



*Turks & Caicos Islands*

# **2015-16 Fourth Quarter Financial Report**

**January to March 2016**

*Prepared by the Office of the Accountant General*

*April 26th, 2016*

*Information presented in this Fourth Quarter Financial Report is unaudited*

*FOREWORD*

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This quarterly financial report (unaudited) presents a summary of the results of operations of the Government of the Turks and Caicos Islands for the fourth quarter of the financial year 2015-16. The report has been prepared in adherence to the Public Finance Management Ordinance 2012 (Section 46.01) which requires that the Accountant General prepares and submits an unaudited budget report within 28 days after the quarter end.

The preparation and publication of this report stem from Government's commitment to transparent reporting of the Turks and Caicos Islands Government's (TCIG) finances, contributing to the overall accountability arrangement and an improved quality of governance and decision-making.

This enables the Government to monitor more closely the usage of public funds and the associated risks and challenges, so that where corrective measures may be required, they can be undertaken earlier. Likewise, the public, financial institutions, and other stakeholders are able to monitor the finances of the Government and are reassured that financial decisions are in accordance with prudent financial management.

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*Arnold Ainsley (Mr)*

**Accountant General**

April 26, 2016

# 1 FISCAL SUMMARY

|                              | Quarter 4 2015/16 |                 |                 | 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            | 70,696.0          | 63,592.8        | 68,161.5        | 7,103.3           | 11%          | 2,534.5          | 4%           | 259,812.1       | 231,909.1       | 246,461.7       | 27,903.0        | 12%         | 13,350.4         | 5%           |
| Recurrent Expenditure        | 56,308.0          | 42,301.6        | 48,669.6        | (14,006.4)        | (33%)        | (7,638.4)        | (16%)        | 185,433.9       | 197,244.2       | 162,671.5       | 11,810.4        | 6%          | (22,762.4)       | (14%)        |
| <b>Net Recurrent Surplus</b> | <b>14,388.0</b>   | <b>21,291.2</b> | <b>19,491.9</b> | <b>(6,903.2)</b>  | <b>(32%)</b> | <b>(5,103.9)</b> | <b>(26%)</b> | <b>74,378.2</b> | <b>34,664.9</b> | <b>83,790.2</b> | <b>39,713.4</b> | <b>115%</b> | <b>(9,412.0)</b> | <b>(11%)</b> |
| Non-Recurrent Revenue        | 290.2             | 5,275.0         | 261.2           | (4,984.8)         | (94%)        | 29.0             | 11%          | 5,542.2         | 6,215.5         | 6,492.2         | (673.3)         | (11%)       | (950.0)          | (15%)        |
| Non-Recurrent Expenditure    | 4,393.5           | 3,825.8         | 3,866.6         | (567.7)           | (15%)        | (526.9)          | (14%)        | 11,357.6        | 11,391.3        | 12,749.5        | 33.7            | 0%          | 1,391.9          | 11%          |
| <b>Operating Surplus</b>     | <b>10,284.7</b>   | <b>22,740.4</b> | <b>15,886.4</b> | <b>(12,455.7)</b> | <b>(55%)</b> | <b>(5,601.8)</b> | <b>(35%)</b> | <b>68,562.8</b> | <b>29,489.0</b> | <b>77,533.0</b> | <b>39,073.8</b> | <b>133%</b> | <b>(8,970.2)</b> | <b>(12%)</b> |

The unaudited results for the quarter ended March 31, 2016, recorded a surplus of \$10.3 million, \$12.5 million lower than expected, primarily due to expected higher than budgeted expenditure during the quarter, in an attempt to absorb some of the previously reported shortfalls.

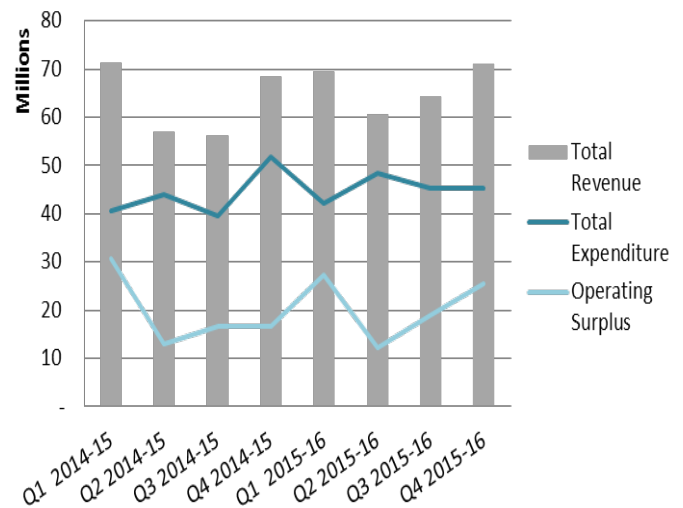
**Recurrent revenue** for the fourth quarter totalled \$70.7 million, \$7.1 million or 11% higher than expected and \$2.5 million or 4% above last year's outturn of \$68.2 million. This was due to strong performance in both the tourism and real estate sectors.

**Recurrent expenditure** for the fourth quarter was \$56.3 million, an increase of \$14.0 million or 33% from the 3 months estimate and \$7.6 million or 16% above the prior year's expenses.

**Non-recurrent Revenue** totalled \$0.3 million for the fourth quarter. The significant quarterly variance to budget is due to the Grant of \$5.0 million that was received from the European Union during the third quarter instead of the fourth as was forecast.

**Non-recurrent expenditure** of \$4.4 million came in 15% or \$0.6 million above budget and above last year's outturn by 14%.

## REVENUE & EXPENDITURE BY QUARTER



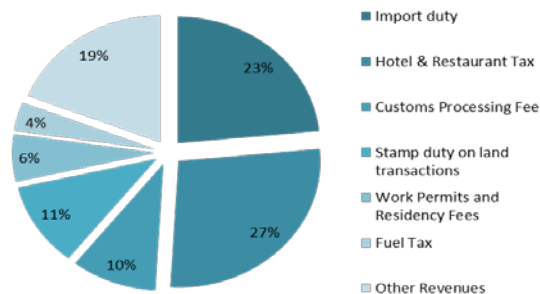
**Operating surplus** for the year ended March 31, 2016, was \$68.6 million, \$39.1 million higher than expected while being \$9.0 million or 12% below last year's outturn of \$77.5 million.

**Recurrent revenue** for the financial year was recorded at \$259.8 million, \$27.9 million or 12% higher than the budgeted amount and an increase of 5% from last year's outturn of \$246.5 million. This was primarily due to continued strong performance in the real estate sectors and better than expected tourist arrivals throughout the year.

**Recurrent expenditure** for the financial year was \$185.4 million, \$11.8 million or 6% below the budget estimates, due mainly to lower than expected personnel and other operating expenses while being up \$22.8 million or 14% from the prior year's outturn.

**Non-recurrent expenditure** of \$11.4 million was on par with the budget while being below last year's outturn by 11% or \$1.4 million.

## RECURRENT REVENUES Q4 FY 2015-16



## 2 REVENUE & EXPENDITURE

### Total Fourth Quarter Revenue - \$71.0 million

| Revenue                         | Quarter 4 2015/16 |               |               |
|---------------------------------|-------------------|---------------|---------------|
|                                 | Actual            | Budget        | Prior Year    |
| <i>(Figures in US\$'000)</i>    |                   |               |               |
| Import duty                     | 16,593            | 14,410        | 16,044        |
| Hotel & Restaurant Tax          | 19,392            | 18,968        | 18,768        |
| Customs Processing Fee          | 6,891             | 6,766         | 7,018         |
| Stamp duty on land transactions | 7,567             | 6,500         | 6,967         |
| Work Permits and Residency Fees | 4,241             | 3,464         | 4,245         |
| Fuel tax                        | 2,561             | 2,294         | 2,375         |
| Other Revenues                  | 13,452            | 11,192        | 12,744        |
| <b>Total Recurrent Revenue</b>  | <b>70,696</b>     | <b>63,593</b> | <b>68,161</b> |
| Nonrecurrent Revenue            | 290               | 5,275         | 261           |
| <b>Total Revenue</b>            | <b>70,986</b>     | <b>68,868</b> | <b>68,423</b> |

**Recurrent Revenue** for the fourth quarter was \$70.7 million, primarily derived from Hotel and Restaurant Tax totalling \$19.4 million and Import Duties of \$16.6 million, which came in a significant 15% above the budget, together accounting for 51% of Recurrent Revenue. Customs Processing Fee and Stamp Duty on Land Transactions accounted for 10% and 11% of Recurrent Revenue respectively while Work Permits & Residency Fees and Fuel Tax together accounted for a further 10% of Recurrent Revenue.

### Total Fourth Quarter Expenditure - \$60.7 million

| Expenditure                        | Quarter 4 2015/16 |               |               |
|------------------------------------|-------------------|---------------|---------------|
|                                    | Actual            | Budget        | Prior Year    |
| <i>(Figures in US\$'000)</i>       |                   |               |               |
| Personnel Costs                    | 19,829            | 17,247        | 16,527        |
| Transfers to NHIB                  | 5,358             | 4,836         | 5,343         |
| Hospital Provisional Charges       | 7,811             | 5,631         | 6,272         |
| Subventions                        | 3,166             | 2,491         | 1,311         |
| Rental of Assets                   | 1,452             | 1,046         | 1,209         |
| Other Recurrent Expenditure        | 18,692            | 11,051        | 9,875         |
| <b>Total Recurrent Expenditure</b> | <b>56,308</b>     | <b>42,302</b> | <b>40,537</b> |
| Nonrecurrent Expenditure           | 4,394             | 3,826         | 1,300         |
| <b>Total Expenditure</b>           | <b>60,702</b>     | <b>46,127</b> | <b>41,837</b> |

**Recurrent Expenditure** for the fourth quarter of \$56.3 million was due largely to Personnel Costs of \$19.8 million, which was \$2.6 million or 15% above the budget and accounted for 35% of Recurrent Expenditure, due to Supplement Appropriation #3, which utilised a large portion of the under-expenditure reported the first 3 quarters. Transfers to NHIB and Hospital Provisional Charges together accounted for a further 23%. All other items made up the remaining 42% of Recurrent Expenditure.

### Total Revenue for the Year - \$265.4 million

| Revenue                         | Year to Date   |                |                |
|---------------------------------|----------------|----------------|----------------|
|                                 | Actual         | Budget         | Prior Year     |
| <i>(Figures in US\$'000)</i>    |                |                |                |
| Import duty                     | 67,331         | 59,977         | 61,572         |
| Hotel & Restaurant Tax          | 58,187         | 54,681         | 51,850         |
| Customs Processing Fee          | 27,995         | 28,672         | 28,646         |
| Stamp duty on land transactions | 26,846         | 18,537         | 25,826         |
| Work Permits and Residency Fees | 18,132         | 15,000         | 17,698         |
| Fuel Tax                        | 9,030          | 8,576          | 8,685          |
| Other Revenues                  | 52,291         | 46,466         | 52,186         |
| <b>Total Recurrent Revenue</b>  | <b>259,812</b> | <b>231,909</b> | <b>246,462</b> |
| Nonrecurrent Revenue            | 5,542          | 6,216          | 6,492          |
| <b>Total Revenue</b>            | <b>265,354</b> | <b>238,125</b> | <b>252,954</b> |

**Total Recurrent Revenue** for the year continued to exceed expectations, recording \$259.8 million, which represents a favourable variance of \$27.9 million, or 12% when compared to the budgeted amount of \$231.9 million and a positive variance of \$13.4 million or 5% when compared to the results of the same period last year.

**Non-recurrent Revenue** for the year totalled \$5.5 million, down \$0.7 million from the budgeted amount, attributed mainly to a \$5.0 million grant received from the European Union.

### Total Expenditure for the Year - \$196.8 million

| Expenditure                        | Year to Date   |                |                |
|------------------------------------|----------------|----------------|----------------|
|                                    | Actual         | Budget         | Prior Year     |
| <i>(Figures in US\$'000)</i>       |                |                |                |
| Personnel Costs                    | 75,158         | 79,777         | 67,864         |
| Transfers to NHIB                  | 19,503         | 19,503         | 19,687         |
| Hospital Provisional Charges       | 23,666         | 23,666         | 23,235         |
| Subventions                        | 9,664          | 10,380         | 8,168          |
| Rental of Assets                   | 5,084          | 5,162          | 4,924          |
| Other Recurrent Expenditure        | 52,360         | 58,756         | 38,793         |
| <b>Total Recurrent Expenditure</b> | <b>185,434</b> | <b>197,244</b> | <b>162,671</b> |
| Nonrecurrent Expenditure           | 11,358         | 11,391         | 12,749         |
| <b>Total Expenditure</b>           | <b>196,791</b> | <b>208,636</b> | <b>175,421</b> |

**Total Recurrent Expenditure** for the year of \$185.4 million was \$11.8 million or 6% below the budgeted amount of \$197.2 million and \$22.8 million or 14% above the results of the same period last year.

**Non-recurrent Expenditure** for the year totalled \$11.4 million, which was on par with the budget amount and 11% or \$1.4 million below last year's outturn.

### 3 REVENUE & EXPENDITURE BY MINISTRY

#### REVENUE

(Figures in US\$'000)

|  | Quarter 4     |               |              |           | Full Year      |                |               |            |
|--|---------------|---------------|--------------|-----------|----------------|----------------|---------------|------------|
|  | Actual        | Budget        | Variance     |           | Actual         | Budget         | Variance      |            |
| Police                                       | 90            | 75            | 15           | 20%       | 109            | 102            | 7             | 7%         |
| Attorney General's Chambers                  | 7,875         | 6,711         | 1,164        | 17%       | 27,850         | 19,559         | 8,291         | 42%        |
| Judiciary                                    | 304           | 262           | 42           | 16%       | 1,087          | 1,050          | 37            | 4%         |
| Statutory Charges                            | 290           | 275           | 15           | 6%        | 5,542          | 1,216          | 4,327         | 356%       |
| Border Control & Employment                  | 6,254         | 4,322         | 1,932        | 45%       | 26,174         | 19,948         | 6,226         | 31%        |
| Finance Trade & Investment                   | 52,687        | 54,533        | (1,845)      | (3%)      | 193,046        | 185,611        | 7,435         | 4%         |
| Education Youth Sports & Culture             | 76            | 99            | (23)         | (23%)     | 538            | 399            | 139           | 35%        |
| Home Affairs, Transportation & Communication | 1,490         | 1,290         | 201          | 16%       | 4,646          | 3,780          | 866           | 23%        |
| Infrastructure Housing & Planning            | 378           | 306           | 72           | 24%       | 1,144          | 1,488          | (343)         | (23%)      |
| Tourism Environment Heritage & Culture       | 1,456         | 909           | 548          | 60%       | 4,912          | 4,627          | 286           | 6%         |
| Health Agriculture & Human Services          | 85            | 86            | (1)          | (2%)      | 305            | 345            | (40)          | (12%)      |
| <b>TOTAL RECEIPTS</b>                        | <b>70,986</b> | <b>68,868</b> | <b>2,118</b> | <b>3%</b> | <b>265,354</b> | <b>238,125</b> | <b>27,230</b> | <b>11%</b> |

#### EXPENDITURE

(Figures in US\$'000)

|   | Quarter 4     |               |                 |              | Full Year      |                |               |             |
|---|---------------|---------------|-----------------|--------------|----------------|----------------|---------------|-------------|
|   | Actual        | Budget        | Variance        |              | Actual         | Budget         | Variance      |             |
| Governor's Office                               | 947           | 1,110         | 163             | 15%          | 3,570          | 4,328          | 758           | 18%         |
| Police  | 6,966         | 3,050         | (3,915)         | (128%)       | 23,096         | 23,741         | 645           | 3%          |
| Attorney General's Chambers                     | 4,614         | 3,171         | (1,444)         | (46%)        | 11,344         | 11,178         | (165)         | (1%)        |
| Judiciary                                       | 2,166         | 1,360         | (807)           | (59%)        | 5,854          | 8,496          | 2,643         | 31%         |
| Statutory Charges                               | 4,758         | 4,575         | (183)           | (4%)         | 12,981         | 13,668         | 688           | 5%          |
| Border Control & Employment                     | 1,658         | 1,496         | (162)           | (11%)        | 5,753          | 6,853          | 1,100         | 16%         |
| Finance Trade & Investment                      | 3,857         | 3,528         | (329)           | (9%)         | 14,618         | 15,321         | 703           | 5%          |
| Deputy Governor's Office                        | 743           | 444           | (299)           | (67%)        | 1,968          | 2,145          | 177           | 8%          |
| Education Youth Sports & Culture                | 6,793         | 6,143         | (650)           | (11%)        | 25,108         | 26,388         | 1,279         | 5%          |
| Director of Public Prosecutions                 | 358           | 386           | 28              | 7%           | 2,148          | 2,225          | 78            | 3%          |
| Home Affairs Transportation & Communication     | 2,633         | 1,686         | (946)           | (56%)        | 8,745          | 9,237          | 492           | 5%          |
| Infrastructure Housing & Planning               | 4,505         | 3,306         | (1,199)         | (36%)        | 15,347         | 15,855         | 508           | 3%          |
| Tourism Environment Heritage & Culture          | 2,169         | 1,363         | (806)           | (59%)        | 5,649          | 6,705          | 1,055         | 16%         |
| Health Agriculture & Human Services             | 17,049        | 13,473        | (3,576)         | (27%)        | 55,783         | 57,092         | 1,309         | 2%          |
| House of Assembly                               | 683           | 694           | 11              | 2%           | 2,668          | 2,822          | 154           | 5%          |
| Office of The Premier & District Administration | 803           | 343           | (460)           | (134%)       | 2,160          | 2,581          | 421           | 16%         |
| <b>TOTAL PAYMENTS</b>                           | <b>60,701</b> | <b>46,127</b> | <b>(14,574)</b> | <b>(32%)</b> | <b>196,791</b> | <b>208,636</b> | <b>11,844</b> | <b>6%</b>   |
| <b>OPERATING SURPLUS</b>                        | <b>10,285</b> | <b>22,740</b> | <b>(12,455)</b> | <b>55%</b>   | <b>68,563</b>  | <b>29,489</b>  | <b>39,074</b> | <b>133%</b> |

Program expenditure was above budget for the fourth quarter of Financial Year 2015-16. All ministries expenditure outturn came in less than the estimated amounts for the financial year except for the Attorney General Chambers that incurred unavoidable unexpected consulting fees during the year in regards to some highly sensitive cases. Due to the timing of the expenditure, it was not possible to execute a supplementary appropriation.

The overall under-expenditure was a major contributor to the operating surplus for the year being \$39.1 million over the budgeted amount of \$29.5 million.

## 4 CASH FLOW

(Figures in US\$'000)

|                                  | Quarter 4 2015/16 |                  |                   | 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>10,284.7</b>   | <b>22,740.4</b>  | <b>15,886.4</b>   | <b>(12,455.7)</b> | <b>(55%)</b> | <b>(5,601.8)</b> | <b>(35%)</b> | <b>68,562.8</b> | <b>29,489.0</b>   | <b>77,533.0</b> | <b>39,073.8</b> | <b>133%</b>   | <b>(8,970.2)</b> | <b>(12%)</b> |
| Less:                            |                   |                  |                   |                   |              |                  |              |                 |                   |                 |                 |               |                  |              |
| Capital Contributions            | (3,342.5)         | (9,677.7)        | (4,049.8)         | 6,335.1           | (65%)        | 707.2            | (17%)        | (11,558.8)      | (26,404.7)        | (7,948.4)       | 14,845.9        | (56%)         | (3,610.4)        | 45%          |
| Debt Repayments                  | (170,598.9)       | (170,806.7)      | (906.8)           | 207.8             | (0%)         | (169,692.1)      | 18714%       | (180,457.5)     | (173,837.4)       | (15,635.3)      | (6,620.2)       | 4%            | (164,822.2)      | 1054%        |
| Borrowing                        | 33,000.0          | 56,062.4         | -                 | (23,062.4)        | (41%)        | -                | -            | 33,000.0        | 56,062.4          | -               | -               | -             | -                | -            |
| Bond Inflows                     | -                 | 208.3            | -                 | (208.3)           | (100%)       | -                | -            | 367.2           | 757.9             | 775.8           | (390.7)         | (52%)         | (408.6)          | (53%)        |
| Transfers from/(to) NFF          | -                 | -                | -                 | -                 | -            | -                | -            | -               | -                 | 102.1           | -               | -             | (102.1)          | (100%)       |
| Transfers to Sinking Fund        | (.7)              | (19,148.0)       | (50,000.0)        | 19,147.3          | (100%)       | 49,999.3         | (100%)       | (.8)            | (19,148.0)        | (60,845.9)      | 19,147.2        | -             | 60,845.1         | -            |
| Transfers from Sinking Func      | 110,000.0         | 116,591.2        | -                 | (6,591.2)         | (6%)         | 110,000.0        | -            | 110,000.0       | 116,591.2         | 9,000.0         | (6,591.2)       | 100%          | 101,000.0        | 100%         |
| Net Workin Capital               | 1,168.5           | -                | -                 | 1,168.5           | -            | 1,168.5          | -            | 5,239.1         | -                 | 2,862.4         | 5,239.1         | -             | 2,376.7          | 83%          |
| <b>Net Cash Flows</b>            | <b>(19,489.0)</b> | <b>(4,030.1)</b> | <b>(39,070.1)</b> | <b>(15,458.9)</b> | <b>384%</b>  | <b>19,581.2</b>  | <b>(50%)</b> | <b>25,152.0</b> | <b>(16,489.6)</b> | <b>5,843.8</b>  | <b>41,641.6</b> | <b>(253%)</b> | <b>19,308.2</b>  | <b>330%</b>  |

The fourth quarter of fiscal 2015/16 recorded a negative cash flow of \$19.5 million compared to a budgeted cash deficit of \$4.0 million and a prior year cash deficit of \$39.1 million due to using a larger amount of accumulated cash to repay the UK guaranteed bond in February 2016 thereby reducing TCIG's indebtedness. The cash balance at the end of the fourth quarter was \$25.2 million, which was \$41.6 million over projected net cash deficit of \$16.5 million and \$19.3 million below the results for the same period last year.

To enhance the government's treasury management, an amount of \$15.0 million is currently placed in an on-call money market account at Scotiabank (Turks and Caicos), which is earning interest at a rate of 0.4% per annum.

## 5 OUTSTANDING PUBLIC DEBT

(Figures in US\$'000)

| Debt Type                            | Opening          | New Loans       | As At March 31, 2016 |                       |
|--------------------------------------|------------------|-----------------|----------------------|-----------------------|
|                                      | 01-Apr-15        |                 | Principal Repayment  | Outstanding Principal |
| RBTT Bonds 2016 - Guaranteed         | 170,000.0        |                 | (170,000.0)          | .0                    |
| Other TCIG Bank Loans - Unsecured    | 12,914.3         | 33,000.0        | (2,785.2)            | 43,129.1              |
| TCInvest Loans - Unsecured           | 8,823.9          |                 | (7,672.4)            | 1,151.6               |
| <b>Total Outstanding Public Debt</b> | <b>191,738.2</b> | <b>33,000.0</b> | <b>(180,457.5)</b>   | <b>44,280.7</b>       |

Total outstanding debt as of March 31, 2016, was \$44.3 million. Total debt repayments for the financial year were \$180.5 million.

TCIG borrowed \$28.0 million from the RBC Royal Bank Canada during the month of February as part of a refinancing arrangement to assist with the repayment of the \$170 million Bond during February 2016. TCIG also borrowed a Policy Based Loan of \$5.0 million from the Caribbean Development Bank during the month of March.

All loan principal and interest payments are up to date as of March 31<sup>st</sup>, 2016.

## 6 NATIONAL FORFEITURE FUND

The National Forfeiture Fund had a balance of \$5.7 million at March 31, 2016.

## 7 DEVELOPMENT FUND

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The total amount spent on capital projects at the end of the fourth quarter of FY2015-16 was \$11.6 million, funded by capital contributions totalling the same amount provided by the Consolidated Fund. This outturn represented a \$14.5 million or 56% shortfall from the budgeted amount of \$26.4 million while being \$3.6 million above last year's expenditure of \$7.9 million.

Due to a recent amendment to the PFM Ordinance Section 18(2) (b), about \$14.8 million will be retained in the Development Fund to cover the cost of projects that were deemed committed on March 31, 2016.

## 8 FISCAL OUTLOOK

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The performance for the financial year ended March 31, 2016, recorded very encouraging results for 2015/16. There were improvements in the performance of both revenue and expenditure when compared to the budget estimates and last year's results, which is a positive outcome in the case of revenue albeit a work in progress in the case of under-expenditure.

Recurrent revenue outturn for the financial year of \$259.8 million was notably above the budgeted amount by \$27.9 million, which surpassed the revised forecast of \$254 million.

Even though recurrent expenditure is below budget by \$11.8 million for the year, appropriate legislative compliance measures continued to be enforced, and emphasis continued on adherence to both the Public Finance Management and the Public Procurement Ordinances. Managing growth in program spending while achieving value for money and more efficient and effective public services remained a key component of the government's fiscal plan.

The Government remains committed to its objective of building a stronger and more resilient economy through fiscal discipline. TCIG is also keen to continue achieving fiscal surpluses, which will assist with paying down public debt, increase sustainability and provide additional funding to initiatives aimed at creating new investments and more job opportunities. The ability to repay the \$170 million guaranteed bond whilst borrowing less than envisaged to facilitate the transaction in the fourth quarter is evidence of the government's continued commitment to fiscal prudence.