

GRAND CAYMAN - THE 2014 THRONE SPEECH

Diptel GRAND CAYMAN (Sensitive)

Foreign & Commonwealth Office Diplomatic Telegram

Summary

I deliver my second Throne Speech that acknowledges the Government's first anniversary, promotes its successes and highlights its ambitions going forward. There is focus on good governance and continued fiscal prudence. Signs of positive reforms lead to a swift FCO agreement on the budget request. The speech and budget receive extensive media coverage.

WHAT IT SAYS

1. The Throne Speech (attached) is drafted by the Cayman Islands Government (CIG) but delivered by the Governor at the State Opening of Parliament. This year's version is concise but not lacking in content.
2. As the Government celebrates the first anniversary of its 2013 election victory, it is not surprising that the speech opens with a summary of their achievements to date. These include the passing of the National Conservation and Standards in Public Life Laws, the opening of Cayman Health City (p2) and Cayman's role as an international financial services centre (p3). On the latter, the speech highlights the Premier's recent international activity and Cayman's membership of the Global Islamic Finance and Investment Group. The forthcoming visit by a delegation from HM Treasury is welcomed and the Joint Ministerial Council receives recognition, with confirmation that Cayman will host a pre JMC meeting in July.
3. Good governance is a prominent issue throughout. CIG commits to help Caymanians meet the challenges of everyday life by lowering the cost of living and the cost of doing business. Infrastructure developments (p5) are highlighted as employment opportunities and policies to reduce duty on fuel and imports (p6) will join a range of measures to reduce costs to individuals and businesses.
4. To promote further growth, CIG will continue to pass legislation designed to assist financial service providers and will propose enhancements to intellectual property rights to attract more technology related investment (p7). Existing development plans, including the Ironwood golf village, are noted but with a recognition of the need for fiscal prudence. The speech recognises the need for a more effective public service to improve service delivery (p8) and reduce costs (p12).
5. The Government makes it clear that future growth must benefit Caymanians and promotes the need to connect them with potential employers by developing appropriate training and apprenticeship schemes (p10). A proposal to link the Health Services Authority to an overseas partner might offer opportunities in the

UK. There is a welcome reference to the issue of mental health, as the Government recognises the impact that mental illness has on the community (p9/10). Also linked to the health issue is the progress report on the plans for waste disposal, with further reference to good governance (p11).

6. Encouragingly, given the problems faced last year, security warrants only a single paragraph which commits to the reinforcement of police and fire officer numbers (p11).

WHAT IT DOESN'T SAY

7. There is no reference to beneficial ownership, although the Cayman position has been stated at the events listed on page 3 and the Government is ready to enter into constructive dialogue with the HMT team in June. The speech does not refer to any pay award for the civil service. However, the Premier has since written to the civil service to announce a one off pay bonus, see attached.

WHAT THE BUDGET SAYS

8. I have been clear that CIG must deliver a fiscal trajectory which brings it into compliance with the FCO's borrowing guidelines by 2015/16. The financial results for the current year are expected to be positive and demonstrate that CIG is on track to achieve compliance by 2015/16 (p8). The current proposal is the first in many years to make no request for either borrowing or an overdraft facility and CIG has committed to conditions which FCO Ministers have put in place at past budgets. The 2014/15 budget proposals see modest reductions in expenditure and no new revenue measures. In recognition of CIG's positive budget direction, their request to the FCO was turned around in near record time, which was noted by the Premier in his presentation to the House.

WHAT THE PAPERS SAY

9. The local press have reported the speech factually, quoting extensively from it. The Cayman Compass carries it as a front [page piece](#), highlighting the pledge to reduce the cost of living. Most of the local media focus more on the budget presentations that followed. They highlight the fuel duty cut, which is expected to see a 4.3 percent drop on monthly power bills, and the one off payment to civil servants. The press report that this pay award will cost \$4 million but, as it will be paid in June, will be funded from the 2013/14 budget. Interestingly, today's [Compass editorial](#) chooses not to focus on the budget but instead returns to its favourite topic of the land fill site. Finance Minister Archer '[exceeds his targets](#)' according to the Cayman News Service which, like others, scrutinises the more technical details of the budget presentation.

COMMENT

10. The budget session in the Legislative Assembly concluded with a messy argument on parliamentary procedures. The difficult part for the Government will now be the implementation of the promised policies. In recent conversations, the Premier recognised that this second year in office is their opportunity to make some tough decisions.

KILPATRICK