

GOVERNMENT OF THE  
TURKS AND CAICOS ISLANDS



*2020-21*

Second Quarter  
**Financial Report**

(Unaudited)

JULY TO SEPTEMBER 2020



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# FOREWORD

The Second Quarter Financial Report (Unaudited) for the financial year (FY) 2020-21 presents a summary of the financial results of the Turks and Caicos Islands Government (TCIG) for the period 1<sup>st</sup> July to 30<sup>th</sup> September, 2020. The report has been prepared in adherence to the Amended Public Finance Management Ordinance 2014 (Section 36. 01) which requires that the Accountant General prepares and submits unaudited budget report within twenty-eight (28) days after the end of each quarter.

The preparation and publication of this report is reflective of the Government's commitment to transparent and timely reporting of the country's financial position.

In these tough economic times, it is imperative to closely monitor expenditure against the backdrop of falling revenues. Further, the TCIG continues to look for new and innovative ways to generate new revenue streams whilst supporting existing industries and businesses who may be struggling at this time to remain a going concern.

Striking the best balance between safety and precautionary measures related to this pandemic and initiatives to stimulate economic activity remains the greatest challenge of countries worldwide. The duration of the pandemic coupled with effective the management of expenditure and cash flows will ultimately determine the financial position of the country at the end of the financial year.

## KEY POINTS

- **\$44.4 million operating deficit**

The operating balance as at the end of September 2020 was a deficit of \$44.4 million against the forecast deficit of \$41.9 million which includes the \$25 million budget for cash assistance grants to individuals and businesses.

- **\$54.8 million reduction in underlying cash balance**

The underlying cash balance as at the end of September 2020 showed a reduction of \$54.8 million against the profiled reduction of \$52.8 million.

- **Revenue down by 33%**

Receipts as at the end of the second quarter of \$76.6 million fell short by \$37.3 million (33%) when compared to the estimates. Receipts were down by \$81.8 million (52%) when compared to the revenue at the end of the second quarter of 2019.

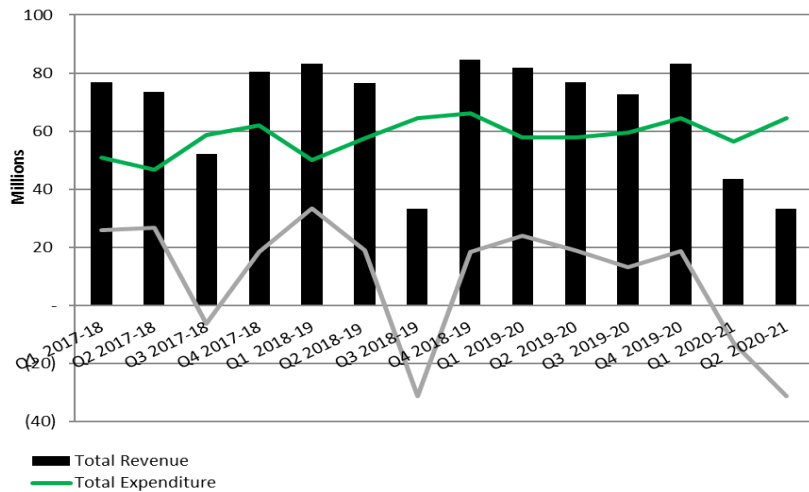
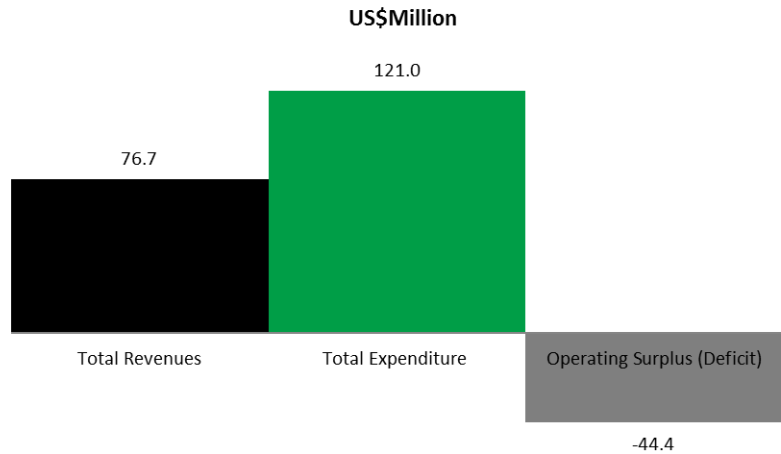
- **Spending down by 22% against estimates**

Expenditure at the end of the second quarter was \$121.0 million. This was \$34.8 million or (22%) lower than the estimates.

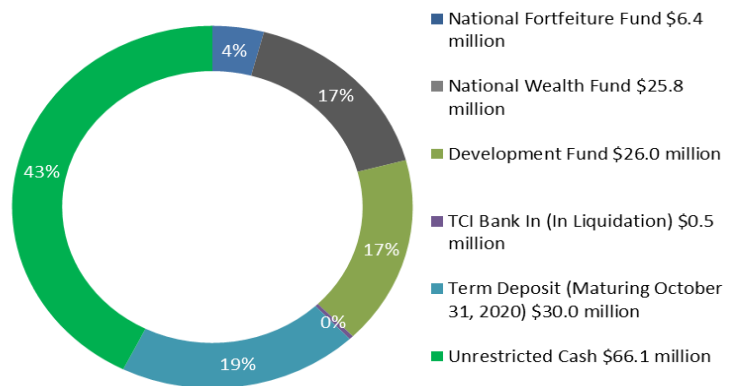
Expenditure as at the second quarter showed an increase of \$5.6 million (5%) when compared to the prior year's outturn.

- **\$12.1 million Development Fund expenditure**

Spending on capital projects as at the second quarter was on par with the prior year; the spending relates to the approved projects for FY 2019-20.



### Breakdown of Cash & Cash Equivalents



Restricted cash is that which is set aside in government established funds for specific purposes as follows: National Wealth Fund \$25.8m, National Forfeiture Fund \$6.4m, Development Fund \$26.0m, FCIB Term Deposit \$30m and TCI Bank \$0.5m.

## OVERVIEW

The Estimates of Revenue and Expenditure (the “Estimates”) for the financial year (FY) 2020-21 were approved in the House of Assembly on 23<sup>rd</sup> April, 2020 and came into effect on 30<sup>th</sup> 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 21<sup>st</sup> 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 dollars 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 dollars in Cash Grants Allocated to Micro, Small and Medium Enterprises (MSME) Sector;*
- *Five hundred (\$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 1<sup>st</sup> April to 30<sup>th</sup> June 2020;*
- *The borders reopened for international travel on 22<sup>nd</sup> July 2020 and business activities have been restored. Our major hoteliers have delayed reopening and is expected to resume business early in the 3<sup>rd</sup> 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.

## FISCAL SUMMARY

For the three months ended September 30, 2020

(Figures in US\$'000)	3 Month Actual	3 Month Estimate	Prior Year Actual	Change from Estimate	% Change	Change from Prior Year	% Change
<b>Revenue</b>	33,181	66,484	76,716	(33,303) ↓	-50%	(43,535) ↓	-57%
<b>Expenditure</b>							
Recurrent	57,464	53,467	58,262	(3,998) ↓	-7%	797 ↑	1%
Non-Recurrent	836	2,443	(521)	1,606 ↓	66%	(1,358) ↓	260%
<b>Total Expenditure</b>	58,301	55,909	57,740	(2,391) ↓	-4%	(561) ↓	-1%
<b>Operating Surplus (Deficit)</b>	<b>(25,120)</b>	<b>10,575</b>	<b>18,976</b>	<b>(35,694) ↑</b>	<b>338%</b>	<b>(44,096) ↓</b>	<b>-232%</b>

The Operating Deficit for the second quarter was \$25.1 million. This outturn compared unfavorably to the projected surplus of \$10.6 million. On a year-over-year basis, the results for the second quarter saw a decrease when compared to the prior year by \$44.1 million or 232%. As noted, this significant underperformance is a direct result of the TCIG's response to COVID-19 which saw the closure of borders and a lockdown resulting in little to no economic activity.

## CASH FLOW

The underlying cash balance for the second quarter, inclusive of Development Fund expenditure was a decline by \$34.5 million. This led to a year to date reduction of \$54.8 million, which was \$2.0 million greater than the estimate of \$52.8 million. On a year over year basis, the outturn showed a \$77.2 million reduction from the result of the same period last year.

This resulted in a decrease in Cash and Cash Equivalents from \$179.8 million at the beginning of the financial year to \$155 million at the half year point. Of this, \$30.0 million resides in a fixed term deposit with CIBC First Caribbean International Bank currently earning interest at a rate of 0.18% for six (6) months is due to mature on 31<sup>st</sup> October 2020.

(Figures in US\$'000)	Quarter 2 2020/21			Variance				Year to Date			Variance			
	Actual	Budget	Prior Year	Budget	Prior Year	Actual	Budget	Prior Year	Budget	Prior Year				
Recurrent Revenue	32,991.5	66,176.2	76,280.7	(33,184.8)	(50%)	(43,289.3)	-57%	76,326.5	113,519.1	157,918.2	(37,192.6)	(33%)	(81,591.8)	-52%
Recurrent Expenditure	57,464.3	53,466.6	58,261.5	(3,997.7)	(7%)	797.3	1%	119,635.7	150,041.4	114,640.3	30,405.6	20%	(4,995.4)	(4%)
<b>Net Recurrent Surplus</b>	<b>(24,472.8)</b>	<b>12,709.6</b>	<b>18,019.2</b>	<b>(37,182.4)</b>	<b>-293%</b>	<b>(42,492.0)</b>	<b>(236%)</b>	<b>(43,309.2)</b>	<b>(36,522.2)</b>	<b>43,278.0</b>	<b>(6,787.0)</b>	<b>19%</b>	<b>(86,587.2)</b>	<b>(200%)</b>
Non-Recurrent Revenue	189.7	307.9	435.6	(118.3)	-	(245.9)	(56%)	345.0	471.4	519.1	(126.5)	(27%)	(174.1)	(34%)
Non-Recurrent Expenditure	836.5	2,442.8	(521.5)	1,606.3	66%	(1,358.0)	260%	1,404.8	5,841.6	827.4	4,436.8	76%	(577.3)	(70%)
<b>Operating Surplus</b>	<b>(25,119.6)</b>	<b>10,574.8</b>	<b>18,976.3</b>	<b>(35,694.4)</b>	<b>-338%</b>	<b>(44,095.9)</b>	<b>(232%)</b>	<b>(44,369.0)</b>	<b>(41,892.4)</b>	<b>42,969.6</b>	<b>(2,476.6)</b>	<b>6%</b>	<b>(87,338.7)</b>	<b>(203%)</b>

(Figures in US\$'000)	Quarter 2 2020/21			Variance				Year to Date			Variance			
	Actual	Budget	Prior Year	Budget	Prior Year	Actual	Budget	Prior Year	Budget	Prior Year				
<b>Cash Flow from Operations</b>	<b>(25,119.6)</b>	<b>10,574.8</b>	<b>18,976.3</b>	<b>(35,694.4)</b>	<b>-338%</b>	<b>(44,095.9)</b>	<b>(232%)</b>	<b>(44,369.0)</b>	<b>(41,892.4)</b>	<b>42,969.6</b>	<b>(2,476.6)</b>	<b>6%</b>	<b>(87,338.7)</b>	<b>(203%)</b>
Less:														
Capital Expenditure	(6,642.7)	(5,218.7)	(6,886.3)	(1,424.0)	27%	243.6	(4%)	(12,135.5)	(9,808.7)	(12,079.7)	(2,326.9)	-	(55.8)	0%
Debt Repayments	(271.7)	(271.7)	(2,330.5)	-	-	2,058.7	(88%)	(1,105.8)	(1,105.8)	(5,194.3)	-	-	4,088.5	(79%)
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bond Inflows	(159.9)	-	-	(159.9)	-	(159.9)	-	23.7	-	183.6	23.7	-	(159.9)	(87%)
Transfers from/(to) NWF	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Working Capital	(2,351.9)	-	(4,460.8)	(2,351.9)	-	2,108.9	(47%)	2,773.8	-	(3,461.0)	2,773.8	-	6,234.9	(180%)
<b>Net Cash Flows</b>	<b>(34,545.8)</b>	<b>5,084.4</b>	<b>5,298.7</b>	<b>(39,630.2)</b>	<b>-779%</b>	<b>(39,844.5)</b>	<b>(752%)</b>	<b>(54,812.9)</b>	<b>(52,806.9)</b>	<b>22,418.2</b>	<b>(2,006.0)</b>	<b>4%</b>	<b>(77,231.0)</b>	<b>(345%)</b>

## REVENUE RESULTS

Aggregate Revenue for the quarter totaled \$33.2 million which was \$33.3 million or 50% behind the estimates. On a year-over-year basis, Revenue was down \$43.5 million (57%) when compared to the results of the Q2 result last year. This performance was also \$10.2 million less than the outturn for Q1 mainly due the significant Excess Revenue Returns from Statutory Bodies received as well as the performance of Stamp Duty on Land Transactions. This 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. However, tourism activities have been slow as many persons are averse to traveling given that the virus continues to spread both locally and in our main international markets.

**Stamp Duty on Land Transactions** for the quarter was \$2.2 million and totaled \$12.8 million at the end of the second quarter which was \$3.4 million ahead of the estimates whilst down \$6.6 million from the prior year's results.

**Import Duties** for the quarter recorded just \$9.6 million. Totalling \$16.8 million at the end of the second quarter, this result was 42% below the estimates whilst 54% below the prior year's outturn.

**Customs Processing Fees** collected for the quarter of \$5 million was down \$3.4 million or 43% from both the budget and prior year Q2 result.

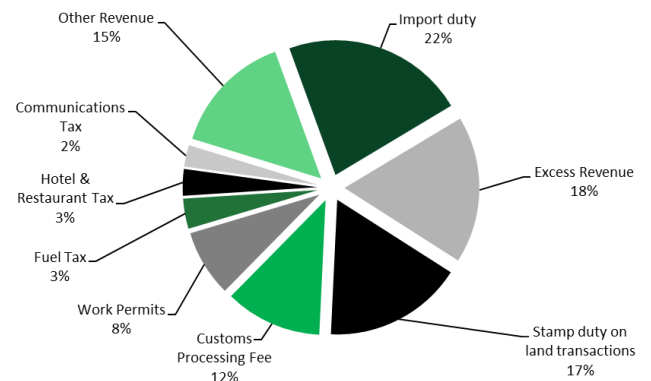
**Returns from Statutory Bodies** totaled \$13.5 million for the year to date and made up 18% of total recurrent revenue. The outturn was \$1.2 million ahead of the Estimates whilst showing a \$11.3 million increase over the prior year.

As expected, **Hotel & Restaurant Tax** which also usually accounts for circa one quarter of TCIG's total revenue, saw the most significant downturn during this time generating just \$1.6 million for the second quarter and a total of only \$2.4 million at the end of September versus a budget of \$13.8 million. It was down by \$41.1 million against prior year.

Revenue	Quarter 2 2020/21		
	Actual	Budget	Prior Year
<i>(Figures in US\$'000)</i>			
Import duty	9,612	17,320	17,952
Hotel & Restaurant Tax	1,685	13,119	17,530
Customs Processing Fee	5,075	8,345	8,360
Stamp duty on land transactions	2,206	5,371	11,632
Work Permits and Residency Fees	4,205	5,655	5,613
Other Revenues	10,208	16,366	15,194
<b>Total Recurrent Revenue</b>	<b>32,991</b>	<b>66,176</b>	<b>76,281</b>
Nonrecurrent Revenue	190	308	436
<b>Total Revenue</b>	<b>33,181</b>	<b>66,484</b>	<b>76,716</b>

Revenue	Year to Date		
	Actual	Budget	Prior Year
<i>(Figures in US\$'000)</i>			
Import duty	16,837	28,995	36,882
Hotel & Restaurant Tax	2,445	13,843	41,130
Customs Processing Fee	8,911	13,177	17,336
Stamp duty on land transactions	12,795	9,373	19,408
Work Permits and Residency Fees	6,138	10,709	10,667
Other Revenues	29,201	37,423	32,496
<b>Total Recurrent Revenue</b>	<b>76,326</b>	<b>113,519</b>	<b>157,918</b>
Nonrecurrent Revenue	345	471	519
<b>Total Revenue</b>	<b>76,671</b>	<b>113,991</b>	<b>158,437</b>

Revenue Q2 20-21



## EXPENDITURE RESULTS

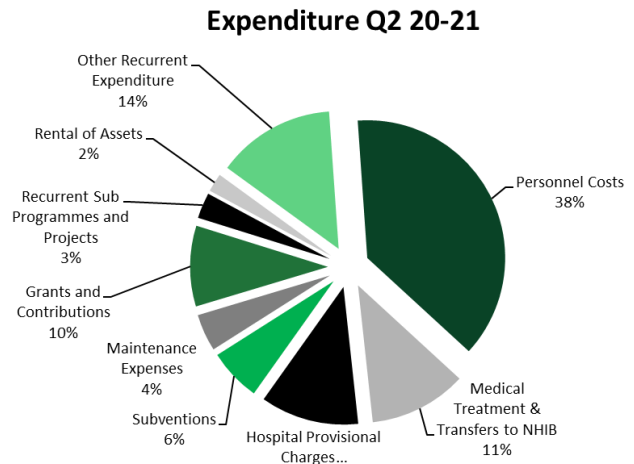
Aggregate Expenditure for the second quarter totaled \$58.3 million, \$2.4 million or 4% above the projected amount whilst a marginal \$0.6 million or 1% above the prior year's outturn. The year to date outturn was \$121 million, \$34.9 million or 22% below the projected amount whilst up \$5.5 million or 5% the prior year. The variance to the Estimates results from the \$25.5 million in economic stimulus allocated for individuals and MSMEs being profiled to be fully spent by the first quarter, Y-T-D, \$9.4 million has been spent from the allocations. While the process of reviewing applications for approval and payment begun during the month of May, it remains a work in progress (WIP). A second tranche of stimulus is projected for the third quarter. Significant expenditure continues to be incurred in the health care sector and in the holding and repatriation of illegal immigrants.

For the quarter, staff personnel costs were \$0.9m below Estimates and YTD, 2.6 million. This is because there are a number of number of vacancies within the Police Department and Ministry of Education for which the recruitments have been delayed.

For the Quarter, Hospital Provisional Charges & Transfers to NHIB together accounted for 23% of total expenditure. Outflows in relation to hospital provisional charges amounting to \$13.9 million exceeded the budget allocation by \$2.5 million or 22% as well as the prior year's outturn by 25%. This increase in outflow is attributed primarily to expenditure of \$2.2 million approved by Cabinet to facilitate infrastructural improvement at the Turks and Caicos Islands (TCI) Hospitals as part of its COVID-19 response.

Expenditure	Quarter 2 2020/21		
	Actual	Budget	Prior Year
<i>(Figures in US\$'000)</i>			
Personnel Costs	22,747	21,836	23,448
Transfers to NHIB	5,542	8,314	8,314
Hospital Provisional Charges	7,453	4,871	5,087
Subventions	3,265	1,051	3,363
Rental of Assets	1,266	1,267	1,300
Other Recurrent Expenditure	17,190	16,128	16,749
<b>Total Recurrent Expenditure</b>	<b>57,464</b>	<b>53,467</b>	<b>58,262</b>
Nonrecurrent Expenditure	836	2,443	(521)
<b>Total Expenditure</b>	<b>58,301</b>	<b>55,909</b>	<b>57,740</b>

Expenditure	Year to Date		
	Actual	Budget	Prior Year
<i>(Figures in US\$'000)</i>			
Personnel Costs	45,929	48,479	46,033
Transfers to NHIB	13,856	16,627	16,627
Hospital Provisional Charges	13,976	11,509	11,155
Subventions	7,465	5,274	7,779
Rental of Assets	2,613	2,674	2,539
Other Recurrent Expenditure	35,797	65,478	30,507
<b>Total Recurrent Expenditure</b>	<b>119,636</b>	<b>150,041</b>	<b>114,640</b>
Nonrecurrent Expenditure	1,405	5,842	827
<b>Total Expenditure</b>	<b>121,040</b>	<b>155,883</b>	<b>115,468</b>



## REVENUE & EXPENDITURE BY MINISTRY

Most program expenditure outturns came in less than estimated as at the end of the second quarter of FY 2020-21 resulting in an underperformance of \$34.8 million when compared to the revised estimates after considering the Withdrawal Warrant. This is mainly due to significantly reduced operations during the first quarter because of COVID-19 lockdown orders. Nonetheless, driving program priorities along with calculating the short-term cash flow impact of fiscal policy measures remains a key area of focus for the next two quarters of the financial year.

(All figures in US\$'000)	Quarter				Year to Date			
	Actual	Revised Budget	Variance		Actual	Revised Budget	Variance	
<b>CASH INFLOWS</b>								
01 Governor's Office	206	198	8	4%	284	386	(102)	-26%
03 Police	37	51	(14)	-27%	64	92	(28)	-30%
04 Attorney General's Chambers	2,401	5,688	(3,287)	-58%	13,972	9,950	4,022	40%
05 Judiciary	97	217	(120)	-55%	151	419	(268)	-64%
14 Statutory Charges	133	257	(124)		239	323	(84)	-26%
16 Immigration, Citizenship, Labor and Employment Services	5,548	7,930	(2,383)	-30%	8,209	15,388	(7,179)	-47%
54 Finance Trade & Investment	23,104	49,161	(26,056)	-53%	51,132	81,694	(30,562)	-37%
57 Education, Youth, Culture, Social and Library Services	99	81	18	22%	136	182	(46)	-25%
59 Home Affairs, Public Utilities and Transportaion	863	1,121	(258)	-23%	1,457	2,218	(762)	-34%
60 Office of the Deputy Premier, Ministry of Infrastructure, Housing, Planning and Development	96	265	(168)	-64%	320	450	(131)	-29%
61 Tourism and Environment	487	1,453	(966)	-67%	538	2,750	(2,212)	-80%
62 Health Agriculture & Human Services	110	62	48	77%	170	138	32	23%
<b>TOTAL RECEIPTS</b>	<b>33,181</b>	<b>66,484</b>	<b>(33,303)</b>	<b>(50%)</b>	<b>76,671</b>	<b>113,991</b>	<b>(37,319)</b>	<b>-33%</b>
<b>PAYMENTS</b>								
01 Governor's Office	1,156	971	(185)	(19%)	2,805	2,870	65	2%
03 Police	5,994	7,052	1,058	15%	11,810	14,214	2,403	17%
04 Attorney General's Chambers	1,462	826	(636)	(77%)	2,770	2,541	(229)	(9%)
05 Judiciary	1,375	1,556	181	12%	2,479	2,767	287	10%
14 Statutory Charges	2,078	3,933	1,855	47%	4,887	9,947	5,060	51%
16 Immigration, Citizenship, Labor and Employment Services	2,610	1,910	(700)	(37%)	4,455	5,067	612	12%
54 Finance Trade & Investment	5,966	3,083	(2,883)	(94%)	16,948	34,094	17,147	50%
56 Deputy Governor's Office	497	141	(356)	(253%)	965	863	(102)	(12%)
57 Education, Youth, Culture, Social and Library Services	7,495	7,053	(442)	(6%)	14,587	17,494	2,907	17%
58 Director of Public Prosecutions	293	262	(31)	(12%)	573	666	93	14%
59 Home Affairs, Public Utilities and Transportaion	2,770	3,003	232	8%	5,508	7,064	1,556	22%
60 Office of the Deputy Premier, Ministry of Infrastructure, Housing, Planning and Development	4,739	5,657	918	16%	8,466	10,538	2,073	20%
61 Tourism and Environment	1,527	300	(1,227)	(409%)	3,500	2,836	(664)	(23%)
62 Health Agriculture & Human Services	18,963	18,947	(16)	(0%)	38,722	41,612	2,890	7%
63 House of Assembly	757	742	(15)	(2%)	1,478	1,534	56	4%
64 Office of the Premier, Local Government and Community Affairs	512	387	(125)	(32%)	981	1,499	518	35%
65 National Security	106	87	(20)	(23%)	106	277	171	62%
<b>TOTAL PAYMENTS BEFORE CAPITAL</b>	<b>58,301</b>	<b>55,909</b>	<b>(2,391)</b>	<b>(4%)</b>	<b>121,040</b>	<b>155,883</b>	<b>34,842</b>	<b>22%</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>(25,120)</b>	<b>10,575</b>	<b>35,694</b>	<b>338%</b>	<b>(44,369)</b>	<b>(41,892)</b>	<b>(2,477)</b>	<b>6%</b>

## OUTSTANDING PUBLIC DEBT

Public Debt <i>(Figures in US\$'000)</i>	Opening	September 30, 2020	
	01-Apr-20 \$ 000's	Principal Repayment \$ 000's	Outstanding Principal \$ 000's
TCIG Loans - Unsecured	3,021.4	(1,105.8)	1,915.6
<b>Total Outstanding Public Del</b>	<b>3,021.4</b>	<b>(1,105.8)</b>	<b>1,915.6</b>

TCIG's outstanding debt as at 30<sup>th</sup> September, 2020 was \$1.9 million. Total principal debt repayment for the year was \$1.1 million while total finance costs for the year was \$0.08 million. There were no new borrowings during the financial year, neither were there any drawdowns of previously approved borrowings.

## 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 \$12.1 million and these relates mainly to capital projects approved in the previous financial year.

Major components of the amount spent in this FY are as follows: \$6.3 million was spent on the construction, renovation & upgrading of Government's buildings, of which \$3.7 million was spent on schools throughout the islands, \$2.0 million on road development, \$1.0 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 in the NWF at the end of the second quarter was \$25.8 million. No transfers to the fund are expected during this financial year.

## NATIONAL FORFEITURE FUND (NFF)

The NFF had a balance of \$6.4 million as at 30<sup>th</sup> September, 2020.

## FISCAL 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 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 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. 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. 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.

## APPENDICES

### REVENUE BY ECONOMIC CLASSIFICATION

	<b>30-Sep-20 ACTUAL US\$'000</b>	<b>30-Sep-20 ESTIMATE US\$'000</b>	<b>30-Sep-19 PRIOR YEAR US\$'000</b>
Stamp duty on land transactions	12,795	9,373	19,408
Hotel & Restaurant Tax	2,445	13,843	41,130
Communications Tax	1,978	1,975	2,369
Insurance Premiums Tax	548	866	781
Bank Services Tax	309	195	454
Lottery Tax	91	101	-
Stamp Duty - Vehicle Hire	83	370	931
Seaport Departure Tax	73	1,039	2,047
Gaming Machine Tax	62	1,984	1,899
Stamp duty Miscellaneous	22	69	110
Casino Winning Tax	-	85	97
<b>Total taxes on goods and services</b>	<b>18,407</b>	<b>29,901</b>	<b>69,226</b>
	<b>30-Sep-20 ACTUAL US\$'000</b>	<b>30-Sep-20 ESTIMATE US\$'000</b>	<b>30-Sep-19 PRIOR YEAR US\$'000</b>
Import duty	16,837	28,995	36,882
Customs Processing Fee	8,911	13,177	17,336
Fuel Tax	2,772	4,019	5,067
Aviation Fuel Royalty	50	175	356
Duty free shops Royalties	28	245	515
<b>Total duties (excluding stamp duty)</b>	<b>28,598</b>	<b>46,611</b>	<b>60,156</b>
	<b>30-Sep-20 ACTUAL US\$'000</b>	<b>30-Sep-20 ESTIMATE US\$'000</b>	<b>30-Sep-19 PRIOR YEAR US\$'000</b>
Business Licence Renewal	1,760	1,337	1,679
Telecommunications licence	1,090	2,072	2,062
Vehicle Licence	1,049	1,505	1,173
Drivers Licence	234	415	415
Fishing licence	134	163	226
Liquor licences	9	52	22
Sand and Quarry Licences	7	9	9
Animal License	5	1	1
Gun Licences	2	-	2
Casino licences	-	25	25
Casino Permits	-	1	2
Gaming Location Licence	-	120	120
<b>Total licenses</b>	<b>4,289</b>	<b>5,701</b>	<b>5,735</b>

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	<b>30-Sep-20</b>	<b>30-Sep-20</b>	<b>30-Sep-19</b>
	<b>ACTUAL</b>	<b>ESTIMATE</b>	<b>PRIOR YEAR</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Work Permits	6,138	10,709	10,667
Permanent Residency Fees	640	1,002	1,037
PDA application fees	308	427	560
Labour Clearance Fees	261	403	484
ID Card Fees	261	363	460
Audit fees	232	386	329
Work Permits Repatriation Program	201	494	552
Residence Permit Fees	164	164	205
Fees for Official Search, Inspectio	162	109	116
National Parks Fees	125	74	264
Naturalisation Fees	89	130	118
Migrant Processing Fee	82	62	138
Court and Office fees	80	85	99
Registration fees	78	96	89
Sand and Quarry Royalties	70	48	72
Belongers Status	69	786	37
Medical fees and charges	63	34	37
Fines and forfeitures	62	283	234
Temporary Work Permits	43	605	608
Salt Cay Boat Fees	12	20	19
Survey fees	10	15	13
Hotel Inspection Fees	9	21	16
Dental fees	7	12	18
Penalties	6	16	16
Animal Importation Permit	4	9	12
Application Fees Companies	4	7	8
Scientific Research Permit	1	-	1
Examination fees	-	3	3
Time Sharing Fees	-	-	-
Sand Mining	-	-	-
<b>Total fees, fines and permits</b>	<b>9,179</b>	<b>16,363</b>	<b>16,212</b>

	<b>30-Sep-20</b>	<b>30-Sep-20</b>	<b>30-Sep-19</b>
	<b>ACTUAL</b>	<b>ESTIMATE</b>	<b>PRIOR YEAR</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
TCI Port Administration	5,300	5,850	13
TCI Airports Authority	4,000	4,000	-
TCI Financial Services Commission	3,334	2,484	1,226
TCI Telecommunications Commission	800	-	189
Complaints Commission	52	-	-
Invest TCI	46	-	-
Civil Aviation	-	-	487
Integrity Commission	-	-	329
<b>Total transfers from controlled entities</b>	<b>13,533</b>	<b>12,334</b>	<b>2,244</b>

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	<b>30-Sep-20 ACTUAL US\$'000</b>	<b>30-Sep-20 ESTIMATE US\$'000</b>	<b>30-Sep-19 PRIOR YEAR US\$'000</b>
Crown land rents received	909	340	631
Overtime Cost recovered	504	817	1,718
Land Sales	239	323	325
Other Receipts	149	214	319
Warehouse rents	91	27	52
Sale of water	73	118	308
Legal fees recovered	58	138	151
Police Records	50	79	75
Travel Documents	41	107	108
Visas	37	128	209
Ship Registration and Tonnage	36	55	82
Contributions towards Special Schoo	35	-	35
Sale of Stamps	23	76	78
Commercials	14	10	8
Printing for third parties	13	12	25
Map sales	12	8	9
Sale of confiscated goods	11	61	69
Mail Box Rental	7	16	19
Sale of Text Books	3	39	72
Garbage Collection	3	3	3
Rent of Government property	2	15	6
CPU Third Party Sales	2	2	2
Sale of Law Books	1	2	5
Other Postal Services	1	14	12
Agricultural Sales	1	3	3
Farm Sales		1	-
Sale of books			1
Circulatory Coins		1	1
Commemorative Coins	-	2	1
Water and Sewage Related Operations	-	13	11
Immigration Refunds	-	(10)	(2)
Customs Refunds	(84)	-	(11)
Customs Refunds			
Civil Recoveries			
Dormant Accounts			
<b>Total other revenue</b>	<b>2,231</b>	<b>2,612</b>	<b>4,326</b>

	<b>30-Sep-20 ACTUAL US\$'000</b>	<b>30-Sep-20 ESTIMATE US\$'000</b>	<b>30-Sep-19 PRIOR YEAR US\$'000</b>
Interest Income	327	305	330
Bond Inflows	2	15	15
<b>Total finance income</b>	<b>329</b>	<b>320</b>	<b>344</b>

	<b>30-Sep-20 ACTUAL US\$'000</b>	<b>30-Sep-20 ESTIMATE US\$'000</b>	<b>30-Sep-19 PRIOR YEAR US\$'000</b>
European Union (EU) Grant - Budgetary support			
Other Grants and External Assistance	106	148	194
<b>Total grants from multilateral agencies</b>	<b>106</b>	<b>148</b>	<b>194</b>

## EXPENDITURE BY ECONOMIC CLASSIFICATION

	30-Sep-20 ACTUAL US\$'000	30-Sep-20 ESTIMATE US\$'000	30-Sep-19 PRIOR YEAR US\$'000
Salaries and Wages	33,803	34,669	33,854
Contribution to Pension and Health Plans	2,648	2,934	2,634
Housing Allowances	2,133	2,359	2,066
Transport Allowances	437	582	478
Telephone Allowances	411	438	380
Other Allowances	2,969	3,078	2,943
<b>Total compensation of employees</b>	<b>42,401</b>	<b>44,060</b>	<b>42,354</b>
	30-Sep-20 ACTUAL US\$'000	30-Sep-20 ESTIMATE US\$'000	30-Sep-19 PRIOR YEAR US\$'000
<b>Compensation to Members of the House of Assembly</b>			
Salaries - Ministers and Members	436	877	438
Contribution to Pension and Health Plans for Ministers and Members	20	52	21
Allowances for Ministers and Members	174	132	114
<b>Total compensation of members of the House of Assembly</b>	<b>630</b>	<b>1,062</b>	<b>573</b>
<b>Total compensation of employees</b>	<b>43,031</b>	<b>45,122</b>	<b>42,927</b>
	30-Sep-20 ACTUAL US\$'000	30-Sep-20 ESTIMATE US\$'000	30-Sep-19 PRIOR YEAR US\$'000
Pensions	2,587	2,511	2,543
Gratuities	311	845	562
<b>Total pensions and gratuities</b>	<b>2,898</b>	<b>3,357</b>	<b>3,106</b>
	30-Sep-20 ACTUAL US\$'000	30-Sep-20 ESTIMATE US\$'000	30-Sep-19 PRIOR YEAR US\$'000
TCI Tourist Board	1,356	931	2,165
Integrity Commission	1,157	695	1,157
TCI Community College	1,500	1,016	1,551
Invest Turks and Caicos	1,243	1,086	1,559
TCI Civil Aviation Authority	785	552	776
Subvention to Local Organizations	477	353	
Human Rights Commission Expenses	248	188	246
TCI National Trust	145	145	135
Complaints Commissioner's Office	128	128	122
Health Regulatory Authority	162	241	
Financial Intelligence Agency	101	188	69
Health Professions Authority	127	140	
National Wealth Fund	8	-	
Gaming Commission	29	(389)	
<b>Total subventions</b>	<b>7,465</b>	<b>5,274</b>	<b>7,779</b>
	30-Sep-20 ACTUAL US\$'000	30-Sep-20 ESTIMATE US\$'000	30-Sep-19 PRIOR YEAR US\$'000
<b>Finance Cost</b>	<b>78</b>	<b>125</b>	<b>170</b>

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	30-Sep-20 ACTUAL US\$'000	30-Sep-20 ESTIMATE US\$'000	30-Sep-19 PRIOR YEAR US\$'000
Hospital Provisional Charges	13,976	11,509	11,155
Medical Treatment - Transfers to NHIB	13,856	16,627	16,627
Grants and Contributions	11,467	29,455	3,292
Maintenance Expenses	5,275	5,891	4,377
Recurrent Sub Programmes and Projects	3,669	4,687	1,087
Rental of Assets	2,613	2,674	2,539
Utilities	1,590	2,598	2,204
Professional and Consultancy Services	1,346	2,448	1,263
Social Welfare	1,301	2,038	1,081
Security Expenses	1,288	1,046	595
Insurance	1,057	1,311	1,247
SIPT - Special Investigation Prosecution Team	953	1,207	1,454
SIPT - Court Cases	914	1,300	1,916
Other Supplies Materials and Equipment	864	1,170	749
Communications Expenses	758	1,048	749
Data Communication Cost	657	1,042	701
Bank Charges	624	710	968
Fuel	562	913	536
Computer License Software and Hardware Maintenance	528	1,410	253
Rations	470	411	217
Local Travel and Subsistence	449	1,203	1,858
Legal Costs Civil Recovery	375	256	204
Office Expenses	373	688	467
Unallocated Stores	341	313	452
Claims Against Government	277	287	290
Depreciation Expense	234	-	-
International Travel and Subsistence	191	301	1,094
Uniforms & Protective Clothing	158	343	186
Other Sundry Expenses	127	198	222
Court of appeal	106	40	103
Vessel Operating Costs	105	145	39
Aircraft and Vessel Operating Cost	94	67	35
Hosting and Entertainment	92	361	600
Drugs Medical and Lab. Supplies	89	208	37
Covid-19 Expenses	86	1,638	-
Court Contingency Costs	85	110	74
Refuse Collection	84	133	63
Civil Recovery Court Costs	68	31	96
Training	61	30	312
Advertising and Promotions	53	178	101
External Donor Expenses	47	517	186
Subscriptions Periodicals Books	40	177	107
Statutory Bodies Audit Costs	36	258	329
Port Charges Freight Handling Load	32	52	26
Statistical Surveys	29	60	71
Confiscated Vessels	25	25	2
Prisoners Meals - Police	25	28	33
Catering Services	19	35	34
Witness Protection Costs	19	24	-
Juror Costs	17	17	74
Traffic Section, Arms and Ammunition	11	22	35
Transport of Prisoners	7	27	66
Other Operating Expenses	48	4,738	1,278
<b>Total other operating expenditure</b>	<b>67,569</b>	<b>102,005</b>	<b>61,486</b>

**END OF REPORT**