



CAYMAN ISLANDS GOVERNMENT

Requests to Finance Committee for Appropriation Changes Sought Under Section 12 of the Public Management and Finance Act (2020 Revision)

FOR THE YEAR ENDING
31st DECEMBER 2022

PREPARED IN ACCORDANCE WITH SECTION 12
OF THE PUBLIC MANAGEMENT AND FINANCE ACT
(2020 REVISION)

**REQUESTS TO FINANCE COMMITTEE FOR APPROPRIATION
CHANGES SOUGHT UNDER SECTION 12 OF THE
PUBLIC MANAGEMENT AND FINANCE ACT (2020 REVISION)
FOR THE YEAR ENDING 31 DECEMBER 2022**

Verbatim transcript of the Standing Finance Committee meeting held Wednesday, 16 March 2022, at 9:10am in the Chamber of the House of Parliament, George Town, Grand Cayman.

-
- Present:** Hon. Christopher S. Saunders, MP – Chairman
Hon. G. Wayne Panton, JP, MP
Hon. Juliana Y. O’Connor-Connolly, MP
Hon. Bernie A. Bush, MP
Hon. André M. Ebanks, MP
Hon. Sabrina T. Turner, MP
Hon. Johany S. Ebanks, MP
Hon. W. McKeeva Bush, JP, MP
Mr. Dwayne S. Seymour, JP, MP
Hon. Katherine A. Ebanks-Wilks, MP
Ms. Heather D. Bodden, JP, MP
Hon. Roy M. McTaggart, JP, MP
Mr. Moses I. Kirkconnell, JP, MP
Ms. Barbara E. Conolly, NP, JP, MP
Mr. David C. Wight, JP, MP
- Absent:** Hon. Kenneth V. Bryan, MP
Hon. Sir Alden McLaughlin, KCMG, MBE, QC, JP, MP
Mr. Joseph X. Hew, MP
Mr. Isaac D. Rankine, MP
- Witness:** Mr. Wesley Howell, Chief Officer – Ministry of Border Control and Labour

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

The Chairman: Morning, can all Members take their seats, please?

[Pause]

The Chairman: Morning, Members. I would like to call this Finance Committee to order. I would like to invite the Honourable Minister of Financial Services to lead us off on prayer. Honourable Minister.

Hon. André M. Ebanks, Minister of Financial Services and Commerce and Investment, Innovation and Social Development, Elected Member for West Bay South: Let us bow our heads.

Oh, Heavenly Lord, as we deliberate during this meeting of Finance Committee over matters that are urgent to our people; that are urgent to the sustainability of the economy of this country; to move this country from strength to strength as we come out of COVID, Bless us, dear Lord, encamp your angels around us. Give us strength, give us prudence, give us

intelligence; give us collaboration, as we work through this Finance Committee. We humbly pray,
Amen.

The Chairman: Thank you, Honourable Minister. Please be seated.

Good morning, Honourable Members. First of all, I would like to thank everyone for showing up this morning.

Just to put everyone on notice, we will be having regular Finance meetings; I would not say once a month, but at least every six weeks or so. Something that we want to start doing is fewer Section 11(5) and more Section 12. We want to make sure that we have more Finance Committee approvals, as opposed to what we had before. I want to thank Members for their usual cooperation.

We have a very short agenda this morning and hopefully, it should not take long. Firstly, I want to give Members an update: Even though the amount that we are looking at today is around \$20 million based on the results of the first two months, none of the FFR (Framework for Fiscal Responsibility) ratios will be breached as a result of this supplementary expenditure, and the

forecast is now a reduction of \$19.4 million surplus for the budget this year, to just above \$10 million. I want to put Members' minds at ease in that regard.

I will ask that questions be prompt and direct, and hopefully we can get out of here quickly.

**TP 109
Extraordinary Relief Stipend**

The Chairman: As usual, we will start off with the very first item on the agenda which is TP 109, Extraordinary Release Stipend, in the amount of \$15 million. Are there any questions?

Honourable Leader of the Opposition.

Hon. Roy M. McTaggart, Leader of the Opposition, Elected Member for George Town East: Yes, sir. Thank you and good morning to everyone.

Mr. Chairman, just trying to understand: this represents more than double what was approved for 2022 in a short period of two months. Can you explain to us how long this is anticipated to last and what are the Government's thoughts with regard to the tapering off of the stipend—I am assuming this is stipend.

The Chairman: Thank you. It is actually for stipend and also support with regards to people in quarantine—if they have lost wages or are unable to attend to themselves; if they have to be in mandatory quarantine, but I will ask my Chief-Officer, Wesley Howell.

Mr. Wes, as is customary, please introduce yourself: your name and title for the record, before answering the Honourable Leader of the Opposition?

Mr. Wesley Howell, Chief Officer - Ministry of Border Control and Labour: Thank you, Mr. Chairman. Wesley Howell, Chief Officer for the Ministry of Border Control and Labour.

Thank you for that question, Mr. Leader of the Opposition. Essentially, when we were putting together the 2022-2023 budget numbers, we were forecasting that we would have started a reopening of the borders back in 2021; so by this time in 2022 we fully expected to have greater air arrivals coming in, and would have had cruise coming back, starting in January, ramping up as we went forward.

The Omicron (Coronavirus variant) threw that off the rails and all of that got pushed back, so essentially we find ourselves in a position where, to help the tourism workers sustain themselves until they get to critical mass, we needed to come back for additional funding, now pushing those timelines forward.

The Chairman: Honourable Leader of the Opposition

Hon. Roy M. McTaggart, Leader of the Opposition: Through you again sir, to the Chief Officer: Thank you very much for that.

Looking at what we approved for 2022—\$10 million (round numbers)—if I heard correctly, basically these things will cost us about \$5 million a month. Is it fair to say then, that this \$10 million is just about exhausted?

Mr. Wesley Howell, Chief Officer - Ministry of Border Control and Labour: Yes, Mr. Leader of the Opposition, I can confirm that that money is now exhausted.

Hon. Roy M. McTaggart, Leader of the Opposition: Okay. I guess the next logical question, given what we are spending, is \$15 million really enough?

Mr. Wesley Howell, Chief Officer - Ministry of Border Control and Labour: We have seen a number of very honest individuals put their hands up and say, *Please take me off. I am not only fully employed, but I am earning essentially what I was earning pre-pandemic and then some more.* Other persons have come forward to say that they are partially employed. So we have been able to reduce their payments to help them maintain sustainability as they go towards full employment, cognizant that without higher air and cruise tourism numbers, those persons—particularly those who earn gratuities from their line of work—still have not gotten back to pre-pandemic levels but we really do forecast a reduction as we go forward, and number of persons engage in meaningful employment getting up to sustainable levels of gratuities, tips and base salary.

Therefore, our projections are that we will be able to stretch this through to June, with some major changes happening around the May time-frame, in relation to ensuring that folks who need assistance from the Small Business Development Centre restarting, growing, or rightsizing their tourism business, are able to do that.

Persons who now find themselves on the list who are fully retired, do not intend to work again, or have suffered illness that prevent them from working, we can then transition them gently over to the other agencies that provide for their need—NAU in particular; and persons who are seeking employment elsewhere, outside of the Tourism Industry, we will have those folks register with Workforce Opportunities and Residency Cayman (WORC) and have them on that road. It is a multi-pronged approach to get to June.

The Chairman: Honourable Leader of the Opposition.

Hon. Roy M. McTaggart, Leader of the Opposition: Yes, sir. I think last month you may have announced a new programme to transition people out of this relief stipend. Will this fund those payments as well?

[Inaudible interjection]

Hon. Roy M. McTaggart, Leader of the Opposition: Okay, nothing further from me, sir.

The Chairman: Any other questions?

Honourable Member for Cayman Brac West and Little Cayman.

Mr. Moses I. Kirkconnell, Elected Member for Cayman Brac and Little Cayman: Thank you, Mr. Chairman, good morning to everyone.

This question for the small business grants overlaps into TP 80 as well, so I think I will ask it here, if that is okay with you?

[Inaudible interjection]

Mr. Moses I. Kirkconnell, Elected Member for Cayman Brac and Little Cayman: I echo the sentiment of the Leader's earlier statement, *are you sure this is enough?*

I just want to say the support from the Opposition is that tourism is a huge part of our budget and our economy—25 per cent approximately. I think the transition for the individual that you have identified has been met with acceptance and understanding; the only input that I have gotten is 'how long will it really last, and will our tourism product be up and running by the time it runs out?'

If you are planning your household or personal budget for the future, and you know that part of this is going to last you one, two three months, and the rest is completely up in the air, hoping that everything recovers to the point, I would just say I think it would be prudent to look at it and make sure the people know the Government is in a position to take care of them and that they are not going to be cut off at a period of time when this amount...

I will wait until the next number comes around.

The Chairman: Okay, thank you very much. Any other questions?

All those in favour of TP 109, Extraordinary Relief Stipend in the amount of \$15 million, please say Aye, those against, No.

AYES.

The Chairman: The Ayes have it. Thank you very much Mr. Howell, greatly appreciated.

ITI 1

International Engagement and Representation of the Cayman Islands

The Chairman: Colleagues, moving on to ITI 1, International Engagement and Representation of the Cayman Islands in the amount of \$260,000; however, I understand from the Honourable Minister of Financial Services that he will be looking to make an amendment

to reduce the amount, as he does not need the full sum. Honourable Minister of Financial Services.

Hon. André M. Ebanks, Minister of Financial Services and Commerce and Investment: Through you Mr. Chair, thank you.

I would like to move a Motion to reduce the amount from to \$260,000 to \$130,000. The reason is that this represents human resources administrative staff costs to run the programme to administer the proposed new stipends.

The amount there was annualised at \$260,000 if it was going to run for the full year, but since the stipend, as proposed now, will run until June, the staff will only be needed for six months. So it really should read \$130,000 and the **Reason for Appropriation Change** paragraph should be changed from 12 months to 6 months.

The Chairman: There is a Motion on the Floor.

All those in favour of reducing ITI 1 from \$260,000 as presented on the schedule to \$130,000...

[Inaudible interjection]

The Chairman: Sorry. Are there any questions with regards to the Minister's comments on reducing the amount? If not, I will move the Motion now.

All those in favour of ITI1 as presented on the schedule, being reduced from \$260,000 to \$130,000 please say Aye; those against, No.

AYES.

The Chairman: The Ayes have it. Thank you very much.

Colleagues, we will now open with the new amount: ITI 1 - International Engagement and Representation of the Cayman Islands in the amount of \$130,000. Are there any questions?

Seeing that there are no questions, I will put it to the vote: All those in favour of ITI 1 - International Engagement and Representation of the Cayman Islands in the amount of \$130,000, please say Aye; those against, No.

AYES.

The Chairman: The Ayes have it. Thank you very much.

TP 80

Support for Business Initiatives

The Chairman: Colleagues, now moving on to TP 80, Support for Business Initiatives in the amount of \$5 million, are there any questions?

Honourable Leader of the Opposition.

Hon. Roy M. McTaggart, Leader of the Opposition: Thank you, sir, and through you to the Minister: Looking at what we approved for 2022 back in December and looking at the increase now, it is quite a significant increase—probably 10 times more than what we original budgeted. What happened to cause such a drastic change or need for this right now?

The Chairman: Honourable Minister of Financial Services?

Hon. Roy M. McTaggart, Leader of the Opposition: I want to understand why this was not picked up back in December.

The Chairman: Honourable Minister of Financial Services?

Hon. André M. Ebanks, Minister of Financial Services and Commerce and Investment: Through you Mr. Chair: The short answer is Omicron, but I will expand.

I touched on this exact number when the budget was being approved in Finance Committee. It was planned at a time when reopening was planned for, I think, the 20th November, because we were planning the budget process. It was thought that the level of assistance that was given to businesses for the purposes of their asset preservation... that they would have had enough injection of funding to help preserve those assets in hopes that tourism would turn around by the end of the year. However, with the introduction of the new variant, the continued border closure and measures that had to be put in place for COVID-19, they were not in any shape or form to be able to rise to any level of profitability or even sustainability.

We always knew that this was a potential risk because, unfortunately, COVID is unpredictable and now that fear has come to fruition.

The Chairman: Honourable Leader of the Opposition.

Hon. Roy M. McTaggart, Leader of the Opposition: I noticed in the description or reason for the change you say that this is to help micro businesses in sub sectors of the tourism industry. Can you tell us what sub-sectors of the industry this will address?

The Chairman: Honourable Minister of Financial Services.

Hon. André M. Ebanks, Minister of Financial Services and Commerce and Investment: Through you, Mr. Chair: It is a continuation of last year's programme, so the same sub-sectors; I will read them out:

- Land and sea tour operators;
- Taxi drivers;
- Micro and small restaurants;
- Tour bus operators; and

- Other tourism-related businesses.

That feature has not changed from last year.

Hon. Roy M. McTaggart, Leader of the Opposition: Okay.

The Chairman: Honourable Member for Cayman Brac West and Little Cayman.

Mr. Moses I. Kirkconnell, Elected Member for Cayman Brac and Little Cayman: Thank you, Mr. Chairman.

You did a good job on the last question I asked you; just moved on and I did not get an answer one way or the other. This one I will try to do a better job on asking the question in the right way.

The Chairman: Apologies, I actually thought it was a statement. I sincerely apologise; I would never do that to you—maybe others, but not you.

[Laughter]

Mr. Moses I. Kirkconnell, Elected Member for Cayman Brac and Little Cayman: Again, I think you will find that the Opposition is supportive of making sure our tourism industry recovers.

I go back to the same question I had before, and the question I am going to leave you with is: Is there a consideration to the Minister reviewing this to make sure that the people—taxi drivers, land and sea tour operators, North Sound boat owners—know that there are more funds available, again, from a budgeting standpoint; because this is not, you have a taxi and all of a sudden five people show up and you go out and pay insurance, re-certify your taxi and make sure the engine works.

The problem, especially for the North Sound boat operators with their boats and the launches, to try to keep those operational, have been terrible. From a budget standpoint, if they know that they are covered for 6 to 12 months, it is a different way that they are looking at their Balance Sheet and their future business.

Now, the success of the Cayman Islands tourism product has been, you make sure that they understand the product available, you make sure they have a good flight in, a good room, and the attraction is the Caymanian attraction that we are dealing with here; that is really deemed the success and that is what the return guests come for, so under promise and over deliver needs to continue.

Through you Mr. Chairman, to the Minister: we would like for you to consider... If you feel satisfied that the industry knows that there is going to be more, if the recovery does not happen as quickly as we hope and the balance does not come back; and if that is some-

thing you would want to look at today, with us supporting it, or is it something that the industry will know help is there.

The Chairman: Honourable Minister of Financial Services

Hon. André M. Ebanks, Minister of Financial Services and Commerce and Investment: Through you, Mr. Chair.

Maybe I will give some context before answering that question.

This asset stipend for TP 80—particularly since we have administered it since September 2021 to January, 2022—has been in consultation, particularly with the North Sound operators. They even helped to write the policy programme and assisted with the application process. So we are in constant communication with them from a consultative perspective.

In regards to the answer about whether or not there would be further support if, for example, there is—Heaven forbid—another new variant, I think us coming back here today answers your question, because we said last year that if there was not enough assistance we would be right back here. The fact that we are coming back to ask for more this year, on the basis that last year's plan did not work out, I think already proves to the public at large that if plans do not come to fruition, we will come back here for further assistance.

The Chairman: Honourable Member, just to expand or answer the previous question, there is an ad hoc committee that has been established with Minister Bryan as Minister of Tourism; Minister André Ebanks and I, where we actually meet—well, I think the last meeting was last week.

We meet on a regular basis to actually monitor what has been going on, because we are also concerned about people within the industry from a labour standpoint, from a business standpoint and also from a tourism standpoint, in terms of getting the feedback. So we have established that kind of working group between those three Ministers, where we actually look exactly at the same things that you have raised.

As I said at the start of the Committee, it is our intention to have many more Finance Committees. The Government is committed and the Premier has made it perfectly clear that, even for Section 11 (5), we want it strictly for exceptional circumstances; so you will find more Finance Committees happening, where we can come down and have exactly these forums.

I think it is important. Also, why we are doing it in this forum is to send a message to the public that we are coming back down here to actually get these funds. The news and everyone will pick it up and actually see the support, not just from the Government but also the Opposition, to make sure that Caymanian families and businesses are taken care of.

I am sure, just like it is a programme that your [Administration] started, it is a programme that we are committed to continuing, to ensure that until we get our people back to where they were, having a certain quality of life then we must continue to do so. As information and the forecast changes, we will come back accordingly.

Thank you very much.

You had another question?

Mr. Moses I. Kirkconnell, Elected Member for Cayman Brac and Little Cayman: I just want to thank the Minister for his reply. Thank you for the reply.

Again, the representation that we have gotten is when they look at it, the common phrase is, *how long will this continue?* I think what you have said this morning should give satisfaction that it will continue as long as they need it to continue.

Thank you.

The Chairman: Are there any questions? If not, I put it to the vote: All those in favour of TP 80, Support of Business Initiatives in the amount of \$5 million, please say Aye; those against, No.

AYES.

The Chairman: There Ayes have it.

Honourable Members, thank you very much for your cooperation. That actually concludes this morning's Finance Committee.

I am very sorry that it is really a short agenda and you guys came down here for such a short meeting but as I said, I think it is important that we have more of these meetings, so the public is aware of exactly what we are doing, and can actually see that the Government and everyone is at work.

It also sends a message, especially to people still affected by the pandemic, that both the Government and the Opposition are aligned in this regard, to ensure that we are taking care of everyone.

With the approval of these items the Finance Committee will now enable the much-needed expenditures to be incurred by the Government.

Honourable Members will also know that although Finance Committee has approved these items today, the same items will be seen again by the Committee because the Government has to include these items in the Supplementary Appropriation Bill for the 2022 Financial Year, which Committee Members will see.

ADJOURNMENT

The Chairman: At this point I would like to adjourn Finance Committee and thank Members again for their usual cooperation.

Thank you very much.

At 9.29 a.m. the Committee adjourned sine die.