



CAYMAN ISLANDS
GOVERNMENT

Ministry of Finance Financial Services Secretariat

Remarks by Premier and Minister of Finance, Tourism & Development, the Honourable McKeeva Bush, OBE, JP for the Chamber of Commerce Luncheon.

(CHECK AGAINST DELIVERY)

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Westin Casuarina Resort, Governor's Ballroom

Salutations.

Thank you, James, for your kind words of introduction, and thanks to the Chamber for inviting me here today.

Ladies and gentlemen, I want you to know that this afternoon, I firmly believe that I am standing in the midst of friends. And while this may sound like a flimsy, clichéd statement, there's actually quite a bit of substance to this. Let me explain.

The relationship between government and the private sector has not always been smooth sailing. Accusations have been flung about in the public domain, but more damaging than that have been the whispers that found their way to ears all too willing to hear and believe negativity, without giving due consideration to even the possibility of truth and reason on the other side. Both government and the private sector have allowed themselves to be drawn into



this discourse and yes, there has been collateral damage as a result.

But today I say we are friends, and I say this with all sincerity. Why? Because the relationship between government and the private sector has never been stronger. Getting to this place has taken a lot of work but most of all, it has taken the actions of laying aside one's own opinion in order to listen – really listen – to each other. There's still a ways to go, yet we are getting there. We are coming together, for the good of the country.

Now, I dare say that this stronger relationship has had a powerful external catalyst. We live in a changing world; again, this is not just a cliché. Here is how the Council on Hemispheric Affairs put it, just yesterday, and I paraphrase: As globalization comes with a greater degree of potential for economic integration among different nations, the tiny English-speaking Caribbean states are fighting for their place in an ever-shrinking world. Aside from the potential boon associated with globalization, the spread of free trade and increased competition between transnational corporations could pose another considerable threat to vulnerable Caribbean nations that are often ill-equipped to retaliate against more economically formidable societies.

Let me put it another way, in the Cayman Islands context: The reality of the global recession did not slowly and gently dawn on us, like the breaking of day. Oh, no: As it did with most countries, it hit us like a speeding truck.

The recession caused us to realise more acutely that if we



wanted to continue as a major international financial centre, improve our tourism product, support small business and attract foreign direct investment, that we must put resolve issues and together fully commit to a working partnership.

I have three topics to address, and the concept of working together and positive relationships is the tie that binds them together. First I'll talk a bit about the Future of Cayman initiative; second, the term limits suspension; and third, public-private partnerships.

The Future of Cayman brings together both sectors in order to develop not just shared goals, but also shared actions that will improve our attractiveness and competitiveness. This endeavour recognises that the economy has specific drivers: talent, infrastructure, business climate, quality of life, and the need for diversification. Grappling with these issues is no easy task and as we know from previous initiatives, success is not measured by the number of meetings that are held.

This is why it is so critical for economic indicators to be central to the Future of Cayman initiative. I encourage the initiative's leaders to continue refining the categories of economic indicators but just as importantly – if not more importantly – to continue determining the quantitative targets that tell the people of the Cayman Islands, and indeed the world, that this initiative is achieving its stated goals.

You all know that this is not as easy as it sounds. But if it is done, it will provide a ready answer to persons who ask how this initiative is different from all the rest. It will lesson some of the



chronic symptoms we have in these Islands – including what I call TOI, or “Tired of Initiatives” Syndrome. This syndrome is a lifestyle disease, but it’s curable if we take preventative steps. So again, I urge the Future of Cayman leaders to add substance to their efforts by incorporating and generating data into the process.

Moving to the term-limits suspension, the Immigration laws and policies of any country are vital to the economic and social well being of that country and all those who reside there as residents and citizens. In 2003 this Government brought to the Legislative Assembly a new Immigration Law that modernised and recognised much of what had been recommended, as much-needed changes in our immigration policies and laws, by Vision 2008 and the original Immigration Review Team.

The new law created a new system of progressive rights that recognised the rights and aspirations of long-term residents to move forward to security of tenure through the grant of permanent residency based on a stringent point system and the opportunity for those permanent residents to eventually move on to citizenship and Caymanian status.

This system of progressive rights was also in line with international norms for recognising a state’s obligation to offer security of tenure to those long-term residents who had lived here, contributed to our community and to our economy, and wished to remain here for the long term.

While acknowledging that such security was only fair, right and reasonable for persons working here under our work permit system



for lengthy periods, the law also recognised that as three small islands we could not offer such security to all our work permit holders. Therefore the law also created a fixed term policy of seven years for all work permit holders not exempted from it by definition in the law and at the discretion of the various immigration boards.

The law also recognised the need to ensure that our own Caymanian people were being trained, mentored, and promoted to the best of their ability by creating the requirement to file a business staffing plan for all employers who held more than 15 work permits for any one business.

Furthermore, it also recognized the need to attract both wealthy retirees and new entrepreneurs and investors for whom a 25-year certificate was being offered for a one-off fee of CI\$20,000.

As with any new law there have been issues arising from its implementation. Since its election this government has sought input from the private sector and the Department of Immigration as to the difficulties being experienced by businesses and persons resident here.

It has become apparent that the strict enforcement of the seven-year term limit across the entire work permit force, as well as the difficulties in obtaining key employee status, were two of the major complaints that businesses had.

In addition it became clear that we could not retain many of our highest skilled and most experienced workers, as forcing them to take a break in stay of one year resulted in both them and the businesses for which they work. This in turn has caused many



redundancies among Caymanians who were previously employed by these companies, and it also resulted in less experienced and skilled persons available on the Islands to mentor and train our young Caymanians.

Unfortunately these experiences, coupled with the devastation wrought by Hurricane Ivan almost exactly seven years ago, have caused us to look carefully at the sheer numbers of work permit holders who would be forced to take their break in stay over the next two years.

From the statistics we have been provided it is clear that our work force expanded after Ivan by more than 10,000 persons. Despite the passage of the years, it is still likely that as many as 4,000 to 5,000 work permit holders may have to leave on their rollover within the next 18 months.

Businesses especially affected are those small Caymanian businesses that, because of economic circumstances, cannot afford to recruit and train new persons at a time when their businesses are struggling to survive. Also hard hit will be all businesses both large and small that opened their doors after Hurricane Ivan. In some of those, fully 100 percent of their staff are due for rollover in the next year.

As Minister of Finance I consider that it would have been irresponsible to leave in place the current policy while at the same time appointing a team to review it and to make recommendations as to how it can be better adapted to achieve its original intentions.

I am advised by many who are more knowledgeable than me



about international standards and immigration itself that it is not possible to do away with the fixed-term policy altogether without jeopardizing our own Caymanians' right to a future in which they control the businesses; they are the majority voters in a General Election; and they are in charge of their destiny.

But the new review team will be directed to seek input for all sectors of industry here in the Islands to see what is working and what is not working. It may be that we will have to look at this by occupation, and not as we have done by key employee status alone.

While the review team does its work we will be amending the law to give every employer the right to apply for an extension for up to two years for any worker who is due for rollover, or who was rolled over, 30 days prior to the change coming into place.

Let me make it clear that this temporary suspension does not automatically allow every worker to remain beyond their seven years. An extension will have to be applied for and will be granted only if the employer can demonstrate a genuine need to keep the employee, and also show that they have done everything possible to recruit and train a Caymanian for the position applied for.

Continuing on immigration reform, I have made clear government's commitment to encouraging new businesses to the Islands, and also encouraging businesses that that have left to return to these shores. I am pleased to announce that on Friday, I will bring to the Legislative Assembly a Bill that will empower the immigration boards and the Chief Immigration Officer with the ability to grant work permits for up to 10 years for certain very



senior occupations. I believe that these long-term work permits, which will provide the much-sought after security of tenure for these workers, will be welcomed by the business community.

However, I also believe that companies which take advantage of this new facility should demonstrate that their social responsibility by being required to support long-term human capital development for these Islands, by being required to contribute financially to a national training initiative.

We look forward to receiving further input from the Chamber and from the private sector as we seek to improve the current system.

In addition to having in place the correct immigration laws for our country, we must have in place the correct perspective on public-private partnerships. The fundamental element of successful PPP is that there must be a win-win for both parties, and that win-win must reside in the perception and hearts of the people of the community. This only happens when there is a positive relationship between the two sectors, and a shared goal of doing what's best for the country.

By now we all know of the much talked-about three big developments. We are fortunate in Cayman to have strong examples of PPP: the ForCayman Investment Alliance, Cayman Enterprise City, and Narayana Cayman University Hospital.



For Cayman Alliance will create a new community area, featuring educational, family and neighbourhood events. It will enhance Seven Mile Beach, and also create a new public beach; extend an existing major road, which will ease traffic congestion to and from West Bay; and revitalise and rebrand a now-closed hotel as four- to five-star accommodations.

Narayana, which is being developed with world-renowned cardiologist Dr. Devi Shetty, will bring sustainable jobs to the district of East End, as we launch medical tourism in our Islands. The business model indicates that Cayman currently has the appropriate infrastructure to support a medical centre that offers affordable options, and a peaceful setting for recovery, to patients.

And with the influx of investment that Cayman Enterprise City is expected to generate will come the creation of local jobs with those companies; jobs in companies that will service the foreign entities; and opportunities for small-business creation – all of which will benefit Caymanians.

There have been some in our community who have been displeased with government support for these projects. In the spirit of keeping an open mind and hearing differing perspectives, I ask them to consider the benefits that the country, the people, will derive from these projects. They all are well positioned to spur the establishment of small business, provide sustainable revenue streams for government, and create jobs at all levels.



I believe it was the late Daniel K. Ludwig, owner of National Bulk Carriers, who credited his enormous success in part to the capabilities of the Caymanian seamen who manned his fleet of ships. Today, we should aim to recreate similar market value on the part of Caymanians working in new fields of opportunity. But first, we must create the opportunities. Government must provide the support for the private sector to engage in job creation; this is why we are reviewing the Immigration Law with respect to term limits.

In response, the private sector must take up its responsibility and contribution to the national training initiative. We also see how things are working in the US, with President Obama's stimulus package and yet, the private sector has chosen to hang onto profits instead of creating jobs. And so in the spirit of partnership, language regarding the creation of local jobs is embedded in all three of the PPP agreements that I've just mentioned.

And it must be noted that government support is not reserved for these three projects alone. Government has also undertaken various initiatives to stimulate the construction and development industries. These initiatives include 100% duty concession on building materials for the Sister Islands; as well as the following deferrals, which apply for the period between January 4th and December 31st of this year:

- 100% deferral of infrastructure fees until the Certificate of Occupancy/Completion stage, for projects submitted for Planning Approval;
- 25% deferral of building permit fees until the Certificate of Completion/Occupancy stage, for projects submitted for planning approval; and
- a flat import duty rate of 15% on materials imported for



projects submitted for planning permission or a building permit, imported before December 31st, 2011.

Furthermore, government has amended the Development and Planning Law and Regulations, in order to enhance the efficiency and effectiveness of the planning approval process. We also have shortened turnaround times for applications by delegating approval authority from the Central Planning Authority to the Director of Planning.

With this background as context, I am pleased to note these three local projects that have been submitted this year.

- Foster's Food Fair's industrial / commercial development of nearly 78,000 sq. ft., valued at \$12.5 million
- Cricket Square Ltd. / Willow House's commercial development of nearly 72,000 sq. ft., valued at \$15 million; and
- Pro Plus Construction's 30 apartment units, totaling 32,000 sq. ft., and valued at \$4 million.

But the good news doesn't end there. Since January 2011, an additional 34 projects valued at more than \$1 million have been approved.

Ladies and gentlemen: As a small Caribbean nation, we are facing unprecedented challenges, from within and without. In response to global triggers, we know that our economy must be diversified. We know that government must manage its debt levels. We know that the private sector needs to engage in job creation.

And friends, we also know that the largest barrier to our success is national squabbling and division. I have no intention of minimizing the civic and economic discussions we've had over the



decades but, when we consider the fruits of dissention that we have reaped, we realise how devastating it can be to us as a nation. This has led to an overall lack of confidence in our public and private institutions and, when there's a lack of confidence, an economy will stifle and die.

Although it has been painful for us in many ways, the experiences of recent years – including Ivan and the recession – have given us the benefit of a sharpened perspective. This clarity means that in addition to being able to squarely face our challenges, we can see our unprecedented opportunities. And that is more important, because missed opportunities can come back to haunt us all.

We need no greater lesson on the impact of missed opportunities than the recent unprecedented spike in serious crime, including the tragedies of the past two weeks. I refer to these as missed opportunities in this forum because while the public and private sectors have undoubtedly created a successful partnership over the decades, we have to acknowledge that our social failings stare at us boldly in the face to challenge the image and perception we have of our society and of this so-called „success“.

The problems we are now experiencing were not created overnight. Education programmes, skills and training across the technical/vocational and creative sectors were regrettably under-supported or even absent over the past 25-35 years. Opportunity missed the very parents of some of today's perpetrators and victims of crime, leaving them ill-equipped to provide for their families, and putting into motion the vicious cycle of underachievement, social exclusion and a general lack of value of



education.

This is why we must all share the burden. It cannot be the responsibility of government alone to educate and provide employment opportunities to our people, especially when the private sector demands more business friendly policies, less bureaucracy and smaller government. We heard these demands from the business community, and agree that the private sector is the engine for generating economic activity in the Cayman Islands. This is why I am willing to take the public and political heat by changing immigration policies to allow businesses to thrive.

But none of us can afford to take a narrow view of success. We must stop measuring success by the magnitude of our economic activity and instead focus on prosperity and how far and wide it is reaching in this community. That is why in addition to making the policy changes requested by the private sector, I expect you, as the business community, to support training initiatives that lead to job placement and advancement for Caymanians. One such initiative will be the hotel training school which I have envisioned.

And it is not only government that needs to lead the way. I find no greater example than Mark and Denise Demercado of Superior Auto, who are formally training and providing apprenticeships to a number of young Caymanian men in auto mechanics. These young men have successfully completed their internationally recognised courses. Superior Auto's owners themselves, who have been successful with their small business, have employed one of the young men; the others are employed at Prestige Motors and Car City. And new class of seven students just



started two days ago, on Monday. So Superior Auto's commitment continues.

Imagine, if these young men had no outlet for their passion and interest in auto mechanics, where might they be today and what negative cycle might have been started in their lives? Because of a vision, commitment and a sense of social responsibility, Mark and Denise Demercado have made a difference in the lives of some promising young men, who in turn are now on a path to personal fulfillment, success and real prosperity.

Ladies and gentlemen, the private sector must do its part, recommit to this country, and support an integrated, not exclusive community – and that starts off in the workplace.

It's time to engage in fresh thinking about how the public and private sectors can work together, for the good of the Cayman Islands. John F. Kennedy said it well: Geography has made us neighbors. History has made us friends. Economics has made us partners, and necessity has made us allies. JFK ended this quote with these very familiar words: Those whom God has so joined together, let no man put asunder.

Friends, consider this a call to collective action: We must work together. We can work together. We will work together. And we will do it all in order to gain the unprecedented stability, social cohesion, and economic success of our people and our beloved homeland, our fair Cayman Isles.

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