



GOVERNMENT OF THE TURKS AND CAICOS ISLANDS
FINANCIAL SERVICES AND SUPPLIES MANAGEMENT DEPARTMENT



FINANCIAL REPORT
JANUARY 2024



Contents

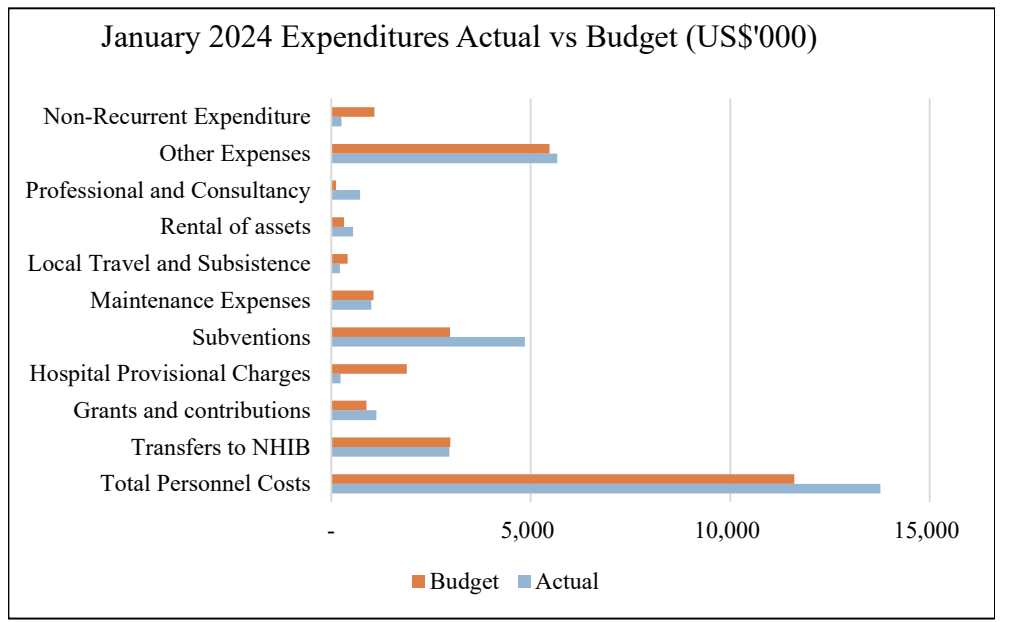
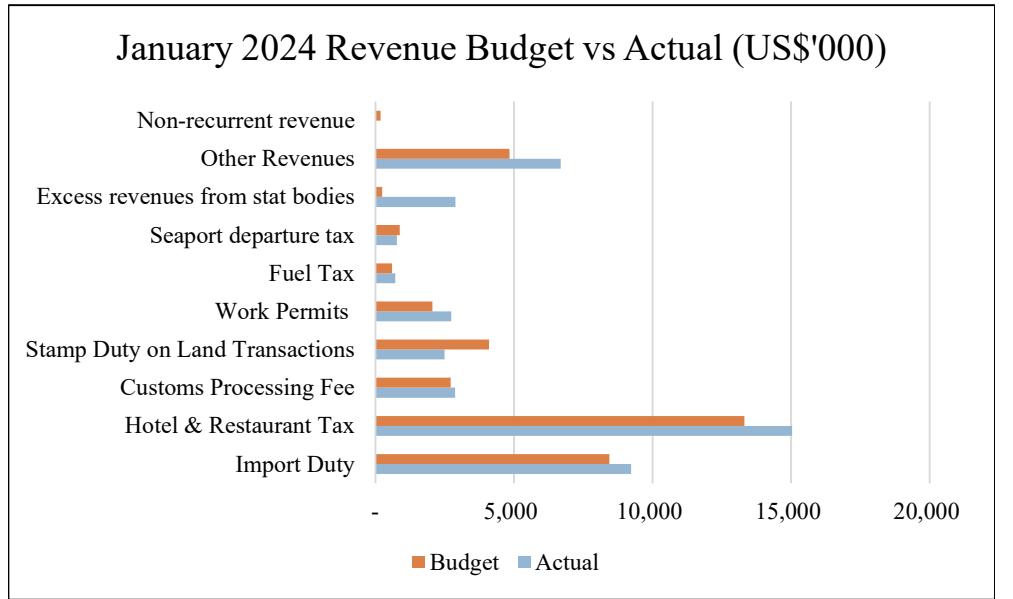
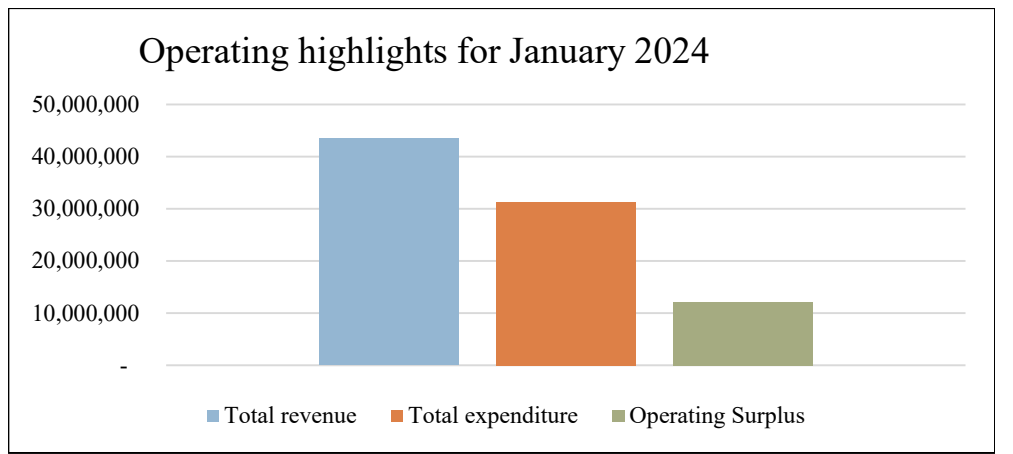
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KEY HIGHLIGHTS

➤ **\$12.1 million operating surplus.** The operating balance for the month was a surplus of \$12.1 million against the forecast surplus of \$8.6 million.

➤ **\$43.5 million revenue for the month.** The aggregate revenue collections for the January were \$43.5 million against a budget of \$37.4 million.

➤ **Increase in the underlying Cash balances.** The underlying cash balance as at the period ending 31 January 2024 showed an increase of \$14.8 million resulting in a closing cash balance of \$365.5 million



1. ECONOMIC OVERVIEW

The local economy and, by extension, the world have faced inflationary pressures in FY 2023/24 arising from global logistical bottlenecks from the pandemic, the Ukraine war and other global events.

The International Monetary Fund (IMF) in its January 2024 World Economic Outlook update projected global growth to be 3.1% in 2024 and 3.2% in 2025. This is a 0.2 percentage point increase from the October 2023 World Economic Outlook (WEO). The IMF's forecast for 2024–25 is below the historical average of 3.8% from 2000–2019. The IMF attributes the increase in growth to the resilience of the United States and several large emerging market and developing economies. Some of the IMF's concerns for 2024 include:

- Elevated central bank rates: To fight inflation
- Withdrawal of fiscal support: Amid high debt
- Renewed geopolitical tensions: Especially in the Middle East, with increased attacks on ships in the Red Sea
- Core inflation: Could remain high as services inflation proves more persistent
- Wage developments: Could add to price pressures

The IMF also notes that faster disinflation could lead to further easing of financial conditions.

According to the World Bank, the Caribbean region's growth forecast for 2024 is 2.3%, which is lower than the pre-pandemic growth levels. The region will also face global adverse effects, such as: Lower commodity prices, rising interest rates in the Group of Seven (G7) countries, China's shaky recovery, heightened inflation which is eroding purchasing power and making it more difficult for people to afford basic necessities, tight monetary conditions, weak global trade, high levels of public debt, which is limiting the ability of governments to invest in essential services and increased climate-related disasters, which are causing damage to infrastructure and livelihoods. Despite these challenges, the report also identifies several opportunities for the region, including: The potential for growth in the tourism sector, as travel restrictions are lifted and people begin to travel again, the development of new industries such as renewable energy and the digital economy; increased investment in climate adaptation and resilience measures; the implementation of policies to promote social inclusion and reduce poverty.

The economic outlook for the Turks and Caicos Islands is mixed, with both positive signs and challenges. There is strong tourism rebound with tourist arrivals exceeding pre-pandemic levels, boosting the main driver of the TCI economy; Rising investor confidence- The government reports high investor interest and a strong pipeline of development projects in real estate and tourism sectors; Favorable global growth- The IMF predicts global growth of 3.1% in 2024 for TCI; The government is also investing in infrastructure and other development projects, which are expected to boost economic growth. However the following Challenges and risks still persist: Inflation- Although global inflation is projected to decline, it may still impact TCI's import-dependent economy and consumer spending; External shocks- Global events like geopolitical tensions or economic downturns could negatively affect tourism and foreign investment; Limited diversification- Reliance on tourism makes the economy vulnerable to external factors.

The TCI government's Department of Statistics projects that real Gross Domestic Product (GDP) will grow by 5.5% in FY 2023/24, with nominal GDP increasing to \$1.23 Billion and GDP per capita to \$27,784. The Consumer Price Index is expected to ease to 3.5% in FY 2023/24.

Government revenue generation in January was higher than both the Estimates and the same period in the prior year. Cabinet has approved the following measures introduced to ease the cost of living burden for the citizenry;

- Extension of the reduction in the rate of Customs Processing fee from 7.5% to 5% across the board on the importation of all goods. This adjustment was effective from 1st October 2023 and is scheduled to end on 31st March 2025.
- Minimum wage revision from \$6.25 per hour to \$8 per hour and \$9.00 per hour for sectors such as Security, Manufacturing, Construction and Banking with effect from 1st April 2023.
- A pay grade review exercise was implemented in December 2023 that led to overall increases in remunerations of Civil servants and pensioners.

2. FISCAL OVERVIEW

The Estimates of Revenue and Expenditure for the financial year 2023-24 were approved in the House of Assembly on May 23, 2023, with a focus on implementing strategies, development programs, and projects aimed at the well-being of the people of the Turks and Caicos Islands, as well as achieving social, economic, and environmental progress.

The approved budget includes revenues of \$417.8 million, operating expenditures of \$358.6 million, and capital expenditure estimated at \$65.1 million, resulting in a projected deficit of \$6.3 million.

Two supplementary budgets were approved in FY 2023-24. The first, on September 28, 2023, increased recurrent expenditure by \$12.8 million and capital expenditure by \$0.7 million, with significant budget increases for the Community Enhancement Program (\$1.9 million), Border Control and Detention and Repatriation (\$1 million), Consumer Price Index increase to Interhealth Canada Infraco payments (\$1.4 million), Renewal of Leases (\$1.4 million, and Social Enhancement Aid (SEA) Program (\$1 million). The second supplementary budget, approved on December 15, 2023, increased capital expenditure by \$4.8 million and recurrent expenditure by \$1 million, with notable budget increases for Community Enhancement programs under the Ministry of Health (\$500k) and \$360k for the Human Capital Management Information system under the Office of the Deputy Governor. Withdrawals for the Contingencies Fund amounted to \$500k. The updated projections show planned revenues of \$415.4 million and spending of \$443.4 million. This spending includes \$372.8 million for operating expenses and \$70.6 million for capital expenses, resulting in a projected net deficit of \$28 million.

The Government ended the month of January 2024 with an operating surplus of \$12.1 million and a cash increase of \$14.8 million, bringing the closing cash balance to \$365.5 million. Revenue for January was 17% higher than budget and 16% more than the similar month in the prior year. Despite inflationary pressures, the Turks & Caicos Islands Government experienced continued growth in cash flow and strong employment. This improved economic resilience can be attributed to the high volume of tourist arrivals and continued growth in the construction and real estate market.

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2.1. FISCAL SUMMARY

The operating surplus for January 2024 was \$12.1 million, exceeding estimates by \$3.5 million or 41%, and higher than the same month in the prior year's performance by \$0.5 million or 5%. This overall performance can be attributed to the overperformance of excess revenue from Statutory Bodies and Hotel Restaurant and Tourism Taxes. Year to date, the operating surplus was \$87 million, which was 540% higher than estimates and 7% more than the prior year.

FISCAL SUMMARY	January			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	43,473	37,241	37,460	6,232	17%	6,013	16%	357,525	333,296	332,676	24,229	7%	24,849	7%
Non-Recurrent Revenue	-	195	1,231	(195)	-100%	(1,231)	-100%	1,323	2,745	5,112	(1,422)	-52%	(3,789)	-74%
Total Revenue	43,473	37,436	38,691	6,037	16%	4,782	12%	358,849	336,041	337,789	22,807	7%	21,060	6%
Recurrent Expenditure	31,097	27,729	26,491	3,369	12%	4,607	17%	266,547	314,204	244,882	(47,657)	-15%	21,664	9%
Non-Recurrent Expenditure	255	1,081	613	(825)	-76%	(357)	-58%	5,281	8,234	11,826	(2,953)	-36%	(6,546)	-55%
Total Expenditure	31,353	28,810	27,103	2,543	9%	4,249	16%	271,827	322,438	256,709	(50,610)	-16%	15,119	6%
Net Operating Surplus	12,120	8,626	11,587	3,494	41%	532	5%	87,021	13,604	81,080	73,417	540%	5,941	7%

2.2. CASH FLOW

The underlying cash balance increased by \$14.8 million during the month. This resulted in an increase in TCIG's cash and cash equivalents from \$350.7 million at the end of December 2023 to \$365.5 million at January 31, 2024. Cash balances comprise cash at bank, short term fixed deposits and cash-in-transit.

	January			Variance				Year to Date			Variance			
	Actual	Budget	Prior Year	Budget		Prior Year		Actual	Budget	Prior Year	Budget		Prior Year	
	\$ 000's	\$ 000's	\$ 000's	\$ 000's	%	\$ 000's	%	\$ 000's	\$ 000's	\$ 000's	\$ 000's	%	\$ 000's	%
Cash Flow from Operations	12,120	8,626	11,587	3,494	41%	532	5%	87,021	13,604	81,080	73,417	540%	5,941	7%
Less:														
Development Fund Expenditure	(1,408)	(6,500)	(1,934)	5,092	-78%	526	-27%	(21,236)	(67,338)	(15,167)	46,102	-68%	(6,070)	40%
Debt Repayments	(93)	-	-	(93)	0%	(93)	0%	(338)	(95)	(130)	(243)	0%	(208)	0%
Bond Inflows	-	-	-	-	0%	-	0%	-	-	-	-	0%	-	0%
Net receipts/(payments)	4,219	-	(1,815)	4,219	0%	(6,034)	333%	10,236	-	2,709	10,236	0%	(7,527)	-278%
Net Cash Flow	14,838	2,126	7,839	12,712	598%	6,999	89%	75,683	(53,829)	68,493	129,513	-241%	7,191	10%
Opening cash balance	350,672		258,076					289,827		195,794				
Closing cash balance	365,510		265,915					365,510		264,287				
Attributable to:														
Consolidated Fund	213,579							213,579						
Development Fund	93,803							93,803						
National Forfeiture Fund	7,016							7,016						
National Wealth Fund	51,112							51,112						
Closing cash balance	365,510							365,510						

3. REVENUE

3.1. REVENUE BY ECONOMIC CLASSIFICATION

3.1.1. RECURRENT REVENUE

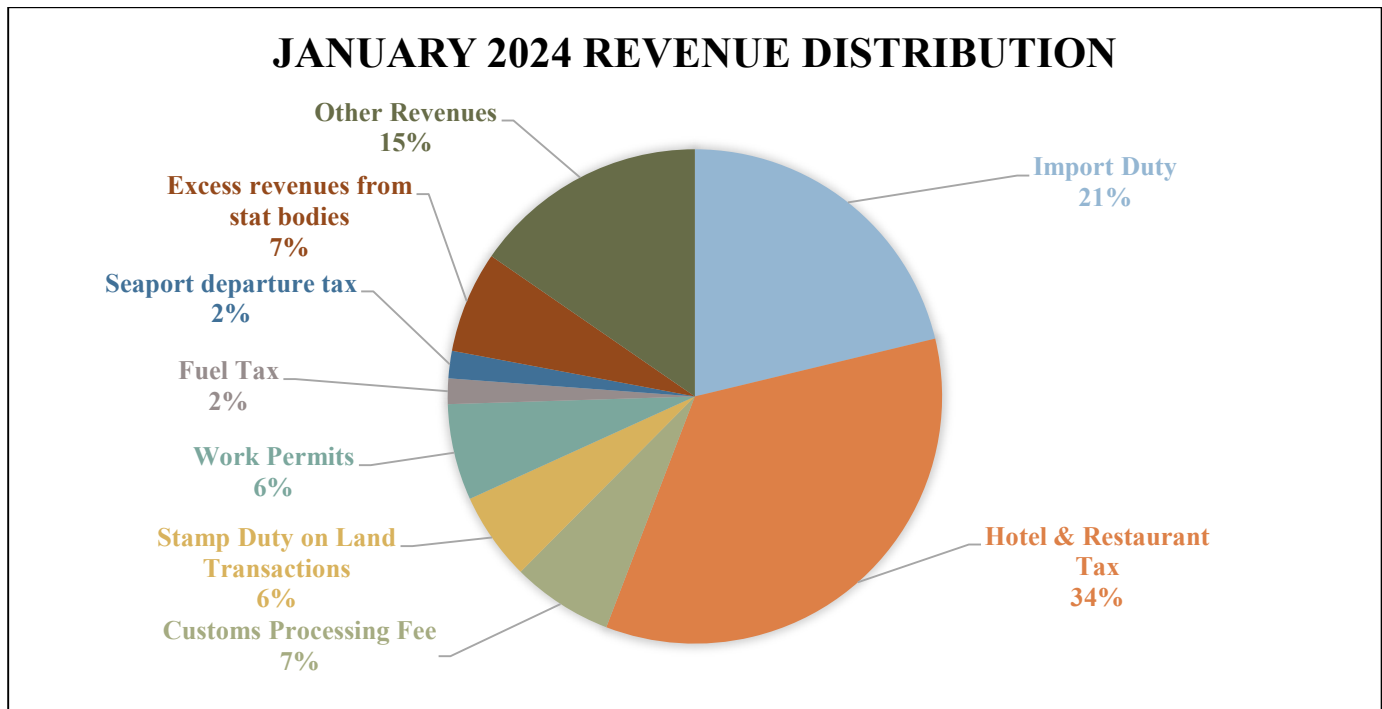
January: \$43.5 million YTD: \$357.5 million

	January			Variances				Year to Date			Variances			
	Actual	Budget	Last Year	Budget		Last Year		Actual	Budget	Last Year	Budget		Last Year	
	\$000	\$000	\$000	\$000	%	\$000	%	\$000	\$000	\$000	\$000	%	\$000	%
Recurrent Revenues														
Import Duty	9,233	8,451	8,519	782	9%	714	8%	89,244	80,659	78,376	8,586	11%	10,868	14%
Hotel & Restaurant Tax	15,039	13,314	13,000	1,725	13%	2,039	16%	91,411	85,733	82,477	5,677	7%	8,934	11%
Customs Processing Fee	2,877	2,722	2,801	154	6%	76	3%	30,059	28,035	27,665	2,024	7%	2,394	9%
Stamp Duty on Land Transactions	2,502	4,108	4,036	(1,607)	-39%	(1,535)	-38%	40,060	45,025	49,921	(4,964)	-11%	(9,860)	-20%
Work Permits	2,738	2,057	2,029	681	33%	709	35%	26,243	21,698	21,006	4,545	21%	5,236	25%
Fuel Tax	725	611	609	114	19%	116	19%	6,768	6,500	6,298	269	4%	470	7%
Seaport Departure Tax	779	883	891	(104)	-12%	(112)	-13%	6,213	5,063	4,973	1,150	23%	1,240	25%
Excess revenues from stat bodies	2,891	250	250	2,641	1056%	2,641	1056%	13,725	11,266	16,097	2,459	22%	(2,372)	-15%
Other Revenues	6,690	4,845	5,325	1,845	38%	1,364	26%	53,802	49,319	45,863	4,484	9%	7,939	17%
Total Recurrent Revenue	43,473	37,241	37,460	6,232	17%	6,013	16%	357,525	333,296	332,676	24,229	7%	24,849	7%

In January, the recurrent revenue totaled \$43.5 million, exceeding the budget by \$6.2 million (17%) and surpassing the prior year's collections by \$6 million (16%). The over performance of Hotel and Restaurant Taxes and Excess revenue form Statutory Bodies contributed to this result. The five main revenue lines accounted for 75% of the total recurrent revenue.

Year to date, the aggregate recurrent revenue is \$357.5 million, which is 7% higher than the budget and 7% more than the same period in the prior year. This increase is mainly due to the over performance of import duties, hotel,restaurant and tourism taxes, and work permit fees.

The chart below shows the percentage distribution of recurrent revenue for the period.



Hotel, Restaurant and Tourism Tax (HRTT) accounted for the largest share (34%) of the total revenue collected during the month. Tourism activities have seen an increase in both the month and the year to date with an uptick in arrivals and overnight stays. HRTT collections amounted to \$15 million, which was \$1.7 million or 13% higher than the estimated amount and \$2 million or 16% higher than the previous year. Year-to-date, the revenue from Hotel and Restaurant tax stands at \$91.4 million, which is 7% higher than the estimated amount and 11% higher than the previous year. Cruise passenger arrivals have increased by 51.7% and air arrivals by 4% during the year with more flights and cruise ships coming to TCI.

Import duties accounted for the second largest share of the revenue collected, making up 21% of the total. During the month, import duty collections reached \$9.2 million, surpassing the budget by 9% and exceeding the previous year's results by 8%. Year-to-date, import duty revenue amounted to \$89.2 million, exceeding estimates by \$8.6 million or 11% and surpassing the previous year's results by \$10.9 million or 14%. Per the reports released by the department of Trade, the trade value of imports increase in FY2023-24 with the primary import items being food, machinery and transport equipment, and fuel. The increase in inflationary pressures has resulted in price hikes for imported items. Additionally, the growth in economic activity in the tourism and construction sectors has led to a higher volume of imports.

Stamp duty on land transactions is collected based on the value of a transaction and payments generally fall due within 30 days of the execution of an instrument. Accordingly, the rate of Stamp Duty collected in any given period is, in aggregate, a product of the volume and frequency of the property transactions within that period. Stamp Duty

collected during the month totaled \$2.5 million. The collections were 39% less than the Estimates and 38% less than the prior year period. Year to date, revenue from Stamp Duty for land transactions amounted to \$40.1 million which was 11% behind Estimates and 20% less than the prior year. It is important to note that land transactions do not follow a cyclical pattern, and historical data may not accurately predict future revenue trends. Land transactions may be influenced by the BOTC Stamp Duty Rate Reduction Policy which in turn would have a favorable effect on stamp duty collections. Current factors affecting the Stamp duty from Land Transactions include booms and busts in the real estate market and implementing the BOTC Stamp Duty Rate Reduction Policy. A transfer with a consideration band that would normally attract a Stamp Duty rate of 10% may be reduced to 6% under the policy.

Customs Processing Fees (CPF) for the month amounted to \$2.9 million, which was in line with the Estimates and prior year's results. Year to date, revenue from Customs processing fees reached \$30.1 million, which was 7% higher than the estimated amount and 9% higher than the previous year's results. The rise in customs processing fees revenue can be attributed to increased import activities especially in the construction industry, and inflation on imports.

Work Permits fees were \$2.7 million for the month, accounting for 6% of the total Revenue. These exceeded Estimates by \$0.7 million or 33% and were \$0.7 million or 35% more than the collections in the prior year. Year to date, revenue from Work permit fees totaled \$26.2 million which was 21% higher than Estimates and 25% more than the prior year results. Work permit Revenue collection increased as most work permit holders are employed in the tourism and hospitality sector, and hiring would have increased with increased business activity.

Excess revenue from Statutory bodies totaled \$2.9 million during the month. This was \$2.6 million above budget and \$2.6 million more than the prior year results. Year to date. Excess revenue received from Statutory Bodies totaled \$13.7 million which was 2.5% ahead of the Estimates and 15% less than the prior year. The variances are attributed to the unremitted of excess revenue by the TCI Airports Authority (This was remitted in February 2024 after period close).

Seaport departure tax totaled \$0.8 million which was \$0.1 million or 12% less than the Estimates and \$0.1 million or 13% less than the prior year. Year to date, Seaport departure tax totaled \$6.2 million which is 23% higher than budget and 25% more than the same month last year. The Grand Turk Cruise Terminal collects \$16 in fees per passenger. Of this \$7 (43.75%) is paid to the TCI Government. There was an increase in cruise arrivals which led to increased collections of the Seaport departure tax.

3.1.2. OTHER RECURRENT REVENUE

	January			Variances				Year to date			Variances			
	Actual	Budget	Last Year	Budget		Last Year		Actual	Budget	Last Year	Budget		Last Year	
	\$000	\$000	\$000	\$000	%	\$000	%	\$000	\$000	\$000	\$000	%	\$000	%
Business Licence renewal	44	71	44	(27)	(38%)	1	2%	2,740	2,794	2,719	(54)	(2%)	21	1%
Communication Tax	494	516	452	(21)	(4%)	42	9%	4,739	4,974	4,217	(235)	(5%)	522	12%
Gaming Machine Tax	624	418	633	206	49%	(9)	(1%)	4,393	5,144	4,438	(752)	(15%)	(45)	(1%)
Telecommunication Licences	543	206	200	337	163%	342	171%	3,551	3,208	3,139	343	11%	412	13%
Overtime Costs Recovered	295	296	310	(1)	(0%)	(14)	(5%)	3,551	2,643	2,606	909	34%	945	36%
Vehicle Licence Renewals	1,313	799	953	514	64%	360	38%	5,163	4,514	4,385	649	14%	778	18%
Permanent Residency Fees	376	210	150	166	79%	226	151%	3,650	1,954	1,820	1,696	87%	1,830	101%
Crown lands rent	60	19	56	41	214%	4	7%	880	1,301	889	(421)	(32%)	(9)	(1%)
Insurance Premiums tax	132	103	88	29	28%	45	51%	1,803	1,312	1,160	491	37%	644	56%
Bank services tax	100	111	90	(11)	(10%)	9	10%	899	892	736	7	1%	163	22%
Stamp duty - vehicle hire	257	199	195	59	29%	62	32%	1,874	1,819	1,777	55	3%	97	5%
Drivers Licence	173	138	133	36	26%	41	31%	1,282	1,209	1,175	72	6%	106	9%
Duty free shops Royalties	142	114	112	28	25%	30	27%	1,005	1,111	1,033	(106)	(10%)	(29)	(3%)
ID Card Fees	137	109	106	28	26%	31	29%	1,205	970	934	235	24%	271	29%
Labour Clearance Fees	146	85	83	61	71%	63	76%	1,338	989	951	350	35%	387	41%
PDA application fees	79	160	71	(81)	(51%)	7	10%	1,977	1,881	1,769	97	5%	208	12%
Work Permits Repatriation Program	263	205	197	58	28%	66	33%	2,425	1,536	1,473	889	58%	951	65%
Temporary Work Permits	151	153	150	(3)	(2%)	1	0%	1,275	1,225	1,193	49	4%	81	7%
Other Revenues	1,360	932	1,302	428	46%	59	5%	10,052	9,841	9,448	211	2%	605	6%
TOTAL OTHER REVENUE	6,690	4,845	5,325	1,845	38%	1,364	26%	53,802	49,319	45,863	4,484	9%	7,939	17%

Other recurrent revenues totaled \$6.7 million for the month which was \$1.8 million or 38% higher than Estimates and \$1.4 million or 26% higher than the prior year mainly as a result of vehicle license renewals. Year to date, other recurrent revenues stand at \$53.8 million which is 9% more than the Estimates and 17% more than the prior year.

3.1.3. NON-RECURRENT REVENUE

There was no Non-recurrent revenue collected during the month. Year to date, Non-recurrent revenue totaled \$1.3 million mainly relating to land sales. This was 8% lower than Estimates and 40% lower than the prior year. The unfavorable variances are as result of Grant Income for the RESEMBID project with was budgeted but not received during the Year to date.

4. EXPENDITURE

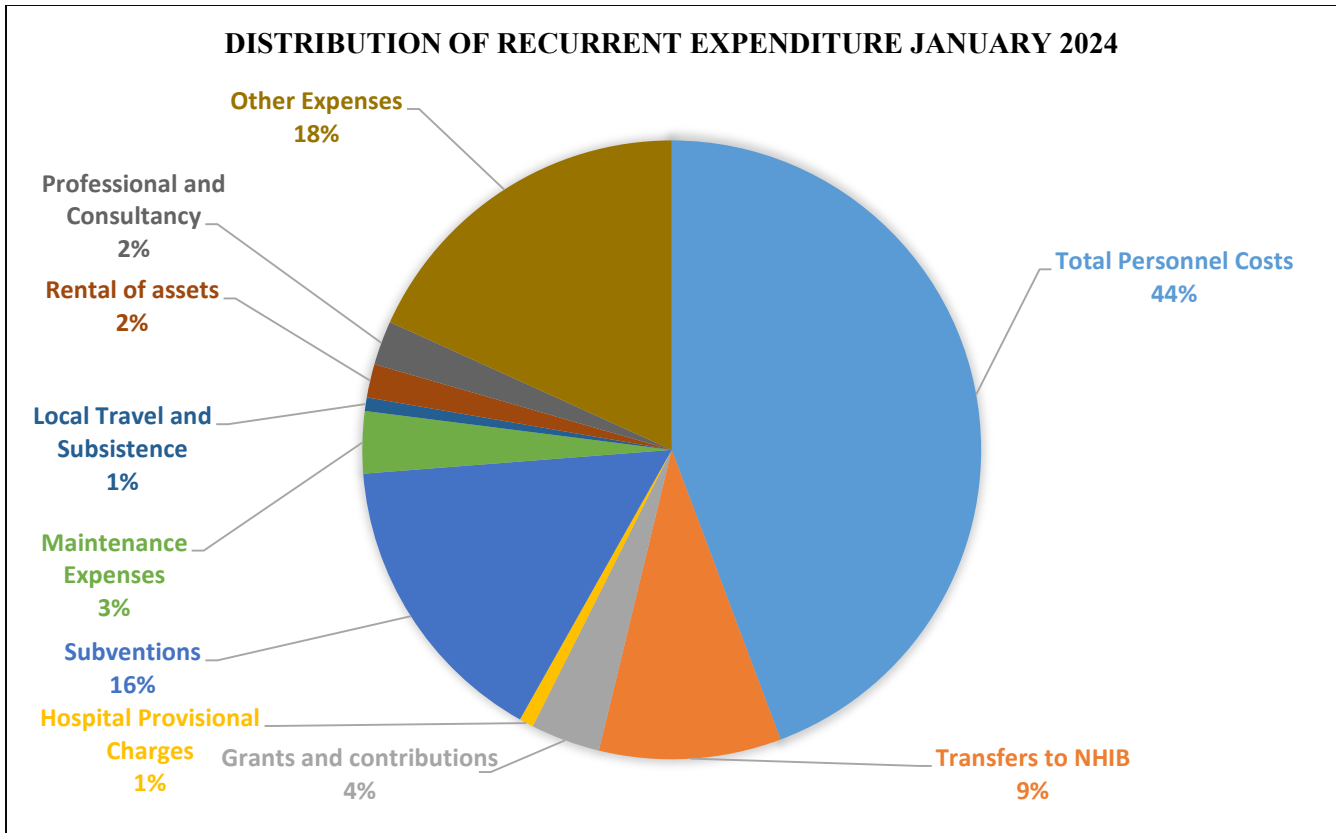
4.1. EXPENDITURE BY ECONOMIC CLASSIFICATION

4.1.1. RECURRENT EXPENDITURE

Recurrent Expenditure: January: \$31.1 million YTD: \$266.5 million

	January			Variances				Year to Date			Variances			
	Actual	Budget	Last Year	Budget		Last Year		Actual	Budget	Last Year	Budget		Last Year	
	\$000	\$000	\$000	\$000	%	\$000	%	\$000	\$000	\$000	\$000	%	\$000	%
Total Personnel Costs	13,768	11,609	9,268	2,160	19%	4,501	49%	109,627	116,653	91,414	(7,027)	-6%	18,213	20%
Transfers to NHIB	2,958	2,982	2,898	(24)	-1%	59	2%	29,577	29,528	28,803	49	0%	774	3%
Grants and contributions	1,128	878	2,690	250	28%	(1,562)	-58%	8,780	12,758	22,305	(3,978)	-31%	(13,525)	-61%
Hospital Provisional Charges	233	1,896	1,683	(1,663)	-88%	(1,450)	-86%	22,125	24,159	22,890	(2,034)	-8%	(765)	-3%
Subventions	4,854	2,977	3,556	1,877	63%	1,298	36%	23,436	24,656	21,483	(1,220)	-5%	1,953	9%
Maintenance Expenses	1,006	1,059	945	(53)	-5%	61	6%	11,474	13,925	10,005	(2,451)	-18%	1,469	15%
Local Travel and Subsistence	220	412	270	(192)	-47%	(51)	-19%	3,143	3,980	2,933	(837)	-21%	211	7%
Rental of assets	544	323	504	221	68%	40	8%	5,450	6,985	4,854	(1,535)	-22%	597	12%
Professional and Consultancy	719	122	97	597	488%	622	640%	4,959	14,788	3,321	(9,829)	-66%	1,637	49%
Other Expenses	5,667	5,470	4,579	197	4%	1,088	24%	47,976	66,772	36,875	(18,796)	-28%	11,101	30%
Recurrent Expenditure	31,097	27,729	26,491	3,369	12%	4,607	17%	266,547	314,204	244,882	(47,657)	-15%	21,664	9%

Recurrent expenditure for January totaled \$31.1 million. The results were \$3.4 million or 12% higher than the Estimates and \$4.6 million or 17% higher than the Prior Year. The overspend against budget during is mainly attributed to salary increases due to the pay regrading exercise effective December 2023 this was offset by underspend on Grants and contributions. There were also timing differences in disbursement of subventions and Hospital charges that led to significant variances. Year to date, total recurrent expenditure totaled \$244.9 million which was \$47.7 million or 15% below Estimates and \$21.7 million or 9% higher than the prior year. The underspending against the budget can be primarily attributed to vacancies within the Civil Service and lower-than-expected spending on professional and consultancy services and Grants and Contributions.



NHIB transfers totaled \$3 million and **Hospital Provisional Charges** totaled \$233k million in January. NHIB transfers are in line with Budget. January payments to Interhealth Canada for the Hospital Charge were released in February 2024 which resulted in an underspend for the month. Year to date, NHIB transfers totaled \$29.6 million (in line with budget and 3% ahead of prior year) and Hospital Provisional Charges totaled \$22.1 million (8% behind Budget and due to late release of January payments, and 3% less than prior year).

Grants and contributions totaled \$1.1 million. This was \$0.3 million or 28% higher than Estimates and \$1.6 million or 58% less than the prior year. Year to date, Grants and Contributions totaled \$8.8 million which was 31% lower than the Estimates and 61% less than the prior year. The variance against prior year is as a result of the Citizen’s adjustment stimulus that was awarded in FY2022/23. The variance against budget is due to supplementary funding to the community enhancement programme that has not yet been expended. It is expected that the Grants expenditure will align with budget as the year progresses, as departments work towards completing their KPIs.

Professional and Consultancy costs totaled \$0.7 million in January. This was \$0.6 million higher than Estimates and \$0.6 million higher than the prior year. The Year to date cost amounted to \$5 million, 66% lower than the Estimates and 49% higher than the prior year. The variance against budget is due to delays in the procurement processes of various professional services across different ministries.

Personnel Costs accounted for 44% of the recurrent expenditure, totaling \$13.8 million in January. This was higher than the Estimates by \$2.1 million or 19%. Compared to the prior year, the Personnel costs were \$4.5 million or 49% higher. The January variances on personnel costs are as a result of the pay and grading exercise effected in December 2023 which led to an increase of all civil servants salaries and an increase in pensions. Year to date, total Personnel Costs are \$109.6 million which is 6% behind Estimates and 20% more than the prior year. The increase against the prior year is mainly attributed to a 10% increase in police salaries and general increases in salaries and wages across the civil service to match the minimum wage changes and payments towards pension and gratuity of civil servants and the pay grade adjustments implemented in December 2023. The year-to-date performance against budget results from existing vacancies that are yet to be filled throughout the civil service, offset by an overspend on pension and gratuity costs. Personnel costs are further itemized below.

	January			Variances				Year to date			Variances			
	Actual	Budget	Last Year	Budget		Last Year		Actual	Budget	Last Year	Budget		Last Year	
	\$000	\$000	\$000	\$000	%	\$000	%	\$000	\$000	\$000	\$000	%	\$000	%
Compensation of employees														
Salaries and Wages	9,362	8,179	6,737	1,183	14%	2,625	39%	76,805	81,241	66,287	(4,435)	-5%	10,518	16%
Contribution to NIB and NHIB	747	689	585	58	8%	162	28%	6,702	7,172	5,730	(470)	-7%	972	17%
Housing Allowances	452	626	458	(175)	-28%	(7)	-1%	4,669	5,937	4,280	(1,268)	-21%	389	9%
Transport Allowances	71	147	73	(75)	-51%	(1)	-2%	822	1,498	799	(676)	-45%	23	3%
Telephone Allowances	91	106	83	(14)	-14%	8	10%	903	1,070	831	(168)	-16%	72	9%
Other Allowances	394	731	600	(336)	-46%	(206)	-34%	5,905	7,126	5,792	(1,221)	-17%	113	2%
Total compensation of employees	11,118	10,477	8,537	641	6%	2,581	30%	95,806	104,045	83,719	(8,239)	-8%	12,087	14%
Members of the House of Assembly														
Salaries - Ministers and Members	209	156	156	53	34%	53	34%	1,664	1,559	1,558	106	7%	106	7%
NIB and NHIB for Ministers and Members	8	10	8	(1)	-13%	0	5%	82	96	83	(15)	-15%	(2)	-2%
Allowances for Ministers and Members	46	49	46	(3)	-6%	-	0%	459	489	460	(30)	-6%	(1)	0%
Members of the House of Assembly	263	214	210	49	23%	53	25%	2,205	2,144	2,101	61	3%	104	5%
Pensions and gratuities														
Pensions	449	313	500	136	43%	(51)	-10%	3,895	3,129	4,716	766	24%	(821)	-17%
Employees' Pension Contribution	267	245	-	22	9%	267	-	2,167	2,343	-	(176)	-8%	2,167	-
Employer's Pension Contribution	1,466	95	-	1,371	1440%	1,466	-	2,155	1,810	-	345	19%	2,155	-
Gratuities	58	93	21	(35)	-37%	37	175%	1,565	1,076	571	489	45%	995	174%
Pensions - Legislators	148	129	-	19	15%	148	-	1,425	1,291	-	135	10%	1,425	-
Gratuities - Legislators	-	43	-	(43)	-100%	-	-	408	817	307	(408)	-50%	102	33%
Total pensions and gratuities	2,387	917	521	1,470	160%	1,867	358%	11,615	10,464	5,594	1,151	11%	6,022	108%
Total Wages, Salaries and Employee benefits	13,768	11,609	9,268	2,160	19%	4,501	49%	109,627	116,653	91,414	(7,027)	-6%	18,213	20%

4.1.2. OTHER RECURRENT EXPENDITURE

Other Recurrent Expenditure: January: \$5.7 million YTD: \$48 million

	January			Variances				Year to date			Variances			
	Actual	Budget	Last Year	Budget		Last Year		Actual	Budget	Last Year	Budget		Last Year	
	\$000	\$000	\$000	\$000	%	\$000	%	\$000	\$000	\$000	\$000	%	\$000	%
Social welfare	785	709	755	76	11%	31	4%	6,726	9,834	5,440	(3,107)	-32%	1,286	24%
Recurrent Sub Programmes and projects	555	332	385	223	67%	170	44%	3,678	6,400	2,942	(2,723)	-43%	735	25%
Utilities	632	452	927	180	40%	(295)	-32%	4,172	4,693	4,229	(521)	-11%	(57)	-1%
Security expenses	185	161	165	24	15%	20	12%	1,811	3,136	1,670	(1,325)	-42%	141	8%
International Travel and Subsistence	132	196	243	(64)	-33%	(111)	-46%	1,868	2,491	1,864	(623)	-25%	5	0%
Communication Expenses	190	167	220	23	14%	(29)	-13%	1,814	2,170	1,499	(356)	-16%	315	21%
Bank charges	143	118	114	25	22%	29	25%	1,150	1,180	1,056	(30)	-3%	95	9%
Data Communication cost	119	157	81	(37)	-24%	38	47%	1,316	1,207	739	110	9%	577	78%
Insurance Expenses	72	(9)	2	81	-895%	70	0%	1,928	2,408	1,419	(480)	-20%	509	0%
Hosting and Entertainment	118	206	89	(88)	-43%	29	32%	2,072	2,616	1,941	(544)	-21%	131	7%
Repatriation and exportation expenses	396	1,024	351	(628)	-61%	45	13%	4,480	4,949	2,807	(469)	-9%	1,673	60%
Other supplies, material & Equipment	198	207	140	(9)	-4%	58	42%	1,722	3,466	1,425	(1,745)	-50%	297	21%
Computer Licence & Hardware maintenance	513	364	(27)	149	41%	540	-2003%	1,495	2,162	474	(667)	-31%	1,021	215%
Fuel	134	122	207	12	10%	(73)	-35%	1,356	1,355	1,093	1	0%	263	24%
Other Recurrent Expenditure	1,496	1,267	928	229	18%	568	61%	12,389	18,706	8,277	(6,317)	-34%	4,111	50%
OTHER RECURRENT EXPENDITURE	5,667	5,470	4,579	197	4%	1,088	24%	47,976	66,772	36,875	(18,796)	-28%	11,101	30%

In January, Other recurrent expenses totaled \$5.7 million which was \$0.2 million or 4% behind the Estimates and \$1 million or 24% more than the prior year. Year to date, Other recurrent expenditure totaled \$48 million which was 28% behind budget and 30% higher than the prior year. The performance against budget was mainly driven by underspend on social welfare, security expenses and recurrent sub programmes. The budget variances are mainly due to timing differences between profiled and actual expenditure and this gap should narrow in the last two months of the year.

4.1.3. NON RECURRENT EXPENDITURE

Non-Recurrent Expenditure results for the month totaled \$0.3 million (YTD- \$5.3 million) mainly attributed to SIPT costs and Civil recovery costs. For January, Non-recurrent expenditures were 76% behind Estimates and 58% behind the same period in the prior year. The variances to budget are mainly due to timing differences between profiled and actual expenditure and this gap should narrow as the year progresses.

5. OUTSTANDING PUBLIC DEBT

	Interest Rates	Outstanding Balance 01-Apr-23 US\$'000	New Drawdowns 2023/24	Principal Repayment During 2023/24 US\$'000	Outstanding Balance 31-Jan-24 US\$'000	Finance Cost 2023/24 US\$'000
Borrowings	%					
04/SFR-OR-TCI	2.5%	457	-	(87)	370	11
4/OR-TCI	4.90%	269	57	(213)	112	12
5/OR-TCI	4.90%	-	188	(37)	151	11
Total unsecured debts		725	245	(338)	633	34

TCIG holds three debt instruments with the Caribbean Development Bank (CDB). The outstanding debt as of January 31, 2024 was \$0.6 million. \$338k principal repayments were made during the first ten months. \$245K in new drawdowns were made on the loan facilities 4/OR-TCI (\$57K) and 5/OR-TCI (\$145K) and \$34k finance costs and commitment fees were paid.

6. DEVELOPMENT FUND

6.1. DEVELOPMENT FUND ANALYSIS

Legal notice 32 of 2023 (PFM amendment No.2 Regulations 2023) which commenced on June 1, 2023 included an amendment to regulation 33 of the PFM Regulations to revise previous amendment in FY2022-23. The effect of the new regulation was to remove the two-year allowance for commitment of appropriated funds, that had previously been instituted in 2022. This means that any funding, if not committed by the end of a financial year will expire and return to the Consolidated Fund.

The development fund balance as of January 31, 2024 was \$93.8 million, and the Capital expenditure year to date is \$21.2 million. The movement in the fund balance is as shown below.

Closing 31/03/2022	49,695,622
Awards and commitments	56,775,197
CAPEX 2022/23	(18,186,283)
Completed projects - savings returned to CF	(14,125,513)
Lapsed projects - funds returned to CF	(29,796,585)
Closing 31/03/2023	44,362,438
FY 2023-24 Appropriation	65,110,023
FY 2023-24 Supplementary Appropriation	5,566,559
CAPEX 2023/24	(21,236,369)
As at 31 January 2024	93,802,651

6.2. TOP TEN CAPITAL PROJECTS BY EXPENDITURE AMOUNT – YTD

Project Number	Project Title	TOTAL FUNDING	CAPEX	UNSPENT FUNDS
5561	South Dock Port Redevelopment	34,094,730.15	9,073,112.54	25,021,617.61
5566	Construction of New Primary School PLS- Phase 2	6,897,935.01	1,404,216.46	5,493,718.55
5677	Purchase and Installation of New 1 million gallon Salt Water Reverse Osmosis (SWRO) Unit	3,683,396.40	1,271,615.60	2,411,780.80
5678	Installation of an additional 1-million gallon tank	1,570,652.00	1,099,959.00	470,693.00
5575	Upgrading of Water Storage and Distribution Facilities - GDT	1,721,474.70	941,283.05	780,191.65
5630	Replacement Vehicles	950,000.00	708,710.00	241,290.00
5506	NJS Francis Building	1,620,406.88	577,667.96	1,042,738.92
5668	Digitization Phase 2 - Consultancy for National Identification System - Stage 1a	2,000,000.00	564,697.79	1,435,302.21
5612	IT Command and Control System (CAD Radio Upgrade All Islands)	999,720.00	500,103.60	499,616.40
5696	Purchase of Patrol Vessel	930,000.00	399,327.04	530,672.96

7. NATIONAL WEALTH FUND

Transfers to the Fund during the year are made as per Section 9 (1(a)) of the National Wealth Fund Ordinance, which requires that where in any financial year, if the actual Revenue exceeds the estimated Revenue by 5% but is less than 20%, then 50% of the excess of the Revenue for that financial year shall be withdrawn from the Consolidated Fund and deposited to the National Wealth Fund. Based on the actual results of FY 2022/23, no transfer has been made.

The Turks and Caicos National Wealth Fund (Amendment) Ordinance 2023 commenced on March 23, 2023. Section 4(2) was amended to include a new fund known as the Citizens Empowerment Fund. The funds in the Citizens Empowerment Fund may be withdrawn from time to time subject to the approval by the House of Assembly to establish and support critical empowerment institutions in the Islands, to build wealth and to improve the quality of life for residents. ("Critical empowerment institutions" means a credit union as defined under section 2 of the Credit Union Ordinance)

7.1. STATEMENT OF ACCOUNT

As of January 31, 2024, the National Wealth Fund balance was \$51.1 million.

FY 2022-23 results (in US\$' 000)				Transfer to NWF in 2022/23 (US\$' 000)	Opening NWF 01/04/2023 (US\$' 000)	Interest income (US\$' 000)	Closing NWF 31/01/2024 (US\$' 000)
Actual revenue	Revised Estimates	Variance	%				
413,848	404,215	9,633	2%	-	50,780	332	51,112

7.2. STATEMENT OF FUNDS

The value of the National Wealth fund is attributable to;

(All figures in US\$'000)	31-Jan-24 US\$'000	31-Mar-23 US\$'000
Stabilization Fund	30,878	30,646
Infrastructure and Competiveness Fund	8,822	8,756
Heritage Fund	4,408	4,378
Citizen's Empowerment Fund	7,003	7,000
National Wealth Fund balance at the end of the period	51,111	50,780

During the year, the cash held by the fund was placed into a short term fixed deposit account with an interest rate of 3.1% per annum. This investment earned an interest of \$116k during the month. The short term deposit can be recalled at a month's notice when liquidity is required.

The Fund is currently at approximately 4% of the Gross Domestic Product (GDP) and would have to reach 25% of GDP before interfund transfers can be permitted and for the operational management of the Fund to be transferred to a body corporate to be created by statute.

The Credit union is currently being established with the goal of providing its members with access to credit for both provident and productive purposes. The consultancy contract is in its final stages and is anticipated to be completed by February 2024.

8. NATIONAL FORFEITURE FUND

The National Forfeiture Fund (NFF) has a balance of \$7 million as at January 31, 2024. During the month year, the NFF received additional funding from the Consolidated Fund through the second supplementary appropriation. This was intended to fund the operational budget of the Anti-Money Laundering Committee.

(All figures in US\$'000)	31-Jan-24 US\$'000	31-Mar-23 US\$'000
Opening Balance	7,184	7,273
Receipts		
Transfers from Consolidated Fund	663	
Other receipts	572	
Total receipts	1,235	-
Payments		
Other payments	740	89
Total payments	740	89
Net increase in National Forfeiture Fund balance	495	(89)
National Forfeiture Fund balance at the end of the period	7,016	7,184

