

**HON MINISTER FOR FINANCE’S SPEAKING NOTES ON  
THE SUPPLEMENTARY APPROPRIATION (JANUARY 2020 TO  
DECEMBER 2020) BILL, 2020**

Mister Speaker, I beg to move the Second Reading of a Bill entitled, “The Supplementary Appropriation (January 2020 to December 2020) Bill, 2020.”

Mister Speaker, the purpose of this Bill is to seek the Legislative Assembly’s approval for Supplementary Expenditure, Equity Investment, Executive Assets, Loans Made and Borrowing Appropriation Changes in respect of the financial year ending 31<sup>st</sup> December 2020.

Once an Appropriation Bill has been approved by the Legislative Assembly, it becomes an Appropriation Law for a particular financial year and that Law establishes what is commonly referred to as the “Budget” for that financial year.

There are three (3) ways in which the Budget amounts contained in an

Appropriation Law can be changed during the course of a financial year:

- Firstly, section 11, subsection 5 of the Public Management and Finance Law (the “PMFL”), allows the Cabinet to make such changes;
- Secondly, section 12, subsection 2 of the PMFL allows Finance Committee to approve changes to an established Appropriation Law; and
- Thirdly, section 25 of the PMFL permits the Legislative Assembly to authorise changes to an already-approved Appropriation Law.

Mister Speaker, this Bill arises in respect of the Government’s use of two sections of the PMFL: section 11, subsection 5 and section 25.

Mister Speaker, section 11, subsection 6 and section 25 of the PMFL state, that when a Government utilises section 11, subsection 5 or section 25 of the PFML, respectively, to make changes to an Appropriation Law, those changes made by Cabinet under Section 11 subsection 5 and proposed changes approved by Cabinet pursuant to Section 25 of the PMFL, are to be included in a Supplementary Appropriation Bill, which must be presented to the Legislative Assembly.

Mister Speaker that explains the existence of the Bill now before the House: it satisfies a legal requirement that changes to an already approved Appropriation Law, must be incorporated in a Supplementary Appropriation Bill and that Bill be presented to the Legislative Assembly for its scrutiny and approval.

Mister Speaker, I wish to make two more additional points:

1. firstly, the vast majority of changes set-out in the Schedule to the

Bill have already occurred: the changes are processed shortly after they are approved by Cabinet under section 11, subsection 5 of the PMFL; and

2. secondly, it is the Government's reasonable expectation that, given the circumstances explaining the origin of this Supplementary Appropriation Bill, the Finance Committee's consideration of the items in the Schedule to the Bill will be efficient.

Mister Speaker, this Bill indicates changes that can be categorised as follows:

1. Items on the Schedule to the Bill that were approved by Cabinet for presentation to the Legislative Assembly and Finance Committee for its review, scrutiny and approval – this is being done in accordance with Section 25 of the PMFL; and

2. Items on the Schedule to the Bill where Cabinet, as it is legally empowered to do under Section 11 subsection 5 of the PMFL, made changes to budgets during the 2020 financial period.

Mister Speaker, the Government always endeavours to “match” a request for an increase in expenditure with a corresponding reduction to expenditures though, this is not always possible 100% of the time.

The significant financial transactions arise mainly as a result of the Government’s decisions taken to mitigate and suppress the COVID-19 pandemic. The significant financial transactions included in the Bill are:

- a. \$500.0 million to cover a \$330.0 million Line of Credit that the Government has secured plus, the capacity is sought to borrow an additional \$170.0 million, should this become necessary;

- b. \$40.0 million for the purchase of supplies to mitigate COVID-19, extensive testing for the presence of COVID-19 in the population, cost of air bridge flights between the UK and the Cayman Islands and other specific Government decisions taken in response to COVID-19;
- c. \$23.1 million for financial assistance to the most vulnerable, displaced tourism workers and non-Caymanian residents
- d. \$20.9 million for a temporary loan to the Cayman Islands Airports Authority;
- e. \$20.1 million for additional work on the John Gray High School campus and other capital works;
- f. \$16.3 million for operational support for Cayman Airways Limited;
- g. \$9.5 million for micro and small businesses relief efforts;
- h. \$6.1 million to increase the regulatory capacity at the Cayman Islands Monetary Authority;

- i. \$3.0 million for the purchase of laptops for students in public schools;
- j. \$2.4 million for the construction of the West Bay Police Station; and
- k. \$1.4 million for the establishment of the Cayman Islands Regiment.

Also impacting the forecast financial statements and the Net Debt Principle of Responsible Financial Management is the financial impact of the Government Guaranteed Loan Scheme for Medium and Large-Sized Businesses where the Government will guarantee or be liable for 50%, or \$100.0 million, of a maximum loan facility of \$200.0 million.

The Bill consists of 3 main parts:

1. **Clause 1** – provides the name of the proposed Law;
2. **Clause 2** - speaks to the Appropriation authority of the Cabinet;  
and
3. **The Schedule** - to the Bill which shows the individual items of Appropriation changes that the Legislative Assembly is being asked to approve.

Mister Speaker, it is also important that I point out that not all Supplementary Appropriations involve Expenditure increases; there are a number of decreases to Expenditures, contained in this Bill.

I, therefore, respectfully ask all Honourable Members to support the Bill.

Thank you, Mister Speaker.