



**Statement by
the Honourable Deputy Governor on
the “Exceptional Circumstances” Transactions That Were
Incurred During the 2016/17 Financial Period for the
Portfolio of the Civil Service**

**First Meeting of the 2018/2019 Session of the Legislative
Assembly – 12 September 2018**

Mister Speaker, as required by Section 11(6) of the Public Management and Finance Law (2018 Revision) (the “PMFL”), I rise to make this with respect to the “exceptional circumstances” transactions that were approved by the Cabinet for the Portfolio of the Civil Service during the 2016/17, 18-month budget period that ended on 31 December 2017. Such transactions were approved pursuant to Section 11 (5) of the PMFL.

Mister Speaker, this Statement provides details of the aforementioned transactions.

\$1,989,000 OE108 Pay Stagnation

Mister Speaker, as Members of this Honourable House will recall during the height of the economic recession, numerous HR austerity measures were adopted including a prolonged salary cut and pay freeze within the civil service. As a consequence of these measures, the salaries of long serving civil servants had fallen behind newly appointed staff who retained the ability to negotiate salaries upon entry to the service. To address this inequity which had kept the salaries of many civil servants frozen for 3 or more years with a significant number having been frozen for 7 or more years, the Deputy Governor approved and the Government funded a programme to remediate pay stagnation across the civil service.

Mister Speaker, the first civil servants to receive the pay stagnation remedy were our Teachers and Police Officers who received the payments in the prior financial year.

To allow this remedy to be applied across the remainder of those affected within the civil service, the Government approved as part of the 2016/17 Annual Budget, \$1.989M under Other Executive Expenses 108 to fund pay stagnation.

I am pleased to report, Mr. Speaker, that the civil service applied the pay stagnation remedy in 2016/17, benefiting some 1,516 employees, approximately half having seen their salaries frozen for 7 or more years.

Additionally, these payments were facilitated without drawing upon the appropriation in OE 108. As a result, the Portfolio was able to reduce its appropriations by \$1.989M and return these funds to Government. This programme allowed the Cayman Islands Government as an employer to favourably respond to concerns of employee engagement and retention and to remediate against inequalities that emerged during that period. Changes to civil service remuneration levels during the budget period has led to an increase in the average salary for a Civil Servant, rising to \$46,575 per annum or \$3,881 per month.

\$228,500 for Servicing of the Legislative Assembly and Members of the Legislative Assembly

Mister Speaker, during the 2016/17 financial period, the Government approved a total of \$228,500 in additional funding to cover increased operational and capital needs of the Legislative Assembly following the 2017 General Elections which was contested on the basis of

single member constituencies and resulted in an increase in the number of elected Members of the Legislative Assembly. The total sum of \$288,500 was allocated over several appropriations as follows:

\$88,000 for Entity operational needs for the Legislative Assembly - "CIV10 - Servicing of the Legislative Assembly and Members of the Legislative Assembly".

The Legislative Assembly has increased operational expenditures to cover the following matters:

- Fees for the new Recording System which was partially acquired as a service as opposed to a capital asset, as originally budgeted,
- Delivery of the Parliamentary Prayer Breakfast;
- Various Attractive Asset Purchases including computers
- Hardware/Software and Office Equipment for MLAs and staff; and
- Official Travel and other general expenses.

\$50,500 for Administrative and Advisory Assistance to the Speaker - "OE114 Administrative and Advisory Assistance to the Speaker"

Following the 2017 General Elections, approval was received to provide additional support to the Speaker of the House. The

additional funding allowed the appointment of a Personal Assistant and a Driver to the Speaker of the Legislative Assembly.

\$43,000 Upgrades to the Legislative Assembly Building - "EA54 – Upgrades to Executive Assets".

This additional funding was used to enhance Wi-Fi capabilities; CCTV and Fire Alarm Systems and to complete Security Fencing at the Legislative Assembly.

\$48,000 for the purchase of Entity Assets for the Legislative Assembly - "EI35 – Equity Injection – Portfolio of the Civil Service".

Funding approval was received to acquire a new binding machine for and to purchase a replacement vehicle for the Honourable Speaker. The initial vehicle being used was on loan from another Ministry and has been returned.

\$35,000 for the Purchases of Entity Assets for the Commissions Secretariat - "EI35 – Portfolio of the Civil Service".

Funding was approved for the purchase of two (2) New Vehicles, urgently required to replace the existing fleet used by investigators, as the repair costs for the vehicles were now exceeding the value of

the vehicles and as such the vehicles were no longer deemed to be suitable for operations by the Department of Vehicle and Equipment Services.

Mister Speaker, it should be noted that the Government did not incur any overall additional costs as a result of these exceptional circumstances. As the Cabinet approval was very late in the 2016-17 fiscal year, the Portfolio was in a position to identify savings within its current budget to fund all the increased expenditure that was approved for the Legislative Assembly and the Commission's Secretariat.

The Portfolio contributed \$263,500 from the appropriation captioned "E135 – Portfolio of the Civil Service" to subsidize the increased costs of the operational and capital purchases for the Legislative Assembly as well as the capital purchase for the Commission's Secretariat.

The Legislative Assembly was able to identify \$116,500 in savings for foregoing the purchase of the Recording system. The Legislative Assembly originally budgeted \$200K for the purchase of a new Recording System. However, through further review of proposals it was determined that it was more cost effective to purchase microphones only, whilst renting the recording equipment.

In addition, the Elections office did not utilize all of its funding for the Voter Registration System therefore contributed \$97,000 in savings.

This overall reduction of original budgeted capital purchases of \$263,000 netted against the \$82,000 increase for new asset purchases totalled a net reduction in the appropriations "EI35 – Portfolio of the Civil Service" of \$181,500.

\$269,470 for operational expenditure for the Office of Education Standards - "CIV 16 – Educational Evaluation Services."

After the May 2017 Elections, the Portfolio inherited the Office of Educational Standards, from the Ministry of Education. The 2016-17 allocation for the OES was transferred from the Ministry of Education to the Portfolio of the Civil Service.

Conclusion

Mister Speaker, in conclusion I thank you for allowing me to explain the exceptional circumstance transactions which were approved by the Cabinet for the *Portfolio* of the Civil Service during the 2016/17 financial. Thank you, Mister Speaker.

