

[REDACTED]

2 January 1993

Sir,

THE CAYMAN ISLANDS: ANNUAL REVIEW FOR 1992

1. As it is less than a fortnight since I signed off my First Impressions Despatch I am limiting this Annual Review to a factual report on the main issues which affected Cayman during 1992.

2. One event overshadowed all others; the General Election of 19 November which brought a new dimension to the political life of the Cayman Islands. The National (or "A") Team campaigning together more as a political party than a loose grouping as has always been the case in the past, won 12 of the 15 seats in the Legislative Assembly. They now have a substantial majority which will enable them to push through the policies in their manifesto.

[REDACTED] None of the three members of the Executive Council who stood for re-election got back into the Assembly (the fourth had decided to retire from politics) and the only candidates who supported the old Government to be re-elected were the two standing in Cayman Brac; one independent was elected in George Town but his views are so close to those of the National Team that he is regarded as one of them. A total of 45 candidates stood in the election which was impeccably organised. Turnout exceeded 87 per cent.

3. The new Government wasted no time in starting to implement their policies. The Assembly elected the Speaker and four members to the Executive Council on 24 November and I convened the first meeting of the new Council the following morning specifically to discuss Cayman Airways which was on the verge of bankruptcy and, with debts guaranteed by Government totalling \$37 million and rising, was threatening the economic well-being of the colony. New management and a new approach to running the airline was long overdue and I had prepared a paper

[REDACTED] I recommended the immediate removal of the Managing Director and the Vice President in charge of American operations and had already in place in Miami a consultant from Aer Lingus to take over as acting General Manager with a remit to cut back costs and review all operations. The new Members, who were committed by their manifesto to taking action on Cayman Airways, wasted no time. They took three days to consider the paper and on 1 December unanimously agreed the action I proposed.

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[REDACTED] and the airline is now back in sensible hands. Whether it can survive remains to be seen but whatever happens the Government will have to provide a service between Grand Cayman and the sister islands of Cayman Brac and Little Cayman and a service to Miami.

4. Three weeks later, and with minimal pressure from me, the Government cancelled a project initiated by their predecessors which was so obviously a white elephant that I find it extraordinary it was allowed to get off the ground in the first place. This was the construction of a new luxury hospital in George Town, the brainchild of the previous Member for Health. When the project was laid before the Legislature early in 1992 much pertinent information was withheld: two consultancies had made the point that even if the Government could afford to build and equip the hospital the running costs would be such that it would never be viable. Neither report was included in the papers tabled in the Legislative Assembly. Total cost of the buildings and equipment was put at CI\$16 million but it was quite clear that the true figure would be closer to CI\$20 million and the cost of running the hospital was likely to be in the region of CI\$20 million per annum. The long-term effects of this project was my second major concern when I took over in September. A review of the hospital was high on the National Team's list of priorities and on 23 December they formally cancelled the project to the relief of most Caymanians. Total cost so far has been about CI\$4 million but the reclaimed site and the foundations which have been laid can be used for much-needed Government offices.

5. On the political front the year was spent building up to the election. A draft new Constitution was published in July and debated at length. It has been made clear that a majority of people do not want a new Constitution which would advance the political scene by moving to a ministerial system with a Chief Minister, Parliamentary Secretaries, Leader of the Opposition etc. The National Team's platform was firmly for minimum change: Ministers instead of Members in charge of Portfolios (sensible, particularly when they attend international gatherings), an increase from four to five portfolios (again sensible as the workload is increasing), but no Chief Minister or other political innovations. Truman Bodden, the lawyer among the elected Members of the Executive Council, has given me their proposals for amendments to the 1972 Constitution which are as far as they wish to go and I will submit these to London for consideration within the next few days. I think that we will be able to wrap up the amendments as a new Constitution which I can probably sell to the people so long as it is clear that no one man is being given too much power.


6. There were three sittings of the Legislative Assembly during the year with the Assembly in session for a total of 43 days, 16 days fewer than in 1992. These were on the whole less acrimonious than in 1992 though the reports of the Finance Committee continued to annoy the then Government who were constantly (and rightly) being criticised for extravagance.

7. Immediately after the election I took the opportunity to



reorganise the four portfolios, which had remained more or less unchanged through successive Governments. There were several reasons for doing so: tourism is dependent upon Cayman maintaining a pristine environment and development must be tightly controlled; I therefore created the prime portfolio of Tourism, Environment and Planning. The environmental lobby is strong in Cayman and this reorganisation has been very well received. The portfolio went to Tom Jefferson, a former Financial Secretary and the de facto leader of the National Team. I decided to appoint an elected Member rather than an Official Member as Leader of Government Business and his colleagues on the Executive Council unanimously agreed that this appointment should go to him. It has created some criticism as being the first step to appointing a Chief Minister but I believe I have been able to allay fears on this score. I also wanted to separate Tourism and Aviation which in the past were always dealt with in one portfolio resulting in a blurring of the issues. We agreed that Truman Bodden, a former ExCo Member, would take on responsibility for aviation (essentially Cayman Airways) which was tacked onto his chosen portfolio which became Education and Culture, and Aviation - a somewhat odd mixture but practical in the circumstances. The other two portfolios fell neatly into place: Health and Human Services went to McKeeva Bush, the only newcomer to Executive Council and the scourge of my predecessor but an honest and dedicated man who has already proved his mettle by the way he has handled the hospital. And Agriculture, Communications and Works went to John McLean who held a similar brief in the past. They are a good team with whom I am finding it a pleasure to work, though I am well aware that this is the honeymoon period.

8. Had it not been for extravagance by the last Government 1992 would have been a good year for Cayman. Tourism matched the all-time record of 1990 with 260,000 air arrivals and 635,000 cruise-ship arrivals. The foreign assets of banks registered remained constant at US\$430 billion. We had a net loss of one captive insurance company: with a total of 370 companies Cayman is second in the world league table after Bermuda. However, as a result of their extravagance, the Reserves fell from CI\$30 million to CI\$10 million and Government liabilities rose from CI\$70 million to CI\$135 million though this figure will decrease when we have the final figures showing savings on the hospital project. Total budget deficit for the year is expected to be around CI\$13.4 million.

9.  There were 15 new applications from the United States Justice Department under the Mutual Legal Assistance Treaty and 13 were granted. The other two were considered by the Chief Justice to be "fishing" operations. A number of on-going investigations continue.

10. Crime, mostly petty crime by opportunistic thieves taking

advantage of people's carelessness in these until now relatively crime-free islands, increased significantly during the year. A total of 697 burglaries were reported, a 30% increase on 1991 and 75% up on 1990. So far there have been few acts of violence and most break-ins appear to be by casual drug-users seeking cash or consumer goods easily converted to cash to feed their habit. There were no major hauls of drugs during the year though a large quantity of cocaine was washed ashore off West Bay in June and some of this was not handed in and found its way into users' hands. Small quantities of marijuana have been seized on a number of occasions from Jamaicans transiting through the airport.

11. The prison population at 147 is two fewer than a year ago; half have been convicted of drug-related offences. Some Cuban refugees are held at the prison but of the 103 who arrived in Cayman during the year 14 were officially accepted by the United States authorities and 39 left voluntarily to make their own way to Florida. At year's end there were 50 Cubans in detention awaiting processing.

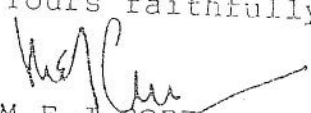
12. A disappointment was the lack of success in attracting ships of any size onto the Cayman Register. A considerable sum of money has been spent on setting up the Register but, despite the easing of the restrictions by HMG, little interest has been shown by shipowners in moving to sail under the Cayman flag. It is likely that we will reduce the department to a couple of marine surveyors in the New Year and place it under the Registrar of Companies as there are no signs that the Register will get off the ground.

13. Conservation and the environment continue to be subjects of major concern in Cayman. The National Trust is making strides in procuring land as sanctuaries and reserves, the debate on moorings versus docks for cruise ships continues heatedly and the turtle farm, the only institution of its kind in the world, has not only released several thousand turtle hatchlings into the seas around Grand Cayman but actually paid Government a CI\$150,000 dividend at the end of the year.

14. Unless something unforeseen happens the outlook for 1993 is bright. I believe that the new Government is determined to control spending and to proceed cautiously with new capital projects. There are the first signs of an easing of the recession in the United States; if this continues the spin-off for the Cayman Islands will be considerable. And if the past is anything to go by, the advent of a Democratic Administration in Washington could result in a further flow of funds into the islands.

15. I am sending copies of this Despatch to the High Commissioners at Bridgetown, Kingston, Nassau and Port of Spain; Her Majesty's Ambassadors in Washington and Havana; the United Kingdom Mission to the United Nations in New York; the Head of the Development Division in Barbados; and, on a personal basis, to the Governors of Anguilla, Bermuda, the British Virgin Islands, Montserrat and the Turks and Caicos Islands.

I am, Sir,  
Yours faithfully

  
M. E. J. GORE



CALENDER OF EVENTS - 1992

JANUARY

- 13 Visit by SLO [REDACTED]  
31 Visit of FCO Security Inspector

FEBRUARY

- 3 Visit of US Customs Service Directors of  
Foreign Operations and Domestic Operations  
Announcement of Financial Secretary's retirement  
14 Opening 1992 Session of Legislative Assembly  
Throne Speech  
Visit of FCO/DoT team ref Cayman Airways  
17 Department of Transport Aviation Security  
Officers Visit

MARCH

- 3 Training of Election Officials begins  
8 Commonwealth Day observed  
16 Visit of French Ship "La Fouguese"  
30 Governor to RIMS Conference, San Francisco

APRIL

- 22 Earth Day  
24 Royal Cayman Islands Police Force Passing Out  
Parade (8 cadets)  
27 CPA Executive Committee meeting in Cayman  
29 CIHCA 7th Annual Marketplace

MAY

- 4-6 Governor, Mr Bodden and Mr Ebanks visit  
FCO, MOD, DoT  
4 Mr Paul Mayes, Bank of England visits for  
one week

18-22 Caribbean Development Bank Meeting

21 Visit of ██████████ ERD, FCO

JUNE

3 Insurance Managers Association Conference

9 Caribbean Regional Nursing Body AGM

11 Visit by FCO Inspectors

15 Queen's Birthday Parade and Reception

16 Attorney General and Mrs Ground depart

22 Legislative Assembly second meeting opens

24 School speech day season begins

26 Governor visits Cayman Brac and Little Cayman

JULY

6 Public Holiday - Constitution Day

26 Legislative Assembly concluded

30 Governor to London for recruitment interviews

AUGUST

21-24 Visit of HMS Campbeltown

22 Visit of Naval Attache, Bahamas

SEPTEMBER

1 Departure of former Governor on retirement

2 Legislative Assembly, third meeting opens

14 Arrival of Governor and Mrs Gore

Swearing-in at Legislative Assembly

14-17 Visit of HMS Cardiff and RFA Orangeleaf

18 Legislative Assembly concluded

23 Governor and Mrs Gore visit Cayman Brac and Little Cayman

OCTOBER

19-30 Paul Mayes visits at the request of CIG

30 [REDACTED], WIAD arrives

30 Queen's Flight with Princess Alexandria stops for refuelling

#### NOVEMBER

1 Mr N Esdaile, Auditor General arrives

1-4 Visit by Mr A Nelson MP and Treasury officials

9 Remembrance Day

7-9 Mr John Codrington, Fiscal Adviser visits

18 Mr Kevin Toal, CAA visits

18 Election Day

19-2 Dec Mr T Russell, former Governor visits Cayman and the Sister Islands

20 Mr and Mrs R Coles, new Attorney General arrive

25 Swearing-in at the Legislative Assembly  
Members of Executive Council chosen

#### DECEMBER

2 Cayman Airways Managing Director and Vice President (North America) dismissed

7-9 Governor and Mrs Gore visit Sister Islands on board RFA Orangeleaf

7 HMS Alacrity visits Grand Cayman

23 Hospital Project cancelled

January 1993