



OFFICE OF THE
PREMIER
CAYMAN ISLANDS GOVERNMENT

Cruise and Cargo Port Project

Announcement of Preferred Bidder News Conference

By Premier Hon. Alden McLaughlin, MBE, JP, MLA

29 July, 2019

Good afternoon and thank you for joining us here today for what is a highly significant milestone for the future of the Cayman Islands.

As I promised in the House on Friday when formally announcing the selection of the Preferred Bidder, we are now able to provide the country with more details of the cruise and cargo dock project – a project that secures the future of Cayman’s Cruise Tourism industry and protects the well-being of the thousands of Caymanians who benefit directly or indirectly from

cruise tourism.

I would also acknowledge and thank those members of our Government Caucus who have taken time out of their busy schedules to attend here today.

The winning bid received from the Preferred Bidder contained three options, which Cabinet was able to consider. The differences in the three bids essentially involved the extent to which new cargo docking facilities would be improved as part of the project. Having regard to the concerns that have been voiced about the project while looking to secure long term benefits for the country, the Cabinet selected the option that minimises the environmental impact and delivers the best overall financial deal for Country. The established cost for the selected option will be less than CI\$200M, subject to the final contract negotiations. The Deputy Premier and Chief Officer Stran Bodden will provide

details of this option and the financial arrangement in a few minutes.

As I stated on Friday, Verdant Isle Port Partners consists of:

- McAlpine Cayman Ltd.
- Orion Marine Construction
- Carnival Corp.
- Royal Caribbean Cruises Ltd.

All of those involved are trusted, world class companies and all have had a Cayman connection for decades. As I mentioned on Friday, Orion Marine Construction purchased Meisner Marine Construction, which is the company that previously built the Royal Watler Cruise Terminal as well as the Creek Dock in Cayman Brac.

This is a moment that the majority of the people in our Islands have been aiming to get to for at least 20 years if not longer. Certainly, every Government elected since 2000 has had

promises of a cruise port in their election manifesto or as part of their delivery plans.

It is the hard work done by the last two Administrations that means we are now, finally, able to announce that we are in a position to proceed with the delivery of the new port facilities this country needs for the future.

When we took office in 2013 we set out on a complex process that we knew was necessary to bring us to this point. It was at a press conference like this on 28th October 2015 that I, the Deputy Premier, and Chief Officer Bodden announced to the country that Cabinet had carefully considered the various professional reports on the project and had agreed the previous day to move the Cruise berthing facility forward. This included starting conversations on a workable financing model: conversations that included independent legal and accounting

experts, the major cruise lines, the United Kingdom Government as well as Government officials.

It has taken almost four years to achieve what we have today:

- A unique financial structure that does not expose the finances of the Country to risk;
- A cruise berthing facility with no one single major cruise company controlling it, but instead one that will be managed and owned by the Port Authority on behalf of the people of the Cayman Islands;
- Enhanced cargo port facilities;
- No new upland development other than to modernise the existing facilities;
- A final design that significantly reduces the environmental impact of the project – building in deeper water as well as relocating coral;

- A financial model that binds the cruise lines to the long term delivery of the port;
- A project structure that has ensured that at every stage along the way we have followed the strict requirements of the Public Management and Finance Law and the Framework for Fiscal Responsibility.
- And finally announcing today the preferred bidder along with the other information that we promised would be made available at this juncture.

During this process we have been unable to say very much – but the process took as long as was needed to ensure that we arrived at the best outcome without any political interference. And this we have done.

I accept that our inability to answer questions definitively up until now has been frustrating. It has been frustrating for us in Government and as frustrating for the thousands of Caymanians

who support the project just as it has been frustrating for those who oppose it. Many Caymanians have had perfectly legitimate concerns and questions that Government was unable to address while the procurement process was under way.

Perhaps inevitably, over the past year in particular, Government has been bombarded from various quarters, including by some media platforms, with a plethora of questions that we could not discuss till the process was completed.

However, we always promised that as soon as we were able to do so, we would answer the questions people have had. We explained over and over why that could not happen until now.

Put simply, this is a design, build, finance and maintain procurement. That meant we could not show the country the port design because it was for the bidders to propose the final design. We could not discuss the final financing of the project because it

was for bidders to come back with their proposed financing model.

Yet despite the explanations we provided there are those who were determined to prevent the port project proceeding and who took advantage of our inability to comment fully to put forward several unfounded allegations that were just wrong – indeed, some would say they were downright untruths.

Sadly, those proponents of untruth, notably Cayman News Service (CNS) and *some* of the leaders of the CPR group, were not content with casting doubt on the project but they also threw in for good measure allegations of corruption on the part of elected members of Government, with supposedly secret deals having been made, particularly with China Harbour Engineering.

This continued even after I announced the Preferred Bidder on Friday, with CNS noting that supposedly “*The other finalist bidder was China Harbour Engineering Company, which many*

people thought would secure the deal because they had been prepared to offer financing to government for projects beyond the George Town Harbour cruise piers and cargo port expansion”.

I do not know who the ‘many people’ are that CNS highlighted but I can say that I suspect the reality is that if any such people do exist then it is a limited number who thrive on conspiracy theories. In any event they and CNS are wrong, very wrong – there were no secret deals with anyone and we have never been in discussions for anything other than the port project itself.

While there have been a small number of opponents who were willing to do or say anything to cast doubt over this project, most Caymanians who have expressed their concerns or asked questions have done so for perfectly understandable reasons. They are concerned that if the country is to embark on this project then we must get it right – the right design, the right costs and the

right balance between the economic benefits and the environmental impact.

I am pleased that we are now in a position to answer those legitimate questions and to put to rest the concerns people have. In short, I am confident the chosen bid option gets it right.

By the end of today's press conference I am hopeful that those parts of the media that are challenged in getting the facts right will now report factually what has been said here today and what is being done to move this project forward.

In recent days another question has been raised to challenge the validity of the procurement process, this time by the Leader of the Opposition. As I said earlier, it was the Central Tenders Committee that approved the tender. The question then arises as to why Central Tenders Committee when the new Procurement Law, 2016 calls for major Government Projects to

be dealt with by a new body, namely the Public Procurement Committee.

The reason for this is very simple – The Procurement Law 2016 only applies to projects that were not started when the law came into force. Specifically, section 21(1) of the Procurement Law states that the law will apply to every procurement project being carried out that has not been started when the law comes into force.

The new Procurement Law came into force on 1 May 2018. The Project started some years prior to this date but certainly the Procurement process started in 2017.

Independent legal advice was taken and the guidance provided was that the Procurement Law did not apply to this project, nor did the Public Procurement Committee have jurisdiction to deal with it. Prior to the new Law the Central Tenders Committee (CTC) formerly dealt with all matters relating

to projects of this size and did in fact deal with this project in previous years. It was thus the CTC that could adjudicate on this project.

On the basis of independent legal advice, Cabinet appointed the current members of the Central Procurement Committee to a re-constituted Central Tenders Committee. This allowed the procurement of the project to continue legally. I hope that explanation puts this particular issue to rest.

Part Two

Let me move now to discuss briefly the matter of a people initiated referendum.

I want to first note for anyone who is not aware that a People Initiated Referendum is made possible by Section 70 of the Cayman Islands Constitution because it was a part of the Progressives' Constitutional proposals in the 10 years of negotiating with the UK on the constitutional order. It was me and

my Progressive colleagues who fought to have this included in the 2009 Constitution. Because of my direct involvement I know very well what was intended by the language in the Constitution.

Specifically, Section 70 of the Constitution states, in part, that *“before a referendum under this section may be held there shall be presented to the Cabinet a petition signed by not less than 25 per cent of persons registered – registered - as electors in accordance with section 90”*.

The intention was exactly as stated; the test was to be *‘not less than 25 per cent of registered electors’*. It does not say *‘almost 25% of the electors’*, and so the only way one can validate whether the test of ‘not less than 25 percent’ is truly met is to validate every signature. We are small enough and have the ability to carry out this necessary verification to conform to the requirements of the constitution. Undoubtedly despite the early

noise this is proving true with no issues and with no interference or intimidation as some proffered as inevitable in this process.

My Government respects the provisions in the Constitution and most importantly we respect the people of the Cayman Islands who have signed the petition for a referendum.

And so, I will again repeat what I said on Friday. Notwithstanding Cabinet's approval of a preferred bidder, the Government will not proceed to execute a contract before the 1 October, 2019, in order to allow for the completion of the people-initiated petition verification of signature process.

Despite the unfounded accusations, at no point have we interfered with the process and this will continue to be the way we operate.

I can also confirm to the public that there is absolutely no truth in reporting by CNS on Friday that *"it has become increasingly*

apparent in recent weeks that it is the government's intention to challenge the call for a people's vote in the courts".

It is absolutely untrue. I really despair at these tactics but I do believe that the public is coming to see through it all and understand the real intent is to sow suspicion and discord and to do anything and everything possible to stop the project from proceeding.

I have always been of the view that the vast majority of people in these Islands have for decades supported cruise berthing as well as the need for improving our current, very old, cargo dock facilities.

Now that we are in a position to provide the information we promised I have no doubt that even should we go to a referendum that it will be won overwhelmingly in favour of us completing the project and placing our Islands in the best possible position to maintain and grow an important part of our economy.

The announcement we have made today demonstrates that this project is delivering on the promises we made to the country:

- Cayman's new port will deliver jobs and income for Caymanian families;
- The project will be delivered by a trusted developer and partners;
- The project is proceeding because we have secured an excellent funding deal;
- The current proposed design minimizes the impact on the environment; and
- The project has followed and will continue to follow best practice in procurement and delivery.

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