



Turks and Caicos Islands

# THE *People's* TERM



## CITIZENS' GUIDE TO **Budget 2021/2022**



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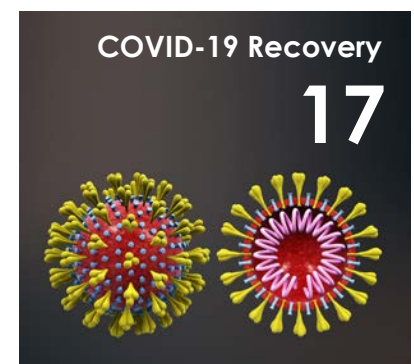
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# Rebuilding Confidence

will encourage investments in tourism and the financial sector, building partnerships and boosting agriculture.

Economic activity is picking up, and we expect to see growth of more than five percent over the next two fiscal years.

In the 2021/22 Budget, our fiscal policy strategy is to provide continued support to the economy, public health services and social programmes without having to resort to large scale borrowing.

The vaccines have helped us prevent the most serious effects of COVID-19 and given us hope that we will beat this pandemic. I urge every islander and visitor to the TCI not to let your guard down.

Be vigilant, follow the COVID-19 protocols, such as social distancing, mask wearing and washing your hands. Together, we can overcome and together we can build a safe, thriving and prosperous TCI.



## Charles Washington Misick

Premier, Minister of Finance Trade and Investment

**T**he COVID-19 pandemic changed life as we knew it. The world faced lockdowns, travel restrictions and hardships.

As a tourism-centred economy, COVID-19 was a severe blow to the TCI. Budget priorities had to be changed and resources had to be redirected. Our reserves were used to pay for testing, additional bed capacity, respiratory and oxygen-generating equipment and treating COVID-19 patients.

We had to take care of the health and social needs of our people and, as much as possible, cushion the economy from the devastating impact of the pandemic.

Despite the uncertainty, we have crafted a Budget to spur economic growth and create jobs. We are pursuing reforms that

**“ Economic activity is picking up, and we expect to see growth of more than five percent over the next two fiscal years. ”**



# EXPLAINING THE BUDGET

The Annual Budget details the amount of money the Government intends to spend during the fiscal year on the economic and social development of the TCI.

The Budget is funded primarily through taxation and fees such as import and customs duties, accommodation, and restaurant taxes. It is also funded through non-taxation measures such as grants from external donors and capital receipts.

The Budget preparation goes through several stages.

- STEP 1** Identifying Government Priorities
- STEP 2** Allocating Resources for New Spends
- STEP 3** Drafting the Fiscal Strategic Policy Statement (FSPS)
- STEP 4** FSPS Approvals - Permanent Secretary/Minister of Finance/Cabinet/ UK FCO-DFID
- STEP 5** Preparation of the Estimates of Expenditure
- STEP 6** Reviews/Challenge/Final Review
- STEP 7** Final Draft of Budget submitted to MoFTI and Cabinet
- STEP 8** Appropriation Bill presented to HoA
- STEP 9** Meetings of the Appropriations Committee
- STEP 10** Budget Debates and Passage

# The House OF ASSEMBLY'S ROLE IN THE BUDGET PROCESS

## WHAT WE PLAN TO SPEND

BUDGET 2021/22  
**\$342.9**  
MILLION



### \$304.2m - Recurrent Expenditure

Day-to-day expenses such as wages and salaries of Government employees, office upkeep, goods, and services.

### \$11.7m - Non-Recurrent Expenditure

One-off expense.

### \$27.0m - Capital Development

Investment in the national infrastructure and implementing major projects.

## BUDGETARY ALLOCATIONS

Public Services (35%)

Health (22%)

Public Order and Safety (16.5%)

Education (10%)

Economic Affairs (7%)

Social Protection (5%)

Environmental Protection (2%)

Housing and Community Amenities (1%)

Recreation, Culture and Religion (1%)

Defense (0.5%)

**T**he Budget process is a critical tool that the HoA uses to conduct oversight of the executive and protect the public purse.

The Budget process allows Government to target limited resources to areas where the impact on the economy and social development is greatest. The HoA's specific oversight role is to ensure that all plans are in line with the Government's policy priorities.



# Allocation by Ministry and Agency

## (Excluding Capital Expenditure)

Total expenditure, priorities and new spend are highlighted.

### \$81.4m – Health and Human Services



- Management of the COVID-19 pandemic and vaccination programme.
- Oxygen generation.
- Fencing of the solid waste facilities.
- Funding for the treatment abroad programme and the indigent population.



### \$27.0m – Ministry of Physical Planning, Infrastructure and Development



- \$8.3m - Economic stimulus (works programme).

### \$40.3m – Education, Employment Services and Sports



Investments in early childhood, primary, secondary, tertiary and vocational education account for 11.8% of Government spending. Priorities include:

- \$300k - Maintenance of recreational/sporting facilities.
- \$800k - Integrating the TVET with the Community Colleges.
- \$1.45m - Transport by school bus and security services for secondary education.
- \$115k - Early childhood education.

## \$20.1m – Ministry of Finance, Trade and Investment



- \$1m - Offshore and Development Finance.
- \$325k - Formation of the Revenue and Statistical Authorities.
- \$778k - Contribution to the Special Development Fund (CDB).
- \$250k - Seed funding for the Credit Union.

## \$35.0m – Statutory Charges (Excluding Capital Expenditure)



- \$13.45m - Property acquisitions.
- \$1.3m - Contingent allocation for claims against Government.
- \$5.0m - Contingency Fund for urgent and unforeseen circumstances.
- \$1.4m - Disaster Risk Insurance.

## \$13.0m – Tourism, Agriculture, Fisheries, Heritage, Religious Affairs and Environment

\$500k to manage the COVID-19 Travel portal.

\$1.25m for marketing of the destination and the establishment of the DMO which will transform the management of the Tourism Industry and create – **A Globally Recognized Destination.**

Product development, training, marketing and public relations strategies will be priorities.

New appointments will include a Project Manager for both the regulatory authority and transition to the DMO, as well as an advisory committee to advise on the progress and ensure wide stakeholder involvement.

### Agricultural Investments



\$1m to upgrade and develop a national nursery at Kew Farm in North Caicos and provide grants to farmers. The Department of Agriculture will:

- Encourage households to produce food with the **Growing TCI Campaign**
- Create a policy framework to develop the industry and provide farmers with infrastructural and training support.
- Equip and furnish the farmers' market.
- Provide new vehicles for the DOA, grants and contributions to farmers.
- Establish an inspection facility at the International Airport to stop incoming pest and disease that could have devastating effects on the agriculture industry.
- Establish an Agriculture/Food Security Advisory Committee to address issues and align the sector with regional and international standards.

## \$18.7m – Home Affairs and Transportation



The ministry will focus on utility regulation, community development and bolstered communication activities.

Social Welfare allocation is \$4.0m. The allocations for home-help increased by 40 percent and welfare benefits increased by 100 percent.



## \$7.3m – Governor's Office

Allocation to the Governor's office for the Bodies of Good Governance – Integrity Commission, Internal and External Audit, Elections Office, Human Rights Commission, Complaints Commission and Financial Intelligence Agency.



## \$3.4m – Office of the Premier

\$1.3m - Policy/Programme Management & Implementation Unit to support all Ministries throughout TCIG.

It will build capacity to effectively scope projects and programmes, provide costing, monitor and evaluate projects to give the people value for money.

## \$3.4m – House of Assembly



## \$13.9m – Immigration and Border Services



- \$6.1m - Customs Department, Repatriation and Detention
  - \$100k for new vehicles for the immigration service.
- Security cameras are to be installed at the gates at the airport in Providenciales.

## \$30.2m – Royal Turks and Caicos Police Force

- \$3.6m is allocated for the SIPT.
- \$500k is provided for ballistic vests to increase the protection of our officers.
- \$1.5 million has been allocated to improve IT Command and control system and radio control for all islands over the next 3 years.



## \$2.0m – National Security/Law and Order

To acquire property, develop the framework and programmes for the training of law enforcement personnel at the National Security Training Academy. Ongoing training for police officers, the military, customs, and immigration officers will be provided.

## \$1.9m – National Security Secretariat – Defense



The National Security Secretariat (NSS) was established to enhance and develop the national security infrastructure of the TCI under the remit of the National Security Council (NSC), which is chaired by the Governor and Premier.

### The NSS will:

- Spearhead the development of a national Law Enforcement Training Academy,
- Develop a whole of Government strategy to build safer communities,
- Assist with the creation of a voluntary Code of Conduct for the private security industry,
- Facilitate a TCI Cyber Security Risk Assessment; and
- Review and revise the National Security Council Ordinance.

## \$1.5m – TCI Regiment



The Turks and Caicos Islands Government passed the TCI Defence Ordinance in December 2020. The ordinance formally establishes the first local Contingent Military Force (TCI Regiment). The TCI Regiment will support protection of the borders, as well as provide humanitarian and disaster relief.

The Regiment comprises six permanent staff including a Commanding Officer. The first recruits, 40 Marine Reserves participated in a two-week on-site basic training programme in July 2021, supported by the UK Royal Marines.

The Regiment should be operational and ready to give support during the 2021 Hurricane Season.



## \$17.4m – Law Courts, AGC, Judiciary and DPP's Office



\$5.1m – Legal Defense expenses in the ongoing SIPT trials.

\$500k - Ongoing arbitration.

\$700k - Civil recovery.

## Grand Turk Lighthouse



# FINANCING THE BUDGET

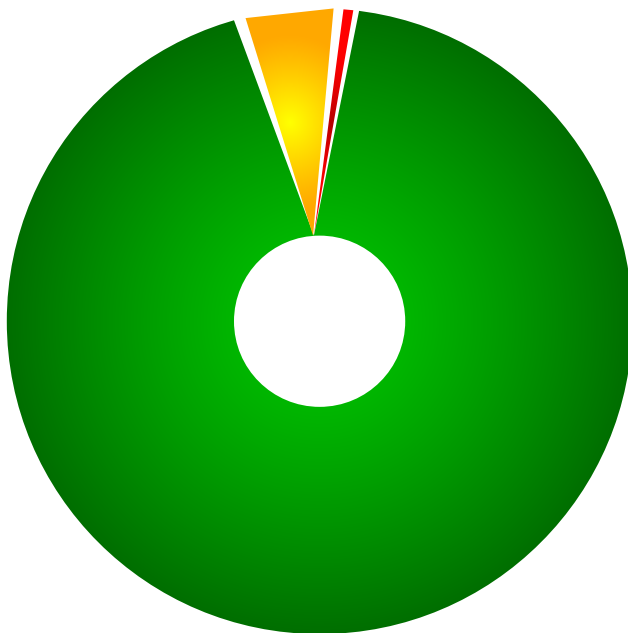


Budget was reviewed by the Appropriations Committee and **PASSED ON JULY 1, 2021.**

Approved by Her Excellency the Acting, Governor on July 2, 2021.

The Budget will be funded from existing revenue streams and through debt financing where necessary.

## Estimated Revenue - **\$274.5m**



**Recurrent Revenue - \$273.1m** represents the revenue from import and customs duties and hotel and restaurant taxes

**Grants from External Donors - \$1m**

**Capital Receipts - \$0.4m**

**OPERATING DEFICIT**  
**Projected Operating Deficit - \$69.5m**  
(to be funded through debt financing)



# Help For The People

When our people are facing severe hardships, the Government has a duty to help ease their burden and give them a hand up.

## \$15.0m - STIMULUS GRANTS

\$1,000 given to everyone over 18 years old who has Turks and Caicos Islands Status or a British Overseas Territory Citizenship, lives in the TCI and registered.

**CHEQUES CAN BE COLLECTED UP TO SEPTEMBER 1, 2021.**

**13,796 Applications Approved**

**12,800 Cheques Collected**

- 52% of the applicants are women
- 42% are between the ages of 21 and 40
- 32.5% of the grant money was used for the payment of household upkeep
- 30.2% for the payment of utilities

## State Of The Economy

### Revenue Projections



Much of the TCI's revenues are linked directly or indirectly to the tourism sector, which is most seriously impacted by the ongoing pandemic. Based on the uncertainties, a conservative approach was used to prepare the Estimates of Revenue.

- \$88.7m - Import and Custom duties.
- \$64.9m - Hotel and Restaurant Taxes.
- \$25.4m - Work permit and Immigration Fees.
- \$45.0m - Stamp duties of Land Transactions.

**(A better than expected performance will reduce the reliance on debt financing to support the estimates.)**

### Banking Sector



December 2020 - Deposits to banks increased by 2.6 percent to \$1.42b and represented 69.6 percent of total liabilities.

Liquidity risk for banks declined with the loans-to-deposits ratio declining by 3.7 percentage points to 59.2 percent. These positive trends are expected to continue.

## S&P Global Ratings



Despite the pandemic, S&P Global Ratings says the TCI has maintained ratings at 'BBB+/A-2' with a stable outlook.

## Construction



The construction sector is forecasted to grow at an average rate of 5 percent between 2021/2023 fueled by:

- Foreign direct investment in major tourism-related and other projects
- An increase in domestic private sector investments and the Government's capital programme.



**T**ourism is the main economic driver and accounts for over 60% of GDP. Tourism is one of the sectors most affected by the COVID-19 pandemic.

Restaurants, tour operators, taxi drivers, hotels and other businesses suffered from the COVID-19 restrictions, closed airports, low travel, low revenue, loss of income.

The TCI opened to international travel in July of 2020. Arrivals have increased from 48,275 between July and December 2020 to over 129,373 between January and May 2021.

Airlines are flying at over 65% capacity and plan to add new flights.

Tourism arrivals are expected to return to pre-COVID-19 levels in FY 2022-23.

The Grand Turk Cruise Port is expected to reopen during the fourth quarter of 2021.

4,700 rooms are available on the islands with scores more to come on stream.



## Tax Collection



One positive sign of economic resurgence is that April to July showed the highest level of tax collected – approximately \$95.0m.

## Public Debt

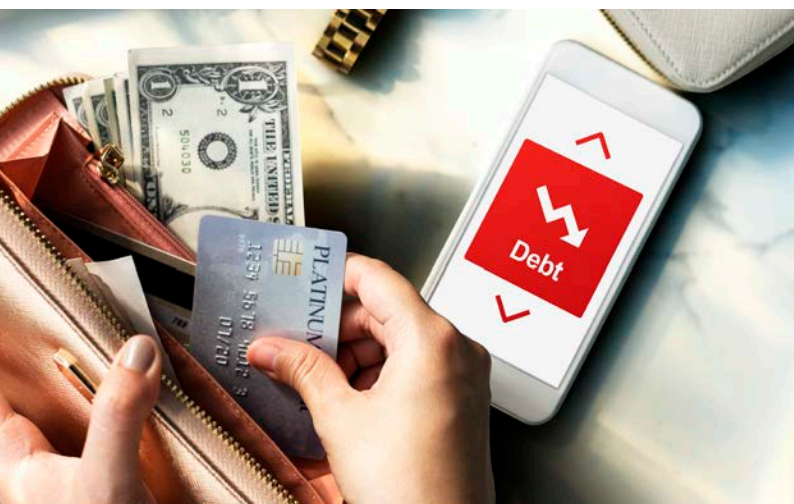
Due to the impact of COVID-19 on tourism, a shortfall in revenues is anticipated. The gap will be covered through loans.

### Projected Loan Requirements

- \$60m - FY 2021/22.
- \$20m - FY 2022/23.
- \$20m - FY 2023/24.

**Total of \$100m over three years.**

The TCIG plans to refinance its existing \$80m (unused) credit facility with Republic Bank with a new loan package to fund its requirement over the next three years.



## Debt Service

**OUTSTANDING PUBLIC DEBT - \$838,769.**

**DEBT SERVICE**  
will remain below  
**ONE percent of GDP in**  
**2021-22 and 1.35**  
**percent in GDP 2022-23.**

## Economic Growth



The economy is forecasted to grow by more than 5 percent in 2021 and continue this trend into 2022.

# \$30.7m - Infrastructure Projects

- \$14.2m represents new spending.
- \$12.5m for ongoing commitments.
- \$4m from the Infrastructure Improvement Account exclusively for projects in Grand Turk.

## Redevelopment of Ports



\$1.25m - to improve the Port at the Bellefield Landing in North Caicos. The works will include the construction of a new boat slip at the port facility and improvements to the existing breakwater for use by ferries and private watercrafts. When the work is completed, it will make it safer for our boaters travelling between PLS and North Caicos.

\$6.3m - stages 1 and 2 of redevelopment work on the South Dock Port in Providenciales (Project to cost \$32m).

\$1.25m - rehabilitation of the South Caicos Port which was damaged by Hurricane Maria.

## The Turks & Caicos Islands Airport's Authority (TCIAA)



- \$9.4m to complete the airport terminal in South Caicos. This includes a temporary facility while the main terminal is built and fencing to secure the airport property.
- \$2.3m to complete and equip the Head Office Building in Providenciales which will improve the working space for staff.
- \$4.5m for the construction of the Providenciales Control Tower and combined services building.
- \$1.2m for the procurement of an airside walkway canopy to accommodate the COVID-19 protocols.
- \$4.5m - Various projects.

\$12m recurrent expenditure for maintenance on the runways at Grand Turk and Providenciales airports to ensure that our main airports are kept up to international and regulatory standard.

**TCIAA Airport Master Plan and capacity of the major airports are being reviewed to determine development and design concepts, operational structure and affordability.**

The space and facilities must be adequate for domestic and international travel and can meet the demands of TCI's vital tourism industry.



## Modern E - Government

\$2.0m – To build out support systems for digitalization and e-Government platforms. A mandatory electronic ID card will give everyone a secure online identity to conduct business with the Government.

Online databases and connectivity among departments will help to streamline operations, create efficiencies and make it easier to do business with government.



## TCIG Public Service Pension and Terminal Benefits



Employees will have financial security after retirement with the reintroduction of the Turks and Caicos Islands Government (TCIG) Pension Scheme and Terminal Benefits package.

Cabinet has agreed to implement a 'Multi-Employer Defined Contribution' Pension Scheme. This would give private residents, entrepreneurs, and private businesses the option to enrol in the plan. This will broaden the contribution base and lower the risk to the Government.

\$2.0m allocated as 'seed' financing to provide a long-term sustainable retirement plan for Public Servants and persons who serve on statutory and other bodies.

\$55k to engage a consultant to help set up the fund and draft the necessary policy and legislation.

The Deputy Governor will lead the process to finalize the design of the pension plan, engage stakeholders including the Civil Service Association (CSA), agree on the contribution rate, decide on the governance and administration structure of the fund and draft the necessary policy and legislation.

# Islands In Focus



## GRAND TURK

- \$1.5m – Water Storage Distribution Facility
- \$880k – Mechanical Workshop
- \$432k – Sports Complex and Shelter
- \$350K – New Block - High School

## NORTH CAICOS

- \$1.3m – Technical Block - Raymond Gardiner High School
- \$1.1m – Art Block and Furniture
- \$300k – DECR Lab

## SALT CAY

- \$650k – Reconstruction Matthew Canal

## SOUTH CAICOS

- \$650k – Reconstruction Harkless
- \$400k – Furniture

## PROVIDENCIALES

- \$2.5m – Training Academy
- \$6.5m – South Dock Port
- \$2.5m – New Primary School
- \$760k – Enid Capron Primary School
- \$695k – Installation of water lines
- \$400k – Ianthe Pratt Primary School
- \$200k – Pond Five Cays
- \$200k – DECR Labs





# RECOVERING FROM COVID-19

COVID-19 continues to cast a shadow over the world. There must be increased vigilance against the more easily transmissible and potentially more dangerous variant of the virus, known as the Delta variant. Although, the TCI is recovering well, there is no room for complacency. It is critical that everyone gets vaccinated to protect themselves from serious illness or death.

The TCI has been provided with COVID-19 vaccines by the Foreign, Commonwealth & Development Office (FCDO). To date, thousands of doses have been received. Through a Memorandum of Understanding with private sector medical facilities, the Government has made vaccines accessible to all residents of the TCI.

Both doses of the vaccine will be administered to each eligible resident at a cost to the Government of \$80. Over \$716,930 has already been spent on vaccines through NHIP. An additional \$2.0m is allocated in the 2021/22 Budget.

On June 21, Cabinet approved the vaccination of children ages 12-15 with the consent of parents.

Everyone who needs the vaccine can get it at Government operated clinics on all islands, as well as the mobile and private clinics in Providenciales.

The provision of Electronic Vaccine Certificates and Photo ID Vaccination Cards will make international travel easier for residents and for future vaccine data.

Island	Clinic	Days	Time
GRAND TURK	Primary Health Care clinic in Cockburn Town Medical Center	Mondays and Wednesdays	8:00 a.m. - 4:00 p.m.
SOUTH CAICOS	South Caicos Community clinic	Thursdays	8:00 a.m. - 4:00 p.m.
MIDDLE AND NORTH CAICOS	Cecelia Gray-Gardiner Primary Care clinic in Bottle Creek	Wednesdays	9:00 a.m. - 1:00 p.m.
PROVIDENCIALES	<b>Government</b> Primary Health Care Clinic at Cheshire Hall Medical Center Blue Hills Community Clinic	Mondays - Fridays	2:00 p.m. - 4:00 p.m.
	<b>Private Clinics</b> Omnicare Medical Carolina Medical Family Care Medical Associated Medical Practices Grace Bay Medical	Mondays - Saturdays	By appointments only

Defeating COVID-19 requires the engagement and commitment of Government, community, and individuals.

# TURKS AND CAICOS ISLANDS COVID-19 VACCINE REPORT



MINISTRY OF HEALTH AND  
HUMAN SERVICES



**23,092** persons or **66%** of the adult population (35,000)  
have been fully vaccinated (2 doses).  
Up to 31<sup>st</sup> July, 2021



**25,236**

TOTAL 1ST DOSE  
GIVEN TO DATE

**48,328**

TOTAL JOBS  
ADMINISTERED



A vibrant tropical beach scene. The foreground shows a sandy path leading towards a white sandy beach. To the right, there are several tall palm trees and lush green bushes. In the middle ground, there are white lounge chairs and closed umbrellas on the beach. The ocean is a clear, bright turquoise color, meeting a clear blue sky with a few wispy clouds. The overall atmosphere is bright and sunny.

*Building a Brighter Future Together*

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