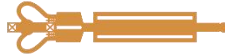




PARLIAMENT
OF THE CAYMAN ISLANDS



**PARLIAMENT OF THE
CAYMAN ISLANDS
2024-2025 Session**

**REPORT
of the
STANDING
PUBLIC ACCOUNTS COMMITTEE**

*on the Report of the
Office of the Auditor General:*

***THE GOVERNMENT'S APPROACH TO SUSTAINABLE
ECONOMIC DEVELOPMENT (NOVEMBER 2024)***

Laid on the Table of Parliament on this day of

REPORT OF THE STANDING PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE OFFICE OF THE AUDITOR GENERAL

“The Government’s Approach to Sustainable Economic Development (November 2024)”

1. REFERENCE

The Standing Public Accounts Committee (“PAC” or “the Committee”) of the Parliament of the Cayman Islands, established under Parliament Standing Order 77 (2024 Revision) and the Cayman Islands Constitution Order 87 (2009), met to consider the following Report of the Auditor General, hereinafter referred to as “the Report”:

The Government’s Approach to Sustainable Economic Development (November 2024)

2. DOCUMENTS CONSIDERED

In accordance with the provision of Parliament Standing Order 77(3) (2024 Revision), the Committee considered the Report which was referred in the House of Parliament. The Committee also considered testimony provided in a public hearing to the Committee by the Financial Secretary & Chief Officer, Ministry of Finance & Economic Development; and Chief Officer, Ministry of Planning, Agriculture, Housing, Infrastructure, Transport and Development.

3. CHAIRMAN AND MEMBERS OF THE COMMITTEE

The following Members of Parliament are the present Members of the Standing Public Accounts Committee as of 23rd January, 2025:

- Mr. Roy M. McTaggart, JP, MP – *Chairman*
- Hon. Heather D. Bodden, JP, MP – *Member*
- Ms. Barbara E. Conolly, JP, NP, MP – *Member*
- Hon. Joseph X. Hew, MP – *Member*
- Hon. Dr. W. McKeeva Bush, JP, MP – *Member*
- Mr. Bernie A. Bush, MP – *Member*

The Clerk to the Committee was Ms. Tishel L. McLean.

4. MEETINGS OF THE COMMITTEE

The Committee held three (3) meetings to consider the Report and the Committee’s report on:

- 14th November, 2024 (Administrative Meeting)
- 23rd January, 2025 (Hearing)
- 23rd January, 2025 (Administrative Meeting)

5. ATTENDANCE OF MEMBERS

The attendance of Members at the meetings is recorded in the Minutes of Proceedings which are attached to and form part of this report.

6. PERSONS IN ATTENDANCE

In accordance with Standing Order 77(8), the following persons were in attendance at the meeting held with witnesses on 23rd January 2025:

- Ms. Sue Winspear – *Auditor General, Office of the Auditor General*
- Ms. Angela Cullen – *Deputy Auditor General (Performance Audit), Office of the Auditor General*
- Mr. Desigan Thaver – *Audit Project Leader, Office of the Auditor General*
- Mr. Kenneth Jefferson – *Financial Secretary, Chief Officer, Ministry of Finance and Economic Development*
- Mr. Matthew Tibbetts – *Accountant General, Ministry of Finance and Economic Development*

7. WITNESSES CALLED BEFORE THE COMMITTEE

In accordance with the provisions of Standing Order 77(4), the Committee invited persons to give information and explanations to assist the Committee in the performance of its duties. The following persons appeared before the Committee to give evidence on 23rd January 2025:

- Mr. Kenneth Jefferson: *Financial Secretary, Chief Officer, Ministry of Finance and Economic Development*
- Mr. Eric Bush: *Chief Officer, Ministry of Planning, Agriculture, Housing, Infrastructure, Transport and Development*

8. PRACTICE AND PROCEDURE OF THE COMMITTEE

The Committee agreed that in accordance with the provisions of Parliament Standing Order 77(6) (2024 Revision), all meetings at which witnesses were invited to provide information should be held in an open forum. This decision was taken to promote openness and accountability in Government.

9. GOVERNMENT MINUTE

The Public Accounts Committee wishes to draw Government's attention to Parliament Standing Order 77 sub-order 7 (2024 Revision) which reads:

"The Government Minute shall be laid on the Table of the House within three months of the laying of the report of the Committee and of the report of the Auditor General to which it relates."

The PAC expects the Government to honour the requirements of this Standing Order and that includes responses to the Office of the Auditor General's recommendations that the PAC endorses.

10. PAC OBSERVATIONS AND RECOMMENDATIONS

Per section seven of this report, the PAC heard from two witnesses at the Hearing held on 23rd January 2025: Financial Secretary & Chief Officer, Ministry of Finance & Economic Development; and Chief Officer, Ministry of Planning, Agriculture, Housing, Infrastructure, Transport and Development.

On review of the Auditor General's Report, *The Government's Approach to Sustainable Economic Development (November 2024)* together with critical analysis of witness testimony from the witnesses listed in section seven of this report, the PAC strongly endorses and supports the four recommendations made by the Auditor General in the Report.

In addition, the PAC makes the following observations and recommendations, with recommendations noted in bold:

1. The PAC noted that currently the Economics and Statistics Office (ESO) in the Ministry of Finance and Economic Development does not report on the economic contribution from the tourism sector separately (references pages 5 and paragraph 45, page 30 of the OAG report). The PAC felt that economic reporting would be significantly enhanced if this could be done and heard that the ESO was working with staff in the Department of Tourism to achieve this during 2025. **The Committee recommends that the economic performance of tourism in the Cayman Islands be separately reported in economic reports as soon as possible during 2025.**
2. The PAC heard that the ESO started measuring and reporting the quality of life (reference paragraph 12, page 19 of the OAG report) and that November data would be published soon. **The Committee recommends the continuation of the routine publishing of Cayman's quality of life index.**
3. The PAC heard that the ESO had calculated and published the United Nations Human Development Index (UN HDI) for 2021 (page 3 and paragraph 22, page 21 of the OAG report) and plans to publish the UN HDI for 2022 and 2023 during 2025. **The Committee recommends that the ESO publishes the Cayman Islands' HDI annually.**

11. WITNESS UNDERTAKINGS

Per section seven of this report, the PAC heard from two witnesses at the Hearing held on 23rd January 2025: Mr. Kenneth Jefferson: Financial Secretary, Chief Officer, Ministry of Finance and Economic Development; and Mr. Eric Bush, Chief Officer, Ministry of Planning, Agriculture, Housing, Infrastructure, Transport and Development. There were no undertakings provided by the witnesses to the Committee.

12. ACKNOWLEDGEMENTS

The Committee is most appreciative of the efforts of the Auditor General and the staff of the Office of the Auditor General, for the constructive feedback given throughout the deliberations. The Committee wishes to express its thanks to the Financial Secretary & Chief Officer, Ministry of Finance & Economic Development; and Chief Officer, Ministry of Planning, Agriculture, Housing, Transport and Development for their time in providing information and evidence to the Committee in an effort to continuously improve the work of the Cayman Islands Government and its entities.

The Committee also wishes to thank the Clerk of the Parliament, the PAC Clerk, and the Hansard staff for the assistance provided.

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13. REPORT OF THE COMMITTEE TO THE HOUSE

The Committee hereby agrees that this Report be the Report of the Standing Public Accounts Committee to the House on the following Report of the Office of the Auditor General:

The Government's Approach to Sustainable Economic Development (November 2024)

Approved by Round Robin on 31st January, 2025

Roy M. McTaggart
JP, MP - *Chairman*

Hon. Heather D. Bodden
OCI, Cert. Hon., JP, MP – *Member*

Hon. Mr. Joseph X. Hew
MP – *Member*

Ms. Barbara E. Conolly
JP, NP, MP – *Member*

Hon. Dr. W. McKeever Bush
JP, MP – *Member*

Mr. Bernie A. Bush
MP – *Member*



Parliament of the Cayman Islands

THE STANDING PUBLIC ACCOUNTS COMMITTEE

Round Robin

31st January 2025

We the undersigned Members of the Standing Public Accounts Committee hereby agree that the following report of the Standing Public Accounts Committee be approved and Laid on the Table in the next Meeting of Parliament, along with the accompanying report from the Office of the Auditor General:

- Report of the Standing Public Accounts Committee on the Report of the Office of the Auditor General, “The Government’s Approach to Sustainable Economic Development (November 2024)”

Signed on 31st January 2025

Mr. Roy M. McTaggart, JP, MP
Chairman

Hon. Heather D. Bodden,
OCI, Cert. Hon., JP, MP
Member

Ms. Barbara E. Conolly, NP, JP, MP
Member

Hon. Mr. Joseph X. Hew, MP
Member

Hon. Dr. W. McKeeva Bush, JP, MP
Member

Mr. Bernie Bush, MP
Member



PARLIAMENT
OF THE CAYMAN ISLANDS



PARLIAMENT OF THE CAYMAN ISLANDS
STANDING PUBLIC ACCOUNTS COMMITTEE

MINUTES

Administrative Meeting

2021-2025 Term

Thursday, 14th November, 2024 | 10:00 – 11:00 a.m.

PAC Members Present:

Mr. Roy M. McTaggart, JP, MP – *Chairman*
Hon. Heather D. Bodden, OCI, Cert. Hon., JP, MP – *Member*
Ms. Barbara E. Conolly, JP, NP, MP – *Member (via Zoom)*
Hon. Joseph X. Hew, MP – *Member*

Absent:

Hon. Dr. W. McKeeva Bush, JP, MP – *Member*
Mr. Bernie A. Bush, MP – *Member*

PAC Clerk:

Ms. Tishel McLean – *Parliamentary Procedural Clerk ("Committee Clerk")*

Attendees:

Mrs. Sue Winspear – *Auditor General, Office of the Auditor General*
Mr. Winston Sobers – *Deputy Auditor General (Financial Audit), Office of the Auditor General*
Ms. Angela Cullen – *Deputy Auditor General (Performance Audit), Office of the Auditor General*

1. Meeting to Order:

There being a quorum present, the Chairman called the meeting to order at 10:11 a.m. The Chairman said a word of prayer.

2. **Apologies:**

None.

3. **Approval of PAC Minutes:**

3.1. 5th September 2024 (Hearing): The Committee reviewed and discussed the minutes. **The minutes were approved on a motion by Hon. Heather Bodden and was seconded by Hon. Joseph Hew.**

3.2. 5th September 2024 (Administrative Meeting): The Committee reviewed and discussed the minutes. **The minutes were approved upon a motion by Hon. Heather Bodden and seconded by Hon. Joseph Hew.**

4. **Matters Arising from Minutes:**

4.1. Response from the Ministry of Education (5th September 2024 Hearing)

The Committee reviewed and discussed the response. No additional action is needed. The PAC Clerk has conveyed the Committee's gratitude to the Ministry of Education for providing the requested information.

5. **Approval of Auditor General's Invoices:**

Members of the Committee questioned the Auditor General on the invoices. The Chairman signed the invoices and provided them to the Committee Clerk.

5.1. Invoice #208080: The Committee approved the invoice on a motion by Hon. Heather Bodden which was seconded by Ms. Barbara Conolly.

5.2. Invoice #208103: The Committee approved the invoice on a motion by Hon. Heather Bodden which was seconded by Ms. Barbara Conolly.

6. **Response from the Cayman Turtle Centre (18th October 2024):**

6.1 The Committee reviewed and discussed the response. The Auditor General advised of her satisfaction with the improved financial management of Cayman Turtle Centre. The Committee looks forward to the completion of the 2023 audits.

7. **Response from the Judiciary (17th October 2024):**

7.1 The Committee reviewed and discussed the response and documentation received. No additional action is needed. The PAC Clerk conveyed the Committee's gratitude to the Judiciary for providing the requested information.

8. Auditor General's Reports:

8.1. "Financial Reporting of the Cayman Islands Government: General Report on the Results of the 2023 Financial Audits 31 December 2023 (November 2024)"

The Auditor General briefed the Committee on the report, noting the key matters. Discussion ensued. The Committee agreed to hold a hearing on the report with the following witnesses:

- i. **Mr. Mr. Paul Hurlston**, Port Director, Port Authority of the Cayman Islands;
- ii. **Mr. Cline Glidden Jr.**, Board Chairman, Port Authority of the Cayman Islands;
- iii. **Mr. Eric Bush**, Chief Officer, Ministry of Planning, Agriculture, Housing and Infrastructure;
- iv. **Mrs. Cindy Scotland**, CEO, Cayman Islands Monetary Authority;
- v. **Mr. Garth McDonald**, Board Chairman, Cayman Islands Monetary Authority.

8.2. "The Government's Approach to Sustainable Economic Development (November 2024)"

The Auditor General briefed the Committee on the report, noting the key matters. The Auditor General mentioned that the report was first sent to Parliament without management responses to the recommendations made because the Civil Service had been given over four months to respond and had not done so. A decision was taken to send the report to Parliament without responses so that it could be considered at this PAC administrative meeting. Now the management responses have been received, an updated version of the report had been issued to Parliament. Discussion ensued. The Committee agreed to hold a hearing on the report with the following witnesses:

- i. **Mr. Ken Jefferson**, Financial Secretary & Chief Officer, Ministry of Finance & Economic Development;
- ii. **Mr. Eric Bush**, Chief Officer, Ministry of Planning, Agriculture, Housing and Infrastructure.

9. Auditor General's Update:

9.1. Quarterly Report: Q3 2024 – as at 30 September 2024

The Auditor General briefed the Committee on the report. Discussion ensued.

The Auditor General advised the Committee that tabled Government minutes currently do not include formal responses to the OAG's recommendations, only the responses to the additional recommendations from the PAC. This is a departure from previous practice and not desirable as OAG recommendations become PAC recommendations when endorsed by the Committee. She requested for the Chair to write to the Deputy Governor regarding the matter, the Chair agreed.

10. PAC Reports for Review & Consideration:

10.1 PAC Report on the OAG Report, “Financial Reporting of the Cayman Islands Government: General Report on the Results of the 2023 Financial Audits 31 December 2023 (November 2024)”:

The Committee reviewed the PAC report. Discussion ensued. The Auditor General requested the following revisions be noted, to which the Committee agreed:

- i. Section 9: “and that includes responses to the Office of the Auditor General recommendations that the PAC endorses”.

Pending this and minor amendments, the Committee approved the PAC Report for Tabling in the next Meeting of the Parliament, upon a motion by Hon. Heather Bodden and seconded by Hon. Joseph Hew. The Committee Clerk agreed to make the necessary revisions as noted and will circulate a Round Robin for signature.

10.2 PAC Report on the OAG Report, “The Government’s Approach to Sustainable Economic Development (November 2024)”:

The Committee reviewed the PAC report. Discussion ensued. The Auditor General requested the following revision be noted, in which the Committee agreed:

- i. Section 9: “and that includes responses to the OAG recommendations that the PAC endorses”.

The Committee approved the PAC Report for Tabling in the next Meeting of the Parliament, upon a motion by Hon. Heather Bodden and seconded by Hon. Joseph Hew. The Committee Clerk agreed to circulate a Round Robin for signature.

11. Scheduling of Next Meetings:

11.1 The next *Hearing* was scheduled for **Tuesday, 10th December, 2024** starting at 10:00 a.m. that will include a briefing on the following Auditor General’s Reports:

- i. “Financial Reporting of the Cayman Islands Government: General Report on the Results of the 2023 Financial Audits 31 December 2023 (November 2024)”
- ii. “The Government’s Approach to Sustainable Economic Development (November 2024)”

11.2 The next *Administrative Meeting* was scheduled for **Wednesday, 8th January, 2025** at 10:00 a.m.

12. Any Other Business

12.2. None.

13. Adjournment

There being no further business, the Chairman thanked the Committee Members, the Auditor General and Deputy Auditors General, and the Committee Clerk, and adjourned the meeting at 11:30 a.m.

Approved by Round Robin on 9th December, 2024.



Parliament of the Cayman Islands

THE STANDING PUBLIC ACCOUNTS COMMITTEE

Round Robin

9th December 2024

We, the Members of the Standing Public Accounts Committee, hereby approve the following Minutes of the Standing Public Accounts Committee and agree that they be tabled in the House during the Second Meeting of the 2024-2025 Session of the Cayman Islands Parliament.

- Wednesday, 14th November, 2024 (Administrative Meeting)

Signed on 9th December, 2024

Mr. Roy M. McTaggart, JP, MP
Chairman

Hon. Heather D. Bodden,
OCI, Cert. Hon., JP, MP
Member

Ms. Barbara E. Conolly, NP, JP, MP
Member

Hon. Mr. Joseph X. Hew, MP
Member

Hon. Dr. W. McKeeva Bush, JP, MP
Member

Mr. Bernie Bush, MP
Member



PARLIAMENT

OF THE CAYMAN ISLANDS



PARLIAMENT OF THE CAYMAN ISLANDS STANDING PUBLIC ACCOUNTS COMMITTEE

MINUTES

Meeting with Witnesses
Thursday, 23rd January 2025
Chamber, House of Parliament

Hearing on the Report from the Office of the Auditor General:

***“THE GOVERNMENT’S APPROACH TO SUSTAINABLE ECONOMIC
DEVELOPMENT (NOVEMBER 2024)”***

PAC Members Present:

Mr. Roy M. McTaggart, JP, MP – *Chairman*
Hon. Heather D. Bodden, OCI, Cert. Hon., JP, MP – *Member*
Ms. Barbara E. Conolly, JP, NP, MP – *Member*
Hon. Joseph X. Hew, MP – *Member*

Absent:

Hon. Dr. W. McKeever Bush, JP, MP – *Member*
Mr. Bernie A. Bush, MP – *Member*

PAC Clerk:

Ms. Tishel L. McLean – *Parliamentary Procedural Clerk (“Committee Clerk”)*

Attendees:

Mrs. Sue Winspear – *Auditor General, Office of the Auditor General*
Ms. Angela Cullen – *Deputy Auditor General (Performance Audit), Office of the Auditor General*
Mr. Desigan Thaver – *Audit Project Leader, Office of the Auditor General*
Mr. Kenneth Jefferson – *Financial Secretary, Chief Officer, Ministry of Finance and Economic Development*
Mr. Matthew Tibbetts – *Accountant General, Ministry of Finance and Economic Development*

Witnesses:

Mr. Kenneth Jefferson – *Financial Secretary, Chief Officer, Ministry of Finance and Economic Development*

Mr. Eric Bush – *Chief Officer, Ministry of Planning, Agriculture, Housing, Infrastructure and Development*

1. MEETING TO ORDER & WELCOME FROM THE CHAIR:

There being a quorum present (Parliament Standing Orders 77(2) refers), the Chairman called the Public Accounts Committee (PAC) Hearing to order at 1:45 p.m.

The Chairman gave a brief welcome, extending new year wishes to Members of the Committee and Attendees and thanked them for attending the PAC Hearing. The Chairman recognised that the Committee was still quorate and could proceed with the hearing.

2. REPORT OF THE AUDITOR GENERAL FOR CONSIDERATION:

The Chairman welcomed Mrs. Sue Winspear, *Auditor General, Office of the Auditor General*; Ms. Angela Cullen, *Deputy Auditor General (Performance Audit), Office of the Auditor General*; and Mr. Desigan Thaver, *Audit Project Leader, Office of the Auditor General*. The Chairman invited the Auditor General to introduce the report.

The Auditor General introduced the report “***The Government’s Approach to Sustainable Economic Development (November 2024)***” (the “Report”) for the listening public and the Committee, highlighting the key areas of concern. The Auditor General noted the roles of the members of her team who worked on the Report.

The Chairman provided a preamble before inviting the first witness to be seated in the Chamber for the first witness session.

i) WITNESS SESSION: MR. KENNETH JEFFERSON – FINANCIAL SECRETARY, CHIEF OFFICER, MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT

The Chairman welcomed the first witnesses, Mr. Kenneth Jefferson, and reminded the witness to state his name and title before responding to the first question.

The Chairman provided a preamble and invited PAC Members to question the witness. Discussion ensued with questions being asked to the witness by the PAC Members.

1. The Financial Secretary confirmed that Ministry of Finance and Economic Development had accepted OAG’s recommendation 2.
2. The Financial Secretary agreed that the Economics and Statistics Office (ESO) plans to collect data to measure the economic contribution of tourism. It would start to do this in 2025 and for the entire year from 2026.
3. The Financial Secretary confirmed that the ESO plans to publish data for the 2022 and 2023 United Nations Human Development Index (UN HDI) in 2025.
4. The Financial Secretary confirmed that the ESO would publish the Quality of Life indicator.

Before departing the Chamber, the Chairman thanked the witness on behalf of the Committee for attending the Hearing.

ii) WITNESS SESSION: MR. ERIC BUSH – CHIEF OFFICER, MINISTRY OF PLANNING, AGRICULTURE, HOUSING, INFRASTRUCTURE, TRANSPORT AND DEVELOPMENT

The Chairman welcomed the second witnesses Mr. Eric Bush, and asked him to state his name and title for the record before answering the first question addressed to him.

The Chairman provided a preamble and invited Members to question the witnesses. Discussion ensued with questions being asked to the witness by the PAC Members.

1. The Chief Officer confirmed that the Ministry of Planning, Agriculture, Housing Infrastructure, Transport and Development accepted the OAG's recommendation 1.

Before departing the Chamber, the Chairman thanked the witness on behalf of the Committee for attending the Hearing.

3. Any Other Business:

None.

4. Adjournment:

There being no further business, the Chairman thanked the PAC Members, the Auditor General and her team, the witnesses, and the Parliamentary Procedural Clerk.

The Hearing was adjourned at 3:09 p.m.

Approved by Round Robin on 31st January, 2025.



PARLIAMENT
OF THE CAYMAN ISLANDS



PARLIAMENT OF THE CAYMAN ISLANDS
STANDING PUBLIC ACCOUNTS COMMITTEE

MINUTES

Administrative Meeting

2021-2025 Term

Thursday, 23rd January, 2025 | 4:00 – 5:00 p.m.

PAC Members Present:

Mr. Roy M. McTaggart, JP, MP – *Chairman*
Hon. Heather D. Bodden, OCI, Cert. Hon., JP, MP – *Member*
Ms. Barbara E. Conolly, JP, NP, MP – *Member*
Hon. Joseph X. Hew, MP – *Member*

Absent:

Hon. Dr. W. McKeeva Bush, JP, MP – *Member*
Mr. Bernie A. Bush, MP – *Member*

PAC Clerk:

Ms. Tishel McLean – *Parliamentary Procedural Clerk (“Committee Clerk”)*

Attendees:

Mrs. Sue Winspear – *Auditor General, Office of the Auditor General*
Ms. Angela Cullen – *Deputy Auditor General (Performance Audit), Office of the Auditor General*

1. Meeting to Order:

There being a quorum present, the Chairman called the meeting to order at 3:18 p.m.

2. Apologies:

None.

3. Approval of PAC Minutes:

3.1. 14th November 2024 (Administrative Meeting): The Committee noted that the minutes were approved by Round Robin on 9th December 2024.

4. Matters Arising from Minutes:

4.1. Per item #9 of the minutes, the PAC Clerk confirmed the letter was sent to the Deputy Governor but a response was not yet received. The Chairman directed the PAC Clerk to continue following up with the Deputy Governor.

5. Approval of Auditor General's Invoices:

Members of the Committee questioned the Auditor General on the invoices. The Chairman signed the invoices and provided them to the Committee Clerk.

5.1. Invoice #208015 and #208148: The Committee approved the invoices on a motion by Ms. Barbara Conolly and seconded by Hon. Heather Bodden.

6. Auditor General's Reports:

6.1. "The Integrated Solid Waste Management System for the Cayman Islands (ReGen) – as at October 2021 (January 2025)"

The Auditor General briefed the Committee on the report, noting the key matters. Discussion ensued and the Committee resolved not to proceed with a Hearing or Tabling of the report.

7. Auditor General's Update:

The Auditor General provided an update to the Committee on the activities of the Office of the Auditor General (OAG).

7.1. Auditor General Recruitment: The Auditor General stated that her role remains unfilled, and the recruitment process will be restarted this month.

8. PAC Reports for Review & Consideration:

8.1. 2023-2024 Annual Report of the Standing Public Accounts Committee:

The Committee reviewed the PAC report and discussion ensued. The Committee requested the following revisions be noted, to which the Committee agreed:

- i. Section 6 iii: Remove wording “2. OAG Supreme Audit Institution External Assessment Report – 9th November 2023” and “3. OAG Remuneration of the Cabinet, Judiciary, MPs and Key Management Personnel within the Civil Service in 2022 – 22nd November 2023”.

Pending this and minor amendments, the Committee approved the PAC Report for Tabling in the next Meeting of the Parliament, upon a motion by Ms. Barbara Connolly and seconded by Hon. Heather Bodden. The Committee Clerk agree to make the amendments and the Chairman signed the signature page.

8.2. PAC Report Preparations

The Chairman asked the Committee Clerk to begin drafting the PAC Reports based on the morning’s Hearings, which will be approved via round to facilitate Tabling of the reports at the next meeting of Parliament. Given that a new PAC Committee will be constituted following the 2025 general election, these reports are being prepared to ensure that the recommendations of the OAG are properly documented and submitted to the House of Parliament. The Committee Clerk agreed to begin drafting the PAC Report on the following OAG’s Reports:

- Financial Reporting of the Cayman Islands Government: General Report on the Results of the 2023 Financial Audits 31 December 2023 (November 2024)
- The Government’s Approach to Sustainable Economic Development (November 2024)

9. Scheduling of Next Meetings:

9.1. The next *Administrative Meeting* was scheduled for **Wednesday, 12th February, 2025 at 11:00 a.m.**

10. Any Other Business

10.1. None.

11. Adjournment

There being no further business, the Chairman thanked the Committee Members, the Auditor General and Deputy Auditor General, and the Committee Clerk, and adjourned the meeting at 4:06 p.m.

Approved by Round Robin on 31st January, 2025.



Parliament of the Cayman Islands

THE STANDING PUBLIC ACCOUNTS COMMITTEE

Round Robin

31st January 2025

We, the Members of the Standing Public Accounts Committee, hereby approve the following Minutes of the Standing Public Accounts Committee and agree that they be tabled in the House during the Third Meeting of the 2024-2025 Session of the Cayman Islands Parliament.

- Wednesday, 23rd January 2025 (Hearing on OAG Report: *Financial Reporting of the Cayman Islands Government: General Report 31 December 2023 (November 2024)*)
- Wednesday, 23rd January 2025 (Hearing on OAG Report: *The Government's Approach to Sustainable Economic Development (November 2024)*)
- Wednesday, 23rd January 2025 (Administrative Meeting)

Signed on 31st January 2025

Mr. Roy M. McTaggart, JP, MP
Chairman

Hon. Heather D. Bodden,
OCI, Cert. Hon., JP, MP
Member

Ms. Barbara E. Conolly, NP, JP, MP
Member

Hon. Mr. Joseph X. Hew, MP
Member

Hon. Dr. W. McKeever Bush, JP, MP
Member

Mr. Bernie Bush, MP
Member



PARLIAMENT
OF THE CAYMAN ISLANDS



PARLIAMENT OF THE CAYMAN ISLANDS
STANDING PUBLIC ACCOUNTS COMMITTEE

The Government's Approach to Sustainable Economic Development
(November 2024)

*Official transcript relating to the Official Report of the
Standing Public Accounts Committee Meeting
held on 23 January, 2025*

CONTENTS

Mrs. Sue Winspear, Auditor General	1-2, 11-12
Mr. Kenneth Jefferson, Financial Secretary and Chief Officer	3-6
Mr. Eric Bush, Chief Officer (MPAHITD)	7-12

PRESENT WERE:

PAC Members: Mr. Roy M. McTaggart, JP, MP, Chairman
Hon. Joseph X. Hew, MP, Member
Ms. Barbara E. Conolly, NP, JP, MP, Member
Hon. Heather D. Bodden, OCI, Cert. Hon., JP, MP, Member

Audit Office: Mrs. Sue Winspear, Auditor General
Ms. Angela Cullen, Deputy Auditor General for Performance Audit
Mr. Desigan Thaver, Audit Project Leader

Witnesses: Mr. Kenneth Jefferson
Financial Secretary and Chief Officer
Ministry of Finance and Economic Development – (MFED)
Ministry of Health – (MH)

Mr. Eric Bush
Chief Officer, Ministry of Planning, Agriculture, Housing,
Infrastructure, Transport & Development – (MPAHITD)

In attendance: Mr. Matthew Tibbetts
Accountant General
Ministry of Finance and Economic Development – (MFED)

Mr. Adolphus Laidlow
Director, Economics and Statistics Office
Ministry of Finance and Economic Development – (MFED)

Absent: Hon. McKeeva Bush, JP, MP, Member
Mr. Bernie Bush, MP, Member

PAC Clerk: Ms. Tishel McLean

**OFFICIAL VERBATIM REPORT
STANDING PUBLIC ACCOUNTS COMMITTEE
THURSDAY
23 JANUARY, 2025
1:45 P.M.**

**THE GOVERNMENT'S APPROACH TO SUSTAINABLE ECONOMIC DEVELOPMENT
(NOVEMBER 2024)**

Verbatim transcript of the Standing Public Accounts Committee Meeting held on Thursday, 23rd January, 2025, at 1:45 p.m., in the Chamber of the House of Parliament; George Town, Grand Cayman.

[Mr. Roy M. McTaggart, Chairman, presiding]

The Chairman: Members, I would like to go ahead and call this session to order for the afternoon. [We're] getting a bit of an early start but hopefully that means that we can conclude earlier than we had planned.

For this session, we are considering the Auditor General's Report on *'The Government's Approach to Sustainable Economic Development'* that was issued in November 2024. I will, at this point in time, turn things over to the Auditor General for her to make an opening statement for us.

Auditor General.

OFFICE OF THE AUDITOR GENERAL

Mrs. Sue Winspear, Auditor General: Thank you, Mr. Chairman. Good afternoon to you, members of the Committee, officials from the Ministry of Finance, my colleagues and the listening public. Thank you for the opportunity to make some opening remarks.

As you say, we are considering our report, *'The Government's Approach to Sustainable Economic Development'* this afternoon and that was published on the 21st November, 2024. Our audit covered five main areas:

- Economic performance;
- The four key sectors of the economy;
- Strategic direction;
- Economic diversification; and
- Risks to and challenges for the economy.

It's worth noting that economic development needs a coordinated and joined-up approach across Government. No single Ministry can achieve it alone. We therefore looked at the Government's efforts to develop the economy sustainably. Our audit covered the five years, 2018 to 2022, but we did include some 2023 data where they were available. I'll now briefly summarise our findings in each of the five areas.

Economic Performance

Firstly, I'll start with the economy's performance. As I'm sure we all know and are pleased to hear, Cayman Islands' economy is performing well and it performed well consistently over the five year period from 2018 to 2022. However, and unsurprisingly, some economic indicators were affected by the COVID-19 pandemic. The economy also performed well when compared to the economies of Bermuda, Bahamas, the Caribbean region generally, and advanced economies, including the United States; however, inflation and interest rates in the Cayman Islands are high, contributing to a high cost of living.

Four Key Sectors of the Economy

Moving on to the four key sectors of the economy. The report focuses on those four sectors, namely: financial services, business activities and administration; tourism; and construction and real estate. Between these four sectors they contribute about 70 per cent of GDP annually, generate around \$2 billion in government revenues, employ half the workforce and around 10,000 Caymanians on average each year.

Over the five years, 2018 to 2022, the Government spent at least \$1.2 billion supporting three sectors. This does not include the Government's expenditure supporting business activities and administration sector because I could not find this data.

The financial services sector is the largest contributor to the economy. It contributed the most to GDP and government revenues between 2018 and 2022. Two-thirds of the financial services sector workforce are Caymanians. Business activities and administration sector is linked to the financial services sector but reported separately. It is the second highest contributor to GDP and just under half of the sector's workforce are Caymanians.

Construction and real estate is the third-highest contributor to GDP and the largest employer. About two-fifths of the sector's workforce are Caymanians.

Tourism is the fourth sector and was most affected by the COVID-19 pandemic, and is recovering well. The Government does not measure or report the economic contribution from the tourism sector separately. However, considering the economic contribution

from tourism-related sectors, the sector is the fourth largest by GDP contribution. It is the second biggest employer and around two-fifths of the workforce are Caymanians. The Government also spends the most on this sector.

Strategic Direction

Moving on to strategic direction for sustainable economic development, it is pleasing to note that successive governments highlighted economic growth as a priority in their strategic policy statements between 2018 and 2023; however, there is no overarching economic development strategy. Without an overarching strategy the approach to economic development is not joined up, increasing the risk of conflicting strategies and activities and duplicated efforts across Government.

Responsibility for economic development is shared by different ministries. It is pleasing to note that the responsible ministries have strategies for the tourism and financial services sectors. However, a strategy for the construction sector and an updated National Development Plan have yet to be developed. As I highlighted earlier, the construction sector is the economy's third largest and employs the highest number of people; therefore, it is important to close those gaps in this sector's strategic direction.

Economic Diversification

As part of our audit, we explored the Government's approach to economic diversification. On a positive note, the Government highlighted priorities for economic diversification in each Strategic Policy Statement covered by my audit. In addition, there has been some progress in some government initiatives to diversify the economy, such as framework legislation for special economic zones. However, there is no strategy or plan setting out how the government's priorities for economic development will be achieved.

Risks to and Challenges for the Economy

Finally, we considered risks to and challenges for the economy. There are several risks to and challenges for the economy but it is unclear how well the Government has identified, assessed or managed these risks and challenges. Some of the main risks and challenges to the economy are:

- Economic shocks, such as global economic slowdown or a COVID-19 pandemic;
- Maintaining responsible financial management;
- Reduced spending power because of the high cost of living;
- Pressure on infrastructure, including the road network;

- Access to adequate public transport and internet connectivity;
- Environmental issues, such as waste management;
- Inadequate demand for places in public and private schools; and
- Access to affordable housing and health care.

I am pleased to report that the Government appointed a Chief Risk Officer in February 2024. He is developing a new risk assessment framework for consistent adoption across the civil service during this current year. This will include quarterly internal risk assessments and an annual external risk assessment. The Government has also formed a senior leadership risk committee comprising chief officers to provide ongoing oversight of the risks. These changes should help the Government monitor and manage risks more effectively.

I've made two recommendations to the Government, one to the Ministry of Finance and Economic Development and one to the Ministry of Planning, Agriculture, Housing, Infrastructure, Transport and Development, so only four recommendations in the report.

I have with me here today, Ms. Angela Cullen, who directed the work on this performance audit and Mr. Desigan Thaver who worked on the team along with Jason Lee and Adrian Murenzi, who aren't here today. Thank you.

The Chairman: Thank you, Auditor General.

Our first witness in this session is going to be Mr. Kenneth Jefferson, Financial Secretary and Chief-Officer in the Ministry of Finance and Economic Development. Welcome to the Committee, Mr. Jefferson. Before we begin, I'm going to make a very short pre-ambule to this Hearing this afternoon.

Sustainable economic development is an important issue and the Auditor General published her report about the Government's approach to sustainable economic development on the 21st November, 2024. We note from the report that the economy is performing well, but the cost of living is high, something that Caymanians and residents alike will be aware of. As the Auditor General notes, sustainable economic [development] needs a coordinated and joined-up approach across Government. No single Ministry can do this alone.

We are keen to hear your views on how we can achieve a joined-up approach across the Government. We also want to explore your Ministry's role in economic development and diversification.

The Auditor General made one recommendation to the Ministry of Finance and Economic Development but it is unclear if it was accepted. Committee members may want to ask you about this and some other areas highlighted in the Auditor General's Report.

The first area in the line of questioning deals with the Ministry of Finance and Economic Development's role in economic development and diversification. To lead that line of questioning, I'm going to call on Barbara Conolly.

Ms. Barbara E. Conolly: Thank you, Mr. Chairman. Through you to our witness, responsibility for economic development is currently shared by different ministries. For example, the Ministry of Tourism and Ports is responsible for the tourism sector and the Ministry of Financial Services and Commerce is responsible for the financial services sector. However, your Ministry has economic development in its title, but its role in economic development is unclear. The Auditor General noted that your Ministry does not have any outputs about economic development in its budget statements. My question to you, Mr. Jefferson is: What is the role of the Ministry of Finance and Economic Development in economic development and diversification?

Mr. Kenneth Jefferson, Financial Secretary and Chief Officer, Ministry of Finance and Economic Development and Ministry of Health: Thank you, Mr. Chairman and good afternoon to you and all honourable members of the Committee. If you needed to hear my name again, it's Kenneth Jefferson. I'm the Chief Officer for the Ministry of Finance and Economic Development in this context, but I have also been the Chief Officer in the Ministry of Health since 7th November, 2024. Health is obviously not on the table now, so I'm here as the Chief Officer for the Ministry of Finance [and Economic Development].

I thank the member, [Ms.] Conolly, for her question. Although, as the report says, the Ministry of Finance [and Economic Development] does not have economic development explicitly as a part of its outputs, we see it as more about coordination. The Ministry should become involved in creating an overall economic development plan, Mr. Chairman, and we know that the Auditor General says that that area is lacking—and that is true.

I'd just like to elaborate a bit on that and say that in the Ministry of Finance's strategic plan for the period of 2021–2025, we did have as one of our major priorities that we would develop an overarching—I think that is how the Auditor General refers to it—economic development plan that encompassed the entire government. Mr. Chairman, it took a while to get that going and I say thanks to the Economics and Statistics Office (ESO) for reaching out to the Caribbean Development Bank (CDB), because it's beyond the capacity of the ESO itself to carry out such a massive plan.

The Ministry of Finance did actually put an approach to the development of an economic plan to the Caucus in August 2024. It wasn't actually a development plan itself or the finished product, it was a statement essentially in the form of a Cabinet Paper to say this is how we would like to approach the development.

An important and critical element of that was hiring a consultant to help us do it. The approach was basically saying, here's a list of areas that we want to cover. It outlined the existing sectors of the economy, it talked about the risk and so forth facing these existing sectors and the need to diversify the economy, et cetera—so it was an approach, and this was August 2024.

The decision of Caucus was to defer the approach that would eventually lead to a plan. Mr. Chairman, in our 2024-2025 budget we included approximately \$1.3 million to do the plan. Again, although there might not have been an explicit output from the Ministry of Finance that contained the words “economic development”, nonetheless, economic development was a part of our 2024-2025 budget. There was \$1.3 million earmarked for it and approximately \$600,000 of it was for the consultant. It got deferred, and the decision was “*defer it until brought back from the Caucus*”, so it never reached the Cabinet level.

When we inquired about, “*Well, what is the rationale? What is the thinking behind the deferral since it's so important to any government,*” the commentary was, “*Well, it's perhaps a bit unfair for a government in 2024 to embark on agreeing to the plan when there is an election in April 2025 with possibly a new government coming in. They may not agree with the approach,*” so defer it and bring it back essentially after the election is concluded. That's its present position.

Mr. Chairman, doubling back to member Conolly's question, we see the Ministry of Finance [and Economic Development] as the coordinating agency to bring together a plan. We all know that they do actually fit together and there is a need for coordination. By way of simple example, if the Ministry of Planning says “*We want to pursue technology as one of our new areas, we want to embark on that,*” then obviously there is a need for probably more people on island to do that which puts pressure on your roads and so forth. They all need to dovetail together.

Mr. Chairman, I believe that the timing is also really, really important in terms of when the plan is developed, and I believe that it's probably best to embark on such a thing at the beginning of a term. If you're into year three, it's probably unlikely that a government will want to embark on such a plan; so I think very early in the new term of a government is when it's best to start such a plan.

Ms. Barbara E. Conolly: Thank you, Mr. Jefferson.

My other question was whether you had plans to include outputs or outcomes for economic development in the Ministry's future budget documents, but would you basically need to have this overarching economic development plan in place in order to be able to include this in your future budget documents?

Mr. Kenneth Jefferson, Financial Secretary and Chief Officer, Ministry of Finance and Economic Development and Ministry of Health: Thank you, Mr.

Chairman, and through you to member Conolly, yes. I mean, we would obviously have to include a budget for a continuation of the work in the two-year cycle that starts 2026 to 2027. We would have to include in that budget the cost of undertaking a continuation of the plan, and yes, we could actually come up with an output naming that includes the words “economic development” as a part of our budget submission for 2026 and 2027. However, it's probably unlikely that much of the \$1.3 million that we had may get used in 2025 to advance it, so it's something that would have to be requested again for the 2026-2027 budget.

The Chairman: We want to next focus on overarching strategy for economic development, but Financial Secretary, the successive governments highlighted economic growth as a priority in Strategic Policy Statements for the five year period covered by the audit. As mentioned earlier, sustainable economic development needs a coordinated and joined-up approach across government and we know that there is no overarching economic development strategy at this point. The Auditor General noted that without an overarching strategy, the approach to economic development is not joined-up, increasing the risk of conflicting strategies and activities, and duplicated effort across the Government.

The Ministry of Finance and Economic Development's 2021 to 2025 strategic plan stated that it would create an economic development strategy but has yet to do so— and you explain that just a few minutes ago. As I mentioned earlier, it is also unclear if your Ministry accepted the Auditor General's recommendation. We also noted that in response to recommendation 2, you stated that your Ministry had presented a proposal for a comprehensive development plan to the Cabinet in August 2024. My first question to you is whether the Ministry of Finance and Economic Development accepts the Auditor General's recommendation to work with other Ministries to develop an overarching strategy for sustainable economic development.

Mr. Kenneth Jefferson, Financial Secretary, Chief Officer, Ministry of Finance and Economic Development & Ministry of Health: Thank you, Mr. Chairman. Definitely the answer is yes. I think the reconciling position between that and there being, essentially, a blank response in the recommendation would be as a result of the deferral by the Caucus. I do think that we should refine the response a little bit to actually make it clear that it was deferred by Caucus, it didn't reach the Cabinet level but that's just splitting hairs a little bit.

We do accept the recommendation that there needs to be an overarching plan and [the Ministry of Finance and Economic Development] is probably best placed to carry that out, Mr. Chairman. It is quite an effort. It also involves quite an effort, not just on the part of the civil servants, but it also requires considerable

effort, time and devotion by Ministers of a new government and their backbench supporters. Essentially what the exercise will entail is an agreement by a Government as to what their priorities are; what is important to that Government; and what it would like to achieve. The Ministry of Finance [and Economic Development] is quite pivotal in that, we have probably the best agency under a ministry, the Economics and Statistics Office, to assist with that. I think by virtue of that office alone, it puts [this Ministry] in the driving seat to coordinate and spearhead the process. We certainly accept the recommendation and there is no disagreement with it.

The Chairman: I think you said that you would be bringing that back to the Caucus and the Cabinet for consideration after the General Elections in April. Is that correct?

Mr. Kenneth Jefferson, Financial Secretary and Chief Officer, Ministry of Finance and Economic Development and Ministry of Health: Yes, Mr. Chairman, it's something that we should do. We obviously have the document ready that it could be presented again, so that's certainly an important aspect that we should do post 30th April.

The Chairman: Thank you for that answer. One thing I wanted to ask you is, what sort of data and consultations would be planned and needed to inform the strategy's development?

Mr. Kenneth Jefferson, Financial Secretary and Chief Officer, Ministry of Finance and Economic Development and Ministry of Health: Thank you, Mr. Chairman. As I said in a previous answer, I think one of the key areas for consultation and ideas would have to come from Honourable Ministers themselves as to what their priorities are. The approach that was envisaged to develop the plan also, obviously, spoke to reaching out to the private sector; so you certainly wanted to talk to the Chamber of Commerce, the Tourism Association, the financial services industries, et cetera. Obviously, those are existing now, but in terms of diversity, we need to reach out to entities that are currently not one of those major four sectors to get their ideas as to what could be developed.

[Regarding] data, you'd want to speak primarily to the ESO. As to data on expected population growth, you'd want to see what housing stock exists and what was likely to arise in the future, so we'd want to speak to the Ministry of Planning, for example. One of the mentions in the Auditor General's Report was the undersea cable, is that going to be a reality, as an example? Those are some of the areas that we would reach out to.

If you bear with me a second, Mr. Chairman, I just glanced at the note of the approach that I was thinking of and essentially those are the main associations,

et cetera, that we would reach out to in terms of gathering data.

We would obviously want to see comparisons with other jurisdictions and other sectors to see what sort of success they may have had, particularly if you are venturing into a new area to see how difficult it is and what the capital requirements are, the labour requirements, et cetera. I think those are some of the consultations and the data that we would need.

The Chairman: When you get around to actually doing this, who do you envisage, within the Ministry of Finance [and Economic Development], would take the leading role in developing this strategy? I'm not looking for a person's name here, but maybe a department or a certain position within the Ministry that would be tasked with leading this process.

Mr. Kenneth Jefferson, Financial Secretary and Chief Officer, Ministry of Finance and Economic Development and Ministry of Health: Thank you, Mr. Chairman.

The approach that I mentioned earlier about going to Caucus, contained a table which spoke to a steering committee being established, persons from the ESO and the Ministry of Finance [and Economic Development] would be the key people on that. Mr. Chairman, there's obviously nothing wrong with others being co-opted into the steering committee, not just ESO and Finance.

The Chairman: Thank you, sir.

I'd like to turn to looking at the plans for economic diversification. I'll turn to Ms. Heather Bodden to lead that line of inquiry.

Hon. Heather D. Bodden: Thank you, Mr. Chairman.

Good afternoon, Mr. Jefferson. The Government has highlighted priorities for economic diversification and a Strategic Policy Statement since 2018; the Auditor General stated that the civil service did not have a strategy or plan that sets out how it plans to achieve this. However, it has established some bodies and implemented several initiatives and policies to diversify the economy. Some of these have had a positive economic impact.

My question to the Financial Secretary is whether the planned overarching strategy for economic development will consider economic diversification.

Mr. Kenneth Jefferson, Financial Secretary and Chief Officer, Ministry of Finance and Economic Development and Ministry of Health: Thank you, Mr. Chairman. Through you to member Bodden, and good afternoon Ms. Bodden. Definitely, Mr. Chairman. That's one of the key features of what that plan should achieve.

Just to tie it in with the Auditor General's Report, the Report mentions the interconnectedness of

possible risks to the Cayman economy. Using the report as an illustration, it speaks to during the COVID crisis, for example, which affected tourism quite badly, while the financial services sector was not affected as badly. What that tells us is that the more sectors that we have to our economy, we enhance the protectiveness of the economy to external risks attacking the Cayman Islands. It obviously helps us withstand those risks and the impacts of those risks.

Mr. Chairman, the plan definitely needs to include diversification. That's critical. Although the report mentions things like the Special Economic Zone, diversification has proven to be quite elusive to Governments now and in the past, in terms of coming up with new areas. It's difficult, but the importance of it is there and it needs to be pursued, so definitely the plan needs to include efforts to diversify.

Hon. Heather D. Bodden: Thank you, sir.

The Chairman: We turn now to the economic contribution from the tourism sector. Ms. Barbara [Conolly] will ask that line of questioning.

Ms. Barbara E. Conolly: Thank you, Mr. Chairman. Through you to our witness: the Auditor General's Report states the government spent about \$832 million in total, supporting the tourism sector between 2018 and 2022. The tourism sector generated around \$149 million in government revenues over the period. However, the Auditor General reported that the economic contribution of the tourism sector is unknown because the Economics and Statistics Office does not measure or report it separately.

My question is, are there any plans for the Economics and Statistics Office to start measuring and monitoring the economic contribution from the tourism sector in order to support and inform government policy?

Mr. Kenneth Jefferson, Financial Secretary and Chief Officer, Ministry of Finance and Economic Development and Ministry of Health: Thank you member Conolly. Mr. Chairman, if I could just ask for a few seconds, I'd like to consult the Director of ESO.

The Chairman: Proceed.

[Pause]

Mr. Kenneth Jefferson, Financial Secretary and Chief Officer, Ministry of Finance and Economic Development and Ministry of Health: Sorry, Mr. Chairman. Thank you for allowing the consultation. I am advised by the Director of ESO that, yes, there are plans to collect such data. They're obviously hoping to have information for quite a bit of 2025 and then a full year for 2026. They would have to work very closely

with the Department of Tourism in gathering that information.

The Chairman: Mr. Jefferson, I have to say, I'm really pleased to hear that. We all talk about tourism being the second pillar of the economy and we have heard at least a regional economists questioning just how much of a contributor it is to the economy, and I think as a country and as a Government we need to finally get to the bottom of that and understand just really what it is contributing. It's an issue that I think would and could help inform this whole idea of expanding tourism infrastructure in Cayman, so I'm really happy to hear that and I look forward to seeing some of the outputs and some of the results from the efforts to try and quantify it. Thank you very much for that.

Okay, we're going to turn now to the economic performance and the updated United Nations Human Development Index data. I'll turn it over now to Mr. Joseph Hew.

Hon. Joseph X. Hew: Thank you Mr. Chairman. Through you to Mr. Jefferson: the United Nations (UN) Human Development Index, known as the HDI, is a measure of economic development. The Auditor General's Report notes that the Cayman Islands' HDI in 2021 was 0.877, ranking it 34th amongst 191 countries. In the same year, the Cayman Islands had the highest HDI reported in the Caribbean. However, the Government has not published updated HDI data since 2021. My question to you is whether or not the Economic and Statistics Office plans to continue calculating and publishing the UN HDI data.

Mr. Kenneth Jefferson, Financial Secretary and Chief Officer, Ministry of Finance and Economic Development and Ministry of Health: Mr. Chairman, just let me consult, please.

[Pause]

Mr. Kenneth Jefferson, Financial Secretary and Chief Officer, Ministry of Finance and Economic Development and Ministry of Health: Thank you, Mr. Chairman and I apologise for the delay. I've just been advised by the Director of the ESO that, yes, the ESO does actually plan to publish the 2022 and 2023 HDI data and it would do so—

[Inaudible interjection]

Mr. Kenneth Jefferson, Financial Secretary and Chief Officer, Ministry of Finance and Economic Development and Ministry of Health:—this year.

Mr. Chairman, just as an add-on, I was also discussing with the Director whether the HDI was much the same as a Quality of Life Index, which the ESO has actually published and is on its website. It's done one of those such reports and that was based on surveys of

persons in our community back in April 2024. They did another survey probably in November 2024 and the results of that is going to be published in early 2025.

That Quality of Life Index is fairly wide and encompassing. It talks about their access to health care, it talks about the cost-of-living, job opportunities, educational opportunities, so it is a general quality of life index that's actually being produced now by the ESO.

The Chairman: Thank you for that, Financial Secretary. I have to say I was really pleased. I found it really interesting, reading that Quality of Life Index report. Just try to help me understand, is this based on the same sort of principles that other countries would follow so that the report and our index can be compared to other countries?

[Pause]

Mr. Kenneth Jefferson, Financial Secretary and Chief Officer, Ministry of Finance and Economic Development and Ministry of Health: Thank you, Mr. Chairman.

Mr. Chairman, the answer is it is roughly comparable. What I was told is that in countries other than Cayman, some of the advanced countries use, for example, a Gallup poll in carrying out that index. The ESO would not have access to the exact questions that were posed in that poll, but the questions that we asked locally in conducting the Quality of Life [Index] we believe are roughly comparable. It may not be 100 per cent directly comparable, but we are satisfied that it is substantially comparable.

The Chairman: I thank you for that clarity, I appreciate it very much.

Financial Secretary that concludes our examination of you as a witness. Thank you as always for the candid way you answer our questions and are forthcoming with information. I think it makes our work much easier to be able to get through everything that we do and I'm really grateful for that. Feel free now to take your usual place here in the Chamber.

Mr. Kenneth Jefferson, Financial Secretary and Chief Officer, Ministry of Finance and Economic Development and Ministry of Health: Okay.

The Chairman: Thanks also to the Director of the ESO for his assistance today as well. It's been very helpful. Thank you.

Mr. Kenneth Jefferson, Financial Secretary and Chief Officer, Ministry of Finance and Economic Development and Ministry of Health: Thank you, Mr. Chairman. Thank you to the honourable members.

[Pause]

The Chairman: Okay, our final witness for today is Mr. Eric Bush, who is the Chief Officer of the Ministry of Planning, Agriculture, Housing, Infrastructure, Transport and Development.

[Pause]

The Chairman: Mr. Bush, welcome back, sir, and thank you for being here. We're a bit ahead of ourselves this afternoon in this Hearing so, I appreciate you getting back here a bit earlier as well. Hopefully we can get things concluded well ahead of our planned time this afternoon.

Mr. Bush, sustainable economic development is an important issue, and the Auditor General published her report about the government's approach to sustainable economic development on the 21st November, 2024. Her report states that the construction and real estate sector is the third highest contributor to the economy in terms of GDP. We heard from the Financial Secretary about the government's overall strategic direction for economic development and diversification. We now want to follow up on some issues that are specific to the construction sector.

The Auditor General made recommendation two to the Ministry of Planning, Agriculture, Housing, Infrastructure, Transport and Development, however, it is unclear whether your Ministry accepted the recommendation and committee members will want to ask you about it. The first part of our question will focus on the National Development Plan, and I'm going to turn to Mr. Joseph Hew to lead that question.

Hon. Joseph X. Hew: Thank you, Mr. Chairman. Through you: Good afternoon, Chief Officer Bush. The government does not have an up-to-date National Development Plan (NDP). This contravenes the Development and Planning Act (2021 Revision) which requires the government to update the development plan every five years. In the absence of a National Development Plan, the physical development and overall use of land in the Cayman Islands is disjointed and ad hoc.

In September, 2023 the Central Planning Authority approved the project delivery plan for the NDP, and the project delivery plan sets a target for completing the plan in the last quarter of 2024. In May 2024, your Ministry started consulting the plan known as "PlanCayman"—one I might be a little familiar with.

I would like to ask if you would be able to update the Public Accounts Committee on whether the Ministry's previous target of completing the National Development Plan in the last quarter of 2024 was met. I would go on to say that if it is yes, I would ask will you be publishing it, and what would the next steps be; and if it is not, then, why was the target not met and ask for a revised date and assurances that the Ministry's new target to complete the National Development Plan will be met.

Thank you.

Mr. Eric Bush, Chief Officer, Ministry of Planning, Agriculture, Housing, Infrastructure, Transport & Development: Good afternoon Mr. Chairman, Members. Thank you for the question.

Again, my name is Eric Bush, Chief Officer for the Ministry of Planning, Agriculture, Housing, Infrastructure, Transport and Development. The quick answer is no, we have not met the target. The target was ambitious to say the least, but Mr. Chairman, if I could give more of a fulsome answer; if I could have a little latitude just to give some context of the beast that we are trying to slay.

As correctly and appropriately identified in the report, the National Development Plan's last iteration that we are currently working under is from 1997; and the current legislation does require it to be reviewed and updated every five years. During 2018 to 2021, under the stewardship of the Honourable Mr. Hew, when he was Minister of Planning, the National Planning Framework document was drafted and made available to the public in late 2018, early 2019.

In September 2021, the National Development Plan presentation and discussion with Ministers to discuss the options for proceeding with the project. In April 2022, the Central Planning Authority (CPA) met to discuss the Development Plan Project, the National Development Plan Framework, and the draft Seven Mile Beach Planning Area. In August 2022, the final draft of the National Planning Framework document was considered by the CPA at their meeting, and the Authority advised that the National Planning Framework was acceptable to them. It's important to understand that whilst the Ministry of Planning and the Department of Planning are heavily involved, the legal authority of this process lies with the Central Planning Authority. We all have a part to play, but they are the owners.

In September 2022, the National Planning Framework document was formally submitted to the Honourable Minister of Planning, Johany Ebanks, for onward transmission to Cabinet. In February 2023, minor corrections were made to the National Planning Framework document, and in July 2023, the Development Plan Project Team was formed. I was the Chair, along with the Ministry of Sustainability and Climate Resiliency, and supported by the Department of Planning. This was in full agreement with the Central Planning Authority.

In September 2023, the CPA met again to discuss the delivery planning process of the National Development Plan; and in January 2024, the CPA met to discuss the first draft of the planning statement. In February, the Development Control Board met to discuss the plan and the statement. All this to say, Mr. Chairman, [that] it required much consultation [and] there are many players, as it affects the entire country. Then, in April, Cabinet approved the publication of the Central Planning Authority's Statement and started a 60-day public consultation process.

Now, from May to August of last year the CPA, assisted by the Ministry and the Department, held six public Town Hall meetings, a virtual meeting, and numerous press releases. All the Town Hall meetings were broadcast via radio Cayman, and all of this was to fully explain the process and what the framework looked to achieve, and the planning statement itself. Out of that, we received 224 responses via forms and 33 written forms, however, in those numbers, there were over 2,500 individual comments received.

After that, between August and September, the Department of Planning, in consultation with the CPA reviewed the feedback and drafted written responses, and it's fair to say, amended the document accordingly. Now, as prescribed, the document now is— from the Central Planning Authority perspective and the Department of Planning— is in good form, having taken into account the over 2,500 responses.

Now, where it is, is that we need to form a Development Plan Tribunal and the Cabinet is in the process of considering the recommendations of who should sit on that tribunal. Once the tribunal is created by Cabinet, then they will be asked to review again all of the comments, what the Department and the CPA have done with it, and the statement itself.

Once the tribunal approves or recommends additional changes, then, if approval is given, it goes to the Minister. The Minister then takes it to his Cabinet. If Cabinet approves, then the statement goes to Parliament and it's for Parliament, then, to openly debate it and approve or otherwise; and if it is approved, that is when we have the planning statement.

If it is approved in its main current state, that then will create incremental areas of planning development that essentially cuts the Islands into eleven area plans and it's envisaged that those area plans will be reviewed annually, every five years— not all eleven at the same time, so two to three every year, to ensure that we get, and remain, compliant with the legislation.

All that to say, Mr. Chairman, I think setting a target for ourselves to final quarter of 2024 was a bit ambitious. We have done much work, I'm proud of the work that's been done by everyone; but there's still much more to do. I hope that answers the question, Mr. Chairman.

Hon. Joseph X. Hew: Mr. Chairman, through you: [I] thank the Chief Officer for that detailed response. I'd like to get a quick question. The tribunal, is it in the law as well, or was it a decision made by the CPA?

Mr. Eric Bush, Chief Officer, Ministry of Planning, Agriculture, Housing, Infrastructure, Transport & Development: Through you, Mr. Chair: I'm advised that it is in legislation as a requirement.

Hon. Joseph X. Hew: If there are no other questions, Mr. Chairman, I'll move on to the strategy for the construction sector?

The Chairman: I just want to ask one question. You mentioned that you've now divided it up into eleven sections for review. Explain the reasons for going from five to eleven.

Mr. Eric Bush, Chief Officer, Ministry of Planning, Agriculture, Housing, Infrastructure, Transport & Development: At the risk of opening up a whole can of worms, Mr. Chair, I'm advised that it's essentially taking into account the cultural and social differences of some communities. The five that we previously had...

We wanted to become more involved. As an example, parts of George Town: You have residential, and some are now becoming far more commercial or even resort-like, so George Town is now, for lack of a better term, if you will, carved up or segregated to whereby a part of it is acknowledged to be more resort or hotel, even, and some remain low density residential. Hopefully that helps.

The Chairman: Okay, I understand. Those eleven areas... Does this plan, then, include Cayman Brac and Little Cayman?

Mr. Eric Bush, Chief Officer, Ministry of Planning, Agriculture, Housing, Infrastructure, Transport & Development: Absolutely, Mr. Chairman.

The Chairman: Thank you. You can continue, Mr. Hew.

Hon. Joseph X. Hew: Thank you, Mr. Chairman. I move on, then, to strategy for the construction sector.

Mr. Chairman, through you, we are pleased to note the significant economic contribution from the construction and real estate sector. From 2018 to 2022, the construction and real estate sector was the third-highest contributor to the economy in terms of Gross Domestic Product or GDP. Over the same period, it employed the most people, averaging 6,600 annually, or 14 per cent of the average total labour workforce. We also note that about 40 per cent of these were Caymanian.

The Auditor General's Report states that your Ministry has yet to develop a strategy for the construction sector, and recommended that you develop one. As mentioned by the Chairman earlier, it is unclear whether you have accepted this recommendation. The Committee would like to confirm whether the Ministry accepted the Auditor General's recommendations to develop a strategy for the construction sector— and of course, if the recommendation was accepted, when would the Ministry finalise the strategy. If it was not accepted, your reasons for not accepting them?

Mr. Eric Bush, Chief Officer, Ministry of Planning, Agriculture, Housing, Infrastructure, Transport & Development: Thank you, Mr. Chairman. Through you, thank you for the question.

As noted, construction development and real estate is the third pillar of the Cayman Islands' economy. Does Cayman need to look at diversification? Absolutely. Does Cayman need to look to strengthen any major economic pillar? Yes. Who is to do it, and how it's done I think is largely up for debate and that's really a political conversation to be had, not one for a civil servant or the civil service. It is our role to ensure that the services provided by all the departments within the government that regulate and facilitate the development and transfer of lands, and building itself are provided at a world-class level.

I did mention in my response that we have commissioned an organisational review of the Department of Planning and Building Control by, again, Price-WaterhouseCoopers after a competitive bid process where we asked them to really critically look at the Department of Building Control to determine if it is still best suited to provide services that the private sector could provide. What I mean by that is [that] in large part, the Department of Planning and Building Control have effectively been able to attract the same resources that they've had since 2008.

As the Auditor General's Report illustrates, even from 2018 to 2022, the amount of development and construction has boomed since then, but yet we're still having to work and facilitate plan reviews, building inspections, et cetera, with the same amount of human resources. The draft final report which was issued in December 2024 to the Ministry, and is yet to be considered by Caucus, looks at that critically, and provides recommendations towards outsourcing parts of building control and planning; but it's also, Mr. Chairman, a chicken and egg scenario.

What I mean by that, in the previous question around the National Development Plan, we have to have a completed and updated National Development Plan before we even look to create a strategy around construction and development— and far be it for me to say— to further unlock the development and planning of the Cayman Islands, as the Auditor General says, without having a clear understanding of how you want the country to be developed.

Do I believe that a strategy should be formed? Yes. How, who, and when, I think, is a political decision, sir. I hope that helps.

Hon. Joseph X. Hew: Through you, Mr. Chairman. I thank the Chief Officer for that answer and look forward to the findings in that report.

Through you, Mr. Chairman, I just want to follow up on something that just passed my mind as we were speaking earlier with the previous witness about the overarching economic development plan, and now talking about construction and, you know, who controls, or how do we plan, monitor, and control what is largely known as the third industry in the Cayman Islands. Then we think about the role that the Ministry of Fi-

nance would play in such things as incentives, or helping to develop industries, or even just providing guidance on ways to create efficiencies, et cetera, in different areas, and we think about the cost of housing in Cayman, in particular for our people.

Has there been any discussions, or coordination between the Ministry of Finance and your Ministry, or what role does the Planning Department and the Building Control Unit (BCU) play in the cost of housing in the Cayman lands, or what role can it play in reducing the cost of housing in the Cayman Islands?

Mr. Eric Bush, Chief Officer, Ministry of Planning, Agriculture, Housing, Infrastructure, Transport & Development: Through you, Mr. Chair, and [I] thank the Member for the question.

I do believe that if such is the intent, there is an opportunity to actively look at the Building Code, and at how and where houses are built. In fact, we are now in the— I guess it's fair to say— final stages of updating the Building Code, where the building code that's being used is from 2012, if memory serves me correctly. We're looking to adopt either the 2021 or 2024 and they're quite similar in outcome, but the main components of it that have the potential to reduce costs, if this is approved, would be the allowance of other technology material to be used for walls, as an example.

It wouldn't be required for homes to use concrete blocks and cement; they could use light frame steel with appropriate cladding, to ensure that it still meets the Category 3 or higher strengthening and protection from hurricanes and winds. We estimate that could offer as much as a 20-25 per cent reduction in building costs.

In terms of collaboration, I'll be the first to put his hand up and say we don't do enough of it. In terms of having a strategic approach to diversify or even strengthening the pillars, I think this report does a fantastic job of highlighting that, and I hope many of the recommendations bring forth much positive change.

Mr. Chairman, you, yourself, and others, would be aware that the previous government did set up an entity to essentially look at other areas for diversifying the economy but, as identified in the report, that was discontinued in the last two years.

The Chairman: Thank you.

I want to turn our attention to the critical success factors in the construction industry. The report of the Auditor General said that your Ministry has not identified critical success factors for the construction and real estate sector. The report states that several stakeholders identified delays in reviewing planning applications and completing building inspections, as challenges the sector faces.

We note from your response to recommendation one in the Auditor General's Report that the Ministry is conducting an organisational review. Your re-

sponse also states, that this review is likely to recommend reforming the Planning Department and outsourcing the functions currently undertaken by the Building Control Unit. Can you share with us what are your views on appropriate critical success factors for the construction industry?

Mr. Eric Bush, Chief Officer, Ministry of Planning, Agriculture, Housing, Infrastructure, Transport & Development: Thank you, Mr. Chairman, for the question. Quite simply, to ensure that:

- The building codes and building legislation are followed; and
- Applications for plan reviews, area development plans and inspections are done as efficiently and effectively as possible.

In a nutshell, I think those are the critical success factors.

The Chairman: Do you believe that the Ministry has the information and frameworks needed to measure and report on these critical success factors?

Mr. Eric Bush, Chief Officer, Ministry of Planning, Agriculture, Housing, Infrastructure, Transport & Development: The Ministry has access to the Department of Planning's database which says how many applications come in; were they just reviewed, denied, or/and approved? Were they sent back for more information? All of those touch points are recorded. Do we use and analyse those? No, we do not.

In terms of information that is also gathered when a project is approved and construction is allowed to start, we know the date the construction starts and that's given for a period of time, so if that expires—there's no obligation to start the project, but they have the allowance for doing so. Then, if a project is completed, a Certificate of Occupancy is provided, so we would know the date the Certificate was provided.

All of the information is there and, as I said, the success factors are ensuring that we are providing all of those services as efficiently and effectively as we can while meeting some levels of standards; but I don't think we're there yet, Mr. Chairman, because I think there's a more efficient way in which we can offer the service or perhaps outsource the service.

The Chairman: I'd like you to share your views with us on the reported delays in reviewing planning applications and completing building inspections and the reasons for them, really, because we hear complaints, you know, about significant delays within [the] Planning [Department] with getting these applications approved, and completing building inspections.

Mr. Eric Bush, Chief Officer, Ministry of Planning, Agriculture, Housing, Infrastructure, Transport & Development: Yes, sir, I think there is scope for improvement in the planning review and consultation, and

ultimate approval through the plans' review and approval, as well as project inspections as they're built. I think there's scope to deploy artificial intelligence; and there's scope to rely more on the private sector to pick up these things.

I mean, whilst some areas are allowed by law to be done by the private sector, in large part the private sector still hasn't picked it up and created its own industry, and I think it is largely due to the fact that the government is still mainly doing it. If the government makes a political decision to reduce the number of services it can do but allow the private sector to do it, it is really hoped that—like architectural design—the private sector picks it up and starts to create a plan review and building inspections industry.

That's where we hope innovation will really be catapulted and leveraged.

The Chairman: When do you plan to complete the organisational review?

Mr. Eric Bush, Chief Officer, Ministry of Planning, Agriculture, Housing, Infrastructure, Transport & Development: Yes, sir. PriceWaterhouseCoopers provided the report to us in December, so we are awaiting a spot in Caucus, for continuation to the Cabinet.

The Chairman: Does the report actually address the issues that you've identified?

Mr. Eric Bush, Chief Officer, Ministry of Planning, Agriculture, Housing, Infrastructure, Transport & Development: Yes, sir.

The Chairman: Okay. That's good to know.

Having presented it, do you have any estimated time frame for when it will become a public document as such?

The Chairman: Mr. Chairman, I can say as soon as possible, sir. Sorry.

The Chairman: Okay, let's move on to the use of data. For that, I turn to Ms. Heather Bodden.

Hon. Heather D. Bodden: Thank you, Mr. Chairman.

Good afternoon, Mr. Bush. The Auditor General's Report states that between 2018 and 2022 about 4,000 construction projects were approved with an annual value ranging from \$530 million to \$990 million, however, it is my understanding that your Ministry does not track the number of project approvals that result in completed projects, therefore, it is unclear how many of these planned projects have been completed.

Can you say if there are plans to start tracking the number of project approvals that result in completed projects, and how the Ministry plans to use data to inform short, medium, and long-term planning?

Mr. Eric Bush, Chief Officer, Ministry of Planning, Agriculture, Housing, Infrastructure, Transport & Development: Mr. Chairman, through you: Thank you for that question.

The Ministry itself does not collate the information, but I think it's absolutely fair to say that it is available at the department level. How we need to use it in terms of strategic thinking, personally, I believe that comes after we complete the National Development Plan framework and the Planning Statement, and start finalising the area plans; so, once we understand what the communities want built in their areas.

Then coupling that side by side with economic diversification for development. I think that it's at that time but right now, where we are, we do collect the information; we know when a project starts; we know when a project is finished; we know the approximate value of it; we know where it is but, as identified in the report, the National Development Plan is our priority right now.

Hon. Heather D. Bodden: Thank you, Chief Officer.

Also, as we are aware, there are some issues with regards to persons building homes and then turning their property into commercial [spaces], can you say whether persons given approval to construct a home, understand that is what it is for, and the same for commercial—is it made clear to the person who is receiving approval that there's a difference? If you're building a home, that's what it's for. If it's commercial, that's what it's for.

Mr. Eric Bush, Chief Officer, Ministry of Planning, Agriculture, Housing, Infrastructure, Transport & Development: Through you, Mr. Chairman. I have to say absolutely, simply because in the application process, the structure's use is explicit.

I mean, it is a different process for commercial versus residential. There are different requirements for commercial depending on what trade the building is going to be used for. There are different requirements for it per the building code so it's absolutely clear, just from the applicant's standpoint; so, if and once the approval is given, it's given based on the application itself.

Hon. Heather D. Bodden: Thank you, sir.

The Chairman: Questions from any other members of the Committee?

If not, then, Mr. Bush, thank you very much for your testimony today. Thanks for being here. I know you featured in both of today's sessions, so I thank you for the candid way in which you've answered questions. This concludes the session of the Public Accounts Committee this afternoon, so thank you both for being here and sharing with us.

Mr. Eric Bush, Chief Officer, Ministry of Planning, Agriculture, Housing, Infrastructure, Transport & Development: Thank you, sir. Thank you to everyone.

The Chairman: Thanks to everyone for your presence today; I think this has got to be a record for us, in that we actually finished ahead of time. We started a bit late and finished ahead of time, so congratulations and thanks to everyone for your diligence and for helping us to get through this session of the Public Accounts Committee.

I can't let the occasion pass without acknowledging the Auditor General and the work that she has done over the last three and a half, nearly four years that we've all been together as a team completing the work of the Public Accounts Committee. As members know, the Auditor General resigned last year and her final day of work, I believe, that she will be officially leaving her post, is on the 28th February.

I think it's only right that we as a committee that has worked so diligently with her these past four years, acknowledge the work that she has done, and her contribution to keeping government accountable; helping to improve the operations of government; ensuring that the government itself delivers its services, and that things are delivered in such a way that there is value for the country.

In all that she does, I've not seen her shy away from any of the contentious or difficult things that needed to be done in her work, and Sue, on behalf of the Public Accounts Committee, I wanted to say thank you for your work and for your commitment to the role you have played. You came in 2015, am I right?

[Inaudible interjection]

The Chairman: [In] 2016, so she has been here for nine years.

I think you really made a positive effect on good governance, and the operation of government itself, so I thank you for that. I want to wish you, on behalf of us all, the very best for the future, and whatever work or wherever your feet take you when you leave here, you go with our prayers and best wishes. Again, I thank you for that, and for your presence.

Mrs. Sue Winspear, Auditor General: I need the right to reply.

I am truly grateful to this Public Accounts Committee, and the two before it, because I've had the pleasure of working across three administrations now, and it's been really cheering and delightful that each Public Accounts Committee has been so supportive of the work of our office. All the members of the Committee have acted in an apolitical way, which is what is expected and required of the Public Accounts Committee, and that's been really pleasing. It's been an absolute pleasure and privilege.

All I want to do is make things better. Our office's vision is about helping the public spend their money (public spending, public money) wisely, and I hope our work contributes to that; but the work is not mine, it is that of those in the Office and I have the best team, so thank you, Mr. Chairman, for your kind words and the Committee, for all your hard work. We certainly keep you busy.

The Chairman: Thank you, Auditor General.

Ladies and gentlemen, that concludes this sitting of the Public Accounts Committee and I have to say it is, unquestionably, the last public hearing that we will host, as this term comes to an end in April, knowing that the Parliament will be dissolved on March 1st — that's just a little over five weeks away for us.

It's been a pleasure working with all of you for these three and a half, almost four years. See you on the other side.

[Laughter]

The Chairman: Thank you all, and have a good evening, everyone. Thanks.

The Committee adjourned at 3:09 pm