

Progress made on the commitments in the 2012 Joint Ministerial Council communiqué

Cayman Islands

A new People's Progressive Movement (PPM) government headed by Premier Alden McLaughlin was elected in May 2013. One of the first priorities of the new government was to strengthen relationships and build confidence with the UK Government and the Cayman business sector. The government took steps to establish a multi-year budget framework and agree this with the UK and thus tackle the uncertainty and anxiety that has affected the budget process over the past four years. The government has also prioritised initiatives relating to jobs and apprenticeship programmes to support employment for Caymanians and a review of both the work permit and permanent residency systems.

Jobs and Growth

The Cayman economy recovered strongly in 2012 with overall GDP growth of 1.6%. The recovery is broad based and led by a number of key sectors including construction (especially Cayman Narayana University Medical Centre and Cayman Enterprise City); wholesale and retail trade; hotels and restaurants, financial and insurance services; transport; and storage and communicating services.

The Government of Cayman (CIG) estimate that GDP growth in 2013 will be around 1.4% strengthening to 1.6% for 2014. Unemployment is projected at 6% for 2013-2014. This is a slight improvement on 2012-2013 of 6.2%. Inflation is expected to be 2.2% for 2013 (increase from 2012 due to higher prices).

Increasing investment and trade

CIG is committed to diversification of the Cayman Islands economy to create further opportunities for Caymanians and further safeguard living standards. CIG supports initiatives such as health tourism and the expansion of the Special Economic Zone, Cayman Enterprise City. CEC, as it is known, is the first Special Economic Zone to be developed following the passage of the Special Economic Zones Law in 2011. CEC is designed to attract firms engaged in internet and technology, media and marketing, commodities and derivatives, biotechnology, and education and training.

The construction of Phase 1 (140-bed heart hospital) of Cayman Health City (CHC) (Shetty Hospital) has commenced and will be opened in spring 2014. The Hospital is based on the model for low cost hospitals that Dr Devi Shetty has successfully developed in India. There are plans to build a hotel (for recuperating patients and families) and ultimately expand the capacity of the hospital to 2000 beds, and add a medical university within 10-15 years. Dr Shetty's vision is for this hospital and university to fill the vacuum in tertiary healthcare and medical education in the Caribbean – the Caribbean is currently highly dependent on the US for its tertiary healthcare.

CIG has an immigration policy designed to support business in the Cayman Islands by enabling the recruitment of highly skilled professionals from overseas and the recruitment of other workers who cannot be recruited locally. CIG recognises the need for international talent to augment their work force. They will seek to implement policies, which are conducive to inclusive growth. Specific policies include rescinding the "key employee" provision and extending the term limit to nine years. This will avoid a fall in work permit numbers by extending the time of around 1500 employees who would normally have had to leave the Islands by 2013. Those persons will now have the opportunity to apply

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for permanent residence and further policies will be put in place to ensure that those departing will do so in a phased manner, reducing the shock to the local economy.

CIG also has a number of policies to support Caymanians gaining employment. The Government is taking steps to make the National Workforce Development Agency into the central clearinghouse on all available/vacant jobs in the market and to ensure that qualified and capable Caymanians have the opportunity to get those jobs. The NDA successfully placed 49 jobseekers. CIG is also developing a Public Private Partnership with a local recruitment agency to deliver a 'Back to Work Programme' that places 20 unemployed Caymanians with local employers.

Developing entrepreneurship and small businesses

CIG has launched an initiative to improve customer service and reduce "red tape" in conjunction with the Chamber of Commerce. This will focus on reducing the cost of doing business and will focus on service delivery using digital services. The FCO has requested UK Cabinet Office assistance.

CIG recognises the role of small and medium sized enterprises (SMEs) to maintain a vibrant and diverse economy which creates employment, supports service innovations and provides consumers with a range of choices. CIG will work to remove, where possible, the bureaucratic hurdles which may restrict or unnecessarily burden the operations of these smaller businesses.

Infrastructure investment

CIG has announced its commitment to a project to develop a new cruise ship berthing facility and a number of other major capital investment projects.

The CIG and UKG agreed a Framework for Fiscal Responsibility (FFR) in 2011. The FFR was subsequently incorporated into the Public Management and Finance Law (PMFL) in 2012. In line with the FFR process, a consultancy contract was awarded to PWC to produce a business case for the cruise berthing facility. This was delivered in October 2013. It is anticipated that construction will commence in early 2015.

Increased construction has contributed towards GDP growth in the medium term, with the implementation of recently announced private sector investment projects such as:

- redevelopment of Owen Roberts airport;
- expansion of the Airport on Cayman Brac;
- a modern cruise berthing facility;
- development of a new airport on Little Cayman;
- National Integrated Waste Management solutions (to address capacity issues at landfills on all three islands);
- major arterial highway projects;
- Various hotel (re)developments (both in the tourist areas of Seven Mile Beach), and also in Bodden Town and near the Cayman Health City.

CIG has completed construction of 20 Affordable Housing Initiative houses in Bodden Town. CIG obtained the Certificate of Occupancy for the remaining four newly constructed houses in West Bay Light House Garden. CIG's National Housing Development Trust is now in the process of allocating these houses to applicants.

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Meeting international standards on tax co-operation and financial sector regulation and combating financial crime, bribery and corruption

The Cayman Islands is committed to the G8 agenda to tackle tax evasion and to increase transparency.

Before the June G8 Summit CIG committed to:

- a) play an active part in the new pilot initiative of multilateral automatic tax information exchange launched by the UK, France, Germany, Italy and Spain;
- b) prepare a national action plan on beneficial ownership (the Cayman Islands plan was published June 2013 – one of the first).

CIG has had the Multilateral Convention in Assistance in Tax Matters extended to them (September 2013) and was the first OT to sign the Foreign Account Tax Compliance style Intergovernmental Agreement (FATCA IGA) when Minister Simmonds visited the Cayman in November 2013.

Cayman is currently seeking to have the United Nations Convention Against Corruption extended to it.

The progress made by the Cayman Islands clearly demonstrates their commitment to work internationally to root out tax evasion. CIG concluded negotiations with the United States and initialled a Model 1 intergovernmental agreement and a new tax information exchange agreement (FATCA).

The Environment and Green Growth

Management and protection of the natural environment

The draft National Conservation Bill (NCB) has been agreed by cabinet (November 2013) and is being debated in the Legislative Assembly, and it should be approved before year-end. Once passed, it will establish a legal framework for conduct of Environmental Impact Assessments (EIAs) and legal protection for endangered species. The NCB will also address the vast majority of deficiencies in the Cayman Islands environmental governance that were identified in the Royal Society for the Protection of Birds report (February 2013). It will also help the Cayman Islands meet its obligations under a number of multilateral agreements.

The Cayman Islands Department of Environment (DoE) is working with Joint Nature Conservation Committee (JNCC) on a project to mainstream environmental policy. Progress is being made on a number of specific projects.

After hosting an OTs workshop on invasive lionfish, Cayman piloted a project to assess the economic impact of lionfish. If successful, the pilot will be rolled out to other OTs.

The DoE implemented a number of projects, including:

- the coordination and supervising of a census of the Sister Islands Rock Iguana on Cayman Brac to track nesting adults;
- organised and executed the re-release of six remaining rays at Dolphin Discovery following the passage of the amendment to the Marine Conservation Law establishing protection measures for Southern Stingrays in Cayman waters;
- successfully completed two island-wide larviciding operations by aircraft, one including the Sister Islands, applying pellets to 16,000 acres of mosquito breeding areas;
- Recruited a young Caymanian scientist as Senior Research Officer to deal with scientific issues related to Dengue fever and control of the carrier mosquito *Aedes aegypti*.

One 40-foot container load of various types of hazardous waste (totalling 2,365 gallons) as well as a shipment of contaminated used oil (6,000 gallons) was successfully shipped off island to Florida in accordance with the stricter USA regulations for the first time in many years.

Renewable energy

Cabinet has approved a draft National Energy Policy and an implementation strategy is being developed. Following allegations of corruption by the former Head of the ERA, the public tender for the expression of interest of 13 MW of renewable energy has been suspended. It will begin again shortly.

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Support from International Organisations

Strengthening relationships with the EU, Commonwealth and other international organisations

The EU has funded the Euro 4.6m construction of a Doppler radar station in Cayman. This was opened in April 2013. This project provides comprehensive coverage of weather patterns within the Caribbean.

The Cayman Islands works closely with and contributes to a number of UN bodies. CIG participated in the Global Survey for Population and Development inputting to the work of the Economic Commission for Latin America and the Caribbean (ECLAC):_ CIG also participated in ECLAC's International Conference on Population and Development in Montevideo in August 2013.

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Better Government

Developing democratic institutions

Cayman Islands Legislative Assembly elections were held in May 2013 and led to the formation of a new People's Progressive Movement (PPM) government headed by Premier Alden McLaughlin. 56 candidates contested 18 seats in the Legislative Assembly (an increase from 15 in 2009), with 32 candidates running for either of the three political parties and the other 24 candidates ran as independents. Voter turnout was at 76.94%. The PPM won 9 seats; the United Democratic Party (UDP) won 3 seats; People's National Alliance (PNA) won one seat; and there were five independent seats (however, three of those were endorsed by the Coalition for Cayman movement).

The election was observed by both international observers and local observers. Both produced positive reports. The International Observer report found that the election in the Cayman Islands "met the international standards for democratic, genuine and transparent elections. The election campaign allowed different opinions to be expressed freely . . . the voter's turnout was also a very positive sign and it showed the commitment of the Caymanian people to the principles of democracy". The International Observer mission was composed of six observers, selected by the Commonwealth Parliamentary Association from Europe and the Caribbean.

The Cayman Islands Constitution establishes a number of commissions to support democracy and good governance, namely the Judicial and Legal Services Commission, the Constitutional Commission, the Human Rights Commission and the Commission for Standards in Public Life. They are now fully functioning. In addition, the Anti-Corruption Commission is well established and has its own investigators.

Integrity in public life

CIG is committed to introduce legislation strengthening the Commission for Standards in Public Life during 2013. The proposed legislation covers a wide range of critical areas for good governance, including procurement, the way in which people are appointed to statutory authorities and government company boards, a new register of interests law and setting standards for the behaviour of public servants.

The Government has agreed to an amendment to the Summary Jurisdiction Law to facilitate regulations to cover the selection, training and code of conduct of Justices of the Peace. Regulations have been drafted and a training programme is being established.

Codes of conduct

A code of conduct for public servants is already incorporated into Personnel Regulations. Cabinet, supported by the Cabinet Office and the Deputy Governor's office, has begun the process of reviewing Cabinet's Guidelines and preparing a revised Code of Conduct for Cabinet. The Commission for Standards in Public Life has drafted a bill containing clear, accountable standards of behaviour for parliamentarians, civil servants and public officials but it has not yet been adopted. It is anticipated that it will be debated in the Legislative Assembly in 2014.

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Strengthening the public service

The Cayman Islands has embarked on an ambitious programme of public service reform. There is a total of 5857 members of the public service (core civil service and Statutory Authorities and Government Companies). A review of the public services was conducted prior to the May 2013 elections, to assign responsibilities to new members of the Cabinet (see Elections). Cabinet Office provided training for all Ministries on “Policy Development and Implementation Best Practice”, leading to enhanced policy development and effective policy implementation.

The Cabinet Secretary undertook training in the UK and met with various stakeholders. This has led to greater capacity building within the Cabinet Office.

The Government has agreed to set up a commission that will act as an independent civilian oversight body for the Police. It will receive and order an investigation of any complaint made by a member of the public against a police officer or civil servant acting under the auspices of the police.

The Public Service Management Law regulates the recruitment process to ensure applicants for senior positions are fair and transparently recruited.

Improving service delivery, including through e-government

An Online Planning System was introduced and will enable clients to submit the Planning Department inspection requests online. The system will drastically reduce the time it takes to process, execute and document an inspection.

Strengthening public financial management

The CIG and UKG agreed a Framework for Fiscal Responsibility (FFR) in 2011. The FFR was subsequently incorporated into the Public Management and Finance Law (PMFL) in 2012. CIG is committed to promote prudent fiscal management by enforcing the six principles of Responsible Financial Management. All principles should be met by June 2016 (end of FY2015-16):

- Operating surplus should be positive;
- Net worth should be positive;
- Debt servicing costs should not exceed 10% of core government revenue;
- Net debt ratio should not exceed 80% of core government revenue;
- Liquid assets should be sufficient to meet 25% (or 90 days) of estimated executive expenses at the CIG’s lowest cash point during its fiscal year;
- Financial risks should be managed prudently.

The new Cayman Islands Government is committed to sound public financial management. This was an important part of their election manifesto.

Public Management Finance Law has been strengthened to include all elements of the FFR. As part of this, a Budget Delivery Committee was set up and meets monthly to review revenue collected and expenditure by core Government and Public Authorities against profiled budgets and report on variances. The Committee monitors head count and personnel costs.

CIG has prepared a four-year fiscal plan 2013/14 to 2016/17 setting out a framework for public finances. UK Ministers have agreed this. This fiscal plan therefore provides a clear framework for the

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preparation of Government's annual budgets and also encourages confidence in the government's stewardship of the Cayman Islands' economy. The Government obtained approval for an interim budget while the full-year budget was being prepared. This was the first time in several budget cycles that the Cayman Islands Government and the United Kingdom were able to come to a timely agreement around budgeting. Since this was agreed, the UK has agreed the Strategic Policy Statement which gives more detail on CIG's objectives and longer range forecast.

Prudent financial management has been placed at the heart of the Government's medium term fiscal plans –thereby achieving compliance with the FFR. Over the next three financial years CIG seeks to reduce Government operating expenditure, pay down debt and build cash reserves.

Procurement

During 2013 a working group was set up, under the authority of the Commission for Standards in Public Life, to review procurement procedures and make recommendations to strengthen procurement law, regulations and policies. Cabinet has approved in principle a new public procurement system. This will include a new central procurement office – the Directorate of Public Procurement.

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Stronger and Healthier communities

Sport and healthy lifestyles

In 2013, CIG introduced a first National Sports Policy. CIG is seeking international advice on preparing implementation and performance indicators. The Cayman Islands has its own Olympic Committee. Most National Sporting bodies have been recognised by their international governing bodies. A Successful CONCACAF (Confederation of North, Central American, and Caribbean Association) U15 football tournament was held in Cayman in August.

A series of summer camps for netball, swimming, and football were held across Grand Cayman, giving parents safe venues to send their children and encouraging healthy exercise and play.

Disability

CIG is developing a National Disability Policy and associated legislation. It is hoped that the policy will “ensure persons with disabilities live with dignity and are respected and participate fully in society”. The aim is to have the Bill passed by end of 2013.

The Sunrise Adult Training Centre provides opportunities for persons with disabilities to participate fully in society through therapeutic and training programmes, a vocational programme, and art and music therapy programmes. The centre gives persons with disabilities access to medical and dental professionals. It also advocates clients to engage with community cultural activities showcasing their individual talents and promoting inclusion.

Children

The Children Law was implemented in 2012 with regulations gazetted on 13 December. It embodies provisions of the UN Convention on the Rights of the Child. Section 32A establishes mandatory reporting of child sexual, physical or emotional abuse/ or neglect.

The CIG has established a programme -the BEST Programme (Behaviour Education Support Team) - to identify children and families in need of help and improve the welfare of children. The BEST Programme is a multidisciplinary team of agencies who work in schools.

The Ministry of Education, in partnership with the Cayman Red Cross, run the Protection Starts Here campaign. The Campaign focuses on various issues relating to child abuse and protection including:

- Tackling child abuse;
- Providing information to parents and caregivers on how to talk to children about abuse and how reports are handled;
- Lead the effort of organisations working with children to implement child safety policies;
- Develop a child sexual abuse prevention education tool aimed at young people.

The Adoption Law was implemented in 2013 and came about after a review to modernise adoptions. It brings Cayman into line with various international Conventions including the UN Convention on the Rights of the Child and the Hague convention on the Protection of Children.

The Department of Children and Family Services is focused on improving services around Foster Care, Special Needs, Temporary Poor Relief Assistance and elderly care, services and programmes.

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New anti-bullying intervention programme developed, in partnership with the Family Resource Centre, to be implemented by 12 trained staff in government primary schools beginning in September 2013.

Tackling Discrimination

A National Committee on Gender and Family Violence was created to bring an overall focus to these issues and harness expertise and develop responses.

During 2013 a legislative review was conducted with the aim of having the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) extended to the Cayman Islands.

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Safer Communities

Strengthening coordination on tackling crime

The Cayman Islands is one of the safest places to work and visit. Serious crime fell 25% from the end of 2010 to end 2012. Other crime, including theft and damage to property, decreased by over 15%.

A National Security Council was established by the 2009 Constitution. This brings together the Governor, Ministers, Opposition, representatives of civil society, the police and public servants. It oversees activity to strengthen the internal security of the Cayman Islands including implementation of a national Crime Reduction Strategy.

The Royal Cayman Island Police Service (RCIPS) has adopted a trident approach to mitigating the problem of serious and violent crimes focusing on (i) intelligence, (ii) prevention/early intervention and (iii) enforcement.

Department of Immigration continues to monitor activity of nationals from other countries where gang culture is prominent and to take steps to address potential foreign influence within the Islands. The Department use advanced passenger information to pre-screen passengers.

The Ministry of Education has established the Youth Anti Crime Trust (ACT) that aims to raise awareness of the most prevalent types of youth crimes. Organised Crime Awareness Days have been run in two High Schools.

The Cayman Islands Government has announced that it will set up an independent civilian oversight body for the Police which will consider complaints about individual police officers.

Prisons and probation

In July 2012, an inspection team from HMIP conducted an inspection of the Cayman Islands Prison Service (HMCIPS). The report was published January 2013 and identified a number of significant concerns. The Ministry of Home Affairs and the Prison Service responded quickly to the report. A new Director of Prisons was appointed in summer 2013 (a former UK Prison Governor). An assessment of the prison facilities was conducted and a five-year plan to improve security and reduce recidivism was put forward.

A number of other agencies support the work of the Prison Service. The National Workforce Development Agency (NWDA) contributes to the HMCIPS plan on reducing re-offending through a secondment arrangement whereby an NWDA officer provides employability training using the City & Guilds Employability Skills Programme and provides support for inmates in finding employment prior to release. The Counselling Centre (TCC) provides community based services and treatment programmes that are used as part of alternative sentencing options. Mainly used for young person's engaged in risky and criminal behaviour.

More broadly the CIG has launched a 'Passport 2 Success' programme to help unemployed young people to overcome the barriers to gain and maintain employment. Around 65% of participants have gained full time employment within one year of graduating.

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Disaster preparation and resilience

Hazard Management Cayman Islands is responsible for disaster preparation and response. The Cayman Islands has a range of disaster response plans. A cruise ship disaster plan is in place and was last exercised in 2012.

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Health

Strengthening public health systems

The first National Health Policy and Strategic plan was agreed in 2012, with the help of the Pan-American Health Organisation (PAHO). Next steps are to create the implementation plan and associated indicators.

Mental Health legislation has been reviewed and updated in 2013. It is anticipated that a Mental Health Commission will be appointed soon who will be tasked with progressing the mental health policy agenda. This includes conducting a survey of mental health services, capacity and facilities.

The Department of Counselling Services (DCS) provides treatment to those with drug/alcohol issues, relationship challenges, mental health issues or issues related to personal growth/development. The Mental Health Law/Mental Health Commission Laws were updated in 2013 via a multi stakeholder task force. It is hoped that the Mental Health Commission will be appointed to move the agenda forward including conduction of the WHO AIMS survey of mental health services/capacities and facilities. CIG is considering issues regarding the application of tele-medicine.

Tackling chronic non communicable diseases

The Ministry of Health conducted its first Chronic Non-communicable disease (CNCD) risk factor survey in 2012. The findings have provided valuable data regarding the most prevalent CNCD risk factors in the adult population in the Cayman Islands.

International Health Regulation compliance

The Cayman Islands have worked steadily towards compliance with the International Health regulations, and they are on track for the implementation readiness deadline of June 2014.

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Education

Strengthening participation and attainment

A total of 15 newly qualified Caymanian teachers took up teacher or acting teacher posts starting in August. A new one-year induction programme for newly qualified Caymanian teachers initiated in August.

The Ministry of Education has introduced a vocational curriculum to engage disaffected students. They have also introduced the Cayman Islands Further Education Centre (CIFEC) to provide a second chance for students to improve qualifications, especially in English and Maths. The Ministry has also strengthened the literacy and numeracy interventions in the government school system, resulting in improved scores.

The CIG has introduced an OFSTED style school inspection framework. A version that is suited to local context/changing needs is currently being drafted. CIG has set up systems to monitor data and monthly reports are analysed. This data is used to track improvement and target school and system issues. The Ministry has identified “inclusion” as a strategic priority in the Cayman Islands Strategic Plan for Education (2012-2017). It sets out the steps that will be taken to increase inclusion and participation at all levels.

The Ministry has provided specialist resources including Educational Psychologists, Occupational Therapists, School Counsellors and learning mentors.

Early childhood education

Nine new reception classes have been introduced in Government schools. Three more are anticipated for September 2013. A Cayman Islands Early Years Curriculum Framework has been drafted, piloted and subjected to consultation process.

Staff training and parent workshops have been provided for Early Childhood Centres. Professional development sessions have been provided for teachers in Government reception classes. Funding is accessible for low income families to attend Early Childhood Centres.

The Cayman Islands has a well-established Early Intervention Programme that supports Children from 0-5. They have also provided a transition class to support the transfer of children with special needs from Reception to year 1.

Tertiary education and lifelong learning

The University College of the Cayman Islands offers classes towards Associate Degrees, Bachelor Degrees, Certificates, and Executive Studies. Areas of study available include Business Administration, Hospitality Management, Primary Education, Accounting, Computer Science, and Marketing. The Fall 2013 Semester had 525 students enrolled in Associate Degree courses, 119 students in Bachelor Degree courses, 49 students in Certificate courses, and 49 students enrolled in Graduate / Executive / Professional Studies programmes.