



**Ministry of Sustainability
& Climate Resiliency**

Cayman Islands Government

2021

ANNUAL REPORT

**Ministry of
Sustainability
& Climate
Resiliency**

gov.ky/sustainability

Taking a sustainable approach to the social, environmental, and economic development of our Islands.



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Foreword

Through a multi-stakeholder and forward-focused approach, the Ministry aims to cultivate **a lasting legacy of sustainability** in the Cayman Islands.

Hon. G. Wayne Panton, JP, MP

Premier | Minister for Sustainability
& Climate Resiliency





When my administration came into office last year, it was with a clear understanding of the values that guide us – People-driven, Accountable, Competent, and Transparent – and an overarching goal of improving the lives and well-being of all our people.

Our vision is for a Cayman Islands that is held up as one of the most sustainable countries in the world, a trio of islands where all its citizens can thrive, a peaceful and prosperous place known for its resourcefulness, its diligence, its excellence, and its innovativeness.

The Ministry of Sustainability & Climate Resiliency was created as part of our commitment to taking a sustainable approach to the social, environmental, and economic development of our Islands. Through a multi-stakeholder and forward-focused approach, the Ministry aims to cultivate a lasting legacy of sustainability in the Cayman Islands.

As this report demonstrates, a tremendous amount of work has been accomplished by the hardworking staff of the Ministry, the Cayman Islands National Weather Service, the Department of Environment, the National Energy Policy Unit and Hazard Management Cayman Islands.

There is even more still to be done. The Ministry's mission has never been more relevant: Data from the United Nations Intergovernmental Panel on Climate Change

(IPCC) is clear – climate change poses an existential threat to the safety and security of our people, the health and viability of our natural environment, and the resilience of our economy.

A healthy natural environment is fundamental to our country's current and continued success: Concentrated actions to transform environmental systems and build capacity to anticipate climate risks and hazards, absorb shocks and stresses, reshape and transform development pathways in the longer term are key priorities for the Ministry and the PACT administration as a whole.

I am proud of the work the Ministry has accomplished in its first six months. In the years to follow, I am confident that the Ministry and its departments will continue to grow and build upon these initial successes, establishing a solid foundation of policies and legislation to guide sustainable development in the Cayman Islands.

With the continued support of our community, collaborators and colleagues, we will cultivate a lasting legacy of sustainability in the Cayman Islands and create a better future for all.

Introduction

Balancing our economy, environment, and society for a sustainable future.

Jennifer M. Ahearn, AICP, JP
Chief Officer | Ministry of Sustainability & Climate Resiliency



As Chief Officer, I am pleased to present the first annual report for the newly created Ministry of Sustainability & Climate Resiliency for the six-month period ending 31 December 2021.

The Ministry of Sustainability & Climate Resiliency was formally established following the 2021 elections by the Cabinet of the Cayman Islands Government to prepare our country for the complex risks and realities of climate change and meet the needs of the present without compromising future generations through a balanced approach to environmental stewardship, social development and economic growth.

Since our Ministry was established, the United Nations Intergovernmental Panel on Climate Change (IPCC) has released two significant reports detailing the ongoing environmental, geopolitical and economic effects of global temperature increases and the sweeping changes necessary to limit global warming to or under 1.5C.

Small island nations such as the Cayman Islands, which contribute the least to global greenhouse gas emissions, are on the front lines of the severe, interconnected and unprecedented impacts of climate change.

The IPCC's latest report, issued in April 2022, is clear that it is possible to halve emissions by 2030 in a viable and financially sound manner and that keeping global

temperatures down will require radical transformations to production methods and consumption patterns across virtually every industry and at every level of human society.

While the Cayman Islands may not be able to turn the tide of global warming on our own, we have a responsibility to lead by example, creating opportunities that improve quality of life for current and future generations.

This annual report outlines our Ministry's important work that was initiated and completed in our first six months of operations, including the on-the-ground efforts of our departments – the Cayman Islands National Weather Service, Department of Environment, and Hazard Management Cayman Islands.

As we continue our efforts to improve local resiliency and play our part in the global efforts to reduce emissions and limit the rate of warming, accelerate our transition to renewables, and progress efforts to review our development and planning legislation and development plan framework, our list of achievements will continue to grow.

In closing, I would like to thank all of the Ministry team members, including all the staff in each department and unit, for your hard work and dedication. I look forward to your continued support as we cultivate a lasting legacy of sustainability to benefit current and future generations.

"While the Cayman Islands may not be able to turn the tide of global warming on our own, we have a responsibility to lead by example, creating opportunities that improve quality of life for current and future generations."



Our Role & Purpose

Following the General Elections held in April 2021, the newly formed PACT Government created a new Ministry of Sustainability and Climate Resiliency (the “Ministry”) under the leadership of the Premier, Honourable G. Wayne Panton. The Ministry’s mission is to cultivate a lasting legacy of sustainability in the Cayman Islands by achieving environmental, social, and economic balance, with a view to maximising benefits across all three areas of this triple bottom line to make the lives of current and future generations better.

Strategic Objectives



Address the existential threats posed by climate change through an updated national Climate Change Policy and Implementation Plan.



Maintain and enhance the ecosystem services provided by our unique natural environments.



Support the transition to renewable energy through the National Energy Policy and programmes designed to save energy and reduce cost of living.



Ensure our Islands are prepared to proactively respond to disasters and emergencies in order to preserve lives and livelihoods.



Facilitate the implementation of the Cayman Islands Government’s National Solid Waste Management Strategy through the ‘ReGen, Cayman’s Energy & Recycling Centre’ project.



Facilitate the development of a framework to enable holistic, balanced decision-making across the three pillars of sustainable development.



Departments and sections under the Ministry include Policy and Administration, the Department of Environment, Hazard Management Cayman Islands, and National Weather Service. Additionally, the National Trust for the Cayman Islands is an NGO under the Ministry.

What We Do

The Ministry is responsible for the strategic development of programmes and policies to ensure the Cayman Islands is best placed to solve current challenges and meet present needs without compromising future generations.

Concentrating on strategic projects, programmes and policies, the Ministry's goal is to build capacity to anticipate climate risks and hazards, absorb shocks and stresses, reshape and transform development pathways, and conserve environmental systems to preserve strategically important ecosystem services for the benefit of present and future generations.

The Ministry provides strategic and policy direction, advice, funding and governance support for environmental protection and enhancement, health and safety measures in preserving the Cayman Islands environment for future generations.

Core functions

- Preparation of submissions to Caucus and Cabinet for decisions and/or presentations;
- Preparation and dissemination of correspondence on behalf of the Ministry and Minister;
- Processing of new, or Amendments to, Acts or Regulations
- Issuance of Coastal Works Permits;
- Issuance of Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) Permits.

Governance

The following laws and policies govern the activities of the Ministry:

- The National Conservation Act, 2013
- The Endangered Species (Trade and Transport) Act
- National Weather Service Act, 2010
- The Disaster Preparedness and Hazard Management Act (2019 Amendment)
- The National Energy Policy (2017 – 2037)



Our Departments





Cayman Islands National Weather Service

The Meteorological Office was established in the early 1980s under the Civil Aviation Authority, responsible for monitoring meteorological events and the provision of meteorological information. The Meteorological Office was officially recognised as the Cayman Islands National Weather Service (CINWS) on 01 June 2010. The National Weather Service Act, 2010 governs the operations of the NWS.

The staff currently operates a service for 17 hours daily with a 24-hour service envisaged for the future. The service's operation includes an Upper-Air Station, Surface Weather Observations, Climatology, forecasting, and Aviation weather briefing.



Department of Environment
Cayman Islands Government

Department of Environment

The mission of the Department of Environment (DoE) is to facilitate responsible management and sustainable use of the natural environment and natural resources of the Cayman Islands; through environmental protection and conservation, wise use, scientific research, and public education.

The DoE is the leading Government agency responsible for the management and conservation of the environment and natural resources. The DoE works to facilitate responsible management and sustainable use of the natural environment and resources of the Cayman Islands through various environmental protection and conservation programmes.

National Conservation Council

The membership of the National Conservation Council is established in Schedule 2 to the National Conservation Act, 2013, and consists of five statutory voting members, representing the Departments of Environment, Planning, and Agriculture, in addition to a voting member representing the National Trust for the Cayman Islands; and eight voting members appointed by the Cabinet, of which at least four must have relevant scientific or technical expertise. Council members serve two- year terms; the current Council were appointed in 2021 until 2023.



Hazard Management Cayman Islands

Hazard Management Cayman Islands (HMCI) has overall responsibility for the national Comprehensive Disaster Management programme, including preparedness, response, mitigation, and recovery. HMCI is also responsible for maintaining the National Hazard Management plans for threats such as hurricanes and earthquakes.

HMCI is responsible for the National Emergency Operations Centre (NEOC), which is activated to direct and coordinate the response to national threats.

The Disaster Preparedness and Management Act (2019 Amendment) is the primary guiding legislation establishing Hazard Management Cayman Islands and outlining the responsibilities for the comprehensive management of disasters that may befall the Cayman Islands.

Our People

We believe that our staff expertise is the key to our future success. Their performance, training and well-being have a significant impact on our achievements. Fostering a culture of diversity and inclusion for our people is, therefore, key to successfully executing

the Ministry strategy. We stay committed to attracting and retaining the right talents, role model leadership, diversity and inclusion, and creating a world-class civil service culture.



Ministry

Hon. G. Wayne Panton, JP, MP
Premier and Minister for Sustainability
& Climate Resiliency

Jennifer Ahearn, AICP, JP
Chief Officer

Troy Jacob, Acting Deputy Chief Officer

Departments

Danielle Coleman, Director, HMCI

Gina Ebanks-Petrie, Director, DoE

John Tibbetts, Director General, CINWS



Key Achievements





Highlights of Key Achievements

- Number of Cabinet Papers submitted: 27

- Number of Coastal Works Permits approved: 4

- Number of CITES Permits issued: 15

- Multi-Agency collaboration on climate change related issues.

- Leading the Multi-Agency group to develop the coastal setback reference line for the Cayman Islands.

- Contributed to multi-agency development of the 2021 Cayman Islands National Marine Oil Spill Response Plan.

- Pursuing the construction of the National Weather Service Headquarters Building.

- Continued the procurement process to support infrastructure for Automatic Weather Observing Stations ("AWOS") across all three Islands.

- Pursuing sustainability strategy across ministries.

- Progressing the review of the National Development Plan.

- Took the lead on progressing the Integrated Solid Waste Management System ("ISWMS") project, otherwise known as ReGen, Cayman's Energy & Recycling Centre.

- Preparing Annual Reports for tabling in Parliament.

- Leading the development and implementation of Her Majesty, The Queen's Platinum Jubilee Tree Planting Project.

- Processing requests for Judicial Review of matters under responsibility.

- Preparing amendments to Marine Protected Areas.

- Developing drafting instructions for delegation of authority for minor Coastal Works Licence Applications.

Energy Policy Team

- Public Education Campaign on Energy Efficiency.
- Two concept notes approved by the RESEMBID programme for grant funding from the European Union for an Energy Efficiency Programme.
- Establishment of a committee for a National Tree Planting programme, to include “Plant a Tree for the Jubilee” year-long initiative.

Department of Environment

- Assessed 703 development applications and produced eight Environmental Impact Assessment (EIA) Screening opinions, one of which triggered an EIA.
- Undertook a variety of initiatives aimed at the conservation of native species and habitats, including an islands-wide response to Stony Coral Tissue Loss Disease
- Rolled out the new Marine Parks App for smartphones
- Oversaw the production of the first set of Natural Capital or Ecosystem Accounts for the Cayman Islands
- The DoE prepared Guidelines on the siting of habitable overwater structures in Marine Protected Areas for Cabinet on behalf of the National Conservation Council
- The DoE website was refreshed and relaunched
- The DoE completed the IMO III Code Audit preparations concerning oil spill response and preparedness

Hazard Management Cayman Islands

- Activation of the National Emergency Operations Centre Emergency Field Hospital and establishment of the Isolation Support Line.
- Trained three Community Emergency Response Teams.
- In 2021, HMCI conducted several training exercises for First Response Agencies and Key Stakeholders.
- Climate change resiliency initiatives.
- HMCI gave 32 hazard awareness presentations for a variety of audiences, including schools/health sector/government agencies and private businesses Oil Spills National Response Plan.

- National Emergency Notifications Systems Phase II (Mobile App).
- Smart Flood Early Warning Detection System for the Cayman Islands.

National Weather Service

- Finalising Business Case for the new Cayman Islands National Weather Service Operational and Research Centre, including approval from the Planning Board.
- Installation of programs to support wave modelling.
- Completed procurement and design of new Weather Service Website.
- Installation of new Automatic Weather Station on-site adjacent to Jose Gas Station.
- Commenced implementation of Impact Based Forecasting and Warnings System.



 Key Achievements 2021

Energy Policy Team

Energy Policy Team



Public Education Campaign on Energy Efficiency

Several initiatives took place during 2021 to educate the public on the importance and benefits of optimising their energy consumption. These initiatives supported strategy 3.1.1, which states to “Establish public awareness programmes to influence public behaviour and choices regarding sustainable energy consumption, conservation, efficiency, and related technologies”.

The Home Energy Efficiency project was launched in October 2020 as a public education campaign on energy efficiency. The campaign delivered key messages on energy efficiency methods as well as provided an opportunity for eight homeowners to win a free energy audit on their home and for one of the homeowners to receive a free home energy makeover worth \$35,000 based on the audit results. The energy audits analysed the homes, determined where and how energy was being lost and what systems were operating inefficiently, and provided recommendations to reduce utility bill costs substantially.

In 2021, the competition winner received spray foam insulation, a new air condition unit inclusive of ductwork, air handler and condenser, a smart thermostat and correct wiring of the panel box to accurately read energy consumption via an energy monitor. The new appliances were installed between March and September 2021. The month after the retrofit, the homeowners’ energy consumption decreased by 49% compared to the previous year’s same month. Therefore, accurate results will be seen in 2022 when the same time of year bills can be compared. The information gained during the implementation of this project will assist with the development of a home energy efficiency grant scheme

to support more homeowners to retrofit their homes with energy-efficient devices. A post-implementation report was developed and will assist with implementing future projects.

Additional efforts included:

- Do-It-Yourself Energy Audit guides were created for homes, businesses, and children. This guide provided valuable information and a simple checklist for homeowners to assess their own homes for energy efficiency.
- The Ministry partnered with Caribbean Utilities Company, Ltd (CUC) to host Lunch and Learn sessions on energy efficiency for businesses. The events were held at the Chamber of Commerce conference room in Governor’s Square.
- The Ministry partnered with the George Town Revitalization Initiative, National Roads Authority, and the Department of Planning to host an information booth at the Builder’s Expo.
- An Energy Label guide was created to assist customers to know how to read the energy label when purchasing appliances. The key message was to inform persons that a cheaper appliance may cost more to operate in the long term and learning how to read the energy guide would guide their decision on which appliance to purchase.
- The Ministry partnered with CUC to meet with the Bankers Association to educate them on the importance of homeowners purchasing energy-efficient appliances and suggesting affordable loans for existing homeowners to retrofit their homes.



Cayman Islands Energy Efficiency Programme

The Cayman Islands Energy Efficiency Programme is currently being developed to incorporate both public sector and residential buildings. To support these programmes, two concept notes were submitted to the Resilience, Sustainable Energy and Biodiversity Programme (RESEMBID), which provides grants funded by the European Union.

Both concepts were approved, for a total of \$1.2 million in funding, to proceed to the next stage of developing the program and implementation details.

The first concept is for technical assistance to develop

and implement a program to retrofit public sector buildings with energy-efficient devices and create minimum energy efficiency standards for constructing new public sector buildings.

The second concept is for technical assistance to review and assess a suitable energy code for Cayman to adopt, to support a program to retrofit houses built by the National Housing Development Trust with energy-efficient devices and renewable energy and for an apprenticeship program in energy auditing. The goal is to launch this programme by June 2022.





Review of National Energy Policy

In accordance with Section 4 of the NEP, the Energy Policy Council will be required to commence the quinquennial review during the fourth year of each cycle. A light review was undertaken in January 2021 and in October 2021 a request for proposals was issued for a technical consultant to conduct a full review of the NEP. Unfortunately none of the bids received had the required experience of conducting a review of a national energy policy. A new request for proposal will be reissued with the aim of attracting new bidders.



National Tree Planting Programme

A National Tree Planting Programme is being planned in collaboration with the Ministry of Agriculture with a goal of planting at least two trees per resident to aid in the war against climate change.

A pilot programme was implemented under theme "Plant a Tree for the Jubilee" which includes a website, a map for persons to pin their tree planting on a map and a database to save the location of each tree planting. This year long pilot project will be assessed at the end of 2022.



A photograph of a mangrove forest with numerous young trees growing in shallow, clear water. The trees have dark, slender trunks and green, rounded leaves. The water is a light blue-green color, and the background shows more trees receding into the distance.

Department
of Environment

Department of Environment



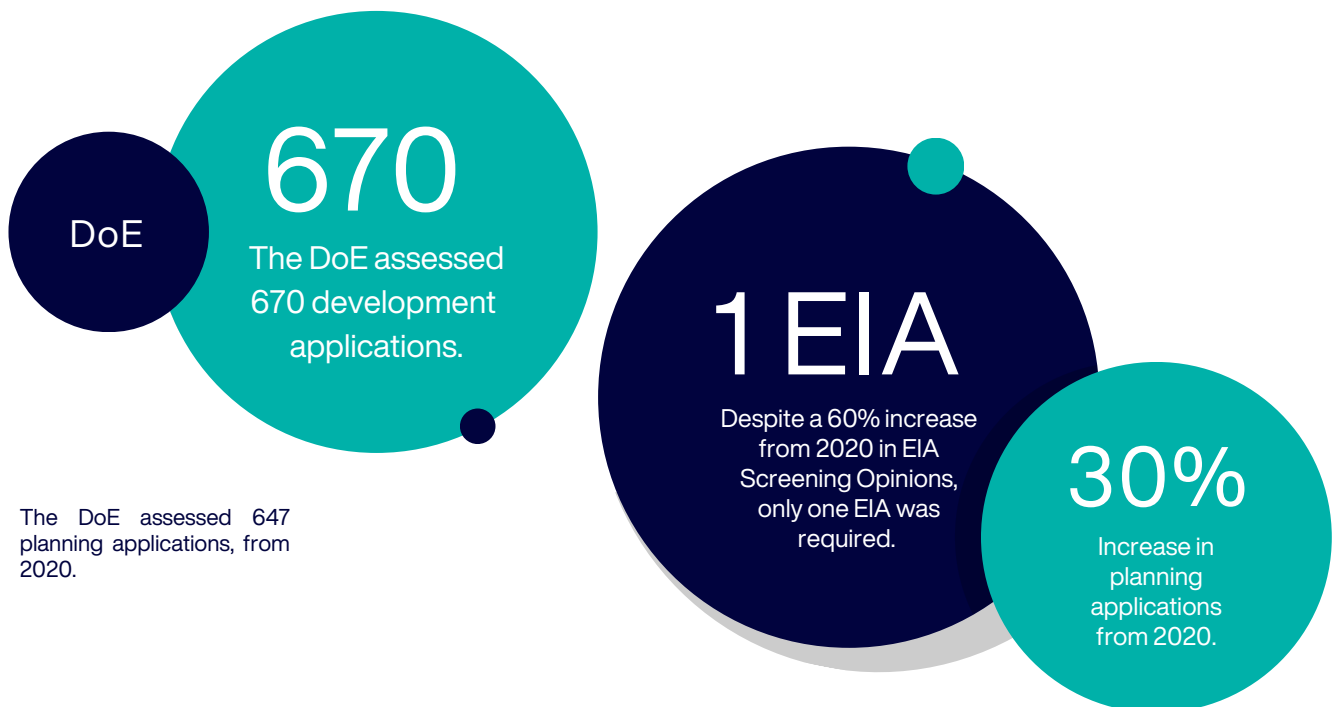
Development Application Reviews and Environmental Impact Assessments (EIA)

In 2021 the DoE assessed a total of 670 development applications and carried out 33 additional consultations with government agencies under Section 41 of the National Conservation Act.

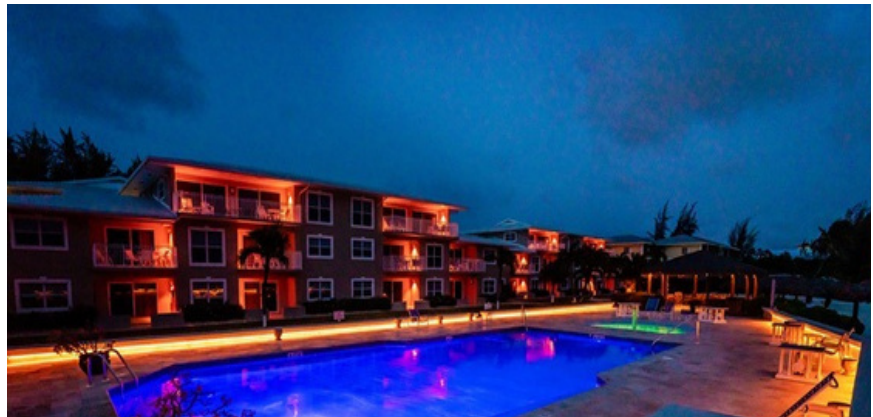
As part of these reviews, eight EIA Screening Opinions were issued, representing a 60% increase from 2020. The Screening Opinions concluded that EIAs were not required for seven of these projects. Only one EIA was required for a mixed-used hotel/tourism planned area development application. All EIA Screening Opinions can

be found at the following link:
<https://conservation.ky/eia-screening-options>

Additionally, a Scoping Opinion was issued to update the proposed east-west arterial extension in November 2021, and the Terms of Reference for the Integrated Solid Waste Management System (ISWMS) project were finalised by the Environmental Assessment Board and published in October 2021.



Examples of Turtle Friendly Lighting Retrofits on Seven Mile Beach



Conservation of Native Species and Habitats

- The DoE continued to work with existing properties on Seven Mile Beach to retrofit turtle-friendly lighting and expanded the programme to include all critical habitats in Grand Cayman. Since 2019, the Unit has successfully worked with 18 properties in vital habitats to help them retrofit turtle-friendly lighting - 12 of these properties were completed (or all products ordered ready for installation) in 2021. In collaboration with CUC, the NRA and the Port Authority, problematic lighting at Spotts Terminal was retrofitted to turtle-friendly street lighting.
- In 2021, the DoE secured and began implementing a Darwin+ grant with the Royal Society for the Protection of Birds and Department of Agriculture, focused on bio-security, alien invasive predators and cryptic endemic reptiles in the Sister Isles.
- With NTCl and international partners, the DoE finalised a new Species Survival Action Plan for the Grand Cayman Blue Iguana and reassessed the Blue Iguana population in Salina Reserve.
- The Parrot Amnesty was completed in 2021 with 326 captive parrots registered and held legally under NCA Permit.
- 60 Sister Isles Rock Iguanas were head-started on Little Cayman and released at an age better able to withstand feral cat depredation.
- The DoE undertook the first full population assessment of "Old George" (*Wittmackia caymanensis*) in and around the Ironwood Forest in George Town.
- A habitat map and species list for Hemmington Forest National Park on Cayman Brac was developed in preparation for Protected Area Management Planning.
- On the recommendation of the NCC, Cabinet approved the purchase and establishment of additional terrestrial protected areas under the National Conservation Act, bringing the percentage of the land area of the islands under protection to 11%.

- The game bird hunting season was updated after being initiated by members of the hunting community.
- Cabinet approved the DoE's proposal for enhanced marine parks in early 2021. DoE undertook extensive public education and outreach on the new parks, including the new Marine Parks App roll out. The DoE also installed regulatory markers and information signs to support public compliance.
- For our marine team, much of 2021 was spent responding to Stony Coral Tissue Loss Disease (SCTLD) 's emerging threat on Grand Cayman. SCTLD is known to affect over 20 species of hard corals and leads to 69-100% subsequent mortality. The DoE trained local diving volunteers and 'strike teams' to help with the response in Grand Cayman and for observation and responding in Cayman Brac and Little Cayman (the Sister Islands), should SCTLD arrive there. An antibiotic paste was used to treat infected corals at priority reef sites, selected primarily for coral cover and tourism importance and outreach and education have also been a critical focus to raise awareness for coral reefs, their importance and what can be done to help avoid the 'human spread' of this disease by disinfecting dive gear and boat bilges when travelling from highly infected areas to less infected areas and when travelling from Grand Cayman to the Sister Islands.
- The DoE also undertook annual monitoring of the Little Cayman Nassau grouper population and completed annual monitoring for nesting marine turtles on the three islands.
- A total of 275 nests were recorded on Grand Cayman, where Loggerhead nest numbers were the second highest ever recorded with 159 nests. However, green nest numbers were the lowest for the last ten years. In Little Cayman, a total of 162 nests were recorded. Overall nest numbers were very similar to 2019 (154 nests), but there were more loggerhead nests (98 nests) and fewer green nests (63 nests) than in 2019. Little Cayman had the only hawksbill nest of 2021. Cayman Brac saw a record-breaking year with 94 nests recorded when the previous record was 60 nests (in 2018). However, only one green nest was recorded.
- In 2021, the DoE also secured Darwin Plus funding for an assessment of deep shelf fisheries and Blue Belt funding for the deployment of deep water baited remote underwater videos as part of a global open ocean monitoring network.
- In 2021, the DoE worked with the environmental economics consultancy firm, EFTEC, to commence the preparation of natural capital or ecosystem accounts for the three Cayman Islands as part of a Joint Nature Conservation Council Darwin Plus funded project. The accounts comply with the UN Statistical Commission's new statistical standard - the 'System of Environmental-Economic Accounting- Ecosystem Accounting' (SEEA-EA). It provides an accounting framework to measure the contribution of ecosystems to our society, their condition (health) and the services they provide to us.

Other

- The DoE prepared Guidelines on the siting of habitable overwater structures in Marine Protected Areas for Cabinet on behalf of the National Conservation Council.
- The DoE website was refreshed and relaunched.
- The DoE completed preparations for the IMO III Code Audit concerning oil spill response and preparedness.

Grand Cayman Protected Areas



Little Cayman Protected Areas



Cayman Brac Protected Areas



Total Number Of Turtle Nests

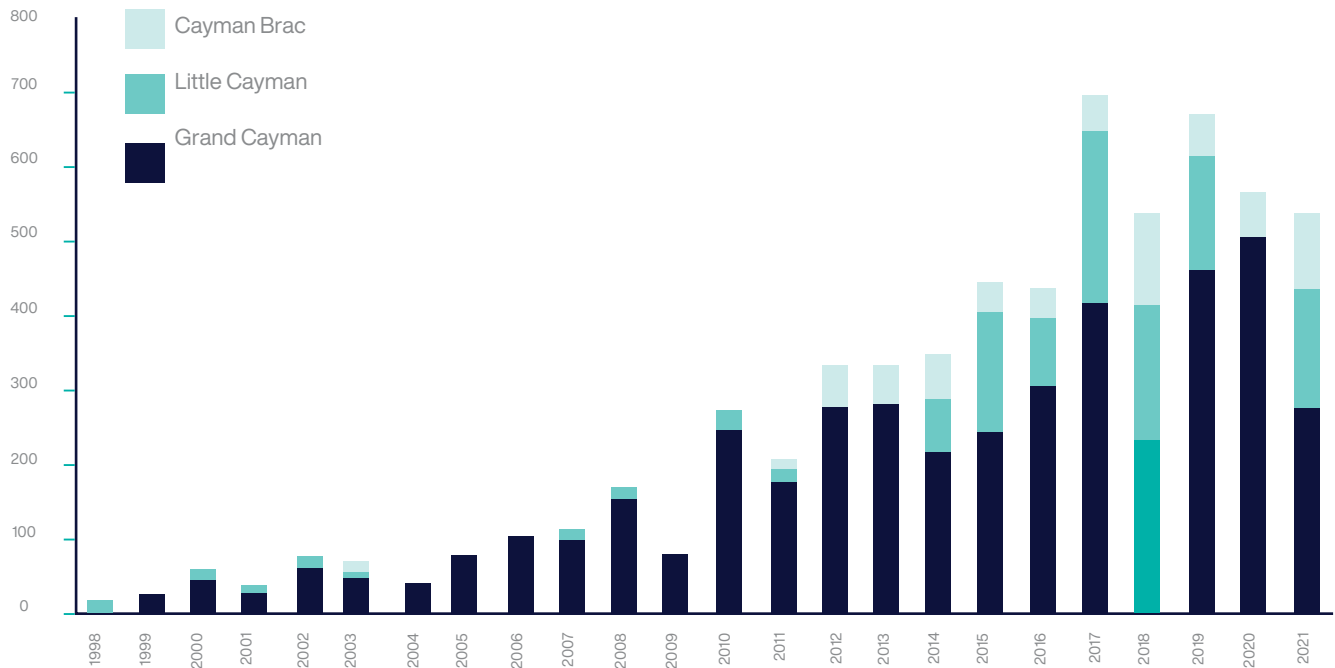


Figure 1: Total nest numbers in Grand Cayman, Little Cayman, and Cayman Brac since 1998. Grand Cayman data 1999 – present, Little Cayman data 1998, 2000-2003, 2005-2019 and 2021, Cayman Brac is 2003-2006, 2011-present.





Hazard Management Cayman Islands

Hazard Management Cayman Islands (HMCI)

In 2021, HMCI undertook the following activities to ensure the Cayman Islands were better prepared for all hazards:



Activation of the National Emergency Operations Centre (NEOC)

During 2021, the NEOC was activated on three occasions to coordinate the national response to Tropical Storm Elsa, Tropical Storm Grace and Tropical Storm Ida.

To maintain national readiness for any major threat or incident, HMCI delivered a continuous process of training and capacity building which included emergency exercises for first responders and partner agencies, as well as for the personnel tasked with the work of the NEOC.

The NEOC is composed of 17 Emergency Support Teams (with various response functions), the Policy Group, the National Hazard Management Council and the National Hazard Management Executive, which together form the Cayman Islands National Hazard Management mechanism.

An important part of HMCI's mandate is ensuring the Emergency Support Teams are aware of their functions and responsibilities and are ready and

capable of delivering on them when the NEOC is activated to respond to a national crisis or hazard threat.

HMCI is responsible for the National Hazard Management Plan. The 'Plan' sets out the National Hazard Management mechanism as well as the NEOC standard operating procedures for the Emergency Support Teams for a variety of hazards, including hurricanes, earthquakes and tsunamis. It is continually updated to include lessons learned from incidents and actual activations.

HMCI has overall responsibility for Emergency Shelters, and to ensure they can be quickly stood up for use in response to an event or threat, HMCI conducted regular structural checks in 2021 and audited and replenished food supplies in the shelters.



Trained Community Emergency Response Teams

Building capacity at the grassroots level is considered a key strategy for building resilience. To this end, HMCI and the Cayman Islands Red Cross provided training to 3 new Community Emergency Response Teams (CERTs) in 2021 (75 persons). Each 32-hour CERT course covered topics such as First Aid/CPR, Search and Rescue, Vulnerability and Capacity Assessment, Damage Assessment, and Fire Safety.

32 Hours training

75 People trained

3 New CERTS



Exercises

In 2021, HMCI conducted several training exercises for first response agencies and key stakeholders. This included 2 Mass Casualty Management (MCM) training courses, one in Cayman Brac and the other in Grand Cayman. Each of the MCM courses included simulated exercises and 45 hours of intense training over 5 days. A total of 70 persons successfully completed the MCM courses.

Other Exercises facilitated by HMCI included the Annual Hurricane Exercise, the Tsunami Exercise, Regiment training, Shelter Management training, Health sector Tabletop and the Oil Spills Communications exercise.





Emergency Field Hospital and Establishment of The Isolation Support Line

HMCI partnered with Public Health, Public Works Department, and the Cayman Islands Regiment to re-establish the Emergency Field Hospital in 2021 to assist with any potential surge of COVID-19 patients.

The Isolation Support Line (and support structure such as food procurement and distribution) was established on October 24th to assist vulnerable persons in quarantine.

The Isolation Support mechanism was managed by HMCI (in partnership with other stakeholders) for

over 2 months to meet the need for humanitarian assistance. During this time the support mechanism carried out over 400 deliveries to families across the 3 Islands, serving over 1400 persons.

HMCI also participated in daily COVID-19 meetings such as the Programme Board and worked closely with other partner agencies to manage the resurgence of COVID 19.





Climate Change Resiliency Initiatives

During 2021, HMCI worked with the UK Joint Nature Conservancy Conservation Council and the Department of Environment to chart a path forward on Climate Change related issues. Looking at climate change risk assessment, improved storm surge modelling and nature-based solutions for building capacity and resilience, as well as participating in the beach erosion working group.



2021

HMCI worked with the UK Joint Nature Conservancy Conservation Council and the Department of Environment.



Public Awareness

In 2021, HMCI gave 32 hazard awareness presentations for various audiences, including Schools/Health Sector/Government Agencies and Private Businesses. Additionally, HMCI participated in direct outreach over several weekends, supporting activities such as the National Day of Preparedness. HMCI maintained an active media presence, appearing 27 times on multiple

media channels, posting close to 600 times on their social media sites and over 50 times on the Cayman Prepared Website. HMCI's social media sites are now ranked second only to the Department of Tourism in terms of their reach and number of followers for a Government Agency.

32

Hazard awareness
presentations for
various audiences.

27

Appearances
on multiple media
channels.

600

Posting on social
media sites.

50

Posting on the
Cayman Prepared
website.



Oil Spills National Response Plan

HMCI worked throughout the year with multiple stakeholders to update and complete the Marine Oil Spill Contingency Plan securing Cabinet approval of this National Plan.



National Emergency Notifications Systems Phase II (Mobile App)

The ability for local public safety professionals to communicate with the public during emergencies is a critical function. The public looks to public safety officials to warn them of danger and inform them of actions to keep them safe.

Given the increasing frequency of man-made and natural disasters, there is a growing need to expand the number of emergency notification channels (SMS, emails, social media, telephone, mobile application) to disseminate critical warning information to the public and visitors.

In 2021, HMCI, in collaboration with the Department of

Public Safety and Communications (DPSC), finalised the installation and testing of a new mobile alert application that provides real-time emergency notifications to subscribers. Residents and visitors are able to download a free app on their phones.

In addition, the new system allows simultaneous warning messages to be delivered by SMS, emails, social media, and the new mobile application. This will dramatically increase the number of members of the public receiving timely warning notifications.



Smart Flood Early Warning Detection System for the Cayman Islands

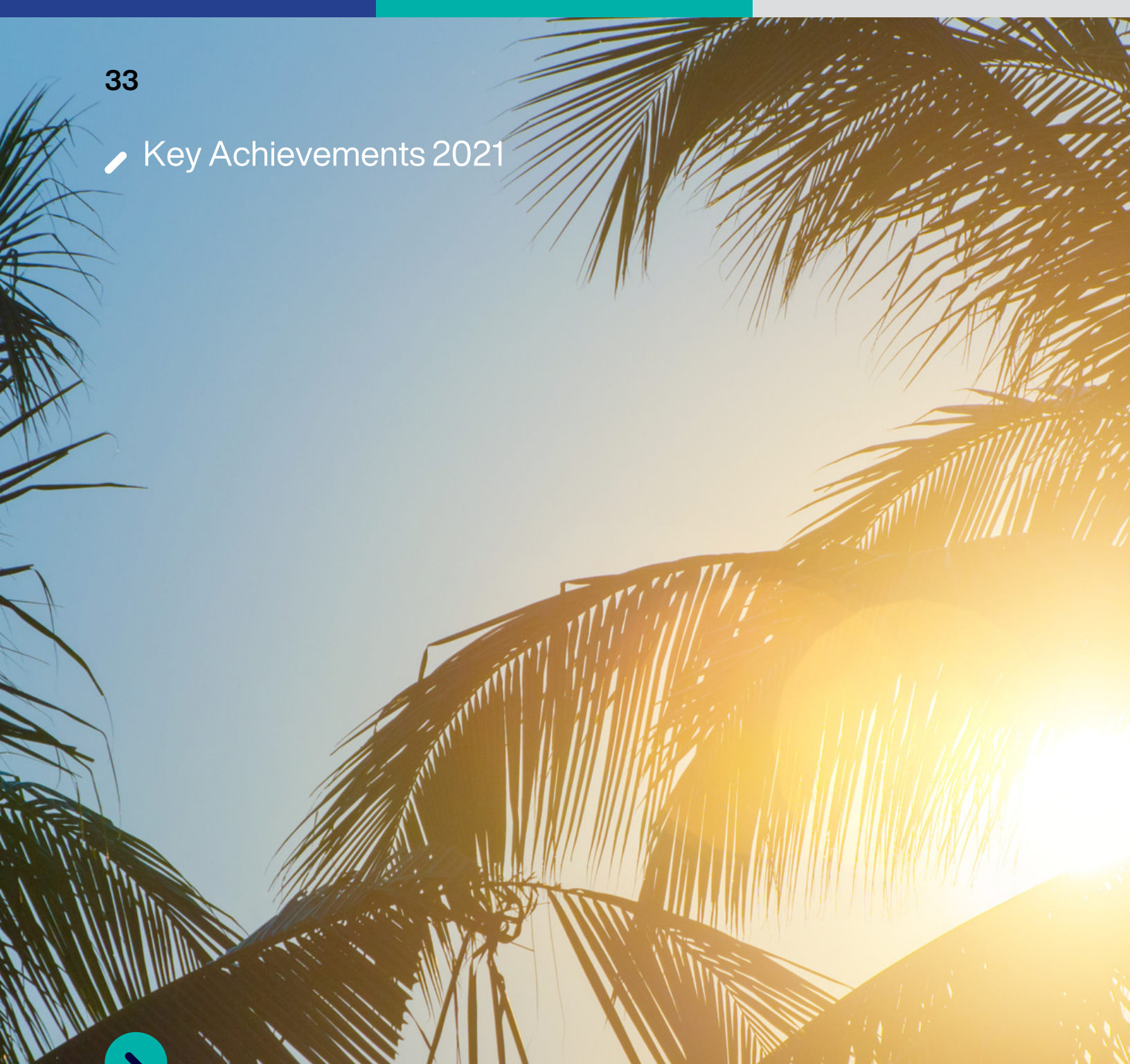
Flooding has become a widespread and routine occurrence that threatens lives, livelihoods, and the region's economy.

Among these are the more widespread occurrence of heavy and/or long-lasting rain, the increased intensity of precipitation in the form of brief but torrential rainfall, and a greater frequency of tropical cyclones. Communities are deemed to be vulnerable to climate-related disaster events. Climate change presents even more significant challenges with sea-level rise.

The importance of evaluating and measuring the impact level of hydro-meteorological events on local communities in the Cayman Islands has created a significant demand for increasing the safety of

social-economic assets. An early warning about flood waters could mitigate the consequences and save lives. The need for a “smart flood early warning detection system” presents an opportunity for monitoring inundation levels in local communities through an intelligent (Internet of things) IoT sensor network.

In 2021, HMCI, Cayman Islands National Weather Service and the Department of Environment undertook the development of a concept paper for pilot site selection, hardware requirement and market research for flood sensors. Site Selections for two flood-prone areas in Grand Cayman were identified (Randyke Gardens and Cumber Ave) through stakeholder meetings, which included the Cayman Islands National Weather Service (CINWS), Department of the Environment (DoE), National Roads Authority (NRA), and the Department of Planning.



National Weather Service (NWS)

National Weather Service (NWS)

With several severe weather systems occurring during the reporting period, NWS again demonstrated the importance of weather forecasting, early warning systems, and adequate research.

The National Weather Service ("NWS") activities covered during the last six months of 2021 continued to align with the national imperatives and strategies outlined by the Ministry of Sustainability & Climate Resiliency. Our team continued to provide a wide range of services to Grand Cayman, Cayman Brac and Little Cayman, including:

Weather Observing

The monitoring and reporting of meteorological conditions taken from the Owen Roberts and Charles Kirkconnell International Airports and the use of automatic weather stations and rain gauges around the Cayman Islands.

Weather Forecasting

The production and issuing of meteorological forecasts for the Cayman area.

Radar

The maintenance and calibration of the Kearney Gomez Doppler Weather Radar and the provision of current radar images to the public and education on what the radar shows and how it can be used. The radar transmitter stopped working in October 2021; efforts are ongoing to secure the specialist hardware necessary to restore operations.

Weather warnings and Marine warnings

The provision of a range of weather information, forecast and warning services to the community at large through the media to improve the economy and quality of life and protect life and property.

Upper air balloon releases

The releasing of weather balloons to collect vital data for the input into numerical weather prediction models.

Meteorological database maintenance

Maintaining a national climate archive and providing climate data and climate monitoring and prediction services. A subset of this climate data set is needed for aviation purposes for both the Owen Roberts and Charles Kirkconnell International Airports.

Climatology

Provision on either a public or "user pays" basis, of a range of user sector-specific operational meteorological services, through the mass media and other channels, to major user groups such as agriculture, shipping, aviation, construction etc.

With several severe weather systems occurring during the reporting period, NWS again demonstrated the importance of weather forecasting, early warning systems, and adequate research to provide meteorological and related services in support of our national and international obligations.

Additionally, as part of our national responsibilities, the NWS continued the implementation phases of the Cayman Islands National Weather Service Strategic Plan 2018–2022.

In 2021, NWS' engagements with the aviation industry, and work on dealing with the aviation audit findings, continued to demonstrate the importance of our active involvement to ensure our airports comply and provide safety standards governing aeronautical meteorological service.

We also commenced implementing the Impact Based Forecasting and Warnings System, run in collaboration with the Hazard Management Cayman Islands team.

Other activities completed in 2021 include:

- We continued our work on dealing with the marine audit findings.
- We finalised the Business Case for the new Cayman Islands National Weather Service Operational and Research Centre, including seeking approval of the necessary Planning permissions.
- We completed the installation of a new Automatic Weather Observation Station at Lynhurst Avenue, on the future building site for the Cayman Islands National Weather Service Operational and Research Centre.
- We continued to assess the installation of programs to support wave modelling.
- We completed the procurement and design of the new National Weather Service website (<https://www.weather.gov.ky/>)

Regarding our staff, the NWS hired two Weather Observer trainees in February 2021. Our trainees attended Entry Level Technician Training (Weather Observer) online from the Caribbean Institute for Meteorology and Hydrology between March and July 2021.



Financial Performance



The Ministry SCR ended the six months of July to December 2021 with net assets totalling \$5,538,000, and a surplus for the period of \$513,000. The audited financial statement report is an appendix to this document and provides additional details on the entity's results for the six months ending December 31st, 2021.



Appendix I

Financial Statements



GOVERNMENT OF THE CAYMAN ISLANDS

MINISTRY OF SUSTAINABILITY AND CLIMATE RESILIENCY

**FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31st DECEMBER 2021**

MINISTRY OF SUSTAINABILITY AND CLIMATE RESILIENCY**Financial Statements for the period ended 31 December 2021****CONTENTS**

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**MINISTRY OF SUSTAINABILITY AND CLIMATE RESILIENCY**

Cayman Islands Government
Government Administration Building
Grand Cayman, Cayman Islands

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Ministry of Sustainability and Climate Resiliency in accordance with the provisions of the *Public Management and Finance Act (2020 Revision)*.

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the *Public Management and Finance Act (2020 Revision)*.

As Chief Officer I am responsible for establishing; and have established and maintained a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly recorded the financial transactions of the Ministry of Sustainability and Climate Resiliency.

As Chief Officer and Chief Financial Officer we are responsible for the preparation of the Ministry of Sustainability and Climate Resiliency financial statements, representation and judgements made in these statements.

The financial statements fairly present the financial position, financial performance and cash flows of the Ministry of Sustainability and Climate Resiliency for the 6-month period ended 31 December 2021.

To the best of our knowledge we represent that these financial statements:

- (a) Completely and reliably reflect the financial transactions of the Ministry of Sustainability and Climate Resiliency for the 6-month period ended 31 December 2021;
- (b) fairly reflect the financial position as at 31 December 2021 and performance for the 6-month period ended 31 December 2021;
- (c) comply with International Public Sector Accounting Standards as set out by International Public Sector Accounting Standards Board. Where guidance is not available, the financial statements comply with International Accounting Standards issued by the International Accounting Standards Committee or accounting practice that is generally accepted in the United Kingdom as appropriate for reporting in the public sector.

The Office of the Auditor General conducts an independent audit and expresses an opinion on the accompanying financial statements. The Office of the Auditor General has been provided access to all the information necessary to conduct an audit in accordance with International Standards on Auditing.



Jennifer M. Ahearn
Chief Officer



Krista Seymour-Mohammed
Chief Financial Officer

Date 5 August 2022



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AUDITOR GENERAL'S REPORT

To the Members of Parliament and the Chief Officer of Ministry of Sustainability and Climate Resiliency

Opinion

I have audited the financial statements of the Ministry of Sustainability and Climate Resiliency (the "Ministry"), which comprise the statement of financial position as at 31 December 2021 and the statement of financial performance, statement of changes in net worth and cash flows statement for the six (6) month period ended 31 December 2021, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 10 to 33.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Ministry as at 31 December 2021 and its financial performance and its cash flows for the six (6) month period ended 31 December 2021 in accordance with International Public Sector Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Ministry in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, together with the ethical requirements that are relevant to my audit of the financial statements in the Cayman Islands, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

As outlined in Note 16 of the financial statements, the Cabinet of Ministers authorized the reallocation of \$110,000 of the Ministry's approved 2021 supplementary budgeted funds to be transferred to the Portfolio of Legal Affairs under section 11(5) of the Public Management and Finance Act (2020 Revision) ("PMFA") for exceptional circumstances in accordance with the PMFA. This along with other legislative matters noted were not introduced in Parliament by 31 March 2022 as required by sections 11(6) of the PMFA. My opinion is not qualified with respect to this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Ministry's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Ministry or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Ministry's financial reporting process.

AUDITOR GENERAL'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ministry's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Ministry to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I have undertaken the audit in accordance with the provisions of section 60(1)(a) of the *Public Management and Finance Act (2020 Revision)*. I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Sue Winspear, CPFA
Auditor General

5 August 2022
Cayman Islands

MINISTRY OF SUSTAINABILITY AND CLIMATE RESILIENCY
 STATEMENT OF FINANCIAL POSITION
 AS AT 31 December 2021
 (Expressed in Cayman Islands Dollars)

GOVERNMENT OF THE CAYMAN ISLANDS STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021						
Prior Year Actual CIS\$000		Note	Current Year Actual CIS\$000	Original Budget CIS\$000	Final Budget CIS\$000	Variance (Original vs Actual) CIS\$000
-	Current Assets					
-	Cash and cash equivalents	2	897	1,035	1,035	138
-	Trade Receivables	3	954	-	-	(954)
-	Other Receivables	3	187	-	-	(188)
-	Prepayments		60	-	-	(60)
-	Total Current Assets		2,098	1,035	1,035	(1,064)
-	Non-Current Assets					
-	Trade Receivables		-	-	-	-
-	Property, plant and equipment	1(f)4	4,393	3,308	3,328	(1,085)
-	Intangible Assets	5	96	-	-	(96)
-	Total Non-Current Assets		4,489	3,308	3,328	(2,244)
-	Total Assets		6,587	4,343	4,363	(3,357)
-	Current Liabilities					
-	Trade Payables	6	-	-	-	-
-	Accruals and other liabilities	6	373	-	-	(373)
-	Employee entitlements	7	163	168	174	5
-	Provisions	19	-	-	-	-
-	Repayment of surplus	8	513	-	-	(513)
-	Total Current Liabilities		1,049	168	174	(881)
-	Non-Current Liabilities					
-	Employee entitlements	7	-	-	-	-
-	Total Non-Current Liabilities		-	-	-	-
-	Total Liabilities		1,049	168	174	(881)
-	Net Assets		5,538	4,175	4,189	(1,363)
-	Equity					
-	Contributed Capital		4,752	4,175	4,189	(577)
-	Revaluation reserve		786	-	-	(786)
-	Total net assets/equity		5,538	4,175	4,189	(1,363)

The accounting policies and notes on pages 10-33 form an integral part of these financial statements.

MINISTRY OF SUSTAINABILITY AND CLIMATE RESILIENCY
 STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE PERIOD ENDED 31 December 2021
 (Expressed in Cayman Islands Dollars)

Prior Year Actual CI\$000		Note	Current Year Actual CI\$000	Original Budget CI\$000	Final Budget CI\$000	Variance (Original vs Actual) CI\$000
	Revenue					
-	Sales of goods & services	9	5,274	5,841	6,581	567
-	Donations	9	94	-	-	(94)
-	Total Revenue		5,368	5,841	6,581	473
	Expenses					
-	Personnel costs	10	3,117	2,903	3,438	(214)
-	Supplies and consumables	11	1,493	2,805	3,009	1,312
-	Leases	11	35	-	-	(35)
-	Depreciation and amortization	4 & 5	210	133	134	(77)
-	Litigation costs		1	-	-	(1)
-	Total Expenses		4,856	5,841	6,581	985
	Other Gains/(Losses)					
-	Net gains on financial and non-financial instruments	12	1	-	-	(1)
-	Surplus for the year		513	-	-	(513)

The accounting policies and notes on pages 10-33 form an integral part of these financial statements.

MINISTRY OF SUSTAINABILITY AND CLIMATE RESILIENCY
 STATEMENT OF CHANGES IN NET WORTH
 FOR THE PERIOD ENDED 31 December 2021
 (Expressed in Cayman Islands Dollars)

	Contributed Capital \$'000	Revaluation Reserve \$'000	Accumulated Surplus/ (deficits) \$'000	Total Net worth \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs Actual) \$'000
Transfers in due to reorganisation	4,013	786		4,799	4,754	4,754	(45)
Equity Investment from Cabinet	739	-	-	739	3,308	3,328	2,569
Net revenue / expenses recognised directly in net worth	4,752	786	-	5,538	8,062	8,082	2,524
Repayment of Surplus to Cabinet			(513)				-
Surplus for the period 2021	-	-	513		-	-	-
Total recognised revenues and expenses for the period	4,752	786	-	5,538	8,062	8,082	2,524
Balance at 31 December 2021	4,752	786	-	5,538	8,062	8,082	2,524

Equity investments to the Ministry of Sustainability and Climate Resiliency during the financial year consisted of funds related to the purchase of computer and communications equipment, vehicles, boats, emergency equipment and land and buildings on Cayman Brac.

The accounting policies and notes on pages 10-33 form an integral part of these financial statements.

MINISTRY OF SUSTAINABILITY AND CLIMATE RESILIENCY
 STATEMENT OF CASH FLOWS
 FOR THE PERIOD ENDED 31 December 2021
 (Expressed in Cayman Islands Dollars)

Prior Year Actual		Actual Current Year	Original Budget	Final Budget	Variance (Original vs Actual)
CI\$000		CI \$'000	CI \$'000	CI \$'000	CI \$'000
	Cash flows managed on behalf of Cabinet				
	Operating Activities				
	<i>Cash received</i>				
-	Sale of goods and services - third party	25	-	-	(25)
-	Outputs to Cabinet	4,374	6,534	7,274	2,160
-	Interest received	-	-	-	-
-	Total cash received	4,399	6,534	7,274	2,135
	<i>Cash used</i>				
-	Personnel costs	(3,031)	(2,869)	(3,404)	(162)
-	Supplies and consumables	(1,267)	(3,336)	(3,540)	2,069
	Other Payments	(79)	-	-	79
-	Financing/interest expense	-	-	-	-
-	Total cash used	(4,377)	(6,205)	(6,944)	1,986
-	Net cash flows (used)/ from operating activities	22	327	327	305
	Investing activities				
	<i>Cash used</i>				
-	Purchase of property, plant and equipment	(775)	(3,038)	(3,328)	2,263
-	Total cash used	(775)	(3,038)	(3,328)	2,263
-	Net cash flow used by investing activities	(775)	(3,038)	(3,328)	2,263
	Financing activities				
	<i>Cash received</i>				
-	Equity Investment from Org 40	561	3,038	3,328	2,477
	Ministry Reorganisation 1 st July 2021	1,089	1,089	1,089	-
-	Total cash received	1,650	4,127	4,417	2,477
	<i>Cash used</i>				
-	Net cash flows from financing activities	1,650	4,127	4,417	2,477
	Net (decrease)/ increase in cash and cash equivalents held	897	897	897	-
-	Cash and cash equivalents at beginning of the year	-	-	-	-
-	Cash and cash equivalents at the end of the year	897	897	897	-

The accounting policies and notes on pages 10-33 form an integral part of these financial statements.

MINISTRY OF SUSTAINABILITY AND CLIMATE RESILIENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 December 2021
(Expressed in Cayman Islands Dollars)

Description and Principal activities

The Government of the Cayman Islands established a new Ministry which was agreed to be named the Ministry of Sustainability and Climate Resiliency ("the Ministry") following the General Election held on 14 April 2021. The Ministry was formed and commenced operations on 1 July 2021.

The Ministry of Sustainability and Climate Resiliency is a Government owned entity as defined by section 2 of the Public Management and Finance Act (2020 Revision) ("the Act") and it is domiciled in the Cayman Islands.

On 1 July 2021 the Ministry of Sustainability and Climate Resiliency took direct responsibility for a range of existing government departments. The departments that fall under the Ministry of Sustainability and Climate Resiliency as at 1 July 2021 are:

- Department of Environment
- Cayman Islands National Weather Service (CINWS)
- Hazard Management Cayman Islands (HMCI)

Its principal activities and operations include all activities carried out in terms of the outputs purchased by the Minister as defined in the Plan and Estimates for the Government of Cayman Islands for the fiscal year ending 31 December 2021.

The Ministry of Sustainability and Climate Resiliency has reported the activities and trust monies that it administers on behalf of Cabinet.

As the Ministry commenced operations on 1 July 2021 there are no prior year comparatives and the results represent only a 6 month accounting period, during which time the Ministry was in a set-up phase.

Note 1: Significant Accounting Policies

(a) Basis of preparation

These financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants and its International Public Sector Accounting Standards Board (IPSASB) using the accrual basis of accounting. Where additional guidance is required, International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board are used.

Certain new accounting standards have been published that are not mandatory for the 31 December 2021 reporting period and have not been early adopted by the Ministry. The Ministry's assessment of the impact of these new standards is set out below.

MINISTRY OF SUSTAINABILITY AND CLIMATE RESILIENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 December 2021
(Expressed in Cayman Islands Dollars)

Note 1: Significant Accounting Policies (continued)

IPSAS 41, Financial Instruments was issued in August 2018 and shall be applied for financial statements covering periods beginning on or after 1 January 2023. IPSAS 41 establishes new requirements for classifying, recognizing and measuring financial instruments to replace those in IPSAS 29, Financial Instruments: Recognition and Measurement. It is anticipated that IPSAS 41 will not have a significant impact on the Ministry's financial statements.

IPSAS 42, Social Benefits was issued in December 2018 and shall be applied for financial statements covering periods beginning on or after 1 January 2023. IPSAS 42 defined social benefits and determines when expenses and liabilities for social benefits are recognized and how they are measured.

Segment reporting has been included in accordance with IPSAS 18.

The financial statements have been prepared on a going concern basis and the accounting policies set out below have been applied consistently to all periods presented. The financial statements are presented in

Cayman Islands dollars using the historical cost basis of accounting, except the revaluation method adopted for buildings. The figures used in the presentations have been rounded to the nearest thousand.

(a) Reporting Period

The reporting period is the six (6) months ended 31 December 2021.

(b) Budget amounts

The Ministry of Sustainability and Climate Resiliency was established following the 2021 post-election restructuring of the Cayman Islands Government, and came into effect on July 1, 2021. The Original Budget amounts are therefore the budgets transferred under three (3) departments, (Hazard Management Cayman Islands, the Department of Environment, and Cayman Islands National Weather Service) from three (3) separate entities, namely the current Ministry of Financial Services, Ministry of Health and Wellness and the Ministry of Tourism and Transport.

The Final Budget comprises the Original Budget combined with a supplementary budget that was approved in Cabinet and subsequently tabled at the Parliament in September 2021, to provide a budget for Policy and Ministerial support within the entity. This is highlighted in Note 16.

(c) Judgments and Estimates

The preparation of financial statements in conformity with International Public Sector Accounting Standards requires judgments, estimates, and assumptions affecting the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

MINISTRY OF SUSTAINABILITY AND CLIMATE RESILIENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 December 2021
(Expressed in Cayman Islands Dollars)

Note 1: Significant Accounting Policies (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the reporting period and in any future periods that are affected by those revisions.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in-transit and bank accounts with a maturity of no more than three months at the date of acquisition.

When there is objective evidence that a financial asset or group of financial assets is impaired the losses are recognised as a loss in the Statement of Financial Performance.

(e) Prepayments

The portion of recognised expenditure paid in advance of receiving goods and/or services has been recognised as a prepayment.

(f) Property, Plant and Equipment

Property, plant and equipment except land and buildings, is stated at historical cost less accumulated depreciation. Items of property, plant and equipment are initially recorded at cost. Where an asset is acquired for nil or nominal consideration, the asset is recognized initially at fair value, where fair value can be reliably determined, and as revenue in the Statement of Financial Performance in the year in which the asset is acquired.

Asset Revaluation

In accordance with IPSAS 17, when an item of property, plant, and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Property (land, buildings and structures) were revalued as at the 1 January 2021 by in-house professionals with the exception of specialized buildings which were contracted to independent evaluators and are stated at revalued amounts less accumulated depreciation.

Valuation methods

The property valuations have been prepared in accordance with the standards and the guidance notes provided by the Royal Institute of Chartered Surveyors (RICS). Particular regard should be paid to the following definitions and methodology having been adopted in the assessment of value:

MINISTRY OF SUSTAINABILITY AND CLIMATE RESILIENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 December 2021
(Expressed in Cayman Islands Dollars)

Note 1: Significant Accounting Policies (continued)

- Fair Value (Market Value) defined in accordance with IFRS 13 Fair Value Measurement as follows: "The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."
- Fair Value (Existing Use Value) extends the definition of Fair Value (Market Value) in "assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its market value to differ from that needed to replace the remaining service potential at least cost."
- Specialized Assets: specialized assets are those for which no market exists for the current use. Specialized assets are valued using the Depreciated Replacement Cost method (DRC valuation).
- The definition of 'Depreciated Replacement Cost', as contained in The Standards, is as follows: "The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization."

Valuation assumptions

Plant and machinery have only been included in the valuation of building assets where these form an integral part of the fabric of the building (e.g. lifts or air conditioning equipment) or where it performs a task crucial to the continuation of the existing use (e.g. swimming pools). Unless specifically stated otherwise, it is assumed that such items are reflected in the unit building cost.

It is assumed that all properties have the required planning consents and certificates for use and construction. Where Fair Value (or land value in a DRC valuation) relies on obtaining an alternative planning consent the alternative use has been derived from consideration of prevailing land uses in the immediate area and Local Planning Policies and practice.

Where an asset has been valued by Depreciated Replacement Cost (DRC) it is subject to the prospect and viability of the asset continuing to be used for the existing use. These valuations do not take into account any form of selling or purchase costs, tax (including Stamp Duty), inflation or finance costs. In Cayman, there is no tax on property except for Stamp Duty which is ordinarily required to be paid by a purchaser.

Valuations of each 'specialized building' state their total asset value and the (depreciated) value of the respective building. Those with a depreciated building value greater than \$500,000 also state figures for their 'component' parts. Buildings valued by the investment or comparison methods of valuation also state figures for their respective land values. These do not compute to reflect actual building values but indicate the inherent value attributing to the land only.

MINISTRY OF SUSTAINABILITY AND CLIMATE RESILIENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 December 2021
(Expressed in Cayman Islands Dollars)

Note 1: Significant Accounting Policies (continued)

Where applicable, the remaining economic life of the building and/or building components has been indicated. This is the period during which the building element is anticipated to have a future useful economic life for its existing purpose.

In preparing the valuations, information has been obtained from the following sources:

- Cayman Islands Government 2001 Asset Register.
- Cayman Islands Government Land Registry Database
- Caymanlandinfo System (Mapping, aerial photography, evidence of comparable sales and lettings).
- Copies of and extracts from leases.
- Architect scaled floor plans.
- Ministries and users / occupiers of operational property assets.

(f) Property, Plant and Equipment (continued)

Land areas (where stated) are provided for guidance only and are quoted from the Land Registers or otherwise from Caymanlandinfo database. Any building floor areas supplied have been obtained from one of the following sources:

- Measurements taken on site.
- Measurements extracted from Cayman Islands Government property records.
- Land and Buildings were revalued as entire classes of asset.

Depreciation is expensed on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment (other than land); less any estimated residual value, over its estimated useful life.

<u>Asset Type</u>	<u>Estimated Useful life</u>
• Buildings and structures	10 – 60 years
• Building fit-out (when accounted for separately)	5 – 25 years
• Leasehold Improvement	shorter of the unexpired period of the lease or the useful life improvement
• Computer Equipment	3 – 10 years
• Ministry equipment and furniture	3 – 25 years
• Motor vehicles	3 – 20 years
• Other equipment	5 - 20 years

Disposals

Gains and losses on disposals of property, plant and equipment are determined by comparing the sale proceeds with the carrying amount of the asset.

MINISTRY OF SUSTAINABILITY AND CLIMATE RESILIENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 December 2021
(Expressed in Cayman Islands Dollars)

Note 1: Significant Accounting Policies (continued)

Gains and losses on disposals during the period are included in the Statement of Financial Performance.

(g) Employee Benefits

Employee entitlements to salaries and wages, annual leave, long service leave, retiring leave and other similar benefits are recognised in the Statement of Financial Performance when they are earned by employees. Employee entitlements to be settled within one year following the year-end are reported as current liabilities at the amount expected to be paid.

Pension contributions for employees of the Ministry of Sustainability and Climate Resiliency are paid to the Public Service Pension Fund and administered by the Public Service Pension Board (the "Board"). Contributions of 12% - employer 6% and employee 6% - on basic salary, acting allowance or duty allowance are made to the fund by the Ministry of Sustainability and Climate Resiliency.

Prior to 1 January 2000 the Board operated a defined benefit scheme. With effect from 1 January 2000, the Board continued to operate a defined benefit scheme for existing employees and a defined contribution scheme for all new employees. Obligations for contribution to defined contribution retirement plans are recognised in the Statement of Financial Performance as they are earned by employees. Obligations for defined benefit retirement plans are excluded from these financial statements as they are centralized and therefore, reported in the Consolidated Financial Statements for the Entire Public Sector of the Cayman Islands Government.

(h) Revenue

Revenue is recognised in the accounting period in which it is earned. Revenue received but not yet earned at the end of the reporting period is recognised as a liability (unearned revenue). The Ministry of Sustainability and Climate Resiliency derives its revenue through the provision of services to Cabinet, to other agencies in government and to third parties. Revenue is recognised at fair value of services provided.

(i) Expenses

Expenses are recognised in the accounting period in which they are incurred.

(j) Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under the operating leases are recognised as expenses on a straight-line basis over the lease term.

MINISTRY OF SUSTAINABILITY AND CLIMATE RESILIENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 December 2021
(Expressed in Cayman Islands Dollars)

Note 1: Significant Accounting Policies (continued)

(k) Financial Instruments

The Ministry of Sustainability and Climate Resiliency is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short term deposits, trade and other accounts receivables and trade and accounts payable, all of which are recognised in the Statement of Financial Position.

Classification

A financial asset is classified as any asset that is cash, a contractual right to receive cash or another financial asset, exchange financial instruments under conditions that are potentially favourable. Financial assets comprise of cash and cash equivalents and receivables.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial instrument or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. Financial instruments comprise of accounts payable, accrued expenses and surplus payable.

Recognition

The Ministry of Sustainability and Climate Resiliency recognises financial assets and financial liabilities on the date it becomes party to the contractual provisions of the instrument. From this date, any gains and losses arising from changes in fair value of the assets and liabilities are recognised in the Statements of Financial Performance.

Measurement

Financial instruments are measured initially at cost which is the fair value of the consideration given or received. Subsequent to initial recognition all financial assets are recorded at historical cost, which is considered to approximate fair value due to the short-term or immediate nature of these instruments.

Financial liabilities are subsequently measured at amortised cost, being the amount at which the liability was initially recognised less any payment plus any accrued interest of the difference between that initial amount and the maturity amount.

De-recognition

A financial asset is de-recognized when the Ministry of Sustainability and Climate Resiliency realises the rights to the benefits specified in the contract or loses control over any right that comprise that asset. A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled, or expired.

(l) Contingent Liabilities and Assets (including guarantees)

Contingent liabilities and assets are reported at the point the contingency becomes evident. Contingent liabilities are disclosed when there is a possible obligation or present obligations that may, but probably will not, require an outflow of resources. Contingent assets are disclosed if it is probable that the benefits will be realised.

MINISTRY OF SUSTAINABILITY AND CLIMATE RESILIENCY
NOTES TO THE FINANCIAL STATEMENTS
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Note 1: Significant Accounting Policies (continued)

(m) Foreign Currency

Foreign currency transactions are recorded in Cayman Islands dollars using the exchange rate in effect at the date of the transaction. Foreign currency gains or losses resulting from settlement of such transactions are recognised in the Statement of Financial Performance.

At the end of the reporting period the following exchange rates are to be used to translate foreign currency balances.

- Foreign currency monetary items are to be reported in Cayman Islands dollars using the closing rate at period-end date;
- Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported in Cayman Islands dollars using the exchange rate at the date of the transaction; and
- Non-monetary items that are carried at fair value denominated in a foreign currency are reported in Cayman Islands dollars using the exchange rates that existed when the fair values were determined.

(n) Revenue from Non-Exchange Transactions

The Ministry of Sustainability and Climate Resiliency receives various services from other government entities for which payment is made by the Cayman Islands Government. The Ministry of Sustainability and Climate Resiliency has designated these non-exchange transactions as Services in-Kind as defined under IPSAS 23- Revenue from non-exchange transactions. When fair values of such services can be reliably estimated then the non-exchange transaction is recorded as an expense and an equal amount is recorded in other income as a service in-kind. Where services in-kind offered are directly related to construction or acquisition of property, plant and equipment (PP&E), such service in-kind is recognized in the cost of the PP&E.

Note 2: Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank accounts in the name of the Ministry of Sustainability and Climate Resiliency maintained at Royal Bank of Canada and short term deposits invested with the Cayman Islands Government Treasury. As at 31 December 2021, the Ministry of Sustainability and Climate Resiliency's cash balances were as presented below. No restricted cash balances were held by the Ministry of Sustainability and Climate Resiliency at 31 December 2021.

Prior Year CIS\$'000	Description	Current Year CIS\$'000	Budget CIS\$'000	Variance CIS\$'000
-	Operational Current Account - KYD	885	1,035	150
-	Operational Current Account - USD	12	-	(12)
-	Cash and cash equivalents	897	1,035	138

MINISTRY OF SUSTAINABILITY AND CLIMATE RESILIENCY
 NOTES TO THE FINANCIAL STATEMENTS
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Note 3: Trade receivables and other receivables

Prior Year CI \$'000	Trade Receivables	Current Year CI \$'000	Budget CI\$'000	Variance CI\$'000
-	Receivables from Cabinet and other Ministries	954	-	(954)
-	Less: provision for doubtful debts	-	-	-
-	Net Trade receivables	954	-	(954)

Trade receivables represent \$954k relating to output receivables from Cabinet and other Ministries.

Prior Year CI \$'000	Maturity Profile	Current Year CI \$'000	Budget CI\$'000	Variance CI\$'000
-	Current	875	-	(875)
-	Past due 1-30 days	-	-	-
-	Past due 31-60 days	79	-	(79)
-	Past due 61-90 days	-	-	-
-	Past due 90 and above	-	-	-
-	Total Trade Receivables	954	-	(954)

Prior Year CI\$'000	Description	Current Year CI\$'000	Budget CI\$'000	Variance CI\$'000
-	Advances	-	-	-
-	Other	187	-	(187)
-	Total Other Receivables	187	-	(187)

Included in other receivables is \$173k due from Cabinet relating to equity injections for the current fiscal year.

Prior Year CI \$'000	Maturity Profile	Current Year CI \$'000	Budget CI\$'000	Variance CI\$'000
-	Trade Receipts due in one year	187	-	(187)
-	Net Total Other Receivables	187	-	(187)

MINISTRY OF SUSTAINABILITY AND CLIMATE RESILIENCY
NOTES TO THE FINANCIAL STATEMENTS
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Note 4: Property, plant and equipment

Cost of Property, plant & equipment	Land	Plant and equipment	Buildings	Furniture and Other Equipment	Computer Hardware	Office Equipment	Other assets	Infrastructure	Water reticulation	Motor Vehicles	Marine Vessels	Assets under construction or development	Total	Original Budget	Final Budget	Variance (Orig vs Actual)
Balance as at 1 July 2021	1,007	1,240	885	206	385	239	48	433	9	1,013	1,020	581	7,068	6,487	6,487	(581)
Additions	100	91	226	3	53	0	0	0	0	228	15	64	779	3,308	3,308	2,529
Capitalised from WIP	-	114	6	0	16	0	0	0	0	0	0	(212)	(76)	-	-	76
Disposal/ Derecognition	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2021	1,107	1,445	1,117	209	455	239	48	433	9	1,241	1,035	433	7,771	9,795	9,815	2,024

MINISTRY OF SUSTAINABILITY AND CLIMATE RESILIENCY
NOTES TO THE FINANCIAL STATEMENTS
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Note 4: Property, plant and equipment (continued)

Accumulated Depreciation and impairment losses	Land	Plant and equipment	Buildings	Furniture and Other Equipment	Computer Hardware	Office Equipment	Other assets	Infrastructure	Water reticulation	Motor Vehicles	Marine Vessels	Assets under construction or development	Total	Original Budget	Final Budget	Variance (Orig vs Actual)
Balance as at 1 July 2021	-	765	32	169	318	227	36	305	0	590	734	-	3,177	3,177	3,177	0
Eliminate on Disposal/Derecognition	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation Expense	-	33	32	5	19	1	2	16	-	66	28	-	204	331	332	127
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2021	-	798	64	174	337	228	38	321	0	657	762	0	3,381	3,508	3,509	127
NIW Balance as at 1 Jul 2021	1,007	475	853	38	68	12	12	128	9	423	287	581	3,891	3,310	3,310	(581)
NIW Balance as at 31 Dec 2021	1,107	646	1,053	36	118	11	10	112	9	584	273	432	4,393	6,287	6,306	1,897

Assets under Construction or Development opening balances as at 1 July 2021 included \$76k for the National Weather Service website and \$113k for the Cayman Islands' first Automatic Weather Observing Station. Both of these were capitalized in year. \$311k for the new National Weather Service Headquarters building is also included which is due for completion in 2023.

MINISTRY OF SUSTAINABILITY AND CLIMATE RESILIENCY
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Note 5: Intangible Assets

Cost of Intangible Asset	Computer Software	Other Intangible Assets	Total	Original Budget	Final Budget	Variance (Orig vs Actual)
Balance as at 1 July 2021	23	41	64	-	-	(64)
Additions		81	81	-	-	(81)
Balance as at 31 December 2021	23	122	145	-	-	(145)

Accumulated Amortization and impairment losses	Computer Software	Other Intangible Assets	Total	Original Budget	Final Budget	Variance (Orig vs Actual)
Balance as at 1 July 2021	18	25	43	-	-	(43)
Amortization Expense	1	5	6	-	-	(6)
Balance as at 31 December 2021	19	30	49	-	-	(49)

Net Book value 1 July 2021	5	16	21	-	-	(21)
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Net Book value 31 December 2021	4	92	96	-	-	(96)
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MINISTRY OF SUSTAINABILITY AND CLIMATE RESILIENCY
 NOTES TO THE FINANCIAL STATEMENTS
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Note 6: Trade payables, accruals and other liabilities

Prior Year CIS'000	Description	Current Year CIS'000	Budget CIS'000	Variance CIS'000
-	Trade Payables	-	-	-
-	Payroll Deductions	44	-	(44)
-	Accruals	320	-	(320)
-	Core government trade with other public entities	9	-	(9)
-	Other	-	-	-
-	Total Trade Payables, Accruals and Other Liabilities	373	-	(373)

Trade and other payables are non-interest bearing and are normally settled on 30-day terms.

Note 7: Employee entitlements

Prior Year CIS'000	Details	Current Year CIS'000	Budget CIS'000	Variance CIS'000
	<i>Employee entitlements are represented by:</i>			
-	Annual leave	145	-	(145)
-	Retirement and long service leave	-	-	-
-	Other	18	-	(18)
-	Total employee entitlements	163	-	(163)

The annual leave, retirement and long-service leave and other employee entitlements are calculated based on current salary paid to those employees who are eligible for this benefit.

Note 8: Surplus Payable.

As at 31 December 2021, the Ministry of Sustainability and Climate Resiliency is reporting a total surplus payable in the amount of \$513k. The Ministry's original budget was to break even and therefore the change in surplus payable is unaccounted for. In accordance with the requirements of section 39 (3) of the Public Management and Finance Act (2020 Revision), the Ministry is required to repay the surplus generated to date to the Ministry of Finance.

MINISTRY OF SUSTAINABILITY AND CLIMATE RESILIENCY
 NOTES TO THE FINANCIAL STATEMENTS
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Note 9: Revenue

Prior Year CI\$'000	Description	Current Year CI\$'000	Original Budget CI\$'000	Final Budget CI\$'000	Variance (Original vs Actual) CI\$'000
-	Outputs to Cabinet	5,248	5,841	6,581	593
	Donations	94	-	-	(94)
-	Royalties	25	-	-	(25)
-	Other	1	-	-	(1)
-	Total Sale of Goods & Services	5,368	5,841	6,581	473

Outputs to Cabinet

Outputs to Cabinet comprise of goods delivered to and services performed on behalf of the Cayman Islands Government.

Donations, Royalties and Other Revenue

Donations consist of money received through grants to the Department of Environment. The funds are recognized as revenue in accordance with IPSAS standards.

Royalties and Other revenue consists of a sales royalty payment for the Environmental Protect Fund (EPF) and a donation relating to the Turtle MAST Project. Certain respective rates and fee structures are gazetted and governed by the relevant revenue Acts and regulations.

Note 10: Personnel costs

Prior Year CI\$'000	Description	Current Year CI\$'000	Original Budget CI\$'000	Final Budget CI\$'000	Variance (Original vs Actual) CI\$'000
-	Salaries, wages and allowances	2,536	2,390	2,812	(146)
-	Health care	477	511	596	34
-	Pension	131	145	166	14
-	Leave	(30)	(137)	(137)	(107)
-	Other Personnel related costs	3	(6)	1	(9)
-	Total Personnel Cost	3,117	2,903	3,438	(214)

MINISTRY OF SUSTAINABILITY AND CLIMATE RESILIENCY
NOTES TO THE FINANCIAL STATEMENTS
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Note 11: Supplies and consumables

Prior Year CI\$'000	Description	Current Year CI\$'000	Original Budget CI\$'000	Final Budget CI\$'000	Variance CI\$'000
-	Supplies and Materials	154	87	110	(67)
-	Purchase of services	800	1,888	2,017	1,088
-	Utilities	61	105	108	44
-	Leases	35	(4)	(4)	(39)
-	Travel and Subsistence	15	54	64	39
-	Recruitment & Training	10	93	103	83
-	Interdepartmental expenses	90	55	83	(35)
-	Other	363	527	528	164
-	Total Supplies & Consumables	1,528	2,805	3,009	1,277

Note 12: Gains and Losses on Foreign Exchange Transactions

Prior Year CI\$'000	Description	Current Year CI\$'000	Budget CI\$'000	Variance CI\$'000
-	Net Loss on disposal of property, plant & equipment	-	-	-
-	Net gain/ (loss) on foreign exchange transactions	1	-	(1)
-	Total Gain/(Losses)	1	-	(1)

Note 13: Revenue from Non- Exchange Transactions

During the year ended 31 December 2021, the Ministry of Sustainability and Climate Resiliency received services in-kind in the form of accommodation in the central government building, computer repairs and software maintenance by the computer services department. The fair value of these services cannot be determined and therefore no expense has been recognized in these financial statements.

MINISTRY OF SUSTAINABILITY AND CLIMATE RESILIENCY
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Note 14: Reconciliation of net cash flows from operating activities to surplus

Actual Prior Year	Reconciliation of Surplus to Net Operating Cash	Actual Current Year 2020	Original Budget	Final Budget	Variance (Original vs Actual)
CI \$'000		CI \$'000	CI \$'000	CI \$'000	CI \$'000
	Surplus/(deficit) from ordinary activities	513	-	-	(513)
	Prior Period Adjustment		-	-	-
	Non-cash movements				
	Depreciation	210	351	352	141
	(Gain) on Foreign Exchange	(2)	-	-	2
	(Decrease)/ Increase in provision for bad debt	-	-	-	-
	Other provisions	-	-	-	-
	Changes in current assets and liabilities:				
	(Increase)/decrease in receivable	(1,175)	-	-	1,175
	(Increase)/decrease in other current assets	(60)	-	-	60
	Increase/(decrease) in payables and other accruals	373	-	-	(373)
	Increase/(decrease) in other current liabilities	-	-	-	-
	Increase/(decrease) in provisions relating to employee costs	163	-	-	(163)
	Net cash flows from operating activities	22	351	352	329

Note 15: Related party and key management personnel disclosures

Related party disclosure

The Ministry of Sustainability and Climate Resiliency is a wholly owned entity of the Government from which it derives a major source of its revenue. The Ministry of Sustainability and Climate Resiliency and its key management personnel transact with other government entities on a regular basis. These transactions were provided free of cost during the six (6) month period ended 31 December 2021 and were consistent with normal operating relationships between entities and were undertaken on terms and conditions that are normal for such transactions.

Key management personnel

Key management personnel are considered to be related parties. There are six (6) members of staff at the senior management level as at December 2021. Two of these individuals are being shared with other government entities. The cost and benefits related to these shared services are included in the table below.

Prior Year CI\$'000	Description	Current Year CI\$'000
-	Salaries & other short term employee benefits	415
-	Total Remuneration	415

No loans were granted to key management personnel or their close relatives during the fiscal year.

MINISTRY OF SUSTAINABILITY AND CLIMATE RESILIENCY
NOTES TO THE FINANCIAL STATEMENTS
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Note 16: Explanation of major variances against budget

The Ministry of Sustainability and Climate Resiliency's performance is compared between actual balances as at December 31, 2021 and the original budget for the financial year. Since there was no original budget for the Ministry of Sustainability and Climate Resiliency, the variance in each is equal to the actual.

Variance between Original Budget and Final Budget

The Ministry of Sustainability and Climate Resiliency was created following the 2021 General Elections. As such there are no original budget amounts for the fiscal year under this newly established entity. The post-election restructuring resulted in the transfer of the Department of Environment, the Cayman Islands National Weather Service and Hazard Management Cayman Islands from their former Ministries. The "Final Budget" within this document is a combination of the remaining budget amounts transferred to the Ministry and an amount approved by the Parliament in September 2021 through a Supplementary Appropriation Bill.

The amount approved at Parliament was for additional Outputs in the amount of \$1.1M for Policy and Administration, which includes support to the Minister. These costs were primarily to cover salaries, however also include a range of other items such as professional services and special conferences. The approval was granted under Section 11 (5) of the *Public Management and Finance Act (2020 Revision)*.

In November 2021, the Cabinet authorized the reallocation of \$110k of the Ministry's approved 2021 supplementary budgeted funds to be transferred to the Portfolio of Legal Affairs. These funds were used to assist with settlement claims relating to a legal matter and the transfer is in accordance with section 11(5) *Public Management and Finance Act (2020 Revision)*.

A supplementary Appropriation Bill with the proposed changes relating to the reallocation of funds in November 2021 had not been introduced in the Parliament at the date the financial statements were authorized for issuance.

Statement of financial performance

Sales of goods and services

The majority of sales of goods and services is revenue from Outputs delivered to the Cabinet (\$5.2M). Sales of Goods and Services were slightly below the original budget by \$567k. The original budget figure shown in the Statement of Financial Performance is based on six months (i.e. half) of the full 2021 approved budget allocated to each department in their previous ministry. However, the amount of budget transferred into the Ministry on inception was the available remaining funds to be drawn down as at 1 July 2022 which was not half of the 2021 budget. Each department carried a variance between these two

MINISTRY OF SUSTAINABILITY AND CLIMATE RESILIENCY
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Note 16: Explanation of major variances against budget (continued)

Sales of goods and services (continued)

figures on transfer in due to the fact that income and revenue were not split evenly across the year. The National Weather Service carried a small variance of \$88k and Hazard Management carried a variance of \$167k. The Department of Environment did not carry a variance into the Ministry relating to the 2021 budget, however they did transfer \$1.3M into the Ministry due to 2020 output revenue budget which was rolled forward into 2021 and is not included in original budget figure. This rollforward budget resulted from lower than expected levels of activity in relation to Green Iguana Culling in 2020 arising from COVID 19.

In addition to this, the Core Ministry Output revenue would not have been included in the original budget. At the period ending December 31, 2021, the Cabinet Output billing for this section was \$425k.

Additionally, the amount relating to royalties and other revenue consists of sales royalty payments for the Environmental Protect Fund (EPF) and a donation relating to the Turtle MAST Project.

Personnel Costs

Aa at 31 December 2021, personnel costs were slightly higher than the original budget by \$214k (7%), for this category of expense. While there were savings from a number of unfilled positions within the core Ministry; these savings were offset by an overall increase in personnel costs when compared to the final budget from other Ministry departments. As previously mentioned, the Ministry only came into effect on July 1, however, the personnel costs under the existing departments would have been impacted by a 5% Cost of Living Adjustment (CoLA) approved (*not budgeted for*) in January 2020. Additionally, unbudgeted increases of CINICO health insurance premiums for all civil servants in 2020 and 2021 impacted overall health insurance costs for civil servants.

Supplies and Consumables

During the year, the Ministry of Sustainability and Climate Resiliency had significantly lower supplies and consumables expenditure when compared to the original budget. The net difference between the original budget and the actual spend in year for this category of accounts was \$1.3M.

The largest area of savings was represented in the Purchase of Services, which was 58% (\$1M) lower than the anticipated spend. This is directly resulting from lower than budgeted spend in the area of professional fees relating to the Green Iguana Control project managed by the Department of Environment. The project began in 2018, under the former Ministry of Health and Environment, and was negatively impacted by the COVID-19 pandemic during the 2020 financial year. Due to the lockdown restrictions, there was a significant reduction in culling activities. In this area, the department carried forward the unused budget from fiscal year 2020 into fiscal year 2021 which positively impacted the variance at the end of accounting period. This was done in accordance with *section 9(4) of the Public Management and Finance Act (2020 Revision)*.

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Note 16: Explanation of major variances against budget (continued)

During the 2021 fiscal year, the department continued to see a reduction in the number of green iguanas culled, which resulted in the natural reduction of expenditure in professional fees. The program has managed to successfully eradicate the majority of the species and it is expected that it will continue into the foreseeable future.

Statement of financial position

Cash and cash equivalents

The actual cash balances at 31 December 2021 were \$897k which is \$138k under the original budget. The original budget of \$1.035M was based on the cash transferred in from the previous Ministries on inception of the Ministry and included working capital balances converted to cash for transfer purposes. Therefore the reduction in cash is as expected as those working capital balances are converted back into other types of current asset over the course of the period during normal business activities.

Trade receivables

The actual trade receivable balance (due in one year) at 31 December 2021 was \$954k. No provision for doubtful debt was made and the funds were collected shortly after 31 December 2021. These funds relate to uncollected receivables from Outputs to Cabinet. This amount was lower than the budget by the same amount as the Ministry did not budget for trade receivables a result of the method of transferring budget into the Ministry upon inception.

At December 31, 2021, the total outstanding Cabinet Billing was in the amount of \$954k. The full amount of which had been received at the date of the audit opinion.

Other receivables

Other receivables were \$188k. These balances largely consist of amounts owed from other Ministries within the Government and are expected to be collected within the first quarter of the new fiscal year. This was lower than the budget by the same amount as the Ministry did not budget for other receivables, this is a result of the net working capital method of transferring budget into the Ministry upon inception.

Accruals and other liabilities

Accruals and other payables was \$373k at 31 December 2021. Accrued expenses was the largest contributing factor this year and includes accruals for audit and professional services rendered. This was lower than the budget by the same amount as the Ministry did not budget for accruals and other liabilities, this is a result of the net working capital method of transferring budget into the Ministry upon inception.

Employee Entitlements

The employee entitlement balance as at December 31, 2021 was \$163k. This resulted from accrued leave owed to staff, as well as the accrued pension attributed to these balances. The original budget amount was \$168k and this was based on the opening leave liability transferred in to the Ministry from the

MINISTRY OF SUSTAINABILITY AND CLIMATE RESILIENCY
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previous Ministries that the departments sat under. The variance of \$5k from original budget to the balance as at 31 December was not a significant variance.

Repayment of Surplus

The surplus payable as at 31 December 2021 was \$513k. This was lower than the budget by the same amount as the Ministry does not budget for a surplus or any change in the surplus payable. The accumulated surplus payable will be paid back over to Cabinet during the 2022 fiscal year.

Note 17: Financial Instrument risks

The Ministry of Sustainability and Climate Resiliency is party to financial instrument arrangements as part of its everyday operations. These financial instruments include cash and bank balances, accounts receivable, debtor-Cabinet and creditors and other payables. The fair value of financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position.

As at 31 December 2021, the forecasted carrying value of cash and cash equivalents, trade and other receivable, trade and other payable and employee entitlements approximate their fair values due to their relative short-term maturities. Fair values estimates are made at a specific point in time, based on market conditions and the information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions, economic conditions and other factors could cause significant changes in fair value estimates.

Credit risk

In the normal course of its business the Ministry of Sustainability and Climate Resiliency is subject to credit risk from cash held with its banker, RBC Royal Bank (Cayman Islands) and debtors other than the Government. The Ministry of Sustainability and Climate Resiliency does not have significant concentrations of credit risk for its other financial instruments.

Currency and interest rate risk

The Ministry of Sustainability and Climate Resiliency has no significant exposure to currency exchange loss risk and interest rate risk.

Liquidity risk

In meeting its liquidity requirements, the Ministry of Sustainability and Climate Resiliency closely monitors its forecast cash requirements with expected cash drawdowns from Cabinet and receipts from third parties. The Ministry of Sustainability and Climate Resiliency maintains a target level of available cash to meet liquidity requirements

MINISTRY OF SUSTAINABILITY AND CLIMATE RESILIENCY
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Note 18: Segment reporting

	Policy Advice and Support	Hazard Management	Environment	Weather Services	Grand Totals
	2021	2021	2021	2021	2021
Revenue	425	692	3,338	914	5,369
<i>Cabinet Revenue</i>	425	692	3,218	914	4,335
<i>Third Party Revenue</i>	-	-	120	-	120
Expenses	430	669	2,990	767	4,856
<i>Personnel Costs</i>	403	380	1,678	656	3,117
<i>Supplies and Consumables</i>	27	251	1,172	79	1,529
<i>Depreciation</i>	0	39	140	31	210
Surplus/(Deficit)	(5)	23	348	148	513
Assets	2,715	443	2,703	725	6,587
<i>Non-current Assets</i>	1,543	299	2,074	573	4,489
<i>Current Assets</i>	1,173	145	629	152	2,098
	(749)	(47)	(171)	(82)	(1,049)
<i>Liabilities</i>	(749)	(47)	(171)	(82)	(1,049)

The segments of the Ministry of Sustainability and Climate Resiliency and their respective functions are:

Policy Advice and Support

- To promote sustainability across all Ministries, Departments, Units and Sections in Government;
- To promote and encourage the sustainable use of our natural resources and the preservation of our natural environment
- To support investment in renewable energy
- To conduct public education initiatives and develop incentives to encourage residents to be energy efficient
- To increase public education and awareness of the impacts of climate change on the Cayman Islands

MINISTRY OF SUSTAINABILITY AND CLIMATE RESILIENCY
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Note 18: Segment reporting (continued)

Emergency Response – Hazard Management Cayman Islands

- To provide support to the Government in enhancing the country's resilience to disasters through an informed public.
- To facilitate the strengthening of community resilience through organization and training

Environment – Department of Environment

- To increase protection of marine and terrestrial habitats
- To continue to address the threat of alien invasive species,
- To facilitate the continued, comprehensive implementation of the National Conservation Act
- To assist in the development of national Climate Change and sustainability strategies.

Weather Services– Cayman Islands National Weather Service

- To establish and maintain a national network of meteorological and seismic stations as necessary;
- To forecast weather conditions and the state of the atmosphere;
- To provide information and advice on meteorological and climate matters;
- To provide information and advice to the Governor in Cabinet of severe weather conditions likely to affect the safety of human life or property in the Islands;
- To provide meteorological services in order to ensure the safety and efficiency of aviation and marine services;
- To provide meteorological data and advice for weather sensitive national development projects and other important weather sensitive economic activities;
- Collect, collate, compile, record, archive and make available meteorological reports and information;

MINISTRY OF SUSTAINABILITY AND CLIMATE RESILIENCY
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Note 18: Segment reporting (continued)

- Arrange means of communication for the transmission and reception of meteorological reports and information in the Islands or outside the Islands.
- Promote the advancement of meteorological science by means of meteorological research and investigation or otherwise;

Note 19: Provisions and contingent Liabilities

Provisions are recognized in the financial statement in relation to pending litigations against the Ministry. At 31 December 2021, no provisions have been recognized in the financial statements.

Note 20: Events Occurring After Reporting Date (31 December 2021)

ReGen, (formerly Integrated Solid Waste Management System)

1. Conditions existing at reporting date

In March 2021, The Cayman Islands Government ("the Government") under the former Ministry of Health and Environment signed a Project Agreement to enter into a 25-year contract with Dart Consortium ("Dart") to design, build, finance, maintain and operate a new integrated solid waste management system, including remediation of the George Town Landfill. In October 2021, the Government announced that responsibility for the project would transition to the Ministry of Sustainability and Climate Resiliency ("the Ministry").

The Regen project fully transitioned to the Ministry in January 2022, which was after the close of the 2021 financial year end of 31 December 2021.

2. Conditions after reporting date

In April 2022, the Ministry announced that the Cabinet had approved the continuation of negotiation discussions with the preferred Public Private Partner by way of an extension to the financial close deadline and long-stop date for the project agreement negotiations between the Cayman Islands Government and Dart for the development of the ReGen project. The deadline to obtain financial close is now no later than 31 October 2022. The long-stop date will be no later than 31 January 2023. If the necessary conditions have not been completed by the long-stop date the agreement will either automatically terminate or allow for one or both parties the right to withdraw.

Once completed, the ReGen facilities are expected to reduce greenhouse gas emissions, contribute to renewable energy, improve recycling performance and divert up to 95% of waste from being landfilled.

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Events Occurring After Reporting Date (continued)

The project and the details of the contract are currently still under negotiation and a number of aspects are deemed to be commercially sensitive. After the 31 December 2021 year-end, the Government continues to support the ReGen project and, its commitments/obligations under Agreements signed by prior Governments and commitments/obligations arising from any final contract/agreement to construct the plant or, those arising from an abandonment of the project.

As at the reporting date (*December 31, 2021*) of these financial statements there was no financial impact to the Ministry's account balances and future financial impact could not be reasonably estimated.

Note 21: Capital Commitments

As at 31 December the Ministry has Assets under Construction or Development closing balances of \$432k which includes \$311k for the new National Weather Service Headquarters building. The Ministry has a total budget of \$3m over the financial years 2022 and 2023 for the completion of this project.



**Ministry of Sustainability
& Climate Resiliency**
Cayman Islands Government



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