



OFFICE OF THE
PREMIER
CAYMAN ISLANDS GOVERNMENT

THE STATE OF THE NATION
Statement by Premier, Hon. Alden McLaughlin, MBE, JP, MLA
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Opening of the Legislative Assembly

Mr. Speaker, my statement today takes the form of a State of the Nation address.

These occasions are usually an opportunity to place on the record Government's achievements and its plans for the year ahead. For those of you looking forward to that, I hope not to disappoint.

As I contemplated putting pen to paper and the thoughts that would fill the lines I considered the teachings of Ralph Waldo Emerson, the late American essayist and thinker and his poem, "A Nation's Strength", which he penned in 1847. Permit me, please, to paraphrase:

"What makes a nation's pillars high

And its foundations strong?

What makes it mighty to defy

The foes that round it throng?

It is not gold.

And is it pride? Ah, that bright crown

Has seemed to nations sweet;

But God has struck its lustre down

In ashes at his feet.

Not gold but only man can make

A people great and strong;

Those who for truth and honour's sake

Stand fast and suffer long.

Brave men and women

Who work while others sleep,

And who dare while others fly...

They build a nation's pillars deep

And lift them to the sky.

As I reflect on those words and the achievements we have made as a nation and a Government, I am buoyed in the belief that the foundations of these Islands have indeed been strengthened and built on pillars deep by the work we have done these past seven and a half years.

And so, if I were asked to sum up in one word the strength of our nation as we sit here today, I would use the word resilient. We began this year in a strong fiscal position with the economy continuing to grow and unemployment low – all things this Government had promised would be delivered during our term in office.

Indeed, for the first three months of this year, the country was doing exceptionally well. Cayman's economy grew by 3.2% in 2019 and unemployment was at a low 3.5%. It appeared that our major challenge was to overcome the problems of success. Inflation was running at 5.7% and the government was acting to deal with rising prices. Commuters were spending too long in traffic jams so we had embarked on highway improvements to ease congestion.

But in the space of mere weeks, the situation changed out of all recognition. We have estimated that growth for 2020 will decline by 7.2% with unemployment rising to 6.9% and inflation falling to 0.4%. A similar story is seen across every country in the world. Indeed, many economies both in this region and globally are faring much worse than Cayman.

But whilst there are many here who are doing reasonably well, my Government and I appreciate that there are also many Caymanians, especially in the tourism sector, whose livelihoods have been impacted by this pandemic. But we are working hard to not only try to safely get some tourism jobs back online but also to provide assistance to these families and businesses and I will speak more to this later.

Mr. Speaker, I had warned in early March, at the Cayman Economic Outlook Conference, of the threat posed by a new virus, which could have potentially

devastating effects on Cayman. By the end of March, the COVID-19 virus was with us and we were forced to shut down the economy to defeat the virus and stop community spread. That decisive action was necessary to protect public health and to save lives. Only by taking that firm action could we give ourselves the best chance to rebuild even stronger.

The alternative would be 'death by a thousand cuts' with repeated lockdown and opening up because we failed to do what we knew had to be done in the first place. Our people would have suffered from the virus itself while in the long term our economy would have been hit even harder as confidence was adversely impacted. I am not guessing at this. We can all see what is happening in the United States, the United Kingdom, France, Spain and elsewhere. That was not an outcome anyone would want.

Today, despite our significant challenges we are doing reasonably well and our economy has indeed proved to be resilient, and in some cases even robust - particularly international financial services and much of the domestic sector. Our revenues are impaired but the Government's finances are still strong and will help get us through most, if not all, of next year.

But Mr. Speaker the world around us, including our major trading partners, is filled with uncertainty. Given the turmoil of the last seven months, the normal patterns of our society and our economy have been seriously interrupted. As such it is not easy for us to understand exactly how things will develop as we move into 2021. Equally, there is so much left unknown about how events will unfold from here that it is difficult to plan properly for what is to come.

Therefore, Mr. Speaker, I cannot think of a time when it has been more necessary for a Caymanian Premier to make such an address as this.

Events beyond our control have created a set of circumstances facing these Cayman Islands today that I think are unparalleled in our still short history as a self-governing nation.

But Mr. Speaker, despite the uncertainties around us, of this I am certain, we are, to a very great degree, still masters of our destiny.

We need to move forward as a country and as a people and to do so determinedly, together. Crucially, I am thinking, Mr. Speaker, of the need to maintain vigilance in the face of the current public health crisis that we are not yet through and of the need to chart a course back to economic prosperity, and to do so together.

One of the things that give me confidence in our ability to come together, Mr. Speaker, is the experience we have had over the last seven months. The response of Cayman and its people to the COVID-19 crisis has been a source of considerable pride and inspiration for me. I think all who live and work in these Islands should have those same feelings. The response of the community here, both in terms of a willingness to follow the rules the Government moved swiftly to put in place and in the way we have come together to look after each other, is a story we should be proud of, Mr. Speaker.

Just last week we again saw the community comes together in response to a positive case, albeit weakly positive, at the Red Bay Primary School. Setting aside some initial panic caused unnecessarily by an online blog site, the school and education and public health officials all acted responsibly, professionally and quickly to determine the facts

and then to contain the situation. Thankfully after some 207 tests were done of contacts and possible contacts there have been no other positive cases found.

I am glad the child and her family are well and I wish the very best to them as well as to the many families now quarantined as a result of that incident. But it served as a good reminder, if we needed to be reminded, that we still need to be vigilant to avoid a serious outbreak and a return to strong measures. We do not want to go back there Mr. Speaker. I do not want to go back there and I am sure none of us do.

This Government has made some tough decisions over the last seven months. Tough decisions that have curtailed liberties and impacted the livelihoods of Caymanians and residents in ways that no one on these benches would ever have wanted to see happen in these Islands. But it was those measures that have now allowed us to go about our lives in reasonable safety.

In that context Mr. Speaker, I must take this opportunity to thank my colleagues on the government side of the House for their steadfast support during this difficult time. I also thank the members of the Opposition for their support of Government's measures. Both in their willingness to support the general government effort and in the steps that they have taken within their Ministries, I believe they have provided exemplary political leadership in a hugely difficult period in Cayman's history.

Thanks too to the Governor and the official members of Cabinet for their support and the long hours of work they have put in to keep these Islands safe. The Governor attended every one of the 65 or so press briefings that we have held since March. The

Governor's office played a key role in obtaining necessary equipment and medicines, including the test kits that were such an important game-changer for us.

We could not have made it through the worst of the pandemic without the able assistance of the learned Attorney General, the Deputy Governor, Cabinet Secretary Samuel Rose, my Chief Officer Eric Bush who oversaw Curfew Time and Travel Time, Employment and Border Control Chief Officer Wesley Howell and their respective teams.

Thanks are also due to all civil service leaders and staff who have adapted and reshaped the way they work to new demands and changing circumstances so that much needed public services could be delivered through these times. This includes the stellar work done by the Ministry of Community Services, headed up by Teresa Echenique and in particular the Needs Assessment Unit. They were at the forefront of much of the Government's assistance to those in need and impacted by COVID.

I should also acknowledge the tremendous work of the Ministry of Education on the Department of Education Services. Equally the work of the Ministry of Tourism led by Stan Boddin of the Department of Tourism led by Rosa Harris deserve recognition and appreciation.

It is perhaps invidious to single out an individual amidst a collective effort of this magnitude but I want to place on the public record my appreciation for the work of Chief Medical Officer, Dr John Lee. His clear and unflustered advice has been crucial to the Governor and I, and fellow Cabinet Members, as we came to terms with the unfolding public health crisis.

First, we were able to make timely decisions to intervene and close things down in a way that I believe has saved lives and maintained public health in the Cayman Islands. Secondly, the quarantine and testing and tracing arrangements put in place from a standing start have been crucial in both containing community transmission and providing public reassurance.

Clear political leadership was possible because of the quality of the advice we received from Dr Lee and Dr. Samuel Williams-Rodriguez, Medical Officer for Health Services, and their health colleagues, including those at Public Health England who supported Cayman. I believe the nation owes them all a debt, one I would like to acknowledge in this House today. Dr. Lee's appointment as an Officer of the Most Excellent Order of the British Empire by Her Majesty the Queen is thoroughly well deserved and I congratulate him on this.

I also congratulate Angela Tanzillo-Swartz, forensic DNA specialist at the Health Services Authority, on her award of Honorary Member of the Order of the British Empire for her contribution to helping build Cayman's capacity and ability to carry out wide-scale testing. Indeed, I congratulate all those who were recognised for their contribution.

I also thank the many who worked very hard to get us through the hardest days of the pandemic and I want to recognise the capable efforts of the Commissioner of Police and the Royal Cayman Islands Police Service, of Cayman Border Control, of WORC and the other uniformed organisations that assisted.

We also must recognize and thank the private sector and our generous charitable community for all they have done and are still doing to assist people in need during this time.

Mr. Speaker, we continue to follow the best public health and scientific advice as we move now to carefully re-open Cayman and its economy to the outside world. The changes that came into place on the first of the month represent an important first step on the path back to a more 'normal' relationship between Cayman and the rest of the world. As you have seen we are acting cautiously and slowly. We hope further steps will be possible and have several initiatives being worked on that can be introduced when we are confident that we can do so safely.

I will make a separate statement on the COVID-19 position during this meeting, Mr. Speaker, but, for now, suffice it to say that the Government recognises that we must get the tourism sector moving again but we will do so in a way that does not jeopardise the hard-won position we now have achieved.

Getting tourism and the broader economy moving again, however, does not mean just turning back to the way things were before. This crisis has changed Cayman. It has changed the world. It has created an unprecedented economic shock. It has changed consumer behaviours. Things will not just spring back as they were.

For all those reasons, Cayman now needs to think anew about its future and take the opportunity it gives us to re-chart our path back to prosperity.

The good news is that we are not starting from zero. The development sector is still doing well and has helped jump-start the domestic economy as we reopened - a very good indicator of the confidence in our Islands.

The Financial Services Industry and its support eco-system has carried on through the recent turmoil, if not uninterrupted then certainly in strength.

The task of Government in respect of the Financial Services Industry is two-fold.

First, we will continue our engagement with the European Union and building relationships in Brussels. Mr. Speaker, it feels to me that I have spent more time this term than anyone could have wanted travelling around Europe trying to persuade the EU of the bona fides of the Financial Services Industry in Cayman. Or travelling to the USA to reassure investors about the future of the jurisdiction. But this has been necessary and ultimately fruitful work.

I know we were all pleased that earlier this month the European Union acknowledged the work we have done to further strengthen our regulatory regime regarding funds and removed us from their list of non-cooperative jurisdictions for tax purposes. This was a significant achievement with all hands working over many months despite the pandemic. This work was greatly aided through our programme of engagement. But the job does not end here. As we know there will be other initiatives aimed at us and we will be ready.

Secondly, the partnership with the industry must continue and be strengthened.

Government and industry have separate but complementary roles to play in keeping the

sector strong. However, we must and will move forward in lock-step to secure the future of the Financial Services Industry.

The Minister for Financial Services has provided first-rate support through the process and her work in partnership with the industry has been crucial in providing the European Union and others with the evidence of Cayman's commitment to the highest standards of international regulatory compliance. I thank the Minister for her hard work.

Let me quickly add Mr. Speaker, that whilst some may complain about the added requirements on a significant part of our Funds business, many in the sector believe that many benefits will accrue to these Islands, not least of which is the possibility of additional jobs and opportunities for Caymanians.

In addition, the economic substance rules require that appropriate businesses must have an adequate amount of operating expenditure incurred in these Islands, have an adequate physical presence here, and have full time qualified employees also located here. Also, the new requirement for annual audited financial statements for closed-ended funds will add to the work needing to be done here.

All this means that the changes are creating new job opportunities for Caymanians both directly in the financial services sector and indirectly as more money gets spent in our domestic economy.

The other pillar of our economy, tourism, still has an important part to play in Cayman's future. It will recover but it will recover slowly and unevenly.

Both business economics and the on-going public health concerns dictate that it will be stay-over tourism that recovers here first. 'RB5 – The Road Back to 500K Air Arrivals,'

the three-year plan published by the Deputy Premier, charts a realistic course by which Cayman can in time recover to its pre-COVID position of half a million stay-over visitors a year. I commend the clarity and thoughtfulness of the plan that he, his Ministry team and the industry itself have devised.

Across government, we are working to make sure that the implementation of that plan can be achieved with minimum risk to Cayman's population. The key will be in the continued partnership with the industry to make sure Cayman's hotels, when they reopen to business, are COVID-secure locations, maintaining the highest standards. The Government will give them the advice and support they need. The 'resort bubble' is one solution that is being worked on to help restart tourism in a phased and careful manner. As is the Global Citizens Concierge programme that will be launched shortly to attract longer-term visitors to live and work here. We are also in conversation with Villa management companies as to how to allow visitors to stay and quarantine at what is effectively a self-contained villa.

While we will continue to err on the side of caution as we reopen our borders, we understand that reopening Cayman successfully is required. We cannot stay closed indefinitely. While a successful reopening acknowledges that we will have some risk, we will take great pains to minimise the risk of an outbreak of the virus.

Mr. Speaker, we will need to be flexible and responsive as the situation changes. Once the serious threat of COVID-19 is abated we must make sure that we maximise the benefit from the visitors who do come to the Islands. We must get them out of hotels and apartments and broadly spending money in our economy from West Bay to East

End and North Side and over to the Sister Islands along with the other districts in between. This offers real opportunities for Caymanians and the plan proposes a New Visitor Experience Development Fund to help provide funding and guidance to new business start-ups looking to exploit those opportunities.

Inevitably, the opening of Grand Cayman to the cruise industry will take more time and, in my view, it will take time for consumer confidence to return to that industry in any case. We cannot expect the numbers of cruise visitors we have been used to. The Government will therefore continue to offer both short term help to those impacted by that reality and longer-term support in terms of retraining and small business support to create more opportunities for Caymanians.

I have throughout my time as Premier spoken of the need to diversify the Caymanian economy. In particular, we need to embrace the opportunities offered by digital business and the knowledge economy.

The Government has made important steps in that direction. The framework of protections we created for intellectual property was a crucial step and we have seen initiatives like Enterprise City and Tech Cayman attracting increasing numbers of new businesses to our shores as a result.

The Virtual Assets Law, which this House passed in May, is another really important step forward. On the one hand, it is a significant regulatory provision to support the development of our financial services in the fast-moving world of cryptocurrencies and digital assets.

On the other hand, alongside the intellectual property regime, it opens the way for creative industries in Cayman to prosper. For young people looking to develop their interest in gaming or app development or music into a career, it offers them the chance to create digital content and receive safe payment here in Cayman. In the rapidly developing digital world, I believe Cayman's young people have the creativity to drive success. This Government is providing both the legal frameworks they need and also the skills development and business support necessary to turn great ideas into viable income streams.

In the face of this current crisis, I recognise that we now need a step-change in our efforts on diversification. My government is willing to do more to support the location of knowledge-based business in the Cayman Islands. Discussions with the market leaders suggest that to attract and retain such businesses, Cayman needs to consider a third undersea communication cable to both increase capacity and improve resilience. Therefore, the Government has sought expressions of interest in providing that third cable.

I am determined that these developments, exciting as they are, must not just be about attracting overseas investment. Mr. Speaker, they must be about creating new opportunities for Caymanians.

Those opportunities will come in two forms. First, the investment will create new jobs in the digital industries. We have recognised that if Caymanians are to be in the best possible position for employment in the jobs being created, then they need the best possible education and training to equip them in the new marketplace.

The improvement of Cayman's public schools is a long haul but this Government has made good progress. I want to thank the Minister of Education for the strategic approach she has taken, which is tackling some of the long-standing problems that were revealed through the important work on baseline assessments carried out during the government's first term.

Central to the strategy has been improving the quality of teaching. Investment has been made in training for our teachers and salaries have been raised. The increases we have provided recognise the value of teachers in our society and also help to attract and retain the best to teach in our schools.

A testament to that was the special mention at the Clifton Hunter High School graduation this month of three students, Diamond Chambers, Joshua Peart and Aaliyah Powell, for attaining top performance status and being named in the top 10 for the Caribbean Region for their academic performance in external examinations in Integrated Science, Human and Social Biology and Electronic Document Preparation and Management.

I congratulate these young graduates, their parents and teachers on their outstanding achievements.

The latest round of inspections of our public schools is recognising the progress that has been made.

High-quality teachers need to be teaching the right things. The education system needs to challenge students and support them to achieve. For that reason, a new curriculum has been introduced in Cayman's primary schools. That curriculum, based on that in

place in England, expects more of our young people but, in doing so, gives them the education they need to be successful. Regrettably, the COVID crisis has delayed the further rollout of the new curriculum but that will be the key priority for the coming year.

The education system increasingly recognises the need to individualise the experience as far as possible so that each student is supported to reach his or her potential. The system is one that promotes excellence but remains inclusive. The Government has therefore also invested heavily in improving support for students with special needs so that no child is left behind.

The disruption of recent months has also delayed the changes to school governance that the Government wishes to bring forward. The key to maintaining the path towards excellence, the path that Cayman's schools are on, lies in creating better accountability to ensure improved performance. New school governing bodies will provide an important new element in that system of accountability.

This is a new idea for Cayman and while we can learn from elsewhere, we need to design the right school governance arrangements specifically for Cayman. The Minister has therefore delegated authority to the Education Council to develop and implement a pilot project during 2021.

As well as jobs, Cayman's increasingly diversified economy will create business opportunities for Caymanians. The new digital industries require an extensive ecosystem of businesses to support them, which will provide new opportunities for Caymanian entrepreneurs to start or expand their enterprises.

Through the last seven months, the Government has stepped up to extend the support available to small businesses. Financial support, totalling CI\$3 million, has been made available as a grant to meet immediate needs but in the longer-term access to the right advice and support is the most important factor in helping businesses to grow. The new Small Business Centre is offering a one-stop-shop centre of excellence for businesses to find the advice and support they need. Also, a recent initiative has established a \$5 million fund to provide additional grants for micro and small businesses. This second phase of grants will assist qualifying Caymanian micro and small businesses with wages, commercial rent, digital enablement, business continuity, and business process innovation. Microbusinesses will be able to access up to CI\$10,000 and small businesses packages up to CI\$20,000. Those wishing to apply can find the information and application forms at www.cpiministry.gov.ky.

I would like to thank the Minister of Commerce for the work his Ministry has done both to create a lifeline that meets the immediate needs of small businesses and to bring forward their plans and to open the new centre ahead of schedule.

Infrastructure provision by Government will remain a key enabler of growth in the new Cayman economy. Despite the interruptions of the last few months, the Government has made considerable progress on national infrastructure priorities.

Work on the runway improvements and other enhancements in the airport development plan has continued apace. Work on short term improvements on the highway network and the longer-term extension of the East-West Arterial Road has also progressed. With

the problems of congestion re-emerging as the schools re-opened, the completion of these much-needed improvements is crucial for the longer term.

As I have said before, however, highway network expansion cannot be the only thing we rely on. Cayman needs a new approach to meet future transportation needs that does not just rely upon private vehicles. Before the onset of COVID, the Government was starting the work needed to identify the right public transport solution for these Islands. This project was slowed during the lockdown but the Request for Proposals will go out by the end of this month for a company to do the analysis and recommend a suitable solution or list of solutions for the Government to consider and progress.

A successful public transport system is also one plank of the climate change strategy that this House has agreed is necessary.

What is clear, Mr. Speaker is that the current changed circumstances offer Cayman the opportunity not just to devise a new strategy but to take action that will benefit Cayman and contribute to reducing climate impacts.

In addition to transportation, another good example is the scope we have to accelerate the delivery of the National Energy Policy that my previous Administration devised. Two key actions stand out for their ability to genuinely move the dial on the Policy's ambitions. In doing so they will both also create new jobs and business opportunities for Caymanians in a similar way to that offered by the digital economy I spoke about earlier.

The first is to reduce energy consumption by improving the energy efficiency of the existing building stock. The Government needs to take responsibility for its footprint in this respect and we are commissioning a series of energy audits for public sector

buildings. The result will be a programme of energy-saving measures that can be implemented in the future, achieving energy and financial savings.

I want to see the same approach extended to private sector buildings in both the domestic and commercial property sectors. Government has a responsibility to support this work. Most obviously, some of the least energy-efficient buildings are houses occupied by some of those least able to finance improvements to those buildings. The Government will therefore look at the possibility of providing grants and incentives that do not just repair but also improve the energy efficiency of them.

These kinds of improvements will not just yield energy benefits. They will reduce the cost of living for poorer households, reduce fuel poverty and help improve outcomes for health issues linked to poor housing.

These types of programmes create jobs in the retrofit sector. Energy-saving measures are relatively labour intensive to implement and therefore the impact on jobs could be potentially significant, provided these jobs are taken by unemployed Caymanians.

As much of the technology may be new to the Islands, training and skills development would be required. The apprenticeship centre at the Public Works Department and the trade schools operating on the Island with the Government's support could rapidly expand to provide the necessary training places for Caymanians as part of our existing strategy to revise this country's approach to technical and vocational skills development. In short, I believe there is the potential for Cayman to develop as a centre of excellence in energy efficiency for the entire Caribbean region.

The second Energy Policy initiative is to accelerate moves to more renewable energy in line with the 70% target in the National Energy Policy. Solar energy provides the swiftest and easiest path to achieving that target and the Government has welcomed CUC's announced plans to seek a partner in a further utility-scale solar project.

We also believe that there is the potential to look afresh at the contribution of distributed networks. The experience with the CORE programme gives us a place to start but the experience globally has moved on and new models have been developed from which we can learn. The Government has therefore welcomed the Governor's offer to seek expert technical support from the United Kingdom to move work in the renewables sector forward.

Solar energy is not the only renewable energy source that we can utilise. The Integrated Solid Waste Management Project that is being progressed by the government will generate electricity from incoming solid waste and landfill gases from the George Town landfill site once it has been capped and remediated. The primary purpose of the project is, of course, to achieve the closure of the existing landfill through alternative means of waste disposal but in achieving that, the government is moving to an approach that utilises waste as a resource rather than simply as garbage to be disposed of.

I am delighted with the progress the contract negotiations are finally making. I must thank the Minister for Health and the Environment for his fortitude and perseverance in keeping the project moving forward. As we announced yesterday, early works contracts have been signed that will complete the capping of the existing area of completed

landfill over the next year and which will start the planning and environmental impact assessment work for the new plant. These are signature achievements of this Government.

The capping and remediation of the George Town landfill will also virtually eliminate fire risks and minimise the environmental impact of the site.

Other important environmental programmes being delivered thanks to this Government include the massive extension to marine parks; new public parks and open spaces; and the designation of new protected conservation areas.

Regrettably, these achievements got talked down during the public debate over the proposed cruise dock. I do not mean that just from a political standpoint. It is also regrettable that the hard work of many civil servants, community groups, charitable organisations and individual members of the public who, for example, put their own time into helping bring open space into public use, got lost in that debate. I hope that the whole of Cayman will now be ready to acknowledge that work and that effort as I do.

I want to emphasise too, Mr. Speaker, that this is a Government that will do all it can to support vulnerable Caymanians and those in need in our community.

During the recent crisis, we have acted to provide additional support. The vital measures that we have put in place included a one-off payment of \$425 to the disabled, seafarers and veterans, and other persons in need who get financial assistance from Government. Also, a one-off stipend of \$600 was provided to taxi drivers and Caymanian tourism workers and in subsequent months all unemployed tourism-related

workers received \$1,000 per month. Over 200 musicians and artists also received support totalling CI\$226,000.

Assistance with health insurance costs from April through June totalling over \$419,000 was also provided to workers who had been furloughed – covering over 1,200 individuals, employees and dependents. We also assisted individuals in the community with masks at a cost of over CI\$131,000.

With food security in mind one million dollars was provided to farmers to help buy feed and supplies.

No one should be surprised, Mr. Speaker, by the extent of the help we have offered to our people. The Government made it clear from the outset that we would stand up for the vulnerable and the needy.

One of the first promises we kept was our commitment to raising the minimum income of our veterans and seafarers and those in need of welfare support. In our first budget, we raised that minimum income figure from \$550 per month to \$750 per month. We also extended that benefit to long-standing civil service pensioners in recognition not just of their need for help but as a reward for their valuable service to this country.

And we did not stop there, Mr. Speaker. In our budget presented to the House last year, we further increased the minimum income guarantee to \$850 per month effective January this year and with a further increase to \$950 per month in January 2021. As a result, by the time this term is over, the income of over 2,000 Caymanians most in need in our community will have increased by approximately 73%.

This is a Government, Mr. Speaker that looks after Caymanians and their families.

It is also a Government that looks after the national finances. We set out an ambitious delivery programme for our term in office but we also committed that we would achieve the objectives we had set while living within our means.

In particular, we promised that we would deliver year-on-year surpluses; we would impose no new fees or duties on our people; and we would pay down Cayman's debt, financing our investment priorities from operating surpluses.

It is a source of regret that the events of recent months will break our strong record of sticking with those promises. The reduction in economic activity is impacting government revenues while we have had to increase our spending to make the vital interventions to support businesses and families across these Islands. Clearly, we will not deliver a surplus in this our final year in office.

Yet despite that, remarkably, we will finish our term without needing to raise new fees or duties and, we hope, without needing to resort to borrowing. Very simply, that is because of the extremely strong position that our public finances were in as we entered this year. We have enough cash in the bank, we expect, to get us through the current difficulties.

Mr. Speaker as at 30 September this year, the Cayman Islands Treasury held roughly CI\$500 million in cash and deposits, representing operating cash and reserves and restricted cash.

I must remind the House and the country, Mr. Speaker that the cash we hold is only there because we achieved the financial strategy we committed ourselves to. It is the

direct result of seven years of successful financial management by this government and the previous administration.

We have also secured a US\$403 million line of credit, which is before this House for approval in this meeting from a consortium of local banks should it be necessary. That is the prudent thing to do so that we can access favourable terms now and do not go to the market in a weak position at the point of necessity. However, as I explained when we announced that this arrangement had been secured, it is an insurance policy should we need it. In any case, on current projections there should be no need to access the credit available before the latter part of next year, if at all. But I would add, Mr. Speaker, that the willingness of the market to offer credit on very favourable terms is yet another demonstration of confidence in this Government and the country as a whole.

Contrast this position, Mr. Speaker, with that elsewhere in the world. As we sit here today, Cayman has taken its income reduction on the chin. We have provided considerable support for families and business. And our national debt has increased by..... zero. Not one dollar has been borrowed. To take two other examples. In the same circumstances, national debt in the United Kingdom has increased by around £250 billion since this time last year and now exceeds £2 trillion, larger than the size of the UK economy. Meanwhile, in America, the Government has borrowed an eye-watering \$3 trillion since 1st March.

Cayman's position has not come about by accident. I repeat, Mr. Speaker, it is the direct result of this Government's fiscal strategy. I must, in particular, pay tribute to the Minister of Finance. The country has been fortunate indeed to have a figure of his

stature and experience at the helm at this time. His stewardship of the public purse has been notwithstanding remarkable.

Another accomplishment of the Minister is the arrangement between the Government and five local banks to a government-guaranteed loan scheme that will provide up to CI\$200 million to assist medium and large-sized businesses that are at least 60% Caymanian owned, with meeting their operating and capital expenditure and refinancing their debt. Under the scheme, banks will consider applications for loans from eligible medium and large-sized businesses where each medium and large-sized business can borrow up to CI\$750,000 and CI\$3,000,000, respectively. Decisions will be made solely by the banks and must satisfy all their usual credit approval and other requirements. The Government will guarantee 50%, or a total not to exceed CI\$100 million, of the loans granted as an additional incentive to have banks loan money to our struggling businesses.

This House will also consider and vote on this scheme during this meeting.

I promised earlier, Mr. Speaker, that I hoped not to disappoint those expecting to hear about the Government's achievements. But time is running short. There are a whole host of other achievements I do not have time to go into in detail, Mr. Speaker. From establishing the new Plan Cayman process to the improvements to the airport and runway; from finding new courtroom space to implementing the Standards in Public Life Law; from opening a new 25-metre competition swimming pool on Cayman Brac to providing new trucks to make garbage collection more reliable; from enhancements to our public beaches to celebrating Cayman - this Government continues to deliver on the

promises we made to the country when we came into office. It is a track record of achievement that I believe is unparalleled in Cayman's recent political history.

I also promised to speak about the Government's future plans. I have touched on many of those, from renewed economic growth to protecting the environment.

At the end of eight years in office, it might be expected that there would be a tired feeling attaching to the Government. I can report to the House and to the country that I detect no such feeling in my colleagues.

Far from proposing to rest on its laurels, this Government remains ambitious for the future of our country. There is more left to do as the country moves forward from the current crisis. On these benches sit the people with the experience of delivery and the strength of vision to do it.

This Government has proven its ability to lead the country through crisis and adversity. On these benches sit the people who the country recognises can provide the leadership to bring us back to prosperity.

I thank all of my colleagues, Ministers and Councillors for their hard work and dedication to the people of these Islands.

Next May I will complete two consecutive terms as Premier and 20 and ½ years as a representative of my people. Although I will not be Premier again, I will stand for re-election in the constituency of Red Bay and God and my constituents willing, I hope to continue to represent my people and assist in governing this country I love so very much following these elections. But more important than that by far is that I am

confident that the man who has managed this country's finances during this term is more than up to the task of succeeding me as Premier.

Next May, Mr. Speaker, the country has a really big decision to make. Does it retain its confidence in those whom it has seen deliver on the promises we have made and who have set out a clear and important vision for the future of our country? Does it stick with those who four years ago committed themselves to put aside political differences in the national interest and who have remained steadfast in that commitment? Or does it instead turn to a mismatched group of individuals who in the past four years have shown that the only thing that unites them is political ambition and political opportunism?

No doubt beyond the official opposition, there are others already recruiting their committees and planning their campaigns against those on this side. We have heard many of them clogging the airwaves and social media platforms to spread their particular mixture of platitudes and misinformation. I have heard lots of talk but no solutions, nor indeed who they will work with to deliver for the Caymanian people.

Going back to Ralph Waldo Emerson, with whose poem I began, in 1841 he gave a lecture in which he distinguished between the "Party of Memory" and the "Party of Hope". So it is in Cayman today. Some are lining up to stand in our forthcoming elections essentially arguing that now is the time to wind back the clocks; to forget the commitment to growth and to improving life-chances for Caymanians that has served us so well. Instead, they prefer to search for some mythical golden age that exists only in their rose-tinted remembrances.

But theirs is a view of our future that stands on self-imposed limitations, created in memory and turned into a political programme that distrusts our Caymanian ability to forge our own successful future. Its self-appointed leaders want to limit Cayman to some replay of their imagined past because they doubt Caymanians' capacity to achieve and to thrive in a future that is there to be grasped if we have the courage to do so. I wholeheartedly reject that view.

I am proud of Cayman's heritage. Next year, I am pleased we will be able to honour our seafaring tradition, not just on Heroes Day but throughout the year. But we also celebrate our advancement as a people. The recent celebrations of 60 years of our Coat of Arms and our Constitution were about the achievements of our pioneers but also about recognising the progress we have made over the last six decades.

The new Constitutional Order that will hopefully be made by the Privy Council in the next few weeks will give us another opportunity to celebrate and recognise our continued development. The Legislative Assembly Law, the new Law for the autonomy of this House that we will debate during this meeting is another important step in our maturity. Both these developments are important way-markers to Cayman's future.

I am proud of Cayman's past but I have no desire to live there again.

I am honoured to lead the Progressives. The Party of Progress. But I am also privileged to have led this National Unity Government over this term. Working together in the national interest through these toughest of times, we have retained our shared hope for the future. We have had challenges and, yes, we have had our differences along the

way. But we have achieved much progress and created hope and confidence in Cayman's future by working together and staying together.

Where the Party of Memory says Caymanians must have over-weening protection to be successful, we say Caymanians need only full access to opportunity and then their inbuilt drive and determination will deliver success.

Where they say our country should fear growth because we are surrendering to outside special interests, we say that growth comes by combining innovation and creativity of the Caymanian people with the knowledge, expertise and financial clout that only comes here because we are bold and visionary.

Where the Party of Memory would limit Cayman's place in the world to remaining three small Islands adrift in global seas at the mercy of the winds of fortune, we offer the opportunity for Cayman to continue to grow, to punch well above our weight on the global stage and to control our own future.

I do not know exactly what the future holds for Cayman, Mr. Speaker but there is a saying widely repeated in the tech industry that goes "the best way to predict the future is to create it."

I believe that we have in our power now the ability to create a new future for our Cayman Islands. As this crisis passes, the years ahead will require us not to batten down the hatches but to be bold, and unfurl the sails.

I have confidence and optimism in the future of our people. And, Mr. Speaker, I have confidence that faced with the choice I have highlighted, the choice of regressive

malaise versus the bold progress we offer, our people will return those on these benches for an effective third term, unprecedented in Cayman's political history.

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