1.05 billion, **Core Government is forecast to earn an Operating Surplus** of \$43.0 million. When factoring in the forecast \$1.7 million Operating Deficit of Public Entities, the **Entire Public Sector is forecast to have an overall Net Surplus** of \$41.3 million for 2024.

For 2025, when considering the forecast Operating Revenues of \$1.13 billion and the Operating and Financing Expenses of \$1.08 billion, **Core Government is forecast to earn an Operating Surplus** of \$53.2 million. When factoring in the forecast \$2.0 million Operating Deficit of Public Entities, the **Entire Public Sector is forecast to have an overall Net Surplus** of \$51.2 million for 2025.

The Government intends to make **Capital Investments into Ministries, Portfolios and Offices** of approximately \$125.3 million in 2024 and a further \$93.7 million in 2025.

Mister Speaker, these planned Capital Investments will be funded largely from borrowings and a small amount from Operating Revenues. The major investments in this category include:

- \$31.9 million in 2024 and \$33.9 million in 2025 for the continued expansion of educational facilities, including the construction of a new High School on Cayman Brac, the development of a West Bay High School and the continued expansion of the new John Gray High School;
- \$15.1 million in 2024 and \$13.5 million in 2025 for the expansion, maintenance and improvement of the road network;
- \$11.8 million in 2024 and \$8.6 million in 2025 for the Central Scranton Park, other various park and district upgrades, civic centres and jetties; and infrastructure and development;
- \$7.4 million in 2024 and \$4.2 million in 2025 for the improvement to the prison facilities; and
- \$3.8 million per year in 2024 and 2025 for land acquisition for farming and the conservation, protection and securing Cayman's natural environment.

Mister Speaker, the Government also believes in conservation and will be seeking Finance Committee's approval to allow the use of \$10.0 million from the Environmental Protection Fund for the acquisition of land, including beach property, for conservation purposes.

In addition, the Government is also planning to make **Capital Investments into Public Entities** totalling \$35.2 million in 2024 and a further \$24.2 million in 2025. These investments include:

- \$12.1 million in 2024 and \$9.1 million in 2025 to Cayman Airways Limited to cover debt servicing and operating expenditures;
- \$8.0 million in 2024 and \$7.0 million in 2025 to the National Housing Development Trust to cover debt servicing obligations and the construction of affordable homes;
- \$8.4 million in 2024 and \$5.3 million in 2025 to the Cayman Turtle Conservation and Education Centre Limited to cover operating expenditure; and
- \$2.1 million in 2024 and \$1.1 million in 2025 to the University College of the Cayman Islands to fund operational deficits.

With respect to **Compliance with the Principles of Responsible Financial Management** set out in the Public Management and Finance Act and the Framework for Fiscal Responsibility, the 2024 – 2025 Budget forecasts the following levels of compliance with the principles:

- **Net Operating Results: should be positive** – Core Government's Revenues should be greater than its Expenses. For 2024 and 2025, compliance is achieved as the Core Government is forecast to record a Net Operating Surplus of \$43.0 million in 2024 and \$53.2 million in 2025;
- **Net Worth: should be positive** – Core Government's Assets less its Liabilities should be positive. The Government's Net Worth is forecast to be \$2.2 billion at 31 December 2024 and \$2.2 billion at 31 December 2025;

- **Debt Servicing: that is, the annual payments of interest and principal related to all Public Sector borrowing commitments should be no more than 10% of Core Government's Revenue** – the Core Government is forecast to have a Debt Servicing Ratio of 8.4% in 2024 and 7.8% in 2025;
- **Net Debt: The total debt of Core Government, plus the weighted average debt balance of Public Entities less Core Government's liquid assets, should be no more than 80% of Core Government's revenue for the fiscal year** – the Net Debt ratio is forecast to be 17.5% in 2024 and 19.0% in 2025 which is well below the maximum 80% limit; and
- **Cash Reserves: The unrestricted cash reserves (Operating Bank Account and General Reserves) of the Core Government – measured at the lowest point in the fiscal period – should be sufficient to cover 90 days of Core Government's estimated operating expenditures** – for 2024, the Government is forecast to have sufficient cash reserves to cover approximately 94.1 days of operating expenditures at the lowest point during that fiscal year. In 2025, it is forecast to have 104.3 days of cash reserves. Both years Mister Speaker, are above the minimum 90-day requirement.

Conclusion

Mister Speaker, laying the foundation for our people's wellbeing requires a comprehensive approach that encompasses healthcare, education, employment, social cohesion, and environmental sustainability. By investing in these pillars, we can create a society that is healthy, prosperous, and resilient. Let us work together, hand in hand, to build a brighter future for all.

Mister Speaker, on behalf of the United People's Movement, we would like to take this opportunity to thank Her Excellency The Governor, Official Members of Cabinet; Parliamentary Secretaries; Chief Officers and their staff for their support, guidance, patience and commitment with producing the 2024 – 2025 Budget. Special thanks must be made to the Ministry of Finance in assisting the Government to finalise the 2024-2025 Budget.

Mister Speaker, I would also like to express my gratitude to the resilient and enduring people of these Cayman Islands. May our efforts today sow the seeds of a future, where the wellbeing of our people stands as a testament to our shared commitment. Thanks to Almighty God for his Blessings on the Cayman Islands.

I now humbly commend **The Appropriation (Financial Years 2024 and 2025) Bill, 2023** to Parliament and ask all Honourable Members for their support of the Bill.

Thank you, Mister Speaker.