



**Statement by  
the Honourable Deputy Governor on  
the “Exceptional Circumstances” Transactions that were  
Incurred by the Portfolio of the Civil Service During the 2019  
Financial Period**

**Seventh Meeting of the 2019/2020 Session of the Legislative  
Assembly – Commencing 27 July 2020**

Madam Speaker, as required by Section 11(6) of the Public Management and Finance Law (2018 Revision) (the “PMFL”), I make this Statement to Members of this Honourable House with respect to the “exceptional circumstances” transactions that were approved by the Cabinet for the Portfolio of the Civil Service during 2019, covering the period 1 January to 31 December 2019. Such transactions were approved pursuant to Section 11 (5) of the PMFL.

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

**\$1,320,000 to CIV 13 – Maintenance of the Electoral Register for People-Initiated Referendum Processes**

Madam Speaker, this Honourable House will be aware that the organisers of the Cruise Port Referendum movement presented the Supervisor of Elections and the Head of the Governor's Office a petition which purported to contain a total number of signatures exceeding 5,289, or more than 25% of the registered electors, pursuant to Section (70) (2) (a) of the Cayman Islands Constitutional Order (2009).

The Elections Office began the verification process inclusive of walk-ins at the Elections Office, verification at various locations such as supermarkets, and in-person verifications at homes and other venues. The Elections Office accelerated the mobilization of the personnel needed to perform the verification process with an aim of completing the same by mid-August 2019.

Work progressed with early preparation of referendum training materials and logistical plans in the event that a referendum progressed.

As 2019 was a non-election year, the 2019 Elections Office budget of \$407,821 represented a fraction of the sum needed to host an election. By comparison, the 2017 General Election was delivered within an approved budget of \$1.98 million. The cost associated with conducting a national poll totals some \$1.2 million, inclusive of increased promotion of voter registration, voter education, security, training, equipment, transportation, real estate, personnel and materials.

Madam Speaker, in the absence of an existing appropriation adequate to cover costs relating to a people-initiated referendum

process, a supplementary appropriation was required to allow the Elections Office to carry out its constitutional duties.

In the event that a referendum was triggered, the polling exercise would have required some 500 persons be deployed in polling activities while being supported by logistics and RCIPS security.

Madam Speaker, having outlined those details, the Elections Office sought approval for an appropriation for the following:

- a. Costs associated with the Cruise Port Petition signature verification process, and prep work for a referendum, which was projected to total some KYD \$220,000; and
- b. Projected costs of KYD \$1,100,000 associated with national polling for a referendum, inclusive of postal ballots, mobile voting and general polling on referendum day, contingent on the outcome of the verification process.

Madam Speaker, note that without the additional funding, the Elections Office would have been unable to meet its constitutional obligations, opening the Office and the Cayman Islands Government to potential legal action for breach of law.

## **\$1,350,000 to CIN 2 – Health Insurance for Civil Service Pensioners**

Madam Speaker, the Portfolio of the Civil Service carries the appropriations for Executive Expenditure related to CIN 2 – Health Insurance for Pensioners.

The 2019 budget for CIN 2 was \$22.5 million. The actual cost for 2019 totalled \$27.4 million, signifying a budget shortfall of \$4.9 million. I will now outline for this Honourable House some general numbers to demonstrate the impact of the premium increases during the 2018 - 19 budget cycle:

- There was a net increase of 31, or 1% of the total insured.
- Those persons over the age of 60 increased by 3% to 57.
- As at December 2019, the total insured was 2,243.
- During the stated period, the highest monthly premium being charged was \$1,288. Compare this to just prior to the 2018-19 budget when there was a total insured of 2,212 and the highest premium was \$958. Madam Speaker this means that the highest premium increased by 34% or \$330 per month during that period of time.
- The monthly invoices paid by PoCS for CIN 2 previously averaged \$1.7 million per month but, in 2019, increased to an average of \$2.27 million per month.

In previous years, PoCS was allocated additional supplementary funding for the increases in the health insurance premiums for CIN 2. This was done via a centralised reallocation managed by the Ministry of Finance. However, the reallocated amount of \$3.57 million provided in the 2019 iteration was insufficient to cover the total increase of the premiums related to CIN 2. As a result, PoCS had to seek an additional \$1.35 million to cover the remaining shortfall.

### **Conclusion**

Madam Speaker, the aforementioned exceptional circumstance transactions - which were approved by the Cabinet for the Portfolio of the Civil Service during the 2019 financial period – did not cause any non-compliance with the Principles of Responsible Financial Management.

Thank you Madam Speaker.