



**Statement by MP Joey Hew, The Deputy Leader Of The Opposition**

**The Opposition Sets The Record Straight On The George Town Landfill And Regen Project**

October 13<sup>th</sup>, 2022

On Monday, October 10<sup>th</sup>, 2022 Premier Panton finally provided the Parliament and the country with an update on what was once called the Integrated Solid Waste Management System, now known as the ReGen Project.

ReGen is the Project to cap and ultimately close the George Town Landfill and to replace it with new built waste facilities for composting and recycling and a state-of-the-art waste to energy plant. In other words, we will move from unsustainable and unsafe landfilling to sustainably using garbage as a resource to produce electricity that will be sold to CUC. The project also removes landfill gas from the landfill to the waste to energy plant to also provide electricity.

After months of silence, from the Premier, I welcome the definitive commitment made in the statement to delivering this vital project. Regrettably, rather than seeking to explain his own delays and the risks they have caused, the Premier sought to deflect attention by manufacturing claims about the Progressives' actions in government and statements we have made in opposition.

It is vital that the country understands and supports Project ReGen. The Premier's attempts to smear both the Progressives and the project are regrettable and must not go uncorrected. I will go through the points he made and clarify what he got wrong.



## 1. Misleading the country

The Premier claims we have misled the country by suggesting that the contract was essentially complete, and it could move straight into construction.

In any event, the Premier's accusation is a level of garbage higher than 'Mount Trashmore' itself. We have never said there was a 'fully negotiated contract' that PACT could get on and execute as the Premier claims. Presumably the Premier has forgotten that a member of his Government, MP Dwayne Seymour, was Minister responsible for the Project at the time of the signing and he could have checked with him.

From the outset, we have been clear that more work was needed to complete the contracting process. That can clearly be seen in the announcement of the signing of the project agreement in March 2021. *(You can see for yourselves what was said - view the video of the ReGen press briefing at <https://www.youtube.com/watch?v=1UUJNnxfb1q>)*

It is because we understood the amount of work needed to complete the contract that we were so concerned about PACT's delays. We understood that it would take six months of hard negotiating to get the project over the line and we had built that into the project timetable.

Therefore, as the Leader of the Opposition himself said at the time of the Strategic Policy Statement, we had done the 'heavy lifting' with years of contract negotiation, but more was needed to get to close.

At that point, the Premier told the country himself that his government was not working on ReGen because it was complex and his government had other more, urgent priorities. Again, at the time of the budget, after the first date for financial close had been missed by the Premier, we continued to tell PACT that they needed to get on with the work. The opposition



Leader said, *'It is a complex, technical project with a decades long contract that needs to cover every eventuality. That is why it needs to be given the time and attention the project deserves not simply left to one side.'*

## **2. Delays**

But sadly, it appears the Premier and PACT did just leave it to one side.

The difference is that we would have gotten on and done the hard work, but the Premier and PACT essentially did nothing. The Premier himself refers to a document from legal advisors setting out the outstanding issues which he was given in August 2021.

That was 4 months into the PACT government and meant 4 of the 6 months to get to financial close had passed before the Premier, as Minister responsible, even looked at the work that needed doing.

What had been happening for those 4 months? How many negotiation meetings had taken place with the contractor and how many issues had been ticked off the list? I suspect the answers are 'none' and 'none'. Small wonder then that they failed to achieve financial close on time.

## **3. Auditor General (AG) Report and Value for Money**

The Premier says the AG reviewed the project as it stood when we signed and concluded it did not represent value for money. We have not seen that report, so it is difficult to comment in detail. The Leader of the Opposition will ask for a copy since it has been brought up by the Premier.

However, as well as our own Cayman Island Government financial experts, we retained world-leading external financial expert advisors to make sure that the contract being negotiated was appropriate in protecting the financial best interests of our country. I must stress that those financial advisors signed off on the decision to move to the signing of the project agreement in



March 2021. The Cabinet report that made the decision included a full report from KPMG to give us the reassurance we needed to sign the project agreement.

At the point at which the project agreement was signed, we knew that the procurement was robust and competitive, so we knew that the prices being charged were reasonable in market terms. The Central Tenders Committee was kept involved in the process. The negotiations showed Decco/Dart was not seeking to make any excess profits and their proposed returns were in line with industry norms.

That was the reassurance we needed at that point to move the project forwards. Reassurance that was provided by the independent industry and financial experts involved in the process. What the Premier has failed to mention is that the delays and dithering by him have created new financial risks in the project.

CIG had price certainty if the September 2021 financial close date had been achieved but missing it gives everyone in the supply chain the chance to revise their prices. They are likely to increase because of inflation but suppliers may now also boost their prices for three other reasons. First, we know the market is hot and suppliers can command a higher price or just take their technology and know-how somewhere else.

Secondly, suppliers may now see ReGen as a risky project because of the delay and charge a risk premium for their continued commitment. Finally, they know that available landfill is all but exhausted because of the Premier's delays and suppliers may seek to charge a premium price because they know government now has no alternatives left.

Will the Premier be straight with the country and be clear about the extra costs his administration has incurred for the project?



#### **4. Total Cost**

The Premier claimed that the Leader of the Opposition incorrectly said that the “latest estimated cost for the facilities was \$105 million”. It is the Premier who is incorrect!

The facts are that the Opposition Leader actually said on radio, in answer to a question, that he was not certain of cost but as far as he recalled the initial cost for the physical plant was in the region of \$105million and that did not include the operational costs. He also said that, as the plans were being finalised, and the size of the facility had to be increased, the initial costs went by the wayside and the final costs were significantly higher. So no, the Opposition Leader did not say what the Premier wrongly said he did.

#### **5. DEH Relocation**

The Premier suggests we did not notice that the Department of Environmental Health (DEH) did not have space allocated. However, the project does include space for DEH because several functions were pulled outside of the contract to save money.

Incidentally this change also meant that 32 DEH jobs were not only retained but the Caymanians in those jobs would get the chance to train and improve their skills to work in new DEH operations.

The Premier could be referring to DEH equipment servicing requirements. If so, he should also be aware that it was agreed by the project team that the DEH equipment could be serviced by the Department of Vehicle and Equipment Services (DVES) which removes the need for a full, dedicated DEH maintenance facility. I would add that under my tenure as Minister a modern DVES facility for servicing government vehicles commenced with phase one being completed before the elections and the second phase now nearing completion.



In any case, these operational requirements were not matters of political decision. We were right to rely on the professional project team to make those kinds of decisions. Just because PACT Ministers constantly seek to interfere in operational decisions, it does not mean we were doing the same. We did not.

It is for civil servants to advise politicians on the deliverability of the arrangements being entered into. DEH were part of the project team and involved in the negotiations. No concerns were raised about an apparent lack of space, or the timing allowed for any relocation as the alternatives proposed seemed appropriate. If such concerns have now arisen, then that will be a product of whatever PACT has been working on. It is feasible that they would have arisen if we were in government and then they would have been addressed. The point is, no such risk was raised prior to signing in March 2021.

## **6. Remediation Works**

The Premier correctly states that the remediation works began under the last Administration. He goes on to say, 'In November 2021, this administration commenced construction of the engineered cap, including the geo-synthetic liner and gas management system.'

Actually, the whole remediation scheme was agreed under our government. The work was always envisaged to be completed in stages. Work on the engineered layer may have started under this administration but that was nothing to do with them.

## **7. EIA Work**

The Premier announced this is being recommenced. That is good. He does not mention that it was his dithering that caused it to be delayed in the first place.



## **8. Planning**

The Premier says PACT will honour the decision not to go for planning approval. Part of the reason for that decision was the fears over landfill capacity running out if the project had to spend a lengthy time in the planning process. As the Premier notes, it does not mean that there is no check or control over the project, it just takes out one source of potential delay.

The Premier suggests he is only maintaining this approach because it was a Cabinet decision. Could he not seek to change that decision if he wanted to? As he says, it has not even been gazetted yet. I invite you to ask the Premier if he would put the project through the planning process if he had a free hand.

The reality is that given that he has added 18 months delay, the fear over running out of landfill space will have only gotten more acute. There can be no more delays if Cayman is to avoid a crisis.

## **9. Publicity Campaign**

Premier says Dart are working on a publicity campaign. The last government had such a campaign worked out and ready to go. This is just yet another thing that the Premier has delayed by 18 months.

## **10. Fire Risk**

Finally, the Premier told the House and the country that I was lashing out at the employees of the DEH because I said I was concerned that the current landfill tipping area was not being properly managed. Yes, I am concerned that the area now being used is not being managed properly because I know that the Government has not provide the DEH with the resources necessary to manage it properly.



My concern is for fires especially as the landfill is in my constituency and it is my constituents who are most at risk. But my concern is also for the safety and wellbeing of the employees who work on the landfill. So, I implore the Premier to focus less on excuses and have his Government ensure that DEH has the equipment and resources to manage the landfill with safety in mind.

In closing I will restate that after months of silence from the Premier it is good that he has at long last made a definitive commitment to delivering on this important environmental project. I urge him to stop with the excuses and get on with the job to ensure the new deadline is met and there are no more delays and risks caused. As the ReGen project moves forward the country will expect periodic updates on the progress.

The Premier and Government have our support in getting the project delivered, but we will continue to be watchful for any further unnecessary delays.

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