



TURKS AND CAICOS ISLANDS



GOVERNMENT OF THE TURKS AND CAICOS ISLANDS



FEBRUARY 2023

FINANCIAL REPORT

Contents

FOREWORD2

BUDGETARY OVERVIEW2

ECONOMIC OVERVIEW3

FISCAL OVERVIEW5

KEY HIGHLIGHTS6

OPERATING BALANCE7

CASH FLOW8

REVENUE 10

EXPENDITURE 19

CAPITAL EXPENDITURE 24

DEVELOPMENT FUND 25

NATIONAL WEALTH FUND (NWF) 26

NATIONAL FORFEITURE FUND (NFF) 27

PUBLIC DEBT 27

STATEMENT OF FINANCIAL POSITION 28

HUMAN RESOURCE MANAGEMENT 29

FINANCIAL OUTLOOK 29

CONCLUSION 30

FOREWORD

This report presents the financial results of the Turks and Caicos Islands Government (TCIG) or (the "Government") as of February 28, 2023.

The preparation and publication of this report reflect the Government's commitment to transparent and timely reporting of the country's financial position contributing to the overall accountability arrangement and improved quality of governance and decision-making.

BUDGETARY OVERVIEW

The Estimates of Revenue and Expenditure (the "Estimates") for the financial year (FY) 2022-23 were approved in the House of Assembly on May 5, 2022, to implement the strategies, development programmes and projects, concentrating on the well-being of the people of the Turks and Caicos Islands, national transformation and economic development.

The Government presented a budget including revenues of \$395 million, operating expenditures of \$388.9 million and contributions to the Development Fund of \$50 million, resulting in a budgeted surplus of \$6.8 million.

A supplementary budget was approved in July 2022 to increase the grants and contributions expenditure estimates by \$14 million as part of a planned citizen's inflation adjustment stimulus package and the works programme and to increase Revenues from Hotel and Restaurant tax by \$4 million and Seaport departure tax by \$1 million.

A second supplementary budget was approved by the House of Assembly on October 7 2022, to increase operating Expenditure by \$19.2 million (for priority areas like; increasing in police salaries, fuel factor subsidies, restoration, repairs and clean-up projects, and additional citizen's inflation adjustment stimulus.) and to increase the Revenue from Grants by \$0.79 million and Insurance proceeds by \$0.67 million An additional \$3.5 million was also allocated to Capital expenditure through the Development Fund.

Inclusive of all approved supplementary budgets as of February 28, 2023, Government revised estimates comprise Revenue of \$404.2 million, operating expenditures of \$421 million and Capital expenditure of \$53.5 million resulting in a planned operating deficit of \$16.95 million.

As at February 28, 2023, 92% of the revised annual revenue budget has been met, 68% of the revised annual planned Operating Expenditure has been executed, and 32% of the revised Capital Expenditure budget has been absorbed.

ECONOMIC OVERVIEW

The local economy and, by extension, the world have faced inflationary pressures in the past eleven months, mainly arising from global logistical bottlenecks coming out of the pandemic and the Ukraine war.

The International Monetary Fund (IMF), in its January 2023 edition of the World Economic Outlook (WEO), made a slight increase to its global growth outlook for 2023, due to resilient demand in the United States and Europe, easing energy costs and the reopening of China's economy after Beijing abandoned its strict COVID-19 restrictions. It still sees the pace of global growth falling in 2023 compared with 2022, but by a smaller margin than it predicted in October 2022. The IMF is now forecasting 2.9% growth for 2023 – up from a 2.7% forecast in October – versus 3.4% growth last year.

The global economy is experiencing a number of turbulent challenges; Inflation higher than seen in several decades, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the outlook. Normalization of monetary and fiscal policies that delivered unprecedented support during the pandemic is cooling demand as policymakers aim to lower inflation back to target. But a growing share of economies are in a growth slowdown or outright contraction. The global economy's future health rests critically on the successful calibration of monetary policy and the course of the war in Ukraine.

Central banks are likely to continue to tighten monetary policy to fight inflation, and concerns that this restrictive stance could tip the economy into a recession have increased in major advanced economies

The IMF now expects US GDP growth of 1.4% in 2023, up from a 1.0% prediction in October and following 2.0% growth in 2022. This is down to stronger-than-expected consumption and investment in the fourth quarter of 2022, a robust labour market and strong consumer balance sheets. The IMF has revised China's growth outlook sharply higher, to 5.2% from a 4.4% forecast in October. Zero-COVID policies in 2022 slashed China's growth rate to 3.0%, putting it below the global average for the first time in more than 40 years. India's outlook remains robust, with unchanged forecasts for a dip in 2023 growth to 6.1% but a rebound to 6.8% in 2024, matching its 2022 performance. Britain is the only major economy the IMF expects to shrink this year. It forecasts a 0.6% fall in GDP as households struggle with rising living costs, including for energy and mortgages.

For 2024, the IMF has cut its global growth forecast very slightly to 3.1%, from 3.2% in October.

For the Caribbean region, the Caribbean Development Bank forecasts economic growth of 5.7% in 2023. This is based on the continued revival of tourism arrivals and investments in the energy sector. The performance is, however, subject to some risks associated with Advanced Economies which are on track to register lower growth

relative to 2022. The CDB further indicated that increased economic activity spurred strong regional economic growth that averaged 10.3% largely because of increased energy production in Guyana and Trinidad and Tobago, higher international oil prices in commodity-exporting countries and economic growth of 4.6% in tourism-dependent countries. This performance helped buoy increased Government revenues and improved fiscal positions. According to the Bank, the challenges associated with past economic performance and global conditions place the region at a critical juncture, adding that the impact of protracted shocks compounded the Region's socio-economic difficulties. The Bank also shared some recommendations which could be implemented to aid in growth and development and increase resilience of Caribbean economies and societies. This includes supporting comprehensive debt management strategies, public financial management, and promoting access to adequate and affordable financing; promoting gender equality, women's reintegration into the work force and the prevention of discrimination; promoting a private sector ecosystem that has innovation, diversification, financial inclusion of the most vulnerable; key priority actions in strengthening governance capacity to deliver through implementation of cross-sectoral policies and programmes, and protecting the poorest as well as revolutionizing digital infrastructure and technical proficiency and mainstreaming environmental sustainability and climate change.

According to the TCI government's Department of Statistics forecast, the territory's real Gross Domestic Product (GDP) is projected to have grown by 6.2% this financial year, with nominal GDP growing to \$1.14 Billion and GDP per capita to \$25,985. Powered by tourism and the construction sector, the economy is achieving a remarkably fast recovery from the recession that ripped through the nation in 2020/2021 on the heels of the Coronavirus pandemic. Due to inflation, the Consumer Price Index rose by 6% this year. The Department of Statistics projects that real Gross Domestic Product (GDP) is 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 has shown significant growth from the beginning of the year to the present. It remains to be seen whether the global headwinds mentioned above will significantly impact revenue. 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.

Within this context, the Government continues to act decisively in the national interest. This is done while providing value for money and efficient and effective public service. TCIG will also continue to focus on prudent expenditure management and strengthening and broadening the revenue enhancement efforts, especially during these uncertain times.

- The Government has undertaken interventions to reduce the cost of living burden on the citizens and mitigate the contraction in economic activity. These measures are reflected in some of the movements in income and Expenditure during the month and year to date. 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 April 1, 2022 – March 31, 2023.
- Import duties and customs fees were waived on essential basket items from August 1, 2022, to November 30, 2022. (The concession has been extended to March 31 2023)
- A \$2.5 Million supplementary Expenditure was introduced to subsidise the electricity bills of citizens and residents. Fuel factor stabilisation credit was capped at \$0.2 per kilowatt hour for the period October to December 2022.

FISCAL OVERVIEW

For February 2023 and for the fiscal year to date, the Government response has been and still is important in mitigating the contraction in economic activity while providing relief for citizens and businesses. The Government has ended the month with an operating surplus of \$1.7 million (Year to date - \$84.4 million surplus) and a cash increase of \$4.2 million (Year to date an increase of \$73.4 million) to a closing cash balance of \$270.4 million. TCIG has continued to see a vast improvement in revenue collection since the resumption of normal operations following the disruptions caused by Covid-19. Despite the uptick in the economy, it is still imperative to closely monitor expenditure against revenues and both budget and the prior year while continue reinforcing the current macroeconomic strategies.

Despite the inflationary pressures during the period, the Turks & Caicos Islands Government saw continued growth in its operating surplus with increased cash flow, strong employment growth and a rebound following the sluggish performance relating to the pandemic. The Turks & Caicos Islands improved economic resilience was primarily attributable to the high volume of tourist arrivals which led to increased HRT, and revenue intake on Import Duty.

KEY HIGHLIGHTS

- The monthly Financial Report for February 2023 shows the performance against estimates and comparisons to the prior year's performance.
- The operating surplus for February 2023 totaled \$1.7 million. Year to date, the net operating surplus stands at \$84.4 million.
- Development Fund Expenditure for the month totaled \$1.9 million. Year to date Capital Expenditure is \$17.1 million
- Outstanding Public Debt stood at \$0.6 million.
- The underlying cash balance increased by \$4.2 million in February, bringing Cash and Cash equivalents to \$270.4 million.

OPERATING BALANCE

Net Operating Surplus: Month \$1.7 million, Year to Date \$84.4 million

FISCAL SUMMARY	Month of February 2023			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	31,750	33,454	36,202	(1,704)	-5%	(4,452)	-12%	365,394	357,570	342,774	7,824	2%	22,620	7%
Recurrent Expenditure	29,043	23,426	23,608	5,617	24%	5,435	23%	273,318	313,523	225,654	(40,205)	-13%	47,664	21%
Net Recurrent Surplus	2,707	10,027	12,594	(7,321)	-73%	(9,887)	-79%	92,076	44,046	117,120	48,030	109%	(25,044)	-21%
Non-Recurrent Revenue	-	34	14	(33)	-100%	(13)	-100%	5,077	3,234	1,577	1,843	57%	3,500	222%
Non-Recurrent Expenditure	1,036	676	2,561	360	53%	(1,525)	-60%	12,745	26,292	22,949	(13,548)	-52%	(10,205)	-44%
Net Operating Surplus	1,670	9,385	10,046	(7,714)	-82%	(8,376)	-83%	84,408	20,988	95,748	63,420	302%	(11,340)	-12%

February 2023 recorded a net operating surplus of \$1.7 million. Compared to the same period in the prior year, there was a \$8.4 million or 83% decrease in the net operating surplus. This is mainly attributed to a 64% or \$6.4 million decrease in revenue from stamp duty on land transactions when compared to the same month in the prior year, combined with the general inflationary increase in most expenditure lines.

Against budget, there was a \$7.7 million or 82% unfavorable variance in the operating surplus. This was as a result of lower than expected revenue uptake on all major revenue categories, combined with expenditure of \$2.5m on the electricity subsidy that was incurred in the period October to December 2022 but was paid out in during the month February.

Year to date, the net operating surplus of \$84.4 million is 302% ahead of budget and 12% behind the similar period in the prior year. Performance against budget is attributed to lower than expected expenditure on PE due to slow recruitment across various ministries and lower uptake of grants. Performance against prior year is attributed to significant reduction in stamp duty on land transactions combined with increased spend on grants (especially citizen inflation adjustment stimulus), increase expenditure on social welfare benefits and increase in PE costs.

CASH FLOW

	Month of February 2023			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	1,670	9,385	10,046	(7,714)	-82%	(8,376)	-83%	84,408	20,988	95,748	63,420	302%	(11,340)	-12%
Less:														
Development Fund Expenditure	(1,904)	(4,355)	(1,684)	2,452	-56%	(220)	13%	(17,071)	(68,443)	(20,320)	51,373	-75%	3,249	-16%
Debt Repayments	-	-	-	-	-	-	-	(175)	-	(565)	(175)	0%	390	0%
Borrowing	-	-	-	-	-	-	-	-	-	-	-	0%	-	0%
Bond Inflows	-	-	-	-	-	-	-	-	-	886	-	0%	(886)	0%
Net receipts/(payments) of public accounts	4,443	-	3,955	4,443	0%	(488)	-12%	6,267	-	-	-	-	-	-
Net Cash Flow	4,210	5,029	12,317	(819)	-16%	(7,668)	-62%	73,430	(47,456)	75,749	12,223	-26%	(14,093)	-19%
Opening cash balance	266,215							196,995						
Closing cash balance	270,425							270,425						
Attributable to:														
Consolidated Fund	141,399							141,399						
Development Fund	77,974							77,974						
National Forfeiture Fund	7,273							7,273						
National Wealth Fund	43,780							43,780						
Closing cash balance	270,425							270,425						

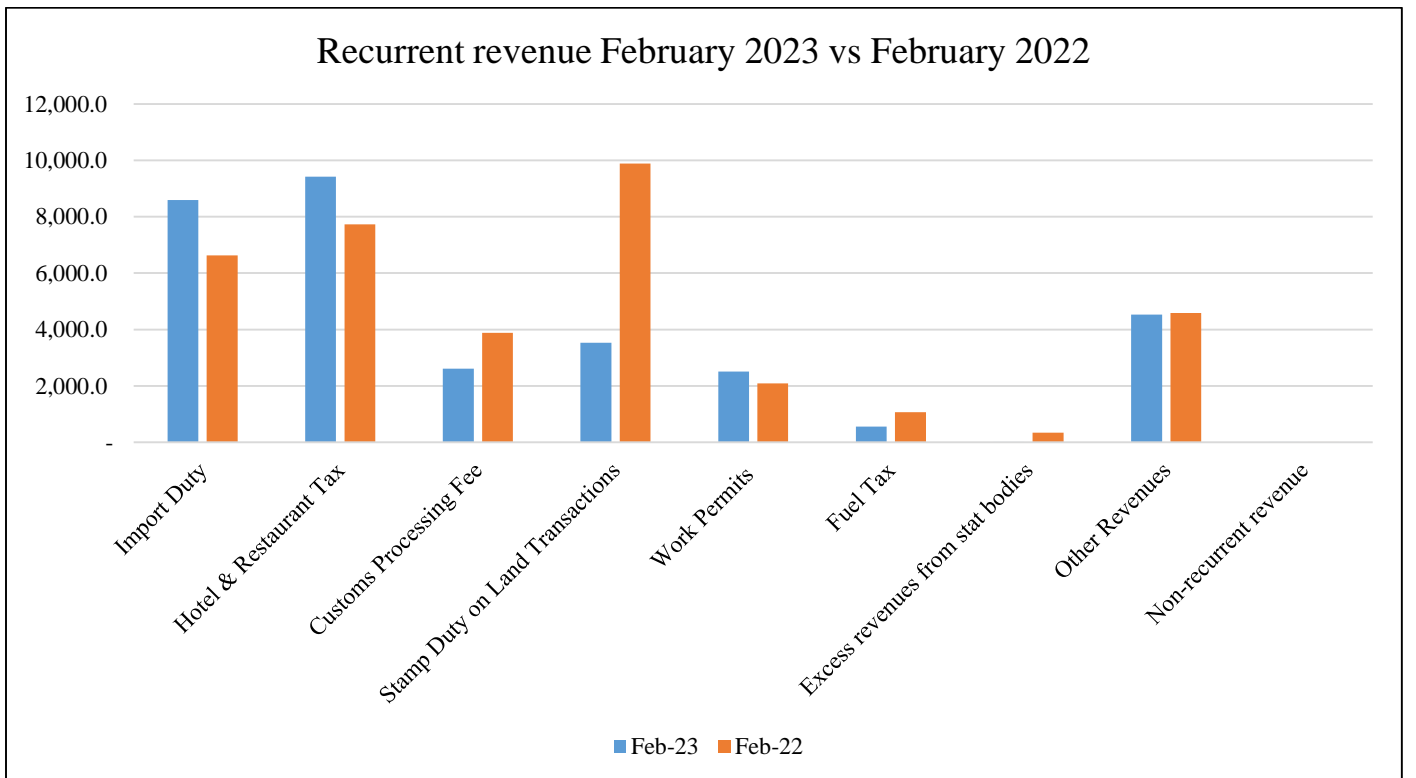
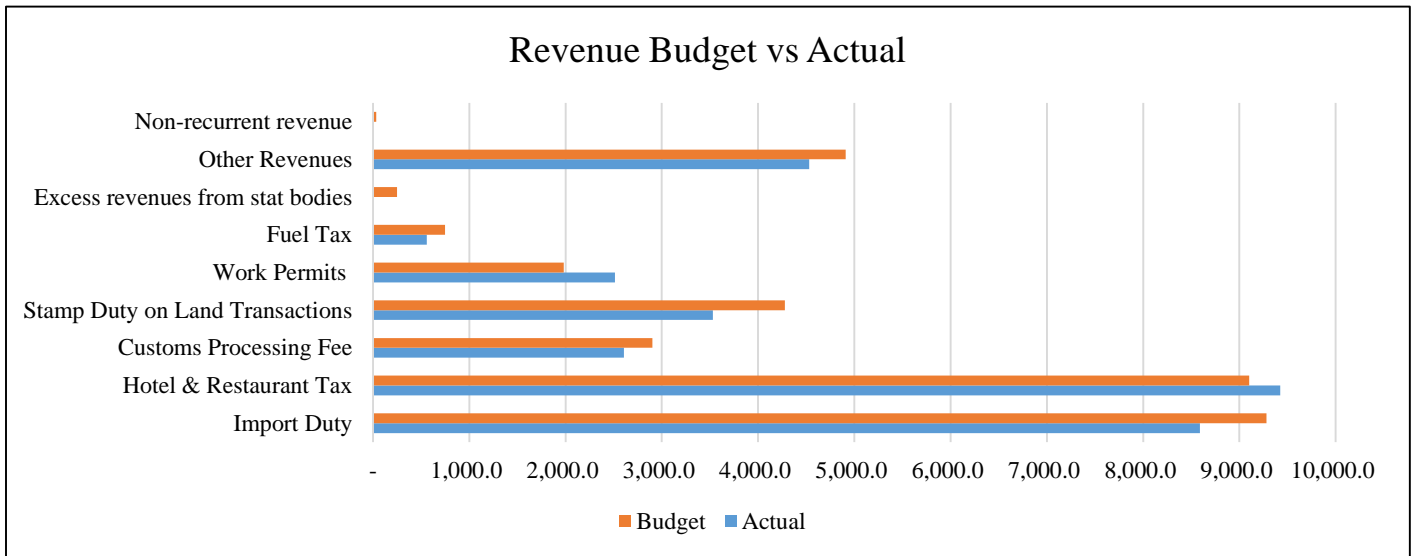
The net cash flow outturn showed a \$4.2 million increase from the previous month. As a result, Cash and Cash Equivalents increased from \$266.2 million at the beginning of the month, to \$270.4 million at the end of February. Year to date, cash has increased by \$73.4 million from \$197 million at the beginning of the year to \$270.4 million at the end of February. The results also reflect Development Fund Expenditure of \$1.9 million in February and \$17.1 million Year to date.

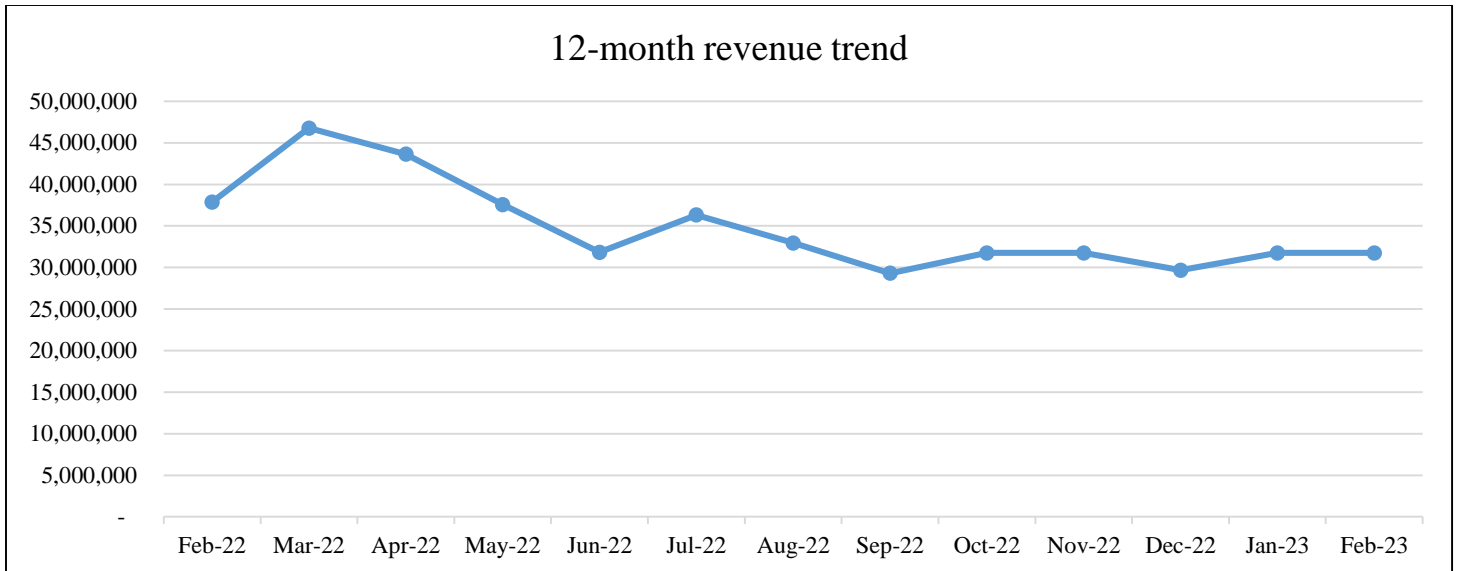
The cash balance is broken down as follows:

<i>Cash Balances as at 28 February 2023:</i>	<i>US\$ '000</i>	<i>% share</i>
<i>Unrestricted cash balances</i>	<i>133,483</i>	<i>49%</i>
<i>Development Fund</i>	<i>77,974</i>	<i>29%</i>
<i>National Forfeiture Fund</i>	<i>7,273</i>	<i>3%</i>
<i>National Wealth Fund</i>	<i>43,780</i>	<i>16%</i>
<i>Public Sector Employees Pension Plan</i>	<i>7,745</i>	<i>3%</i>
<i>TCI Bank</i>	<i>170</i>	<i>0%</i>
Cash and cash equivalents	270,425	100%

REVENUE

In February, total revenue collection totaled \$31.8 million, a decrease of \$4.5 million or 12% when compared to the prior year period. The revenue collections were \$1.7 million or 5% below the estimates. The top five revenue generating lines accounted for 84% of TCIG’s revenue performance for the month of February. YTD actual collections of \$365.4 million surpassed both budget and prior year by \$7.8 million and \$22.6 million respectively due to the outstanding performance in Hotel & Restaurant Tax and Import Duty.





Trend analysis

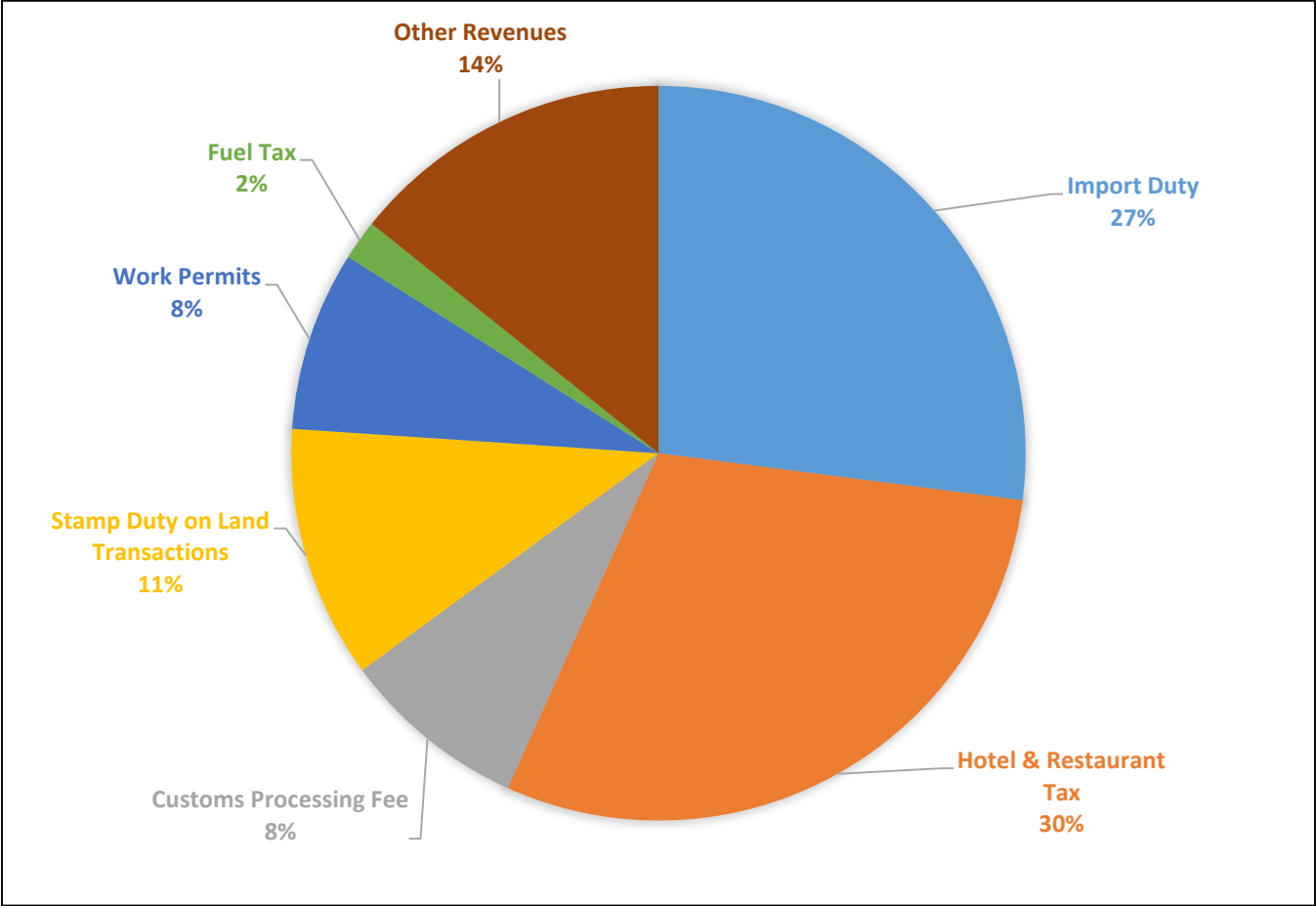
For the past 12 months, revenue has been mostly in line with the expected trend. There are spikes in the winter season which is the busy tourist season where HRT receipts see an increase, and there are dips in the summer months. Import duties and Customs processing fees are quite linear and consistent throughout the year

Revenue: Month \$31.8 million, Year to Date \$360.8 million

	Month of February			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	8,588	9,283	6,626	(694)	-7%	1,963	30%	87,417	80,835	68,854	6,581	8%	18,562	27%
Hotel & Restaurant Tax	9,424	9,100	7,725	324	4%	1,698	22%	91,918	82,995	74,311	8,923	11%	17,607	24%
Customs Processing Fee	2,606	2,903	3,882	(297)	-10%	(1,276)	-33%	30,481	27,142	34,456	3,339	12%	(3,975)	-12%
Stamp Duty on Land Transactions	3,531	4,278	9,883	(748)	-17%	(6,352)	-64%	53,578	74,378	77,695	(20,800)	-28%	(24,117)	-31%
Work Permits	2,513	1,980	2,093	533	27%	420	20%	23,545	20,826	18,978	2,719	13%	4,567	24%
Fuel Tax	558	749	1,064	(192)	-26%	(506)	-48%	6,884	6,939	9,328	(55)	-1%	(2,443)	-26%
Excess revenues from stat bodies	-	250	343	(250)	-100%	(343)	-100%	16,097	13,037	13,344	3,060	23%	2,753	21%
Other Revenues	4,530	4,910	4,586	(381)	-8%	(57)	-1%	55,473	51,417	45,808	4,056	8%	9,665	21%
Total Recurrent Revenue	31,750	33,454	36,202	(1,704)	-5%	(4,452)	-12%	365,394	357,570	342,774	7,824	2%	22,620	7%
Non- Recurrent Revenues														
Civil Recovery Income	-	-	-	-	0%	-	0%	1,183	-	-	1,183	0%	1,183	0%
Land Sales	-	14	14	(14)	-100%	(14)	-100%	2,105	1,354	1,198	750	55%	906	76%
Revenue From Grants	-	20	-	(20)	0%	-	-	1,789	1,879	379	(91)	-5%	1,410	372%
Insurance Proceeds	-	-	-	-	0%	-	0%	-	-	-	-	0%	-	0%
	-	34	14	(33)	-100%	(13)	-100%	5,077	3,234	1,577	1,843	57%	3,500	222%
Total Revenue	31,750	33,487	36,216	(1,737)	-5%	(4,466)	-12%	370,471	360,803	344,351	9,668	3%	26,120	8%

Recurrent Revenue for February totaled \$31.8 million against the Estimates of \$33.5 million. As a result, revenue fell short of estimates by \$1.7 million or 5%, and decreased by \$4.5 million or 12% when compared to the prior year's similar period. Year to date, Revenue collections are outpacing both estimates and prior year numbers. Actual recurrent revenue of \$365.4 million in the eleven months since April 2022 represents a 2% favorable variance against budget and a 7% increase from the prior year.

Comparatively, the February results show improvement in the collection from Import duty and Hotel and restaurant tax and a decrease in Stamp duty on a year-to-year basis. They accounted for approximately 68 percent of the revenue collection for the month. The resilient performance continues to be encouraging as it signals a better than expected tourist season. The chart below shows the revenue share per head during the month of February.



The major Revenue Heads are summarised as follows:

Stamp Duty on Land Transactions:

Stamp Duty collected during February totaled \$3.5 million compared to a budget of \$4.3 million. As a result, a \$0.8 million unfavourable variance for the month. Revenue collected from Stamp Duty has shown a promising trend since the beginning of the last financial year due to many high-value transactions leading up to YTD actuals of \$53.6 million in the first eleven months of the year. This result is, however, below budget by \$21 million and prior year results by \$24.1 million. This is mainly attributed to the fact that 2021/22 was an exceptional year for land transactions. Due to global economic headwinds and a looming threat of a recession, high-net-worth individuals may hesitate to purchase real estate properties.

Hotel & Restaurant Tax:

For February, Hotel & Restaurant Tax (HRT) receipts totaled \$9.4 million. The current month's actuals were above the estimates by \$0.3 million and above the prior year's receipts by \$1.7 million, respectively. The Tourism Industry was the most impacted during this COVID-19 pandemic but has had a resounding rebound during the year. However, revenue collections have been vastly improving since the last; the summer and winter months showed unprecedented performance leading up to the same trend in this financial year. As a result, YTD collections amount to \$91.9 million. This has exceeded the prior year by \$17.6 million due to increased tourist arrivals as hotels and restaurants are now fully open.

Import Duties:

Import Duties collected for February totaled \$8.6 million, \$0.7 million lower than budget and \$2 million higher than the prior year's receipts. These results were expected as high volume of goods are being imported and the imported inflation has impacted the prices of goods. Year-to-date actuals of \$87.4 million outpaced the preceding year by \$18.6 million and \$6.6 million higher than Estimates. There has been an increase in activity in the construction sector and local economic activities all throughout the Islands continue to pick up. As a result, the need for imported goods relatively increases as tourist-related consumption increases due to the growth in tourist arrivals.

Customs Processing Fees:

For February, Customs Processing Fees (CPF) totaled \$2.6 million, which was \$0.3 lower than estimates and \$1.3 million less than prior year's results. Year to date, actuals totaled \$30.5 million. This result was down by \$4 million

compared to prior year receipts and greater than estimates by \$3.3 million. The government has cut the customs processing fee from 7.5% to 5% until March 2023.

Work Permits:

Receipts from Work Permits totaled \$2.5 million for February. These results were above budget by \$0.5 million and greater than the prior year's results by \$0.4 million. Year-to-date actuals totaled \$23.5 million compared to a budget of \$20.8 million and was above prior year results by \$4.6 million. Revenue collection is expected to increase as most work permit holders are employed in the tourism and hospitality sector, significantly affected as major hotels and the Cruise Port was closed last year.

Fuel Tax:

For February, fuel tax receipts were \$0.6 million, in line with budget and \$0.5 million below the prior year's outturn. YTD actuals of \$6.9 million was favourable as the results were in line with budget while being down \$2.4 million when compared to prior year results.

Excess revenues from Statutory Bodies

There were no excess revenues remitted by Statutory bodies during the month of February. Year to date, Excess revenue from statutory bodies stands at \$16.1 million, which is \$3.1 million or 23% above estimates and \$2.8 million or 21% greater than the same period in the prior year.

Other Revenue: Month \$4.5 million, Year to date \$55.5 million

	Month of February			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	34	79	31	(45)	(57%)	2	8%	2,756	3,025	2,762	(270)	(9%)	(6)	(0%)
Communication Tax	454	447	382	7	2%	72	19%	4,671	4,952	4,492	(281)	(6%)	180	4%
Gaming Machine Tax	363	327	440	36	11%	(77)	(18%)	4,800	3,694	4,717	1,106	30%	83	2%
Seaport Departure Tax	-	209	309	(209)	(100%)	(309)	100%	4,973	2,799	495	2,175	78%	4,478	100%
Telecommunication Licences	347	486	466	(139)	(29%)	(119)	(26%)	3,485	3,232	2,543	253	8%	942	37%
Overtime Costs Recovered	187	472	349	(285)	(60%)	(162)	(46%)	2,816	3,716	2,739	(899)	(24%)	77	3%
Vehicle Licence Renewals	470	543	519	(73)	(13%)	(49)	(9%)	4,856	4,446	4,273	410	9%	583	14%
Permanent Residency Fees	163	251	230	(88)	(35%)	(67)	(29%)	1,982	2,514	2,514	(532)	(21%)	(532)	(21%)
Crown lands rent	69	134	136	(64)	(48%)	(67)	(49%)	962	959	841	3	0%	121	14%
Insurance Premiums tax	109	78	77	31	40%	32	42%	1,269	1,385	1,328	(117)	(8%)	(59)	(4%)
Bank services tax	73	90	71	(17)	(19%)	2	3%	806	941	928	(135)	(14%)	(122)	(13%)
Stamp duty - vehicle hire	263	201	242	61	30%	21	9%	2,041	1,725	1,625	316	18%	416	26%
Drivers Licence	117	130	114	(13)	(10%)	3	3%	1,293	1,174	1,116	119	10%	177	16%
Duty free shops Royalties	80	113	58	(33)	(29%)	22	38%	1,134	1,192	724	(58)	(5%)	409	57%
ID Card Fees	112	103	85	9	9%	28	33%	1,051	908	807	143	16%	244	30%
Labour Clearance Fees	109	81	81	28	34%	28	34%	1,062	842	773	219	26%	289	37%
PDA application fees	267	100	59	167	167%	208	355%	2,013	1,388	1,247	625	45%	766	61%
Work Permits Repatriation Program	231	91	121	140	154%	110	91%	1,707	1,052	945	655	62%	762	81%
Temporary Work Permits	87	109	113	(23)	(21%)	(27)	(24%)	1,281	1,255	1,200	26	2%	81	7%
Other Revenues	996	868	702	128	15%	293	42%	10,515	10,217	9,739	298	3%	776	8%
TOTAL OTHER REVENUE	4,530	4,910	4,586	(381)	-8%	(57)	-1%	55,473	51,417	45,808	4,056	8%	9,665	21%

Other Revenues for February totaled \$4.5 million, which was 8% below budget and in line with the prior year. The top performing heads consist mainly of \$0.5 million in Communications tax and \$0.3 million in Gaming machine tax. Year-to-date actuals of \$55.5 million were above both estimates and the prior year by \$4 million and \$9.7 million respectively, due to the over performance in the Seaport departure tax and Gaming machine tax to date.

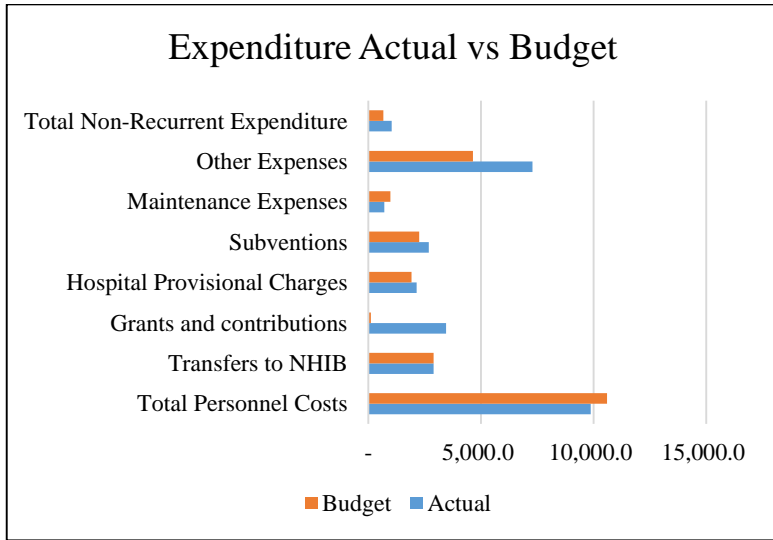
Non-Recurrent Revenue: *Year to date \$5.1 million*

For the month of February, there were no non-recurrent revenues. YTD actual non-recurrent revenue collections are \$5.1 million, which are \$1.8 million ahead of the budget and exceed the prior year's outturn by \$3.5 million

REVENUE BY MINISTRY

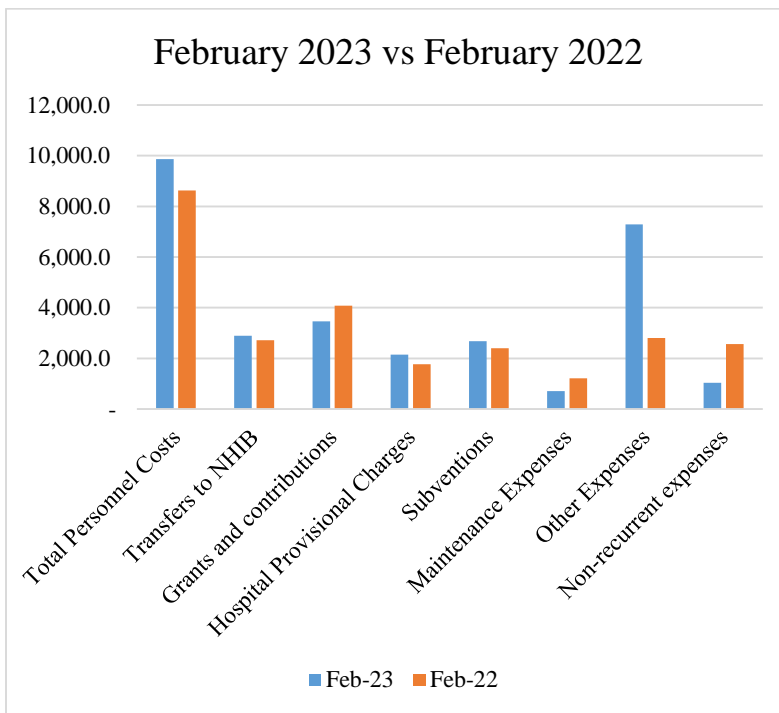
		February			Variances				Year to date			Variances			
		Actual	Budget	Last Year	Budget		Last Year		Actual	Budget	Last Year	Budget		Last Year	
		\$000	\$000	\$000	\$000	%	\$000	%	\$000	\$000	\$000	\$000	%	\$000	%
	CASH INFLOWS														
01	Office of the Governor	1	-	19	1	0%	(17)	-93%	399	954	436	(555)	-58%	(38)	-9%
03	Police	21	45	20	(24)	-54%	0	2%	354	255	547	99	39%	(193)	-35%
04	Attorney General's Chambers	3,650	4,449	10,066	(799)	-18%	(6,416)	-64%	56,247	75,856	79,009	(19,609)	-26%	(22,762)	-29%
05	Judiciary Administration	67	74	59	(7)	-9%	8	14%	630	767	752	(137)	-18%	(122)	-16%
14	Statutory Charges	-	14	14	(14)	-100%	(14)	-100%	2,105	1,354	1,198	750	55%	906	76%
16	Immigration and Border services	12,246	13,946	12,186	(1,699)	-12%	60	0%	135,071	128,885	88,461	6,186	5%	46,610	53%
54	Finance Trade & Investment	10,937	10,742	9,655	195	2%	1,281	13%	125,190	107,689	135,276	17,502	16%	(10,086)	-7%
57	Education, Labour Employment & Customer services	3,055	2,372	2,502	683	29%	552	22%	28,726	25,155	20,269	3,571	14%	8,457	42%
59	Home Affairs Transportation	1,007	1,202	1,031	(195)	-16%	(24)	-2%	11,164	10,565	9,619	599	6%	1,545	16%
60	Physical Planning & Infrastructure Development	269	103	61	166	162%	208	339%	2,038	1,421	1,276	617	43%	762	60%
61	Tourism, Agriculture Fisheries Heritage Religious Affairs & Environment	439	493	560	(53)	-11%	(121)	-22%	7,954	6,793	6,638	1,160	17%	1,316	20%
62	Health & Human Services	57	49	42	8	17%	15	36%	593	1,109	870	(517)	-47%	(277)	-32%
	TOTAL RECEIPTS	31,750	33,487	36,216	(1,737)	-5%	(4,466)	-12%	370,471	360,803	344,351	9,668	3%	26,120	8%

EXPENDITURE



\$30 million was expended during the month of February (\$29 million recurrent expenditure and \$1 million non-recurrent expenditure). These results were higher by \$6 million when compared to the estimates and \$3.9 million above the prior year’s results.

The performance against budget for the month is mainly due to grants and contributions, and professional and consultancy costs planned and budgeted for in earlier months that were only paid out in February.



As expected, Personnel Costs was the highest expenditure for the month totaling \$9.9 million, grants and Contributions totaled \$3.5 million, Subventions amounted to \$2.7 million, Transfers to NHIB totaled \$2.9 million and Hospital Charges of \$2.1 million were reported for the month. Those five expenditure lines alone represented 72% of actual recurrent expenditure for the month of February. The largest non-recurrent expense for February was SIPT cost at \$0.9 Million

Recurrent Expenditure: Month \$29 million, Year to Date \$273.3 million

	Month of February			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 Expenditure														
Total Personnel Costs	9,865	10,593	8,626	(727)	-7%	1,239	14%	101,279	114,995	92,049	(13,715)	-12%	9,230	10%
Transfers to NHIB	2,898	2,899	2,717	(1)	0%	182	7%	31,701	32,006	29,818	(305)	-1%	1,883	6%
Grants and contributions	3,456	117	4,079	3,339	2844%	(623)	-15%	25,762	31,272	12,486	(5,511)	-18%	13,276	106%
Hospital Provisional Charges	2,147	1,916	1,770	231	12%	377	21%	25,037	24,837	21,680	200	1%	3,357	15%
Subventions	2,683	2,267	2,404	416	18%	279	12%	23,684	24,575	19,886	(891)	-4%	3,798	19%
Maintenance Expenses	707	988	1,209	(281)	-28%	(503)	-42%	10,712	12,063	8,960	(1,351)	-11%	1,752	20%
Other Expenses	7,287	4,647	2,803	2,640	57%	4,483	160%	55,144	73,775	40,776	(18,631)	-25%	14,368	35%
Total Recurrent Expenditure	29,043	23,426	23,608	5,617	24%	5,435	23%	273,318	313,523	225,654	(40,205)	-13%	47,664	21%

Recurrent expenditure for February totaled \$29 million. The results were 24% or \$5.6 million higher than the month’s Estimates and more than prior year results by \$5.4 million or 23%. The overspending against budget came from grants and contributions, where payment of the \$2.5 million electricity subsidy expended in the months of October to December 2022 was paid to Fortis in February 2023. Other payments towards the citizen inflation adjustment program and professional and consultancy costs were also deferred from earlier planned period and paid in February.

Personnel Costs accounted for 34% of the recurrent expenditure, totaling \$9.9 million, compared to estimates of \$10.6 million. As a result, a variance of \$0.7 million was recorded. These results consist of Salaries, Wages, allowances, and pension and gratuity costs for the month. The increase against prior year is mainly attributed to 10% increase in police salaries and payments towards pension and gratuity of civil servants. The performance against budget is as a result of existing vacancies that are yet to be filled throughout the civil service.

Transfers to NHIB totaled \$2.9 million which was in line with budget. This result was up by \$0.2 million compared to the prior year's results.

Hospital provisional charges totaled \$2.1 million, above estimates by \$0.2 million and \$0.3 million above prior year results.

Subvention performance of \$2.7 million was \$0.4 million above the Estimates and \$0.3 million higher when compared to prior year results.

Year to date, recurrent expenditure stands at \$273.3 million which is \$40.2 million or 13% behind Estimates and \$47.7 million or 21% above prior year expenditure. This performance against budget is driven mainly by delays in recruitment for various vacancies across TCIG and unexpended funds for the grants and contributions, social welfare benefits and professional and consultancy costs.

Other Recurrent Expenditure: Month \$7.3 million, Year to date \$55.1 million

	Month of February			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	%
Rental of assets	627	494	454	133	27%	174	38%	5,481	5,939	4,896	(458)	-8%	585	12%
Social welfare	811	726	459	85	12%	351	77%	6,251	7,364	2,618	(1,114)	-15%	3,633	139%
Professional and Consultancy Services	859	(894)	239	1,753	-196%	620	259%	4,174	7,255	2,618	(3,081)	-42%	1,557	59%
Recurrent Sub Programmes and Projects	242	238	248	4	2%	(7)	-3%	3,099	4,356	2,280	(1,257)	-29%	820	36%
Utilities	534	926	270	(392)	-42%	264	98%	4,763	5,005	3,143	(242)	-5%	1,619	52%
Security expenses	222	186	117	35	19%	105	89%	1,892	2,024	1,379	(132)	-7%	513	37%
Local Travel and Subsistence	439	395	506	44	11%	(67)	-13%	3,371	4,410	2,436	(1,039)	-24%	935	38%
International Travel and Subsistence	276	65	158	211	325%	118	75%	2,143	2,767	786	(623)	-23%	1,357	173%
Communication Expenses	230	216	152	14	7%	78	51%	1,729	2,153	1,696	(424)	-20%	33	2%
Bank charges	115	118	115	(3)	-2%	0	0%	1,133	1,310	1,294	(177)	-13%	(161)	-12%
Data Communication cost	232	159	107	73	46%	126	118%	971	1,370	1,249	(399)	-29%	(277)	-22%
Insurance Expenses	181	(82)	2	263	-320%	179	0%	1,600	2,131	1,491	(531)	-25%	109	7%
Hosting and Entertainment	196	83	63	113	136%	134	213%	2,137	2,688	806	(552)	-21%	1,331	165%
Repatriation and exportation expenses	350	250	136	100	40%	214	157%	3,157	3,517	2,344	(360)	-10%	813	35%
Other supplies, material & Equipment	171	132	265	39	30%	(94)	-35%	1,619	2,670	1,387	(1,052)	-39%	232	17%
Computer Licence & Hardware maintenance	467	291	134	176	60%	333	249%	941	2,119	855	(1,178)	-56%	86	10%
Fuel	172	186	61	(14)	-7%	111	182%	1,254	1,325	814	(71)	-5%	440	54%
Other Recurrent Expenditure	1,163	1,158	(682)	5	0%	1,845	-271%	9,429	15,371	8,685	(5,942)	-39%	744	9%
TOTAL OTHER RECURRENT EXPENDITURE	7,287	4,647	2,803	2,640	57%	4,483	160%	55,144	73,775	40,776	(18,631)	-25%	14,368	35%

The major head comprising of all other recurrent expenditure was above the estimates for February, resulting in a variance of \$2.6 million compared to budget. The major overspend is attributed to professional and consultancy fees where expenditure for the month was 196% above budget. This variance is mainly due to budget profiling and is expected to normalize by year end.

Year-to-date actual of \$55.1 million is showing a variance of \$18.6 million recorded against estimates due to underperformance in all the major accounts. The gap is expected to close in the last month as departments and ministries work towards completing the implementation of their goals and projects.

Non-Recurrent Expenditure: Month \$1 million, Year to date \$12.7 million

	Month of February			Variances			
	Actual	Budget	Last Year	Budget		Last Year	
	\$000	\$000	\$000	\$000	%	\$000	%
Non-Recurrent Expenditure							
Statutory Land Acquisitions	-	-	1,800	-	-	(1,800.0)	-100%
SIPT	905	721	410	185	26%	496	121%
Civil Recovery Costs	105	-	-	105	-	105	-
Covid-19 Expenses	26	(46)	351	72	-157%	(325)	-93%
Contingency	-	-	-	-	-	-	0%
Finance costs	-	1	-	(1)	-100%	-	-
Total Non-Recurrent Expenditure	1,036	676	2,561	360	53%	(1,525)	(60%)

Non-Recurrent Expenditure results for February totaled \$1 million, 53% above estimates for the month, mainly due to SIPT costs. YTD actuals of \$12.7 million were significantly below estimates by \$13.5 million or 52% and down by \$10.2 or 45% million compared to prior year results. The underperformance against budget is due to planned land acquisitions, contingency costs and SIPT expenses that were not expended.

EXPENDITURE BY MINISTRY

		Actual	Budget	Last Year	Budget		Last Year		Actual	Budget	Last Year	Budget		Last Year	
		\$000	\$000	\$000	\$000	%	\$000	%	\$000	\$000	\$000	\$000	%	\$000	%
01	Office of the Governor	533	576	579	(43)	-7%	(46)	-8%	6,798	7,710	6,090	(911)	-12%	708	12%
03	Police	3,642	2,705	2,093	937	35%	1,549	74%	28,967	31,917	24,385	(2,950)	-9%	4,582	19%
04	Attorney General's Chambers	617	375	393	242	64%	224	57%	8,223	10,706	5,922	(2,483)	-23%	2,301	39%
05	Judiciary Administration	651	786	978	(135)	-17%	(327)	-33%	6,275	9,080	6,913	(2,805)	-31%	(637)	-9%
14	Statutory Charges	1,142	752	692	389	52%	450	65%	14,951	27,553	22,843	(12,602)	-46%	(7,892)	-35%
16	Immigration and Border services	1,288	1,223	1,188	65	5%	101	8%	13,520	15,375	11,949	(1,855)	-12%	1,572	13%
54	Finance Trade & Investment	2,183	1,665	3,607	518	31%	(1,424)	-39%	26,692	33,065	16,124	(6,374)	-19%	10,567	66%
56	Office of the Deputy Governor	215	188	152	26	14%	63	41%	2,194	2,792	1,881	(597)	-21%	314	17%
57	Education, Labour Employment & Customer services	4,194	3,609	3,625	585	16%	569	16%	38,781	41,973	33,676	(3,191)	-8%	5,105	15%
58	Director of Public Prosecutions	165	134	135	31	23%	30	22%	1,470	1,667	1,236	(197)	-12%	234	19%
59	Home Affairs Transportation	4,648	1,790	1,619	2,858	160%	3,029	187%	22,112	25,295	14,998	(3,182)	-13%	7,114	47%
60	Physical Planning & Infrastructure Development	1,966	1,587	2,111	380	24%	(145)	-7%	18,977	23,619	16,703	(4,641)	-20%	2,274	14%
61	Tourism, Agriculture Fisheries Heritage Religious Affairs & Environment	979	1,058	1,605	(79)	-7%	(626)	-39%	12,321	13,880	9,206	(1,559)	-11%	3,114	34%
62	Health & Human Services	6,677	6,677	6,708	(0)	0%	(31)	0%	73,225	79,211	70,397	(5,986)	-8%	2,828	4%
63	House of Assembly	320	294	311	26	9%	9	3%	3,341	3,691	3,029	(349)	-9%	312	10%
64	Office of The Premier & District Administration	627	557	227	69	12%	399	175%	5,778	9,639	1,899	(3,861)	-40%	3,879	204%
65	National Security Secretariat	233	126	146	107	85%	87	60%	2,436	2,644	1,351	(208)	-8%	1,085	80%
	TOTAL PAYMENTS	30,079	24,103	26,169	5,977	25%	3,910	15%	286,063	339,816	248,603	(53,753)	-16%	37,459	15%

CAPITAL EXPENDITURE

The total amount spent on capital projects for February amounted to \$1.9 million. To date, the total amount spent on capital projects is \$17.1 million. The year-to-date Capital expenditure is 75% behind budget and 16% less than the similar period in the prior year.

YEAR TO DATE CAPITAL EXPENDITURE CATEGORISED BY PROJECT

Project number and name	US\$ '000
5566 Construction of New Primary School PLS- Phase 2	2,145
5506 NJS Francis Building	1,917
5699 Road Works Promenade	802
5584 Road - North Caicos	761
5561 South Dock Port Redevelopment	760
5722 Police Armoured vehicle	725
5572 Technical Block Raymond Gardiner High School	641
5610 Grand Turk Sports Complex and Center	636
5606 Reconstruction of Lil Harkless Canal South-Caicos	611
5677 Purchase and Installation of New 1 million gallon Salt Water Reverse Osmosis (SWRO) Unit	579
5604 Refurbishment of National Stadium	574
5472 Prison Block Reconstruction	521
5592 Front Street GDT	509
5612 IT Command and Control System (CAD Radio Upgrade All Islands	500
5575 Upgrading of Water Storage and Distribution Facilities - GDT	462
5605 Installation of Lights for Parade Ground - GDT	322
5678 Installation of Additional 1-million gallon tank	314
5545 New Block, Enid Capron Primary School	262
5544 New Block, Helena Jones Robinson High School	248
5486 Refurbishment of Ministry Infrastructure	235
5546 New Roof Ianthe Pratt Primary School	230
5635 Ambulance for Islands	199
5622 Furniture for Ianthe Pratt Primary School	185
5543 Renovation of Governor's Office Residence	184
5621 FURNITURE FOR RAYMOND GARDINER	181
5611 Ballistic vests for Police	178
5627 Upgrading of DECR Laboratory	178
5496 Police Building Repairs for All Stations	165
5505 Government Complex PLS	160
5631 Upgrading of DECR Laboratory	159
5553 Police Vehicles	156
5619 FURNITURE FOR HJ ROBINSON	143
5600 Mental Health Facility (GDT)	136
5478 Reinstatement of Government Buildings All Islands	136
5579 Backup Generators for all Government Essential Facilities	116
5485 Furniture and Equipment for HASH	106
5590 Consultancy Framework Agreement	96
5616 Furniture and Equipment for Office Block South Caicos	89
5510 Rehabilitation of Salt Shed- Salt Cay	86
5603 Leeward Park Phase 2	77
5582 Vehicles for Government	73

5470	School Infrastructure Project Phase 2	72
5633	Agriculture Development	49
5481	Construction of Promenade/Boardwalk and Craft Market for Bottle Creek	48
5521	Farmer's Market	81
5270	Environmental Health Storage Buildings	39
5507	Road development Phase 5	37
5587	Upgrade of Public Tank - XSC	36
5255	Home for Domestic Violence	33
5487	Development of Non-Communicable Registers - and Sports Development	29
5517	Basketball Courts in All Islands	21
5466	Schools Infrastructure Recovery Project - Iris Stubbs Primary	15
5501	Conversion of PWD Building into Specialist Classroom for Adelaide Omler Primary School	10
5483	DECR and Tourism Facilities	10
5547	Boat Ramps - Wheeland, Blue Hills	9
5580	Heavy Equipment for PWD	8
5591	Redevelopment of Five Cays Community Centre	8
5540	Equipment for PWD	9
5511	Booster Pumps - Water Undertaking	
		17,071

DEVELOPMENT FUND

Ordinance 23 of 2022 commenced on March 25, 2022, included an amendment to regulation 33 of the PFM Regulations to clarify 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. The value of the Fund is represented by—

- (a) the value of noted development projects, where the procedural requirements have been fulfilled whereby the Secretary to the Procurement Board has reported the contract for noting by Cabinet as required under Part 6 of the Public Procurement Ordinance;
- (b) the value of ongoing development projects, already contracted and the unexpended balances of monies appropriated to the Fund; and
- (c) the value of new development projects, not yet contracted or noted by Cabinet, providing that the two-year appropriation has not lapsed.

Any balances of funds appropriated but not required after completion of a development project, including through a virement or otherwise not committed to a warrant project, are either returned to the Consolidated Fund or to the development partner providing the development grant or loan, as appropriate.

Development Fund expenditure for locally funded projects was budgeted at \$50,000,000. And \$1 million was budgeted for projects funded through external sources. A supplementary budget was approved by the House of

Assembly on October 2022 to increase the locally funded projects by \$3.5 million. The development fund balance as at February 28, 2023, was \$78 million, and the movement in the fund balance is as shown below.

	US\$ '000
Opening 31/03/2020 –Based on consultant report	59,264
<i>Adjust to remove negative balances –(FSSM adjustment)</i>	<i>(4,203)</i>
Adjusted opening 31/03/2020	63,466
Contract awards and variations 2020/21	31,448
CAPEX 2020/21	(25,302)
Closing 31/03/2021	69,613
Contract awards and variations 2021/22	2,281
CAPEX 2021/22	(22,228)
Closing 31/03/2022	49,666
Contract awards and variations 2022/23	45,378
CAPEX 2022/23 -YTD	(17,071)
Closing 28/02/2023	77,974

NATIONAL WEALTH FUND (NWF)

Transfers to the Fund during the year were made based on Section 9 (1(a)) of the National Wealth Fund Ordinance which requires that where in any financial year 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. 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 February 28, 2023, stood at \$43.8 million.

FY 2021-22 results (in US\$' '000)				Amount to be transferred to NWF in 2022/23 (50% of the variance) (US\$' 000)	Opening NWF 01/04/2022 (US\$' 000)	Closing NWF 28/02/2023 (US\$' 000)
Actual revenue	Revised Estimates	Variance	%			
398,777	363,088	35,689	10%	17,845	25,935	43,780

The value of the National wealth fund is attributable to;

(All figures in US\$' 000)	28-Feb-23 US\$'000	28-Feb-22 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 (NFF)

The National Forfeiture Fund had a balance of \$7.3 million as of February 28, 2023. No transfers have been made from the Fund during this period. Section 152 (4) of the Proceeds of Crime Ordinance requires that for any monies standing to the credit of the Fund exceeding \$2 million, the Anti-Money Laundering Committee shall pay a sum of the excess into the Consolidated Fund (any funds held in Escrow are excluded from this).

The Fund currently stands in excess by \$5.3 million or 265% above the required balance by Section 152 (4) of the Proceeds of Crime Ordinance.

PUBLIC DEBT

				Totals
Source of funding	CDB	CDB	CDB	
Loan description	Further Education (04/SFR-OR-TCI)	Climate Resilient Coastal Protection and Management (4/OR-TCI)	Integrated Solid Waste Management (5/OR-TCI)	
Effective Interest Rate	2.50%	4.75%	4.75%	
Total loan approved (US\$)	2,000,000	441,000	672,500	3,113,500
Total Loan Disbursed (US\$)	2,000,000	255,000	-	2,255,000
Outstanding Amount as at 28/02/2023 (US\$)	456,521	153,822	-	610,343
Year of first disbursement	2000	2021		
Year of maturity	2028	2024		
Principal Repaid during FY 2022/23 (US\$)	86,956	88,106		175,062
Interest Paid during FY 2022/23 (US\$)	12,772	8,822		21,594
Total Debt Servicing during FY 2022/23 (US\$)	99,728	96,928		196,656

TCIG's outstanding debt as of February 28, 2023, was \$0.6 million. There were no payments made during the month of February.

STATEMENT OF FINANCIAL POSITION

	28-Feb-23 US\$'000	28-Feb-22 US\$'000
ASSETS		
Current assets		
Cash and cash equivalents	270,425	201,737
Receivables from exchange transactions	5,866	5,889
Total current assets	276,290	207,627
Non-current assets		
Financial assets - investments	1,592	1,592
Receivables from exchange transactions	10,233	10,199
Fixed Assets	1,454,204	1,461,499
Total non-current assets	1,466,029	1,473,291
Total assets	1,742,320	1,680,918
LIABILITIES		
Current liabilities		
Payables from exchange transactions	24,797	20,633
Current portion of borrowings	184	158
Total current liabilities	24,981	20,791
Non-current liabilities		
Civil servants Pension fund provisions	7,745	-
Borrowings	426	372
Total non-current liabilities	8,171	372
Total liabilities	33,153	21,164
Net Assets	1,709,167	1,659,754
Supported by:		
FUND BALANCES		
Consolidated Fund	1,580,141	1,578,805
Development Fund	77,974	47,741
National Forfeiture Fund	7,273	7,276
National Wealth Fund	43,780	25,933
Total fund balances	1,709,167	1,659,754

HUMAN RESOURCE MANAGEMENT

Employees

There were 1,896 people employed by TCIG at the end of February 2023, consisting of 281 waged employees and 1,615 monthly paid employees, exclusive of the Royal Turks and Caicos Police Force. There were 29 new joiners and 21 leavers during the month.

Pensioners

The total number of Pensioners at the end of February 2023 was 426.

FINANCIAL OUTLOOK

TCIG has continued its rebound from the COVID crisis and has recorded a surplus in the month of February. It is expected that the revenue targets for the financial year will be met and as the year comes to an end it is expected that MDAs will push to finalise the implementation of their key program strategies.

Although the continued uncertainty of the impending global recession and other economic shocks, such as inflation, contributed towards decelerating global economic growth, the Turks and Caicos Islands economy continues to rebound financially. Revenue from Import Duty and HRT were major contributors to the total revenue collected for the month resulting in an overall collection of \$370.5 million during the first eleven months in the financial year. Expenditure is still lagging behind estimates mainly due to delayed recruitments and spending on grants and contributions. Due to global inflation, living costs have increased exponentially during the year and the Government of the TCI has enacted fiscal policy to aid in economic relief. Inflation continues to rise and government interventions are being implemented to reduce the burden on the population. These may affect government revenue and expenditure in the near term. These include:

DIRECT ASSISTANCE - \$12M

Direct Assistance of US\$1000 was paid to approximately 12,000 Turks and Caicos Islanders and British Overseas Territory Citizens. This one-off payment is intended to assist citizens with general living expenses such as mortgages, rental accommodation payments, utility bills and food.

REMEDIAL WORKS PROGRAMME - \$2M

\$2 million has been allocated through the Ministry of Planning, Infrastructure and Development to expand the remedial works programme and increase the number of jobs in the local market.

FUEL STABILISATION FACTOR SUBSIDY-\$2.5M

Fuel factor stabilisation credit was capped at \$0.2 per kilowatt hour for October 2022 to December 2022 to assist with reducing household electricity costs.

REDUCTION IN THE FUEL TAX

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

REDUCTION IN CUSTOMS FEES

Across the board reduction in Customs Processing fees from 7.5 % to 5% - effective date - April 1, 2022 –March 31, 2023.

WAIVER OF IMPORT DUTIES AND CUSTOMS FEES - \$2M

Import duties and customs fees waived on the following items for the period August 1, 2022 to November 30, 2022 (extended to March 31 2023):

Rice, Flour, Grits, Bread, Spaghetti/ Instant Noodles, Macaroni & Cheese Dinner, Cornflakes - Cereal, Chicken Canned Sausage, Vienna, Fresh and Canned Meats, Cheese Evaporated Milk, Eggs, Cooking Oil, Fruits, Sugar, Instant Baby Food/Juices, Water, cleaning supplies (gloves, bleach, alcohol, Lysol, detergent), Disinfectant (bleach, hand sanitiser, anti-bacterial soap), Adult and Baby Diapers, Protein Nutritional Shakes such as Ensure, Boost or Glucerna, and Facial Masks.

Cash flow management will remain an urgent obligation for TCIG. In addition to providing value for money and effective and efficient public services, active monitoring of revenue collection, cash balance position, and cash flow requirements remains at the forefront of the Treasury's immediate plan to safeguard TCIG's liquidity position.

CONCLUSION

Prudent financial management has contributed to the operating surplus of \$84.4 million for the first eleven months of the financial year and the consequent cash surplus of \$73.4 million, which, when combined with the cash at the beginning of the year, resulted in overall cash and cash equivalents of \$270.4 million at February 28, 2023.

Notwithstanding the strong cash position, the Government continues to face various challenges in the global environment, including inflation, slower economic growth and susceptibility to external shocks and challenges, including natural disasters. There is uncertainty as to the looming recession that has been forecast for the global economy and what effect it would have on the Turks and Caicos Islands; however, the continued strong performance of the tourism/hospitality sector augurs well for the country.

