



Cayman Islands Government

STATEMENT TO

THE LEGISLATIVE ASSEMBLY

BY

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MLAJP

MINISTER FOR HEALTH, ENVIRONMENT,
CULTURE AND HOUSING

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**Exceptional Circumstance Appropriation Changes for the
financial year 2016/2017 -
Ministry of Health, Environment, Culture & Housing**

Mister Speaker, thank you for allowing me the opportunity to bring to the attention of this honourable house the details of the exceptional circumstance appropriation changes, approved by Cabinet for the Ministry of Health, Environment, Culture and Housing.

Mister Speaker, there were several instances in which Cabinet was requested to approve the reallocation of funds and / or the approval of supplementary funding under the provisions of section 11(5) & (6) of the Public Finance and Management Law as it relates to my Ministry's 2016/17 budget, listed as follows:

1. On 9th August 2016, **\$625,000** was approved for a settlement of a medical claim;
2. On 29th November, 2016, Cabinet approved supplementary funding of NGS 55 by **\$3,908,393 million**;
3. On 17th January 2017, Cabinet granted approval for the reallocation of **\$30,000** from TP 73 to TP 72;

4. On 28th March 2017, Cabinet approved supplementary funding to increase MRC 15 by **\$1.260 million**;
5. Also on 28th March 2017, supplementary funding was approved to increase HEA 6 by **\$87,500**;
6. Another approval was granted on 28th March 2017 to increase the appropriation for NGS 55 by **\$4 million**;
7. On 22nd August 2017, funding for a settlement payment to a claim was approved for **\$4.5 million**;
8. On 22nd August 2017 Cabinet approved supplementary funding of NGS 55 by **\$6,268,403 million**;
9. On 12th December 2017, Cabinet granted approval for the reallocation of **\$385,000** from EI 53 to HES 7 and an additional appropriation increase to HES 7 by **\$2.442 million**;

10. Another approval on 12th December, 2017, was to transfer funds in the amount of **\$1,445,000** from EI 53 to HES 7;

11. Finally Mister Speaker, on 12th December 2017, an approval was made to reallocate **\$29,000** from EI 53 to EI 47.

Mister Speaker, I would now like to speak to each of these appropriations in turn.

Mister Speaker as members will be aware the Health Services Authority was a core government agency prior to becoming a statutory authority. As a result, the government is liable for any medical negligence claims arising from care prior to the transition to an authority. Most of these past claims have been resolved, however the claim \$625,000 was paid for a settlement of an outstanding claim.

Mister Speaker in December 2016, the then Minister of Home Affairs, Health and Culture was approached by the Minister responsible for Sports to assist in sponsoring an event, namely the Island Rumble Boxing Challenge (with Manny Pacquiao) which was held in Grand Cayman on 7 January 2017.

The Island Rumble was deemed an event of national significance, exposing the islands on an international level, Mister Speaker. As such, it was agreed that support would be offered to the Ministry of Sports in the amount of **\$30,000**; which resulted in a transaction from budget heading TP73 *Other Health & Cultural Programmes Assistance* to TP72 *Other Youth & Sports Programmes*.

Mister Speaker in March 2017, the Ministry of Home Affairs, Health and Culture presented a request to Cabinet on behalf of the Mosquito Research and Control Unit (MRCU) for approval to expand the local Genetically Modified Mosquito (GMO) Programme which was being conducted by Oxitec Cayman.

Mister Speaker the request was a move to continue control efforts against *Aedes aegypti* mosquitoes. As this honourable house may be aware, the *Aedes aegypti* is a vector that spreads dengue fever, chikungunya, and the Zika virus.

Mister Speaker at the time of the request MRCU was in the midst of an initial GMO programme in a controlled area of West Bay. The then Director of MRCU reported that the West Bay programme proved effective as evidenced by a significant reduction in the *Aedes aegypti* population in the treatment area. Given the apparent success of that

operational trial, MRCU presented a Business Case for the island-wide expansion of the programme.

Conventional methods of mosquito population control, such as pesticide spraying and fogging, Mister Speaker, failed to stop the spread of *Aedes aegypti*. Continued efforts in tackling this mosquito species are required to reduce or eliminate public health threats.

Mister Speaker the proposal at that time was for the operational plan to cover all districts in Grand Cayman over a two-year period. Oxitec was expected to be contracted as a sole-source supplier to implement the control programme over a 24 month period, after which MRCU was hoped to be in a position to take over the suppression / elimination of the vector.

The island-wide programme, Mister Speaker, would have required that Oxitec Cayman Ltd. establish a local production facility, and hire thirty additional staff with intensive control operations to be undertaken and progress monitored by MRCU. Mister Speaker the cost of the projected programme was at that time proposed to be **US\$7.5 million** not including the cost of the production facility. The proposed payment schedule was **US\$1.5 million** in 2017, **US\$3 million** in 2018, and **US\$3 million** in 2019.

Mister Speaker, it was expected to be an operational expense, so the MRCU's output funding needed to be increased to accommodate expenditures.

Mister Speaker, the Ministry of Finance and Economic Development advised that the supplementary expenditure would have resulted in a **US\$1.5 million** increase in operating expenditure potentially reducing the government's forecast surplus and cash reserves for the 2016/17 financial year unless offsetting reductions were identified. Mister Speaker, at that point the Ministry of Finance was unable to recommend precise reductions to operating expenditure appropriations to offset the increase.

However, Mister Speaker, the exercise was to be done during the preparation of the Supplementary Appropriation Bill at the end of the 2016/17 financial year. As such, Mister Speaker supplementary funding approval was granted for the Ministry of Home Affairs, Health & Culture to increase the appropriation for MRC 15 – *Disease Prevention and Control*, by an additional **US\$1.5 million**; this represented a portion of the then-proposed **US\$7.5 million** cost to roll-out the programme. These funds were not utilised by the programme as at year end 2016/17.

As an update to this matter, Mister Speaker, during the subsequent budget discussions, the remaining funding for this project was not approved at the amount originally proposed, thereby preventing a contractual commitment for the programme expansion at the island-wide level. However, this honourable house should be made aware that on 9th May 2018, a second implementation agreement was executed to restart treatment area in the previous treatment area of West Bay for a 10 month period with different treatment parameters, at a cost of CI\$588,000; funding which was available in the MRCU budget.

Mister Speaker in March 2017 Cabinet approved **\$87,500** in supplementary funding for an Emergency Room (ER) /Internal Medicine Physician at the Faith Hospital on Cayman Brac. As this honourable house is aware, the Faith Hospital is the only designated hospital in Cayman Brac and ER coverage is a critical component of the community health care services. Although the mission is to provide trauma and emergency services for those in imminent danger of losing their life or suffering permanent damage, the role of emergency services has evolved to include responses to natural disasters, mass casualty events and even public health emergencies, such as disease outbreaks and other communicable diseases. The ER also caters to afterhours non emergencies.

The Health Services Authority (HSA) presented the Ministry with a Business Case, Mister Speaker, detailing the various costs involved with this request. The final agreed amount for this request was half of the cost needed to cover the physician's salary, pension, health insurance, registration, accommodation and allowances etc.

Mister Speaker, at the time of the request ER duties were performed by the four physicians: the general practitioner, general surgeon, obstetrician / gynecologist, and anesthesiologist on an alternating basis. After hours and weekend emergencies were covered off-site by the physician. The three specialist physicians rotating in the ER were also on call for surgical, obstetric/ gynecologic, and anesthetic and critical care emergencies 24 hours per day, 7 days per week.

The Surgeon was also on call as a Senior Manager for all the administrative and major clinical issues involved in Cayman Brac and Little Cayman. Mister Speaker the Surgeon also has the responsibility of the administrative head as Director of Sister Islands Health Services. The Anesthesiologist as well as the Obstetrician / Gynecologist may also be assigned ER duties in addition to their primary responsibilities, leaving a situation of not being readily available to ER patients. With the limited number of physicians, it

proved difficult to provide onsite coverage to the ER outside normal working hours and on weekends.

Mister Speaker, it should be noted that the less emergency cases after hours were triaged and assessed by the registered nurse (RN) who informed the on-call offsite physician to get the treatment plan. In these instances wherein the family brings a very sick patient to the ER or the ambulance bringing the critically sick or injured, patients do not have any onsite doctor to attend immediately. Even though the offsite doctor is called about the patient in ER in acute emergencies, it could take about 15-20 minutes for the physician to reach the ER.

Mister Speaker, it was proposed to add one ER/ internal medicine physician to the team, to allow the schedule to be staggered and provide coverage for the onsite physician in ER until 11PM. Since the majority of patients visit ER through and up until those late hours, the arrangement would provide higher quality of patient care, clinical practice and improve overall satisfaction of our patients.

Mister Speaker, the ER/ internal medicine physician post at Faith Hospital now provides more cost-effective and convenient service for those living in Cayman Brac and benefits not only Faith Hospital and the Hospital on Grand Cayman, but also the Cayman Islands as a whole with reductions in the number of outpatient referrals and medical evacuations.

As such Mister Speaker, the Ministry of Home Affairs, Health & Culture requested an increase in the budgeted appropriation for HEA 6 –*Medical Services in Cayman Brac and Little Cayman* by **\$87,500** to fund the post as per request from the HSA.

Mister Speaker, The Ministry of Finance and Economic Development advised at the time, that the proposed supplementary funding to increase the government's forecast operating expenses **\$87,500** and decrease the forecast operating surplus to 31 December 2017 by the same amount.

It was deemed that the absence of an onsite doctor after hours, Mister Speaker, could also potentially expose the HSA to risk of litigation. Accordingly the approval was granted.

Mister Speaker under NGS 55, indigents, seafarers and veterans are provided tertiary medical care at various local and overseas institutions based on referrals by the Chief Medical Officer (CMO) who is stationed at the HSA. The Ministry of Home Affairs, Health & Culture received a budget of \$17.166 million in the 2016/17 18-month fiscal year for NGS 55.

Mister Speaker for the period July 2016 to February 2017 expenditure incurred across NGS 55 totaled CI\$11,753 million. These costs are initially undertaken by the Cayman Islands National Insurance Company (CINICO) and then reimbursed by the Ministry through the NGS 55 appropriation. Based on CINICO's projections the budgeted amount was considered inadequate to cover the end of the fiscal year. In order to ensure that the group of persons serviced by the NGS 55 have access to the appropriate medical institutions and services, as well as preserve the relationship and reputation of the government among the network of local and overseas health-care providers, it was necessary for the Ministry to request this supplementary funding.

This honourable house will be aware, Mister Speaker, of similar requests for supplementary funding in prior years for NGS 55. The budget for this programme continues to be inadequate for the growing need due to increasing numbers of indigents, seafarers, and veterans (and dependents), and the escalating costs of (tertiary) overseas healthcare. While the CMO approves the referrals on behalf of CINICO, the Ministry has minimal control over the actual referral process, and no control over who is deemed eligible for the benefits as indigents, seafarers, or veterans.

Mister Speaker, this honourable house will also be aware that the Health Insurance Regulations were amended in 2013 to double the Health Insurance Providers' contributions to the Segregated Insurance Fund ("the Fund"), which is intended to help cover the costs of healthcare for the indigents, and took effect February 2013. At the increased rate, the Fund is forecasted to collect close to \$5 million per annum. Fund collections for the year July 2015 to June 2016 amounted to approximately C\$5 million. However, that amount was still significantly below the costs of providing health care for the seafarers and veterans, which is approximately \$1.6 million per month for NGS 55 (i.e. local non-HSA and overseas tertiary care).

Mister Speaker, at that time, the Ministry of Home Affairs, Health & Culture was unable to identify compensating savings totaling **C\$4 million** in its 2016/17 Operating Budget. Mister Speaker, the Ministry of Finance and Economic Development advised that the proposed supplementary funding would increase the government's forecast operating expenses to 31 December 2017 by **\$4 million**.

Mister Speaker, delaying or denying necessary medical care for the indigents, seafarers, and veterans presented a significant liability to government. In the event that a patient's referral is not actioned due to the budgetary constraints and their condition deteriorates, there is a high probability that the patient or their family would file a lawsuit

against the government. There were also human rights concerns that were considered, given that the Bill of Rights under the Constitution is now in effect. Further, the inability to pay local and overseas providers of medical services already provided to indigents, seafarers and veterans could result in lawsuits against the government.

Accordingly, Mister Speaker, on 29th November, 2016, Cabinet approved supplementary funding of NGS 55 – *Tertiary Care at Various Local and Overseas Institutions* by **\$3,908,393 million**. In March 2017, Cabinet granted approval for supplementary funding in the amount of **\$4 million** for NGS 55. Additionally, on 22nd August 2017 Cabinet approved supplementary funding of NGS 55 by **6,268,403 million**. **These additional approvals resulted in a total budget of CI\$27.434 million for the 2016/17 financial year.** With the additional funding, all costs for this group were fully covered for the 2016/17 financial year.

Mr Speaker, members will be aware that the Cayman National Cultural Foundation (CNCF) is under the auspices of the Ministry of Health, Environment, Culture & Housing. In 1998 the Ministry (at that time Ministry of Community Affairs, Sports, Women, Youth and Culture) was named as co-defendant in a case resulting from injury to an individual present at a CNCF Cayfest Event. On 22nd August 2017, approval was granted for funding of **CI\$4.5 million** to cover the estimated costs and administration fees to settle this case.

Mister Speaker, this honourable house will be aware of the various issues that have plagued the Department of Environmental Health (DEH) in recent months. In October 2017 the Ministry of Health, Environment, Culture & Housing was notified by DEH of a shortfall in its operational funding as a result of significant usage of overtime. The DEH advised that additional funding was needed to ensure essential operations and services for the remainder of the financial year.

The Ministry was unable to identify funding within its own allocation, Mister Speaker, to cover the forecasted shortfall of CI\$2.442 million. However, the Ministry was able to facilitate a reallocation of **\$385,000** from EI 53 to the DEH's HES 7 budget heading.

Mister Speaker, the Ministry of Finance & Economic Development advised that the proposed reallocation of funds from EI 53 (a capital expenditure appropriation) to HES 7 (an operating expense appropriation) would decrease the government's forecast capital expenditure to 31 December 2017 by CI\$385,000 and increase the forecast operating expenses by the same amount.

Minister Speaker the Ministry of Finance advised that in order to proceed with the approval of the proposed CI\$2.442 million exceptional circumstance transaction, Cabinet should Identify savings within Ministries, Portfolios and Offices' 2016/17 Budgets and reallocate the equivalent amount of savings.

Accordingly, Minister Speaker, Cabinet granted approval for the Ministry of Health, Environment, Culture & Housing to increase the HES 7 appropriation by CI\$385,000 and decrease the EI 53 appropriation by the same amount; and increase the HES 7 appropriation by CI\$2.442 million and instruct the Ministry of Finance and Economic Development decreasing other Appropriations across Government by the same amount.

Mister Speaker, the Ministry of Health, Environment, Culture and Housing through DEH, participated in the annual National Community Enhancement (NiCE) Project which required some transactions for this Ministry in the 2015-16 and the 2016-17 fiscal years. This undertaking is the Government's demonstration to continue seasonal employment of with the objectives of enhancing the environment by providing meaningful work for unemployed Caymanians. The authorising of funding for the NiCE project was done in advance of the exercise in December 2016 with an estimated budget set at \$475,000 for the three week programme prior to Christmas.

However, the actual costs were \$429,140 a saving of \$45,860. Mister Speaker, the Ministry of District Administration, Tourism and Transport paid \$54,396.1 for the clean-up on the Sister Islands directly, leaving total of \$374,744 to be funded by other relevant Ministries. For the 2016 NICE programme the HES 7 Collection, Recycling and Disposal of Waste was increased by the amount 176,205. Likewise, Mister Speaker, for the 2017 NICE programme, the HES 7 Collection, Recycling and Disposal of Waste was increased by the amount \$223,250.

Mister Speaker, Cabinet was asked to authorise the transfer of funds in the amount of \$1,445,000 from the Ministry of Health, Environment, Culture & Housing's capital budget (EI 53) to the Department of Environmental Health's operational budget (HES 7) to fund the completed tyres processing and to facilitate continued processing of the remaining used tyres stored at the George Town Landfill.

Mister Speaker, this honourable house will be aware that there was an urgent need to remove the growing piles of used tyres stored at the landfill. The pile was deemed a fire hazard and a public health concern given the potential as a breeding ground for mosquitoes during rainy seasons. A contract was carried out through the Central Tenders Committee (CTC) and Island Recycling Ltd was the successful

contractor. In May 2016 approval was granted to increase the Ministry of Health and Culture's 2015/16 operating budget via the EVH 19 appropriation by \$1,245,000 to process 0.5 million tyres. Funds were to be taken from the Environmental Protection Fund (EPF).

Mister Speaker, the contract with the successful bidder was not signed until after the 2015/16 FY so the funding could not be secured in that financial year and therefore no funding was drawn down from the EPF for this project. This request was the Ministry's way of regularising this situation to properly allocate the funds for the initial contract (\$1,245,000) and the proposed addendum to finish processing the stockpiled tyres (\$200,000).

An exact tonnage figure of tyres could not be supplied, Mister Speaker, and the contract was entered into using an estimate only. It was agreed that the first 5,000 tons of tyres would be charged to the Ministry at a cost of \$189.00 per ton of material transported out of the landfill, plus some costs for de-rimming the tyres (\$4.00 per tyre) to prepare them for shredding. All subsequent tonnages of recycled tyre material will be charged to the Ministry at a cost of \$129.00 per ton. The payment method was based on tonnage.

Mister Speaker, although the contract agreement with Island Recycling Ltd. was signed on 15th August 2016, processing of tyres did

not begin until March 2017 (after the one acre operational pad was constructed and shredding equipment was brought on-island). Mister Speaker I am happy to report that this project has now been completed.

Mister Speaker, a contract addendum was issued to Island Recycling Ltd to process the additional 1,550 tons of tyres which amounted to an additional \$200,000. Mister Speaker, there are smaller quantities of fire damaged tyres and tyres that are too dirty to process and it is anticipated that these will be treated when the new Integrated Solid Waste Management System (ISWMS) is in effect.

Mister Speaker, the Ministry of Finance & Economic Development advises that the proposed reallocation of funds from EI 53 (a capital expenditure appropriation) to HES 7 (an operating expense appropriation) will decrease the Government's forecast capital expenditure to 31 December 2017 by CI\$1,445,000 and increase the forecast operating expenses by the same amount.

Mister Speaker the final reallocation of funds from my Ministry's 2016/17 capital account was from budget heading EI 53 to the National Gallery's budget head EI 47. The amount of \$29,000 was done to facilitate the acquisition of five new pieces of artwork.

It should be no secret, Mister Speaker, that I am a supporter of heritage and arts, and believe that more should be done to acquire and to preserve what we hold dear. On one of my first official visits to the National Gallery, the director shared a desire to acquire additional pieces for the national permanent collection; a goal that was prevented due to lack of funding.

Mister Speaker, I considered it a great opportunity, to recognise the work of some of our talented artists. These men, Mr. Wray Banker, Mr. Horacio Esteban, Mr. Al Ebanks, Mr. Aston Ebanks and young Brandon Saunders are skilled artists. The pieces, which are deemed the finest caliber, are classified as contemporary art. It should be noted that this is an area of strategic development for the collection.

The contemporary art section focuses on work that challenges existing borders, and begins articulating new meanings for contemporary Caymanian identity. It offers an unparalleled record of the Cayman Islands' rich artistic and cultural history, capturing the aspirations, character and imagination of our people. Mister Speaker, the pieces were carefully selected by the National Gallery Collections and Exhibitions Committee. Criteria included the significance of the artist, the standard of the work, the significance of the work in an exhibition, and popular appeal.

Mister Speaker, the artists are no strangers to the art world and are all extremely successful in their field. Long-established artists Mr. Esteban, Mr. Banker and Mr. Al Ebanks are part of the Native Sons art collective. Mr. Aston Ebanks is a well-known conceptual artist, while Mr. Brandon Saunders is currently studying art but began publicly exhibiting his work at the age of 15.

Let me take a few minutes Mister Speaker to briefly discuss the pieces, Mr. Banker's piece, "*On our Way 1994-99*" illustrates the cultural collage between American and Caribbean exchange of ideas. The humorous sculpture is a commercial ready-made which reflects the power of branding and the homogenisation of Caribbean culture. The world famous signage for a fast food brand has been altered by the artist to invite us to contemplate the impact of globalisation and consumer culture within the Cayman Islands.

Mister Speaker Mr. Al Ebanks' piece, "*Remnants of the Artist*" was created using found materials and acrylic to create a self-portrait. Mr. Ebanks is best known for his large abstract works of which this piece is a fine example of his skill. The work was featured in the seminal *Native Sons –Twenty* exhibition.

Moving on to Mr. Aston Ebanks, Mister Speaker; his piece is entitled "*Joni Mitchell Never Lies*", referencing Joni Mitchell's lyrics in

the song Big Yellow Taxi. The image is presented as though seen from a car window. Mr. Ebanks draws on a parallel with the challenges we face in the Cayman Islands in striking a balance between development, and maintaining the environment we live in, as an expression of who we are.

The piece entitled *Mother and Child 1* is a sculpture created by Mr. Esteban. It draws upon the Christian symbolism of the Madonna and baby Jesus. Mr. Esteban beautifully carved Caymanite stone to capture the intimacy of the mother and child relationship.

Mister Speaker, the final piece is from young Mr. Saunders. Still a high school student, he is well on his way to success in the arts. It is an image that illustrates the continued influence of the marine environment in the forging of Caymanian identity. The artist drew on the inspiration from Caymanian and regional history, popular culture and folklore in the piece titled *Osiris*.

Mister Speaker before completing this reallocation, the Ministry of Health, Environment, Housing & Culture sought advice from the Ministry of Finance and Economic development. The advice relayed was that the proposed appropriation change will not have an impact on the Government's forecast financial performance or compliance with the principles of responsible financial management for the 2016/17

financial period, as the appropriation change was just a reallocation of funds and does not increase planned expenditure or cash outflows. As a result of this reallocation, these outstanding pieces will now be held in perpetuity for the people of the Cayman Islands.

I want to encourage all our local artists to continue creating and developing more of these beautiful works of art in the future. I also invite members of this honourable house and the general public, Mister Speaker, to take time to visit the National Gallery to view these pieces along with the other pieces of more traditional and figurative works in the national collection.

Thank you Mister Speaker.