

**MINUTES OF THE 5<sup>th</sup> MEETING OF THE 2015 COUNCIL ON 10<sup>th</sup> JUNE 2015, MARSH'S CONFERENCE ROOM, 2<sup>nd</sup> FLOOR, GOVERNOR'S SQUARE, WEST BAY, GRAND CAYMAN, CAYMAN ISLANDS**

**ATTENDING:**

- Mr. Barry Bodden, President and Chairman
- Mr. Paul Pearson, President-Elect
- Mr. Colin Reid, Secretary
- Mr. Wayne Cowan, Treasurer
- Mr. Johann Moxam, Immediate Past President
- Mr. Paul Byles, Councilor, 2<sup>nd</sup> Year (*arrived at 3:35 p.m.*)
- Mrs. Lucy Tibbetts, Councilor, 2<sup>nd</sup> Year
- Mr. Derrington "Bo" Miller, Councilor, 1<sup>st</sup> Year
- Mr. Gary Rutty, Councilor, 1<sup>st</sup> Year
- Mr. Christopher Kirkconnell, Councilor, 1<sup>st</sup> Year
- Mr. Wil Pineau, CCE, Chief Executive Officer

**1. Welcome/Call to order/Confirmation of required five Councilors for quorum**

President Bodden chaired the meeting and called proceedings to order at 3:05 p.m. He confirmed the required quorum of five councilors as mandated by the Chamber's Memorandum and Articles of Association. CEO Wil Pineau, CCE, recorded the minutes.

**2. Apologies**

- Mr. Kyle Broadhurst, Vice President
- Mr. Steve McIntosh, Councilor, 2<sup>nd</sup> Year

**3. Review/Approval of draft minutes from the 13<sup>th</sup> May 2015 Council meeting**

Draft minutes for the meeting of the 13<sup>th</sup> May meeting was circulated to the Council for review prior to the meeting. A motion to accept the draft minutes without amendment was moved by Treasurer Cowan, seconded by PE Pearson and accepted unanimously.

**4. Action items arising from the Minutes**

**a. Motion to create an independent development agency**

The Executive Committee met with Councilor Steve McIntosh on 1<sup>st</sup> June. He said Cayman Finance declined to support it and felt that they already filled that role for the financial industry. He said the Department of Commerce and Investment has relinquished the responsibility for investment promotion and he felt that there was no strategy direction at the moment at the Government level. He believed that there is currently a

fragmented approach for investment promotion and the way forward may be for the Council to write to Government to find out the strategy for economic growth.

**b. Letter to Dax Basdeo on 19<sup>th</sup> December 2014**

A request for proposal for the coordination and facilitation of workshops on business topics of relevance to small and micro businesses was released on 29<sup>th</sup> May. The Chamber office will submit a response by the deadline of 16<sup>th</sup> June.

**ACTION ITEM:** The Chamber office will prepare a response to the RFP.

**c. Letter to Minister Tara Rivers – Partnership with Ministry**

Councilor Bo Miller and CEO Wil Pineau met with Jeremiah Ransome, from the Cayman Institute of Technology on 20<sup>th</sup> May to confirm his participation and to determine the final budget for the initiative before preparing a detailed proposal to the Minister. Mr. Ransome will be drafting the proposal for review by the end of June.

**d. Chamber Policy Positions**

CEO distributed the amended policy positions to the Council for review and comment by 22<sup>nd</sup> May. Councilor McIntosh responded with some minor amendments. The positions were posted to the Chamber website on 25<sup>th</sup> May.

<http://www.caymanchamber.ky/chamber-positions.html>

**e. Large scale development projects**

No response has been received to date.

**f. Auditor General's quarterly report (March 2015)**

CEO distributed the Auditor General's March report to the Council. Following a discussion with Secretary Reid, the Auditor General Alastair Swarbrick was invited to attend today's Council meeting to discuss his report and the general challenges facing his office.

**g. Minimum Wage Advisory Committee report review (PE Paul, VP Kyle, Councilor Steve)**

Due to travel commitments a meeting was not held to review the report. Subsequently, the Government approved the findings of the report and have agreed to introduce a national minimum wage of CI\$6.00 beginning in March 2016.

**h. George Town Revitalisation and Boardwalk project**

Following the meeting with Robert and Chris Johnson, President Bodden wrote to Minister the Hon. Kurt Tibbetts on 22<sup>nd</sup> May. He wrote that many of members left the May luncheon meeting somewhat disappointed and unclear about the process that will be used to develop a final plan. The next steps outlined in the



presentation included stakeholder consultations, the compilation and presentation of a draft plan to Cabinet and stakeholders and then the preparation of a final report. Based on feedback from our members, we would strongly recommend that the Ministry considers embarking on a Charrette process for the project. He also confirmed that the Council met with Mr. Johnson and expressed support for his efforts to construct a boardwalk along the waterfront to make it safer and easier for residents and visitors to enjoy the walk from the North Cruise Terminal to the Da Fish Shack restaurant. He also urged the Ministry to work along with Mr. Johnson and to contribute to financing this public/private sector project so that it can be completed as soon as possible. No response has been received to the letter to date.

5. **CEO Report** (12<sup>th</sup> May – 5<sup>th</sup> June 2015) – Submitted to Council prior to the meeting.
6. **Advocacy Agenda Progress Report** (12<sup>th</sup> May – 5<sup>th</sup> June 2015) - Submitted to the Council prior to the meeting.
7. **Invited Guest** - Alastair Swarbrick, Auditor General

President Bodden welcomed the Auditor General to the meeting at 4 p.m. The Council asked Mr. Swarbrick to provide them with an update on his work and to discuss any challenges that he is facing and whether there had been any progress with addressing the concerns that he shared during his meeting with the Chamber last year. Secretary Reid had read the media reports about the challenges that the AG's office has been facing and he wanted to know if there was any way the Chamber could assist with supporting his work. The AG thanked the Council for giving him the opportunity to discuss the work of his office and to share some of the challenges, concerns and successes. He said operationally the office continues to struggle with the issue of independence, particularly as it relates to its budget which is approved through the Public Accounts Committee (PAC), *but has ultimately been set by the Ministry of Finance*. He must obtain *authority to recruit* staff through the Portfolio of the Civil Service and they have delayed recruitment based on central Government's hiring freeze even though his department generates a surplus of \$200,000 each year. The PAC has *now* approved more positions and the AG is in the process of revamping the organizational structure of his department by adding some additional managers and to provide for some trainee posts for Caymanians. The AG said he reports to the PAC and his direct line manager is the Governor. Reports prepared by the AG's office are released to the public *approximately* two weeks after being *provided to* the Legislative Assembly. This practice was started in 2006 but there has been some pressure recently to stop or delay the release of the reports by some politicians. Best practice would be for the reports to be issued immediately to the public once *provided to* the Legislative Assembly and the AG would like to see amendments supporting built into the Public Management and Finance Law or any future Audit Law. *Due to the size of Legislative Assembly the AG thinks it may be appropriate to consider whether the*



appointment of independent members to the PAC **would be beneficial**. The AG has hired independent external consultants to conduct several audits but he is trying replace them with hired staff. He said when he took office in 2010 there was a 5 year backlog in audited accounts. As of June this year, he said audits for all Government department, statutory authorities and Government owned companies are **nearly** up to date which he described as a significant step forward. Government **is still struggling to** produce consolidated audited financial statements. He said there is still a high level of qualified accounts but there are now more unqualified accounts than in previous years. The Council asked if anyone in Government is being held accountable for this lack of financial management. He said the Financial Secretary and Deputy Governor are held accountable but there is an absence of financial leadership. He said the Government continues to struggle to consolidate its financial accounts. **The 2013/14 fiscal year will be the first time since 2003/04 that the AG will have been able to audit and reach an opinion on the** consolidated financial accounts. His office has identified many of the issues and has issued recommendations in numerous reports over the years, but the public sector's implementation is slow. He said he would like to see the development of a framework for project management skills and improved responsiveness for dealing with issues and recommendations in his reports. Prior to his arrival in the Cayman Islands, he said he had only issued **no more than five** qualified audit reports in his life. Since he has been here his office has issued **over 100**. His office provides recommendations for improvement to the PAC but there is a **need to develop a follow-up process to see how Government address the recommendations**. When asked how the Chamber can assist his office, he encouraged the Council to support his office's recommendations and reports, the independence of the office and the timely release of his reports. In closing he said there is a desire in Government to move things forward but there is a need for improved leadership on this issue. President Bodden thanked Mr. Swarbrick for attending the meeting. He left the meeting at 4:50 p.m.

## **8. New Business**

### **a. Compass editorial "Corruption: An insidious, creeping crime" published on 3<sup>rd</sup> June 2015**

The Council discussed whether to release a statement in response to an editorial published in the *Cayman Compass* which has infuriated members of the community and led to the Government releasing a statement in response to the editorial and for the Legislative Assembly to move and approve a motion in Finance Committee mandating that all Government Ministries, Departments, Government owned companies and Statutory Authorities from cease advertising in any products published by Pinnacle Media. The Council agreed that the editorial was in poor taste and the response from the Government was extreme, particularly describing the editorial as "treasonous." The Council expressed concern about the international press implications and the implications that the editorial made that the Cayman Islands is a corrupt society at its core. The Council agreed that the action by the Legislative Assembly to ban advertising should be rescinded



immediately. After a wide ranging discussion, the Council agreed to that a statement would be developed and reviewed by Vice President Broadhurst, Councilor Byles and the CEO. The Council agreed that the Chamber should be positioned as the voice of reason on this issue and while they did not support the message of the editorial they agreed that the response to the editorial by the Government was disproportionate should be rescinded.

**ACTION ITEM:** VP Broadhurst, Councilor Byles and the CEO will develop a statement for review by the Executive Committee to be released to the membership and press.

**b. Preliminary Results from State of Business Survey**

The CEO presented the results of the annual survey which was released on 19<sup>th</sup> May and the results compiled on 10<sup>th</sup> June. 56 surveys were completed. Highlights of the survey results:

- 62.5% of respondent businesses employ between 1-15 staff members
- Top three industry sectors responding: financial services, retail and services
- 66.7% of respondents were identified as owner/president or CEO in the business
- 42.86% reported that their profits increased in 2014; 26.79 reported a decrease and 30.36% said profits remain flat
- 56.36% predict their profits to increase in 2015; 12.73% predict a decrease and 30.91% expected to remain unchanged
- 60.71% of respondents planned to maintain operations in 2015
- The majority of respondents rated the current state of the economy, the Cayman Islands as a place to do and expand your business as average to above average.
- The top constraints for growth identified by respondents: cost of doing business, work permit fees, access to skilled local labour, operational costs and bureaucracy
- 58.93% of respondents reported that the Cayman Islands economy improved in 2014
- 56.6% of respondents believed that the Cayman Islands economy will improve over the next 12 months
- 45.45% of respondents believed that their business continues to experience the impact of the global economic recession; 40% disagreed
- The majority of respondents reported that their businesses will maintain the status quo in terms of capital spending, hiring of non-Caymanian employees and space utilization



- 57.14% of respondents said they have a good level of confidence in the economy
- 53.57% of respondents said the Cayman Islands Government has become more responsive to the needs of the business community
- Comments received regarding the top three public policy priorities for the Council to address in 2015:
  - Creation of a new means of providing capital for start-ups and small businesses. More interaction between chamber members and less emphasis on government issues. The Chamber must be respected and feared by any Government. We should not be seen as simply accommodating government on policies which are not sound.
  - 1) Small Business Relief 2) Unfair Competition (better enforcement of those in breach of laws) 3) Immigration policy to address issues with work permit grants.
  - Push for equal playing field. Ensure all companies working without Trade and Business Licenses and who do not pay Health and Pensions are prosecuted quickly and put out of business.
  - Energy -Energy -& Energy. We still don't have a national energy policy enacted nor do we have a waste management policy. Both should be combined.
  - Reduce PR and work permit fees as government promised. Cut government spending and size -government is bloated and it is shocking to see how our hard earned money is spent. Reduce T&B fees for professional firms as they are being driven out of Cayman by these taxes.

**c. Draft Education Bill released for public consultation**

The Ministry of Education, Employment and Gender Affairs released the Education Bill (2015) for public consultation in early June. The consultation period concludes on 30<sup>th</sup> June.

**d. Initial feedback from the public meeting to discuss the draft environmental impact assessment for the proposed cruise berthing facility (9<sup>th</sup> June 2015)**

President Bodden, IPP Moxam, Councilor Miller, Chamber representative on the Port Authority Board, Gerry Kirkconnell and the CEO attended the public meeting hosted by the Minister of Tourism to release the findings of the Environmental Impact Assessment for a proposed cruise berthing facility in George Town. The deadline for responding to the EIA was 3<sup>rd</sup> July. The Council decided to prepare and release a membership survey and to invite representatives from both sides of the debate to discuss the matter so that the Council is informed about both sides of the debate.



**ACTION ITEMS:** Prepare and release a membership survey. Invite representatives from the tourism sector to attend a special meeting with the Council on 18<sup>th</sup> June 2015.

**9. Upcoming meetings:**

- *Chamber Council: Wednesday, 29<sup>th</sup> July 2015, Chamber conference room, Governors Square, 3:00 p.m.*

**10. Adjournment**

The meeting adjourned at 5:40 p.m.

