



GOVERNMENT OF THE TURKS AND CAICOS ISLANDS

FY2022/23 SECOND QUARTER FINANCIAL REPORT

A REPORT ON THE FINANCIAL AFFAIRS OF THE TURKS AND
CAICOS ISLAND'S GOVERNMENT FOR THE PERIOD 1 JULY 2022
TO 30 SEPTEMBER 2022

FOREWORD

The second quarter of the FY2022-23 Financial Report (Unaudited) presents a summary of the results of the operations of the Government of the Turks and Caicos Islands for July to September 2022. 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 an unaudited budget report within 28 days after the end of each quarter.

The preparation and publication of this report represent the Government's continued commitment to transparent reporting of the Turks and Caicos Islands' finances, relevant and timely provision of financial information, and overall accountability and quality of governance for decision making.

The budgetary data are prepared using a cash basis of accounting and guided by International Public Sector Accounting Standards (IPSAS) cash basis. As such, Revenue is recognized when received and not when earned; expenditure is recorded in the period it is incurred and paid. The preparation and publication of this report represent the Government's continued obligation to provide transparent reporting of the Turks and Caicos Islands Government's (TCIG) finances, relevant and timely provision of financial information, overall accountability and quality of governance for decision-making.

This enables the Government to monitor the usage of public funds and the associated risks and challenges more closely and implement changes. Likewise, the public, financial institutions and other stakeholders can monitor the Government's finances to be assured that financial decisions are made in accordance with prudent financial management.

PERIODICITY: Quarterly (Qtr. 2: July-September 2022)

TIMELINESS: Within four 28 days after the end of the referenced quarter as per PFMO section 36(1)

PUBLICATION: To be released by the Department website (www.gov.tc/treasury)

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KEY POINTS

- **\$15.1 million increase in underlying cash balance**

The underlying cash balance as at the quarter ending 30 September 2022 showed an increase of \$15.1 million against the expected decrease of \$11 million.

- **\$17.9 million operating surplus**

The operating balance for the quarter was a surplus of \$19 million against the forecast of \$2.5 million.

- **Operating surplus outperformed estimates**

At the end of the second quarter, the operating surplus of \$19 million outperformed the estimates by \$16.5 million (664%) but was less than prior year Q2 by \$7.1 million or 29%

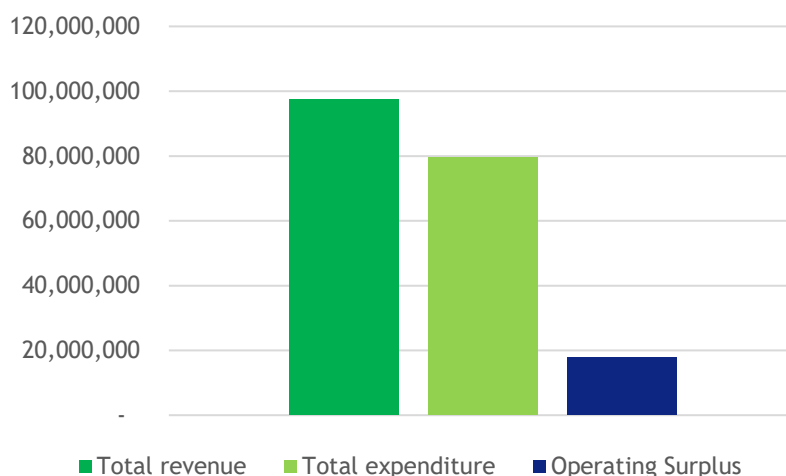
- **\$12 million expenditure on citizen inflation adjustment stimulus**

\$12 million was expended in the second quarter towards the citizen inflation adjustment stimulus.

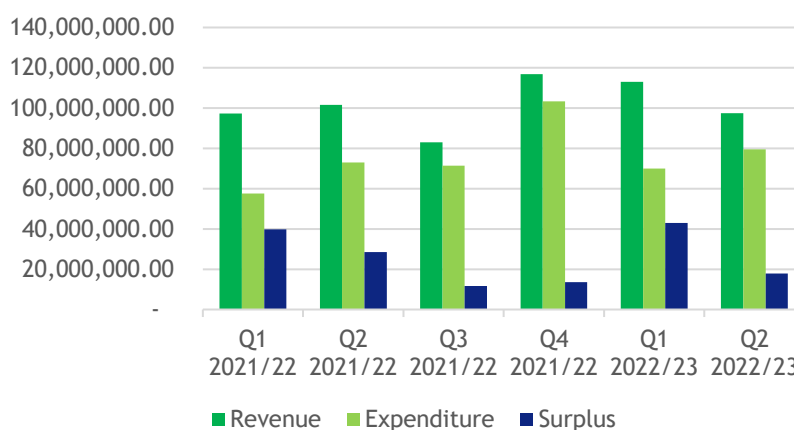
- **\$3 million Development Fund expenditure**

Spending on capital projects for the second quarter showed a 60% decrease when compared to the prior year.

Q2 Performance



Performance trend per quarter 2021/22 to 2022/23



Cash Balances as at 30 September 2022:

<i>Unrestricted cash balances</i>	95,532,489.27	37%
<i>Development Fund</i>	88,724,000.00	35%
<i>National Forfeiture Fund</i>	7,273,149.20	3%
<i>TCI Bank</i>	170,101.59	0%
<i>Short term certificate of deposit</i>	20,000,000.00	8%
<i>National Wealth Fund</i>	43,779,500.00	17%
Cash and cash equivalents	255,479,240.06	100%

Restricted cash of \$140 million represents that which is set aside in specific government established funds for specific purposes as follows: National Forfeiture Fund \$7.3m, National Wealth Fund \$43.8m, Development Fund \$88.7m, and TCI Bank \$0.2m.

OVERVIEW

As the economy continues to rebound from the Covid-19 Pandemic, new macro-economic factors have arisen that pose a challenge to the performance of the TCIG. Imported inflation during the quarter has led to the need for government interventions to reduce the cost of living burden on the citizens as well as to mitigating the contraction in economic activity. These measures are reflected in some of the movement in income and expenditures during the quarter. These have included -

Direct Assistance through a citizen inflation adjustment stimulus with the one-off payment intended to assist citizens with their general living expenses.

The Fuel Tax was reduced from 85 cents per gallon to 64 cents per gallon – effective date - April 1, 2022 – March 31, 2023.

Customs Processing fees were reduced from 7.5 % to 5% - effective date - April 1, 2022 – March 31, 2023.

Import duties and customs fees were waived on some consumable and home use items for the period August 1, 2022 to November 30, 2022.

FISCAL SUMMARY

	Quarter 2			Variance			
	Actual	Budget	Prior Year	Budget		Prior Year	
	\$ 000's	\$ 000's	\$ 000's	\$ 000's	%	\$ 000's	%
Recurrent Revenue	98,072.2	98,695.6	97,350.1	(623.3)	-1%	722.2	1%
Recurrent Expenditure	77,224.9	90,262.1	61,493.2	(13,037.2)	-14%	15,731.7	26%
Net Recurrent Surplus	20,847.4	8,433.5	35,856.9	12,413.9	147%	(15,009.5)	-42%
Non-Recurrent Revenue	445.8	363.5	288.6	82.3	23%	157.2	54%
Non-Recurrent Expenditure	2,330.3	6,313.9	11,159.4	(3,983.6)	-63%	(8,829.1)	-79%
Net Operating Surplus	18,962.9	2,483.1	24,986.0	16,479.7	664%	(6,023.2)	-24%

The second quarter of FY 2022-23 recorded an operating surplus of \$19 million against a projected surplus of \$2.5 million, an outperformance of \$16.5 million. Due to yet-to-be-filled vacancies, the performance is mostly driven by underspending on personnel costs.

CASH FLOW

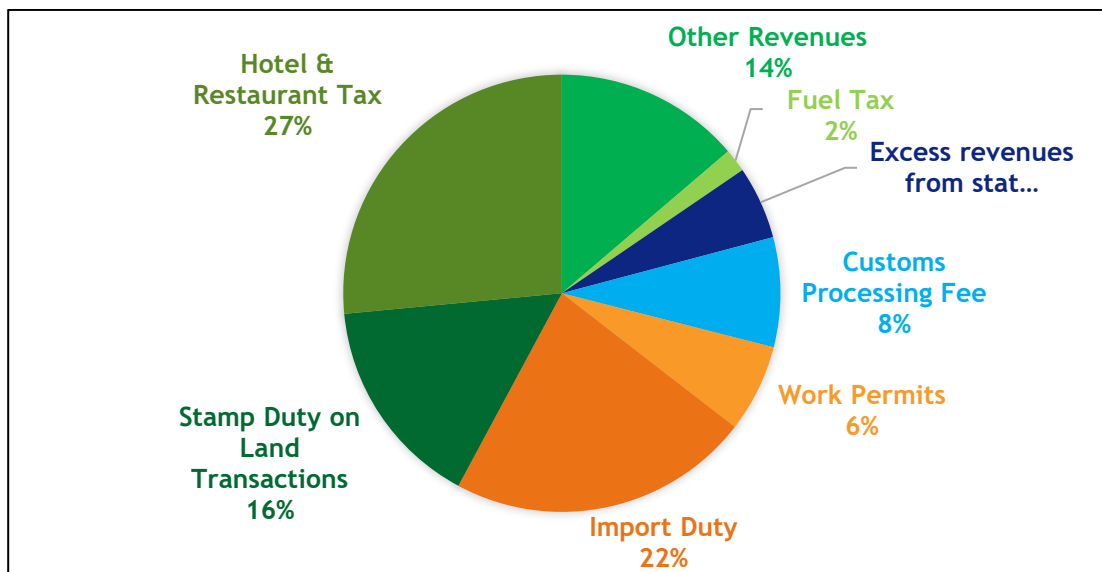
The underlying cash balance at the end of the second quarter increased by \$15.1 million from the prior year's outturn. This resulted in an increase in TCIG's cash and cash equivalents from \$240.3 million at the end of the first quarter to \$255.5 million at the end of the second quarter. \$20.0 million sits in a fixed-term deposit with CIBC First Caribbean International Bank, currently earning interest at a rate of 0.32% for six (6) months.

	Quarter 2			Variances			
	Actual	Budget	Prior Year	Budget		Prior Year	
	\$ 000's	\$ 000's	\$ 000's	\$ 000's	%	\$ 000's	%
Cash Flow from Operations	18,962.9	2,483.1	24,986.0	16,479.7	664%	(6,023.2)	-24%
Less:							
Development Fund Expenditure	(2,956.3)	(13,471.4)	(7,379.8)	10,515.2	-78%	4,423.5	-60%
Debt Repayments	(22.1)	-	-	(22.1)	-100%	(22.1)	-100%
Borrowing	-	-	-	-	-	-	-
Bond Inflows	-	-	-	-	-	-	-
Transfers from/(to) NWF	-	-	-	-	-	-	-
Net receipts/(payments) of public accounts	(832.3)	-	-	(832.3)	-100%	(832.3)	-100%
Net Cash Flow	15,152.2	(10,988.3)	17,606.3	26,140.5	-238%	(2,454.0)	-14%
Opening cash balance (1 July 2022)	240,327.0						
Closing cash balance (30 Sep 2022)	255,479.2						
Attributable to:							
Consolidated Fund	115,702.1						
Development Fund	88,724.0						
National Forfeiture Fund	7,273.1						
National Wealth Fund	43,780.0						
Closing cash balance	255,479.2						

REVENUE

	Quarter			Variances			
	Actual	Budget	Last Year	Budget		Last Year	
	\$000	\$000	\$000	\$000	%	\$000	%
Recurrent Revenues							
Import Duty	22,472.4	18,685.8	17,714.2	3,786.6	20%	4,758.1	27%
Hotel & Restaurant Tax	25,702.2	27,266.1	26,003.3	(1,563.9)	-6%	(301.2)	-1%
Customs Processing Fee	8,097.1	6,511.5	8,784.1	1,585.6	24%	(687.0)	-8%
Stamp Duty on Land Transactions	15,343.8	21,849.5	19,673.2	(6,505.8)	-30%	(4,329.5)	-22%
Work Permits	6,354.7	5,741.6	4,813.9	613.1	11%	1,540.8	32%
Fuel Tax	1,735.2	1,679.8	2,261.8	55.4	3%	(526.6)	-23%
Excess revenues from Statutory Bodies	5,231.1	2,450.0	6,112.8	2,781.1	114%	(881.7)	-14%
Other Revenues	13,135.8	14,511.2	11,986.7	(1,375.4)	-9%	1,149.1	10%
Total Recurrent Revenue	98,072.2	98,695.6	97,350.1	(623.3)	-1%	722.2	1%
Non- Recurrent Revenues							
Civil Recovery Income	-	-	-	-	0%	-	0%
Land Sales	445.8	288.5	288.5	157.3	55%	157.3	55%
Revenue From Grants	(0.1)	75.0	0.1	(75.1)	-100%	(0.1)	-200%
Insurance Proceeds	-	-	-	-	0%	-	0%
	445.8	363.5	288.6	82.3	23%	157.2	54%
Total Revenue	98,518.0	99,059.1	97,638.6	(541.1)	-1%	879.4	1%

Aggregate Revenue for the second quarter totaled \$98.5 million. This result was \$0.5 million less than the projected Revenue of \$99.1 million. On a year-over-year basis, Revenue was slightly up \$0.9 million when compared to the results of the second quarter of 2021. The three main revenue lines of Hotel and Restaurant tax, import duty and stamp duty on land transactions contributed 65% of the total revenue. The graph below shows the percentage distribution of the recurrent revenue.



Tourism activities have remained steady since rebounding from the Covid lows in early 2021. YTD stayover arrivals grew 13% compared to the baseline year and 25% Year on Year. Starting from the third quarter of the last financial year, collections from tourism activities have been making significant gains, as reflected in the HRT Tax results of \$25.7 million collected for the quarter compared. The HRT collections are, however, \$1.6 million or 6% below the projections and \$0.3 million or 1% below prior year results.

Stamp Duty collected during the second quarter totaled \$15.3 million. The collections are \$6.5 million or 30% below budget and \$4.3 million or 22% less than the prior year period. The second half of 2021 was an unusually exceptional period in the real estate market that saw high sales of high-value (luxury) properties and led to historical collections of stamp duty. Per Sotheby's Realty TCI real estate market report, Q2 2022 has seen a 10.5 % decline in general real estate sales compared to last year. This would explain the decline in stamp duty outturn as it is contingent on the value of transactions during the period that would be subject to stamp duties.

Import Duties also saw a significant increase of 27% or \$4.8 million from the prior year and were \$3.8 million or 20% ahead of budget. This is due to the normalization of business activities and increased economic activity.

Others revenues were 9% below projected figures but outperformed the prior year by 10%. The table below shows a breakdown of other recurrent revenue.

	Quarter			Variances			
	Actual	Budget	Last Year	Budget		Last Year	
	\$000	\$000	\$000	\$000	%	\$000	%
Business License renewal	378.9	566.9	464.3	(188.0)	(33.2%)	(85.4)	(18.4%)
Communication Tax	1,185.1	1,424.7	1,308.8	(239.5)	(16.8%)	(123.6)	(9.4%)
Gaming Machine Tax	1,435.4	980.0	1,306.1	455.4	46.5%	129.3	9.9%
Seaport Departure Tax	1,442.8	1,104.5	-	338.3	30.6%	1,442.8	100.0%
Telecommunication Licenses	1,060.9	922.8	735.3	138.1	15.0%	325.7	44.3%
Overtime Costs Recovered	765.2	1,193.7	731.7	(428.5)	(35.9%)	33.5	4.6%
Vehicle License Renewals	733.7	976.3	656.5	(242.6)	(24.8%)	77.2	11.8%
Permanent Residency Fees	458.7	865.4	792.0	(406.7)	(47.0%)	(333.3)	(42.1%)
Crown lands rent	164.1	293.0	322.3	(128.9)	(44.0%)	(158.2)	(49.1%)
Insurance Premiums tax	372.2	464.5	509.7	(92.3)	(19.9%)	(137.5)	(27.0%)
Other Revenues	5,138.8	5,719.4	5,160.1	(580.6)	(10.2%)	(21.3)	(0.4%)
TOTAL OTHER REVENUE	13,135.8	14,177.9	11,986.7	(1,042.1)	-7%	1,149.1	10%

Government's Total Revenue for the YTD is \$211.5 million, an upswing of \$19.1 million or 10% against prior year's revenue of \$192.4 million. Total Revenue is also above the Estimates by \$13 million or 6%. This is due to the YTD performance in Hotel and Restaurant Tax, Seaport Tax, Fuel, Customs Processing Fees and Import Duty.

REVENUE BY MINISTRY

The majority of the program revenue outturn came in more than estimated except for Attorney General's Chambers (mainly stamp duty on land transactions), Judiciary and Home Affairs for the second quarter of FY 2022-23 resulting in an overall performance of \$97.4 million with a shortfall of \$1.3 million against the quarter budget.

(All figures in US\$'000)		Quarter 2			Variance			
		Actual	Budget	Prior Year	Budget		Prior Year	
		\$'000	\$'000	\$'000	\$'000	%	\$'000	%
CASH INFLOWS								
01	Office of the Governor	321	0	113	321	100%	208	184%
03	Police	49	45	50	4	9%	-1	-2%
04	Attorney General's Chambers	15,453	22,278	20,122	-6,825	-31%	-4,669	-23%
05	Judiciary Administration	97	144	165	-47	-33%	-68	-41%
14	Statutory Charges	446	289	289	157	54%	157	54%
16	Immigration and Border services	35,284	31,328	11,701	4,289	14%	23,583	202%
54	Finance Trade & Investment	34,550	32,741	55,194	1,809	6%	-20,644	-37%
57	Education, Labor Employment & Customer services	7,574	6,936	5,060	638	9%	2,514	50%
59	Home Affairs Transportation	2,061	3,039	2,470	-978	-32%	-409	-17%
60	Physical Planning & Infrastructure Development	376	358	316	18	5%	60	19%
61	Tourism, Agriculture, Fisheries Heritage Religious Affairs & Environment	2,121	1,781	2,002	340	19%	119	6%
62	Health & Human Services	186	120	156	66	55%	30	19%
TOTAL RECEIPTS		98,518	99,059	97,638	(208)	0%	880	1%

EXPENDITURE

	Quarter 2			Variances			
	Actual	Budget	Last Year	Budget		Last Year	
	\$000	\$000	\$000	\$000	%	\$000	%
Recurrent Expenditure							
Total Personnel Costs	27,194.3	31,186.5	25,156.3	3,992.3	13%	(2,038.0)	-8%
Transfers to NHIB	8,695.2	8,696.8	8,150.6	1.5	0%	(544.7)	-7%
Grants and contributions	13,493.3	16,898.8	3,721.4	3,405.4	20%	(9,771.9)	-263%
Hospital Provisional Charges	5,877.9	6,302.4	5,698.5	424.5	7%	(179.4)	-3%
Subventions	5,812.0	5,493.6	5,222.8	(318.5)	-6%	(589.2)	-11%
Maintenance Expenses	3,492.8	3,267.3	2,161.2	(225.4)	-7%	(1,331.6)	-62%
Other Expenses	12,659.3	18,416.7	11,382.5	5,757.4	31%	(1,276.9)	-11%
Total Recurrent Expenditure	77,224.9	90,262.1	61,493.2	13,037.2	14%	(15,731.7)	-26%
Non-Recurrent Expenditure							
Statutory Land Acquisitions	800.0	2,437.5	8,257.8	1,637.5	0%	7,457.8	0%
SIPT	1,028.8	2,172.9	1,702.9	1,144.1	53%	674.1	40%
Civil Recovery Costs	212.7	140.0	68.4	(72.7)	100%	(144.3)	-211%
Covid-19 Expenses	283.6	769.8	1,126.5	486.2	63%	842.8	75%
Contingency	-	789.8	-	789.8	100%	-	100%
Finance costs	5.2	3.9	3.8	(1.3)	-35%	(1.4)	100%
Total Non-Recurrent Expenditure	2,330.3	6,313.9	11,159.4	3,983.6	63.1%	8,829.1	79%
	79,555.1	96,575.9	72,652.6	(17,020.8)	(17.6%)	(6,902.5)	(10%)

Aggregate expenditure for the second quarter was \$79.6 million, \$17 million (17.6%) below the projected amount but \$6.9 million (10%) more than the second quarter of 2021. Overall, the underperformance against projected expenditure is expected to be somewhat absorbed during the second half of the financial year as the procurement plan for the financial gets underway.

Personnel costs, which accounted for 34% of expenditure for the second quarter, totaled \$27.2 million and was \$4 million behind budget while being \$2 million less than the prior year's cost. This is largely owing to the recent strides in filling vacant positions; however, several vacancies remain to be filled throughout TCIG.

Grants and contributions for Q2 amounted to \$13.5 million. This includes the \$12 million citizen inflation adjustment stimulus expended during the quarter, which explains the \$9.8 million increase from the prior year as no similar expense was incurred in Q2 2021. The expense was however 20% or \$3.4 million below estimates due to slow uptake of PPID covid works payments.

Transfers to NHIB and Hospital Provisional Charges together accounted for 18% of total expenditure for the second quarter, while Subventions accounted for 7% of expenditure, respectively. Other recurrent expenditures of \$12.7 million accounted for 16% of total expenditure. The significant underspend in this area is mainly due to recurrent sub-programmes, security expenses, professional consultancy, and utility expenses, all of which were >25% behind the budget.

Non-recurrent expenditure totaling \$2.3 million accounted for 3% of total expenditure for the quarter. This was \$4 million or 63% behind estimates and 79% or \$8.8 million below the prior year Q2 spend.

EXPENDITURE BY MINISTRY

All program expenditure outturn came in less than estimated for the second quarter except for National Security Secretariat. As a result, expenditure performed below estimates for the quarter resulting in a \$17 million variance.

(All figures in US\$'000)		Quarter			Variance			
		Actual \$'000	Budget \$'000	Prior Year \$'000	Budget \$'000	%	Prior Year \$'000	%
	TOTAL PAYMENTS EXCLUDING CAPITAL EXPENDITURE AND DEPRECIATION							
01	Office of the Governor	1,424	1,709	1,341	(285)	-17%	83	6%
03	Police	6,979	7,966	6,884	(986)	-12%	95	1%
04	Attorney General's Chambers	1,433	2,248	1,599	(814)	-36%	(166)	-10%
05	Judiciary Administration	1,581	2,578	2,033	(997)	-39%	(453)	-22%
14	Statutory Charges	2,865	6,413	12,063	(3,548)	-55%	(9,198)	-76%
16	Immigration and Border services	3,353	3,718	3,124	(366)	-10%	229	7%
54	Finance Trade & Investment	15,407	17,778	4,614	(2,371)	-13%	10,793	234%
56	Office of the Deputy Governor Education, Labor Employment &	589	745	582	(156)	-21%	7	1%
57	Customer services	10,034	11,857	9,399	(1,823)	-15%	635	7%
58	Director of Public Prosecutions	399	416	311	(17)	-4%	87	28%
59	Home Affairs Transportation Physical Planning & Infrastructure	5,184	6,021	3,775	(836)	-14%	1,409	37%
60	Development Tourism, Agriculture Fisheries Heritage	4,723	7,644	4,494	(2,921)	-38%	229	5%
61	Religious Affairs & Environment	3,173	3,189	2,462	(16)	-1%	711	29%
62	Health & Human Services	19,623	21,208	18,205	(1,585)	-7%	1,418	8%
63	House of Assembly Office of The Premier & District	854	1,114	853	(259)	-23%	1	0%
64	Administration	1,120	1,183	497	(63)	-5%	622	125%
65	National Security Secretariat	814	789	414	25	3%	399	96%
	TOTAL PAYMENTS BEFORE CAPITAL AND DEPRECIATION	79,555	96,576	72,653	(17,021)	-18%	6,903	10%

OUTSTANDING PUBLIC DEBT

(Figures in US\$'000)	Quarter 2		
	Opening	Principal Repayment	Outstanding Principal
	\$ 000's	\$ 000's	\$ 000's
TCIG Loans - Unsecured	514.0	(22.1)	491.9
Total Outstanding Public Debt	514.0	(22.1)	491.9

TCIG's outstanding debt as of 30 September 2022 was \$0.5 million. Total principal debt repayment for the quarter was twenty-two thousand, while total finance costs were five thousand. There were no new borrowings during the financial year.

HUMAN RESOURCE MANAGEMENT

Employees

There were 1,857 people employed by TCIG at the end of September 2022, consisting of 269 waged employees and 1,588 monthly paid employees, exclusive of the Royal Turks and Caicos Police Force.

Pensioners

The total number of Pensioners at the end of September 2022 was 306.

DEVELOPMENT FUND

Ordinance 23 of 2022 commenced on March 25, 2022 included an amendment to regulation 33 of the PFM Regulation to lend additional clarity to the previous amendment in 2016. The effect of the amendment was to indicate that the entire appropriation for the Development Fund shall be committed for a period of two financial years once appropriated by the House of Assembly. Development Fund expenditure for locally funded projects was estimated at \$50,000,000 and of this, \$13.5 million was profiled to the second quarter.

The total amount spent on capital projects for the quarter amounted to \$3 million. Of this amount, \$2.5 million was spent on the construction, renovation & upgrading of the Government's buildings and \$0.3 million was spent on the purchase of machinery and equipment.

Spending on capital projects is expected to increase within the ensuing months as the procurement plan for the current financial year is underway and tendering for projects listed in the current development budget has commenced. Driving capital expenditure will be a key focus for the Government as this financial year progresses.

(All figures in US\$'000)		Quarter			Variance			
		Actual	Budget	Prior Year	Budget		Prior Year	
		\$'000	\$'000	\$'000	\$'000	%	\$'000	%
CAPITAL EXPENDITURE								
01	Office of the Governor	126	-	284	126.0	100%	(158.0)	-56%
03	Police	150	966.3	261	(816.3)	100%	(111.0)	-43%
05	Judiciary Administration		188.7					
16	Immigration and Border services	-	3,450.2	229	(3,450.2)	100%	(229.0)	-100%
54	Finance Trade & Investment		80.8					

Education, Labour Employment	1,162	1,118.1	2,984	43.9	(1,822.0)		
57 & Customer services					100%		-61%
59 Home Affairs Transportation	23	1,730.3	700	(1,707.3)	100%	(677.0)	-97%
60 Physical Planning & Infrastructure Development	1,067	3,680.6	2,209	(2,613.6)	100%	(1,142.0)	-52%
Tourism, Agriculture Fisheries							
61 Heritage Religious Affairs & Environment	215	851.0	258	(636.0)	100%	(43.0)	-17%
62 Health & Human Services	212	284.2	454	(72.2)	100%	(242.0)	-53%
63 House of Assembly	-	97.0	-	(97.0)	200%	-	0%
64 Office of The Premier & District Administration	-	619.7	-	(619.7)	300%	-	0%
65 National Security Secretariat	-	404.1	-	(404.1)	400%	-	0%
TOTAL CAPITAL EXPENDITURE	2,955	13,471	7,379	(10,516)	100%	(4,424)	-60%

The development fund balance as at 30 September 2022 was \$88.7 million and the movement in the fund balance is as shown below.

Opening 31/03/2020 –Based on consultant report	59,263,733
<i>Adjust to remove negative balances –(FSSM adjustment)</i>	(4,202,764)
Adjusted opening 31/03/2020	63,466,497
Contract awards and variations 2020/21	31,448,485
CAPEX 2020/21	(25,302,143)
Closing 31/03/2021	69,612,839
Contract awards and variations 2021/22	2,280,975
CAPEX 2021/22	(22,227,979)
Closing 31/03/2022	49,665,836
Contract awards and variations 2022/23	45,378,328
CAPEX 2022/23 -YTD	(6,319,894)
Closing 30/09/2022	88,724,270

NATIONAL WEALTH FUND.

Transfers to the fund during the year were made based on Section 9 (1(b)) of the National Wealth Fund Ordinance which requires that where in any financial year the actual revenue exceeds the estimated revenue by 20% or more, 70% of the excess of the revenue for that financial year shall be withdrawn from the Consolidated Fund and deposited to the Fund. The transfer is therefore based on the results of FY 2021/22.

A transfer of \$17.8 million was made during the year, and the balance in the NWF as of September 30th, 2022, stood at \$43.8 million.

FY 2021-22 results				Amount to be transferred to NWF in 2022/23 (50% of the variance)	Opening NWF 1/04/2022	Closing NWF 30/09/2022
Actual revenue	Revised Estimates	Variance				
398,777,000	363,088,000	35,689,000	10%	17,844,500	25,935,000	43,779,500

The value of the National wealth fund is attributable to;

(All figures in US\$'000)	30-Sep-22 US\$'000	30-Sep-21 US\$'000
Stabilization Fund	30,664	18,147
Infrastructure and Competiveness Fund	8,751	5,182
Heritage Fund	4,375	2,591
National Wealth Fund balance at the end of the financial year	43,791	25,920

NATIONAL FORFEITURE FUND.

The National Forfeiture Fund has a balance of \$7.3 million as at September 30, 2022.

FISCAL OUTLOOK

The International Monetary Fund (IMF), in its July 2022 edition of the World Economic Outlook (WEO), stated that downside risks continue to dominate the global economic outlook and some countries are expected to slip into recession in 2023. Still, it is too early to say if there will be a widespread global recession. Several shocks have hit a world economy already weakened by the pandemic: higher-than-expected inflation worldwide—especially in the United States and major European economies—triggering tighter financial conditions; a worse-than-anticipated slowdown in China, reflecting COVID-19 outbreaks and lockdowns; and further negative spill overs from the war in Ukraine.

The baseline forecast is for growth to slow from 6.1 percent last year to 3.2 percent in 2022, 0.4 percentage points lower than in the April 2022 World Economic Outlook. Lower growth earlier this year, reduced household purchasing power, and tighter monetary policy drove a downward revision of 1.4 percentage points in the United States. In China, further lockdowns and the deepening real estate crisis have led growth to be revised down by 1.1 percentage points, with major global spill overs. And in Europe, significant downgrades reflect spill overs from the war in Ukraine and tighter monetary policy. Global inflation has been revised up due to food and energy prices as well as lingering supply-demand imbalances

