



TURKS AND CAICOS ISLANDS



GOVERNMENT OF THE TURKS AND CAICOS ISLANDS



JULY 2021

FINANCIAL REPORT

Contents

- KEY POINTS.....2
- OVERVIEW.....2
- OPERATING BALANCE.....3
- REVENUE.....4
 - Stamp Duty on Land Transactions:5
 - Hotel & Restaurant Tax:.....6
 - Import Duties:6
 - Work Permits:.....7
 - Fuel Tax:7
- EXPENDITURE.....8
- PUBLIC DEBT.....2
 - Employees.....0
 - Pensioners.....0
- DEVELOPMENT FUND (DF)0
- NATIONAL WEALTH FUND (NWF)1
- NATIONAL FORFEITURE FUND (NFF).....1
- FINANCIAL OUTLOOK.....2

KEY POINTS

- ❖ *The monthly Financial Report for July 2021 shows the performance against Estimates and the prior year's performance.*
 - ❖ *The net operating surplus as at the end of July 2021 totaled \$42.9 million.*
 - ❖ *Development Fund Expenditure for the month totaled \$2.7 million.*
 - ❖ *Outstanding Public Debt stood at \$0.6 million after principal repayments of \$0.2 million.*
 - ❖ *The underlying cash balance increased by \$40.7 million bringing Cash and Cash equivalents to a total of \$162.4 million at the end of July.*
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OVERVIEW

Over a year into the Covid-19 Pandemic, Government's responses have 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 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 was approved in the House of Assembly on July 1, 2021.

OPERATING BALANCE

Net Operating Surplus: **Month \$6.5 million, Year to Date \$42.9 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	32,545.5	22,396.8	10,890.7	10,148.7	45%	21,654.8	199%	129,337.9	104,657.5	54,253.2	24,680.4	24%	75,084.8	138%
Recurrent Expenditure	17,435.1	29,857.9	18,929.6	12,422.7	42%	1,494.4	8%	75,476.8	97,637.6	81,201.8	22,160.8	23%	5,725.0	7%
Net Recurrent Surplus	15,110.4	(7,461.0)	(8,038.9)	22,571.4	(303%)	23,149.2	(288%)	53,861.1	7,019.9	(26,948.7)	46,841.2	667%	80,809.8	(300%)
Non-Recurrent Revenue	86.5	63.2	42.0	23.3	37%	44.5	106%	419.2	193.6	197.3	225.6	117%	221.9	113%
Non-Recurrent Expenditure	8,664.5	2,664.4	259.7	(6,000.1)	(225%)	(8,404.9)	(3237%)	11,368.4	6,928.9	828.0	(4,439.5)	(64%)	(10,540.4)	(1273%)
Net Operating Balance	6,532.3	(10,062.3)	(8,256.5)	16,594.6	(165%)	14,788.9	(179%)	42,911.9	284.6	(27,579.4)	42,627.3	14979%	70,491.3	(256%)

The month of July 2021 recorded an operating surplus of \$6.5 million. This was \$16.6 million ahead of the budgeted deficit of \$10.0 million resulting in a year to date outturn which was \$42.6 million ahead of the estimates. This significant variance to estimates is equally due to the strong performance in revenue collections to date as well as timing differences between actual and profiled expenditure.

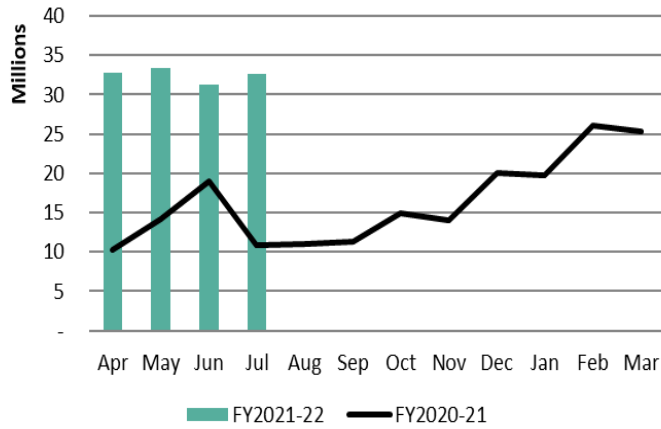
On a year over year basis, an improvement of \$14.8 million was recognized over the \$8.3 million deficit recorded in July of 2020. This resulted in the year to date outturn of \$42.9 million being up \$70.5 million from the deficit recorded during the prior year.

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	%
Cash Flow from Operations	6,532.3	(10,062.3)	(8,256.5)	16,594.6	(165%)	14,788.9	(179%)	42,911.9	284.6	(27,579.4)	42,627.3	14979%	70,491.3	-256%
Less:														
Development Fund Expenditure	(2,729.7)	(1,207.3)	(2,105.9)	(1,522.4)	126%	(623.8)	30%	(7,131.6)	(8,182.1)	(7,598.7)	1,050.5	(13%)	467.1	(6%)
Debt Repayments	(21.7)	(21.7)	(271.7)	-	-	250.0	(92%)	(251.8)	(501.8)	(1,105.8)	250.0	(50%)	854.0	(77%)
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bond Inflows	-	-	-	-	-	-	-	21.6	-	183.6	21.6	-	(162.0)	(88%)
Transfers from/(to) NWF	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net receipts/(payments) of public account	(3,867.7)	-	1,905.3	(3,867.7)	-	(5,773.0)	(303%)	5,166.8	-	7,116.2	5,166.8	-	(1,949.5)	(27%)
Net Cash Flow	(86.9)	(11,291.3)	(8,728.8)	11,204.5	(99%)	8,642.0	(99%)	40,716.8	(8,399.4)	(28,984.1)	49,116.2	(585%)	69,700.9	(240%)

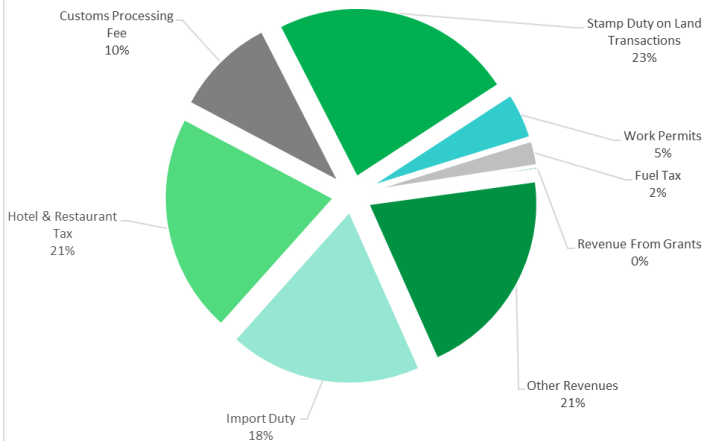
On a year over year basis, the outturn showed a \$8.6 million increase against the result of the same period last year. As a result, Cash and Cash Equivalents increased from \$121.7 million at the beginning of the financial year to \$162.4 million at the end of July. The results to date also reflects Development fund expenditure of \$7.1 million, Debt servicing of \$0.3 million as well as Net receipts of \$5.2 million comprising accumulated depreciation of \$2.0 million, National Forfeiture Fund net receipts of \$0.2 million, and a net increase in accounts payable of \$3.0 million.

TOTAL REVENUE COLLECTED

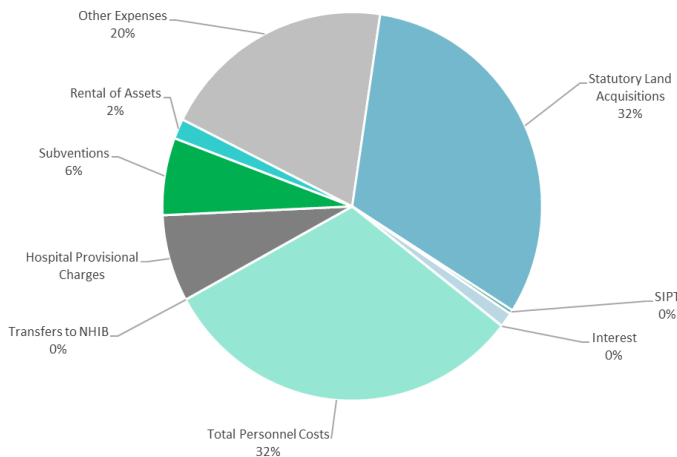


\$32.6 million in revenue was collected for the month of July, a gain of \$10.1 million when compared to the estimates and \$21.7 million in comparison to the prior year's results. This performance was led by the collection of Stamp Duty on Land Transactions which continues to outperform the budget forecast. Import duties and Hotel and Restaurant tax have also been seeing significant increases in collections from the first quarter of 2021 coming in at \$6.0 million and \$6.9 million respectively. They along with Stamp duties accounted for 63% of TCIG's revenue performance for the month of July.

REVENUE BY SOURCE (JULY 2021)



EXPENDITURE BY FUNCTION (JULY 2021)



\$17.4 million was expended during the month of July; 20% below the projected amount for the period while \$6.9 million or 36% up from the prior year results. The variance to the budget is mainly seen in Transfers to NHIB as no payment was processed during the month of July. Additionally, nearly all other recurrent expenses with the exception of Grants & Contributions came in significantly below the estimates primarily due to timing differences between actual and profiled expenditure. There was significant non-recurrent expenditure during the month primarily due to a one-off payment for statutory land acquisition.

REVENUE

Recurrent Revenue: **Month \$32.5 million, Year to Date \$129.3 million**

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	5,965.1	5,011.5	2,874.1	953.6	3,091.0	23,118.6	16,560.5	10,098.8	6,558.2	13,019.9
Hotel & Restaurant Tax	6,896.8	6,408.8	152.5	488.0	6,744.4	24,950.2	23,423.9	912.5	1,526.3	24,037.7
Customs Processing Fee	3,168.3	2,505.7	1,630.2	662.5	1,538.1	11,825.1	8,665.7	5,465.9	3,159.3	6,359.2
Stamp Duty on Land Transactions	7,622.4	2,655.0	568.6	4,967.5	7,053.8	36,543.4	30,890.5	11,157.9	5,652.9	25,385.6
Work Permits	1,432.3	1,782.4	1,169.8	(350.1)	262.5	6,220.6	5,825.2	3,102.1	395.4	3,118.4
Fuel Tax	770.6	740.4	492.1	30.2	278.5	3,576.3	2,656.6	1,857.6	919.7	1,718.7
Other Revenues	6,690.0	3,293.0	4,003.5	3,397.0	2,686.5	23,103.7	16,635.2	21,658.4	6,468.6	1,445.3
TOTAL RECURRENT REVENUE	32,545.5	22,396.8	10,890.7	10,148.7	21,654.8	129,337.9	104,657.5	54,253.2	24,680.4	75,084.8

Recurrent Revenue for the month of July totaled \$32.5 million compared to estimates of \$22.4 million. Revenue collection exceeded estimates by 45% in the current period and triple the amount on a year-over-year basis. Comparing results to prior year shows significant improvement in collection from Import Duty, Hotel and Restaurant Tax, CPF and Stamp Duty on Land Transactions and Fuel Tax which contributed to more than 82 percent of the revenue collection during the month of July. The results continue to be encouraging as they signal a significant change in local economic activities.

The major Revenue Heads are summarised as follows:

Stamp Duty on Land Transactions:

Stamp Duty collected during the month of July, totaled \$7.6 million compared to budget of \$2.7 million. Revenue collected from Stamp Duty has shown a positive trend since the beginning of the financial year due to the large number of high value transactions processed. As a result, year to date actuals of \$36.5 million surpassed both budget and prior year results by \$5.7 million and \$25.4 million respectively and is showing the highest intake for Stamp duty in recent years.

According to Sotheby's Turks & Caicos 2nd Quarter 2021 Market Report, over \$328 million in transactions were closed during the first half of 2021 which, in very good years, would normally be the yearly total. Additionally, according to The Agency (Turks & Caicos) Q2 Market report, the historic second quarter saw over \$187 million in sales with an additional \$427 million in sales pending or conditional. The luxury Market (>\$1 million) drove 77% of those sales as the average price of homes has increase from \$907 thousand to \$1.2 million, with the average price for the luxury market being \$2.8 million. This is also why the stamp duty outturn has been performing as it has. Stamp duty 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 July totaled \$6.9 million against estimates and prior year receipts of \$6.4 million and \$0.1 million respectively, and accounted for 21% of the total collections for the month. This was the highest performance since the onset of the pandemic and since the beginning of financial year 2021/22. The Tourism Industry has been one of the hardest hits during this COVID-19 pandemic resulting in a shortfall over the year period. However, revenue collections have been improving since the 4th Quarter of 2020, when hotels and restaurants gradually reopened.

HRTT has shown a vast improvement over the year with \$25.0 million collected at year to date. The revenue collection has exceeded that of prior year by \$24.0 million due to the increase in tourist arrivals as Hotels and Restaurants are now fully opened. Recent reports show that vaccine rollout has been successful with 69-70% of the Islands' adult population having been vaccinated to date. This area however, remains the most vulnerable. This especially with the emergence of the delta variant and in the recent increases in covid-19 cases both locally and internationally which have seen governments putting in place new restrictive measures.

Import Duties:

Import Duties collected for the month of July totaled \$6.0 million. This result was up by \$1.0 million in comparison to the budget and \$3.1 million when compared to the prior year's receipts of \$2.9 million. Year to date actuals of \$23.1 million was up \$6.6 million when compared to the budget and above prior results by \$13.0 million. As the current local economic activities in the island continue 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.

Customs Processing Fees:

Customs Processing Fees (CPF) for July totaled \$3.2 million, which was \$0.7 million above budget and \$1.5 million above prior year's results. The increase in revenue from CPF was expected due to the increase in Import Duties over the year period. Year to date actuals indicate the same as the period where actual revenue totaled \$11.8 million. This result was up by \$6.4 million in comparison to prior year receipts of \$5.5 million and \$3.2 against the budget. 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 totaling \$1.4 million for the month of July and accounted for 4% of total revenue collected. These results were \$0.4 million below budget whilst \$0.3 million above prior year results. Year to date actuals totaled \$6.2 million compared to a budget of \$5.8 million and prior year outturn of \$3.1 million. Most 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 has seen the full re-opening of hotels which are accommodating large tourist arrivals.

Fuel Tax:

Fuel tax receipts for the month of July were \$0.8 million, an increase of \$0.3 million from the prior year's outturn and \$0.03 million compared to budget. Revenue collected from Fuel tax accounted for 2% of total revenue but has shown positive results up to the end of July where year to date actuals of \$3.6 million surpassed prior results by \$1.7 million and budget by \$0.9 million. With the economic activity on the rise, there is now more demand for petroleum products in the transportation sector hence the increase in revenue.

Other Revenue: *Month \$6.7 million, Year to date \$23.1 million*

OTHER REVENUE <small>In USD thousands of dollars</small>	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	195.7	129.2	437.1	66.5	(241.5)	2,165.9	1,537.8	1,290.9	628.1	875.0
Communication Tax	371.6	353.9	320.1	17.7	51.5	1,609.8	1,519.1	1,284.5	90.7	325.3
Gaming Machine Tax	436.0	261.2	-	174.8	436.0	1,732.1	966.4	-	765.7	1,732.1
Seaport Departure Tax	-	-	-	-	-	-	-	73.1	-	(73.1)
Telecommunication Licences	234.2	261.7	62.2	(27.5)	172.0	811.1	1,085.2	583.1	(274.1)	228.0
Overtime Costs Recovered	170.9	201.8	115.0	(30.8)	56.0	883.1	474.0	401.2	409.1	482.0
Vehicle Licence Renewals	255.4	134.8	199.1	120.6	56.3	1,041.6	561.1	653.3	480.5	388.3
Permanent Residency Fees	409.3	134.9	108.8	274.5	300.6	935.5	614.9	383.8	320.6	551.8
Excess Revenue	2,580.6	153.5	1,672.0	2,427.0	908.5	6,765.8	3,909.7	12,532.5	2,856.2	(5,766.7)
Other Revenues	2,036.4	1,662.2	1,089.2	374.2	947.1	7,158.6	5,966.9	4,455.9	1,191.7	2,702.7
TOTAL OTHER REVENUE	6,690.0	3,293.0	4,003.5	3,397.0	2,686.5	23,103.7	16,635.2	21,658.4	6,468.6	1,445.3

Other Revenues for July totaled \$6.7 million which was above both budget and prior year results by \$3.4 million and \$2.7 million.

The total for the month consists mainly of \$0.4 million in Communication Tax and Gaming Machine Tax and Permanent Residency Fees as well as \$2.6 million in Excess Revenue which accounted for 39% of the other revenues collected by TCIG for the period. The excess revenue comprises \$2.0 million in Returns from the Financial Services Commission and \$0.6 million in returns from the Civil Aviation Authority. Year to date actuals of \$23.1 million was above both estimates and prior year by \$6.5 million and \$1.4 million respectively.

Non-Recurrent Revenue: *Month \$0.09 million, Year to date \$0.4 million*

NON-RECURRENT REVENUE	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
Civil Recovery Income	-	-	-	-	-	-	-	-	-	-
Land Sales	86.5	38.2	42.0	48.3	44.5	419.2	82.3	148.0	336.9	271.2
Revenue From Grants	-	25.0	-	(25.0)	-	0.0	111.3	49.3	(111.3)	(49.2)
Insurance Proceeds	-	-	-	-	-	-	-	-	-	-
TOTAL NON-RECURRENT REVENUE	86.5	63.2	42.0	23.3	44.5	419.2	193.6	197.3	225.6	221.9

Non-recurrent receipts for the month totaled \$0.08 million, primarily from Sale of land. Total collection for the month surpasses both budget and prior year by \$0.02 million and \$0.04 million. Year to date actuals indicate same as month results where actual revenue of \$0.4 million surpass estimates of \$0.2 million.

EXPENDITURE

Recurrent Expenditure: *Month \$17.4 million, Year to Date \$75.5 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	8,215.9	9,136.5	8,011.3	920.6	(204.5)	32,489.5	34,857.1	31,191.4	2,367.5	(1,298.1)
Transfers to NHIB	-	2,691.2	2,771.2	2,691.2	2,771.2	8,082.7	11,004.8	11,084.8	2,922.1	3,002.1
Hospital Provisional Charges	1,888.9	2,276.7	5.0	387.8	(1,883.9)	8,434.8	8,793.0	6,527.9	358.2	(1,906.9)
Subventions	1,679.7	2,562.0	1,127.5	882.3	(552.2)	5,887.8	6,958.1	5,327.8	1,070.2	(560.0)
Rental of Assets	438.0	520.1	437.4	82.1	(0.6)	1,753.2	1,966.4	1,793.1	213.2	39.9
Other Expenses	5,212.7	12,671.4	6,577.2	7,458.7	1,364.5	18,828.8	34,058.3	25,277.0	15,229.5	6,448.1
TOTAL RECURRENT EXPENDITURE	17,435.1	29,857.9	18,929.6	12,422.7	1,494.4	75,476.8	97,637.6	81,201.8	22,160.8	5,725.0

Recurrent expenditure for the month of July totaled \$17.5 million and was \$12.4 million or 42% below the estimates and 8% million below the prior year's outturn.

Of the total Expenditure, Personnel Costs accounted for 37% totaling \$8.2 million down \$0.9 million from the budget while exceeding the prior year's results by 3%. Hospital Provisional charges for the month totaled \$1.9 million. Subvention actuals of \$1.7 million was below budget by \$0.9 million and above prior year by \$0.5 million. No transfer to NHIB were processed during the month. The overall variance to budget is mainly due to timing differences between profiled and actual expenditure.

Other Recurrent Expenditure: **Month \$5.2 million, Year to date \$18.8 million**

OTHER 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
Operating Expenses	700.5	2,210.3	989.4	1,509.8	288.9	2,831.6	5,300.5	2,905.5	2,468.9	73.9
Maintenance Expenses	345.3	1,554.7	1,193.8	1,209.4	848.6	2,225.6	4,120.7	3,154.2	1,895.1	928.6
Professional and Consultancy Services	265.9	1,558.7	608.1	1,292.8	342.1	1,162.3	2,803.3	1,079.2	1,641.0	(83.1)
Grants and Contributions	1,019.8	94.2	1,498.0	(925.6)	478.2	2,270.5	5,293.0	9,364.6	3,022.5	7,094.2
Utilities	340.8	485.5	336.0	144.7	(4.8)	1,035.3	1,496.9	1,240.4	461.6	205.1
Other Recurrent Expenditure	2,540.4	6,768.1	1,951.9	4,227.7	(588.5)	9,303.6	15,043.9	7,533.1	5,740.2	(1,770.5)
TOTAL OTHER RECURRENT EXPENDITURE	5,212.7	12,671.4	6,577.2	7,458.7	1,364.5	18,828.8	34,058.3	25,277.0	15,229.5	6,448.1

The expenditure for the month reflected unavoidable spending. All major heads were significantly below the estimates with the exception of Grants and contributions which exceeded the estimates by \$0.9 million. As a result, actual expenditure for the month totaled \$5.2 million which was \$7.6 million below the budget and down \$1.4 million from the prior year results. Year to date actuals of \$18.8 million was below estimates by \$15.2 million and down \$6.4 million from the prior year. The significant variance to budget is primarily due to timing variances between actual and profiled expenditure. It is expected that the expenditure will normalize as the year progresses.

Non-Recurrent Expenditure: **Month \$8.7 million, Year to date \$11.4 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	8,257.8	1,490.0	-	(6,767.8)	(8,257.8)	8,257.8	1,530.0	-	(6,727.8)	(8,257.8)
SIPT	87.4	303.8	186.0	216.4	98.6	998.5	1,185.7	511.6	187.2	(486.9)
Civil Recovery	-	-	61.3	-	61.3	318.7	573.1	238.7	254.4	(80.0)
Covid-19 Expense	315.5	608.4	-	293.0	(315.5)	1,779.7	3,071.2	-	1,291.4	(1,779.7)
Contingency	-	250.0	-	250.0	-	-	520.3	-	520.3	-
Interest	3.8	12.2	12.3	8.4	8.5	13.7	48.7	77.7	35.1	64.0
TOTAL NON-RECURRENT	8,664.5	2,664.4	259.7	(6,000.1)	(8,404.9)	11,368.4	6,928.9	828.0	(4,439.5)	(10,540.4)

Non-Recurrent Expenditure results for the month of July totaled \$8.7 million, consisting primarily of a payment of \$8.3 million made for Statutory Land Acquisition during the month. In addition, \$0.3 million of Covid-19 expenses were incurred as well as \$0.1 million in SIPT cost. Year to date actuals of \$11.4 million surpassed the estimates by \$4.4 million and was up \$10.5 million from the prior year.

PUBLIC DEBT

Public Debt Debt Type	Opening	July 31, 2021	
	1-Apr-21	Principal Repayment	Outstanding Principal
	\$ 000's	\$ 000's	\$ 000's
TCIG Loans - Unsecured	838.8	(251.8)	587.0
Total Outstanding Public Debt	838.8	(251.8)	587.0

TCIG's outstanding debt as at 30 July 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 on previously approved \$80 million credit facility with the Republic Bank Limited; however, a commitment fee of \$16.7 million is paid on a monthly basis.

HUMAN RESOURCE MANAGEMENT

Employees

There were 1788 people employed by TCIG at the end of July 2021 (exclusive of the Royal Turks and Caicos Police Force), consisting of 272 waged employees as well as 1,516 monthly paid employees, with 251 vacancies existing throughout the civil service. During the month of July there were 14 new hires into the Public Service.

Pensioners

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

DEVELOPMENT FUND (DF)

The total amount spent on capital projects amounted to \$2.7 million for the month of July compared to estimates of \$1.2 million, an additional spend of \$1.5 million. This expenditure comprised mainly of \$1.8 million spent on the construction and renovation of Government buildings throughout the islands, including \$0.4 million on the technical block for Raymond Gardiner High School and \$0.4 million on the construction of a new block for Enid Capron Primary School. In addition, \$0.3 million was spent on road repairs under Public Works Department and a further \$0.3 million on the purchase of furniture for various Government buildings.

Year to date capital expenditure totaled \$7.1 million, which was \$1.1 million (13%) below the estimates and down by \$0.5 (6%) million when compared to spending during the prior year.

NATIONAL WEALTH FUND (NWF)

The balance in the NWF as at July 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 \$7.3 million as at July 31, 2021 after net receipts of \$0.2 million.

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 greater than 5 % growth.

Government, revenue generation has shown significant growth from the months of January to July with revenue collection for the first 4 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 the first half of 2021.

There still remains hope for a more sustained economic recovery as 69% of the adult population are now vaccinated. 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. The emergence of the delta variant resulting in an uptick in cases, the slowing of vaccinations, and reduced compliance with residual public health restrictions could result in more adverse consequences for the economy in the short and medium term.

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.