



Office of the Leader
of the Opposition
Cayman Islands Government

Hon. Wayne Panton
Premier of the Cayman Islands
Government Administration Building
George Town, Grand Cayman

September 29, 2021

Dear Premier Panton,

Project ReGen

I am writing to seek an update on the Government's progress with the delivery of Project ReGen, the public-private partnership that will build and operate Cayman's new integrated solid waste management arrangements.

As you are aware, the previous Government signed a Project Agreement with DECCO, the preferred bidder, earlier this year. That Agreement established the contracting framework but, as is usually the case in such projects, it left the parties to move towards financial close over the next six months. A long-stop date of 30th September 2021 was specified, by which time financial close should be achieved. When she appeared at the meeting of the Finance Committee on 1st September, Chief Officer Pouchie confirmed that the project was still on track and therefore we expected financial close to be achieved by the long-stop date.

There are potentially dire consequences if financial close is not achieved. Most obviously, unless an extension is put in place, the project fails. The immediate consequence of that would be that the Government would become liable for millions of dollars of abortive costs but, more significantly, it would leave Cayman with no solution for its waste problem with the available space at George Town landfill fast running out. That would clearly be an untenable position. Therefore, I would hope that if, as I suspect, financial close is not achieved by 30th September, the Government has reached agreement with DECCO on a suitable extension.

Even if DECCO is willing to agree to an extension, the failure to achieve financial close by the long-stop date creates significant additional risk and cost for the project. Given the uncertainty created, it may be that partners in DECCO's supply chain become unwilling to participate, which would jeopardize the viability of the project. In any case, the price certainty which the signing of the Project Agreement gave us would be lost and, with global markets experiencing considerable pressures, it is very likely that the costs of Project ReGen would increase significantly. Delivery

Roy M. McTaggart JP MP
Leader of the Opposition
D. +1 (345) 916-2330
E. roy.mctaggart@parliament.ky

294 Crewe Road
PO Box 10526
Grand Cayman KY1-1005



delays would also be inevitable, and, with landfill space running out, such delays create considerable further risk.

In concluding the Project Agreement, the Government benefitted from the considerable expertise and experience of Peter Ranger, the then project manager. With Peter's unfortunate passing, the Government needs a new project manager. The Government must have access to the right support in order to get the project to financial close and then manage the implementation of the contract in order to deliver the vital infrastructure that the country needs. Is someone with the necessary skills and experience in post to take the project forward?

Coming just after the long-stop date, the sitting of the House on 4th October gives an opportunity for your government to make a statement about progress with Project ReGen. If the Government has achieved financial close, the statement would allow you to announce the terms and tell the country what the next steps in taking the project into implementation will be. If the Government has not achieved financial close then the statement should, in my view, answer the following questions:

1. Why has the Government failed to achieve the long-stop date?
2. Has an extension been agreed with DECCO? If no such extension is in place, and the project has technically failed, what are the implications and how will they be managed?
3. If an extension has been agreed, what are the actions the Government is taking to ensure that the new deadline will be achieved?
4. What are the additional cost implications that the Government expects to arise because of the failure to achieve financial close by 30th September?
5. What additional risks have been identified and how does the Government propose to mitigate them?
6. What is the revised timeline for the project and what degree of confidence can the country have that the new waste infrastructure that we so desperately need will be delivered?

It is that final question that gets to the heart of my concerns. The delivery of Project ReGen must be the highest priority infrastructure project in Cayman. Landfilling is environmentally unsustainable, and in any case, our existing landfill capacity is fast running out. There is no viable alternative waste management solution for Cayman. The project must be delivered. If the first significant milestone for the project while your government is in office has been missed, then people will understandably be concerned.



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I hope that you will be willing to make a statement to the House setting out the position and offering the reassurance that I and many others are seeking.

I look forward to receiving your response.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Roy McTaggart", with a long horizontal line extending to the right.

Hon. Roy McTaggart
Leader of the Opposition

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Leader of the Opposition
D. +1 (345) 916-2330
E. roy.mctaggart@parliament.ky

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