



SPEAKING NOTES

MINISTER FOR FINANCE AND ECONOMIC DEVELOPMENT

Hon. Rolston Anglin, JP, MP

Tabling of

Strategic Policy Statement 2026–2028

Mr. Speaker, on behalf of the Government, I beg to lay on the Table of this Honourable Parliament, the Strategic Policy Statement for the 2026–2028 financial years.

Mr. Speaker, the Government's 2026–2028 Strategic Policy Statement, otherwise known as the SPS, outlines the Government's fiscal plans, policies, broad priorities, and Outcomes for the next three years: 1st January 2026 to 31st December 2028.

The SPS is not a detailed Budget; it is a strategic document that will guide the development of the detailed Budget for the next Budget Period, which will cover the financial years 2026 and 2027. That budget, Mr. Speaker, is well advanced and will be presented to this Honourable Parliament in November of this year.

Mr. Speaker, this SPS is the first one produced by the National Coalition for Caymanians (NCFC) Government, and it sets out our policy goals and intentions to deliver a better future for the Caymanian people.

The SPS has been prepared in compliance with the Public Management and Finance Act and forecasts that for the next three financial years, the Government's finances will meet all of the Principles of Responsible Financial Management and the terms of the Framework of Fiscal

Responsibility, otherwise known as FFR, that are set out in the Public Management and Finance Act.

Broad Outcomes

Mr. Speaker, the NCFC Government has identified seven Broad Outcomes to guide Public Sector policy development. The Broad Outcomes are grounded in, and reflect, the NCFC's core beliefs and desire to uplift and improve our society, economy and overall well-being, not just today, but for the long term. These Broad Outcomes are:

1. EDUCATION, IMMIGRATION, AND WORKFORCE DEVELOPMENT: Strong Education and Immigration Systems that Support a Highly Skilled and Adaptable Caymanian Population;
2. HOUSING, INFRASTRUCTURE AND ENVIRONMENT: Sustainable Physical Development that Prioritises Affordable Housing, Ensures Resilient Infrastructure, and Protects Nature;
3. ECONOMY: A Diversified, Resilient Economy that Supports Prosperity and Innovation;
4. HEALTH AND SOCIAL DEVELOPMENT: Healthy and Empowered People with an Improved Quality of Life for All Ages;
5. CAYMANIAN IDENTITY, CULTURE AND HERITAGE: A Cohesive Society which Protects and Institutionalises Caymanian Identity and Culture;
6. PUBLIC SERVICES: Efficient, Effective, Accountable and People-Centered Public Services;
and
7. GOOD GOVERNANCE AND PUBLIC SAFETY: A Secure, Well-Governed Country Demonstrated by Transparent Governance and Robust Public Safety Systems.

Mr. Speaker, we live in a rapidly changing and dynamic world with a seemingly never-ending barrage of obstacles and hurdles to overcome. Our little Islands have a long history of weathering

such storms and have been successful at seeking out and leveraging opportunities that provide stability and give our people hope for a brighter tomorrow.

The reality is, in a small island economy such as ours, we are dependent on imports and therefore completely exposed to the economic policy actions of large economies, such as the USA, our largest trading partner.

Over the past several months, we have seen how uncertainties with the trade tariff regime have put significant inflationary pressures on the cost of goods imported to our Islands.

The current global and domestic economic landscape provide context for the plans set out in this SPS. The Economics and Statistics Office (ESO) forecasts that the Cayman economy will have expanded by 2.6 per cent in 2025 and is expected to grow by 2.2 percent in 2026, 2.5 percent in 2027, and 2.2 percent in 2028. During the 2025–2028 period, unemployment is expected to average 2.97 percent per year with inflation hovering at approximately 2.4 percent.

Mr. Speaker, these key economic performance indicators all point to a well performing Cayman economy with a steady growth outlook. The main contributors to our economic growth are our vibrant Financial Services Sector, Infrastructure Sector, and resilient Tourism Sector. Financial Services encompasses a range of professional services that collectively continue to develop, adapt, and innovate to meet ever changing global regulatory requirements and to meet customer demand.

Our Infrastructure Sector recorded strong growth of 4 percent in 2025 and is expected to grow by 2.2 percent annually between 2026 and 2028. This sector continues to benefit from various public sector investments, as well as Tourism and commercial property development, along with the increased demand for housing.

The Tourism sector remains strong with healthy growth in stayover arrivals and continued private sector investment in new hotels and tourism-related businesses.

Notwithstanding the solid performance of these critical sectors, we must always keep scanning the horizon for economic diversification opportunities in order to broaden our economic base, build resiliency, and, where possible, reduce our reliance on imports.

Mr. Speaker, I will now highlight the financial forecasts that are contained in the SPS document:

Operating Revenue Forecasts

Revenues provide the financial resources necessary to fund the Public Sector operating expenditure, build reserves, and enable capital investments. As with any organisation, revenue is key in determining expenditure and investment plans.

Operating Revenues over the SPS Period are forecast to total \$3.864 billion:

\$1.252 billion in 2026;

\$1.296 billion in 2027; and

\$1.316 billion in 2028.

The eight main sources of Operating Revenues are: Other Import Duty; Exempt Company Fees; Stamp Duty on Land Transfers; Work Permit Fees; Partnership Fees; Private Fund Fees; Mutual Fund Administrators Fees; and Tourist Accommodation Charges.

Included in these numbers are Revenue Enhancement Measures, which are forecast to generate an additional \$209.524 million in Operating Revenues over the SPS Period:

\$67.142 million in 2026;

\$70.999 million in 2027; and

\$71.383 million in 2028.

Mr. Speaker, recognising the need to grow the Government's revenues, the NCFC Government has taken the bold step to implement new revenue measures as part of this SPS. We have carefully selected a range of new revenue measures that are low cost to implement and will have little to no impact on ordinary citizens while generating stable flows from growing economic sectors.

The new revenue measures are expected to yield the following additional revenues in 2026:

Range of Financial Service Fees: \$47.7 million

Made up of a range of fee increases principally legal and accountant practitioner fees, fund annual Return Filing Fees, Exempted Limited Partnership and corporate service providers fees

Domestic Fee Increases: \$18.75 million

Made up mainly of stamp duty on high-end land transfers and immigration for example reintroduction of a mandatory identification

Various Trader Licence Fees: \$4.62 million

Made up mainly of Special Economic Zone Trade Certificate Fees and Local Companies Control Licence Fees

Mr. Speaker, these measures are a mix of increased rates for existing measures and brand-new measures. The specific details of the respective measures will be revealed in the coming weeks as the respective legislative amendments are brought to Parliament for consideration.

Operating Expenditure Forecasts

Mr. Speaker, Operating Expenditure for the SPS Period is forecast to be just under \$3.834 billion in operating expenditures broken down as follows:

- \$1.246 billion in 2026
- \$1.287 billion in 2027; and
- \$1.301 billion in 2028.

Mr. Speaker, in preparing this SPS, we have taken a very pragmatic approach and made the hard decision to budget at realistic levels for areas that have been chronically under-budgeted for several Government Administrations.

For example, the previous Government budgeted Appropriations for Health Care Costs for Medically Indigent Persons for 2025 were \$14.4 million for NGS 55 and \$12 million for HEA 2. We have made provisions in this SPS to budget NGS 55 at \$43 million and HEA 2 at \$28.3 million. This is a massive **269% increase!** But it clearly demonstrates our commitment to realistic and transparent budgeting. In this case, it ensures that Caymanians who are in need will have access to healthcare when they need it, and the Government can get on with its business and not have to hold out hope that finances will improve in order to provide these services.

The operating expenditure forecasts include provisions to provide additional staff and resources to the Royal Cayman Islands Police Service to strengthen policing and security. Increased funding has been provided across a range of entities to enable them to meet increased demand from our growing population and expanding economy.

Mr. Speaker, overall for the SPS Period our operating expenditure will be supporting the continued delivery of existing services along with a range of activities aimed at improving operational efficiencies across the Public Sector.

Operating Surplus

The Operating Surplus is a key financial indicator and the PMFA requires the Government to produce an Operating Surplus each year. Over the SPS Period, Core Government is forecast to make annual Surpluses of:

- \$6.56 million in 2026;
- \$9.37 million in 2027; and
- \$13.89 million in 2028.

Net Worth

The Core Government is required to maintain a positive Net Worth. For the SPS Period, the Net Worth is forecast to be \$2.5 billion at the end of each year.

Capital Investments

Mr. Speaker, the Government is focusing its Capital Investment Programme on investments designed to bring about long-term benefits which improve the quality of life and support economic development. Capital Investments over the next three financial years are forecast to total \$323.679 million:

\$124.448 million in 2026;

\$113.771 million in 2027; and

\$85.460 million in 2028.

Of these amounts, a total of \$80.377 million is forecast to be invested in our Statutory Authorities and Government Companies:

\$28.176 million in 2026;

\$27.351 million in 2027; and

\$24.850 million in 2028.

Significant Capital Projects included in this SPS are:

- upgrades and expansion of education infrastructure including new and refurbished school buildings;
- a new submarine communications cable system to provide greater connectivity and resilience;
- continued investment in our road network infrastructure the key being the East-West Arterial; and
- vital security equipment for the Royal Cayman Islands Police Service and Cayman Islands Coast Guard.

Borrowings and Debt Balance

Turning to borrowings, Mr. Speaker, the Government intends to undertake borrowings to fund the Capital Investment programme, and as a result, is forecast to borrow up to \$321 million over the 3-year SPS Period:

\$124 million in 2026;

\$112 million in 2027; and

\$85 million in 2028.

Considering the planned new borrowings and principal repayments over the SPS Period, Core Government's Debt Balances are forecast to be \$578.859 million at the end of 2026; \$633.702 million at the end of 2027; and \$654.634 million at the end of 2028.

Mr. Speaker, these borrowings are forecasts only. The Government is committed to undertaking the borrowings only if it is absolutely necessary to do so.

Debt Servicing

The Principles of the FFR require the Entire Public Sector's Debt Servicing Costs to be no more than 10% of Core Government's revenue. Over the SPS Period, Core Government is forecast to remain compliant with the Debt Service Ratio averaging 7.3%: 6.6 % in 2026; 7.6 % in 2027; and 7.6 % in 2028.

Mr Speaker this is comfortably below the legal limit.

Net Debt

The Government is required to maintain a Net Debt ratio that is not greater than 80% of Core Government's revenue in a year. Over the SPS Period, Net Debt is forecast to remain well below this limit: 22.6 % in 2026; 25.2 % in 2027; and 25.2% in 2028.

Cash Reserves

The Government is required to achieve and maintain Cash Reserves (liquid assets) equivalent to at least 90 days of day-to-day operating expenses. Capital Investments are excluded from this calculation.

For the purposes of the cash reserve days calculation, liquid assets are limited to unrestricted operating bank balances and General Reserves. This ratio is calculated at the point in a financial year when cash reserves are expected to be at their lowest point. This usually occurs in December each year, given the current cycle for revenue inflows.

Over the SPS Period, the unrestricted Cash Reserves are forecast to comply with this requirement, averaging 94.9 days: 94.8 days in 2026; 94.5 days in 2027; and 95.3 days in 2028.

Conclusion

Mr. Speaker, this SPS is built on a solid foundation of common sense and pragmatism. Government has taken a conservative approach to the management of Public Finances, which will bring about stability in resource planning and execution of policies.

Being fiscally responsible isn't just about numbers – it's about protecting our future. It gives us the strength to face challenges, whether it's a hurricane, a global downturn, or any unexpected crisis. It also builds **trust** – trust between the Government and its people, and trust by investors who see Cayman as a stable, well-managed country.

When our finances are strong, our people are strong. And when our people are strong, our Islands thrive.

As the saying goes, “The best way to predict the future is to create it.” By supporting responsible financial decisions today, we help create a future that is secure, stable, and full of opportunity – for all Caymanians.

Mr Speaker, before I conclude I want to thank the staff in the Ministry of Finance and Economic Development led by the Financial Secretary. I want to thank all Finance Officers and Chief Officers across the entire Government and I want to thank my colleagues.

Getting to this point is always challenging because everyone wants to spend, everyone has plans, everyone wants to do good. But we have ensured that we have stayed the course of being disciplined in regards to the development of the Strategic Policy Statement.

Also, Mr Speaker we have ensured that our budget will withstand scrutiny of Finance Committee when delivered in November of this year. We wanted to ensure that when we come to this Parliament with the final budget we will have numbers, especially on the expenditure end that are realistic in regards to the prior experience in critically important areas.

In the middle of the last century, American President Dwight D. Eisenhower said, “As we peer into society’s future, we must avoid the impulse to live only for today, plundering for our own ease and convenience the precious resources of tomorrow. We cannot mortgage the material assets of our grandchildren without risking the loss also of their political and spiritual heritage...”

Eisenhower’s words remind us, that as Parliamentarians, we have a responsibility to manage our resources not just for today but to do so in a way that we do not unduly burden future generations. This SPS sets us on a firm path to do just that!

Mr Speaker before I take my seat I want to thank you for the invitation to the young people today, so certainly on behalf of this entire Parliament I want to congratulate all of the outstanding young people you have recognised and honoured.

And of course, Members would know what comes next, but just for completeness sake whilst I have presented the SPS today the Premier will move the motion to debate the SPS, God willing on Friday

I commend the SPS, I commend the framework on which the SPS is built – that is the fiscal frame that is contained in the SPS to all Members.

I thank you, Mr. Speaker.