



## **State Opening of the Legislative Assembly**

**Aston Ruddy Centre, Cayman Brac,**

**September 5, 2018**

**Statement by Premier Hon. Alden McLaughlin, MBE, JP, MLA**

### **THE STATE OF THE NATION**

Mr. Speaker, I am very pleased to address this Honourable House on this momentous occasion as we hold this State Opening, and the first meeting of the 2018/2019 Session of the Legislative Assembly, here on Cayman Brac in the Aston Ruddy Civic Centre.

This year marks the 50th anniversary of the first ever meeting of the Legislative Assembly on Cayman Brac, which was held 28-29 of March 1968. I cannot do better than to repeat the words of the then President of the Legislative Assembly, the late John A. Cumber, when the Assembly opened all those years ago at the then Secondary Modern School here in Cayman Brac.

I quote, “I know that all members of this Honourable House will share the feeling with me that this is indeed a great privilege to be here, to indeed work in a new atmosphere if only for a short time. “

And to also quote the words of the then Honourable Senior Member for West Bay and at the time the Father of the House, the legendary T.W. Farrington, “It is an inherent right of the people to be able to come and hear what is happening in our Legislature.”

That sentiment – the idea that the process of government needs to be accessible and open to the people – is one I whole-heartedly endorse. Very simply, that is why we are here - to share the legislative process with all the people of our beloved Isles; to enable the people of the Sister Islands to readily attend a meeting of this legislature and to see and experience the work that we do.

But equally important Mr. Speaker this occasion allows all members of the Legislative Assembly to have the opportunity to visit the Sister Islands and to see and experience first-hand the opportunities and challenges of their fellow Caymanians who live here and I am pleased that all members of the Legislative Assembly are here. My two colleagues from the Sister Islands, the Deputy Premier and the Minister for Education, Youth, Sports, Agriculture and Lands, consistently speak for the interests of the communities they serve during our Caucus debates and elsewhere across Government. There is no substitute though for coming to see things first hand. And I know that the elected members from Cayman Brac and Little Cayman are both proud to show off their community and introduce us to their constituents.

It is also fitting that we take this opportunity to officially bring the celebration of the 60th anniversary of our Coat of Arms to the Sister Islands. In the words of Jamaica's first national hero, Marcus Garvey: "A people without the knowledge of their past history, origin and culture is like a tree without roots". So we will pause this week to remember and celebrate those involved in giving us this most important symbol of our shared national identity – our Coat of Arms. It is on the shoulders of these great individuals, and indeed on the shoulders of all who came after them, that we, as the current elected members, continue to build and to create a thriving future for our beautiful Cayman Islands.

We also have our own heroes of today, Mr. Speaker. As I have told this House before, this Government is reviving and reforming the awarding of the Order of the Cayman Islands, which you introduced Mr. Speaker, to outstanding individuals who have made a significant contribution to these Islands and our people. The Honours

scheme will award three classes of distinction: Companion, Officer and Member of the Order of the Cayman Islands. It will also incorporate medals for valour or bravery. The Bill to establish the Honours scheme will be debated in this meeting of the House and I will speak more to it then. It is planned that the first three honours under that scheme will be awarded during the next Heroes' Day celebration in January next year.

Mr. Speaker, during last year's budget session and State Opening I was pleased to report to this Legislative Assembly this Government's objectives for its four year term, set out in a plan entitled – "Stability, Empathy, and Prosperity – A Plan for Sustainable Social and Economic Development". Today I will update the House and the Country on the progress we have made in implementing our plan – advising the House and the country on the current State of the Nation.

Mr. Speaker, over the past five years as Premier, I have laid out a consistent vision for the future of our Islands, which the two successive Governments I have been privileged to lead, have worked and are working tirelessly to deliver. I am delighted at the progress we continue to make towards achieving our ambitions for our country and I will say more about that progress shortly. I don't underestimate the work that still needs to be done and I recognize the challenges that we face. However, you can rest assured that this Government will continue to build on what we have achieved; we will maintain our focus on the priorities we have set; and we will ensure a strong and successful Cayman Islands for all our people.

The cornerstone of our ambition, and indeed our success, is building a strong and resilient economy to help families and businesses thrive. Throughout my political career, I have consistently argued that without steady and sustainable growth, neither Government nor the country is able to achieve anything. You see Mr. Speaker - and I know you understand this - it takes economic growth to create jobs and opportunities that benefit our people. It also takes economic growth to provide the funds necessary to build schools, to pay teachers and police officers, to pay for health services, to build

necessary infrastructure like roads and airports, and much more. I believe that the day we stop growing is the day we start dying.

And Mr. Speaker because this Government understands the importance of sustainable economic growth, we have been pursuing a strategy for growth that is not simply about this four-year term but about creating the favourable conditions that will drive our economy for many years to come. And we are seeing the success of this strategy as our economy continues its trajectory of growth, begun in the last Administration, across all the key sectors, including tourism.

All areas of tourism are seeing growth, including Sports Tourism. I was delighted by the success of the recent Pan Am Squash Championships in Grand Cayman and I look forward to extending a warm Cayman-kind welcome next year to the CARIFTA Games. I thank all involved in making these events a success but particularly the Sports and Transport Councillor and MLA for George Town West for his tireless work to develop sports and young people across these Islands.

As Caymanians, we have long understood the value that tourism creates in our economy and I am sure, Mr. Speaker, that you are as pleased as I am to see tourism records continue to tumble as we welcome ever increasing numbers of visitor arrivals – indeed in the first six months of 2018 alone, we have seen a 20 per cent increase over the same period last year. And, Mr. Speaker, in the crucial stay-over market, the Cayman Islands saw increased arrivals in the first half of this year that exceeded more than 250,000 visitors, a 16 per cent increase on last year.

Similarly, cruise arrivals in that six-month period were above the one-million mark. Maintaining that performance through the second half of this year will mean another record year for cruise arrivals.

There are many regional options available to tourists and if they have chosen the Cayman Islands over the Bahamas, or Cuba, or Mexico then that is because of the

quality product that we have here, combined with the outstanding promotional work of the Ministry and Department of Tourism and its private sector partners.

So we can be confident that these sustained tourism improvement numbers are clearly not some mere blip, but the consequence of sound planning and strong delivery. Here I must pause to pay tribute to the Hon. Deputy Premier and Minister of Tourism and his Ministry team who are the architects of those plans, along with the Department of Tourism. And I pay tribute too to all those who invest in or work in our hospitality sector for helping create our high quality Caymanian tourism brand.

As I have stated though, the plans go well beyond this immediate success, impressive though it is. The Hon. Deputy Premier is continuing to develop and to implement a new five-year National Tourism Plan that will drive the next phase of the industry's development; including enhancing the tourism product here in Cayman Brac.

The beginning of the New Year will see the completion of the improvements that will almost triple the capacity at Owen Roberts International Airport and provide us with a much-needed, modern airport. Many previous administrations have talked about the need for a new airport but it will be my last Administration and this one that have gotten it done – and paid for it with cash and not with new taxes or new debt; a tremendous achievement by any standard.

And when done, the fully renovated Owen Roberts International Airport, as well as the recently upgraded Charles Kirkconnell International Airport, will mark a step change for air transport in these Islands.

Mr. Speaker while we welcome our visitors to our Islands, we are also making it easier for our own people to travel and return home. The introduction of the ‘Customs Green Channel’ at airport arrival is allowing those returning home, who do not have purchases above the dutiable limit, to clear Customs much quicker. Those with items to declare will join the regular Customs line to declare their imported items and then pay duty as necessary.

Of course, Mr. Speaker, Customs reserves the right to stop and search anyone passing through the 'Green Channel' should they suspect that they are evading duty. Our officers are being trained, and will continue to be trained, to monitor and watch for suspicious activity. Continued vigilance will always be important but increasingly our border security depends on our ability to act based on specific intelligence received rather than suspicion. This is why we recently passed legislation to allow the Cayman Islands to participate in the Advanced Passenger Information Programme – receiving early warning of individuals of concern that are on their way to our airports and seaports. This is the direction that we are working towards: intelligence-based vetting that has the best chance of stopping those bringing in contraband or trying to circumvent the Customs Law. I will speak more about border security later Mr. Speaker, but certainly this approach is a central part of the solution to better securing our borders.

And Mr. Speaker, because of this new approach at our airports, my Government has carefully considered how best we can encourage all residents to declare amounts above the allowed duty free limits. Certainly raising the personal duty free limit is one such solution. Increasing the fines on those who evade duty is an alternative. Our preference is to offer a 'carrot' rather than to rely on 'the stick' approach.

And so Mr. Speaker I am happy to advise that Government has decided to increase the personal import duty allowance from \$350 per person to \$500 per person with effect from 1 November this year. As is always the case, this will apply to purchases imported for personal use and not for commercial purposes. I believe the vast majority of Caymanians and residents will welcome this increase in the duty allowance and will abide by the rules requiring them to declare any goods imported over that limit. However, if there is abuse of the system and if it is determined that an increase in fines is also needed to combat abuse, then Mr. Speaker we will certainly take that into consideration.

We have of course fully analysed the potential impact of this raising of the duty threshold on Government's revenues. In doing so, the Ministry of Finance has carefully

examined the actual declarations made by arriving passengers over time and have concluded that the potential lost revenue to Government will be in the range of \$1Million. Our careful stewardship of the national finances makes this is an affordable amount for Government to forego while being another welcome reduction in the burden of duties on Caymanians and residents. In addition to encouraging proper declarations at the airport, this increase will also provide our people with some useful monetary relief when returning home from their annual vacation and shopping trips.

Taken together, our new processes are designed to significantly improve security while making arriving and passing through customs and border security at the airport much easier and faster.

Our investment in our main airports, combined with our proven ability to bring more visitors to our Islands, has created the conditions for the private sector to invest in increased hotel capacity. The Dart Group, Howard Hospitality Group, as well as NCB Group all have plans to build new hotels. And we are seeing these investments not only around Seven Mile Beach, but also in Bodden Town with the announcement of the prestigious new Mandarin Oriental hotel there. This and other new hotels will create jobs in their own right while the visitors they attract will bring more employment and entrepreneurial opportunities for Caymanians in the tourism industry.

This Government has also signaled its willingness to take the hard but necessary decisions to secure the future of our cruise tourism sector through the development of two cruise piers and associated enhanced cargo facilities in George Town. Both aspects of this project are necessary for the same reasons: to help protect our future economy and the well-being of Caymanian families.

By allowing larger cruise ships the ability to dock, we are ensuring that we maintain this critical industry into the future - of this I am sure.

Mr. Speaker, this is about more than cruise ship piers. This is also about enlarging the crucial cargo dock in George Town. By ensuring that the country's main cargo dock

can also accommodate larger cargo ships, we will help reduce shipping costs and in so doing help lower the cost of goods shipped to Grand Cayman. This provides us with a valuable opportunity to reduce the cost of products coming into our Islands and lower the cost of living for Caymanians and residents. By accepting larger cargo ships, we can also attract those that now bypass us taking produce and seafood from South and Central America to Miami – only to off-load and transfer these foodstuffs onto smaller vessels that come to Grand Cayman, again, adding another level of shipping and other costs to products imported into our Islands. Mr. Speaker, we have to get off the small ship merry-go-round if we are to have a chance at reducing the cost of living in these Islands.

Mr. Speaker, we are fully cognizant and we have been clear that the redevelopment of our port must minimize environmental impacts. As in all things there is a trade-off and none of us would seek to contend otherwise. But assessing the potential environmental impact of the development of the cruise berthings is not simply a case of weighing the potential environmental damage that will be caused by the port development against a scenario of no damage if the status quo is allowed to remain. That is not the case at all. To believe that is to ignore the decades of massive anchor damage sustained by the reefs in George Town Harbour, often caused by cruise ships. And as long as cruise-ships are allowed to anchor in the harbour, the risk of more environmental damage will continue. That consideration must be part of the overall assessment of the costs and benefits of the new port.

We have also been clear - and we are determined - that the financing must not place disproportionate risks on government finances. In June this year the Deputy Premier confirmed that the negotiations with the cruise companies regarding those issues, among others, remain on track. Because of the commercially sensitive nature of the discussions we cannot provide the kind of running commentary on progress that some have called for, but as the Deputy Premier has repeatedly promised, as soon as we are able to communicate those details we will do so.



That said, Mr. Speaker, the Minister and the Government have been transparent and forthcoming on this project from the beginning and have kept the public as up to date as possible on where we are. All reports have been made public and there have been public meetings held at various points over the life of the project. The vast majority of the members of this Government campaigned on building a cruise and enhanced cargo port – as did the majority of the members in the last Administration. Indeed, Mr. Speaker, in every election over the last 12 or more years the governments that were formed had a viable cruise dock as part of their election platforms. In last year’s election campaign both political parties – yours and mine and many independents - campaigned on building viable cruise piers. So, I am satisfied that the electorate has had ample opportunity over successive elections, including most recently at the polls last year, to have their say on the question of having enhanced port facilities – cruise and cargo. For our part, the Government believes that it is in the vital national interest of the Cayman Islands to proceed with the port project - provided we do everything we reasonably can to limit the environmental impact and to build it as affordably as we can, and with the cruise companies having skin in the game. And this we will do.

We are matching this approach to securing tourism growth with our support for the Financial Services Industry, Cayman’s other traditional economic pillar. Our role here is different but no less important. Here I must thank the Minister for Financial Services and Home Affairs and the staff in her Ministry who are working with Cayman Finance and the industry sector to ensure that the legislative and regulatory frameworks we put in place support the industry and enable it to compete in global markets.

The Government recognizes the risks to the future success of our Financial Services Industry. It is a huge frustration to me that threats are not just coming from the usual suspects but from those we should be able to count on; not just as our friends but as our advocates. Thanks to a handful of misinformed malcontents in the United Kingdom Conservative Party in Parliament, we are threatened with the imposition of public registers of beneficial ownership – a standard to which few if any competitor jurisdictions even aspire. Let me say now as I have said before: we will face down that

threat if and when it materializes. We will work with our partners in the industry and we will deal with it appropriately; if necessary challenging it in the courts.

What this sorry episode highlights is that we cannot rely on the United Kingdom to defend - let alone promote - Cayman's economic interests. This is particularly so at this juncture when they have their own pre and post Brexit worries. Mr. Speaker, it is time for Cayman to step out of the UK's shadow and stand up for itself.

For that reason, I am today announcing the establishment of a new Ministry of International Trade and Investment. The Ministry's role will be to enhance the reputation of the Cayman Islands; to advance the economic and political interests of the government, the people and the business community; and to make our economy easier to do business with, including acting as a single doorway for potential foreign direct investment. The Ministry will assume responsibility for the Cayman Islands Government Office in London and other overseas offices, such as the proposed Cayman Islands Government office in Hong Kong which I have previously announced. As Premier, I will assume responsibility for this Ministry which is planned to become operational early in the New Year.

The creation of the new Ministry is the right response to the changed circumstances we find ourselves in but we must also fight to safeguard ourselves against any further inappropriate interference in what is our own business. Make no mistake; the UK Parliament's decision to seek to require public registers represents a constitutional over-reach into matters that should only concern locally-elected representatives. I am continuing to press the case for constitutional reform with the Prime Minister's office and Lord Ahmad, the minister for the Overseas Territories, in order to clearly delineate local matters from the very few areas where the UK needs to retain competence to act directly. Despite the tangled web that is Brexit, the UK has responded positively to the issues I have raised and agreed to work with us on discussing constitutional reform. Constitutional reform may seem a dry subject to some but it matters. It really matters. It matters to our economy and it matters to our people. We Caymanians must be able

to chart our own future and to take responsibility for our own affairs, free from arbitrary or perhaps even malicious interference. I will pause here, Mr Speaker, to thank the Leader of the Opposition for continuing to work with me, to get this matter resolved. I will continue to press the case for change as vigorously as possible. While tourism and financial services remain our pillar industries, and we will work hard to enhance and protect these industries, our vision for the Cayman economy must be one of increasing diversification. My own view, repeated to this House many times, is that we must extend our competitive advantage from financial services into other areas of knowledge-based industries and grasp the opportunities of the digital economy.

In that context, I would highlight two initiatives that will, I believe, be seen to be crucial to the long term prospects of our economy. The ongoing development of Cayman Tech City, part of our Cayman Enterprise City Special Economic Zone, is providing a base for the growth of well over 250 companies from global market leaders to innovative start-ups with a focus in the tech space. This includes the exciting developments in Fintech and Blockchain technology. CEC, with the varied businesses it attracts, including tech businesses, is proving a valuable addition to our business offerings.

In addition, the announcement last month of the launch of TechCayman, which has connections to the developers of Health City Cayman Islands, will see complementary opportunities in the digital space for software companies and others to create intellectual property and other assets. In welcoming this development, I will simply restate the point made by the founders of TechCayman themselves - that this has only been made possible because of my last Administration's willingness to create, almost from scratch, a world-class framework of legislation to protect intellectual property.

I would, Mr. Speaker, add that the implementation of modern intellectual property laws will help drive business in other ways. As an example, as the media recently reported, over the past year the number of applications to register trademarks in the

Cayman Islands has jumped from the typical 300 applications per year to 620 last year. And we expect the number of applications to continue to increase.

Ours then, as I have said before, is a vision for strong economic growth. However, that does not mean growth at any cost - and in two crucial senses our ambition comes with an important qualification.

First, our vision for growth is actually a vision of prosperity for Caymanians. Secondly, growth must be at a level we can sustainably accommodate without irreparably compromising the environment and the way of life that makes our Islands special.

Our vision for prosperity means that all Caymanians must be able to benefit from our economic strength. The ambitions of Caymanians for themselves and their children must be capable of being achieved when matched with the hard work and determination to succeed that has long been the hallmark of the people of these Islands.

I have previously described this as the Cayman economic contract. We welcome the foreign investment, the expatriate wealth creators and the immigrant labour that have for decades, alongside hard working and entrepreneurial Caymanians, been the bedrock of the Cayman economic miracle. But that miracle has also been about the creation of real and meaningful opportunities for all Caymanians to participate and to benefit from growth. Ours is a vision of economic and social inclusion, not one of growth that simply benefits a wealthy few.

The most obvious expression of that inclusion is through direct participation in the economy through either entrepreneurial or employment opportunities. This Government has demonstrated its willingness to help ensure that both of those opportunities are there for Caymanians to take.

There is a widespread perception that this jurisdiction is comprised of multinational financial and legal firms. It is certainly the case that we are blessed with many such businesses here. But it is also the case that the Cayman Islands - all of our Islands - is

home to a thriving small business economy. This Government has supported and will further support those who wish to start and grow their own business. I commend the work the Minister for Commerce, Planning and Infrastructure has been doing to cut red tape, to streamline licensing and other processes and to minimize the cost of doing business in our economy. I am excited by his plans for the creation of a small business centre that will offer the kind of structured support that particularly micro businesses need in their early stages. My last Administration succeeded in increasing the number of new businesses formed and this Administration is building on that as we look to ensure that small businesses are more fully enabled, encouraged and supported by Government.

For the majority of Caymanians, though, it is access to employment opportunities that will remain the priority.

For that reason, one of the key commitments made by this Government was a pledge to achieve full Caymanian employment. We will deliver on that commitment.

The strong performance of our economy, thanks to the policies of the last Administration and this one, has seen a consequent downward trend in Caymanian unemployment since it reached a peak of 10.5 per cent in 2012. The most recent, Spring 2018, Labour Force survey is proof of this – with Caymanian unemployment having effectively been halved since that peak and now standing at 5.3 per cent.

This improvement is against a backdrop of a Caymanian labour force with almost 19,900 Caymanians employed. Overall that means that, thanks to the policies implemented by this Administration and the last, some 3,350 more Caymanians are now working and able to support themselves and their families than was the case before we took office in 2013.

And looking across all sectors of the labour force, I can report that total unemployment is now at 3.4 per cent versus 4.1 per cent at the same time last year; all positive signs of a growing economy providing job opportunities for Caymanians.

However, as good as some may find these numbers, this Government understands that we must do more if we are to deliver on our commitment to full Caymanian employment, where any Caymanian able and willing to work is able to find employment.

This Government appreciates that it is the private sector that creates the necessary jobs, and it is the private sector that must give Caymanians the opportunities to take those jobs. We also appreciate that Government must do more to support Caymanians into the labour market - ready to grasp the opportunities that are there - and we must do more to work with the private sector in ways that facilitate the smooth working of the labour market for the benefit of everyone.

The experience of the last Administration was that the machinery of government was not always up to the task - hindered by bureaucracy and the inefficiency and misalignment of differing ministerial responsibilities. That is why this Government made the creation of the new Workforce Opportunities and Residency Cayman – or WORC - Department one of its first initiatives.

The new department will launch early in the coming year. It will enable the Government to make four vital improvements on what has gone before.

First, we are creating a new function within government to work with our key private sector employers to properly plan and meet the long term labour market needs of our economy.

Secondly, WORC will be able to support all Caymanians to access the labour market in a much more holistic way than has been the case with the National Workforce Development Agency, which it will replace.

Thirdly, it will improve and streamline the work permit process so that it is fair and transparent for the benefit of businesses and employees alike.

Finally, a new accreditation system will be launched that recognizes and rewards the many private sector employers who do play their part in employing and developing Caymanians.

But, Mr. Speaker, unfortunately not all employers play their part and we do know cases where Caymanians have not been given a fair chance for employment in fields where they are qualified or skilled. And so, as I advised this House earlier this year we are working at introducing a Fair Employment Opportunities Commission. This commission will fill a void that exists and will provide Caymanians with a place to go to complain - and more importantly get action - should they believe they have been treated unfairly in the job market – including when passed over unfairly for promotion or not given an opportunity for employment. The Fair Employment Opportunities Bill is still with legislative drafting and did not make this meeting of the House Mr. Speaker, but I am pressing for it to come later this year.

In the long term, the successful functioning of our labour market to benefit Caymanians is only possible if the Caymanians entering the market have the capabilities employers need. To ensure that happens, the Government must address the need to radically improve standards of public education. The Minister of Education will speak in some detail on her plans during this meeting but I am excited by the potential for improvement she has identified and she has the full support of me and her colleagues across Government to forge ahead to deliver the changes we need.

Here again, we are fortunate to benefit from the work done in the last Administration. The baseline assessments of public schools indicated the size and scale of the challenges we face, but they also highlighted for us the key areas in which we needed to act. The Education Law, 2016 gave a complete overhaul to the education system and in so doing created the substantive framework necessary for improvement.

The Minister for Education is now driving that improvement forward. The current budget is investing in additional teachers and in classroom support. More is being done for students with special needs. Plans for John Gray will create the learning

environment our high school students deserve and the pragmatic, phased approach the Government is taking to the project is sensible and will avoid excessive costs.

We are already seeing improvements in education results. The follow-on inspections of our 10 public primary schools found that “there has been an improvement in the quality of teaching...” since the baseline inspections were completed.

Eight out of 10 primary schools were graded “satisfactory” or “good” in the follow-on inspections and results in year six showed significant improvement in results for both mathematics and writing.

These improvements are encouraging. The principals and teaching staff in our schools deserve our thanks and the students deserve our congratulations for their achievements.

Our ambition must be to drive forward. With the support of the Education Council, which the Minister has re-energised, the stage is now set for further improvement on that foundation. All our schools should be graded “good” or better and our exam results should be at a level that compares with the best internationally. We must not settle for anything less. Only then can we be confident that young Caymanians are leaving school equipped for the competitive labour market they will face.

To achieve that ambition we need to see further improvements in the quality of teaching. Last month, the Minister announced that the Government will be raising salaries over the next two years to recognise the hard work that teachers do and to boost our ability to attract and retain the best teachers, including Caymanian teachers. Our ongoing investment in the continuing professional development of our teachers will help support the brightest recruits to become the best educators.

Support for academic achievement must be matched by other pathways into work through technical and vocational education and training. The Hospitality School started during the last administration is now paying real dividends. We need more success stories like this. The Government has begun a far-reaching review of the variety of



programmes that are already in place and we will work with employers on the results of that review to enhance the opportunities for young Caymanians in terms of internships, apprenticeships and other forms of work experience.

It is also a key component of this Government's approach that we need to ensure that growth is geographically rebalanced. Job opportunities will continue to be created in and around George Town and Seven Mile Beach, but we can do more to spread growth elsewhere to benefit other districts and their communities.

With strong government support the continued growth of Health City is creating more and more jobs both directly and indirectly in the Eastern Districts. The Tech Cayman initiative, which I mentioned earlier, may, in time, mirror the success of Health City and bring digital economy jobs to the Eastern Districts. The Mandarin Oriental hotel recently announced for Bodden Town will potentially act as the beginning of a renaissance in tourism in our former capital. The hotel will create hundreds of jobs in its own right but it will also provide a catalyst for local business opportunities and provide the anchor for other tourism developments in Bodden Town.

Nor have we forgotten the Sister Islands. The expansion of Charles Kirkconnell International Airport has enabled increases in airlift here to the Brac and on to Little Cayman which has boosted tourism numbers by 12 per cent over the last two years.

The second issue I raised in qualifying our ambition for economic growth was that the level of growth we achieve must be sustainable.

The most obvious concern here relates to the impact of growth on our precious environment. This must always be a crucial component of the Government's approach to the economy and so it is with this Government.

I have mentioned just now that our support for the cruise berthing facility is conditional; not just on finding a suitable funding model but also on a design that minimizes the environmental impact.

This Government is also taking steps not just to safeguard existing beach access and public open space but to enhance it. The work the Education and Financial Services Councillor and MLA for George Town South is doing in her community on plans for Smith Barcadere is a standout example of what we can do to create a local environment, which we can all enjoy and from which we can all benefit. And a little further east, the South Sound Boardwalk which I have personally championed for more than a decade, and which is now almost complete, will soon provide a safer space for those who walk or run alongside that section of South Sound and further enhance one of the most beautiful aspects in Grand Cayman. And just as important it will also preserve for years to come the gorgeous vistas along that section of coastline for the enjoyment of all.

Vistas are important Mr. Speaker, but Caymanians also cherish access to the water and our beaches. Which is why Mr. Speaker, my Government brought a motion early this year to utilise \$10 million from the Environmental Protection Fund to purchase land for public use, particularly beachfront properties and beach access pathways. These will forever be available for use by generations of Caymanians, residents and visitors. I want to thank all members of this House once again, Mr. Speaker, for supporting the Government motion and unanimously adopting the motion.

More broadly, we need to protect our environment and secure long term energy security through a shift away from these Islands' almost complete reliance on fossil fuels. The National Energy Policy adopted by the last Administration sets out an ambitious blueprint for Cayman's future.

Work is now under way to implement that plan beginning with a number of initiatives that will promote energy efficiency and energy saving by households and businesses and kick start our transition to a lower carbon economy. It will not happen overnight - indeed it cannot happen overnight – but progress is being made.

We must also think about the kind of growth we want to attract to Cayman. That is why I have highlighted growth in the digital economy that can be achieved without the need for significant land take.

Sustainable economic development also requires that infrastructure keeps pace with growth. The most obvious aspect of that is road infrastructure. Any journey around Grand Cayman in recent months might be characterized as a tour of various roadworks. That has brought some short term pain but it has been a necessary part of our efforts to catch up on the backlog and to create the transport network this country needs. The successful completion of phase one of the Linford Pierson Highway improvement project last month by the National Roads Authority is just the latest example of the benefits our investment is bringing to these Islands.

Improved roads and pedestrian areas are a key feature of the George Town Revitalisation Project that was started under the last Administration. The Ministry of Commerce, Planning and Infrastructure continues to develop the Revitalisation plan and is in the final phase of hiring a town manager to oversee the plan's implementation. The town manager will work directly under the Ministry and will begin by supervising some of the smaller, but important projects identified within the plan; the low-hanging fruit that should immediately give the town centre a freshened and friendlier feel.

Simultaneously, stakeholders, including businesses and residents will be invited to contribute to the broader development of medium and longer term plans to improve our town centre and beyond.

Another key part of the George Town Revitalisation project is to maintain the main functions of Government within the Capital. This Government will resist any approaches or suggestions to move functioning Government entities outside of the Capital. For about 150 years George Town has been the centre of government and it has been inside the government buildings within the core of the Capital that historic decisions that have guided our country's development have occurred, including Mr. Speaker, the

events surrounding the creation of our Coat of Arms and our first constitution; events that we are celebrating this year and next.

So Mr. Speaker, I am therefore pleased to announce that Government has, last week, completed the purchase of the Scotia Bank Building and its satellite car parks. These will support a larger project to provide 21<sup>st</sup> Century court facilities for these Islands - and in so doing delivering on another of this Government's stated objectives. Plans include erecting a new multi-story courts building connecting the Scotia Bank building and the existing Court House, which will also be suitably refurbished. The first phase of this project will commence early next year.

When complete this project will resolve the longstanding need for modern court facilities that will also serve as a significant landmark for generations to come. I am pleased to say that the Chief Justice and his staff are as excited as the Government by this development and we are all committed to ensuring that the end result is not only fit for purpose but also affordable. As the plans develop we will certainly keep this honourable House and the public advised.

Other physical infrastructure needs must also be met. One of the most pressing has been the need for a modern and effective solid waste infrastructure for all three Islands. Negotiations with the Dart-led consortium to create that infrastructure are continuing as we seek to reach an agreed position on a number of reserve matters, including financial, technical, and legal issues. Once these have been agreed, a draft contract will be drawn up for Central Tenders Committee to review and, hopefully, approved. The technical staff has advised that it anticipates this occurring by the end of March 2019. The work being done on the Environmental Impact Assessment is also expected to be completed by March and shortly thereafter, all going well, we expect to have planning approval for the built waste facilities that are at the core of the project .

There is a lot going on with this very technical project and I am grateful for the hard work going on in the Ministry of Health to ensure that we do not get blown off track and will actually see the work on the new waste management project begin in 2019. It has

been a long time coming but we are getting there; and when completed we will have a modern fully integrated waste management facility that will end our reliance on the existing landfills.

The ability to use waste as a resource for recycling and energy generation instead of a problem to be dumped transforms our approach to waste management and brings considerable health and other environmental benefits.

Sustainability also has an important social dimension. Our economic success must drive social improvement and not be used to mask inequity.

The single most important issue in my mind is how we protect the most vulnerable in our community. The preference should always be, wherever possible, to ensure people have the means to look after themselves. That is why the budget passed by this Administration provided for what is, in effect, a minimum income guarantee for those in receipt of “poor relief” payments, our seamen and veterans and long-standing civil service pensioners. This minimum income guarantee was set for this year at \$650 a month, rising to \$750 a month next January. Under this Government, as of January, 2019 these welfare payments will have increased by 36 per cent since we took office.

The Government provides other support for these individuals in meeting their medical costs and providing other forms of social assistance. Part of the unfinished business from the last Administration is to modernize the Government’s approach to welfare so that those Caymanians who need it can receive the right help at the right time. Here I must give my personal thanks to my Councillor, the MLA for Prospect, who is working on my behalf with the new leadership of the Community Affairs Ministry - first to reform the hodgepodge of legislation that covers welfare and then to ensure that the supporting processes in the Needs Assessment Unit and elsewhere in government are efficient and fit for purpose.

In addition to supporting individuals in need, we also recognise the value of assisting Caymanians looking to purchase their first home to do so. And so we are continuing the

work started last term to build homes that can be afforded by middle income Caymanians. There are some 16 new affordable homes now being built in Bodden Town and approaching completion that will be sold at between \$110K and \$125K. I thank the Minister and the Councillor for Environment and Housing and MLA from West Bay Central for their continued work in this area. Mr. Speaker, I also thank the Chairman of the Housing Trust, Mr. Tony Powell, and his able board for the work they did and are continuing to do to make this happen.

I wish to highlight two specific groups that I believe have been let down by successive Governments but who can now look to this Administration for effective support. The first of those are people suffering from mental illness.

For years, we have required those patients to be sent off Island for treatment at huge costs to the government and at huge inconvenience to them and their families. My last Administration committed to a long term residential facility here in Cayman for those with mental illnesses. I thank the Minister for Health, Environment, Culture and Housing for his efforts to bring that project to fruition and we can look forward to the contract to build this much needed facility to be awarded next month and for the facility to be open early in 2020.

The second group I want to highlight is children and young people at risk. Like many communities, we in Cayman have for too long allowed the suffering of vulnerable children and young people to remain hidden - often hidden in plain sight. This Government will tolerate that no more.

As a Government, we must put our own house in order and protect young people in our care. That is why we are prioritizing improvements to the Northward Residential Facility to allow the proper separation of adults from children with special needs. More broadly, the Ministry is reviewing the effectiveness of the Department of Children and Family Services, and working to achieve the full potential of the multi-agency safeguarding hub in partnership with the Royal Cayman Islands Police Service which, I

am pleased to say, has recognized the need to prioritise their work on safeguarding children and combatting domestic violence.

This is one facet of the much closer relationship between Government and the police that has been engendered since the current Commissioner came into post. We all recall how out of touch many felt that the Royal Cayman Islands Police Service had become from the communities it serves and how remote the former leadership was from those of us who are elected to represent those communities.

The new partnership we have created is built on the willingness of the current Commissioner to work with the elected government and respond to the voices from our communities. Thus we have seen a welcome return to more visible community policing, ably led by Inspector Courtney Myles, made possible by the extra resources the government provided for the current budget. Discussions to supplement the additional police beat officers on our streets with community safety officers, similar to the community warden service we campaigned on, are now at an advanced stage and I look forward to seeing the first recruits go into action next year. The Commissioner is finalizing his plans for community safety officers and will make a formal announcement in time. I will take this opportunity to again thank him and his team for their hard work and for creating an atmosphere of partnership with the elected Government.

But the extent of their work goes beyond Community Policing and their broader work in fighting violent crime is also greatly appreciated.

Over the past year gang related crime has been disrupted with the arrest and imprisonment of some 10 high profile offenders.

In addition to the 18 guns turned in during the amnesty earlier this year, the RCIPS took a further nine guns off the streets this year for a total of 27 illegal guns. Last year some 29 illegal guns were removed.

Mr. Speaker, the Joint Task Force of Customs, Immigration and Police that was formed this year has brought about 50 arrests, interdicted 750 pounds of ganja, and

seized over \$240,000 in illicit cash. They are also focusing on illegal gambling that often serves to fund other serious criminal ventures.

This government committed to creating safer communities and cutting serious crime, including gang and gun related crimes and we are providing the RCIPS with the resources needed to accomplish this. In turn, the Commissioner and his team are putting those resources to good use in acting to reduce crime in our Islands.

The Government also committed to dramatically improving border security. Last week the public was able to get a glimpse of the work that has been ongoing behind the scenes to create a Cayman Islands Coast Guard with the appointment of Commander Robert Scotland and Lieutenant Commander Leo Anglin as well as the appointment of Mr. Charles Clifford as the Director of the new Customs and Border Control agency. I again congratulate all three on their appointments and on behalf of the Government I wish them success in the vital work they will be undertaking in their new roles. Both of these two entities will work to make our Islands safer, stem the flow of drugs, guns and illegal immigrants into our Islands, and at the same time smooth access to Cayman for legitimate travel.

It has been a short 15 months since the current Government was sworn in but we are delivering on our commitments and our ambitions for Caymanians. However, it is the achievement of this Government's ambitions for the economy that is enabling us to deliver by generating the income to support necessary government spending.

We are not, however, falling into the trap of simply spending whatever revenues come our way. Rather we are taking the same measured approach that was the hallmark of the last government. Yes, we are ambitious for our people but part of that ambition is to be able to meet the current needs of these Islands without creating a burden for future generations.

We moved into full compliance with the prudent ratios sent out under the Public Management Finance Law towards the end of the last Administration, but we have not



loosened our grip on public finances. Whilst we have maintained our pledge not to raise fees and charges, government revenues, fueled by our economic success, continue to rise. We are continuing to bear down on costs wherever possible. As a result, for the first six months of 2018, the entire government surplus topped \$200M. We continue to set aside money to build our reserves and the surplus is also funding our capital projects that are under way. We also continue to pay down government debt and in fact have repaid almost \$20M over the course of this year alone. We will make a significant further step in that direction next year when we repay at least half of the bullet bond that falls due. The surpluses we achieve will also help cushion these Islands should natural disaster or economic downturn threaten. I would like to thank the Minister of Finance & Economic Development for steering the public finances so skillfully.

Mr. Speaker, it is because of our able management of public finances coupled with a strong and vibrant economy that has encouraged increasing investments across our country. This growth can be seen in the increased diversification of the economy as well as in gains in the financial services, tourism and development sectors. In fact from 1 January to 30 August this year, the Planning Department has approved almost 670 projects valued at over \$749 million.

This Government and I recognise we have not achieved what we have done alone but this Government, like the previous one that I led, has been ably assisted by a good cadre of civil servants across all of core Government. And so, I am pleased to advise today that the Government has agreed to provide a 5 per cent cost of living increase to the civil service this year, back dated to 1 July, 2018, and which will be commence being paid with the September salary. Providing Government financial performance and the economy remain strong, we will look again at a further CoLA increase in 2020 to adjust for the Consumer Price Index between 2018 and 2020. This will finally begin to bring civil servant salaries back on track after seven or more years of playing catchup with an increasing cost of living. This will also complete the plans started during the last Administration to bring civil servants pay back in line and will not only benefit families of civil servants but is money that will be spent back into the local economy.

We are also reviewing the broader salary scales of the Royal Cayman Islands Police Service, Fire Service, and employees of the Department of Environmental Health to ensure we can attract and retain the staff we need and I will advise on these at a later date once the reviews are completed.

In summary, this is a Government whose ambition for our people is clear. We are working to support economic growth in our pillar industries while increasingly looking to diversify our economy. We are ensuring that growth brings prosperity for all Caymanians by fostering entrepreneurship and creating the conditions necessary for full employment. We are ensuring that young people can participate in work through improvements we are delivering in our education system. We are striking the balance between economic growth and environmental impact and investing in the infrastructure that we need as our economy continues to grow.

Some infrastructure needs such as airport, cruise port, mental health facility and a new courts building have been needed for well over a decade, but those needs are finally being met by this Government building on the foundation set by the last Administration. And Mr. Speaker, this administration, like the last one that I led, has thus far achieved all that we have done with no new debt or no new taxes.

This Government recognizes and is responding to the needs of the vulnerable in our community. We are improving living standards and acting to enhance public services to meet the needs of individuals and groups who need our help. We are working with the police to tackle crime, enhance public safety and to provide public reassurance.

All this we are doing while delivering on our pledge not to increase fees and duties, achieving budget surpluses and paying down government debt.

Mr. Speaker, I thank my entire team, Ministers and Councillors, for their hard work and commitment. I also wish to thank the Acting Governor, Acting Deputy Governor, Attorney General and the Cabinet Secretary for their work and support.

In particular, I wish to acknowledge the stellar work that the Acting Governor has done since he was required, with no notice, to step in to assume that role in the absence of Anwar Choudhury as Governor. I welcomed the focus on delivery that Governor Choudhury had brought to the role and regret his untimely withdrawal. While the uncertainty created by the means and timing of his absence is at the very least unhelpful, it is great comfort to me and my Government that the Acting Governor and others have been able to carry on the business of government with such dignity and professionalism. The House will know that this matter is entirely outside the remit of the elected government but I, and I believe the House and the country, hope that it will soon be resolved.

To the civil servants who are charged with implementing our policies, programmes and projects, I thank you for your hard work and assistance in delivering the Government's priorities.

I also thank my small but dynamic team in the Office of the Premier that provides support to me and the Government Caucus. A particular, personal thank you is due to a Bracker no less – Roy Tatum - who provides both able leadership to that team and unwavering support, invaluable advice and true friendship to me. I am truly grateful.

Mr. Speaker, I cannot close without thanking you for the able job you are doing as Speaker of the Legislative Assembly. I also thank the Clerk and the other hardworking staff of the Legislative Assembly without whom we could not do the work we do here.

Mr. Speaker, this is a Government delivering on the ambition we have set out. This is Government whose talent is drawn from across political lines and made up of all those whose interest lies in doing what is best for our country and our people. This is a Government I am proud and privileged to lead.

In closing, I will say again that working together as one my Ministers and Councillors have achieved much over the last 15 months and I am proud of all that we have done. In the next two and half years we will achieve much more, I have no doubt. Indeed Mr.

Speaker, it is true: there is great strength in Unity. The best, the best for these Islands is still to come.

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