



**Statement by  
the Honourable Minister for Commerce, Planning  
Infrastructure on  
the Reallocation of Funds within the 2020 Budget of the  
Ministry of Commerce, Planning and Infrastructure**

**Section 11(5) of the Public Management and Finance  
Law (2020 Revision)**

**2020 December Session of the Legislative Assembly**

Mr. Speaker, I wish to make a statement as to the circumstances and reasons why the Ministry of Commerce, Planning and Infrastructure (**CPI**) had to request a reallocation of funds from within the **2020** Budget, under Section 11(5) of the Public Management and Finance Law (2020 Revision).

Mr. Speaker, Cabinet granted approval to the Ministry of **CPI** to re-appropriate funds in the amount of CI\$1,372,968 from the 2020 Budget to various appropriations within the Ministry.

Mr. Speaker, at the time of the two-year budget submission, the Ministry was confident that it would be in a position to deliver on all of the projects that were budgeted for the year 2020; however, some projects demanded more resources than anticipated.

Mr. Speaker, primarily due to the COVID-19 pandemic, construction prices on the island have increased as much as 30 %. This reflects higher labour and material costs and has been verified by the Ministry through the analysis of other projects as well as in **consultation** with independent quantity surveyors.

Mr. Speaker, Cabinet granted approval for funding the construction/completion of the Bodden Town Church of God Multi-Purpose Hall to be used as a disaster/hurricane shelter. The Ministry of **CPI** received CI \$2.04 million **dollars** for this project, however upon evaluation of the tender received, it was recognized that the project required an additional sum of CI \$550,000.00 to complete the main building above the budgeted amount of CI \$2.04 million **dollars**.

It should be noted that these works do not include paving the parking lot which may be required in late 2021.

Mr. Speaker, as part of the National Energy Policy's Solar Initiative, the Ministry of **CPI** is incentivizing the installation of solar panels for low/affordable income homes. As a result, the Ministry is sponsoring the installation of approximately seven (7) solar panels systems on homes under the National Housing Development Trust. In addition, the Ministry has earmarked CI\$50,000.00 to fund several smaller, infrastructure projects such as a small solar panel system on a bathroom block in a community park in George Town. These smaller projects are an important initiative of sustainability and providing employment for small, local contractors.

Mr. Speaker, the Ministry received an increase to appropriation TP 76 Assistance for Infrastructure Development for the completion of the Bodden Town Church of God main building and installation of the solar panels in the amount of CI \$600,000.00

which reduces appropriation EI 71 Equity Investment for Purchase of Entity Assets by CI \$600,000.00.

Mr. Speaker, it was agreed by the Government that the Ministry and in particular the Facilities Management Department procure security services to increase the number of Caymanians providing these services to the Government Administration Building. A tender process was completed and the tenders received were far higher than the amount provided for under the 2020/21 Facilities Management budget. Hence, the Department was in need of additional funding for the contract to cover a shortfall in operational funding in the current budget. It should be noted that if the contract goes beyond the end of 2021, the Ministry will need additional funding in the 2022/23 budget.

Mr. Speaker, in order to cover the shortfall in funding for the security services contract, the Ministry received an increase to appropriation PAH 10 Management of Government Properties in the amount of CI \$450,000.00 which reduces appropriation PAH 20 Licensing, Monitoring and Enforcement of Specified Business

Types by CI\$225,000 and also PAH 16 Licensing of Drivers and Vehicles by CI \$225,000.00.

Mr. Speaker, the Ministry's Chief Officer and senior management team conducted a comprehensive financial capability review of all of the Departments under the Ministry of **CPI**, and recommended the creation of a Centralized Management Support Services (CMSS) Unit in the Ministry **that** would provide finance and accounting functions to four Departments under the Ministry - namely the Department of Commerce and Investment, Computer Services Department, E-Government Unit and Facilities Management Department **that** did not have their own dedicated finance staff and were not large enough, or possesses the 'critical mass' needed to justify the creation of their own finance teams.

Mr. Speaker, it was determined that the CMSS Unit would consist of six (6) employees and would be separate and apart from the Chief Financial Officer and the finance team for administrative and operational purposes. In order to provide the requisite

headcount for the Unit, some existing finance-related posts were identified in the Departments and funding from these posts would be used to establish the Unit with the balance being funded via existing new posts which were re-allocated to this Unit. This funding was formally transferred to the Ministry of **CPI** from the relevant Departments.

Mr. Speaker, the Ministry received an increase to appropriation PAH 1 Advice and Support to the Minister for Commerce, Planning and Infrastructure in the amount of CI \$322,968.00 which reduces appropriation PAH 18 Technology Support Services by CI \$194,736.00 and PAH 10 Management of Government Properties by \$128,232.00.

Mr. Speaker, the aforementioned exceptional circumstance transactions- which were approved by Cabinet for the Ministry of Commerce, Planning and Infrastructure during 2020 financial period- did not cause any non-compliance with the principles of responsible financial management.

I would like to take this opportunity to thank the members of the Parliament for their continued support.

Thank you Mr. Speaker & May God continue to bless these Cayman Islands.