

RESPONSE TO THE THRONE SPEECH, POLICY STATEMENT AND BUDGET

FROM THE PEOPLE'S REPRESENTATIVES



BUILDING A BETTER FUTURE
BY LEARNING FROM OUR PAST

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INTRODUCTION

The Premier launched his policy statement with the history-making events of the day and while I agree with him that those events he mentioned were positive history-making events, the more troubling historical event of the day was the Speaker giving thanks to the Governor for her throne speech.

This was the first time in our proud democratic history that the Speaker usurped a privilege normally reserved for members on the floor of this honourable house. This unfortunate act, this complete disregard for established protocol, accepted procedure and ancient practice has never happened anywhere in the British Commonwealth that observe, obey and accept Westminster style democracy.

I trust, hope and pray that it will not happen again, even though there will be those amongst us who will claim that a new precedent has been established. It is these continued, deliberate and to some members small changes that are eroding the authority, function, respect and effectiveness of this Legislative Assembly. These are the kinds of changes that only serve to give members and the whole Legislative Assembly a bad name and cause our electors speak so poorly of us. I am embarrassed to be forcibly made a part of this simply to keep the peace.

The government has labeled the policy statement, Throne speech and Budget with the title STABILITY, EMPATHY AND PROSPERITY – A PLAN FOR SUSTAINABLE SOCIAL AND ECONOMIC DEVELOPMENT WHILE MAINTAINING FISCAL PRUDENCE – AN INDUCEMENT TO GROWTH. Lots of fancy words here, but no matter how they try to dress it up, this is a plan that is simply not good for the average Caymanian.

It is nothing more than a continuation of the regressive policies of the Progressives by this National Unity government — policies that cater to the elite class of Caymanians, the foreign businesses, the foreign worker, which will lead to the continued erosion of the middle class and the increased suffering and hopelessness of the poor Caymanians.

It is very likely historic as well that the very moment the Premier was making his policy statement in this house, members were being informed by text message that an armed robbery was taking place in broad daylight. Not likely to be seen as a sign of prosperity for Caymanians.

The Opposition intends to support those things in the budget that, as "the

people's representatives", we believe are good for Caymanians. We intend to put forward constructive alternatives that offer not "EMPATHY" but "ACTION" for Caymanians.

We, the shadow government will offer five contributions to this debate.

We have chosen as our theme: "BUILDING A BETTER FUTURE BY LEARNING FROM OUR PAST THROUGH A RETURN TO OUR FOUNDING PRINCIPLES".

It was Mahatma Gandhi who wrote about the seven dangers of Human Virtue, namely:

1. Wealth without Work
2. Pleasure without Conscience
3. Knowledge without Character
4. Business without Ethics
5. Science without Humanity
6. Religion without Sacrifice
7. Politics without Principle

Our forefathers managed these dangers as they built Cayman's economic miracle and we the elected members of this honourable house need to pay special and deliberate attention to number 7 — POLITICS WITHOUT PRINCIPLE.

As elected leaders we should be encouraging, demanding and demonstrating WORK, CONSCIENCE, CHARACTER, ETHICS, HUMANITY, SACRIFICE AND PRINCIPLES, while combining all these with good old fashioned Caymanian Common Sense, Ingenuity and Entrepreneurship.

We intend to offer constructive alternative uses of the revenue that the government projects to collect, that is the \$730.7 and \$722.8 million as stated in the budget documents. For example, when we suggest that resources should be increased in a particular area like education we will recommend equal reductions in other areas.

The budget figures in the Plan and Estimates document rarely support and often contradict the promises and assertions made in the Throne Speech, the Policy Statement and the Budget Address.

Common to all three speeches is the Government of National Unity's assertion and promise that education is the number one priority.

Here are the facts from the budget documents and specifically the Plan and Estimates. Page 139 – line item EGA 6 –Secondary Education Services in 2018 gets \$23,555.030, which represents a 0.02% reduction below the 2017 allocation. In 2019, the \$23,768,793 budgeted is still \$375,134 below the budget allocation for 2017.

In the Primary Schools allocation, we find the same thing. On pages 137 and 138 – line item EGA 5 – we find only a miniscule increase of \$21,560,868 representing only a 0.02 % increase above 2017. Hardly enough to increase teacher's salaries to at least \$5,000 each per month. Another promise, proclamation and public announcement not kept.

These reductions are even more profound on page 143 in EGA8 – Facilities Maintenance and Operational School Support Services – where the amount budgeted for 2018 is reduced by \$1,110,742 below the 2017 forecast. All the schools need more maintenance, not less.

Contrast this with the massive, enormous, gigantic and walloping increase in this budget for 2018 on page 179 FSC 34 Prison Custodial Services of \$11,390,803. That is \$6,271,058 more than the 2017 forecast of \$5,119,745. It is more than 100 percent increase for prisoners, most of whom were failed by the very education system we are continuing to underfund.

Follow the money to determine the real priorities.

The Premier speaks of the devolution of authority to principals that the new Education law offers, but the budget figures demonstrate otherwise. While the Government proposes to reduce the funding to high schools and marginally increase the funding to primary schools, they are in fact increasing the funding to the already overbearing, top-heavy, inefficient and ineffective administration by a whopping 15%.

Pages 134 and 135 of the Plan and Estimates under line item EGA1 – Policy advice, Governance and Ministerial Support Services show for 2018 \$6,103,744, an increase of \$804,244 over the \$5,299,500 allocated for 2017.

This is hardly a demonstration that devolution to the schools is being facilitated.

I will return to the portfolio of Education later in my contribution when I deal more specifically with my shadow Minister responsibilities of Education and Health.

This is only one example. There are many instances in these budget documents where the figures we are being asked to approve under the Appropriation law do not support the promises and claims in the three speeches delivered here last Friday.

Suffice it to say that many more of these discrepancies will be demonstrated by members of the opposition when they make their contribution to this debate in relation to their shadow ministerial responsibilities.

The Premier, Minister of Finance and Economic Development and her Excellency the Governor all lay claims and boast of the government's financial prudence in this budget.

But is it really prudent to deny Caymanian children in the public school system resources that are badly needed to enhance their opportunities to be the best they can be while boasting a net surplus of \$141 million and giving children of the elite in private schools one million dollars?

Certainly it would seem more prudent to reduce the surplus by \$10 million to hire the badly needed teachers, the support teachers, to pay teachers more, and provide the consumable resources needed to enable better and greater achievements in education.

Our ACTION, not EMPATHY will improve educational opportunities and allow Caymanians to get better jobs with higher incomes that will lead to better lives for Caymanians.

However, we all know that there is no \$141 million surplus in this budget cycle from which to get the \$10 million for education improvements. The \$141 million this government claims as a surplus is an operational surplus produced by subtracting the recurrent cost from the revenue.

In 2018 the figures are:

Revenue	\$730.7
Operating expense	\$644.1
Operating surplus	\$ 86.6
Less Subsidy to PA/SAGS	(\$19.6) = \$67.0
Less debt servicing	(\$30.3) = \$36.7
Less Capital	(\$74.2) = (\$37.5) DEFICIT

There is no surplus from which to fund education, but we could use the money for cruise berthing, the one million for private schools and some from the subsidy to PA/SAGS.

The Government also makes the claim and places great confidence that there are no new taxes or increased fees in these two one-year budgets. You will recall that they made the same claims in the last four budgets, yet a Police Record went from \$10 to \$25 and the new requirements of the Business License regime drastically increased the cost associated with an application. The new Builders Law introduced additional license fees that added to the cost of being a contractor.

These increases and others all contributed to increases in the cost of living for average Caymanians.

The opposition cannot support the cruise port developments while education is being denied the support and funding that it needs.

This secret cruise port development is going to consume large portions of the port revenue that now helps to fund the cargo operation for at least the next 50 years.

We in the Opposition say secret because we have, on at least three occasions verbally and at least once in writing, requested a presentation on the details of this project over the last six months and none has been forthcoming. We are left to wonder what is being covered up.

In the absence of facts from the government as to design, cost and funding here is what the EIU has dredged up, researched or had left on my truck windshield.

Design – 2 piers in deeper water – less dredging greater cost

Cargo area increased by 7 acres.

Cost – \$300 million plus

Funding – Cruise Industry – \$50 million

Diversion of all fees related to cruise passengers to cruise industry for 50 years.

Government guarantee – None

Secret – the various business cases done by consultants.

So the question is, who is providing the other funds or guarantee to other financiers to build the cruise birthing facility?

The Opposition is of the view that the diversion of all cruise related income from the port, the additional cargo handling equipment, and the cost of handling larger cargo ships will lead to an increase in port handling charges and therefore an increase in the cost of living for Caymanian consumers and not a reduction as pontificated by the Premier and his government in this budget.

The \$5 plus million new crane will be paid for by Caymanians as increased cost of goods we buy in the supermarket and hardware stores.

The current shipping companies are providing twice-weekly cargo service and the amount of cargo they handle does not require them to use bigger ships. The twice-weekly service guarantees fresh produce and quick service. Larger ships coming twice or once per month will mean perishables will have to be delivered by airfreight at higher costs to the consumer and delays in shipping.

The Premier says that preliminary design and cost estimates for the cruise berthing facility are complete and bid documents are being finalized with the next procurement stage this month November 2017. How is this possible if a design is not complete and the Caymanian public has not seen what is being built?

The pipe dream by the Port Authority that George Town could be a transshipment for perishable goods from Central America is not going to happen. I ask the Minister responsible for the Port Authority to name such shipping companies and gives us the projected cargo, its source and the estimated income the port is likely to get from such a transshipment facility.

Is this part of the grand scheme for the Port Authority that justifies going from two deputy directors to five?

The Opposition is of the view that the money allocated in the budget for expansion of the cargo facility and cruise berthing would be better used to build a new primary school in the Bodden Town/Savannah area and to complete John Gray High School within this budget cycle.

The Government of National Unity is made up of all the single member Electoral Districts within the catchment area for John Gray High School. Yet they expect the parents in their constituencies to accept that they would rather build an unnecessary, unjustified and unknown port at a cost of more than six times what the new John Gray High School would cost, while their children and their teachers suffer great health risk in mold-infested classrooms.

The Opposition is very concerned that the Dart conglomerate, in some kind of consortium with other local vendors, has won the bid for the proposed solid waste management system.

We hope that the Minister responsible can shed some light on how this bidding process was handled and give an account of what transpired which will give the people some faith and assurances that the procurement process, as established in law, has been followed.

There are other reports that Dart is somehow involved in the following;

1. The behind-the-scenes funding for the cruise berthing facility
2. The re-financing of half of the bullet bond
3. The acquiring by Cayman Airways of the four 737 800 max jets
4. The control of a majority of the tourist accommodations

Mr. Dart, the Vulture capitalist that he is, may not be the best person to be so involved with the Government.

This Opposition will demonstrate with our five contributions to the debate that this budget is a good one if you are amongst the elite in Cayman, owners of big business and an inward investor.

There is very little in this budget if you are a poor Caymanian, or a sick Caymanian or an unemployed or an under-employed Caymanian. In short, there is not much here for the average Caymanian.

The numbers in the budget documents do not match what the Premier, the Governor or the Minister of Finance claim in their speech.

For instance, they claim they will create 1,790 jobs through the provisions in this budget and that maybe so. However, the figures in the budget also say they intend to increase work permit revenue from \$66.4 million in 2017 to \$70.7 and \$72.5 million in 2018 and 2019. At an average cost per work permit in 2017 of \$2,656,

over the two-year period 2018 and 2019 the Government intends to increase work permits by 2,447 to collect the additional revenue of \$4.3 million.

In other words, while the Government boasts of creating 1,790 jobs for Caymanians, they are budgeting to allow 2,447 additional work permits. What that means is that 657 Caymanians currently employed will lose their jobs to work permit holders so Government can collect the revenue.

There are no allowances for the hundreds of high school graduates to be employed or for Caymanians graduating from college during this budget cycle to get employment.

The Government plans to increase work permits to get more revenue, not job opportunities for Caymanians according to this budget.

To this end of increasing revenue from work permit fees, the creation of the National HR Department will be an exercise in futility and will only add to the frustrations of Caymanians looking for employment.

Until this Government of National Unity is prepared to deal with a reduction in the number of permits and the corresponding reduction in revenue, Caymanians will continue to be unemployed. The new National HR Department may flap a lot of wings but no birds will be flying.

The Premier declared that his Government is "not prepared to needlessly penalize those from overseas who want to come to work here alongside us and help us to shore up our economic strength. We are prepared to make sure our immigration and work permit system is efficient, fair and transparent. Those with a contribution to make to our economy and to our society are welcome here; but skilled qualified Caymanians must be provided that same opportunity."

This declaration clearly places work permit applicants before Caymanians. So the question is, what about the unskilled and unqualified Caymanians?

This Government continues to promote policies that allow population growth by the granting of Cayman Status and Permanent Residencies to outnumber births by Caymanians, so each year the percentage of generational Caymanians becomes less and less. This means that the influence of new Caymanians over the economic and political forces that govern the country becomes stronger each year.

The Opposition believes this trend needs to stop and that one way of stopping this is by a review of the Immigration Law to reduce the grant of Caymanian status to only two methods: by marriage and descent of Caymanians.

If I live to be as old as my father, this country will have doubled its population four times in my lifetime, given the current demands for population growth by the business community.

The Opposition is very concerned that in the three speeches delivered here on Friday, there is a total omission by the government of any reference to the mortgage crisis faced by far too many Caymanians.

There is not a single word, not a line, not a paragraph, not a page in the three speeches, nor is there any money allocated to this mortgage crisis. The fact that hundreds of Caymanians are losing their homes seems to have completely escaped the attention of this government. Yet, they boast of a budget which is supposed to be about EMPATHY!

On page 7 of the Plan and Estimates document, the government establishes eight broad outcomes, and on pages 8 -13 they list 63 specific outcomes and key policy strategies, with not a single mention of the mortgage crisis nor any strategy to help Caymanians save their homes.

The plan and estimates on pages 26 – 31 also detail some 89 laws to be amended or enacted, yet there is no reference to amending the banking Laws, or the Cayman Islands Monetary Authority law, nor any plans to enact a proper mortgage law to protect Caymanians. There are no plans to enable CIMA or to amend the banking laws to protect Caymanians, and in particular senior Caymanians on single income, from being abused by the banks' unilateral actions to introduce charges that reduce their income.

The government is either in complete denial or ignoring the cries of Caymanians, or they have been successfully lobbied by the banks to do nothing to help our suffering Caymanians.

Once again, this budget does not offer needed assistance for the average Caymanians.

This mortgage crisis could lead to a serious homeless problem and there are no funds in this budget to assist homeless Caymanians in any meaningful manner.

EDUCATION

Let me now begin to address the areas for which I have shadow Ministry responsibilities and I will start with education.

The Opposition members took the time to visit all the government primary schools and the two high schools on Grand Cayman.

Let me take the time, on behalf of the Opposition, to most sincerely thank the principals of the schools for making the necessary arrangements to accommodate our visits.

This was a very valuable and pleasant exercise and we learnt much about our education system.

Here is what we found.

On the positive side:

1. The students were engaging, enthusiastic, and demonstrated a quest for learning.
2. The students were well behaved, respectful and disciplined.
3. All the schools demonstrated and exhibited a respect and reverence for our Christian heritage.
4. The teachers were hard working, enthusiastic and commanded the respect and attention of their students.

On the negative side:

1. All the schools needed more human resources – more teachers, assistant teachers, support staff and specialized staff, especially SEN teachers.
2. All the schools needed more space – additional classrooms, special purpose rooms, assembly halls etc.
3. All the schools needed more consumable supplies and teaching aids.
4. The schools needed more and better maintenance on the buildings and equipment.
5. The principals want more autonomy and authority over their schools, staff and budgets.
6. The schools need more resources to manage their special needs children located within the schools and not only on certain days or periods during the day.

7. Teachers and managers within the high schools want to do more for technical education within their schools and to start technical education in grade 9.
8. The teachers and managers within the high schools want to bring the A-level exams back to their schools.
9. In most of the schools, the play area for small children.

Sadly, the figures in the plan and estimates do not provide the resources to satisfy any of the schools needs, particularly when secondary education vote is reduced and primary education is only marginally increased.

Unfortunately, a million plus dollar reduction in the maintenance vote is unlikely to deliver the increases in maintenance that is needed at all the schools.

Simply put, education is in need of some serious increases in funding.

Time to sink the dock and float education so all children can benefit from the rising tide.

Thankfully, the budget does contain \$9.6 million dollars, which the Opposition supports, but we believe it is not enough to cover special education, the enhancement of science, literacy and math, as well as skills upgrading for 400 teachers and assistants, and for scholarships and youth programs and additional teachers.

This is an awful lot to get from \$9.6 million and this is the problem with education. The government is providing the schools with just enough to get by and often to get in trouble.

It is going to be an interesting exercise in Finance Committee to drill down and determine just how this \$9.6 million is being divided and how much is going into administration and shared services, as opposed to the individual schools.

The Premier also says in his policy statement that \$36 million is being invested in education over two years for computer software and equipment and needed improvements at Bodden Town, Red Bay and Savannah primary schools, as well as UCCI. This amount is also expected to start the initial planning for a new West Bay Primary school, as well as the completion of the John Gray High School.

The Opposition supports this, although the member for East End and I are concerned that the needs of East End Primary and Edna Moyle Primary Schools are excluded from the distribution of this money over the two-year period.

The Opposition contends that for these schools to get the proper attention in this budget cycle this amount needs to be closer to \$100 million — one third of the cruise port cost.

Time to sink the dock and float education so all children can benefit from the rising tide.

At least give education the \$3 million budget for the port and take the balance from the 141 million surplus. OOPS! I almost forgot that surplus is a duppy. It doesn't really exist, but in case we find it in Finance Committee, let's put some in education.

It would be interesting to hear in Finance Committee what was the actual submission for this budget from the education ministry and what would be their true needs for education if they could get that amount.

There is an old adage "if you think education is expensive, try ignorance".

Time to sink the dock and float education so all children can benefit from the rising tide.

HEALTHCARE

Healthcare is a mess.

In January 2017, the Office of the Auditor General did two very comprehensive reports on healthcare in the Cayman Islands:

1. Cayman Islands Health System
2. Ensuring Quality Health Care and a Healthy Population

These reports should have served the government well in preparing this budget, but listening to the speeches and reviewing the plan and estimates, it seems both reports were ignored.

The report, “Ensuring Quality Health Care and a Healthy Population”, was particularly critical of the system and pointed out many inadequacies, many of which should be addressed and arrested in this budget cycle. Instead what we hear is the same old inadequate incremental increases with none of the boldness that is needed to transform healthcare in the Cayman islands.

The executive summary of this report states and I quote:

“More generally, the audit found that Government's ability to execute its health-related roles and responsibilities is impaired by weakness in two-way communication with its private sector partners and by shortages in capacity. There are resourcing shortages at the Ministry level (where they were identified as one of the major factors leading to delays in implementing the NHPP), within the Department of Health Regulatory Services (where the enforcement of compliance with the Health Insurance Law and Regulations has suffered despite innovative initiatives that sought to compensate for shortages of staff), and within the Health Services Authority.”

The managerial incompetence and inadequacies at the Ministerial level and the Health Services Authority need to be addressed, funded and eliminated in this budget cycle.

The recent changes in the Medical and Dental Council to remove the Caymanian doctor who was determined to maintain and raise the standards because he was considered not good for business, might not have been a wise move. Now that he is not bridled by the constraints and responsibilities of being chairman of the

council, he may be more difficult to handle as he possesses the fortitude to not go quietly into the night.

The Premier should not take too much credit or raise his expectations that putting the Financial Secretary or his designate and the CO of the Ministry of Health on the Board will have any effect on the finances at the Health Services Authority given the results of the most recent audited accounts which would have to have been accepted by the Board before they were referred to the Auditor General.

These accounts were approved after their appointment and the Auditor General had to make some \$50 million in correction before the accounts could be audited.

I welcome the HSA's declaration that they will get a clean audit opinion in 2018 and oh by the way, Deloitte was not employed to advise on how to successfully progress this, but rather to identify the problems. Another contract is required to implement and progress the corrections necessary for a clean audit.

Neither the budget documents nor the three speeches mention any of the recommendations made by the Auditor General in the report, all of which were endorsed and supported by the Public Accounts Committee and we anxiously await the Government minute response which is past due.

The Opposition welcomes the government's plan to review the role of CINICO and given the information contained in the Annual Report from the Cayman Islands Monetary Authority tabled this morning, it may be time to go to a single payer system.

This report, on page 30 table 10 – Domestic Insurance Statistics by Primary Class of Business as at 31 December 2015 – reveals the following about health insurance:

Direct premiums.....	\$245,349,000
Assumed premiums.....	\$675,000
Ceded premiums	\$30,195,000
Unearned premium adj	\$4,000
Total underwriting income	\$215,825,000
Expenses paid.....	\$124,911,000
Change in IBNR.....	\$9,000
Incurred loss sub total	\$142,563,000
Acquisitions and gen exp.....	\$21,743,000
Total underwriting expenses	\$164,306,000
Total underwriting income	\$51,519.000

This indicated that the Health Insurance providers, in spite of their weeping and wailing, are not losing money and the premiums collected are not small.

The Opposition is concerned that many of the line items in the Ministry of Health's budget are unrealistic given the expenses incurred this financial period and they appear to be adjusted to produce a surplus, rather than reflect the true cost that should be budgeted. As an example, medical care for indigents is increased by a whopping \$2 over the annualized amount for 2017 and 2019 has no increase over 2018.

Given the lack of opportunities for elderly Caymanians to get employed through provisions in this budget cycle, it is a pretty safe bet that the number of Caymanians certified as indigent for health care will likely increase during this two-year budget cycle.

The Opposition supports a review of the National Conservation law and we are particular concerned that the NCL Board and/or the Director of the Environment seem to believe they have a choice in implementing certain sections of the NCL and in particular the section of the NCL that deals with the licensing of spear guns. The Board seems to believe that they can barter the implementation and enforcement of certain sections of the law and that they will only implement certain sections if this Legislative Assembly and the Cabinet heed their request to

drastically expand the Marine Parks.

I would request of the Deputy Governor that he instructs his civil servants who are so bold to publicly state that they can buy this Assembly and Cabinet or blackmail us into granting their request, that they are duty bound to implement and enforce all laws passed in the Legislative Assembly and assented to by the Governor.

There are no provisions in the constitution, the Public Service Management Law or any other law of which I am aware, that allows a civil servant or a Board established under the law to selectively enforce sections of the law.

There is no justification to drastically expand the Marine Parks when the DOE continues to demonstrate that they are incapable of properly enforcing the law in the current marine parks.

The Opposition is very concerned that some of the revenue projections are un-realistic and hope to be given the opportunity to drill down in the revenue projections during Finance Committee to gain confidence in the numbers.

In conclusion, there are many items and sections of this budget that the Opposition can and will support.

However, we are concerned that education is not receiving the priority and focus that is needed to make a world class education system, that provides the best chances for all children to excel according to their physical and mental abilities.

The future of Cayman and its sustainability depends on how we develop our children to be the leaders of tomorrow.

We all have a moral and ethical obligation to make sure no child is left behind.

Time to sink the dock and float education so all children can benefit from the rising tide.

Thank you Mr. Speaker.