



Government of the Cayman Islands

PRE-ELECTION ECONOMIC AND FINANCIAL UPDATE

For the financial years ending 30 June 2013, 2014 and 2015

24 April 2013

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1. INTRODUCTION

Purpose and Content

Section 26 of the *Public Management and Finance Law (2012 Revision)* (PMFL), provides for the Chief Officer of the Ministry responsible for Finance to Gazette a Pre-Election Economic and Financial Update (PREFU) not more than forty-two days, nor less than twenty-eight days before the General Election date. The Cayman Islands' next General Election will be held on 22 May, 2013.

The purpose of the PREFU is to provide updated information on the economic and fiscal outlook of the Government of the Cayman Islands (Government). The information in this report takes into account, to the fullest extent possible, all Government decisions made by 23rd April 2013, and all other circumstances that may have a material effect on the fiscal and economic outlook.

The PMFL requires that the PREFU provide:

- Economic forecasts for the current financial year and for the next two financial years;
- Forecast financial statements for the Core Government and the Entire Public Sector for the current financial year and for the next two financial years;
- A statement specifying the date on which the economic forecasts and forecast financial statements were prepared (see table below); and
- An explanation of how the Core Government forecast financial statements accord with the principles of responsible financial management.

Dates on which the Forecasts and Information were finalised

Economic Forecasts	27 March 2013
Economic Data	27 March 2013
Fiscal Forecasts	23 April 2013
Specific Fiscal Risks	23 April 2013
Text finalised	24 April 2013

The current financial year ends on 30th June 2013, and is referred to in this document as FY 2012/13. Financial Year and Fiscal Year are used interchangeably in this document.

The PREFU allows for the assessment of the government's financial performance against the financial policy objectives and strategies set out in the most recent Annual Plan and Estimates.

This information is based on the year-to-date actual results and the professional judgement of staff in Ministry of Finance, District Administration, Works, Lands & Agriculture (Public Finance) using the most recent information available on economic conditions, fiscal performance and estimated outturn.

The PREFU also contains forward looking information which is based on a number of factors and assumptions. Such information involves significant known risks. However, unknown risks and uncertainties could cause actual results to differ materially from those forecasted.

2. STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS

These forecast financial statements have been prepared in accordance with the Public Management and Finance Law (2012 Revision). They report the forecast financial transactions for the Core Government and the Entire Public Sector reporting entity for the forthcoming year.

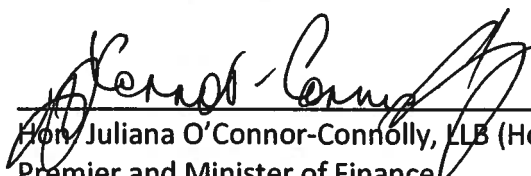
The forecast financial statements were prepared by the Ministry responsible for finance on behalf of the Government. On the basis of the economic and financial information available, the Ministry has used its best professional judgement in preparing the forecast statements.

The forecast financial statements incorporate the fiscal and economic implications of all Government decisions and circumstances as at 23rd April 2013.

We accept responsibility for the accuracy and integrity of the financial information in these forecast financial statements and their compliance with the Public Management and Finance Law (2012 Revision).

To the best of our knowledge, these forecast financial statements are:

- (a) complete and reliable;
- (b) fairly reflect the forecast financial position as at 23rd April 2013 and performance for the financial years ending 30 June 2013, 2014, and 2015;
- (c) include all policy decisions and other circumstances that have, or may have, a material effect on the forecast statements; and
- (d) comply with generally accepted accounting practices.



Hon. Juliana O'Connor-Connolly, LLB (Hon), BA, JP
Premier and Minister of Finance
District Administration, Works, Lands & Agriculture
24 April 2013



Hon. Rolston Anglin
Deputy Premier and Minister of Education,
Financial Services & Employment
24 April 2013

3. EXECUTIVE SUMMARY

Real economic growth of 1.8% is forecast for the year ending 30th June 2013. Thereafter, the economy is expected to grow at an average rate of 2.4% per year until 2015. Inflation is expected to increase from 1.7% in June 2013 to 2.3% in June 2015. Over the corresponding period, the unemployment rate is estimated to fall settling to 5.7% by June 2015.

For the fiscal year ending 30th June 2013, Government's Operating Surplus is forecast to be \$51.1 million. This amount is \$31.2 million less than the \$82.3 million originally budgeted. The Operating Surplus is forecast to improve to \$118.1 million for 2013/14 and \$135.8 million for 2014/15.

Core Government is forecast to have closing bank account balances totalling \$99.7 million for the fiscal year ending 30th June 2013. This amount is \$20.0 million less than the \$119.7 million shown in the 2012/13 original budget. Thereafter, closing bank account balances are forecast to be \$166.3 million at the end of fiscal year 2013/14 and \$250.4 million at the end of fiscal year 2014/15.

For the Entire Public Sector (EPS), closing bank balance for fiscal year 2012/13 is forecast to be \$157.8 million; this amount is \$25.1 million less than the \$182.9 million shown in the 2012/13 budget. For fiscal year's 2013/14 and 2014/15, EPS closing bank balances are forecast to increase to \$221.2 million and \$303.7 million respectively.

Core Government debt is forecast to be \$575.4 million at the end of fiscal year 2012/13. This amount is expected to further decrease to \$549.0 million at the end of fiscal year 2013/14 and \$523.7 million at the end of fiscal year 2014/15.

For the Entire Public Sector, the closing debt balance for 2012/13 is forecast to be \$717.9 million, thereafter, this balance is forecast to decrease to \$677.6 million at the end of 2013/14 and \$638.8 million at the end of 2014/15.

The Government is forecast to be in full compliance with the Principles of Responsible Financial Management relating to Net Operating Surplus and Net Worth throughout the forecast period.

Compliance with the Principles which requires a Net Debt Ratio of less than 80% is forecast to be achieved in 2013/14 and 2014/15. Cash Reserve requirement (should be more than 90 days of executive expenses) will achieve compliance in 2014/15. However, compliance will not be achieved for the Debt Servicing Ratio (should be less than 10%) during the forecast period.

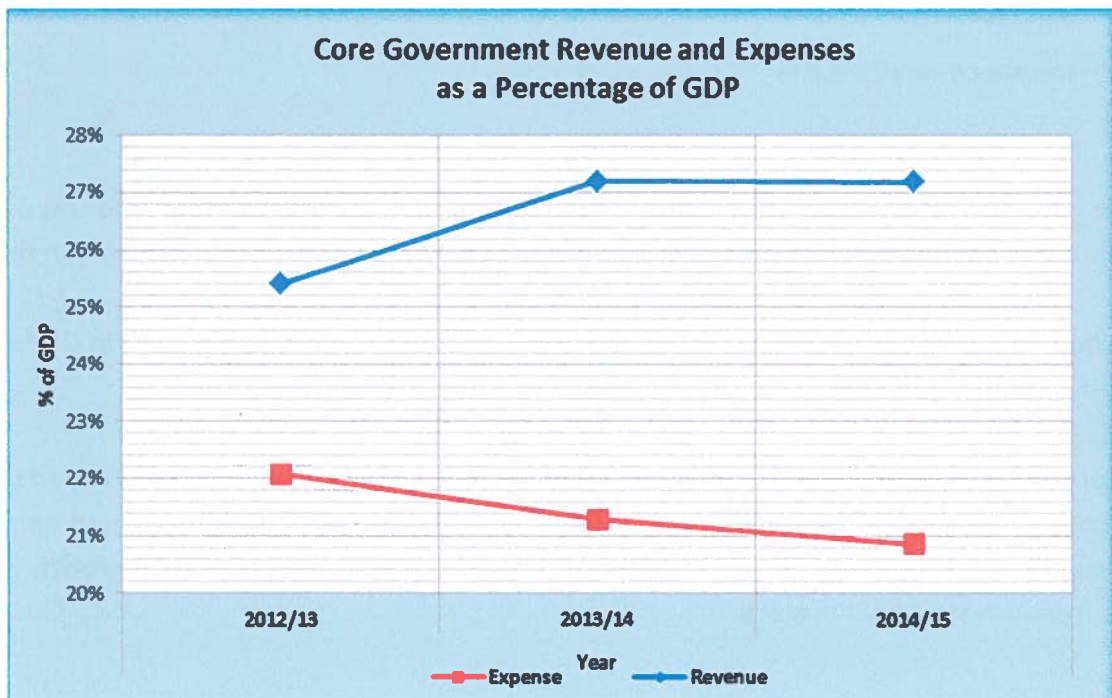
In August 2012, the Government agreed to a three-year fiscal plan with the Foreign and Commonwealth Office (FCO) for Core Government financial performance. The forecast Operating Surplus' for 2012/13; 2013/14 and 2014/15 are less than those targeted in the three year plan by \$31.2 million; \$6.2 million; and \$2.5 million respectively.

The forecast Operating Revenue for 2012/13 is less than the three year plan by \$31.8 million; 2013/14 and 2014/15 are forecast to perform better than the plan by \$7.2 million and \$9.8 million respectively. The forecast Operating Expense for 2012/13 is less than the plan by \$0.6 million; 2013/14 and 2014/15 are forecast to be higher than targeted in the plan by \$13.4 million and \$12.3 million respectively. The forecast Cash Balance for 2012/13; 2013/14 and 2014/15 are less than those targeted in the three year plan by \$20 million; \$25.6 million; and \$28 million respectively.

Table 1 below shows the key economic and fiscal indicators over the forecast period. These are discussed in further details throughout this document.

Table 1- Summary of the main Economic and Fiscal Forecasts

	2011/12 Estimated	2012/13 Projected	2013/14 Forecast	2014/15 Forecast
Economic (%)				
Real GDP	1.3	1.8	2.3	2.5
Consumer Price Index (Inflation)	1.3	1.7	2.2	2.3
Unemployment Rate	6.2	6.1	5.9	5.7
Fiscal (\$ millions)				
Net Operating Surplus	(10.3)	51.1	118.1	135.8
EPS Closing Bank Account Balances	155.0	157.8	221.2	303.7
EPS Government Debt	743.8	717.9	677.6	638.8



4. ECONOMIC OUTLOOK

Introduction

This economic update presents the macroeconomic forecasts and assumptions for the current fiscal year and the succeeding two fiscal years. It focuses on four core indicators:

- Gross domestic product (GDP) growth;
- Inflation;
- Employment and unemployment rate; and
- Current account of the balance of payments.

Economic performance 2012 and forecasts for Financial Year (“FY”) 2012/13

GDP Growth. Economic recovery continued in the Calendar year ended 31st December 2012 with a slightly stronger GDP growth estimated at 1.6 per cent. The key sectors showing recovery were:

- Hotels and restaurants;
- Wholesale and Retail trade;
- Construction;
- Transport and Storage;
- Communication;
- Financing;
- Insurance services; and
- Government services.

Whilst the above contributed positively to growth, real estate, renting and business activities continued to exert downward pressure. This is due to slower than expected recovery in those areas.

The combined effect of the factors listed above is expected to generate a growth in GDP of 1.8 percent for the 2012/13 fiscal year.

The forecast positive trend in GDP is expected to result in increased worker demand and corresponding increases in the demand for renting and real estate. With the restrictions on Government expenditure imposed by the Framework for Fiscal Responsibility, the major aspects of GDP growth is expected to come from private sector projects.

Value added from the hotel and restaurant sectors is estimated to have increased by 3.3 per cent as a result of higher stay-over visitors. In 2012, tourism services increased based on strong growth in air arrivals (4.1%) and cruise arrivals (7.6%).

Wholesale and retail trade activity grew by 4.5 per cent. This is consistent with the growth in imported consumer and intermediate goods adjusted for inflation.

In 2012, construction activity increased for the first time in four years by an estimated 6.7 per cent. This estimate is based mainly on the strong growth of imported building materials, partly due to incentives such as reduced duties.

The Transportation & Storage, and Communication sectors rose by 2.8 per cent bolstered by growth in transportation for tourist visitors, higher volumes of cargo transportation, and expansion of telecommunication activities. The real estate, renting and business activities sectors were estimated to have declined by 0.7 per cent. Business services and real estate activities were impacted by lower registration of companies and property transfers.

The Financing and Insurance services sectors (which accounted for approximately 42.3 per cent of GDP) were estimated to have expanded by 3.1 per cent compared to 0.1 per cent in 2011. Insurance services had an estimated increase of 5.6 per cent due to increased gross premiums and decreased net claims, while financing services expanded by 1.1 per cent based on anticipated higher earned interest in the local banking sector.

Financial services indicators continued to exhibit mixed performance in 2012 amidst heightened uncertainty in the global financial markets particularly in Europe. New partnership and insurance licenses grew by 7.4 per cent and 0.3 per cent respectively.

New company registrations, mutual funds registration (excluding master funds), stock exchange listings and banks and trusts licences all declined in 2012. The latter is the result of continued consolidation in that sector.

Table 2: Key Economic Variables

Calendar Years	2008	2009	2010	2011	2012E	2013	2014
						Forecast	
Real Gross Domestic Product (GDP)%	(0.2)	(6.3)	(2.9)	0.9	1.6	2.0	2.6
Consumer Price Index (CPI) Inflation %	4.1	(1.5)	0.3	1.3	1.2	2.1	2.2
Number of Employed Persons	37,449	35,958	34,983	35,267	36,401	37,031	37,853
Unemployment Rate %	4.0	6.0	6.2	6.3	6.2	6.0	5.8
Current A/C of Balance of Payment (\$Millions)	(444.2)	(420.1)	(420.6)	(455.5)	(467.0)	(522.1)	(541.9)
Current A/C (% of GDP)	(16.7)	(16.6)	(17.1)	(18.2)	(18.1)	(19.5)	(19.3)

E- Estimates for GDP and BOP Current Account (A/C)

Source: Cayman Islands Government (Economics and Statistics Office)

Table 3: Key Economic Variables

Fiscal Years	2008/09	2009/10	2010/11	2011/12E	2012/13	2013/14	2014/15
					Projected	Forecast	
Real Gross Domestic Product (GDP)%	(3.3)	(4.6)	(1.0)	1.3	1.8	2.3	2.5
Consumer Price Index (CPI) Inflation %	1.3	(0.6)	0.8	1.3	1.7	2.2	2.3
Number of Employed Persons	36,704	35,471	35,125	35,834	36,716	37,442	38,262
Unemployment Rate %	5.0	6.1	6.2	6.2	6.1	5.9	5.7
Current A/C of Balance of Payment (\$Millions)	(432.1)	(420.3)	(438.1)	(461.3)	(494.6)	(532.0)	(553.3)
Current A/C (% of GDP)	(16.7)	(16.9)	(17.7)	(18.1)	(18.8)	(19.4)	(19.3)

E- Estimates for GDP and BOP Current Account (A/C)

Source: Cayman Islands Government (Economics and Statistics Office)

Inflation: In Calendar year 2012, consumer prices rose on average by 1.2 per cent compared to 1.3 per cent in the preceding year. All major categories of consumer goods and services had higher average prices except communications, recreation and culture and, restaurants and hotels. The domestic inflation is mainly sourced from imported items such as food, beverages, clothing, footwear and, tobacco. Inflation in alcohol and tobacco prices was caused by the recent revenue measure that increased the price of tobacco by more than 50 per cent. In FY 2012/13, inflation is estimated at 1.7 per cent.

Employment and Unemployment: Economic growth in 2012 had a positive impact on labor supply and employment. The total labor force strengthened to increase the number of persons employed by 3.2 per cent to 36,401.

Higher employment levels were estimated for the food and beverage industry, construction, manufacturing, mining and quarrying as well as administrative and support services. Consequently, the

unemployment rate fell marginally to 6.2 per cent in 2012. In FY 2012/13, the number of employed persons is expected to be at 36,716 while the unemployment rate is projected to improve slightly to 6.1 per cent.

Current Account of the Balance of Payments¹: Total merchandise imports declined marginally by 0.1 per cent in 2012 to \$758.5 million. This was mainly due to the plummeting value of oil imports outweighing the robust expansion of intermediate goods and capital goods imports. This, along with a higher inflow of visitor expenditure, and tempered increase in the outflow of workers' remittances, induced the slight narrowing of the country's forecasted current account of the balance of payments to 18.1 per cent of GDP in 2012. The FY 2012/13 current account balance is projected at 18.8 per cent of GDP as imports are expected to rebound in 2013 from additional construction activities.

Forecasts and Assumptions for FY 2013/14 and 2014/15

GDP Growth: Overall economic growth of the Cayman Islands in the next two fiscal years will increasingly rely on local private investments in light of renewed economic and financial uncertainty in the major external markets and the Cayman Islands Government's commitments to the Framework for Fiscal Responsibility.

Construction is assumed to continue its recovery with the commencement of private sector investment projects such as the Cayman Narayana University Medical Center and Cayman Enterprise City.

Additional stimulus is expected from projects to enhance tourism facilities and infrastructure along the Seven Mile Beach area as part of the ForCayman Investment Alliance. The construction phase of these projects is expected to begin in FY 2012/13. Additionally, the projects are expected to boost the population level and stimulate domestic demand for services in several sectors such as wholesale and retail; transport, storage and communication; real estate, renting and business activities; and electricity and water supply.

Assumptions regarding the growth prospects of the US and other advanced economies are taken from the International Monetary Fund's World Economic Outlook Update as of January 2013. Altogether, these economies are forecasted to show weak growth in 2013 (1.4%), with a mild improvement in 2014 (2.2%). Continuing fiscal consolidation and protracted financial sector recovery in these countries will pose downward risks for Cayman's financial services and to a lesser extent stay-over tourism. However, it is also assumed that the impact of such risks will be mitigated by actions by the

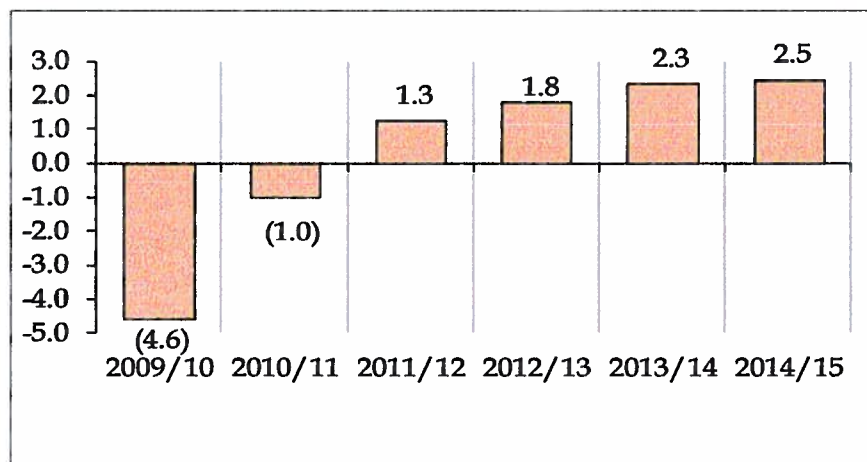
¹ The current account of the balance of payments measures the total value of the country's transactions against the rest of the world in terms of trade in goods and services, income and transfers. A deficit in the current account means that the Cayman Islands made more payments to the rest of the world compared to its receipts from these transactions.

Government along with the private sector. Forecast strategies include continuing product enhancements and diversification of source markets. Stronger growth for stay-over tourism is foreseen for 2015 when the first phase of the medical tourism project is expected to be operational.

Government services are projected to contract over the next two fiscal years in keeping with the Framework for Fiscal Responsibility.

The above external and domestic assumptions support a forecast growth of real GDP in 2013/14 of 2.3 per cent with slightly stronger growth of 2.5 per cent in 2014/15 (see Table 3 and Figure 1).

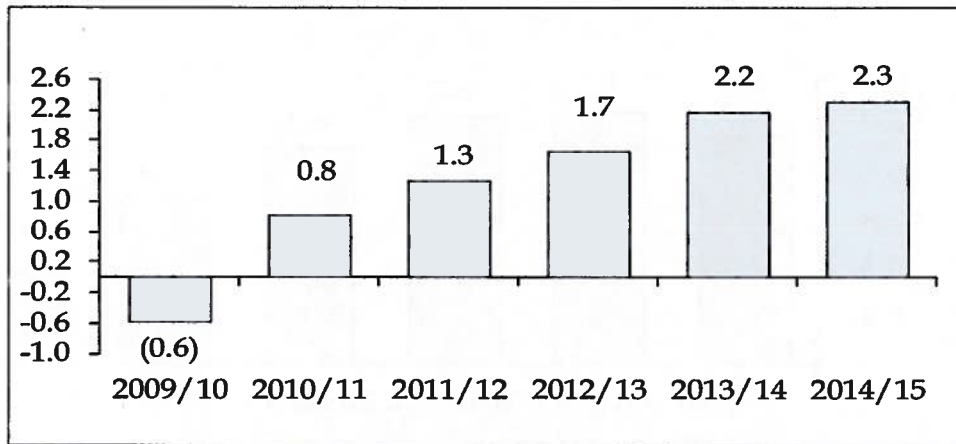
Figure 1: Cayman Islands' Real GDP Growth (%)



Source: Cayman Islands Government (Economics and Statistics Office)

Inflation: It is assumed that current US inflation projections will show moderate pressure for Cayman's inflation. However, a gradual increase in the population level and higher domestic demand as planned construction projects commence, could slightly push up domestic inflation in the succeeding fiscal years (see Table 3 and Figure 2). For FY 2013/14, inflation is forecasted at 2.2 per cent, inching upward to 2.3 per cent in FY 2014/15 (see Table 3 and Figure 2).

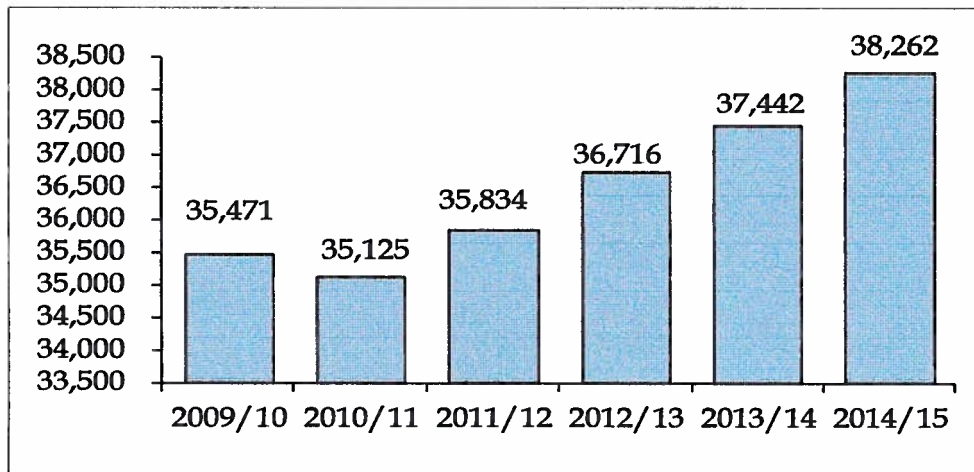
Figure 2: Cayman Islands' Inflation Rates (%)



Source: Cayman Islands Government (Economics and Statistics Office)

Employment and Unemployment: Local employment is assumed to have a lagged response to forecast output growth. New employment is expected to emanate from construction projects and other local services with strong linkages to these projects, complemented by the commencement of the medical tourism facility. Employment is projected at 37,442 persons in FY 2013/14 with further improvement to 38,262 persons in FY 2014/15 (see Table 3 and Figure 3).

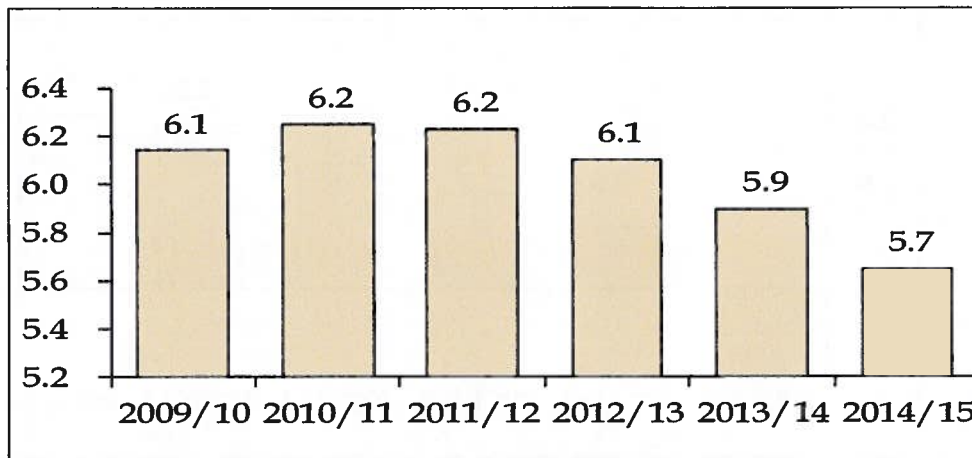
Figure 3: Cayman Islands' Employment Level



Source: Cayman Islands Government (Economics and Statistics Office)

Unemployment rate is forecasted to improve to 5.9 per cent of the labour force in FY 2013/14, and further to 5.7 per cent in FY 2014/15 (see Table 3 and Figure 4).

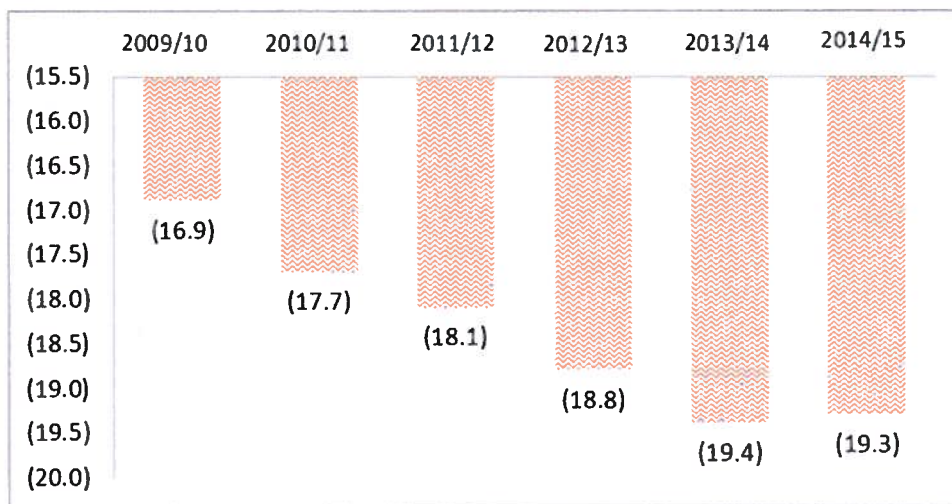
Figure 4: Cayman Islands' Unemployment Rates (% of Labour Force)



Source: Cayman Islands Government (Economics and Statistics Office)

Current Account of the Balance of Payments: For FY2013/14, the current account deficit is forecasted at 19.4 per cent of GDP based on the premised growth of the current account's major outflows (primarily imports of goods for the new private sector projects) outperforming the growth of inflows (primarily financial and tourism receipts) (see Table 3 and Figure 5). A slight improvement to 19.3 per cent of GDP is forecasted in FY2014/15, assuming that additional receipts will begin to come in from the new private sector investments projects.

Figure 5: Cayman Islands' Current Account of the Balance of Payments (% of GDP)



Source: Cayman Islands Government (Economics and Statistics Office)

5. FISCAL OUTLOOK

Introduction

This section provides the Government's financial forecasts for 2012/13, 2013/14 and 2014/15.

In accordance with the requirements of the Public Management and Finance Law (2012 Revision), the financial forecasts take the form of a full set of accrual based forecast financial statements. The key forecast financial statements are:

- A Forecast Performance Statement, which reports the forecast Operating Revenues and Operating Expenses measured on an accruals basis and the resulting Net Operating Surplus (which is the key measure of Government's Financial Performance);
- A Forecast Position Statement, which reports the assets and liabilities Government expects to have at the end of each fiscal year for the forecast period, and the resulting Net Worth (which is the key measure of the Government's financial position);
- A Forecast Statement of Cash Flows, which reports the Operating, Investing (asset-related) and Financing (borrowing-related) cash flows for the forecast period and the resulting Net Increase/Decrease in cash and cash equivalents (which is the measure of the Government's cash position); and
- A Forecast Statement of Changes in Net Worth, which reports the forecast increase or decrease in Net Worth and its composition (which is the key measure of the amount citizens have invested in the Government).

In accordance with the requirements of the PMFL, the forecast financial statements provide two sets of figures: one for the Core Government; and one for the Entire Public Sector. Both sets include the financial activity (Performance Statement, Position Statement and cash flow statement) of Public Authorities (Statutory Authorities and Government Companies).

The Core Government comprises:

- H.E. The Governor's Office;
- The Legislative Assembly;
- Ministries and Portfolios;
- Judicial Administration; and
- Offices for the Auditor General, Cabinet, the Information Commissioner, the Complaints Commissioner, the Premier and the Director of Public Prosecution.

It also includes the Operating Surpluses/Deficits of Public Authorities as a single line in the Performance Statement entitled 'Net (Profit)/Loss in Public Authorities'. Similarly, the net worth of Public Authorities is recognised in a single line in the Position Statement entitled 'Net Worth of Public Authorities'.

The Entire Public Sector includes the same information as for the Core Government plus the revenues, expenses, assets and liabilities of Public Authorities on a line-by-line basis by aggregating them with the revenues, expenses, assets and liabilities of the Core Government. The key measures of Government's financial performance (i.e. Net Operating Surplus, Net Worth) are the same for both the Core Government and the Entire Public Sector.

Update on Current Year's Financial Performance

For the fiscal year ending 30th June 2013, Government's **Operating Surplus** is forecast to be \$51.1 million. This amount is \$31.2 million less than the \$82.3 million originally budgeted.

The lower than expected operating performance is due primarily to shortfalls in operating revenues. The key items contributing to this shortfall are as follows:

- **Other Import Duty:** \$11.3 million less than budget due to continued delays in the construction in the Special Economic Zone;
- **Departure Tax:** \$2.2 million less than budget due to legislative delays and other timing issues;
- **Special Economic Zone Grant Fee:** \$2.6 million less than budget due to project delays;
- **Health Insurance Fund Fees:** \$2.2 million less than budget due to legislative delays;
- **Motor Vehicle Charges:** \$2.6 million less than budget partially due to timing and delayed implementation of revised fees;
- **Work Permit Fees:** \$5.1 million less than budget partially due to delayed implementation as well as the accounting policy of partial recognition in the current year for new and renewed work permits.

Changes in Government policy also resulted in the following initially budgeted revenue measures being deferred in 2012/13 to commence in 2013/14:

- **Fund Directors Fees** with a budgeted revenue of \$10.0 million;
- **Compliance Fee** (all other Directors) with a budgeted revenue of \$18.2 million;
- **Fees for Directors of Licenced Security Investment Businesses** with a budgeted revenue of \$1.4 million;

- **Fees for Directors of Regulated Entities** with a budgeted revenue of \$1.6 million; and
- **Master Fund Registration Fees** with budgeted revenue of \$1.8 million.

The following revenue items are forecast to perform better than originally budgeted in 2012/13:

- **Annual Permanent Residency Fees** are expected to be \$2.4 million higher than budget, this is primarily due to greater collection and enforcement efforts by the Department of Immigration;
- Revenue from **Money Transfer Fees** are forecast to be approximately \$1.2 million higher than the 2012/13 budget;
- Revenue from **Motor Vehicle Driver's License Fees** are forecast to be \$1.0 million higher than the 2012/13 budget as a result of increased fees;
- **Mutual Fund Administrators License Fees** are forecast to be \$1.1 million higher than the budget anticipated;
- **Security Investment Business Licence Fees** are forecast to be \$3.0 million higher than the 2012/13 original budget due to increased activities;
- **Term Limit Exemption Grant Fee and Term Limit Exemption Renewal Fees** are forecast to be \$2.5 million higher than initial budget estimates;
- Revenue from **Land-Holding Companies Share Transfers** is expected to be \$3.8 million higher than initial budget estimates due to two unusually large transactions which occurred during the fiscal year; and
- **Stamp Duty on Land Transfers** is expected to be \$8.1 million higher than the initial budget due to duties associated with the increase in sale of properties.

Total Operating Expense is forecast to be \$566.6 million for the fiscal year ending 30th June 2013. This is comparable to that shown in the 2012/13 original budget. The following are material variances which have occurred during the year:

- **Personnel Cost** is forecast to be \$243.5 million, this amount is \$7.4 million lower than the original budget and is mainly due to attrition and recruitment restrictions;
- **Supplies and Consumables Costs** are forecast to be \$5.1 million lower than the original budget. This is due to savings in professional fees, marketing, maintenance and other areas;

- **Outputs from Statutory Authorities and Government Owned Companies** is forecast to be \$4.2 million higher than the original budget due to increased utilization at the Health Services Authority;
- **Outputs from Non-Government Output suppliers** is forecast to be \$8.1 million higher than the original budget due to an increase in the cost of providing medical care at overseas institutions for indigents; and
- **Transfer Payments** is forecast to be \$1.3 million higher due to increased scholarships awarded.

In addition, Gains on Financial Instruments is forecast to be better than budget by \$1.9 million thereby improving the Government's operating position.

As a sector, Statutory Authorities and Government Owned Companies, collectively called **Public Authorities**, are forecast to make a Net Surplus of \$1.3 million in 2012/13. This amount is \$0.6 million less than the budgeted performance of a \$1.9 million surplus. The deteriorated forecast performance is due to negative performance variance by the Water Authority of \$0.7 million and the Cayman Islands National Insurance Company (CINICO) of \$0.5 million. This has been partially offset by better than expected performance by the Civil Aviation Authority of \$0.5 million.

Core Government is forecast to have closing **bank account balances** totalling \$99.7 million for the fiscal year ending 30th June 2013. This amount is \$20.0 million less than the \$119.7 million shown in the 2012/13 original budget and is directly related to the lower than expected revenue performance. For the Entire Public Sector (EPS), closing bank balance for fiscal year 2012/13 is forecast to be \$157.8 million; this amount is \$25.1 million less than the \$182.9 million shown in the 2012/13 budget.

Core Government **debt** is forecast to be \$575.4 million at the end of fiscal year 2012/13. For the Entire Public Sector, the closing debt balance for 2012/13 is forecast to be \$717.9 million. These balances closely accord with the balances shown in the 2012/13 original budget.

Core Government initially budgeted to spend \$53.3 million on **investing activities** (the purchase of property plant and equipment, equity injections and granting of loans less investment receipts) for fiscal year 2012/13; the 2012/13 forecast shows \$52.8 million which is approximately \$0.5 million less. For the Entire Public Sector, the investing budget was \$68.0 million for 2012/13, that amount is now forecast to be \$61.2 million.

During the 2012/13 fiscal year, Cabinet approved changes to various appropriations under Section 11(5) of the Public Management and Finance Law (2012 Revision) (see page 55).

These approvals amended the budgetary appropriations shown in the original 2012/13 Annual Plan and Estimates. The approvals transferred underspends in certain budgetary allocations (such as the

Juvenile Remand Facility) to compensate for over expenditures in other areas (such as Scholarships and the provision of tertiary level care at various overseas medical institutions).

Forecast Financial Performance for FY 2013/14 and 2014/15

For fiscal years 2013/14 and 2014/15 Government's **operating surplus** is forecast to be \$118.1 million and \$135.8 million respectively. These forecast results are less than those targeted in the three year fiscal plan agreed with the FCO. In 2013/14 the forecast Surplus is \$6.2 million less than target, and for 2014/15 it is \$2.5 million less than target. Specific details of the assumptions used in the preparation of this forecast are shown on pages 30-34.

The performance of **Public Authorities** are forecast to improve their operating performance to \$1.9 million and \$2.9 million in 2013/14 and 2014/15 respectively.

Core Government closing **cash balances** are forecast to be \$166.3 million at the end of fiscal year 2013/14 and \$250.4 million at the end of fiscal year 2014/15. These forecast cash balances are less than those targeted in the three year fiscal plan agreed with the FCO. In 2013/14 the forecast cash balance is \$25.6 million less than target, and for 2014/15 it is \$28 million less than target.

For fiscal year's 2013/14 and 2014/15, the EPS closing cash balances are forecast to be \$221.2 million and \$303.7 million respectively.

Core Government **debt** is forecast to be \$549.0 million at the end of fiscal year 2013/14 and \$523.7 million at the end of fiscal year 2014/15.

For the EPS, the forecast debt is \$677.6 million at the end of 2013/14 and \$638.8 million at the end of 2014/15.

Equity Investments made by Government into Public Authorities are expected to remain at similar levels over the forecast period as those shown in the 2012/13 Annual Plan and Estimates.

The Government's **annual capital program** is informed by the specific policies of the Government of the day. Therefore, while this document forecasts a provisional sum of \$27.5 million and \$28.0 million in 2013/14 and 2014/15 for the purchase of property plant and equipment (see page 37 for Forecast Statement of Cash Flows), specific details on assets to be acquired will be decided by the incoming Cabinet.

The Table below summarizes the fiscal outlook for the Core Government and the Entire Public Sector during the forecast period.

Government of the Cayman Islands								
Fiscal Outlook for Core Government and Entire Public Sector								
For the Period Ending 30 June 2013, 2014 and 2015								
	Core Government				Entire Public Sector			
	2012/13 Budget	2012/13 Forecast	2013/14 Forecast	2014/15 Forecast	2012/13 Budget	2012/13 Forecast	2013/14 Forecast	2014/15 Forecast
Operating Statement								
Operating Revenue	649,454	617,657	676,611	693,177	834,440	801,840	862,419	883,597
Operating Expenses	536,219	536,536	529,444	531,566	712,593	712,757	706,724	712,457
Net (Profit)/Loss in Public Authorities	(1,875)	(1,335)	(1,901)	(2,902)	-	-	-	-
Financing Expense & (Gains)/Losses on foreign exchange transactions	32,858	31,382	30,974	28,703	39,595	38,009	37,601	35,330
Net Surplus	82,252	51,074	118,094	135,810	82,252	51,074	118,094	135,810
Balance Sheet								
Debt Balance at Period-End	575,400	575,399	549,037	523,663	713,658	717,872	677,560	638,777
Net Assets	637,718	570,977	689,071	824,881	637,718	570,977	689,071	824,881
Cash Flow								
Net Operating Cash Flows	107,861	87,471	141,633	158,848	135,984	105,280	165,953	184,169
Net Investing Cash Flows	(53,266)	(52,759)	(48,739)	(49,327)	(67,984)	(61,271)	(62,267)	(62,855)
Net Financing Cash Flows	(26,395)	(26,395)	(26,362)	(25,374)	(40,119)	(41,201)	(40,312)	(38,782)
Cash Balance at beginning of period	91,520	91,409	99,726	166,258	155,001	155,001	157,809	221,183
Net Increase/ (Decrease) in Cash	28,200	8,317	66,532	84,147	27,881	2,808	63,374	82,532
Cash Balance at end of period	119,720	99,726	166,258	250,405	182,882	157,809	221,183	303,715

6. RISKS AND SCENARIOS

Introduction

Financial and economic forecasting carries certain inherent risks. The constant policy assumption which underpins the PREFU's forecasts do not take into account natural disasters (such as hurricanes), international legislation which may have an adverse impact on the Financial Services Industry, Policy measures which may be imposed by the UK Government or other material shocks to the local economy.

The Cayman Islands will hold its next General Elections on May 22nd, 2013. The fiscal and economic performance of the Cayman Islands is largely influenced by the policies of the Government of the day. Changes to Cabinet following the General Election outcome therefore poses some risk to the forecast positions outlined.

In August 2012, the Government agreed a three-year fiscal plan with the FCO. The forecast financial trajectory in this PREFU does not accord with that plan; as such, further austerity measures must be mandated to regain compliance or there may be pressure to implement additional revenue measures in future years.

Economic Risks

The PREFU is premised on a constant-policy assumption and does not contemplate any shocks to the economy. The Cayman Islands' two main economic pillars (Financial Services and Tourism) are dependent on the global economy. Material changes to the global economic landscape could have the potential to materially change the forecast position. For example, a further worsening of the European debt crisis could lead to adverse conditions worldwide in the financial markets which would limit the forecast growth.

The economic forecast also assumes the continuation/ commencement of major private sector construction projects, in the Cayman Islands, during the forecast period. If these projects do not come to fruition, it will negatively impact the forecast unemployment rate, GDP growth and other economic indicators.

General Fiscal Risks

Revenue: The revenue forecast is predicated on constant economic growth of 2.4%. That growth is based on the commencement or continuation of certain private sector projects, a booming financial services market and continued increase in tourist arrivals. Changes in those economic factors could negatively impact the forecast revenue.

Any delays to the planned implementation of revenue measures in 2013/14 and 2014/15 will have a material negative impact on the forecast Operating Surplus and Cash position. The specific assumptions used for the Revenue forecasts are shown on page 31.

Expenditure: The expense forecast takes into account representations made to the FCO as part of the Government's 3-year fiscal plan. Some aspects of the plan do not yet have clear policy decisions which are required to implement (such as the merging of certain Public Sector Agencies to save \$4.9 million per annum), as a result there is a risk that forecast expenditure could be higher or lower than planned.

Borrowing: The forecasts assume no new borrowings as per the fiscal plan agreed with the FCO, this restriction creates a potential liquidity risk for the Government throughout the forecast period. If

there is any significant delay in the rate of planned cash inflows from revenue or increases in operating expenses, the government would not be able to fund its operations through borrowing.

Other Risks

Interest rate risk: The Government utilizes the local banking system for short term deposits at the prevailing interest rate. During the forecast period, the Government is also expected to enter into overdraft facilities based on market interest rates. Changes to those rates present a risk for the Government.

The Port Authority, Cayman Airways and the Health Services Authority have loans with floating/variable interest rates. As a result, these Agencies are subject to risk due to fluctuations in interest for those financial instruments.

Litigation risk: The Government is sometimes engaged in litigation arising in the ordinary course of its business. While it is not believed that any such litigation will individually, or in aggregate, have a material adverse financial effect on the Government, there is a risk that the Courts could rule unfavorably with regards to the Government.

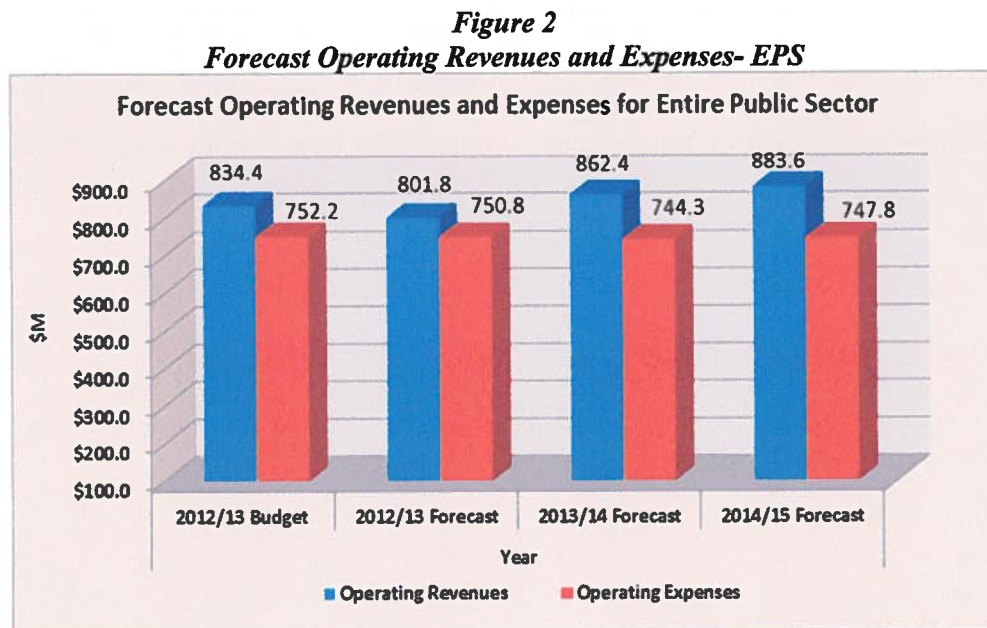
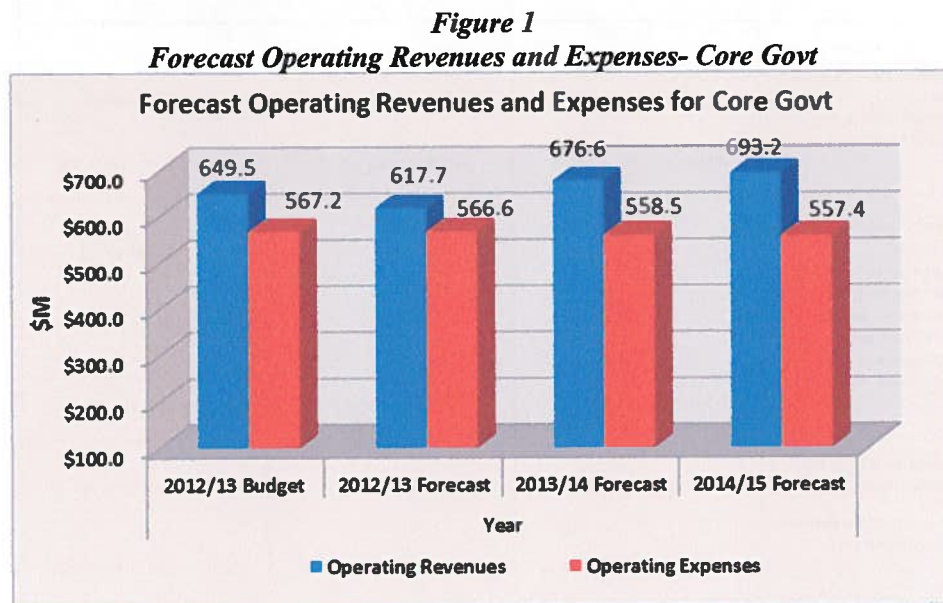
Credit risk: The Government is forecast to have trade receivables of approximately \$34.3 million at the end of fiscal year 2012/13. The Government is exposed to credit-related losses in the event of non-performance by counter parties to these financial instruments.

The Government extended several loans for overseas medical care and more recently under a “save the mortgage fund”. The Government is exposed to credit-related losses in respect of these instruments due to tenure, nature and purpose associated with these types of loans.

7. OVERVIEW OF FINANCIAL FORECASTS

These forecasts have been prepared using a “constant policy” assumption which means that all government policy reflected in the latest 2012/13 Budget, and all Cabinet decisions made up to 23rd April 2013 are reflected in these forecasts.

Figures 1 and 2 summarise the 2012/13, 2013/14, and 2014/15 financial forecasts for the Core Government and the Entire Public Sector respectively.



Compliance with Principles of Responsible Financial Management

Compliance with Principles of Responsible Financial Management				
Principle	Degree of Compliance			
	2012/13 Budget	2012/13 PREFU Forecast	2013/14 PREFU Forecast	2014/15 PREFU Forecast
Operating surplus: should be positive (Operating surplus = core government operating revenue – core government operating expenses)	Complies Surplus = \$82.3M	Complies Surplus = \$51.1M	Complies Surplus = \$118.1M	Complies Surplus = \$135.8M
Net Worth: should be positive (Net worth = core government assets – core government liabilities)	Complies Net worth = \$637.7M	Complies Net worth = \$571.0M	Complies Net worth = \$689.1M	Complies Net worth = \$824.9M
Debt Servicing: Debt servicing cost for the year should be no more than 10% of core government revenue (Debt servicing = interest + principal repayments + other debt servicing expenses of EPS)	Does Not Comply Debt Servicing = 12.6%	Does Not Comply Debt Servicing = 12.8%	Does Not Comply Debt Servicing = 11.3%	Does Not Comply Debt Servicing = 15.0%
Net Debt: should be no more than 80% of core government revenue (Net debt = outstanding balance of core government debt + outstanding balance of self financing loan balance + weighted outstanding balance of statutory authority/government company guaranteed debt - core government unrestricted liquid assets)	Does Not Comply Net debt = 92.0%	Does Not Comply Net debt = 91.2%	Complies Net debt = 68.2%	Complies Net debt = 49.6%
Cash Reserves should be no less than 90 days estimated executive expenses (Cash reserves = core government cash and other liquid assets - restricted cash reserves)	Does Not Comply Cash reserves = (19.7) days	Does Not Comply Cash reserves = 30.3 days	Does Not Comply Cash reserves = 67.7 days	Complies Cash reserves = 116 days
Financial risks should be managed prudently so as to minimise risk	Complies Adequate fiscal and risk management plans are in place. Hurricane preparedness strategy in place.	Complies Adequate fiscal and risk management plans are in place. Hurricane preparedness strategy in place.	Complies Adequate fiscal and risk management plans are in place. Hurricane preparedness strategy in place.	Complies Adequate fiscal and risk management plans are in place. Hurricane preparedness strategy in place.

The ratios above were all calculated in accordance with the new Framework for Fiscal Responsibility (FFR).

The following definitions accord with the FFR:

Operating Revenue consists of coercive and non-coercive revenue as defined in the PMFL.

Expenditure, unless otherwise specified, refers to all public expenditure (inclusive of grants, capital and recurrent expenditure).

Public Borrowing includes:

- conventional borrowing from commercial and concessional institutions;
- the capitalized value of all alternative financing transactions (including PFI/PPP arrangements) that will place future financial obligations (in terms of increased expenditure or reduced revenue) on the Cayman Islands Government;
- the risk weighted debts and PPP/PFI arrangements of Statutory Authorities, Government Corporations and Companies;
- borrowing that is contracted by the Cayman Islands Government, but then on-lent; and
- any other debt guaranteed by the Cayman Islands Government.

Public borrowing taken out to clear “informal debt” or debt owed by one public sector entity or another (including arrears of such debts) will be treated as new debt.

Debt Service is defined as annual payments resulting from public borrowing commitments and finance leases or any other form of borrowing. This includes all borrowings of the entire Public Sector and not just those of the Core Government. It also includes any other debt guaranteed by the Cayman Islands Government.

Net Debt is defined as the total outstanding value of public borrowing minus liquid assets.

Liquid Assets are defined as the lowest balance of liquid funds at the disposal of the Cayman Islands Government during the fiscal year. These funds should not be pledged against budgeted expenses or liabilities of any form.

Statement on Compliance with the Principles of Responsible Financial Management

The forecast financial statements included in this PREFU shows that the Government will maintain full compliance with the Principles of Responsible Financial Management relating to **Operating Surplus, Net Worth** and the management of **Financial Risks**.

The Government is also expected to become compliant with the **Net Debt Ratio** at the end of 2013/14 when Net Debt is forecast to be 68.2% which is below the maximum of 80%.

The **Cash Reserve days** (which is required to be greater than 90 days) is forecasted to be in compliance in 2014/15.

Compliance with the **Debt Servicing ratio** (which is required to be below 10%) is not forecast to be achieved over the period covered by the PREFU.

The 3-year fiscal plan agreed with the Foreign and Commonwealth Office requires that the Cayman Islands Government comply with all the requirements under the Principles of Responsible Financial Management by June of 2016, which is one more year than is covered by this PREFU.

8. CONCLUSION

As required by the Public Management and Finance Law (2012 revision), this Pre-Election Economic and Financial Update presents the financial and macroeconomic forecasts and assumptions for the current fiscal year and the succeeding two fiscal years, and related commentary on the current trajectory of Government finances.

The economic forecast shows positive indicators for growth and reduced unemployment over the forecast period. It also shows a declining ratio of Net Debt-to-GDP which is a positive indicator of the Government's credit worthiness.

The forecasts are contingent on stable international economic conditions, private sector growth and the absence of economic shocks resulting from natural disasters or adverse international legislation.

For the fiscal year ending 30th June 2013, the Government is forecast to have an Operating Surplus of \$51.1 million. This forecast result is \$31.2 million less than the \$82.3 million originally budgeted, and results from lower than expected revenues.

Core Government is forecast to have a closing cash balance of \$99.7 million for the fiscal year ending 30th June 2013. That forecast amount is \$20.0 million less than the \$119.7 million shown in the original budget. The lower than expected closing cash balance may require the Government to seek approval (from the FCO) for a bank overdraft to maintain operations during the first six months of fiscal year 2013/14.

For the Entire Public Sector (EPS), closing bank balance for fiscal year 2012/13 is forecast to be \$157.8 million; this amount is \$25.1 million less than the \$182.9 million shown in the 2012/13 budget.

Core Government debt is forecast to be \$575.4 million at the end of fiscal year 2013/14. This accord with the original budget as all debt service obligations are expected to be met. For the wider Public Sector, the closing debt balance for is forecast to be \$717.9 million at the end of 2012/13.

The Government is forecast to be in full compliance with the Principles of Responsible Financial Management relating to Net Operating Surplus and Net Worth throughout the forecast period. Compliance with the Principles which requires a Net Debt Ratio of less than 80% is forecast to be achieved in 2013/14 and 2014/15. Cash Reserve requirement (should be more than 90 days of executive expenses) will achieve compliance in 2014/15. However, compliance will not be achieved for the Debt Servicing Ratio (should be less than 10%) during the forecast period.

The Public Finance section in the Ministry of Finance, District Administration, Works, Lands & Agriculture have used its best professional judgment in preparing this Pre-Election Economic and Financial Update. The information contained herein is based on the known performance, policies and financial position as at 23rd April 2013.

9. GOVERNMENT FORECAST FINANCIAL STATEMENTS

GOVERNMENT OF THE CAYMAN ISLANDS FORECAST FINANCIAL STATEMENTS FOR THE YEARS ENDING 30 JUNE 2013, 2014 and 2015

Statement of Accounting Policies

General Accounting Policies

Reporting entity

These forecast financial statements are for the Government of the Cayman Islands. They encompass the Core Government and the Entire Public Sector as required by the Public Management and Finance Law (2012 Revision). The reporting entity comprises:

- H.E. The Governor's Office;
- Ministries and Portfolios;
- Statutory Authorities;
- Government Companies; and
- The Audit Office, the Office of the Complaints Commissioner, the Office of the Information Commissioner, Cabinet, the Premier and the Director of Public Prosecution.

In the accounts of the Core Government, Statutory Authorities and Government Owned companies are accounted for on an equity accounting basis. The accounts for the Entire Public Sector show all Agencies on a fully consolidated basis.

Basis of preparation

The forecast financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) using the accrual basis of accounting. Where there is currently no IPSAS, other authoritative pronouncements such as International Accounting Standards (IAS), or the United Kingdom reporting standards applicable to the public sector have been used. The measurement base applied is historical cost adjusted for revaluations of certain assets.

The forecast financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

Reporting Period

The reporting period are the years ending 30 June 2013, 2014 and 2015.

Basis of Consolidation

The consolidated Entire Public Sector financial report includes the transactions and balances of the Government of the Cayman Islands and its controlled entities during and at the end of the financial year. The controlled entities are combined using the purchase method of combination. Corresponding assets, liabilities, revenues and expenses are added together, line by line. Transactions and balances between these sub-entities are eliminated on combination.

**GOVERNMENT OF THE CAYMAN ISLANDS
FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 30 JUNE 2013, 2014, 2015**

Statement of Significant Assumptions

General Forecast Assumptions

These forecast financial statements were finalised on 23rd April 2013. They have been prepared under a “constant policy assumption” and take into consideration all of the assented legislation and Cabinet decisions made up to 23rd April 2013.

The forecast uses the most recent estimate for the outturn of fiscal year 2012/13 as its base. Future years are then adjusted to take into account the probable implementation of measures and undertakings agreed with the Foreign and Commonwealth Office (FCO).

The forecast excludes measures which are unlikely to come to fruition during the forecast period due to the absence of policies or execution.

Unless stated otherwise in the specific forecast assumptions, revenues are expected to generally increase at a rate of 2.4% per year over the forecast period. This is consistent with the expected average GDP growth.

Unless stated otherwise in the specific assumptions section, expenditure increases are forecast to be in line with general inflation. Those increases exclude certain known costs (such as those paid for subscriptions, interest, court settlements etc.) or areas where specific strategies are forecast to curb the rate of expenditure.

This estimate combines the realities of inflation and changes in volume, with expected savings from further efficiency measures.

Macroeconomic Assumptions

- Demographic trends remain constant;
- Rates underlying coercive revenue and the application of those rates are unchanged unless otherwise stated;
- Rates underlying user fees and charges and the application of those rates are unchanged;
- Debt servicing assumptions are based on assumed interest rates and current borrowing agreements;
- The exchange rate between the Cayman Dollar and the U.S. Dollar remains fixed; and
- No material contingent liabilities or other claims become actual liabilities.

Specific Forecast Assumptions

The following are specific **revenue assumptions** for the numbers shown in the forecast financial statements:

- Forecast revenue from “Departure Tax” was increased to an estimated annual collection of \$5.0 million starting in 2013/14. This follows the implementation of relevant legislation in 2012/13 and the expected finalization of various protocol measures by the Cayman Islands Airports Authority;
- Forecast revenue from “Health Insurance Fund Fees” was increased by \$1.4 million in 2013/14, this reflects the full year impact of an increase to the fee which was implemented in 2012/13;
- Forecast revenue from “Local Vessel Licences” was increased by \$179,000 in 2013/14 to reflect the full year impact of legislation which was implemented late in 2012/13;
- Forecast revenue from “Motor Vehicle Charges” was increased by \$3.0 million in 2013/14 to reflect the full year effect of increased fees Gazetted in September 2012;
- Forecast revenue from Misc. Stamp Duty was increased by \$1.0 million in 2013/14 to reflect the full year effect of a 2% fee on the value of property insurance premiums. This was Gazetted in December 2012;
- Forecast revenue from “Tourist Accommodation Charges” was increased by \$1.5 million in 2013/14 to reflect a 30% increase in the rate. This was Gazetted in December 2012;
- Forecast revenue from “Work Permit Fees” was increased by \$3.8 million in 2013/14 to reflect various increases to fees which were Gazetted in September 2012;
- Introduction of “Fund Directors Fees” is forecasted to produce revenues of \$10.0 million in 2013/14 and \$10.3 million in 2014/15;
- Introduction of “Compliance Fee” (all other Directors) is forecasted to produce revenues of \$18.2 million in 2013/14 and \$18.7 million in 2014/15;
- Introduction of “Fees for Directors of Licenced Security Investment Businesses” is forecasted to produce revenues of \$1.4 million in 2013/14 and \$1.5 in 2014/15;
- Introduction of “Fees for Directors of Regulated Entities” is forecasted to produce revenues of \$1.6 million in 2013/14 and \$1.7 million in 2014/15;
- Introduction of “Master Fund Registration Fees” with budgeted revenue of \$1.8 million in 2013/14 and \$1.9 million in 2014/15;
- Forecast revenue from “Land Holding Companies Share Transfer Charges” was reduced by \$2.5 million in 2013/14 to reflect a one off transaction recorded in 2012/13; and
- Forecast revenue from “Stamp Duty – Land Transfer” was reduced by \$9.6 million in 2013/14 to reflect the “one-off” nature of some of the transactions which occurred in

2012/13. The forecast revenue was then increased by \$3.0 million to reflect the full year impact of changes to the Stamp Duty Law which was gazetted in December 2012;

The following specific **expense assumptions** were used in producing the expenditure forecasts for the 2013/14 and 2014/15 fiscal years:

- Forecast expenses for salaries and wages were reduced by \$3.7 million in 2013/14. This accords with undertakings by the Deputy Governor to reduce personnel cost over the forecast period. A reduction of \$800,000 was also applied to reflect the full year impact of the cost of living adjustment (COLA) rollback which took place in September 2012. In accordance with the constitutional mandate, \$600,000 was added to cover the cost of 3 additional MLAs and a further \$2.9 million was reduced in 2014/15 to reflect the on-going reduction in Civil Servant numbers;
- Forecast expense for Civil Servant's health care costs was reduced by \$700,000 in fiscal year 2013/14. This is consistent with the forecast reduction in numbers of civil servants. This reduction was offset by an increase of \$1.8 million to reflect forecast increases in health care cost. Similarly, in 2014/15, \$589,000 was reduced on the basis of lower numbers, however, \$3.0 million was added for expected increases in the cost of health care;
- Forecast expense for pension payments are expected to fall by \$601,000 and \$478,000 in 2013/14 and 2014/15 respectively. This is in line with the forecast reduction in the number of civil servants. In 2014/15, new Civil Servants are expected to be hired under a new pension contribution arrangement thereby saving an additional \$800,000;
- Forecast expense for purchase of services is expected to be reduced by \$800,000 to reflect the cost of the referendum and General Elections held in 2012/13;
- In 2012/13, the Government carried out aerial photography of the Islands at a cost of \$250,000, this expense is not expected to reoccur in 2013/14. In fiscal year 2014/15 supplies and consumables are expected to decrease by \$600,000 to reflect the conclusion of certain major procurement works (such as the Cruise Port and Airport) which are expected to attract professional fees in 2013/14 for independent assessments;
- Forecast utility costs are expected to decrease by \$800,000 in 2013/14 to reflect the continued consolidation of the lease estate into the new energy efficient Government Administration building;
- Forecast expense for General Insurance is expected to decrease by \$3.0 million in 2013/14 and 2014/15, and to transfer \$3.0 million per year into a self-insurance fund;
- Forecast expense for travel and subsistence is expected to decrease by \$200,000 in 2014/15;

- Forecast expenses for operating leases are expected to decrease by \$750,000 in 2013/14 as the Government continues to consolidate the lease estates into the Government Administration building;
- Financing expenses are expected to decrease over the forecast period as the Government's outstanding debt is reduced by repayments and no new borrowings are undertaken. As such, forecast expense for interest on bank overdraft and associated costs are expected to be zero by 2014/15 based on the Government's forecasted cash position;
- Forecast expense for Outputs purchased from the Cayman Islands National Insurance Company (CINICO) is expected to increase by \$1.4 million and \$2.3 million in 2013/14 and 2014/15 respectively. This is based on the projected increase in the cost of health care during those periods;
- Similarly, forecast expense for Outputs from the Health Services Authority is also expected to increase by \$1.5 million in 2013/14 and \$2.5 million in 2014/15;
- Forecast expense for "Rental Accommodations for Persons in Need" is expected to decrease by \$500,000 in fiscal year 2014/15 as more affordable homes become available;
- The level of expense for "services for refugees" is expected to decrease by approximately \$85,000 in 2013/14 to reflect a normalization of the annual costs. 2012/13 saw higher numbers than usual arrive in the Cayman Islands as refugees;
- Forecast expense for "Medical care at various overseas providers" is expected to increase marginally in 2013/14. It is believed that changes in Government policy will partially offset an increase to both the number of persons assisted and increases in global healthcare costs. In 2014/15 the forecast expense was reduced by \$1.7 million to reflect further maturing of changes to health policy and the presence of the Narayana University Medical Centre;
- The housing assistance program is expected to be a "one-off" item in 2012/13; therefore, the cost of \$890,000 is removed in 2013/14 and 2014/15;
- Forecast expense for the "Promotion of Nation Building and Church-based Support" is expected to be reduced by \$1.8 million in 2013/14 and \$1.0 million in 2014/15 in line with the 3-year plan agreed with the FCO;
- Forecast expense for the Caribbean Catastrophe Risk Insurance Facility (CCRIF) is expected to be reduced by \$770,000 as the Government withdraws from that program in 2013/14. The Government will add \$770,000 to the National Disaster Fund in 2013/14 and 2014/15.
- Forecast expense for "constituency allowance" was increased by \$91,000, from \$454,000 in 2012/13 to \$ 545,000 in 2013/14 to reflect the cost associated with 3 additional MLAs as set out in the new constitution.

The following specific assumptions are made with regards to **Borrowings** in the 2013/14 and 2014/15 fiscal years:

- Core Government will not incur any additional borrowings throughout the forecast period as a result the balance of outstanding debt is forecast to decline steadily from \$575.4 million in 2012/13 to \$549 million in 2013/14 down to \$523.7 million in 2014/15; and
- Statutory Authorities and Government Owned Companies are not expected to incur any additional borrowings over the forecast period. However, it is assumed that one Statutory Authority will refinance borrowing of \$31.8 million during 2014/15. This refinancing will involve an inflow and outflow of cash from borrowings at the Entire Public Sector level but will leave the outstanding debt balance unchanged.

The following specific assumptions are made with regards to **Capital Investments** in the 2013/14 and 2014/15 fiscal years:

- During the forecast period, the Government expects to provide similar levels of support to various Statutory Authorities and Government Owned Companies as those existing in the 2012/13 fiscal year. Therefore a provisional sum of \$23.0 million per year is forecasted; and
- The forecast provides for the purchase of property plant and equipment by the Core Government in the amount of \$27.5 million and \$28.0 million during 2013/14 and 2014/15 respectively. The exact projects that will be undertaken will be decided by the incoming Cabinet.

Contingent Liabilities

Legal proceedings & disputes

The Government is sometimes engaged in litigation arising in the ordinary course of its business. Estimates are developed by the Office of the Attorney General using current facts and known circumstances.

The factors considered in developing legal provisions include merits and jurisdiction of the litigation, the nature and number of other similar current and past litigation cases, the nature of the subject matter of the litigation, the likelihood of settlement and current state of settlement discussions, if any.

Post-Retirement Health Care

In addition to the Past Service Pension Liability, the Government also recognizes its obligations for the future health care costs of Civil Servants who earned that benefit based on their prior service with the Government.

Previously Civil Servants who worked for a minimum of 10 years with the Government would be entitled to a health care benefit upon retirement. However, the Public Service Management Law now requires that the employee puts in the same amount of years of qualifying service and also retire from the Civil Service in order to obtain such benefits in the future.

The exact amount of the health care liability has never been actuarially assessed and therefore not formally recognized on the Statement of Financial Position. However, the Government has engaged the services of an Actuary to carry out this assessment and the results are expected in 2013.

In the Government's medium term fiscal plan, a provisional sum of \$27.1 million has been included to address future increases in health care costs as well as its obligations to past employees. This amount is in addition to current annual health care provision.

Forecast Financial Statements

**Government of the Cayman Islands
Forecast Performance Statement (\$000's)
For the Period Ending 30 June 2013, 2014 and 2015**

	Note	Core Government				Entire Public Sector			
		2012/13 Budget	2012/13 Forecast	2013/14 Forecast	2014/15 Forecast	2012/13 Budget	2012/13 Forecast	2013/14 Forecast	2014/15 Forecast
Coercive Revenue									
Levies on International trade and transactions		178,453	169,436	173,674	178,015	178,453	169,436	173,674	178,015
Domestic Levies on Goods and Services		382,841	346,805	408,952	419,164	382,841	346,805	408,952	419,164
Levies on Property		28,274	39,882	31,187	31,967	28,274	39,882	31,187	31,967
Fines		991	1,514	1,553	1,592	991	1,514	1,553	1,592
Other Executive Revenue		-	588	604	617	-	588	604	617
Total Coercive Revenue	1	590,559	558,225	615,970	631,355	590,559	558,225	615,970	631,355
Revenue									
Sale of Outputs (Goods and Services) to Others	2	58,682	58,777	60,246	61,407	240,533	240,564	243,804	249,602
Investment Revenue	3	213	232	295	315	2,109	2,051	2,045	2,040
Donations		-	316	-	-	501	500	200	200
Other Revenue		-	107	100	100	738	500	400	400
Total Revenue		58,895	59,432	60,641	61,822	243,881	243,615	246,449	252,242
Total Operating Revenue		649,454	617,657	676,611	693,177	834,440	801,840	862,419	883,597
Operating Expenses									
Personnel Costs	4	250,885	243,473	238,569	236,522	357,508	350,931	347,648	349,383
Supplies and Consumables	5	87,773	82,701	78,029	78,860	216,945	211,873	209,139	214,491
Leases	5	7,511	7,368	6,780	6,936	11,280	11,137	10,606	10,893
Depreciation	6	25,006	24,940	25,440	25,940	46,958	46,759	47,259	47,759
Litigation Costs		454	575	450	450	1,644	1,765	1,640	1,640
Outputs from non-governmental organisations	7	18,955	27,086	28,645	26,762	18,955	27,086	28,645	26,762
Outputs from SAGCs	8	108,460	112,641	116,628	121,947	-	-	-	-
Transfer payments	9	32,816	34,120	31,624	30,871	32,816	34,120	31,624	30,871
Net (Profit)/Loss in Public Authorities	10	(1,875)	(1,335)	(1,901)	(2,902)	-	-	-	-
Other Operating Expenses	11	4,359	3,682	3,279	3,279	26,487	29,136	30,163	30,659
Total Operating Expenses		534,344	535,201	527,543	528,664	712,593	712,757	706,724	712,457
Surplus from Operating Activities		115,110	82,456	149,068	164,513	121,847	89,083	155,695	171,140
Financing expense	12	32,841	33,218	31,974	29,703	38,870	39,245	38,001	35,730
(Gains) on foreign exchange transactions		17	(1,836)	(1,000)	(1,000)	725	(1,236)	(400)	(400)
Total Non-Operating Revenue and Expenses		32,858	31,382	30,974	28,703	39,595	38,009	37,601	35,330
Net Surplus		82,252	51,074	118,094	135,810	82,252	51,074	118,094	135,810

**Government of the Cayman Islands
Forecast Position Statement (\$000's)
For the Period Ending 30 June 2013, 2014 and 2015**

	Core Government			Entire Public Sector			
	2012/13 Budget	2012/13 Forecast	2013/14 Forecast	2012/13 Budget	2012/13 Forecast	2013/14 Forecast	2014/15 Forecast
Current Assets							
Cash and Cash Equivalents	119,720	99,726	166,258	182,882	157,809	221,183	303,715
Marketable Securities and Deposits	-	-	-	95,562	95,162	96,114	97,075
Loans Made	30,904	4,806	5,056	2,544	4,806	5,056	5,306
Trade Receivables	1,679	3,633	3,724	21,565	28,449	30,119	31,837
Inventories	3,774	3,169	3,248	15,367	17,321	17,412	17,505
Prepayments	2,845	8,636	8,852	6,580	5,975	6,054	6,135
Other Receivables	158,922	140,758	209,596	2,900	8,691	8,907	9,128
Total Current Assets	1,036,291	1,015,834	1,017,893	327,400	318,213	384,845	470,701
Non-Current Assets							
Loans	42,267	30,769	30,536	69,644	58,146	60,516	63,535
Trade Receivables	3	-	-	22,893	5,890	5,890	5,890
Other Receivables	2,419	8	8	2,797	2,930	2,872	2,813
Investments held in Associates	1,890	2,497	2,497	2,544	2,497	2,497	2,497
Investments	-	-	-	16,696	14,807	15,103	15,405
Property, plant and equipment	1,036,291	1,015,834	1,017,893	1,349,000	1,331,478	1,342,325	1,352,597
Net Worth of Public Authorities	269,049	250,749	274,122	-	-	-	-
Total Non-Current Assets	1,351,919	1,299,857	1,325,056	1,463,574	1,415,748	1,429,203	1,442,737
Total Assets	1,510,841	1,440,615	1,534,652	1,790,974	1,733,961	1,814,048	1,913,438
Current Liabilities							
Trade Payables	24,172	27,448	28,134	40,287	43,563	44,249	44,952
Other Payables and Accruals	36,481	33,653	34,744	38,216	35,388	36,479	37,591
Bank overdraft	-	-	-	-	-	-	-
Unearned Revenue	18,568	27,035	27,711	30,411	38,878	39,554	40,247
Employee Benefits	11,327	7,412	7,264	13,060	9,145	8,997	8,852
Borrowings	26,395	26,362	25,374	46,804	40,312	70,582	42,471
Total Current Liabilities	116,943	121,910	123,227	168,778	167,286	199,861	174,113
Non-Current Liabilities							
Other Payables and accruals	92	176	180	5,825	5,907	5,911	5,916
Employee Benefits	-	105	101	4,906	5,586	5,582	5,577
Borrowings	549,005	549,037	523,663	666,854	677,560	606,978	596,306
Currency Issued	-	-	-	91,006	91,006	91,006	91,006
Unfunded Pension Liability	207,083	198,410	198,410	215,887	215,639	215,639	215,639
Total Non-Current Liabilities	756,180	747,728	722,354	984,478	995,698	925,116	914,444
Total Liabilities	873,123	869,638	845,581	1,153,256	1,162,984	1,124,977	1,088,557
Total Assets Less Total Liabilities	637,718	570,977	689,071	637,718	570,977	689,071	824,881
Net Assets							
Reserves	97,441	96,951	106,763	97,441	96,951	106,763	116,714
Surplus/(Deficit) for the period	82,252	51,074	118,094	82,252	51,074	118,094	135,810
Accumulated Surplus	458,025	422,952	464,214	458,025	422,952	464,214	572,357
Total Net Assets	637,718	570,977	689,071	637,718	570,977	689,071	824,881

Government of the Cayman Islands
Forecast Statement of Cash Flows (\$'000's)
For the Period Ending 30 June 2013, 2014 and 2015

	Core Government				Entire Public Sector			
	2012/13 Budget	2012/13 Forecast	2013/14 Forecast	2014/15 Forecast	2012/13 Budget	2012/13 Forecast	2013/14 Forecast	2014/15 Forecast
Cash Flows from Operating Activities								
Receipts								
Coercive receipts	590,557	568,309	615,970	631,355	590,557	568,309	615,970	631,355
Sale of Outputs to others	58,706	57,452	60,246	61,407	265,810	240,564	243,804	249,602
Interest received	214	20	295	315	3,535	2,051	2,045	2,040
Other receipts/ Donations	2,121	1,717	100	100	19,519	1,000	600	600
Payments								
Personnel Costs	(250,904)	(242,084)	(238,569)	(236,522)	(355,154)	(350,931)	(347,648)	(349,383)
Suppliers	(93,574)	(84,271)	(85,259)	(86,246)	(216,669)	(224,775)	(221,385)	(227,024)
Outputs from Public Authorities	(109,366)	(112,914)	(116,628)	(121,947)	-	-	-	-
Outputs from Non-Governmental Suppliers	(18,953)	(31,670)	(28,645)	(26,762)	(18,953)	(31,670)	(28,645)	(26,762)
Transfer Payments	(32,814)	(32,723)	(31,624)	(30,871)	(32,814)	(32,723)	(31,624)	(30,871)
Other payments	(5,114)	(2,959)	(2,279)	(2,279)	(81,026)	(27,300)	(29,163)	(29,659)
Interest paid	(33,012)	(33,406)	(31,974)	(29,703)	(38,821)	(39,245)	(38,001)	(35,730)
Net cash flows from Operating Activities	107,861	87,471	141,633	158,848	135,984	105,280	165,953	184,169
Cash Flows from Investing Activities								
Receipts								
Capital withdrawal/Dividends from Public Authorities	2,008	2,879	1,528	1,528	420	-	-	-
Loans Made (LM's) and Investment receipts	1,157	4,221	1,000	1,000	1,610	4,721	1,500	1,500
Payments								
Purchase of property, plant and equipment	(32,667)	(36,668)	(27,500)	(28,000)	(61,766)	(58,668)	(56,500)	(57,000)
Equity Injection in Public Authorities	(22,526)	(22,367)	(23,000)	(23,000)	-	-	-	-
Loans Made/ Purchase of Investments	(1,238)	(824)	(767)	(855)	(8,248)	(7,324)	(7,267)	(7,355)
Net cash flows from Investing Activities	(53,266)	(52,759)	(48,739)	(49,327)	(67,984)	(61,271)	(62,267)	(62,855)
Cash Flows from Financing Activities								
Proceeds from Borrowings								
Repayment of Borrowings	(26,395)	(26,395)	(26,362)	(25,374)	(40,119)	(41,201)	(40,312)	(70,582)
Net Cashflows from Financing Activities	(26,395)	(26,395)	(26,362)	(25,374)	(40,119)	(41,201)	(40,312)	(38,782)
Net increase/(decrease) in cash and cash equivalent	28,200	8,317	66,532	84,147	27,881	2,808	63,374	82,532
Cash and cash equivalents at beginning of period	91,520	91,409	99,726	166,258	155,001	155,001	157,809	221,183
Cash and cash equivalents at end of period	119,720	99,726	166,258	250,405	182,882	157,809	221,183	303,715
Restricted Cash Balances	97,441	96,951	106,763	116,714	97,441	96,951	106,763	116,714
Operating Cash Balances	22,279	2,775	59,495	133,691	85,441	60,858	114,420	187,001
Total Cash Balances	119,720	99,726	166,258	250,405	182,882	157,809	221,183	303,715

**Government of the Cayman Islands
Forecast Statement of Changes in Net Worth (\$000's)
For the Period Ending 30 June 2013, 2014 and 2015**

	Core Government			Entire Public Sector		
	Reserves	Accumulated Surplus/ (deficits)	Total	Reserves	Accumulated Surplus/ (deficits)	Total
Balance at 30 June 2012	96,951	422,952	519,903	96,951	422,952	519,903
Changes in net worth for 2012/13						
Transfers	-	-	-	-	-	-
Net revenue/ expenses recognised directly in net worth	-	-	-	-	-	-
Surplus/(deficit) for the period 2012/13	-	51,074	51,074	-	51,074	51,074
Total recognised revenues and expenses for the period	-	51,074	51,074	-	51,074	51,074
Balance at 30 June 2013 carried forward	96,951	474,026	570,977	96,951	474,026	570,977
	Reserves	Accumulated Surplus/ (deficits)	Total	Reserves	Accumulated Surplus/ (deficits)	Total
Balance at 30 June 2013 brought forward	96,951	474,026	570,977	96,951	474,026	570,977
Changes in net worth for 2013/14						
Transfers	9,812	(9,812)	-	9,812	(9,812)	-
Net revenue/ expenses recognised directly in net worth	9,812	(9,812)	-	9,812	(9,812)	-
Surplus/(deficit) for the period 2013/14	-	118,094	118,094	-	118,094	118,094
Total recognised revenues and expenses for the period	9,812	108,282	118,094	9,812	108,282	118,094
Balance at 30 June 2014 carried forward	106,763	582,308	689,071	106,763	582,308	689,071
	Reserves	Accumulated Surplus/ (deficits)	Total	Reserves	Accumulated Surplus/ (deficits)	Total
Balance at 30 June 2014 brought forward	106,763	582,308	689,071	106,763	582,308	689,071
Changes in net worth for 2014/15						
Transfers	9,951	(9,951)	-	9,951	(9,951)	-
Net revenue/ expenses recognised directly in net worth	9,951	(9,951)	-	9,951	(9,951)	-
Surplus/(deficit) for the period 2014/15	-	135,810	135,810	-	135,810	135,810
Total recognised revenues and expenses for the period	9,951	125,859	135,810	9,951	125,859	135,810
Balance at 30 June 2015	116,714	708,167	824,881	116,714	708,167	824,881

**Government of the Cayman Islands
Statement of Borrowings- Core Government
For the Period Ending 30 June 2013, 2014 and 2015**

	Forecast 2012/13	Forecast 2013/14	Forecast 2014/15
Foreign Currency Debt (\$CI)			
Not later than one year	25,928,866	25,928,866	25,128,850
Between one and two years	25,928,866	25,128,850	19,920,899
Between two and five years	95,816,338	89,497,273	104,364,518
Later than five years	425,683,597	406,873,812	372,885,684
Self Financing Loans	2,042,199	1,608,904	1,363,664
Total Foreign Currency- Core Govt. Debt	575,399,867	549,037,706	523,663,616

**Government of the Cayman Islands
Statement of Borrowings- Entire Public Sector
For the Period Ending 30 June 2013, 2014 and 2015**

	Forecast 2012/13	Forecast 2013/14	Forecast 2014/15
Local Currency Debt			
Not later than one year	2,916,821	2,702,352	2,514,832
Between one and two years	2,702,352	3,445,736	3,679,313
Between two and five years	9,975,058	7,742,129	5,932,398
Later than five Years	4,272,848	3,060,041	2,308,883
Total Local Currency Debt	19,867,079	16,950,258	14,435,426
Foreign Currency Debt (\$CI)			
Not later than one year	37,394,213	75,877,276	42,437,527
Between one and two years	75,877,276	33,682,022	42,960,863
Between two and five years	127,404,294	123,805,273	133,390,078
Later than five years	457,328,439	427,245,438	405,552,770
Total Foreign Currency Debt	698,004,222	660,610,009	624,341,238
Net Public Debt	717,871,301	677,560,267	638,776,664

Notes to Financial Statements

Government of the Cayman Islands Forecast Performance Statement (\$000's) For the Period Ending 30 June 2013, 2014 and 2015

	Core Government			Entire Public Sector				
	2012/13 Budget	2012/13 Forecast	2013/14 Forecast	2014/15 Forecast	2012/13 Budget	2012/13 Forecast	2013/14 Forecast	2014/15 Forecast
NOTE 1: COERCIVE REVENUE								
Levies on International Trade and Transactions								
Import Duties								
Alcoholic Beverages Duty	17,611	17,126	17,555	17,993	17,611	17,126	17,555	17,993
Gasoline and Diesel Duty	35,260	33,952	34,801	35,671	35,260	33,952	34,801	35,671
Motor Vehicle Duty	8,199	11,535	11,824	12,119	8,199	11,535	11,824	12,119
Other Import Duty	97,519	86,217	88,373	90,582	97,519	86,217	88,373	90,582
Tobacco Products Duty	5,719	6,003	6,153	6,307	5,719	6,003	6,153	6,307
Other Levies on International Trade and Transactions								
Cruise Ship Departure Charges	9,220	9,196	9,426	9,662	9,220	9,196	9,426	9,662
Environmental Protection Fund Fees	4,925	5,407	5,542	5,681	4,925	5,407	5,542	5,681
Total Levies on International Trade and Transactions	178,453	169,436	173,674	178,015	178,453	169,436	173,674	178,015
Domestic Levies on Goods and Services								
Annual Permanent Resident Work Permit Fees	7,485	9,847	10,093	10,346	7,485	9,847	10,093	10,346
Bank Charges Reimbursable	-	2	2	2	-	2	2	2
Bank and Trust Licences	32,105	33,100	33,928	34,776	32,105	33,100	33,928	34,776
Building Permit Fees	1,681	1,681	1,723	1,766	1,681	1,681	1,723	1,766
Business Staffing Plan Board Fees	66	34	35	36	66	34	35	36
Caribbean Utilities Company (CUC) Licence	1,804	2,403	2,464	2,525	1,804	2,403	2,464	2,525
Caymanian Status Fees	365	532	545	559	365	532	545	559
Company Mgmt Fee - Company Managers	1,216	1,216	1,246	1,278	1,216	1,216	1,246	1,278
Company Mgmt Fee - Fund Directors	10,028	-	10,028	10,279	10,028	-	10,028	10,279
Company Mgmt Fee - Trust Services	3,953	3,953	4,052	4,153	3,953	3,953	4,052	4,153
Compliance Fee - All Other Directors	18,201	-	18,201	18,656	18,201	-	18,201	18,656
Compliance Fee - Directors of Regulated Entities	1,643	-	1,643	1,684	1,643	-	1,643	1,684
Compliance Fee - Directors of SIBL	1,455	-	1,455	1,491	1,455	-	1,455	1,491
Court Fees	1,539	1,302	1,335	1,368	1,539	1,302	1,335	1,368
Debit Transaction Fees	1,985	2,274	2,331	2,389	1,985	2,274	2,331	2,389
Departure Tax	3,125	944	5,000	5,125	3,125	944	5,000	5,125
Dependant of Caymanian Grant Fee	4	2	2	2	4	2	2	2
Special Economic Zone Grant Fee	2,750	200	205	210	2,750	200	205	210
Firearms Licences	9	32	33	34	9	32	33	34
Fisheries Licences	1	1	1	1	1	1	1	1
Grant of Temporary Work Permit - Seasonal Worker	53	30	31	31	53	30	31	31

Government of the Cayman Islands
Forecast Performance Statement (\$000's)
For the Period Ending 30 June 2013, 2014 and 2015

	Core Government			Entire Public Sector		
	2012/13 Budget	2012/13 Forecast	2013/14 Forecast	2012/13 Budget	2012/13 Forecast	2014/15 Forecast
NOTE 1: COERCIVE REVENUE						
Domestic Levies on Goods and Services (continued)						
Health Insurance Fund Fees	5,091	2,926	4,399	5,091	2,926	4,509
Health Practitioners' Board Fees	671	610	625	671	610	641
Hotel Licences	164	177	164	164	177	164
Immigration Non-Refundable Repatriation Fees	1,102	1,173	1,202	1,102	1,173	1,232
Information and Communications Technology Authority (ICTA) Licences	7,608	9,562	9,802	7,608	9,562	10,047
Insurance Licences	8,149	8,685	8,902	8,149	8,685	9,125
Issue Fee for Residency & Employment Rights Certificate	1,465	1,002	1,027	1,465	1,002	1,053
Issue Fee for Specialist Caregiver Certificate	20	25	25	20	25	26
Key Employee Designation	1,072	840	861	1,072	840	882
Land Registry Fees	1,049	1,088	1,115	1,049	1,088	1,143
Law Firm Operational Licences	1,861	2,020	2,071	1,861	2,020	2,123
Legal Practitioner Fees	1,739	1,458	1,494	1,739	1,458	1,532
Liquor Licences	796	642	796	796	642	796
Local Company and Corporate Management Fees	798	2,716	2,784	798	2,716	2,854
Local Company Control Licence Grants/Renewals	303	369	379	303	369	388
Local Vessel Licences	319	42	222	319	42	227
Master Fund Registration Fees	1,875	-	1,875	1,875	-	1,922
Miscellaneous Immigration Fees	-	2	2	-	2	2
Miscellaneous Lands and Survey Fees	-	1	1	-	1	1
Miscellaneous Licences	-	74	75	-	74	77
Money Services Licences	72	87	72	72	87	72
Money Transfer Fees	1,988	3,175	3,254	1,988	3,175	3,336
Motor Vehicle Charges	13,168	10,602	13,886	13,168	10,602	14,233
Motor Vehicle Drivers Licences	1,340	2,312	2,369	1,340	2,312	2,429
Motor Vehicle Environmental Tax	305	643	659	305	643	676
Mutual Fund Administrators	35,945	37,059	37,985	35,945	37,059	38,935
Notary Public Fees	251	257	263	251	257	270
Not-for-Profit Licence	-	17	17	-	17	18
Other Company Fees - Exempt	62,714	61,031	62,557	62,714	61,031	64,121
Other Company Fees - Foreign	3,182	3,795	3,880	3,182	3,795	3,987
Other Company Fees - Non-Resident	4,088	4,526	4,639	4,088	4,526	4,755
Other Company Fees - Resident	1,953	1,587	1,627	1,953	1,587	1,667
Other/Misc Stamp Duty	6,828	6,828	7,999	6,828	6,828	8,199
Package Charges	1,101	993	1,018	1,101	993	1,044

Government of the Cayman Islands
Forecast Performance Statement (\$000's)
For the Period Ending 30 June 2013, 2014 and 2015

	Core Government			Entire Public Sector				
	2012/13 Budget	2012/13 Forecast	2013/14 Forecast	2014/15 Forecast	2012/13 Budget	2012/13 Forecast	2013/14 Forecast	2014/15 Forecast
NOTE 1: COERCIVE REVENUE								
Domestic Levies on Goods and Services (continued)								
Partnership Fees	23,448	22,256	22,812	23,383	23,448	22,256	22,812	23,383
Patents and Trademarks	1,386	918	941	965	1,386	918	941	965
Planning Fees	2,103	806	826	847	2,103	806	826	847
Public Transport - Drivers Licences	70	36	37	38	70	36	37	38
Public Transport - Operator Licences	3	78	80	82	3	78	80	82
Residency and Employment Rights Certificate (Surviving spouse)	35	3	3	3	35	3	3	3
Residency & Employment Rights Cert. (dependant of a P.R. Grant)	418	136	139	143	418	136	139	143
Residency and Employment Rights Cert. (Spouse of Caymanian)	151	130	134	137	151	130	134	137
Residency Certificate for Persons of Independent Means	329	289	296	304	329	289	296	304
Royalties and Dredging	30	200	205	210	30	200	205	210
Security Investment Business Licences	8,487	11,522	11,810	12,105	8,487	11,522	11,810	12,105
Ship Registration Fees	200	107	109	112	200	107	109	112
Spear Gun Licences	15	5	5	15	15	5	5	15
Special Marriage Licences	71	73	75	77	71	73	75	77
Stamp Duty - Online Meter (Executive)	-	134	137	141	0	134	137	141
Tax and Trust Undertakings	8,575	9,317	9,550	9,788	8,575	9,317	9,550	9,788
Temporary Residency and Employment Rights Certificate to Spouse of a Caymanian	-	2	2	2	-	2	2	2
Tobacco Dealer Registration fees	104	104	107	109	104	104	107	109
Tourist Accommodation Charges	14,285	13,531	15,406	15,791	14,285	13,531	15,406	15,791
Traders Licences	5,700	6,092	6,244	6,400	5,700	6,092	6,244	6,400
Trust Registration Fees	716	619	634	650	716	619	634	650
W.I.Z. - Boat Licensing	11	11	11	11	11	11	11	11
Work Permits Fees	57,389	52,267	62,581	64,145	57,389	52,267	62,581	64,145
Working Under Operation of Law Fees	2,829	1,780	1,824	1,870	2,829	1,780	1,824	1,870
WTG-Term Limit Exemption Permit Grant Fee	1	1,832	1,878	1,925	1	1,832	1,878	1,925
WTR-Term Limit Exemption Permit Renewal Fee	-	680	697	714	-	680	697	714
Total Domestic Levies on Goods and Services	382,841	346,805	408,952	419,164	382,841	346,805	408,952	419,164

**Government of the Cayman Islands
Forecast Performance Statement (\$'000's)
For the Period Ending 30 June 2013, 2014 and 2015**

	Core Government			Entire Public Sector				
	2012/13 Budget	2012/13 Forecast	2013/14 Forecast	2014/15 Forecast	2012/13 Budget	2012/13 Forecast	2013/14 Forecast	2014/15 Forecast
NOTE 1: COERCIVE REVENUE (continued)								
Levies on Property								
Infrastructure Fund Fees	825	485	497	510	825	485	497	510
Land Holding Companies Share Transfer Charges	-	3,832	1,428	1,463	-	3,832	1,428	1,463
Stamp Duty - Land Transfer	26,744	34,861	28,541	29,255	26,744	34,861	28,541	29,255
Timeshare Ownership Charges	705	704	721	739	705	704	721	739
Total Levies on Property	28,274	39,882	31,187	31,967	28,274	39,882	31,187	31,967
Fines								
Compounded Penalties	70	148	152	156	70	148	152	156
Court Fines	687	1,061	1,088	1,115	687	1,061	1,088	1,115
Customs Fines	-	1	1	1	-	1	1	1
Immigration Fines	126	260	267	274	126	260	267	274
Procedural Fines	108	44	45	46	108	44	45	46
Total Fines	991	1,514	1,553	1,592	991	1,514	1,553	1,592
Other Executive Revenue								
Hurricane Ivan Loans Received	-	19	20	20	-	19	20	20
Miscellaneous Income	-	209	214	219	-	209	214	219
MLAT Proceeds	-	300	308	315	-	300	308	315
Proceeds of Crime Law (PoCL)	-	60	62	63	-	60	62	63
Total Other Executive Revenue	-	588	604	617	-	588	604	617
TOTAL COERCIVE REVENUE	590,559	558,225	615,970	631,355	590,559	558,225	615,970	631,355

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	Core Government				Entire Public Sector			
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NOTE 2: SALE OF GOODS AND SERVICES								
Fees and Charges								
Agricultural Department Fees	277	306	314	321	277	306	314	321
Annual Work Permit Application Fees (Entity)	1,356	1,007	1,032	1,058	1,356	1,007	1,032	1,058
Application Fee for Specialist Caregiver Certificate	6	4	4	4	6	4	4	4
APA - Appeal to Board against decision made by an Immigration Officer Application Fee	-	6	6	6	-	6	6	6
Authentication and Apostille of Documents Fee	1,850	1,734	1,778	1,822	1,850	1,734	1,778	1,822
Balliff Fees	-	8	8	9	-	8	8	9
Business Staffing Plan Fees	6	10	11	11	6	10	11	11
Business Visitor Administration Fees	-	5	5	5	-	5	5	5
BVX - Business Visitors Permit - Express Determination Fee	-	13	13	13	-	13	13	13
Cabinet Appeal Fees	56	45	46	47	56	45	46	47
Caymanian Status Application Fees (Entity)	96	169	173	177	96	169	173	177
Cemetery/Vault Sales	140	120	123	126	140	120	123	126
Customised Motor Vehicle Licence Plate Fees	24	20	21	21	24	20	21	21
Customs Special Attendance Fees	625	714	731	750	625	714	731	750
Dependant of a Caymanian Admin Fee	2	2	2	2	2	2	2	2
Disinsection Fees	21	15	16	16	21	15	16	16
Drivers Examination Fees	142	152	156	160	142	152	156	160
Duplicate Vehicle Log Books	31	38	39	40	31	38	39	40
Electrical Inspection Fees	25	24	25	25	25	24	25	25
Electrical Licence Fees	50	53	55	56	50	53	55	56
Elevator Inspection Fees	30	35	36	37	30	35	36	37
Environmental Service Fees	20	2	2	2	20	2	2	2
Examination Fees	1,545	1,545	1,584	1,623	1,545	1,545	1,584	1,623
Express Fee - Work Permits	483	950	974	999	483	950	974	999
External Training	25	11	11	12	25	11	11	12
Freedom of Information Fees	-	14	14	15	-	14	14	15
Fuel Sales	500	525	538	552	500	525	538	552
Funds Received from RCY Events	2,472	2,256	2,313	2,371	2,472	2,256	2,313	2,371
Garbage Fees	179	190	194	199	179	190	194	199
General Search Fees	4	3	3	3	4	3	3	3
Heavy Equipment Application Fees	145	148	151	155	145	148	151	155
Key Employee Designation Application Fee (Entity)	-	1	1	1	-	1	1	1
IT Consultancy	-	1	1	1	-	1	1	1

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NOTE 2: SALE OF GOODS AND SERVICES								
Fees and Charges (continued)								
IT Store Sales		2	3	3	-	2	3	3
Land Information System (L.I.S.) Receipts	-	1	1	1	-	1	1	1
Land Survey Fees	115	500	513	525	115	500	513	525
Law School Fees	899	836	857	878	899	836	857	878
Local Companies Administration Fees	3	5	5	5	3	5	5	5
Mail Terminal Credits	441	498	510	523	441	498	510	523
Maintenance of Building(Labour)	97	5	5	5	97	5	5	5
Mapping Services	100	84	87	89	100	84	87	89
Media Product Licence	1	3	3	3	1	3	3	3
Motor Vehicle Inspection Fees	1,009	1,190	1,220	1,250	1,009	1,190	1,220	1,250
Motor Vehicle Licence Plate Fees	187	306	313	321	187	306	313	321
Naturalisation and Registration Fees	560	494	506	519	560	494	506	519
Other Company Fees - Exempt (Entity)	19,949	18,725	19,193	19,673	19,949	18,725	19,193	19,673
Other Company Fees - Foreign (Entity)	1,090	1,055	1,082	1,109	1,090	1,055	1,082	1,109
Other Company Fees - Non-Resident (Entity)	131	154	158	162	131	154	158	162
Other Company Fees - Resident (Entity)	302	413	423	434	302	413	423	434
Other Fees	919	-	-	-	919	-	-	-
Other Immigration Fees	1,121	1,212	1,242	1,273	1,121	1,212	1,242	1,273
Other Labour Charges - PWD (Cayman Brac)	31	17	17	18	31	17	17	18
Partnership Fees (Entity)	5,148	4,601	4,716	4,834	5,148	4,601	4,716	4,834
Passport Fees	487	565	579	593	487	565	579	593
Patents and Trademarks	179	169	173	178	179	169	173	178
Pension Plan Registration Fees	-	948	972	650	-	948	972	650
Permanent Residence/Residency Certificate for Persons of Independent means	113	79	81	83	113	79	81	83
Private Sector Computing Fees	777	744	763	782	777	744	763	782
Professional Legal Fees	75	-	-	-	75	-	-	-
Public Library Fees	14	13	13	14	14	13	13	14
Public Record Fees	68	85	87	89	68	85	87	89
Radio Communications Service and Maintenance	1	18	18	19	1	18	18	19
Recycling Fees	22	37	38	39	22	37	38	39

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NOTE 2: SALE OF GOODS AND SERVICES								
Fees and Charges Contd.								
Refund Processing Fees	4	4	4	4	4	4	4	4
Registration and Attendance Workshop Fees	1	3	3	3	1	3	3	3
Residency & Employment Rights Cert. (Surviving spouse of a Caymanian)	1	1	1	1	1	1	1	1
Residency & Employment Rights Certificate Admin Fee	77	78	80	82	77	78	80	82
Residency and Employment Rights Certificate (Dependant of a PR)	18	22	22	23	18	22	22	23
Residency and Employment Rights Certificate (Spouse of a Caymanian)	94	105	107	110	94	105	107	110
Residency Certificate for Persons of Independent Means Admin Fee	5	8	8	9	5	8	8	9
RMI - Residency - Persons of Independent Means, Renewal Application Fee	-	1	1	1	-	1	1	1
RFA - Permanent Residence - Persons of Independent Means - Application Fee	-	1	1	1	-	1	1	1
RGA - Variation of Permanent Residence - Person of Independent Means - Application Fee	13	24	24	25	13	24	24	25
Sale of Custom Forms	456	488	500	512	456	488	500	512
School Fees	26	25	25	26	26	25	25	26
Special Marriage License Application Fee	2	2	2	2	2	2	2	2
Temporary Residency and Employment Rights Certificate (Spouse of Caymanian)	936	793	813	834	936	793	813	834
Temporary Work Permit Application Fees (Entity)	1	1	1	1	1	1	1	1
Temporary Work Permit (Entertainer) Application Fee	1	3	3	3	1	3	3	3
Temporary Work Permit - Seasonal Worker Application	60	92	95	97	60	92	95	97
Term Limit Exemption Permit Administration	10	17	17	18	10	17	17	18
Tourist Reservation Fees	223	443	455	466	223	443	455	466
Tower Licence Fees	342	365	374	384	342	365	374	384
Trade and Business Administration Fees	6	7	7	7	6	7	7	7
Transcript Fees	272	278	285	292	272	278	285	292
Trust Registration Fees (Entity)	10	28	29	29	10	28	29	29
Variation/Amendment Fee for Business Staffing Plans	21	43	44	45	21	43	44	45
Vehicle Bank Liens	150	183	188	192	150	183	188	192
Vehicle Change of Ownership	700	863	885	907	700	863	885	907
Vehicle Disposal Fees								
Visitor's Work Visa Application Fee	1,000	907	930	953	1,000	907	930	953
Warehouse	-	45	47	48	-	45	47	48
Term Limit Exemption Permit Renewal Administrative Fee	5	-	-	-	5	-	-	-
Term Limit Exemption Permit Amendment Administrative Fee	361	367	376	385	361	367	376	385
Web Receipts	302	117	120	123	302	117	120	123
Work Under Operation of Law Fees	-	-	-	-	40554	40554	40960	41370
Fees and Charges - SAGC								
Total Fees and Charges	49,046	48,222	49,428	50,318	89,600	88,776	90,388	91,688

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NOTE 2: SALE OF GOODS AND SERVICES (continued)								
General Sales								
Maintenance of Buildings	3	3	3	3	3	3	3	3
Miscellaneous Sales	19	56	57	58	19	56	57	58
Other Postal Business	120	115	118	121	120	115	118	121
Philatelic Sales	22	44	45	46	22	44	45	46
Police Clearances	388	701	718	736	388	701	718	736
Postal Stamps	2,040	1,764	1,808	1,853	2,040	1,764	1,808	1,853
Prison Craft Sales	-	11	11	12	-	11	11	12
Prison Sales	-	5	5	5	-	5	5	5
Sale of Advertising Space	508	456	467	479	508	456	467	479
Sale of Agriculture Supplies and Produce	1,235	1,436	1,472	1,509	1,235	1,436	1,472	1,509
Sale of Gazettes and Subscriptions	850	773	793	813	850	773	793	813
Sale of Laws	20	38	39	40	20	38	39	40
Sale of Planning Documents	6	5	5	5	6	5	5	5
General Sales - SAGC	-	-	-	-	110,045	110,044	111,144	115,105
Total General Sales	5,211	5,407	5,541	5,680	115,256	115,451	116,685	120,785
Rentals								
Equipment Rental - (PWD CB)	11	7	7	7	11	7	7	7
Post Boxes/Frinking Machines	907	972	997	1,022	907	972	997	1,022
Rental - School Canteens	81	94	96	99	81	94	96	99
Rental - Temporary Housing	2	6	6	6	2	6	6	6
Rentals - Craft Market	-	66	68	69	-	66	68	69
Rental of Government Housing	32	23	24	25	32	23	24	25
Rentals - Other Properties	2	96	98	101	2	96	98	101
Rentals - Town Halls	30	15	15	15	30	15	15	15
Rentals - SAGC	-	-	-	-	1,622	1,622	1,638	1,654
Total Rentals	1,065	1,279	1,311	1,344	2,687	2,901	2,949	2,998
Other Goods and Services Revenue								
Births, Deaths and Marriages	76	97	100	102	76	97	100	102
GIS Applications	103	91	93	95	103	91	93	95
GPS Licences	17	18	19	19	17	18	19	19
Internal Audit Service Fees	12	9	9	10	12	9	9	10
Miscellaneous Licensing Receipts	39	107	110	113	39	107	110	113
Miscellaneous Receipts	50	421	431	442	50	421	431	442
Other Goods and Services Revenue - SAGC	-	-	-	-	32,693	32,693	33,020	33,350
Total Other Goods and Services Revenue	297	743	762	781	32,990	33,436	33,782	34,131
Sales of Services to Public Entities	3,063	3,126	3,204	3,284	-	-	-	-
TOTAL SALES OF GOODS AND SERVICES	58,682	58,777	60,246	61,407	240,533	240,564	243,804	249,602

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NOTE 3: INVESTMENT REVENUE								
Interest on Loans Made	32	51	45	40	32	51	45	40
Interest on deposits held with cabinet	-	-	-	-	79	-	-	-
Dividend income	-	-	-	-	609	-	-	-
Interest on Marketable Securities, Deposits and Cash	181	181	250	275	1,389	2,000	2,000	2,000
Total Investment Revenue	213	232	295	315	2,109	2,051	2,045	2,040
NOTE 4: PERSONNEL COSTS								
Salaries and Wages (including Employee Pension Contributions)	187,729	180,319	176,422	173,214	328,328	303,414	301,372	302,494
Health care	35,681	33,182	34,290	36,718	5,242	4,182	4,855	6,268
Employer/Government Pension Expense	26,614	27,566	27,000	25,747	19,154	37,006	36,582	35,659
Movement in leave provision expense	101	150	147	145	629	678	683	699
Other Personnel Cost	760	2,256	710	698	4,155	5,651	4,156	4,263
Total Personnel Costs	250,885	243,473	238,569	236,522	357,508	350,931	347,648	349,383
NOTE 5: SUPPLIES AND CONSUMABLES								
Supply of Goods	17,138	15,025	15,356	15,709	43,627	41,514	42,242	43,522
Purchase of Services	41,748	39,075	38,885	39,179	53,335	50,662	50,646	51,345
Utilities	13,752	14,225	13,738	14,054	26,163	26,636	26,335	27,086
General insurance	7,435	7,700	4,700	4,700	15,549	15,814	12,936	13,220
Travel and subsistence	2,358	1,622	1,658	1,496	3,677	2,941	2,997	2,881
Recruitment and Training	1,770	1,233	1,260	1,289	2,522	1,985	2,023	2,079
Other Supplies and Consumables	3,572	3,821	2,433	2,433	72,072	72,321	71,961	74,358
Operating Leases	7,511	7,368	6,780	6,936	11,280	11,137	10,606	10,893
Total Supplies and Consumables	95,284	90,069	84,809	85,796	228,225	223,010	219,745	225,384

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NOTE 6: DEPRECIATION								
Depreciation of aeroplanes	411	411	411	411	411	411	411	411
Depreciation of boats	283	291	291	291	369	377	377	377
Depreciation of buildings	9,697	10,362	10,862	11,362	18,136	18,667	19,167	19,667
Depreciation of computer	2,610	2,105	2,105	2,105	5,127	4,623	4,623	4,623
Depreciation of furniture and fittings	816	529	529	529	1,444	1,157	1,157	1,157
Depreciation of leasehold	-	138	138	138	-	337	337	337
Depreciation of office equipment	-	337	337	337	-	778	778	778
Depreciation of other assets	1,061	2,130	2,130	2,130	4,102	3,130	3,130	3,130
Depreciation of other infrastructure assets	960	960	960	960	199	1,363	1,363	1,363
Depreciation of other plant and equipment	2,036	1,845	1,845	1,845	8,070	7,879	7,879	7,879
Depreciation Water Reticulation and Sewerage	-	10	10	10	-	1,610	1,610	1,610
Depreciation of roads and sidewalks	5,001	4,096	4,096	4,096	6,364	4,096	4,096	4,096
Depreciation of vehicle	2,131	1,726	1,726	1,726	2,736	2,331	2,331	2,331
Total Depreciation	25,006	24,940	25,440	25,940	46,958	46,759	47,259	47,759

NOTE 7: OUTPUTS FROM NON-GOVERNMENT OUTPUT SUPPLIERS

Anti-Substance Abuse Programmes	21	21	21	21	21	21	21	21
Autism Diagnostics and Sexual Trauma Recovery Programme	45	45	45	45	45	45	45	45
Burial Assistance for Indigents	100	150	152	154	100	150	152	154
Care of the Indigent, Elderly and Disabled Persons	1,321	1,321	1,334	1,347	1,321	1,321	1,334	1,347
Community Programmes	116	116	117	118	116	116	117	118
Elite Athletes Programme	241	241	243	245	241	241	243	245
Employee Assistance Programme	126	126	127	128	126	126	127	128
Foster Care for Children	225	225	227	229	225	225	227	229
General Programmes and Children Services	117	117	118	119	117	117	118	119
HIV/AIDS and First Aid Public Education Programmes	25	25	25	25	25	25	25	25
Gardening Projects and Landscaping	4	-	-	-	4	-	-	-
K-9 Security Services	32	32	32	32	32	32	32	32
Legal Aid Services	1,665	1,665	1,800	2,040	1,665	1,665	1,800	2,040
Management of Small Business Development	277	277	280	283	277	277	280	283
Mentoring Cayman Programme	10	10	12	12	10	10	12	12
Music Therapy Services	60	60	61	62	60	60	61	62
Organisation of Batabano Festival	21	21	21	21	21	21	21	21
Organize, Administer and Execute the Cayman Islands Fishing Tournament	33	33	33	33	33	33	33	33
Other sports and cultural programmes	56	56	57	58	56	56	57	58
Hospice Care	56	56	57	58	56	56	57	58

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NOTE 7: OUTPUTS FROM NON-GOVERNMENT OUTPUT SUPPLIERS (continued)								
Preservation of Places of Historic Significance	214	214	216	218	214	214	216	218
Primary and Secondary Education by Private Schools	1,530	1,369	1,383	1,397	1,530	1,369	1,383	1,397
Rental Accommodation for Persons in Need	1,460	1,570	1,586	1,070	1,460	1,570	1,586	1,070
School Lunch and Uniform Programmes	477	655	669	685	477	655	669	685
Services for Refugees	27	335	250	250	27	335	250	250
Social Marketing for Prevention of HIV/AIDS	50	50	51	52	50	50	51	52
Spaying and Neutering of pets	18	18	18	18	18	18	18	18
Sports programmes	712	712	719	726	712	712	719	726
Supervision of Pre-School Children	54	54	55	56	54	54	55	56
Support for Battered Women and Children	300	300	303	306	300	300	303	306
Teaching of Teritary Education Course	90	90	91	92	90	90	91	92
Medical Care at Various Overseas Providers	9,400	17,000	18,471	16,791	9,400	17,000	18,471	16,791
Therapeutic Svcs for Young Persons	5	5	2	2	5	5	2	2
Youth Development Programmes	67	67	68	69	67	67	68	69
Total Non-Government Organizations	18,955	27,036	28,645	26,762	18,955	27,036	28,645	26,762
NOTE 8: OUTPUTS FROM PUBLIC AUTHORITIES								
Auditors Oversight Authority	340	340	343	347	-	-	-	-
Cayman Airways Ltd	18,169	18,169	18,351	18,536	-	-	-	-
Cayman Islands Development Bank	578	578	584	590	-	-	-	-
Cayman Islands Monetary Authority	14,865	14,865	15,014	15,165	-	-	-	-
Cayman Islands National Insurance Company	27,254	27,159	29,095	31,411	-	-	-	-
Cayman Maritime Administration	133	134	135	137	-	-	-	-
Cayman National Museum	621	621	627	634	-	-	-	-
Children and Youth Services Foundation	2,178	2,178	2,200	2,222	-	-	-	-
Electricity Regulatory Authority	120	120	121	122	-	-	-	-
Health Services Authority	29,600	33,877	35,348	37,816	-	-	-	-
Information and Communications Technology Authority	340	340	343	347	-	-	-	-
National Gallery	410	410	414	418	-	-	-	-
National Cultural Foundation	568	567	574	579	-	-	-	-
National Drug Council	553	553	559	564	-	-	-	-
National Housing Community Development Trust	665	665	733	750	-	-	-	-
National Roads Authority	6,000	6,000	6,060	6,121	-	-	-	-
Sister Island Affordable Housing	74	74	75	75	-	-	-	-
Tourism Attractions Board	2,086	2,085	2,107	2,128	-	-	-	-
University College of the Cayman Islands	3,906	3,906	3,945	3,985	-	-	-	-
Total Outputs from Public Authorities	108,460	112,641	116,628	121,947	-	-	-	-

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NOTE 9: TRANSFER PAYMENTS								
Children and Family Services support	817	817	825	833	817	817	825	833
Emergency Relief Payments	18	21	21	21	18	21	21	21
Employment initiatives	585	485	490	495	585	485	490	495
Benefit Payments to Ex-Servicemen	1,307	1,307	1,320	1,333	1,307	1,307	1,320	1,333
Financial Assistance (Poor Relief)	6,086	6,086	6,248	6,311	6,086	6,086	6,248	6,311
Financial Assistance Vouchers	1,818	1,918	1,836	1,855	1,818	1,918	1,836	1,855
Housing Assistance	890	890	-	-	890	890	-	-
Interest on Loans - Public Servants	41	17	15	13	41	17	15	13
Other Educational Assistance	319	189	191	193	319	189	191	193
Other Youth, Sports and Cultural Programme Assistance	625	641	631	638	625	641	631	638
Pre-School Grants	1,013	882	750	700	1,013	882	750	700
Promotion of Nation Building and Church-based Support	4,501	4,501	2,701	1,718	4,501	4,501	2,701	1,718
Scholarships and Bursaries	8,233	9,872	10,219	10,321	8,233	9,872	10,219	10,321
Seamen Ex-Gratia	5,608	5,608	5,664	5,721	5,608	5,608	5,664	5,721
Student Enrichment and Support Services	375	555	379	383	375	555	379	383
Support to the Red Cross	59	59	60	60	59	59	60	60
Support to Local Business Associations	265	16	16	16	265	16	16	16
Temporary Relief for Young Parents Program Students	18	18	18	18	18	18	18	18
Youth After Care Payments	22	22	22	22	22	22	22	22
Youth Programmes - Churches and Other NGOs	216	216	218	220	216	216	218	220
Total Transfer Payments	32,816	34,120	31,624	30,871	32,816	34,120	31,624	30,871

Government of the Cayman Islands
Forecast Performance Statement (\$000's)
For the Period Ending 30 June 2013, 2014 and 2015

	Core Government			Entire Public Sector			
	2012/13 Budget	2012/13 Forecast	2013/14 Forecast	2014/15 Forecast	2012/13 Budget	2013/14 Forecast	2014/15 Forecast
NOTE 10: NET (PROFIT)/ LOSS OF PUBLIC AUTHORITIES							
Cayman Airways Ltd	(96)	(96)	(100)	(104)	-	-	-
Cayman Islands Airports Authority	(4,936)	(4,936)	(5,147)	(5,358)	-	-	-
Cayman Islands Development Bank	66	66	63	60	-	-	-
Cayman Islands Monetary Authority	-	-	-	-	-	-	-
Cayman Islands National Insurance Company	(2,041)	(1,500)	(1,564)	(1,628)	-	-	-
Cayman Islands Stock Exchange	(153)	(153)	(160)	(167)	-	-	-
Cayman Islands Turtle Farm	8,085	7,951	7,611	7,271	-	-	-
Cayman National Cultural Foundation	-	-	-	-	-	-	-
Children & Youth Services Foundation	174	(9)	(9)	(9)	-	-	-
Civil Aviation Authority	(1,887)	(2,395)	(2,498)	(2,601)	-	-	-
Electricity Regulatory Authority	(224)	(224)	(234)	(244)	-	-	-
Health Services Authority	1,807	1,941	1,858	1,775	-	-	-
Information and Communications Technology Authority	(60)	(60)	(63)	(66)	-	-	-
Maritime Authority of the Cayman Islands	-	-	-	-	-	-	-
National Drug Council	-	-	-	-	-	-	-
National Gallery	76	49	47	45	-	-	-
National Housing Development Trust	1,361	1,361	1,303	1,245	-	-	-
National Museum	-	-	-	-	-	-	-
National Roads Authority	-	-	-	-	-	-	-
Oversight Audit Authority	-	-	-	-	-	-	-
Port Authority	(690)	(690)	(720)	(750)	-	-	-
Sister Islands Affordable Housing Corporation	160	160	153	146	-	-	-
Tourism Attractions Board	-	-	-	-	-	-	-
University College of the Cayman Islands	-	-	-	-	-	-	-
Water Authority-Cayman	(3,517)	(2,800)	(2,441)	(2,517)	-	-	-
Total Net Profit of Public Authorities	(1,875)	(1,335)	(1,901)	(2,902)	-	-	-

Government of the Cayman Islands
Forecast Performance Statement (\$000's)
For the Period Ending 30 June 2013, 2014 and 2015

	Core Government				Entire Public Sector			
	2012/13 Budget	2012/13 Forecast	2013/14 Forecast	2014/15 Forecast	2012/13 Budget	2012/13 Forecast	2013/14 Forecast	2014/15 Forecast
NOTE 11: OTHER OPERATING EXPENSES								
Air Safety Support International	175	175	175	175	175	175	175	175
CCRIF	770	770	-	-	770	770	-	-
CDB-Special Development Fund	127	127	127	127	127	127	127	127
(CARICOM) Fees	152	152	152	152	152	152	152	152
Caribbean Epidemiology Centre	15	15	15	15	15	15	15	15
Caribbean Examinations Council	13	13	13	13	13	13	13	13
CFAIF	20	20	20	20	20	20	20	20
Food & Nutrition Institution	3	3	3	3	3	3	3	3
Caribbean Health Research Council	5	5	5	5	5	5	5	5
CARTAC	10	10	10	10	10	10	10	10
Commonwealth Parliamentary Association	95	95	95	95	95	95	95	95
Compensation	694	694	694	694	694	694	694	694
Constituency Allowance	445	454	545	545	445	454	545	545
Court of Appeal Expense	455	320	400	400	455	400	400	400
Default on Paloma Government Guaranteed Loan Scheme	100	100	100	100	100	100	100	100
Executive Bank Charges	26	-	46	46	26	46	46	46
Judiciary Expenses	650	400	550	550	650	550	550	550
OCTA membership	10	10	10	10	10	-	-	-
Pan American Health Organization	18	18	18	18	18	18	18	18
Regional Anti-Doping Organisation	4	4	4	4	4	4	4	4
Settlement of Court Order	110	110	110	110	110	108	108	108
United Nations Caribbean Environmental Program	8	8	8	8	8	8	8	8
UNESCO Fees	6	-	-	-	6	-	-	-
University of the West Indies	372	103	103	103	372	103	103	103
World Anti-Doping Agency	6	6	6	6	6	6	6	6
Other Executive Expenses	70	70	70	70	22,198	25,260	26,966	27,462
Total Other Operating Expenses	4,359	3,682	3,279	3,279	26,487	29,136	30,163	30,659
NOTE 12: FINANCING EXPENSE								
Interest on Borrowings	32,766	32,211	30,918	29,703	34,999	34,383	33,090	31,875
Interest on Bank Overdraft	25	751	800	-	1,611	2,337	2,386	1,586
Other Borrowing Costs	50	256	256	-	2,320	2,525	2,525	2,269
Total Financing Expense	32,841	33,218	31,974	29,703	38,870	39,245	38,001	35,730

10. SCHEDULE OF CHANGES MADE TO THE 2012/13 APPROPRIATIONS

Appropriation Changes between Ministries, Portfolios and Offices - FY 2012/13				
Appropriation Code	Appropriation Description	Approved Appropriation Amount	Appropriation Change	Revised Appropriation
		\$'s	\$'s	\$'s
Outputs				
FTD 1	Policy Advice and Ministerial Services for the Minister of Finance, Tourism and Development	6,370,795	(90,600)	6,280,195
FTD 15	Promoting Commerce and Inward Investment	787,445	(171,680)	615,765
FTD 18	Financial Services Public Relations	1,485,068	(101,330)	1,383,738
FTD 20	Services provided by the London Office	717,156	(100,000)	617,156
DWG 1	Advice and Support to the Minister of District Administration, Works, Land and Agriculture	3,103,179	(1,350)	3,101,829
DWG 2	Landfill Management and Waste Disposal	2,704,787	(30,000)	2,674,787
DWG 3	Public Health Services	1,223,145	(13,000)	1,210,145
DWG 5	Emergency Response Services	331,810	(7,000)	324,810
DWG 6	National Mail Service	1,391,754	(250,000)	1,141,754
DWG 13	Collection of Revenue	583,968	(53,840)	530,128
DWG 14	Management of Special Projects	1,299,212	(24,300)	1,274,912
DWG 16	Management of Land Information	2,972,926	(287,549)	2,685,377
DWG 17	Management of Government Properties	13,464,855	(257,961)	13,206,894
DWG 18	Mosquito Control Services	5,946,246	(50,000)	5,896,246
DWG 21	Weather Forecast Services	665,925	(320,006)	345,919
ETE 1	Policy Advice, Governance and Ministerial Support Services	4,313,993	(100,287)	4,213,706
ETE 2	Job Placement and Employer Support Activities	703,424	(15,679)	687,745
ETE 3	Employment Regulatory Activities	1,573,068	(21,930)	1,551,138
ETE 6	Primary Education	17,726,195	(620,642)	17,105,553
ETE 7	Secondary Education	19,036,534	(334,249)	18,702,285
ETE 8	Education for Students with Special Needs	5,921,563	(257,803)	5,663,760
ETE 11	Facilities Maintenance and Procurement Services	17,990,061	(28,342)	17,961,719
ETE 13	Training and Support for Adults with Disabilities and their Families	1,158,628	(34,088)	1,124,540
ETE 14	Education Evaluation and Support Services	4,678,824	(36,979)	4,641,845
CAH 2	Administration of Community Assistance Programme	4,355,267	(13,000)	4,342,267
CAH 4	Counselling and Support Services	5,552,887	(243,000)	5,309,887
CAH 5	Supervision and Support of Children	1,650,422	(3,800)	1,646,622
HES 1	Policy Advice and Ministerial Servicing to the Minister of Health, Environment, Youth, Sports, and Culture	2,353,834	(53,000)	2,300,834
HES 2	Health Regulatory Services	657,680	12,000	669,680
HES 4	Sports Coaching and Training Programmes	3,401,494	(23,000)	3,378,494
HES 5	Youth Education Mentorship and Community Activities	649,194	(6,000)	643,194
HES 6	Environmental Services and Research	2,448,393	9,000	2,457,393
CIN 1	Health Insurance for Seamen and Veterans	9,151,855	(124,000)	9,027,855
Transfer Payments				
TP 27	Pre-School Educational Assistance	793,800	(80,000)	713,800
TP 30	Local, Overseas Scholarships and Bursaries	7,497,000	1,818,610	9,315,610
TP 43	Poor Relief Vouchers	1,818,194	100,000	1,918,194
TP 46	Emergency Relief Payments	17,722	3,000	20,722
TP 51	Other Educational Assistance	319,284	(85,922)	233,362
TP 53	Other Youth, Sports and Cultural Programme Assistance	625,460	16,000	641,460
TP 56	Employment Initiatives	584,766	(100,000)	484,766
TP 61	Student Enrichment and Support Services	374,850	180,000	554,850
TP 63	Support to Local Business Associations	264,600	(249,000)	15,600

Appropriation Changes between Ministries, Portfolios and Offices - FY 2012/13				
Appropriation Code	Appropriation Description	Approved Appropriation Amount	Appropriation Change	Revised Appropriation
Non Governmental Organisations		\$'s	\$'s	\$'s
NGS 34	Primary and Secondary Education by Private Schools	1,530,000	(161,078)	1,368,922
NGS 68	Rental Accommodation for Persons in Need	1,460,000	109,800	1,569,800
NGS 70	Burial Assistance for Indigents	100,000	50,000	150,000
NGS 72	Therapeutic Services for Young Persons	5,000	(3,000)	2,000
NGS 55	Tertiary Care at Various Overseas Institutions	9,400,000	2,000,005	11,400,005
Other Executive Expenses				
OE 2	Personal Emoluments for H.E. the Governor, Premier, Deputy Premier, Speaker of the Legislative Assembly, Ministers, Elected Members of the Legislative Assembly and Deputy Governor	2,809,412	238,486	3,047,898
OE 5	Constituency Allowance	444,600	9,000	453,600
OE 12	University of the West Indies Membership Levy	372,312	(269,000)	103,312
OE 13	UNESCO Membership Levy	6,000	(6,000)	-
Equity Investments				
EI 12	Ministry of Education, Training and Employment	13,431,325	1,000,000	14,431,325
EI 58	Ministry of District Administration, Works , Land and Agriculture	1,100,000	(260,000)	840,000
Executive Assets				
EA 9	Land Purchase: Gazetted Claims	2,200,000	(600,000)	1,600,000
EA 60	Cayman: Brac Bluff Playfield	190,000	290,000	480,000
EA 78	Government Office Accommodation Project 1	175,000	600,000	775,000
EA 87	Juvenile Facilities	4,000,000	(1,000,000)	3,000,000
EA 125	Cayman Brac Emergency Shelter	1,500,000	(30,000)	1,470,000
EA 127	Doppler Radar	-	150,000	150,000
Net (Decrease)/ Increase in original 2012/13 Budgets, from the S11-5 Changes		197,390,912	67,486	197,458,398

11. CAPITAL EXPENDITURE DETAILS - FY 2012-13

Executive Assets		2012/13 Approved Budget	Appropriation Change	Revised Budget 2012/13	2012/13 Forecast	Variance Revised Budget vs. Forecast
		\$'s	\$'s	\$'s	\$'s	\$'s
EA 9	Land Purchase: Gazetted Claims	2,200,000	(600,000)	1,600,000	1,311,000	(289,000)
EA 30	Cemetery Vaults: Grand Cayman	100,000	-	100,000	100,000	-
EA 36	Miscellaneous Road Surface Upgrades	3,000,000	-	3,000,000	2,399,000	(601,000)
EA 55	Cayman Brac and Little Cayman Roads	1,500,000	-	1,500,000	1,500,000	-
EA 60	Cayman: Brac Bluff Playfield	190,000	290,000	480,000	440,000	(40,000)
EA 78	Government Office Accommodation Project 1	175,000	600,000	775,000	775,000	-
EA 87	Juvenile Facilities	4,000,000	(1,000,000)	3,000,000	5,000	(2,995,000)
EA 95	Cemetery Vaults: Cayman Brac and Little Cayman	20,000	-	20,000	20,000	-
EA 125	Cayman Brac Emergency Shelter	1,500,000	(30,000)	1,470,000	1,470,000	-
EA 126	New Collector and Arterial Roads	-	-	-	9,000	9,000
EA 127	Doppler Weather Radar	-	150,000	150,000	223,000	73,000
EA 135	Little Cayman Command Centre	150,000	-	150,000	128,000	(22,000)
EA 136	Cemetery Development	1,680,000	-	1,680,000	1,680,000	-
EA 137	Cayman Brac: Farm Wells	50,000	-	50,000	50,000	-
Total Executive Assets		14,565,000	(590,000)	13,975,000	10,110,000	(3,865,000)

Equity Investments		2012/13 Approved Budget	Appropriation Change	Revised Budget 2012/13	2012/13 Forecast	Variance Revised Budget vs. Forecast
		\$'s	\$'s	\$'s	\$'s	\$'s
EI 1	Cayman Airways Limited	5,100,000	-	5,100,000	5,100,000	-
EI 4	Cayman Islands Development Bank	1,000,000	-	1,000,000	1,000,000	-
EI 11	Portfolio of Internal and External Affairs	2,000,000	-	2,000,000	1,794,000	(206,000)
EI 12	Ministry of Education, Training and Employment	13,431,000	1,000,000	14,431,000	15,431,000	1,000,000
EI 21	Judicial	50,000	-	50,000	50,000	-
EI 29	Health Services Authority – Repairs and Replacement of Assets	1,933,000	-	1,933,000	1,063,000	(870,000)
EI 34	Portfolio of Legal Affairs	200,000	-	200,000	200,000	-
EI 36	Cabinet Office	-	-	-	-	-
EI 43	Sister Islands Affordable Housing	160,000	-	160,000	160,000	-
EI 46	University College of the Cayman Islands	241,000	-	241,000	241,000	-
EI 49	Cayman Turtle Farm (1983) Limited	10,500,000	-	10,500,000	10,500,000	-
EI 53	Ministry of Health, Environment, Youth, Sports and Culture	300,000	-	300,000	300,000	-
EI 54	Ministry of Community Affairs, Gender and Housing	156,000	-	156,000	131,000	(25,000)
EI 57	National Housing and Development Trust	2,992,000	-	2,992,000	2,992,000	-
EI 58	Ministry of District Administration, Works, Land and Agriculture	1,100,000	(260,000)	840,000	1,584,000	744,000
EI 59	Ministry of Finance, Tourism and Development	350,000	-	350,000	350,000	-
EI 60	Director of Public Prosecution	300,000	-	300,000	155,000	(145,000)
EI 63	Office of the Premier	254,000	-	254,000	-	(254,000)
EI 64	Health Services Authority-Electronic Verification System	500,000	-	500,000	500,000	-
EI 65	Ministry of Health, Environment, Youth, Sports and Culture - (CINICO)	1,033,000	-	1,033,000	1,033,000	-
EI 66	Audit Oversight Committee	100,000	-	100,000	100,000	-
Total Equity Investments		41,700,000	740,000	42,440,000	42,684,000	244,000
Total Equity Investments and Executive Assets		56,265,000	150,000	56,415,000	52,794,000	(3,621,000)

