



TURKS AND CAICOS ISLANDS



# GOVERNMENT OF THE TURKS AND CAICOS ISLANDS



# MAY 2021 FINANCIAL REPORT

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## KEY POINTS

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- ❖ *The monthly Financial Report for May 2021 shows the actual position against the expected profile based on the 2021-22 provisional estimates as well as the prior year's outturn.*
  - ❖ *The operating balance as at the end of May 2021 was a surplus of \$14.5 million.*
  - ❖ *Development Fund Expenditure for the month totaled \$1.1 million.*
  - ❖ *Outstanding Public Debt stood at \$0.6 million after principal repayments of \$0.2 million.*
  - ❖ *The underlying cash balance was an increase of \$5.9 million bringing Cash and Cash equivalents to a total of \$150.1 million.*
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## OVERVIEW

One year into the Covid-19 Pandemic, Government's responses has been substantial in mitigating the contraction in economic activity while providing relief for citizens and businesses alike. However, it is these responses along with the significant fallout in revenue which resulted in TCIG ending the previous financial year with a deficit of \$66 million and an \$87 million reduction in cash reserves. Entering this new financial year against this backdrop, fiscal policy priorities will include continuing support as needed while, introducing new and strengthening existing macroeconomic strategies and policies that will bolster the country's recovery and ensure sustainable growth and development.

The Estimates of Revenue and Expenditure (the "Estimates") for the financial year (FY) 2021-22 are expected to be approved by the House of Assembly before the end of the first quarter. In the interim, TCIG is operating on a provisional budget equal to one-third the final appropriation for the prior financial year (2020-21).

## OPERATING BALANCE

Net Operating Surplus: **Month \$14.5 million, Year to Date \$27.9 million**

	Month			Variance				Year to Date			Variance			
	Actual	Budget	Prior Year	Budget		Prior Year		Actual	Budget	Prior Year	Budget		Prior Year	
	\$ 000's	\$ 000's	\$ 000's	\$ 000's	%	\$ 000's	%	\$ 000's	\$ 000's	\$ 000's	\$ 000's	%	\$ 000's	%
Recurrent Revenue	33,338.3	-	17,146.4	33,338.3	-	16,191.8	94%	65,911.1	-	35,107.8	65,911.1	-	30,803.3	88%
Recurrent Expenditure	18,639.9	20,931.4	23,599.4	2,291.5	11%	4,959.5	21%	37,831.4	51,738.2	39,754.4	13,906.8	27%	1,923.1	5%
<b>Net Recurrent Surplus</b>	<b>14,698.4</b>	<b>(20,931.4)</b>	<b>(6,453.0)</b>	<b>35,629.7</b>	<b>(170%)</b>	<b>21,151.3</b>	<b>(328%)</b>	<b>28,079.7</b>	<b>(51,738.2)</b>	<b>(4,646.7)</b>	<b>79,818.0</b>	<b>-154%</b>	<b>32,726.4</b>	<b>(704%)</b>
Non-Recurrent Revenue	.0	-	-	.0	-	0.0	-	.0	-	.1	.0	-	(0.0)	(57%)
Non-Recurrent Expenditure	181.4	546.9	336.8	365.5	67%	155.4	46%	191.2	842.6	558.2	651.4	77%	367.0	66%
<b>Net Operating Balance</b>	<b>14,517.0</b>	<b>(21,478.2)</b>	<b>(6,789.8)</b>	<b>35,995.2</b>	<b>(168%)</b>	<b>21,306.8</b>	<b>(314%)</b>	<b>27,888.5</b>	<b>(52,580.9)</b>	<b>(5,204.8)</b>	<b>80,469.4</b>	<b>-153%</b>	<b>33,093.4</b>	<b>(636%)</b>

The Appropriations for the 2021-22 fiscal year have not been passed in the House of Assembly; therefore, no revenue estimates are reflected in this report. Consequently, all comparative analysis for revenue is calculated on last year's results alone. Estimates presented for expenditure are based on a provisional appropriation which was calculated using one third of the Final Appropriation for financial year 2020-21.

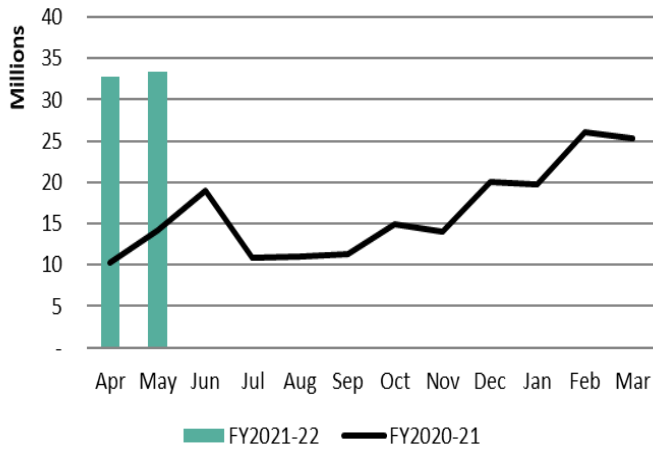
The month of May 2021 recorded an operating surplus of \$14.5 million a vast improvement from the \$6.1 operating deficit recorded during the prior financial year during the beginning stages of the Covid-19 pandemic. This resulted in a Year to date surplus of \$27.9 million, an improvement of \$33.1 million over the prior year's results. The revenue collection for the month was encouraging as the burn-rate has been reduced from a high of \$10 million during the prior year to \$2.1 million as at the end of May.

## CASH FLOW

	Month			Variance				Year to Date			Variance			
	Actual	Budget	Prior Year	Budget		Prior Year		Actual	Budget	Prior Year	Budget		Prior Year	
	\$ 000's	\$ 000's	\$ 000's	\$ 000's	%	\$ 000's	%	\$ 000's	\$ 000's	\$ 000's	\$ 000's	%	\$ 000's	%
<b>Cash Flow from Operations</b>	<b>14,335.6</b>	<b>(21,999.6)</b>	<b>(7,126.6)</b>	<b>36,335.2</b>	<b>(165%)</b>	<b>21,462.2</b>	<b>(301%)</b>	<b>27,707.1</b>	<b>(53,102.2)</b>	<b>(5,541.6)</b>	<b>80,809.3</b>	<b>(152%)</b>	<b>33,248.8</b>	<b>-600%</b>
<b>Less:</b>														
Development Fund Expenditure	(1,128.9)	(2,295.5)	(2,075.5)	1,166.6	-	946.6	-	(2,242.4)	(2,295.5)	(2,075.5)	53.1	-	(166.9)	-
Debt Repayments	-	-	-	-	-	-	-	(230.1)	(834.1)	(834.1)	604.0	(72%)	604.0	(72%)
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bond Inflows	21.6	21.6	(23.1)	-	-	44.8	-	21.6	21.6	(23.1)	-	-	44.8	-
Transfers from/(to) NWF	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net receipts/(payments) of public accounts	(7,445.2)	-	1,440.9	(7,445.2)	-	(8,886.0)	(617%)	2,396.5	-	5,724.7	2,396.5	-	(3,328.2)	(58%)
<b>Net Cash Flow</b>	<b>5,783.1</b>	<b>(24,273.5)</b>	<b>(7,784.4)</b>	<b>30,056.6</b>	<b>(124%)</b>	<b>13,567.5</b>	<b>(174%)</b>	<b>27,652.8</b>	<b>(56,210.2)</b>	<b>(2,749.7)</b>	<b>83,863.0</b>	<b>(149%)</b>	<b>30,402.5</b>	<b>(1106%)</b>

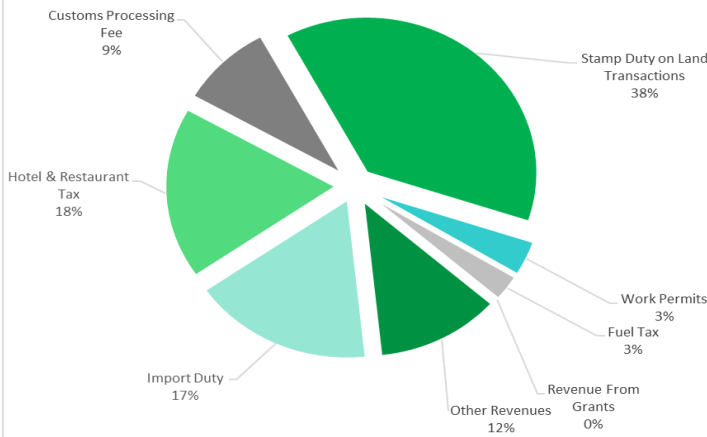
The month of May saw an increase in the underlying cash balance, inclusive of Development Fund expenditure, by \$5.8 million. On a year over year basis, the outturn showed a \$13.6 million increase against the result of the same period last year. As a result, Cash and Cash Equivalents increased from \$122.4 million at the beginning of the financial year to \$150.1 million at the end of May.

## TOTAL REVENUE COLLECTED

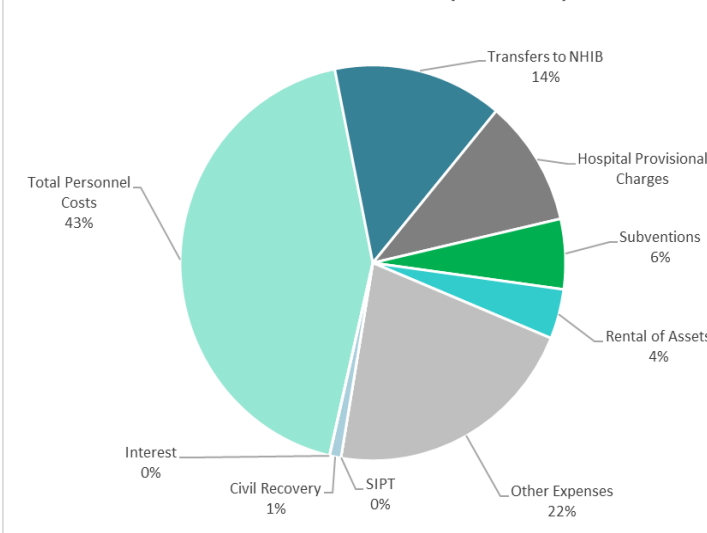


\$33.3 million in revenue was collected for the month of May, against prior year results of \$17.1 million. These collections were promising as all major revenue heads performed near or exceeded their pre-covid levels. Stamp Duty on land transactions most notably totaled \$12.6 million for the month due to the fact that local real estate market has been experiencing an uptick in sales in the luxury Market (>\$1 million). Import duties and Hotel and Restaurant tax also have been seeing significant increases in collections from the first quarter of 2021 where both came in at \$6.0 million and \$5.7 million respectively. They along with Stamp duties accounted for 74% TCIG's revenue for the period.

## REVENUE BY SOURCE (MAY 2021)



## EXPENDITURE BY FUNCTION (MAY 2021)



\$19.0 million was expended during the month of May; 14 % below the projected amount for the period and \$5.3 million or 22% below from the prior year results. The significant variance to the budget is mainly seen in Grants and Contributions and operating expenses such as Local travel and Computer Licenses & Software. This accumulative variance totaled \$1.6 million that accounted for 62% of the underspend in expenditure for the period.

## REVENUE

Recurrent Revenue: **Month \$33.3 million, Year to Date \$66.0million**

RECURRENT REVENUE	Month			Monthly Variance		Year To Date			Year to Date Variance	
	Actual	Budget	Last Year	Budget	Last Year	Actual	Budget	Last Year	Budget	Last Year
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Import Duty	5,666.2	-	1,445.7	5,666.2	4,220.6	10,410.6	-	4,393.3	10,410.6	6,017.3
Hotel & Restaurant Tax	5,976.1	-	518.7	5,976.1	5,457.4	11,585.0	-	614.6	11,585.0	10,970.4
Customs Processing Fee	2,966.4	-	858.6	2,966.4	2,107.8	5,383.8	-	2,226.6	5,383.8	3,157.2
Stamp Duty on Land Transactions	12,649.0	-	-	12,649.0	12,649.0	22,374.8	-	2,109.2	22,374.8	20,265.7
Work Permits	1,214.2	-	5.4	1,214.2	1,208.8	3,081.5	-	729.7	3,081.5	2,351.8
Fuel Tax	902.3	-	218.6	902.3	683.8	1,780.0	-	746.7	1,780.0	1,033.4
Other Revenues	3,964.1	-	14,099.6	3,964.1	(10,135.5)	11,295.3	-	24,287.6	11,295.3	(12,992.3)
<b>TOTAL RECURRENT REVENUE</b>	<b>33,338.3</b>	<b>-</b>	<b>17,146.4</b>	<b>33,338.3</b>	<b>16,191.8</b>	<b>65,911.1</b>	<b>-</b>	<b>35,107.8</b>	<b>65,911.1</b>	<b>30,803.3</b>

*The Appropriations for the 2021-22 fiscal year have not been passed in the House of Assembly; therefore, no revenue estimates are reflected in this report. Consequently, all comparative analysis for revenue is calculated on last year's results alone.*

Recurrent Revenue for the month of May totaled \$33.3 million. On a year-over-year basis, Revenue was up \$16.2 million when compared to the results of the same period last year. The significant increase is due to the rise in collection from Import Duty, Hotel and Restaurant Tax, CPF and Stamp Duty on Land Transactions which suffered tremendously in the prior year due to Covid-19.

***The major Revenue Heads are summarised as follows:***

### Stamp Duty on Land Transactions:

Stamp Duty collected during the month of May, totaled \$12.7 million due to the large number of high value transactions processed during the month. As a result, year to date actuals of \$22.4 million surpassed prior results by \$20.3 million.

Recent concession offered for stamp duties fuel this over-performance as many seized the opportunity to take advantage of what was being offered. According to the Agency's report, over \$125 million in transactions were recorded during the first quarter of 2021 with the luxury Market (>\$1 million) driving 85% of those sales. Coming into the second quarter of 2021 there were over \$170 million in pending real estate transactions. Additionally, according to the report the average value of homes has increase from \$907 thousand to \$1.5 million which is also why the stamp duty outturn has been performing as it has. The sale of land along with the applicable stamp duty does not follow a consistent revenue collection pattern as it is contingent on the amount of high value (>\$1M) transactions during the period that would be subject to stamp duties.

### Hotel & Restaurant Tax:

Hotel & Restaurant Tax receipts for the month of May totaled \$6.0 million, accounting for 18% of the total collections for the month of \$33.3 million. This was against prior year receipts of \$0.5 million, resulting in \$5.4 million positive variance in the current year mainly due to the fact the Tourism Industry has been the hardest hit during this COVID-19 pandemic. However, the improvement in collections during the last three months is definitely a positive sign that hotels and restaurants are reopening and activity is slowly increasing.

Nevertheless, as part of its measures to combat the economic fallout as a result of the COVID-19 pandemic, TCIG waived payment of tax which was due and payable on the 21<sup>st</sup> April 2020, in accordance with section 13 (1) of the Hotel, Restaurant & Tourism Tax Ordinance and the payment of any tax which is due and payable on 21<sup>st</sup> May 2020 and 21<sup>st</sup> June 2020, in accordance with section 13 (1) of the HRTT was deferred until 21<sup>st</sup> July 2020.

At this point some uncertainty still remains; but HRTT has shown a positive outcome compared to prior year results. Recent reports show that vaccine rollout has been successful with 32% of the Islands' adult population having been vaccinated in the first 60 days and 51% to date. If the country continue on this trajectory is expected that some of the more stringent measures can be relaxed creating room for increased tourism activity.

Many economic sectors are now recovering as restrictive measures are being eased as vaccinations increase across the globe increase. According to the Caribbean Tourism Organization (CTO) travel in the Caribbean is expected to increase by 20% from pandemic level during 2021. According most recent research on booking data for flights between June 1 and August 31, the Caribbean is the only region poised to have a healthy summer travel season, with bookings for summer also accounting for 81% of 2019 volumes.

### Import Duties:

Import Duties collected for the month of May totaled \$5.7 million. This result was up by \$4.2 million in comparison to the prior year's receipts of \$1.4 million and accounted for 17% of Total Revenue. Year to date actual of \$10.4 million was above prior results by \$ 6.0 million. As the current local economic activities in the island begin to pick up, the need for imported goods relatively increase as tourist related consumption is beginning to increase due to the growth in tourist arrivals.

As part of its measures to combat the economic fallout as a result of the COVID-19 pandemic and mitigate the effects on citizens, TCIG granted relief of duties on Personal Protective Equipment from April 3<sup>rd</sup> – 30<sup>th</sup> 2021.

Revenue forgone as a result of this effort totaled \$0.1 million. While receipts from Import Duties is performing less than optimal a vast improvement has been seen since April in the prior year as borders reopened and economic activity began to slowly increase up to the ending of the month.

### Customs Processing Fees:

Customs Processing Fees (CPF) for May totaled \$3.0 million, which was \$2.1 million above prior year's results due to the increase in Import Duties over the year period. Year to date actuals indicate same as the period where actual revenue totaled \$5.4 million. This result was up by \$3.2 million in comparison to prior year receipts of \$2.2 million. Supermarkets, Utilities/Fuel, Construction and Electrical were the main contributors towards the increase on the year to date improvement compared to prior year results.

### Work Permits:

Receipts from Work Permits totaled \$1.2 million for the month of May and accounted for 4% of total revenue collected. These results were \$1.2 million above the prior year results. Year to date actuals total \$3.1 million compared to prior year outturn of \$0.7 million. The majority of work permit holders are employed in the tourism and hospitality sector which was significantly affected as major hotels and the Cruise Port were closed last year. Even though the Cruise Port remain closed, the TCI is now seeing the re-opening of hotels who are now accommodating the incoming tourist. As a result, employees including work permit holders are needed resulting in the increase in revenue.

### Fuel Tax:

Fuel tax receipts for the month of May were \$0.9 million, an increase of \$0.7 million from the prior year's outturn and accounted for 3% of total revenue. Year to date actuals of \$1.8 million surpassed prior results by \$1.0 million. With the economic activity increasing, there is now more demand for petroleum products in the transportation sector hence the increase in revenue.

**Other Revenue: Month \$4.0 million, Year to date \$11.3 million**

OTHER REVENUE In USD thousands of dollars	Month			Monthly Variance		Year to Date			Year to Date Variance	
	Actual	Budget	Last Year	Budget	Last Year	Actual	Budget	Last Year	Budget	Last Year
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Business Licence renewal	417.2	-	-	417.2	417.2	1,643.9	-	316.1	1,643.9	1,327.7
Communication Tax	430.3	-	225.5	430.3	204.8	817.8	-	769.0	817.8	48.8
Gaming Machine Tax	543.9	-	-	543.9	543.9	854.2	-	-	854.2	854.2
Seaport Departure Tax	-	-	-	-	-	-	-	73.1	-	(73.1)
Telecommunication Licences	234.6	-	-	234.6	234.6	343.9	-	440.1	343.9	(96.2)
Overtime Costs Recovered	362.2	-	163.9	362.2	198.3	470.5	-	171.6	470.5	298.9
Vehicle Licence Renewals	256.3	-	-	256.3	256.3	537.0	-	207.2	537.0	329.8
Permanent Residency Fees	177.8	-	0.6	177.8	177.2	267.2	-	31.9	267.2	235.3
Excess Revenue	0.4	-	13,524.2	0.4	(13,523.8)	3,295.9	-	21,524.2	3,295.9	(18,228.3)
Other Revenues	1,541.3	-	185.4	1,541.3	1,355.9	3,065.0	-	754.3	3,065.0	2,310.7
<b>TOTAL OTHER REVENUE</b>	<b>3,964.1</b>	<b>-</b>	<b>14,099.6</b>	<b>3,964.1</b>	<b>(10,135.5)</b>	<b>11,295.3</b>	<b>-</b>	<b>24,287.6</b>	<b>11,295.3</b>	<b>(12,992.3)</b>

The Appropriations for the 2021-22 fiscal year have not been passed in the House of Assembly; therefore, no revenue estimates are reflected in this report. Consequently, all comparative analysis for revenue is calculated on last year's results alone.

Other Revenues for May totaled \$4.0 million which was below prior year results by \$10.1 million due mainly from excess revenue of \$13.5 million reported in prior year results.

The total for the month consist of \$0.4 million in Business License renewal and Communication Tax and \$0.5 million in Gaming Machine Tax which accounted for 11% and 14% respectively of the Total Other Revenue collected by TCIG for the period. Year to date actuals of 11.3 million was down by \$13.0 million when compared to prior year results mainly from the variance reported for excess revenue.

**Non-Recurrent Revenue: Month \$0.0, Year to date \$0.00**

NON-RECURRENT REVENUE	Month			Monthly Variance		Year To Date			Year to Date Variance	
	Actual	Budget	Last Year	Budget	Last Year	Actual	Budget	Last Year	Budget	Last Year
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Civil Recovery Income	-	-	-	-	-	-	-	-	-	-
Land Sales	-	-	-	-	-	-	-	-	-	-
Revenue From Grants	0.0	-	-	0.0	0.0	0.0	-	0.1	0.0	(0.0)
Insurance Proceeds	-	-	-	-	-	-	-	-	-	-
<b>TOTAL NON-RECURRENT REVENUE</b>	<b>0.0</b>	<b>-</b>	<b>-</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-</b>	<b>0.1</b>	<b>0.0</b>	<b>(0.0)</b>

The Appropriations for the 2021-22 fiscal year have not been passed in the House of Assembly; therefore, no revenue estimates are reflected in this report. Consequently, all comparative analysis for revenue is calculated on last year's results alone.

There were no reported non-recurrent receipts for the month of May.

## EXPENDITURE

Recurrent Expenditure: **Month \$18.8 million, Year to Date \$38.0 million.**

RECURRENT EXPENDITURE	Month					Year To Date			Year to Date Variance	
	Actual	Budget	Last Year	Budget	Last Year	Actual	Budget	Last Year	Budget	Last Year
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Total Personnel Costs	8,212.4	8,550.4	7,825.5	338.0	(386.9)	16,136.5	17,160.7	15,517.0	1,024.1	(619.5)
Transfers to NHIB	2,705.7	2,771.2	2,771.2	65.5	65.5	5,477.0	5,542.4	5,542.4	65.5	65.5
Hospital Provisional Charges	1,967.9	1,734.9	3,052.3	(232.9)	1,084.4	4,782.0	4,781.4	4,787.6	(0.7)	5.5
Subventions	1,088.0	1,052.7	1,518.1	(35.2)	430.2	2,579.0	2,986.5	3,393.2	407.4	814.2
Rental of Assets	773.5	462.0	420.7	(311.5)	(352.9)	888.3	989.0	859.5	100.8	(28.8)
Other Expenses	4,073.8	6,881.4	8,348.4	2,807.7	4,274.6	8,149.9	20,799.6	9,991.5	12,649.7	1,841.6
<b>TOTAL RECURRENT EXPENDITURE</b>	<b>18,821.3</b>	<b>21,452.7</b>	<b>23,936.2</b>	<b>2,631.4</b>	<b>5,114.9</b>	<b>38,012.8</b>	<b>52,259.6</b>	<b>40,091.2</b>	<b>14,246.8</b>	<b>2,078.5</b>

*The Appropriations for the 2021-22 Fiscal year have not been passed in the House of Assembly; therefore, estimates presented for expenditure are based on a provisional appropriation which was calculated using one third of the Final Appropriation for financial year 2020-21.*

Recurrent expenditure for the month of May totaled \$18.8 million and was \$5.1 million or 12% below the estimate and 21% million from the prior year's outturn.

Of the total Expenditure, Personnel Costs accounted for 42% totaling \$8.2 million down \$0.3 million from the budget while exceeding the prior year's results by 5%. Transfers to NHIB totaled \$2.7 million for the month which was on par with the prior year's results but below budget by a marginal 2%. Hospital Provisional charges for the month totaled \$2.0 million which slightly above estimates by 13% while 36% below the prior year's outturn. Subventions totaling \$1.1 million for month, which was above the budget by \$0.03 million and below prior year's results \$0.4 million respectively. The variance to budget is mainly due to timing differences between profiled and actual expenditure.

Other Recurrent Expenditure: **Month \$4.1 million, Year to date \$8.1 million**

OTHER RECURRENT EXPENDITURE	Month					Year to Date			Year to Date Variance	
	Actual	Budget	Last Year	Budget	Last Year	Actual	Budget	Last Year	Budget	Last Year
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operating Expenses	767.0	858.8	896.0	91.8	129.0	984.5	2,557.6	1,210.3	1,573.1	225.8
Maintenance Expenses	237.6	769.5	803.9	531.9	566.3	942.0	1,828.4	1,021.2	886.3	79.1
Professional and Consultancy Services	138.4	359.3	190.0	221.0	51.7	358.4	903.0	296.2	544.6	(62.2)
Grants and Contributions	326.0	1,694.0	4,414.5	1,368.0	4,088.6	940.0	4,734.9	4,484.0	3,794.9	3,544.0
Utilities	239.7	199.2	359.8	(40.5)	120.1	434.3	820.9	593.5	386.6	159.2
Other Recurrent Expenditure	2,365.0	3,000.5	1,684.1	635.4	(681.0)	4,490.7	9,954.8	2,386.3	5,464.1	(2,104.4)
<b>TOTAL OTHER RECURRENT EXPENDITURE</b>	<b>4,073.8</b>	<b>6,881.4</b>	<b>8,348.4</b>	<b>2,807.7</b>	<b>4,274.6</b>	<b>8,149.9</b>	<b>20,799.6</b>	<b>9,991.5</b>	<b>12,649.7</b>	<b>1,841.6</b>

*The Appropriations for the 2021-22 Fiscal year have not been passed in the House of Assembly; therefore, estimates presented for expenditure are based on a provisional appropriation which was calculated using one third of the Final Appropriation for financial year 2020-21.*

The expenditure for the month reflected unavoidable spending. The significant variance to the budget is mainly seen in Grants and Contributions and Maintenance expenses. During the month of May \$0.6 million was spent

compared to budget of \$2.5 million. As a result, actual expenditure for the month totaled \$4.1 million which was \$2.8 million below budget and \$4.3 million prior year results. Year to date actuals of \$8.1 million was below estimates by \$12.6 million.

**Non-Recurrent Expenditure: Month \$0.2 million, Year to date \$0.2 million**

NON-RECURRENT EXPENDITURE	Month			Monthly Variance		Year To Date			Year to Date Variance	
	Actual	Budget	Last Year	Budget	Last Year	Actual	Budget	Last Year	Budget	Last Year
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Statutory Land Acquisitions	-	13.3	-	13.3	-	-	26.7	-	26.7	-
SIPT	-	314.3	285.9	314.3	285.9	-	314.3	285.9	314.3	285.9
Civil Recovery	181.4	207.0	50.9	25.6	(130.5)	181.4	207.0	207.0	25.6	25.6
Covid-19 Expense	-	-	-	-	-	-	-	-	-	-
Contingency	-	-	-	-	-	-	270.3	-	270.3	-
Interest	-	12.2	-	12.2	-	9.8	24.4	65.4	14.5	55.5
<b>TOTAL NON-RECURRENT</b>	<b>181.4</b>	<b>546.9</b>	<b>336.8</b>	<b>365.5</b>	<b>155.4</b>	<b>191.2</b>	<b>842.6</b>	<b>558.2</b>	<b>651.4</b>	<b>367.0</b>

*The Appropriations for the 2021-22 Fiscal year have not been passed in the House of Assembly; therefore, estimates presented for expenditure are based on a provisional appropriation which was calculated using one third of the Final Appropriation for financial year 2020-21.*

Non-Recurrent Expenditure results for the month of \$0.2 million, consisted primarily of Civil Recovery related expenses. Results were below budget by \$0.03 million and above prior year by \$0.1 million. Year to date actuals of \$0.2 million was behind estimates and prior year results by \$0.7 million and \$0.4 million respectively.

## PUBLIC DEBT

Public Debt	Opening	May 31, 2021	
	1-May-21	Principal Repayment	Outstanding Principal
Debt Type	\$ 000's	\$ 000's	\$ 000's
TCIG Loans - Unsecured	838.8	(2,182.6)	608.7
<b>Total Outstanding Public Debt</b>	<b>838.8</b>	<b>(2,182.6)</b>	<b>608.7</b>

TCIG's outstanding debt as at 31st May 2021 was \$0.6 million. Total principal debt repayment for the year was \$0.2 million while total finance costs for the year was \$9.8 thousand. There were no new borrowings during the financial year, neither were there any drawdowns of previously approved borrowings.

During the month of December an agreement was reached with the Republic Bank Limited to make available an \$80 million revolving credit facility. No drawdowns have been carried out to date.

## HUMAN RESOURCE MANAGEMENT

### Employees

There were 2,024 people employed by TCIG at the end of May 2021 consisting of 272 waged employees as well as 1,752 monthly paid employees, exclusive of the Royal Turks and Caicos Police Force, with 284 vacancies existing throughout the civil service.

### Pensioners

The total number of Pensioners at the end of May 2021 were 309.

## DEVELOPMENT FUND (DF)

To date, the total amount spent on capital projects amounted \$1.1 million for the month of May and these relates mainly to capital projects approved in the previous financial year as there were no reported estimates for the period. This was mainly being spent on the construction, renovation & upgrading of Government's buildings, of which \$0.3 million was spent on schools throughout the islands.

## NATIONAL WEALTH FUND (NWF)

The balance in the NWF as at May 31, 2021 stood at \$25.9 million. No transfers to the fund are expected during this financial year.

## NATIONAL FORFEITURE FUND (NFF)

The National Forfeiture Fund had a balance of \$7.1 million as at May 31, 2021.

## FINANCIAL OUTLOOK

In the World Bank's latest Global Economic Prospects report, it is forecasted that the world economy will grow 5.6% this year, up from the 4.1% it forecast in January. The projected expansion would make 2021 the fastest year of growth globally since 1973's 6.6%. Similarly, experts are expecting the Turks and Caicos Islands to experience at worst a 2% growth.

Government, revenue generation has shown significant growth from the months of December to May with revenue collection for the first two months of the financial year surpassing even the pre-covid levels. The country is now reopened and the uptick in both revenue generation and government spending are expected to continue. It is especially promising noting the activity in the real estate markets during these first five months of 2021.

The rapid rollout of effective vaccines & the easing of Public health restrictions, offers hope of a swifter and more sustained economic recovery. While we are still faced with an overall economy that will still be slightly weaker in the near-term than pre-covid levels, it is also rebounding faster than anticipated at the beginning of the year, driven by a rebound in consumption and given a further boost by a partial rundown of household savings built up over consecutive lockdowns.

Despite this, the uncertainty around the economic outlook remains, with the course of the pandemic still the greatest single risk. Any setbacks in the rollout of the vaccines, the emergence of new vaccine-resistant variants, or reduced compliance with residual public health restrictions could result in more adverse consequences for the economy in the short and medium term. As a result, Cash flow management will still remain an urgent requirement. Actively monitoring revenue collection, cash balance position and cash flow requirements remains at the forefront of the Treasury's immediate agenda to safeguard TCIG's liquidity position.

Within this context, the Government continues to act decisively in the national interest. This is being done whilst continuing to provide value for money as well as an efficient and effective public service. TCIG will also continue to focus on prudent expenditure management as well as strengthening and broadening the revenue enhancement efforts especially during these uncertain times.