



CAYMAN ISLANDS GOVERNMENT

Requests to Finance Committee for Appropriation Changes Sought Under Sections 11 and 25 of the Public Management and Finance Act (2020 Revision)

FOR THE YEARS ENDING
31st DECEMBER 2020 and 2021

PREPARED IN ACCORDANCE WITH SECTIONS 11 and 25
OF THE PUBLIC MANAGEMENT AND FINANCE ACT
(2020 REVISION)

**REQUESTS TO FINANCE COMMITTEE FOR APPROPRIATION
CHANGES SOUGHT UNDER SECTION 25
OF THE PUBLIC MANAGEMENT AND FINANCE ACT
(2020 REVISION)**

Verbatim transcript of the Standing Finance Committee meeting held Monday, 15th December 2022, at 9.32am in the Chamber of the House of Parliament; George Town, Grand Cayman.

[Hon. Christopher S. Saunders, Chairman, presiding]

The Chairman: Good morning, everyone. I want to thank you all for coming to this meeting of Finance Committee. As customary, we will start with a prayer. I have asked the Honourable Leader of the Opposition to lead us all in prayer this morning.

Hon. Roy M. McTaggart, Leader of the Opposition, Elected Member for George Town East: Good morning, colleagues. Let us pray:

Our heavenly Father. We pray your blessings upon our deliberations this morning as we commence this sitting of Finance Committee. I pray Father that you will watch over us; be with us; may all that we say and do here be done decently, and in order. Bless our deliberations we pray, in Jesus' name.

Amen.

The Chairman: Thank you, Mr. Leader.

I want to start off by offering apologies from the Member for George Town South and the Member for George Town North— Ms. Barbara E. Connolly and Mr. Joseph X. Hew, who are unable to attend the proceedings this morning.

**Appropriation Changes in accordance with
Section 25 of the Public Management and Finance
Act (2020 Revision) for the Financial Year ending
31st December, 2020 and 2021**

The purpose of this meeting of Finance Committee is to consider items shown on the schedule to the supplementary appropriation Bill for the financial years ended the 31st of December 2020 and 2021. This bill is the second bill for the 2020 financial year; there was a first Bill for the 2020 financial year which captured supplementary expenditure results for the period 1st of January to the 31st of July 2020. The second supplementary appropriation Bill for 2020 captured requests for the period 1st of August 2020, to 31st December 2020.

Given that the number of Members of the House is 19, the quorum for Finance Committee is 10

members, excluding myself as Chairman of the Committee. The committee is quorate and we cannot proceed with the meeting.

We will now look at the Appropriation for the financial year ended 31st December, 2020. These have explanatory details which commence on page 17 in the supplementary plan and estimates document, which was Tabled in the House last week. I can distribute to the Honourable members the Schedule to the Bill annotated with page references to the supplementary plan and estimates document, but I am trusting this will not be necessary for the reasons that I will now get into.

The overwhelming majority of the supplementary appropriation shown on the Schedule to the Bill were approved under section 11 (5) of the Public Management and Finance Act in 2020, under the previous administration. Previous Cabinet statements on these items would have been made in Parliament by Honourable Ministers in the former administration explaining why the Supplementaries were required. These funds would have already been incurred and paid out under the previous administration.

These requests have provided the foundation that enable certain actual expenditures for 2020 to have been incurred at levels greater than their initially budgeted levels for 2020, and I will next provide details of the financial results for the 2020 financial year.

For the financial year ended 31st of December 2020:

- Core government experienced a deficit of \$58.1 million, which can be found in Table One on page 11 in the supplementary plan and estimates document for 2020;
- The government's net worth at 31st December 2020 was \$1.4 billion, which complies with the requirement for core government's net worth to be positive;
- The debt service ratio was 7.7 per cent, which is within the allowable margin of 10 per cent of core government revenue;
- Net debt was 25.9 per cent of core government revenue, which was well below the allowable upper limit of 80 per cent; and
- Cash reserve days were 162.5, days which were marginally greater than the 90 day minimum.

The results for the financial year ended 31st of December 2020 incorporate the appropriation changes that are laid out in the Bill. In that, the supplementary expenditures have enabled certain expenditures level to have been incurred, and those actual expenditure levels have led to the results that I just provided.

Therefore, on the basis of all that I've just stated, I trust that honourable members [of the committee] are agreeable to voting all the items on the Schedule to the 2020 Supplementary Appropriation Bill in block, but there are two appropriations— TP73 that needs to be added and EI 53 that needs to be changed. I will ask the Honourable Minister of Health and Wellness to move that Amendment. We will ask for those amendments will be circulated to members.

[Pause]

Hon. Sabrina T. Turner, Minister of Health & Wellness and Home Affairs, Elected Member for Prospect: Mr. Chair, in accordance with the provisions of Standing Order 65 (1) I give notice to move the following amendment to Schedule of the Supplementary appropriation, January 2020 to December 2021 of 2022. That's TP73 - Other Health and Cultural Programmes, to become \$1 million and EI 53 to become \$2.736 [million]

The Chairman: A motion has been moved. The question is TP 73 - Other elder and cultural programme assistance, which is not currently shown on the Bill to be added to the Schedule of the Bill in the amount of \$1 million to become \$1 million; and EI 53, presently shown on the Schedule to the Bill as (\$1,736,000), to be decreased by an additional \$1 million to become a (\$2,736,000) please say Aye, those Against, No.

AYES.

The Chairman: The Ayes have it.

Agreed: TP 73 added to the Schedule of the Bill.

The Chairman: Colleagues, in accordance with Standing Order 64 (3), I will now put the question as to whether honourable members approve all of the items on the Schedule to the Bill standing part of the Bill, including the addition of TP 73, as we just voted on a while ago, and also the revised number for EI 53.

Hon. Roy M. McTaggart, Leader of the Opposition: Thank you, Mr. Chair.

Mr. Chair, for all the reasons that you mentioned, I move on behalf of the Opposition to say that we support these amendments and this Appropriation Bill and really would be grateful if you take it as one block vote, including the Amendment.

Merry Christmas, sir.

The Chairman: Thank you very much, Mr. Leader, greatly appreciate it.

Thus colleagues, in accordance with Standing Order 64 (3), I now put the question as to whether honourable members approve all of the items in the Schedule to the Bill standing part of the Schedule, including the addition of TP 73 and the revised amount of EI 53. All those in favour, please say Aye. Against No

AYES.

The Ayes have it.

The Chairman: Colleagues, the items shown in the Schedule to the Bill are approved as they initially appeared on the Schedule to the Bill, including the addition of TP 73 for \$1 million, and the revised amount for EI 53, which is now (\$2,736,000).

Agreed: The Schedule of the Bill as amended by Finance Committee, stands part of the Bill.

The Chairman: Colleagues, in accordance with Standing Order 64 (4), I shall put the question as to whether honourable members approve of the Schedule changed by Finance Committee forming part of the Bill. All those in favour please say Aye, those against No.

AYES.

The Chairman: The Ayes have it.

Agreed: The schedule as revised stands part of the Bill.

The Chairman: Next, colleagues, we have to consider clauses in the Bill.

In accordance with Standing Order 64 (5), I shall put the question as to whether honourable members approve of clause 1 standing part of the Bill. All those in favour please say Aye, those against No.

AYES.

The Chairman: The Ayes have it.

Agreed: Clause 1 stands part of the Bill.

The Chairman: Similarly, colleagues, I put the question on Clause 2 of the Bill. The question is whether honourable members approve of clause 2 standing part of the Bill. All those in favour please say Aye, those against, No.

AYES.

The Chairman: The Ayes have it.

Agreed: Clause 2 stands part of the Bill.

The Chairman: Now colleagues, in accordance with Standing Order 64 (7) I shall put the question as to whether I, as Chairman of the Committee, do report the Bill to the House. All those in favour please say Aye, those against, No.

AYES.

The Chairman: The Ayes have it.

Agreed: Bill to be reported to the House.

The Chairman: Colleagues, the Supplementary Appropriation Bill for January 2020 to December 2020 Bill, 2022 has now been completed. Thank you all very much. We are going to move on to the 2021 financial year.

Colleagues, we will now look at the Appropriation for the financial year ended 31st of December 2021. These have explanatory details which commence on page 17 in the supplementary plan and estimates document, which was Tabled in the House last week. I can distribute to honourable members the Schedule to the Bill annotated with page reference numbers to the supplementary plan and estimates document, but I am trusting that won't be necessary for reasons that I will get into now.

The overwhelming majority of the supplementary appropriation shown on the Schedule to the Bill are in respect of budget changes that were made following the April 2021 General Election. The process of changing the makeup of Ministries meant that budgets had to be moved around. This meant that reductions were made to the 2021 budgets when a cost centre was moved from one ministerial assignment and placed in another ministerial assignment that the PACT Government decided upon.

The result was that X dollars was reduced from one ministerial assignment and, in most instances, the same X dollars was given to other new assignments of the cost centre to accord with decisions of the PACT Government, and also the revised ministerial alignment.

Honourable members, the entire section B of the 2021 supplementary appropriation plan and estimates, from pages 99 to 115 in the plan and estimates document, is devoted to recording such movements. The appropriation requests, which corresponded to the post-election changes, are shown in the Bill from pages 26 to page 40, the end of the Bill. It is worth repeating that all the changes shown on pages 26 to 40 of the Bill reflect moving budgets around after the April 2021 election. The effect of such changes was a net reduction of zero— in essence, one Ministry got, another Ministry gave up and all came back to zero.

Honourable members, the other appropriations in the Schedule to the Bill, from pages 7 to 25, are in respect of appropriations that were approved previously by Finance Committee in meetings in July and September 2021, and items that were approved by the current PACT Administration and the previous administration under section 11 (5) of the Public Management and Finance Act.

On this latter aspect, statements on these items would have been made in Parliament by Honourable Ministers in the former administration, and under the PACT-Government, which explain why the Supplementaries under section 11 (5) were required. I am driving to make the conclusion that the Schedule to the Bill contains items that honourable members would have approved, or would have been made aware of their existence. These requests have provided the foundation that enables certain actual expenditures for 2021 to have been incurred. I will next provide details of the financial results for the 2021 financial year.

For the financial year ended 31st of December 2021:

- Core government experienced a deficit of \$17.6 million, which can be found in Table 1 on page 11, in the supplementary plan and estimates document for 2021;
- The government's net worth at the 31st of December, 2021 was \$1.9 billion, which complies with the requirement of the core government net worth to be positive;
- The debt service ratio is 5.9 per cent, which is well within the allowable margin of 10 per cent of core government revenue;
- Net debt was 8.5 per cent of core government revenue, which was well below the allowable upper limit of 80 per cent; and
- Cash reserve days were 159.4 days, which were materially greater than the 90 day minimum.

The results of the financial year and the 31st of December 2021 incorporate the appropriation changes that are laid out in the Bill, and the supplementary expenditures have enabled certain expenditure levels to have been incurred and those actual expenditure levels have led to the results that I have just provided.

Therefore, on the basis of all that I have just stated, I trust that honourable members are also agreeable to vote in all items on the Schedule of the 2021 Supplementary Appropriation Bill in block, except for six changes that we actually need to make— five of them in the Ministry of Health and Wellness, and one in the Ministry of Sustainability and Climate resiliency.

At this point, I will ask the Honourable Minister of Health to move the amendment for those items.

Hon. Sabrina T. Turner: Thank you, Mr. Chair.

In accordance with the provisions of Standing Order 65 (1) I, the Honourable Minister of Health and Wellness, hereby move the following amendments to the Schedule of the above Bill:

- TP 44, presently not shown on the Scheduled Bill, be added to the Scheduled Bill in the amount of \$4,000 to become \$4,000;
- TP 73, presently shown on the Schedule to the Bill as \$2,175,000 be decreased by \$4,000 to become \$2,171,000;
- EA 30, not presently shown on the Scheduled Bill, be added to the Scheduled Bill in an amount of \$216,000 to become \$216,000;
- EI 53, presently shown on the Schedule to the Bill as \$8,895,154 be decreased by \$216,000 to become \$8,679,154; and
- NGS 55, presently shown in the Scheduled Bill as \$28,871,983 be changed to become \$36,281,060.

The Chairman: Honourable members, a motion has been moved by the Honourable Minister of Health and Wellness which asked for TP 44 - Temporary Poor Relief Payments for Young Parents Programme, presently not shown in the Schedule to the Bill to be added to the Schedule of the Bill in the amount of \$4,000; TP 73 - Other Health and Cultural Programmes Assistance, presently shown on the Schedule to the Bill as \$2,175,000 to be decreased by \$4,000 to become \$2,171,000; EA 30 - Cemetery Vaults Grand Cayman, not presently shown in the Schedule to the Bill, to be added to the Schedule of the Bill in the amount of \$216,000; EI 53 - Ministry of Health and Wellness, presently shown in the Schedule to the Bill as \$8,895,154 to be decreased by \$216,000 to become \$8,679,154; and NGS 55 - Tertiary Care at Local Overseas Institutions, presently shown in the Schedule to the Bill as \$28,871,983, be changed to become \$36,280,160.

Are there any questions?

Hon. Roy M. McTaggart, Leader of the Opposition: Thank you, Mr. Chair.

Mr. Chair, might we have an explanation from the Minister as to why these amendments have arisen? It is just that, in my ten years I have never experienced this in terms of a Supplementary Appropriation Bill. I mean, some of the numbers are clearly immaterial, but if we could have an explanation as to why this has occurred.

The Chairman: Actually, Honourable Leader, when we were going through the shifting of the different ministries there were many different votes that were moved, and these ones were actually omitted so, as Finance was doing the actual clean up in this process,

we realised with the Ministry also, that some of these were actually excluded from the Schedule.

As you can see, some of the numbers— EA 30 for example, where it's almost as if EI 53 and EA 30 were one, so we had to separated them so you can see one going to 216 and one being increased by \$216,000, so it was much more a house cleaning and tidying up exercise than anything else.

Again, this is in conjunction with the Ministry of Finance having produced a Schedule last week and then, as we were go through doing all the checks and balances, we realised that these ones were actually omitted from it. We wanted to ensure that everything adds up, so it is more a tidying up exercise than anything else.

Hon. Roy M. McTaggart, Leader of the Opposition: I understand. My concern really was, why at this late stage, when the Bill had already been published.

The Chairman: I completely take it with that one. I think this one is only because it was an election year; moving around the different cost centres, bearing in mind that we have about 160 cost centres and close to 1,000 different votes. That is really where the issue is.

We didn't pick it up but, as we were doing the checks and balances the Finance team, along with the able Financial Secretary (FS), as he was going through doing his double checks, as you would have been aware of, we actually picked up some of those and we reached back out to the Ministry team to get it sorted. Like I said, we wanted to get the Bill down to get it in; we did recognise that there were one or two things that would need to be tweaked, and it was easier to do it as amendments, as opposed to reprinting the entire Bill.

In the interest of saving paper and time, it would have been easier to just make these amendments as opposed to reprinting the Bill in its entirety. I do apologise.

[Pause]

The Chairman: Thank you very much, Mr. Leader for your understanding and cooperation. I also want to thank members for their patience, but I am sure that you all would appreciate that, coming in after the General Election and making many ministerial changes, moving cost centres around, moving departments around, is in itself quite a tedious exercise and a challenge in its own right.

I really want to thank all the different Ministries for their cooperation in terms of going through this exercise and also being patient with the Ministry of Finance in this endeavour. As you can see, we did the ministerial changes from July 1st but it took us quite a while to go through the different processes, et cetera. Again, this is typical during an election year when you would have had ministerial changes being assigned.

I don't think it reflects anything other than the fact of the size and the magnitude of what we're dealing with because, at the end of the day, we are talking about almost a billion dollars' worth of expenses. As the Leader rightfully said, \$4,000 a year or \$216,000 a year are immaterial in the grand scheme of a billion dollars, but nonetheless it is part and parcel of the tidying-up exercise so, once again, I want to thank everyone for their patience.

With that said, I will once again put the question that has been put on the Floor by the Honourable Minister of Health and Wellness:

TP 44 - Temporary Poor Relief Payments for Young Parents Programme, presently not shown in the Schedule of the Bill to be added to the Schedule of the Bill in the amount of \$4,000 to become \$4,000.

TP 73 - Other Health and Cultural Programme Assistance, presently shown in the Schedule to the Bill as \$2,175,000 be decreased by \$4,000 to become \$2,171,000.

EA 30 - Cemetery Vaults for Grand Cayman presently not shown in the Bill, to be added to the Schedule of the Bill in the amount of \$216,000 to become \$216,000.

Equally, EI 53 - Ministry of Health and Wellness, presently shown in the Schedule of the Bill as \$8,895,154 to be decreased by the \$216,000 to become \$8,679,154.

Finally, NGS 55 - Tertiary Care at Local and Overseas Institutions presently shown in the Schedule to the Bill as \$28,871,983 to be changed to become \$36,280,160.

All those in favour please say Aye, those against, No.

AYES.

The Chairman: There Ayes have it.

Agreed: The amendments passed.

The Chairman: Colleagues, I will ask the Honourable Premier to move the final amendment with respect to SCR 3 - Environmental Services and Research. Honourable Premier.

The Premier, Hon. G. Wayne Panton, Minister of Sustainability and Climate Resiliency: Thank you Mr. Chair, and good morning, colleagues.

In relation to this proposed amendment to the supplementary appropriation, January 2021 to December 2021 Bill, 2022, the amendment reads as follows:

In accordance with the provisions of Standing Order 65 (1) I, the Minister of Sustainability and Climate Resiliency, hereby give notice to move the following amendment to the Schedule of the Bill with respect to appropriations to the Ministry of Sustainability and Climate Resiliency under the heading SCR 3 - Environmental Services and Research, presently not shown on

the Schedule to the Bill. It needs to be added to the Schedule to the Bill with an amount of \$3,988,672.

The Chairman: Are there any questions? If not, I will put the question. All those in favour of SCR 3 - Environmental Services and Research, presently not shown in the Schedule of the Bill, being added to the Schedule of the Bill with the amount of \$3,988,672 please say Aye, those against, No.

AYES.

The Chairman: The Ayes have it.

Agreed: SCR 3 added to the Schedule of the Bill.

The Chairman: Colleagues, thank you all very much for your cooperation thus far.

In accordance with Standing Order 64 (3), I put the question as to whether honourable members approve all of the items in the Schedule of the Bill standing part of the Schedule, including revised appropriation figures for NGS 55, TP 44, TP 73, EA 30, EI 53, and SCR 3 being included as revised part of the Bill. All those in favour please say Aye, those against, No.

AYES.

The Chairman: The Ayes have it.

Agreed: All items approved.

The Chairman: Colleagues. The items shown in the Schedule to the Bill are approved as they initially appeared on the Schedule to the Bill except the appropriations with respect to NGS 55, TP 44, TP 73, EA 30, EI 53, and SCR 3.

In accordance with Standing Order 64 (4), I shall put the question as to whether honourable members approve of the Schedule as changed by Finance Committee with respect to the six appropriations I mentioned, namely, NGS 55, TP 44, TP 73, EA 30, EI 53, and SCR 3 forming part of the Bill. All those in favour please say Aye, those against, No.

AYES.

The Chairman: The Ayes have it.

Agreed: The Schedule as amended passed.

The Chairman: Colleagues, we are almost there.

With regard to the clauses in the Bill: According to Standing Order 64 (5), I shall put the question as to whether honourable members approve of clause 1 standing part of the Bill. All those in favour please say Aye, those against, No.

AYES.

The Chairman: The Ayes have it.
Agreed: Clause 1 passed.

The Chairman: Similarly, I put the question on Clause 2 of the Bill. The question is whether honourable members approve of clause 2 standing part of the Bill. All those in favour please say Aye, those against, No.

AYES.

The Chairman: The Ayes have it.

Agreed: Clause 2 passed.

The Chairman: Colleagues, in accordance with Standing Order 64 (7), I shall put the question as to whether I, as Chairman of the Committee do report the Bill to the House. All those in favour please say Aye, those against, No.

AYES.

The Chairman: The Ayes have it.

Agreed: Bill to be reported to the House.

The Chairman: Thank you, honourable members.

The proceedings of Finance Committee on this particular Bill are now concluded, honourable colleagues— and all those who gathered in the gallery thinking that there were going to be many questions, et cetera. I really want to take time out to thank the Honourable Leader of the Opposition and the members of the Opposition for their cooperation.

[Pause]

**Appropriation Changes in accordance with
Section 12 of the Public Management and Finance
Act (2020 Revision) for the Financial Year Ending
31 December, 2022**

The Chairman: Colleagues, my sincere apologies. I thought we were finished with the 2020 and 2021, but I understand that we have two items for consideration under section 12 of the Public Management and Finance Act, namely OE 134, which deals with depreciation of executive assets for the Ministry of District Administration and Lands to be increased in the amount of \$6,520,000 as a result of revaluations; and HAF 6 - Regiment Services to be increased by \$135,186.

I have spoken to the Honourable Leader of the Opposition and he is mindful for us to do these two items which relate to the 2022 financial year as part of section 12. With that, I will open. Has everyone received copies of these two items?

[Pause]

The Chairman: Colleagues, the Schedule is being distributed, so I want to take this time to update members on core government's financial results as of November of this year. Thus far, I'm pleased to report that in terms of revenues, the original budget was just under \$941 million; I can say, that for the 11 months ended November we have already exceeded the full year's budget in terms of revenue with \$942,000,175.

Equally, in terms of expenses, the full year budget was \$921 million of expenses and year to date for November we are just at \$879,359,000 so at the end of November this year, we have a surplus of \$62,816,000; and the full year budgeted target for this year is actually \$19.431 million. Full year surplus was budgeted at \$19.43, and at the end of November we had a surplus of \$62,816,000 so we are running well ahead and the items that we are going to be considering shortly have also been included in the forecast for this year.

The Government is cautiously optimistic that, bearing no surprises in December, we should at least meet the budgeted target of roughly \$20 million this year. These two items again, rather than going through the 11 (5) process— I mean, they are quite self-explanatory in terms of depreciation from a revaluation exercise and also, a small amount of \$135 million [*sic - should be \$135,000*] for the Regiment.

At this point I will just ask members if it's ok for us to— Honourable Leader.

Hon. Roy M. McTaggart, Leader of the Opposition: Thank you, Mr. Chairman.

Mr. Chairman putting on my accounting hat, when I think of depreciation I think of a non-cash charge.

[Inaudible interjection]

Hon. Roy M. McTaggart, Leader of the Opposition: This is non-cash. Okay, that's what I was seeking clarity on because I know—

[Inaudible interjection]

Hon. Roy M. McTaggart, Leader of the Opposition: So this is not going to be used to buy any assets. Okay, I'm good.

The Chairman: Thank you very much; for the accountants in the room, this is strictly a non-cash expenditure, because I can tell you there is no way I would be taking on a \$6.5 million cash hit like this in December.

Colleagues, again, I want to thank the Leader of the Opposition and his colleagues for their cooperation in this regard. I will therefore put it to the vote. All those in favour of OE 134 - depreciation of executive assets, Ministry of District, Administration and Lands to

be increased by \$6,520,000, and also HAF 6 - Regiment Service to be increased by \$135,186 please say, Aye, those against, No.

AYES.

The Chairman: The Ayes have it.

Agreed: OE 134 and HAF 6 passed.

The Chairman: Okay colleagues, for real for real this time we are finished now.

I want to thank everyone for their cooperation and again, my thanks to the Honourable Leader Opposition. He and I spoke about these Schedules in advance of today's meeting. It is good for the public to understand that conversations do take place amongst all Members of this House, to get this type of cooperation. Any questions or anything that was needed was previously discussed and the Opposition satisfied themselves in terms of this tidy-up exercise that we are doing both for 2020 and 2021.

Again, I really want to extend my thanks to the Honourable Leader of the Opposition and his colleagues, and also to the Premier and all my ministerial colleagues, for their patience as we go through this tidy up administrative exercise following the 2021 General Election.

With that, this will be the last Finance Committee for the year— at least, I hope. I want to thank everyone also in that regard. At this moment, Finance Committee is concluded.

At 10.07 a.m. Finance Committee adjourned.