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TURKS AND CAICOS ISLANDS

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GOVERNMENT OF THE TURKS AND CAICOS ISLANDS



NOVEMBER 2020

FINANCIAL REPORT

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KEY POINTS

- ❖ *The monthly Financial Report for November 2020 shows the actual position against the expected profile based on the 2020-21 estimates as well as the prior year's outturn.*
- ❖ *The November 2020 results include the continued impact of the Turks and Caicos Island's Government response to COVID-19.*
- ❖ *A Withdrawal Warrant was issued on 21st July, 2020, reducing planned expenditure for the financial year by \$17.9 million.*
- ❖ *The year to date operating performance before Capital Expenditure as at the end of November 2020 was a deficit of \$60.1 million against the profiled deficit of \$83.8 million which includes the \$25 million budget for cash assistance grants to individuals and businesses.*
- ❖ *The underlying cash balance as at 30th November 2020 was a reduction of \$60.9 million against the profiled reduction of \$100.9 million.*

OVERVIEW

The Estimates of Revenue and Expenditure (the "Estimates") for the financial year (FY) 2020-21 were approved in the House of Assembly on 23rd April, 2020 and came into effect on 30th April, 2020. Prior to the passage of the Estimates, Ministries, Departments and Agencies (MDAs) operated from a Provisional Warrant which was equal to one-third of the prior year's (2019-20) expenditure Estimates.

The Government presented a deficit budget of approximately \$73 million as a response to the global COVID-19 pandemic. The budget deficit reflects the associated economic disruption, revenue fallout and the Government's economic policy response designed to support income and minimize business failures to prevent further economic damage. Due to the significant downturn in revenue collection, a Withdrawal Warrant was issued on 21st July, 2020, reducing planned expenditure for the financial year by \$17.9 million.

Included in the estimates were costs associated with the COVID-19 public health response and \$25.5 million in direct stimulus.

Fiscal actions have also been implemented on an enormous scale. Some of these measures included:

- *\$15 million in Cash Grants for Individuals in the tourism/hospitality sector who became unemployed or underemployed as a result of the COVID-19 pandemic. \$10 million in Cash Grants Allocated to Micro, Small and Medium Enterprises (MSME) Sector;*
- *\$500 thousand for social welfare services.*
- *The waiver of payment of HRTT which was due and payable on the 21st April 2020, in accordance with section 13 (1) of the Hotel, Restaurant & Tourism Tax Ordinance and the payment of HRTT which became*

due and payable on 21st May 2020 and 21st June 2020, in accordance with section 13 (1) of the HRTT has been deferred until 21st July 2020;

- *As of 1st April, until 30th June 2020 (unless extended) the importation of construction materials was exempted from import duty chargeable under the Customs Ordinance;*
- *From the 1st April 2020 until 30th June 2020 (completion to have occurred on or before 30th June 2020) a 50% reduction in stamp duty payable on real estate transactions;*
- *Suspension of the mortgage payments and accrual of ordinary and default interest on existing TC Invest mortgages during the period April 2020 to September 2020;*
- *Extension of the grace period to renew 2020/2021 Business Licenses on or before 31st July 2020 without penalty.*
- *Write off of outstanding amounts for the municipal water and waiver of charges for the period 1st April to 30th June 2020.*
- *The borders to allow for international travel reopened on 22nd July 2020 and business activities have been restored. Our major hoteliers have delayed reopening and is expected to resume business late in the 3rd quarter.*

These economic policy responses to the COVID-19 pandemic provides support for individuals and businesses through grants and concessions and comes with substantial direct budgetary costs. All the measures are designed specifically to support the economy through this shock and shall help prevent greater economic and fiscal damage in the long term. Proper execution of these measures requires accurate accounting as well as timely and transparent disclosure.

OPERATING BALANCE

Net Operating Deficit: **Month \$5.6 million, Year to Date \$60.1 million**

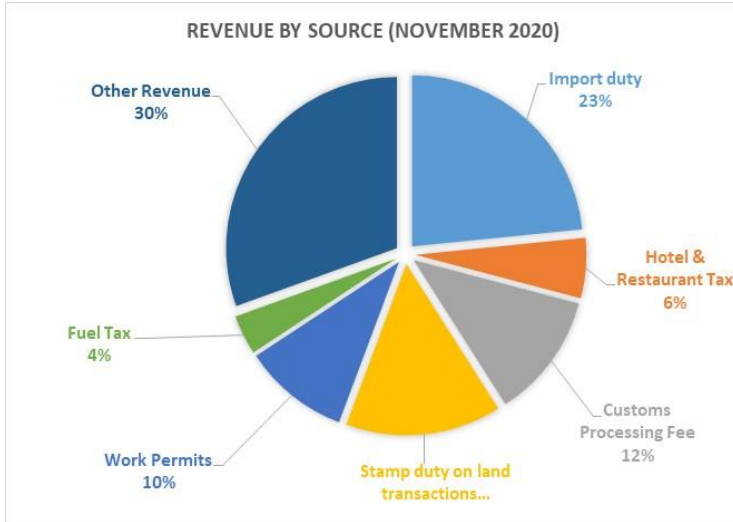
OPERATING BALANCE	NOVEMBER			MONTH ON MONTH		YEAR TO DATE			YEAR TO DATE VARIANCE			
	ACTUAL	BUDGET	LAST YEAR	BUDGET	LAST YEAR	ACTUAL	BUDGET	LAST YEAR	BUDGET		LAST YEAR	
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	%	\$000's	%
Recurrent Revenue	13,962	20,702	23,642	(6,739)	(9,680)	105,198	151,860	203,507	(46,661)	-31%	(98,309)	-48%
Recurrent Expenditure	19,399	24,921	18,950	5,521	(450)	164,512	229,604	153,049	65,092	28%	(11,464)	-7%
NET RECURRENT SURPLUS/(DEFICIT)	(5,437)	(4,219)	4,693	(1,218)	(10,130)	(59,314)	(77,744)	50,458	18,431	24%	(109,773)	-218%
Non Recurrent Revenue	-	41	26	(41)	(26)	367	647	744	(280)	-43%	(377)	-51%
Non Recurrent Expenditure	173	430	383	257	211	1,175	6,738	2,618	5,563	83%	1,443	55%
NET OPERATING BALANCE	(5,610)	(4,608)	4,336	(1,002)	(9,945)	(60,122)	(83,835)	48,584	23,714	-28%	(108,707)	-224%

The month of November 2020 recorded an operating deficit of \$5.6 million which resulted in a year-to-date deficit of \$60.1 million. This outturn compared unfavorably to the projected deficit of \$4.6 million. On a year-over-year actual basis, the results at the end of November showed movement from a healthy surplus of \$48.6 million to a deficit of \$60.1 million, a reduction of \$108.7 million or 224%. This significant underperformance is a direct result of the TCIG's response to the COVID-19 pandemic which involved closure of the international border, significant increases in health care related expenditure, economic stimulus grants and a significant reduction in revenue collection as a result of the impact on the tourism sector.

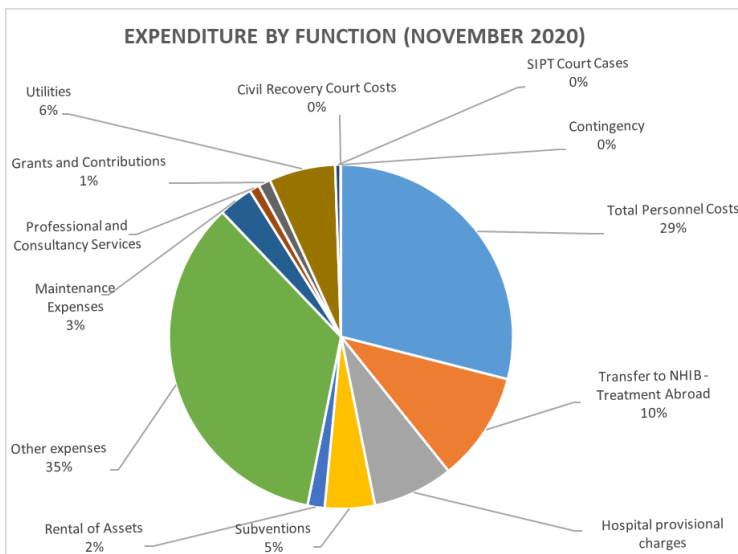
CASH FLOW

CASH FLOW STATEMENT	NOVEMBER			MONTH ON MONTH		YEAR TO DATE			YEAR TO DATE VARIANCE			
	ACTUAL	BUDGET	LAST YEAR	BUDGET	LAST YEAR	ACTUAL	BUDGET	LAST YEAR	BUDGET		LAST 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	(5,610)	(4,608)	4,336	(1,002)	(9,945)	(60,122)	(83,835)	48,584	23,713	-28%	(108,707)	-224%
Less:												
Capital Contributions	(2,473)	(1,701)	(4,038)	(772)	1,565	(16,942)	(15,136)	(17,932)	(1,806)	12%	990	-6%
Debt Repayments	-	-	-	-	-	(1,911)	(1,970)	(6,058)	59	-3%	4,147	-68%
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Inflows from Investments	-	-	-	-	-	24	-	184	24	-	(160)	-87%
Transfers from/(to) the NWF	-	-	-	-	-	-	-	-	-	-	-	-
Net Working Capital	44	-	2,411	44	(2,367)	5,854	-	1,488	5,854	-	4,366	293%
NET CASH INFLOW/(OUTFLOW)	(8,039)	(6,309)	2,709	(1,730)	(10,748)	(73,097)	(100,941)	26,266	27,844	-28%	(99,363)	-378%

The month of November saw a reduction in the underlying cash balance, inclusive of Development Fund expenditure, of \$8.0 million. This resulted in a year to date decline of \$73.1 million, which was \$27.8 million less than the estimate of \$100.9 million. On a year over year basis, the outturn showed a \$99.4 million reduction against the result of the same period last year. As a result, Cash and Cash Equivalents decreased from \$179.8 million at the beginning of the financial year to \$106.7 million at the end of November 2020. A \$30 million fixed deposit facility which matured at the end of October, 2020 was not renewed and is now included in cash and cash equivalents taking the liquid cash balance to \$136.7 million at the end of November, 2020.



Aggregate Revenue as at the end of November totaled \$105.6 million of which \$13.5 million or 13% came from Excess Revenue Returns from Statutory Bodies. The Revenue performance was \$46.9 million or 31% behind projected revenue of \$152.5 million. On a year-over-year basis, Revenue was down \$98.7 million (48%) when compared to the results of the same period last year. This significant fallout in revenue is expected to continue at least until the end of the third quarter. The borders reopened on July 22nd at which point business activity was somewhat restored. Tourism activities have started to increase slowly but persons are still averse to traveling given that the virus continues to spread both locally and in our main international markets. Given recent announcements that vaccines are in circulation, we hope to see increased tourist arrivals and the reopening of the Cruise Port in the last quarter of the financial year.



Aggregate Expenditure as at November was \$165.7 million, \$70.7 million or 30% below the projected amount whilst up \$10 million or 6% from the prior year. The significant variance to the budget is partially due to the full budget for stimulus grants to both individuals and businesses in the MSME sector being expected to be fully expended at this point. While the process of reviewing applications for approval and payment begun during the month of May, it remains a work in progress (WIP). Overall, the underperformance against projected expenditure is not expected to be absorbed in the ensuing month's although operational activity has begun to slowly increase. Significant expenditure continues to be incurred in the health care sector and in the holding and repatriation of illegal immigrants

REVENUE

Recurrent Revenue: **Month \$14.0 million, Year to Date \$105.2 million**

RECURRENT REVENUE	NOVEMBER			MONTH ON MONTH VARIANCE		YEAR TO DATE			YEAR TO DATE VARIANCE	
	ACTUAL	BUDGET	LAST YEAR	BUDGET	LAST YEAR	ACTUAL	BUDGET	LAST YEAR	BUDGET	LAST YEAR
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Import duty	4,056	6,679	7,579	(2,623)	(3,523)	24,624	41,380	51,398	(16,756)	(26,774)
Hotel & Restaurant Tax	1,174	2,189	2,733	(1,015)	(1,559)	5,977	17,412	45,501	(11,436)	(39,525)
Customs Processing Fee	1,930	2,935	3,118	(1,005)	(1,188)	12,493	18,798	23,853	(6,305)	(11,360)
Stamp duty on land transactions	1,054	2,213	2,518	(1,159)	(1,464)	15,512	13,013	23,565	2,499	(8,054)
Work Permits	2,364	1,885	2,401	479	(37)	10,570	14,479	15,244	(3,909)	(4,674)
Fuel Tax	431	688	989	(257)	(558)	3,938	5,436	7,046	(1,498)	(3,108)
Other Revenue	2,953	4,113	4,305	(1,159)	(1,352)	32,086	41,341	36,900	(9,256)	(4,814)
TOTAL RECURRENT REVENUE	13,962	20,702	23,642	(6,739)	(9,680)	105,198	151,860	203,507	(46,661)	(98,309)

Recurrent Revenue for the month of November totaled \$14 million, which was \$6.7 million (32%) below projected revenue. On a year-over-year basis, Revenue was down \$98.3 million (48%) when compared to the results of the same period last year.

The major Revenue Heads are summarised as follows:

Import Duties:

Import Duties collected for the month of November totaled \$4.1 million. This result is down by \$2.6 million (39%) from projected receipts and in comparison, to the prior year's receipts a decline of \$3.5 million. Year to date outturn totaled \$24.6 million accounting for 23% of Total Recurrent Revenue. This was 40% below the estimates and 52% below the prior year's outturn. The need for imported goods remains relatively low as tourist related consumption is relatively low. Additionally, as part of its measures to combat the economic fallout as a result of the COVID-19 pandemic, TCIG enacted Customs (COVID-19) (Duty Exemption) Order 2020 which gave the importation of essential items and construction materials an exemption from import duty chargeable under the Customs Ordinance from 1st April until 31st May for bread basket of goods and 30 June 2020 (unless extended) for construction materials. Total duties foregone as a result of this measure was \$2.2 million.

While receipts from Import Duties performed less than optimal during the first eight months of the financial year, we expect to see gradual improvement as the borders have reopened, and economic activity is beginning to slowly increase.

Hotel & Restaurant Tax:

Hotel & Restaurant Tax receipts for the month of November totaled \$1.1 million. This brought the year to date total to \$6.0 million against prior year receipts of \$45.5 million, a decline of 87%, mainly due to the fact that the Tourism Industry has been the hardest hit during this COVID-19 pandemic.

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 21st 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 21st May 2020 and 21st June 2020, in accordance with section 13 (1) of the HRTT was deferred until 21st July 2020.

Customs Processing Fees:

Customs Processing Fees (CPF) for November totaled \$1.9 million bringing the year to date total to \$12.5 million, which was 34% behind the Estimates and down by 48% from the prior year's outturn.

As part of its measures to combat the economic fallout as a result of the COVID-19 pandemic, TCIG enacted the Emergency Powers (COVID-19) (Waiver of Customs Processing Fee) Regulations 2020 which waived CPF fees for essential items. Total CPF foregone as a result of the measure was \$0.8 million.

Stamp Duty on Land Transactions:

Stamp Duty collected during the month of November, totaled \$1.1 million which was \$1.1 million below the estimates and down \$1.5 million from the prior year's outturn. This resulted in year to date collections totaling \$15.5 million and comprising 15% of Total Recurrent Revenue. This revenue stream was \$2.5 million ahead of the year to date estimates whilst down \$8.1 million from the prior year's results. This significant outturn is as a result of one of the Government's measures to combat the economic fallout as a result of the COVID-19 pandemic by offering a 50% reduction in stamp duty payable on real estate transactions from the 1st April 2020 until 30th June 2020 (completion to have occurred on or before 30th June 2020).

Another tiered offering on reduction in stamp duty payable was allowed from the 21st September to 30th December 2020 (completion to have occurred on or before during the specific times outlined in the policy) a reduction of either 75%, 50% or 25% in stamp duty payable on real estate transactions. As at 30th November 2020 a total of \$4.14 million has been waived through the tiered stamp duty stimulus programme.

Work Permits:

Receipts from Work Permits totaled \$10.6 million for the year to date, \$2.4 million of which was collected during the month of November. These results were \$3.9 million below the year to date estimates and down \$4.7 million from the prior year. The majority of work permit holders are employed in the tourism and hospitality sector which is significantly affected by the global pandemic as major hotels and the Cruise Port remains closed.

Fuel Tax:

Fuel tax receipts for the month of November totaled \$0.4 million, a decline of 56% from the prior year's outturn and down 37% from the projected receipts. Year to date results totaling \$3.9 million was down 28% from the estimates and 44% from the prior year's results. This can be attributed to the recent collapse in oil prices in the global market as a result of the COVID-19 pandemic. The decline in oil demand, particularly in the transportation sector due to the suspension of domestic and international travels, business closures and reduction in economic activity all led to the reduction of demand for petroleum products.

Other Revenue: *Month \$2.9 million, Year to date \$32.1 million*

MAJOR COMPONENTS OF OTHER REVENUE	NOVEMBER			MONTH ON MONTH		YEAR TO DATE			YEAR TO DATE VARIANCE	
	ACTUAL	BUDGET	LAST YEAR	BUDGET	LAST YEAR	ACTUAL	BUDGET	LAST YEAR	BUDGET	LAST YEAR
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Business Licence Renewal	79	48	43	32	36	1,924	1,442	1,781	483	144
Communications Tax	344	331	410	13	(66)	2,669	2,637	3,176	32	(508)
Gaming Machine Tax	219	326	227	(107)	(8)	710	2,628	2,571	(1,919)	(1,862)
Seaport Departure Tax	0	343	305	(343)	(305)	73	1,769	2,699	(1,696)	(2,625)
Telecommunications licence	183	358	420	(175)	(237)	1,505	2,775	2,794	(1,270)	(1,289)
Overtime Cost recovered	72	140	144	(68)	(72)	655	1,113	2,106	(458)	(1,452)
Vehicle Licence	342	473	473	(132)	(132)	1,652	2,125	1,979	(473)	(327)
Permanent Residency Fees	163	205	264	(42)	(101)	974	1,392	1,420	(418)	(446)
Excess Revenue	0	250	0	(250)	0	13,534	12,834	2,415	700	11,120
Other Revenue	1,551	1,639	2,019	(89)	(468)	8,390	12,626	15,959	(4,237)	(7,570)
TOTAL OTHER REVENUE	2,953	4,113	4,305	(1,159)	(1,352)	32,086	41,341	36,900	(9,256)	(4,814)

Other Revenues for November totaled \$2.9 million bringing the year to date outturn to a total of \$32.1 million against a budget of \$41.3 million resulting in a shortfall of \$9.2 million whilst being down \$4.8 million from the prior year's outturn. The year to date total consists of \$13.5 million in Excess Revenue Returns from Statutory Bodies making up 42% of the Total Other Revenue collected by TCIG to date.

Non-Recurrent Revenue: *Month \$0.02 million, Year to date \$0.4 million*

NON RECURRENT REVENUE	NOVEMBER			MONTH ON MONTH VARIANCE		YEAR TO DATE			YEAR TO DATE VARIANCE	
	ACTUAL	BUDGET	LAST YEAR	BUDGET	LAST YEAR	ACTUAL	BUDGET	LAST YEAR	BUDGET	LAST YEAR
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Land Sales	0	25	26	(25)	(26)	261	443	446	(182)	(185)
Grants	0	16	0	(16)	0	106	204	299	(98)	(192)
TOTAL NON RECURRENT REVENUE	0	41	26	(41)	(25)	367	647	744	(280)	(377)

Non-recurrent receipts for the year to date of \$0.4 million were negligible and consisting primarily of \$0.3 million in land sales as well as small grants and donations received from UNICEF and a private sector firm to assist the Ministry of Education.

EXPENDITURE

Recurrent Expenditure: **Month \$19.4 million, Year to Date \$164.5 million.**

RECURRENT EXPENDITURE	NOVEMBER			MONTH ON MONTH VARIANCE		YEAR TO DATE			YEAR TO DATE VARIANCE	
	ACTUAL	BUDGET	LAST YEAR	BUDGET	LAST YEAR	ACTUAL	BUDGET	LAST YEAR	BUDGET	LAST YEAR
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Total Personnel Costs	7,991	9,492	8,155	1,501	163,441	62,478	74,002	62,053	11,525	(425)
Transfer to NHIB - Treatment Abroad	2,771	2,771	2,771	0	-	22,170	22,170	22,170	-	-
Equip & Clinical Costs - Interhealth	1,802	1,772	1,696	(30)	(106)	16,340	14,176	13,565	(2,165)	(2,775)
Subventions	1,067	1,721	797	654	(270)	10,119	12,130	10,418	2,011	299
Rental of Assets	419	446	431	27	13	3,460	3,668	3,365	208	(95)
Other Recurrent Expenses	5,349	8,719	5,099	3,370	(250)	49,945	103,458	41,477	53,513	(8,468)
TOTAL RECURRENT EXPENDITURE	19,399	24,921	18,950	5,521	(450)	164,512	229,604	153,049	65,092	(11,464)

Recurrent expenditure for the month of November totaling \$19.4 million was \$5.5 million or 22% below the estimate but \$0.4 million ahead of the expenditure for November 2019. Year to date expenditure of \$164.5 million was \$65.1 million behind the budget whilst up \$11.5 million from the prior year's outturn. Of this total, personnel cost accounted for 38% totaling \$62.5 million. Total Personnel Cost was \$11.5 million or 16% less than budget while \$0.4 million ahead of the prior year's results.

Other Recurrent Expenditure: **Month \$5.3 million, Year to date \$49.9 million**

OTHER RECURRENT EXPENDITURE	NOVEMBER			MONTH ON MONTH		YEAR TO DATE			YEAR TO DATE VARIANCE	
	ACTUAL	BUDGET	LAST YEAR	BUDGET	LAST YEAR	ACTUAL	BUDGET	LAST YEAR	BUDGET	LAST YEAR
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Operating Expenses	542	897	597	355	55	5,753	7,898	5,562	2,145	(191)
Maintenance Expenses	439	658	989	219	550	6,975	7,531	6,249	556	(726)
Professional and Consultancy Services	689	419	231	(270)	(458)	2,466	4,659	1,776	2,193	(691)
Grants and Contributions	628	590	809	(38)	181	13,461	31,258	5,245	17,797	(8,216)
Utilities	290	374	430	85	140	2,064	3,659	2,960	1,595	895
Other Expenses	2,762	5,782	2,044	3,020	(719)	19,226	48,453	19,686	29,227	460
TOTAL OTHER RECURRENT EXPENSES	5,349	8,719	5,099	3,370	(250)	49,945	103,458	41,477	53,513	(8,468)

The expenditure for the month reflects unavoidable regular expenses such as utilities and maintenance. The major variance year to date, was seen in Grants and Contributions which had a year to date outturn of \$13.5 million against a budget of \$31.3 million. This variance is due to payments for cash assistance for individuals who work in the hospitality sector and for businesses within the MSME sector continuing to be processed while the full budget was projected to be spent earlier in the financial year. A second round of stimulus payments also began in September and continued into this month.

While we are likely to see slight increases in the following month's outturn, the level of under expenditure against estimates are expected to continue until the end of the third quarter as business operations are beginning to normalize from the reopening of the country.

Non-Recurrent Expenditure: *Month \$0.2 million, Year to date \$1.2 million*

NON RECURRENT EXPENDITURE	NOVEMBER			MONTH ON MONTH		YEAR TO DATE			YEAR TO DATE VARIANCE	
	ACTUAL	BUDGET	LAST YEAR	BUDGET	LAST YEAR	ACTUAL	BUDGET	LAST YEAR	BUDGET	LAST YEAR
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
SIPT Court Cases	170	400	370	230	199	1,097	2,100	2,483	1,003	1,386
Civil Recovery Court Costs	3	30	14	27	11	78	200	135	122	57
Contingency	-	-	-	-	-	-	4,438	-	4,438	0
TOTAL NON RECURRENT EXPENDITURE	173	430	383	257	211	1,175	6,738	2,618	5,563	1,443

Non-Recurrent Expenditure results for the year to date of \$1.2 million, consisted primarily of \$1.1 million in payments to SIPT and \$0.1 million in payments for Civil Recoveries. This total was \$4.3 million below the estimates, primarily due to a \$4.4 million provision for contingency spending reflected in the estimates.

PUBLIC DEBT

PUBLIC DEBT	OPENING	30TH NOVEMBER 2020	
	Apr' 20	Principal Repayment	Outstanding Principal
	\$000's	\$000's	\$000's
TCIG Loans - Unsecured	3,021	1,911	1,110
Total Outstanding Public Debt	3,021	1,911	1,110

Outstanding debt as at 30th November, 2020 was \$1.1 million. Total principal debt repayment for the year was \$1.9 million while total finance costs for the year were \$0.1 million. YTD, there were no new borrowings during the financial year, neither were there any drawdowns of previously approved borrowings. Government is currently looking at borrowing options and we expect to see an increase in public debt in the short term to medium term.

HUMAN RESOURCE MANAGEMENT

Employees

There were 1,522 persons employed by TCIG at the end of November 2020, exclusive of the Royal Turks and Caicos Police Force, with 248 vacancies existing throughout the Civil Service.

Pensioners

The total number of Pensioners at the end of October 2020 were 294.

DEVELOPMENT FUND (DF)

In accordance with the PFM Ordinance Section 18(2) (b), approximately \$36.6 million was retained in the Development Fund to cover the cost of projects that were deemed committed at the end of the previous financial year.

The total budgeted for capital expenditure for the financial year is \$35.3 million. To date, the total amount spent on capital projects amounted to \$16.9 million. This amount however relates mainly to capital projects approved in the previous financial year.

Major components of the amount spent in this FY are as follows: \$10 million was spent on the construction, renovation & upgrading of Government's buildings, of which \$4.4 million was spent on schools throughout the islands, \$2.7 million on road development and bridges, \$1.1 million on the National Physical Development Plan and \$0.6 million spent on the purchase of transportation equipment.

Spending on capital projects is expected to increase within the ensuing months as driving capital expenditure will be a key focus for the Government as this financial year progresses.

NATIONAL WEALTH FUND (NWF)

The balance of the National Wealth Fund as at 30th November, 2020 stood at \$25.9 million.

NATIONAL FORFEITURE FUND (NFF)

The National Forfeiture Fund had a balance of \$6.4 million as at 30th November, 2020.

FINANCIAL OUTLOOK

The Turks and Caicos Islands have experienced a drastic reduction in revenue intake whilst incurring sustained large-scale expenditure associated with COVID-19 related emergency spending, maintenance of regular civil service salaries, transfers to NHIB and payments to Interhealth Canada. The Government has simultaneously been trying to get the capital programme underway in an effort to stimulate the economy. During this time, cash flow management has become an urgent requirement as the macroeconomic backdrop is exceptionally uncertain due to the health and economic uncertainties surrounding COVID-19.

The country is now partially reopened and a gradual uptick in both revenue generation and government spending is expected. However, it is also highly probable that the economic fallout we are now experiencing will change the mind-sets of people and businesses alike. Although restrictions are partially lifted some of the precautionary measures still persist which will result in structural changes in the economy thus impacting the expected results for the months ahead.

The impact of COVID-19 and the continual uncertainties therein will continue to affect TCIG's cash flows. 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.

The current budget deficit is being funded through a draw-down on existing cash reserves. The possibility of establishing overdraft facilities and/or longer-term credit arrangements with financial institutions is and may continue to be explored to bridge any cash short falls as they arise.

TCIG's current priorities are clear and these are firstly, to ensure financing is available to equip the health sector with the necessary tools to address and mitigate the risks associated with the pandemic. Secondly, to continue to protect the vulnerable borders. Thirdly, to provide support to those individuals, households and businesses which were severely affected. These efforts are geared to help avoid permanent damage to prospects for sustainable and inclusive growth.

The full extent of the impact of COVID-19 and related response measures on the Turks and Caicos economy remains uncertain. However, we must consider the economic outlook if the world economy is weaker and takes longer to recover. The basic fiscal implications are clear and TCIG will need to preserve capacity for our recovery stage so as to avoid irreversible damage to our economy's growth.

