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**New Year’s message 2016**

**By Premier Hon. Alden McLaughlin, MBE, JP, MLA**

Fellow Caymanians, residents and guests; Happy New Year.

Here we stand on the threshold of the New Year with all of its possibilities as we say farewell to 2015. Just as our Christmas gifts were filled with unknowns before we pealed back the paper to reveal the surprise inside, so is the year 2016.

We had to put effort into opening those gifts just as we will have to put effort into making 2016 a better year for each of us and for the country as a whole.

We celebrate the achievements of the year just passed and your Progressives-led Government will build on those successes, continuing to bring prosperity to our country and our people. We will maintain the confidence in country and government that is now so evident by the level of investment and economic activity in these Islands. The prospects for the New Year and the years to come are bright and under this administration the people of these blessed Islands can look forward to a future filled with opportunities.

While much of what the New Year holds for us is unknown, there are some things that, the good Lord willing, we intend to accomplish in 2016. We will continue to build on the outstanding achievements of 2015, including an improved economy and the restoration of public and investor confidence in the Cayman Islands.

We will continue to maintain the country’s much-improved financial standing with surplus budgets and tightly controlled public expenditure. In June this Government was successful in getting the 12-month 2015-16 Fiscal Year Budget approved in the Legislative Assembly with a projected surplus of $119.8 million.

The financial forecast for Fiscal Year 2016-17 shows operating revenues to be $896 million while operating expenditures are expected to be $851 million resulting in a forecast surplus of $64 million. The 2016-17 plan also puts us on a path of calendar year budgets, with an initial budget taking from 1 July, 2016, to 31 December, 2017.

By June of this New Year we expect to have met all the requirements of the Public Management and Finance Law, fully complying with all the Principles of Responsible Financial Management, proving our capability to assume full autonomy of the budget process. This will mean we will no longer be required to have our proposed financial plans vetted and approved by the United Kingdom. For the first time since 2009, the Cayman Islands Government will have full control and responsibility for the country’s budget and finances.

That has happened because this Government – your Government – has met the agreed fiscal targets each and every year, following the master plan we set forth in the 2013-2017 Medium Term Fiscal Strategy and we have stayed true to Government’s Broad Goals and Objectives.

The rewards from our approach to fiscal discipline have been significant. Our relationship with the United Kingdom Government has been restored; our debt burden has been reduced; cash balances have increased significantly, to the point where an overdraft facility has not been necessary, and we are aiming to repay a US$312 million bond due in November 2019 from our own resources. We are also in a position to continue the delivery of surplus budgets.

It has been this Government’s mission all along to restore Cayman’s public finances to a sustainable level in a realistic manner and we have done so without imposing any new taxes on our people or businesses and without the need for any new borrowing. Indeed, the converse is true. We have consistently eased the tax burden by reducing fees and taxes and we will not impose any taxes or undertake any new borrowings for the remainder of our term.

In fact, it is this Government – your Government – that has worked hard to reduce the cost of living for all.

We begin this New Year with a further reduction in the duty charged on diesel that Caribbean Utilities Company uses to generate electricity. The first reductions were our gift to the country in January last year. These further cuts will mean even more savings to our people, residents and businesses. This reduction means a cost savings to all who use electricity in our homes and businesses and equates to $8.4 million dollars annually left in the pockets of CUC electricity consumers.

This Government has also provided a savings to consumers of at least $4 million dollars annually by reducing the import duty on most consumable goods.

Civil servants are better off because we had the desire and will to give badly needed pay increases to our civil servants with a 2.5% honorarium in 2014 followed by a 4% cost of living adjustment last year. This year we begin addressing the long-standing problem of pay stagnation within the Civil Service starting with teachers and spreading across the wider Civil Service in phases in the 2016-2017 Fiscal Year.

Cutting import duty on fuel imported by CUC and on consumable goods and giving deserving pay adjustments are measures designed to reduce the cost of living and to stimulate the economy as everyone will have more money with which to buy goods and services. It’s a win-win situation for all.

As a government we have delivered on most of the things we promised the electorate when we took office: that we would restore Government finances; we would work to restore the economy; we would reintroduce good governance; and we would rebuild the relationship with the United Kingdom. We said all these things would translate into greater economic opportunities and greater employment opportunities for Cayman, and they have.

As the statistics prove and as the various development projects I will outline shortly demonstrate, Cayman’s economy is in fact rebounding, creating more jobs and economic opportunities. But what is not happening to the degree that is necessary, is employment of Caymanians. While overall unemployment has fallen from a high of 6.3% in December of 2013 to 5.6% in September of 2015 Caymanian unemployment remains unacceptably high at 8.3%.

For those who may doubt the statistics, the almost 1,000 Caymanians who turned up looking to take part in the government work programme in the run up to Christmas should provide a reality check. The unemployment level of Caymanians is just too high in an economy that is expanding and where there is clear evidence of significant job creation. Since this administration took office in May 2013, work permit numbers have increased from about 17,000 to 22,000 presently. Yet Caymanian unemployment remains stubbornly high. Something is very wrong with this equation. While we must acknowledge that there are significant issues that stand in the way of employment for some Caymanians, this is simply not the case for most Caymanians.

Everyone calls on Government to do something about unemployment, but the reality is Government can only do something about it if we can get the private sector to hire more local people. One of the significant changes that I have observed over the course of the last 10 to 12 years is the attitude of local businesses to giving Caymanians a chance. There is a reluctance these days on the part of many businesses to take on Caymanians and invest in training them to do the job.

There needs to be a sea change in the business community where businesses are more willing to take on Caymanians who don’t meet precisely all of their employment requirements and train them.

I have already met with the Chamber of Commerce and some members of the hospitality industry and am proposing to meet this month with a group of building contractors to explain in detail government’s expectations with respect to Caymanian employment. The time for excuses has passed.

The great push over the course of the balance of this term is to deal with what I consider the Achilles heel of this administration – Caymanian unemployment – and to get as many of our people back into good jobs.

The many projects that Government and the private sector are undertaking will provide many employment and economic opportunities and Caymanians must share in them.

Many of you have seen work on the first phase of the estimated $60M expansion to the terminal building at Owen Roberts International Airport is well under way. It will continue with the next phase starting in March with a completion date in the first half of 2018. Throughout all of this work the terminal will remain fully functional, safe and secure.

Improvements to the airport and its expansion are helping Government provide opportunities for Caymanian businesses to participate in the project, creating employment for Caymanians. Even more jobs will be needed once the work is done as more people will be needed not only at the airport but at stores, restaurants and other businesses that support the airport and needs of travellers.

We anticipate 387,566 air arrivals by the end of this calendar year and 411,192 by the end of calendar year 2016.

Dovetailing quite nicely with the airport expansion and the expected increase of air arrivals, are many hotel projects in the works. One of those is the Kimpton Seafire Hotel, which is set to open its doors to the public in November this year with 266 rooms and seven restaurants on Seven Mile Beach. In fact the Seafire has already booked a major event for its opening month, the One Young World Sustainable Finance Summit. That three-day event will bring 500 young world leaders and many notable speakers to the Cayman Islands to discuss ways young people can drive financial policy.

Kimpton is a unique, boutique brand. Its foray into Cayman is its first venture out of the United States and will need 400 employees when completed. Another solid brand hotel coming to Cayman is Margaritaville. As many of you know the Treasure Island Resort is being converted to the Margaritaville Beach Resort on Seven Mile Beach, which will feature 280 rooms, multiple bars and restaurants and is expected to open in December this year.

In addition to creating jobs during the development of both hotels, Kimpton is offering 62 luxury residences and Margaritaville is offering 110 condominium suites for sale, providing real estate investment opportunities.

I am equally excited about the five-star Beach Bay hotel going up at St. James Point in the District of Bodden Town. The developer estimates that 750 jobs will be created during the construction phase with another 325 permanent hospitality jobs. As this Government has done with all development projects, we insist – and the developer agrees – that hiring Caymanian workers and local firms is a priority. And we are training our own to take their rightful places in the hospitality industry through the highly successful Hospitality School.

In addition to creating jobs, these projects are also pumping millions of dollars into Cayman’s economy. And there is more to come.

There is the redevelopment of the Old Hyatt hotel, a second Dart hotel - also planned on Seven Mile Beach as part of the Camana Bay expansion - the Health City hotel and the proposed Ironwood golf resort in North Side. The rebranding of the Reef Resort in East End as a Wyndham property has brought another new global brand to the Islands.

We have already seen what an increase in tourism can do for an economy by looking at Cayman Brac where improvements made by this Government to the Charles Kirkconnell International Airport has boosted air arrivals on the Brac by 20 per cent. The knock-on effect has meant an increase in visitors, which spurred the Brac Reef Hotel to make property upgrades to handle the welcomed load of more people as well as 21 more jobs at the airport.

Supporting these developments are ongoing road works. You will have seen the much improved Godfrey Nixon Way and Smith Road thoroughfares. We will continue in this New Year to make needed improvements to Linford Pierson Highway, giving it four lanes, widening Thomas Russell Way and making improvements to Edward and Fort Streets. Dart will begin the extension of Esterley Tibbetts Highway, making even more improvements to our road infrastructure.

Dart will also build an additional two lanes of roadway from the Century 21 Roundabout to the Butterfield Roundabout near AL Thompson’s. This will include a new roundabout in the vicinity of the Lakeside Apartments on Esterley Tibbetts Highway, which will ultimately accommodate the Airport Connector Road. While Dart will fund the road works between the Century 21 Roundabout to and including the roundabout near Lakeside, Government has agreed to fund the extension south of the new roundabout to the Butterfield Roundabout.

I mention all of this development to show that investor confidence in the Cayman Islands has been restored by our Progressives-led Government. Indeed we have worked hard in the past two and a half years to restore trust, faith and belief in our country and in Government. There is no way Cayman can return to things as they were when we took office in May 2013.

There is further evidence of confidence in Cayman and Government in the Financial Services Industry. We continue to attract companies that want to domicile in Cayman because we are engaged in vigorous international cooperation regimes complemented by our robust anti-money laundering and countering of terrorist financing programmes. We remain focused on the importance of the financial services industry to our economy and will continue to provide the necessary policies and legislation to help the industry grow.

As long as the Progessives-led Government is at the helm of the good ship Cayman, we will also stand our ground on the global stage. Once again the United Kingdom tried unsuccessfully to strong-arm the Overseas Territories on beneficial ownership when we travelled to London to attend the yearly Joint Ministerial Conference last month. Our stance on beneficial ownership and our zero tolerance position on corruption and illicit activity remain unchanged. We have effective mechanisms for the sharing of information for tax purposes both on request and by automatic exchange of information. We are transparent for tax purposes and we collaborate to avoid any abuse of our system by criminals.

And I believe it is because we stand our ground when we know we’re right that the UK’s confidence in the Cayman Islands Government, renewed under our leadership, is all the more stronger.

We have also restored the confidence of the private sector, working hand-in-hand with them in 2015 to help ensure that more of our Caymanian people are hired into good, long-term jobs and that they are properly trained to take up the jobs they are qualified to do. But as I have said before, more businesses need to step up to the plate and do their part in hiring and training Caymanians.

We know we have to do our part too. When the PPM was last at the helm of Government we laid the foundation for the transformation of our education system to make it a world-class structure. In the upcoming year we will revise the Education Modernisation Law 2009, and bring into force a new Education Law, which will do many things to shore up our educational system. We continue to focus on long-term economic growth and developing the skills of our people for the future economy.

As we approach another New Year we will continue to look to the future and the opportunities that will come. I know in my heart of hearts that this Government will continue to do what is just and right to make life better for all Caymanians and those who call our shores home.

And despite the unfortunate departure of two of our members, your Government remains strong and we will continue to work for the betterment of our people and our country.

We have bid farewell to another Christmas in which we celebrated again the birth of Christ and His teachings of love and tolerance. We need to love and be tolerant of one another and appreciate that discrimination in any form is wrong. Our Constitution speaks specifically to Cayman being a God-fearing country based on traditional Christian principles, including tolerance. Indeed Christ himself exhorts us “to love one another as I have loved you”.

So as we go into another New Year, I want to leave you with this quote from an old Chinese proverb: “Those who say it cannot be done should not interrupt those who are doing it.”

It is this Government – your Government – that is “doing it”.

As we start this New Year, it is my hope that the people of the Cayman Islands will see all that we have done to restore confidence in the country and to restore stability to Government finances and to the economy.

The New Year offers so much hope, prosperity and, yes, challenges. But the Progressives-led Government is fully equipped to meet those challenges head on.

On behalf of Government I wish each of you a very happy and prosperous New Year. May God continue to find favour with these beloved Cayman Islands.

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