

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



**FINANCIAL REPORT**  
**FEBRUARY 2024**



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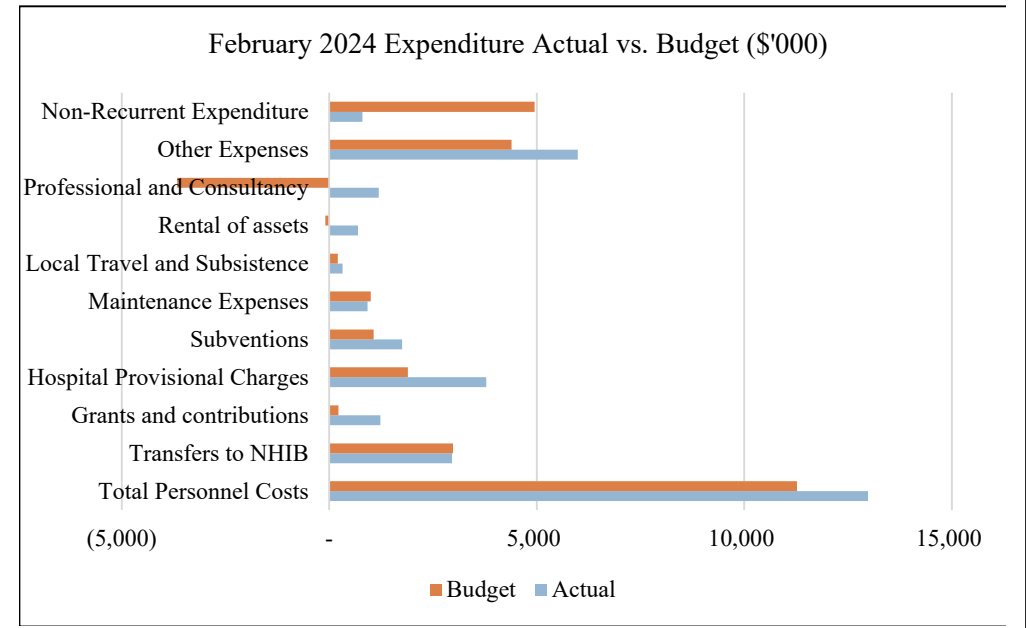
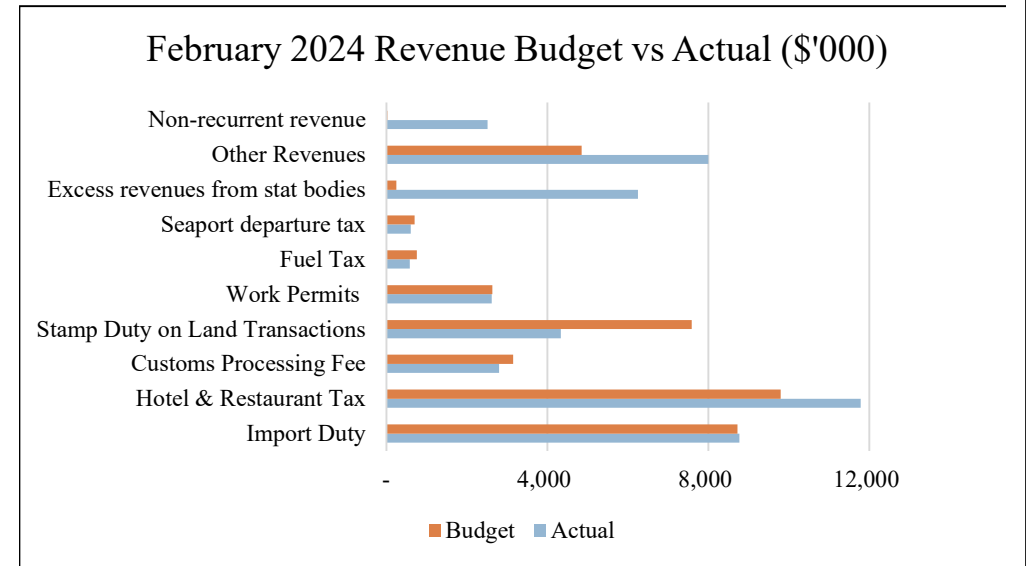
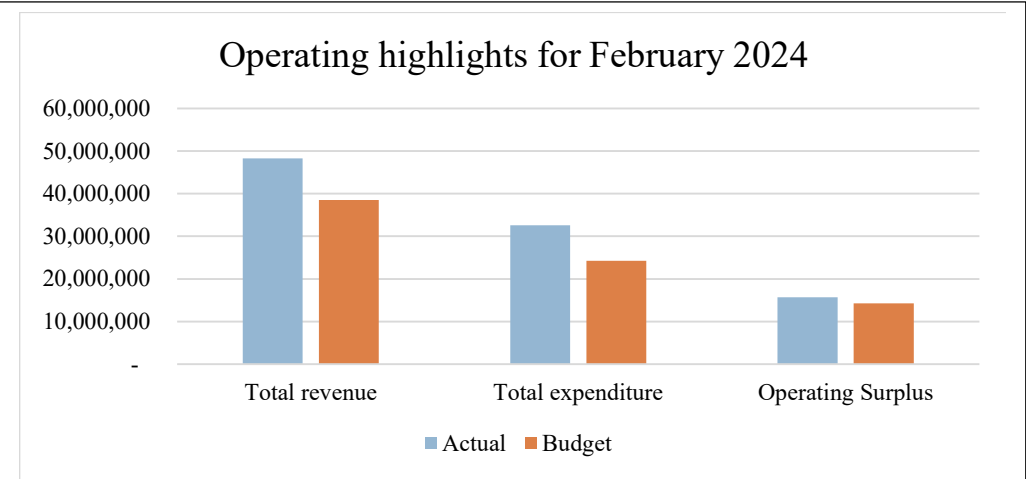
**KEY HIGHLIGHTS**

➤ **\$15.7 million operating surplus.** The operating surplus for the month was \$15.7 million against the forecast surplus of \$14.3 million.

➤ **\$48.3 million revenue for the month.** The aggregate revenue collections for the month of February were \$48.3 million against a budget of \$38.5 million.

➤ **Increase in the underlying Cash balances.** The underlying cash balance at the period ending 29 February 2024 showed an increase of \$17.7 million resulting in a closing cash balance of \$383.2 million

➤ **\$6.2 million excess revenue from Statutory bodies against estimates of \$0.3 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 Statistical Authority 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 February 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.
- Write-off of TOLCO and TCInvest Mortgage loans amounting to \$10.2 million effective September 2023.

## 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.

Three supplementary budgets were approved in the fiscal year 2023-24. The first, approved on September 28, 2023, increased recurrent expenditure by \$12.8 million and capital expenditure by \$0.7 million. Significant budget increases were allocated to 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. Notable budget increases were seen for the 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 third supplementary budget, approved on February 22, 2024, reduced planned capital expenditure by \$7.7 million and recurrent expenditure due to delayed project execution or reassessment of some capital projects. Operating

expenditure was increased by a net amount of \$6.7 million. Notable increases included \$7 million seed funding towards the establishment of a mortgage corporation, \$2.2 million in funding towards pensions, \$8.5 million for land acquisitions, and \$1 million for claims against the government. These were offset by funding reductions for legal aid costs (\$1 million), \$3 million from the contingency fund toward other government priorities, and \$1.7 million for the professional services cleaning contract project that was deferred.

The updated projections for the FY 2023-24 show planned revenues of \$415.4 million and spending of \$442.3 million. This spending includes \$379.4 million for operating expenses and \$62.9 million for capital expenses, resulting in a projected operating surplus of \$36 million and a projected net deficit of \$26.9 million.

The Government ended the month of February 2024 with an operating surplus of \$15.7 million and a cash increase of \$17.7 million, bringing the closing cash balance to \$383.2 million. Revenue for February was 25% higher than budget and 52% 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.

## 2.1. FISCAL SUMMARY

The operating surplus for February 2024 was \$15.7 million, exceeding estimates by \$1.4 million or 10%, and higher than the same month in the prior year's performance by \$14 million. This overall performance can be attributed to the over performance of excess revenue from Statutory Bodies and Hotel Restaurant and Tourism Taxes. Year to date, the operating surplus was \$105.8 million, which was 280% higher than estimates and 28% more than the prior year.

FISCAL SUMMARY	February			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	45,770	38,462	31,761	7,308	19%	14,009	44%	406,833	371,758	364,438	35,075	9%	42,395	12%
Non-Recurrent Revenue	2,520	24		2,495	10321%	2,520	100	3,837	2,769	5,112	1,067	39%	(1,275)	-25%
<b>Total Revenue</b>	<b>48,290</b>	<b>38,487</b>	<b>31,761</b>	<b>9,803</b>	<b>25%</b>	<b>16,528</b>	<b>52%</b>	<b>410,670</b>	<b>374,528</b>	<b>369,550</b>	<b>36,142</b>	<b>10%</b>	<b>41,120</b>	<b>11%</b>
Recurrent Expenditure	31,826	19,284	29,137	12,542	65%	2,688	9%	298,824	333,488	274,020	(34,663)	-10%	24,804	9%
Non-Recurrent Expenditure	797	4,950	998	(4,154)	-84%	(201)	-20%	6,069	13,184	12,824	(7,115)	-54%	(6,755)	-53%
<b>Total Expenditure</b>	<b>32,622</b>	<b>24,234</b>	<b>30,135</b>	<b>8,388</b>	<b>35%</b>	<b>2,487</b>	<b>8%</b>	<b>304,894</b>	<b>346,672</b>	<b>286,844</b>	<b>(41,778)</b>	<b>-12%</b>	<b>18,050</b>	<b>6%</b>
<b>Net Operating Surplus</b>	<b>15,668</b>	<b>14,253</b>	<b>1,626</b>	<b>1,415</b>	<b>10%</b>	<b>14,042</b>	<b>863%</b>	<b>105,776</b>	<b>27,856</b>	<b>82,706</b>	<b>77,920</b>	<b>280%</b>	<b>23,070</b>	<b>28%</b>

## 2.2. CASH FLOW

The underlying cash balance increased by \$17.7 million during the month. This resulted in an increase in TCIG's cash and cash equivalents from \$365.5 million at the end of January 2024 to \$383.2 million at February 29, 2024. Cash balances comprise cash at bank, short term fixed deposits and cash-in-transit.

	February			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	%
<b>Cash Flow from Operations</b>	<b>15,668</b>	<b>14,253</b>	<b>1,626</b>	<b>1,415</b>	<b>10%</b>	<b>14,042</b>	<b>863%</b>	<b>105,776</b>	<b>27,856</b>	<b>82,706</b>	<b>77,920</b>	<b>280%</b>	<b>23,070</b>	<b>28%</b>
<b>Less:</b>														
Development Fund Expenditure	(1,696)	1,223	(1,904)	(2,919)	-239%	208	-11%	(22,933)	(67,760)	(17,071)	44,828	-66%	(5,862)	34%
Debt Repayments	-	-	-	-	0%	-	0%	-	(95)	(177)	95	0%	177	0%
Bond Inflows	-	-	-	-	0%	-	0%	-	-	-	-	0%	-	0%
Net receipts/(payments)	3,733	-	4,488	3,733	0%	755	17%	10,544	-	7,971	10,544	0%	(2,573)	-32%
<b>Net Cash Flow</b>	<b>17,705</b>	<b>15,476</b>	<b>4,210</b>	<b>2,229</b>	<b>14%</b>	<b>13,494</b>	<b>320%</b>	<b>93,388</b>	<b>(39,999)</b>	<b>73,430</b>	<b>133,387</b>	<b>-333%</b>	<b>19,958</b>	<b>27%</b>
Opening cash balance	365,510		266,215					289,827		196,995				
<b>Closing cash balance</b>	<b>383,215</b>		<b>270,425</b>					<b>383,215</b>		<b>270,425</b>				
<b>Attributable to:</b>														
Consolidated Fund	240,678							240,678						
Development Fund	84,383							84,383						
National Forfeiture Fund	6,895							6,895						
National Wealth Fund	51,257							51,257						
<b>Closing cash balance</b>	<b>383,215</b>							<b>383,215</b>						

### 3. REVENUE

#### 3.1. REVENUE BY ECONOMIC CLASSIFICATION

##### 3.1.1. RECURRENT REVENUE

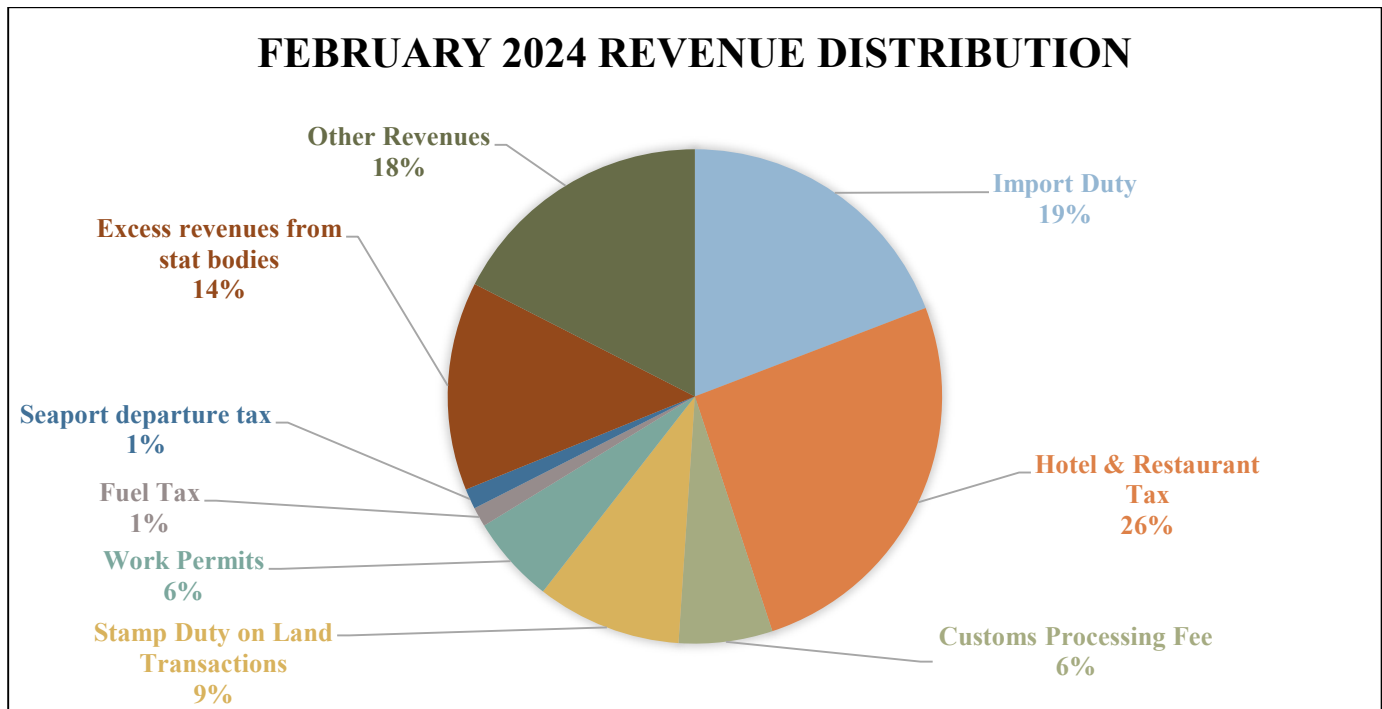
*February: \$45.8 million YTD: \$406.8 million*

	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	%
<b>Recurrent Revenues</b>														
Import Duty	8,776	8,725	8,577	51	1%	199	2%	98,021	89,384	86,953	8,637	10%	11,067	13%
Hotel & Restaurant Tax	11,786	9,799	9,440	1,987	20%	2,346	25%	103,898	95,533	91,917	8,366	9%	11,981	13%
Customs Processing Fee	2,805	3,151	2,604	(345)	-11%	201	8%	32,864	31,185	30,269	1,679	5%	2,595	9%
Stamp Duty on Land Transactions	4,338	7,585	3,531	(3,247)	-43%	808	23%	44,399	52,610	53,451	(8,211)	-16%	(9,052)	-17%
Work Permits	2,616	2,635	2,508	(19)	-1%	108	4%	28,858	24,333	23,514	4,526	19%	5,344	23%
Fuel Tax	586	756	558	(169)	-22%	29	5%	7,355	7,255	6,855	99	1%	499	7%
Seaport Departure Tax	607	705	-	(98)	-14%	607	100%	6,820	5,768	4,973	1,053	18%	1,847	37%
Excess revenues from stat bodies	6,250	250	-	6,000	2400%	6,250	100%	19,975	11,516	16,097	8,459	73%	3,878	24%
Other Revenues	8,004	4,857	4,544	3,148	65%	3,461	76%	64,643	54,175	50,407	10,468	19%	14,236	28%
<b>Total Recurrent Revenue</b>	<b>45,770</b>	<b>38,462</b>	<b>31,761</b>	<b>7,308</b>	<b>19%</b>	<b>14,009</b>	<b>44%</b>	<b>406,833</b>	<b>371,758</b>	<b>364,438</b>	<b>35,075</b>	<b>9%</b>	<b>42,395</b>	<b>12%</b>

In February, the recurrent revenue totaled \$45.8 million, exceeding the budget by \$7.3 million (19%) and surpassing the prior year's collections by \$14 million (44%). The over performance of Hotel and Restaurant Taxes and Excess revenue from Statutory Bodies contributed to this result. The five main revenue lines accounted for 74% of the total recurrent revenue.

Year to date, the aggregate recurrent revenue is \$406.8 million, which is 9% higher than the budget and 12% 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 excess revenue from Statutory Bodies.

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



**Hotel, Restaurant and Tourism Tax (HRTT)** accounted for the largest share (26%) 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 \$11.8 million, which was \$2 million or 20% higher than the estimated amount and \$2.3 million or 25% higher than the previous year. Year-to-date, the revenue from Hotel and Restaurant tax stands at \$103.9 million, which is 9% higher than the estimated amount and 13% 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 19% of the total. During the month, import duty collections reached \$8.8 million in line with the budget and exceeding the previous year's results by 2%. Year-to-date, import duty revenue amounted to \$98 million, exceeding estimates by \$8.6 million or 10% and surpassing the previous year's results by \$11.1 million or 13%. Per the reports released by the department of Trade, the trade value of imports increased 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 \$4.3 million. The collections were 43% less than the Estimates and 23% higher

than the prior year period. Year to date, revenue from Stamp Duty for land transactions amounted to \$44.4 million which was 16% behind Estimates and 17% 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 \$2.8 million, which was in \$0.3 million or 11% less than the Estimates and \$0.2 million or 8% more than the prior year's results. Year to date, revenue from Customs processing fees reached \$32.9 million, which was 5% 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 \$2.6 million for the month, accounting for 6% of the total Revenue. This was in line with the Estimates and 4% more than the collections in the prior year. Year to date, revenue from Work permit fees totaled \$28.9 million which was 19% higher than Estimates and 23% 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 \$6.2 million during the month. This was \$6 million above budget and \$6.2 million more than the prior year results. This was attributed to excess revenue arrears for Q1 to Q3 paid by the Airports Authority amounting to \$6 million. Year to date. Excess revenue received from Statutory Bodies totaled \$20 million which was 73% ahead of the Estimates and 24% more than the prior year. Statutory bodies like the Airports Authority, Financial Services Commission and Port Authority have paid in more revenue to TCIG due to improvements in their business operations resulting in high cash balances.

**Seaport departure** tax totaled \$0.6 million which was \$0.1 million or 14% less than the Estimates and \$0.6 million more than the prior year. Year to date, Seaport departure tax totaled \$6.8 million which is 18% higher than budget and 37% 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

	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 License renewal	30	35	34	(4)	(12%)	(3)	(9%)	2,771	2,829	2,753	(58)	(2%)	18	1%
Communication Tax	475	523	454	(48)	(9%)	21	5%	5,214	5,497	4,671	(283)	(5%)	543	12%
Gaming Machine Tax	1,081	338	363	743	220%	718	198%	5,474	5,482	4,800	(8)	(0%)	673	14%
Telecommunication Licenses	557	359	347	199	55%	211	61%	4,108	3,567	3,485	541	15%	623	18%
Overtime Costs Recovered	480	342	187	139	41%	293	157%	4,032	2,984	2,793	1,047	35%	1,239	44%
Vehicle License Renewals	608	467	469	142	30%	139	30%	5,771	4,980	4,854	791	16%	918	19%
Permanent Residency Fees	360	199	163	161	81%	198	122%	4,010	2,153	1,982	1,858	86%	2,028	102%
Insurance Premiums tax	135	135	112	(1)	(1%)	22	20%	1,966	1,448	1,272	519	36%	694	55%
Stamp duty - vehicle hire	300	269	263	31	12%	37	14%	2,175	2,088	2,040	86	4%	135	7%
Stamp duty Miscellaneous	837	26	11	811	3143%	825	7220%	3,536	277	271	3,259	1178%	3,265	1207%
Drivers License	137	119	117	18	15%	20	17%	1,419	1,328	1,293	91	7%	126	10%
Duty free shops Royalties	137	118	80	18	15%	56	70%	1,141	1,229	1,114	(88)	(7%)	28	2%
ID Card Fees	127	118	112	9	8%	15	14%	1,332	1,088	1,046	244	22%	286	27%
Labour Clearance Fees	173	115	109	59	51%	64	59%	1,512	1,103	1,060	409	37%	451	43%
PDA application fees	71	160	265	(89)	(56%)	(194)	(73%)	2,048	2,041	2,034	8	0%	14	1%
Work Permits Repatriation Prog	332	244	231	89	36%	101	44%	2,757	1,780	1,704	977	55%	1,053	62%
Temporary Work Permits	171	91	87	80	88%	84	97%	1,445	1,316	1,280	129	10%	165	13%
Other Revenues	1,992	1,202	1,140	791	66%	852	75%	13,932	12,985	11,954	946	7%	1,978	17%
<b>TOTAL OTHER REVENUE</b>	<b>8,004</b>	<b>4,857</b>	<b>4,544</b>	<b>3,148</b>	<b>65%</b>	<b>3,461</b>	<b>76%</b>	<b>64,643</b>	<b>54,175</b>	<b>50,407</b>	<b>10,468</b>	<b>19%</b>	<b>14,236</b>	<b>28%</b>

Other recurrent revenues totaled \$8 million for the month which was \$3.1 million or 65% higher than Estimates and \$3.5 million or 76% higher than the prior year mainly as a result of Stamp duty on share transfers and Gaming machine tax collections. Year to date, other recurrent revenues stand at \$64.6 million which is 19% more than the Estimates and 28% more than the prior year.

### 3.1.3. NON-RECURRENT REVENUE

Non-recurrent revenue collected during the month totaled \$2.5 million mainly relating to civil recoveries. Year to date, Non-recurrent revenue totaled \$3.8 million relating to land sales and civil recoveries. This was 39% higher than Estimates and 25% 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

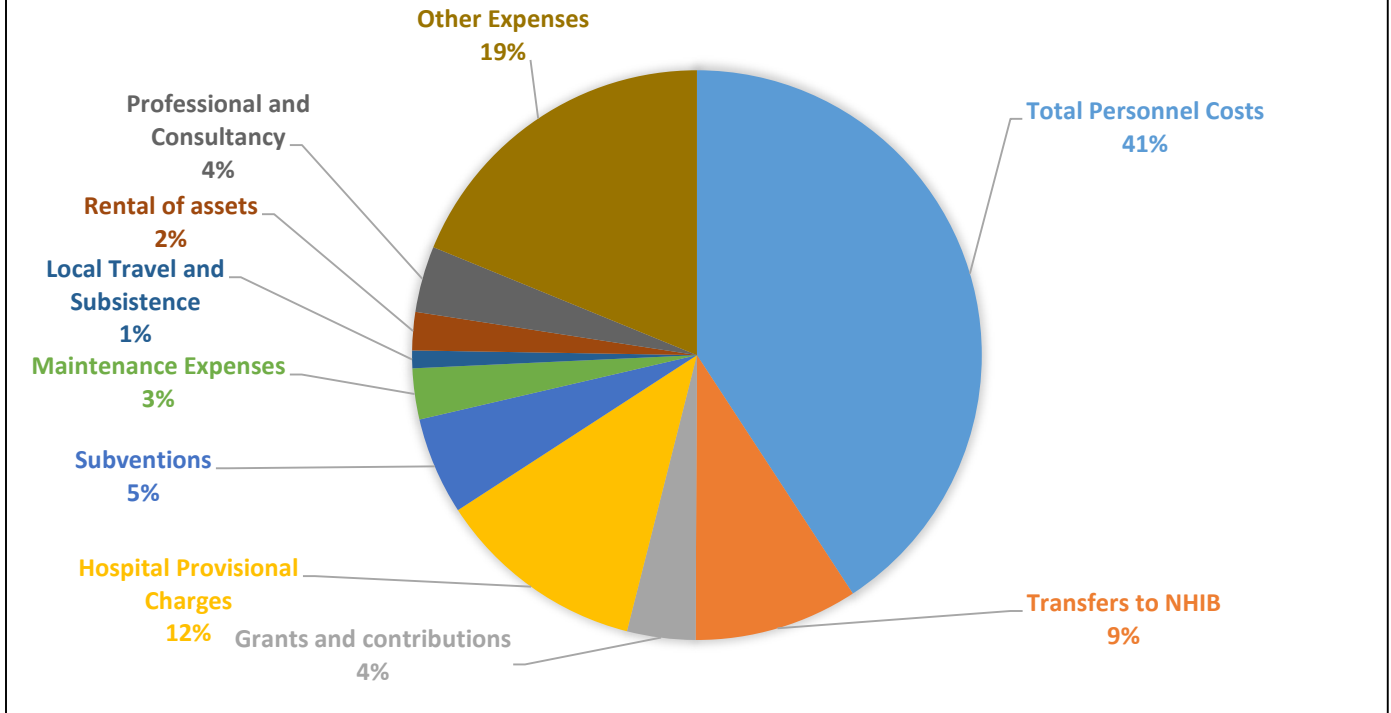
#### 4.1.1. RECURRENT EXPENDITURE

**Recurrent Expenditure: February: \$31.8 million YTD: \$298.8 million**

	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	%
Total Personnel Costs	12,979	11,269	9,864	1,711	15%	3,115	32%	122,606	127,922	101,278	(5,316)	-4%	21,328	21%
Transfers to NHIB	2,958	2,982	2,898	(24)	-1%	59	2%	32,534	32,510	31,701	24	0%	833	3%
Grants and contributions	1,234	219	3,456	1,014	463%	(2,222)	-64%	10,025	12,977	25,762	(2,952)	-23%	(15,736)	-61%
Hospital Provisional Charges	3,784	1,896	2,147	1,889	100%	1,637	76%	25,909	26,055	25,037	(145)	-1%	872	3%
Subventions	1,759	1,072	2,683	687	64%	(924)	-34%	25,219	25,728	24,166	(509)	-2%	1,053	4%
Maintenance Expenses	920	1,001	707	(82)	-8%	213	30%	12,395	14,926	10,712	(2,532)	-17%	1,683	16%
Local Travel and Subsistence	320	209	440	111	53%	(121)	-27%	3,483	4,189	3,373	(705)	-17%	111	3%
Rental of assets	690	(92)	627	782	-852%	63	10%	6,140	6,893	5,481	(753)	-11%	659	12%
Professional and Consultancy	1,195	(3,668)	851	4,863	-133%	344	40%	6,197	11,119	4,172	(4,922)	-44%	2,025	49%
Other Expenses	5,988	4,396	5,464	1,592	36%	524	10%	54,315	71,168	42,339	(16,853)	-24%	11,976	28%
<b>Total Recurrent Expenditure</b>	<b>31,826</b>	<b>19,284</b>	<b>29,137</b>	<b>12,542</b>	<b>65%</b>	<b>2,688</b>	<b>9%</b>	<b>298,824</b>	<b>333,488</b>	<b>274,020</b>	<b>(34,663)</b>	<b>-10%</b>	<b>24,804</b>	<b>9%</b>

Recurrent expenditure for February totaled \$31.8 million. The results were \$12.5 million or 65% higher than the Estimates and \$2.7 million or 9% 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 as well as overspend on Professional and consultancy costs due to fund reallocations done as part of the third supplementary appropriation. There were also timing differences in actual expenditure against the monthly profiled budget where MDAs tend to execute more activities towards the end of the year leading to an overspend in the months in the last quarter. Year to date, total recurrent expenditure totaled \$298.8 million which was \$34.7 million or 10% below Estimates and \$24.8 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 Profession and consultancy services and Grants and Contributions.

## FEBRUARY EXPENDITURE DISTRIBUTION



**NHIB transfers** totaled \$3 million and **Hospital Provisional Charges** totaled \$3.9 million in February. 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 overspend for the month. Year to date, NHIB transfers totaled \$32.5 million (in line with budget and 3% ahead of prior year) and Hospital Provisional Charges totaled \$25.9 million (1% behind Budget, and 3% higher than prior year because of the CPI adjustments).

**Grants and contributions** totaled \$1.2 million. This was \$1 million higher than Estimates and \$2.2 million less than the prior year. Year to date, Grants and Contributions totaled \$10 million which was 23% 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 and not in the current year. 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 be absorbed in the last month of the year as departments work towards completing their KPIs.

**Professional and Consultancy costs** totaled \$1.2 million in February. This was \$4.9 million higher than Estimates mainly due to reallocation of funds for delayed professional services contracts during the 3<sup>rd</sup> supplementary hence reducing the budget.

**Personnel Costs** accounted for 41% of the recurrent expenditure, totaling \$13 million in February. This was higher than the Estimates by \$1.7 million or 15%. Compared to the prior year, the Personnel costs were \$3.1 million or 32% higher. The February 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 \$122.6 million which is 4% behind Estimates and 21% 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.

	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	%
<b>Compensation to Employees</b>														
Salaries and Wages	9,572	7,940	6,806	1,632	21%	2,766	41%	86,377	89,181	73,093	(2,804)	-3%	13,284	18%
Contribution to NIB and NHIB	762	539	586	224	42%	176	30%	7,464	7,711	6,316	(247)	-3%	1,149	18%
Housing Allowances	467	(170)	467	637	-374%	(0)	0%	5,136	5,767	4,747	(631)	-11%	389	8%
Transport Allowances	80	(617)	92	697	-113%	(12)	-13%	903	881	891	22	2%	11	1%
Telephone Allowances	95	(62)	86	156	-254%	8	10%	997	1,009	917	(12)	-1%	80	9%
Other Allowances	392	68	592	324	478%	(200)	-34%	6,298	7,194	6,385	(897)	-12%	(87)	-1%
<b>Total compensation of employees</b>	<b>11,368</b>	<b>7,697</b>	<b>8,630</b>	<b>3,670</b>	<b>48%</b>	<b>2,738</b>	<b>32%</b>	<b>107,174</b>	<b>111,743</b>	<b>92,348</b>	<b>(4,569)</b>	<b>-4%</b>	<b>14,826</b>	<b>16%</b>
<b>Members of the House of Assembly</b>														
Salaries - Ministers and Members	209	367	156	(159)	-43%	53	34%	1,873	1,926	1,714	(53)	-3%	159	9%
NIB and NHIB	8	13	8	(5)	-39%	-	5%	90	110	91	(20)	-18%	(1)	-1%
Allowances for Ministers and Members	46	53	46	(7)	-13%	-	0%	505	542	506	(37)	-7%	(1)	0%
<b>Members of the House of Assembly</b>	<b>263</b>	<b>433</b>	<b>210</b>	<b>(171)</b>	<b>-39%</b>	<b>53</b>	<b>25%</b>	<b>2,468</b>	<b>2,577</b>	<b>2,311</b>	<b>(109)</b>	<b>-4%</b>	<b>157</b>	<b>7%</b>
<b>Pensions and gratuities</b>														
Pensions	452	2,155	500	(1,704)	-79%	(48)	-10%	4,347	5,284	5,216	(937)	-18%	(869)	-17%
Employees' Pension Contribution	272	139	-	133	96%	272	-	2,439	2,482	-	(42)	-2%	2,439	-
Employer's Pension Contribution	268	95	-	173	182%	268	-	2,423	1,905	-	518	27%	2,423	-
Gratuities	208	736	525	(527)	-72%	(317)	-60%	1,774	1,812	1,096	(38)	-2%	678	62%
Pensions - Legislators	148	112	-	36	33%	148	-	1,574	1,402	-	171	12%	1,574	-
Gratuities - Legislators	-	(99)	-	99	-100%	-	-	408	717	307	(309)	-43%	102	33%
<b>Total pensions and gratuities</b>	<b>1,349</b>	<b>3,138</b>	<b>1,025</b>	<b>(1,789)</b>	<b>-57%</b>	<b>324</b>	<b>32%</b>	<b>12,964</b>	<b>13,602</b>	<b>6,619</b>	<b>(638)</b>	<b>-5%</b>	<b>6,346</b>	<b>96%</b>
<b>Total Personnel Emoluments</b>	<b>12,979</b>	<b>11,269</b>	<b>9,864</b>	<b>1,711</b>	<b>15%</b>	<b>3,115</b>	<b>32%</b>	<b>122,606</b>	<b>127,922</b>	<b>101,278</b>	<b>(5,316)</b>	<b>-4%</b>	<b>21,328</b>	<b>21%</b>

#### 4.1.2. OTHER RECURRENT EXPENDITURE

**Other Recurrent Expenditure: February: \$6 million YTD: \$54.3 million**

	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	%
Social welfare	631	(133)	811	764	-576%	(179)	-22%	7,373	9,701	6,251	(2,328)	-24%	1,122	18%
Recurrent Sub Programmes & Projects	520	120	331	400	333%	190	57%	4,218	6,521	3,273	(2,303)	-35%	944	29%
Utilities	446	418	534	28	7%	(87)	-16%	4,648	5,111	4,763	(463)	-9%	(114)	-2%
Security expenses	234	153	222	81	53%	12	5%	2,083	3,392	1,892	(1,309)	-39%	192	10%
International Travel and Subsistence	136	84	276	52	62%	(140)	-51%	2,011	2,575	2,140	(564)	-22%	(128)	-6%
Communication Expenses	177	128	233	49	38%	(56)	-24%	1,998	2,298	1,732	(301)	-13%	266	15%
Bank charges	123	118	116	5	4%	6	5%	1,303	1,298	1,172	5	0%	131	11%
Data Communication cost	424	432	232	(7)	-2%	192	83%	1,741	1,638	971	102	6%	769	79%
Insurance Expenses	144	(69)	181	213	-310%	(37)	0%	2,072	2,339	1,600	(267)	-11%	472	0%
Hosting and Entertainment	242	460	196	(218)	-47%	45	23%	2,319	3,075	2,137	(756)	-25%	182	9%
Repatriation and exportation expenses	430	314	350	116	37%	80	23%	4,910	5,263	3,157	(353)	-7%	1,753	56%
Other supplies, material & Equipment	505	361	172	144	40%	332	193%	2,263	3,827	1,597	(1,564)	-41%	666	42%
Computer License & Hardware	78	500	467	(422)	-84%	(389)	-83%	1,708	2,662	941	(954)	-36%	767	82%
Fuel	164	208	184	(44)	-21%	(21)	-11%	1,519	1,563	1,277	(43)	-3%	242	19%
Other Recurrent Expenditure	1,734	1,302	1,159	431	33%	575	50%	14,149	19,904	9,436	(5,755)	-29%	4,713	50%
<b>OTHER RECURRENT EXPENDITURE</b>	<b>5,988</b>	<b>4,396</b>	<b>5,464</b>	<b>1,592</b>	<b>36%</b>	<b>524</b>	<b>10%</b>	<b>54,315</b>	<b>71,168</b>	<b>42,339</b>	<b>(16,853)</b>	<b>-24%</b>	<b>11,976</b>	<b>28%</b>

In February, Other recurrent expenses totaled \$6 million which was \$1.6 million or 36% more than the Estimates and \$0.5 million or 10% more than the prior year. Year to date, Other recurrent expenditure totaled \$54.3 million which was 24% behind budget and 28% higher than the prior year. The performance against budget was mainly driven by underspend on social welfare 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 month of the year.

#### 4.1.3. NON RECURRENT EXPENDITURE

Non-Recurrent Expenditure results for the month totaled \$0.8 million (YTD- \$5.3 million) mainly attributed to SIPT costs. For February, Non-recurrent expenditures were 84% behind Estimates and 20% 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 in the last month.

## 5. OUTSTANDING PUBLIC DEBT

	Interest Rates	Outstanding Balance	New Drawdowns	Principal Repayment During	Outstanding Balance	Finance Cost
		01-Apr-23	2023/24	2023/24	29-Feb-24	2023/24
<b>Borrowings</b>	%	US\$'000		US\$'000	US\$'000	US\$'000
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
<b>Total unsecured debts</b>		<b>725</b>	<b>245</b>	<b>(338)</b>	<b>633</b>	<b>34</b>

TCIG holds three debt instruments with the Caribbean Development Bank (CDB). The outstanding debt as of February 29, 2024 was \$0.6 million. \$338k principal repayments were made during the first eleven 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 February 29, 2024 was \$84.4 million, and the Capital expenditure year to date is \$22.9 million. The movement in the fund balance is as shown below.

<b>Closing 31/03/2022</b>	<b>49,695,622</b>
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)
<b>Closing 31/03/2023</b>	<b>44,362,438</b>
FY 2023-24 Appropriation	65,110,023
FY 2023-24 Supplementary Appropriations	(2,156,441)
CAPEX 2023/24	(22,932,546)
<b>As at 29 February 2024</b>	<b>84,383,474</b>

## 6.2. TOP TEN CAPITAL PROJECTS BY EXPENDITURE AMOUNT – YTD

Project Number	Project Title	CAPEX YTD	UNSPENT FUNDS	% UNSPENT
5561	South Dock Port Redevelopment	10,034,732.04	24,059,998.11	71%
5566	Construction of New Primary School PLS-Phase 2	1,674,150.28	5,223,784.73	76%
5677	Purchase and Installation of New 1 million gallon Salt Water Reverse Osmosis (SWRO) Unit	1,271,615.60	2,411,780.80	65%
5678	Installation of an additional 1-million gallon tank	1,099,959.00	470,693.00	30%
5575	Upgrading of Water Storage and Distribution Facilities - GDT	941,283.05	780,191.65	45%
5630	Replacement Vehicles	708,710.00	241,290.00	25%
5506	NJS Francis Building	577,667.96	1,042,738.92	64%
5668	Digitization Phase 2 - Consultancy for National Identification System - Stage 1a	564,809.79	1,435,190.21	72%
5612	IT Command and Control System( CAD Radio Upgrade All Islands)	500,103.60	499,616.40	50%
5696	Purchase of Patrol Vessel	399,327.04	530,672.96	57%
5683	Remediation Works to Ponds and Bridges	390.762	2,359,237	86%

## 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 February 29, 2024, the National Wealth Fund balance was \$51.3 million.

FY 2022-23 results (in US\$ '000)				Transfer to NWF 2022/23 (US\$ '000)	Opening NWF 01/04/2023 (US\$ '000)	Interest income (US\$ '000)	Closing NWF 29/02/2024 (US\$ '000)
Actual revenue	Revised Estimates	Variance	%				
413,848	404,215	9,633	2%	-	50,780	477	51,257

## 7.2. STATEMENT OF FUNDS

The value of the National Wealth fund is attributable to;

(All figures in US\$'000)	29-Feb-24 US\$'000	31-Mar-23 US\$'000
Stabilization Fund	30,980	30,646
Infrastructure and Competiveness Fund	8,851	8,756
Heritage Fund	4,421	4,378
Citizen's Empowerment Fund	7,005	7,000
<b>National Wealth Fund balance at the end of the period</b>	<b>51,257</b>	<b>50,780</b>

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 \$121k 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 \$6.9 million as at February 29, 2024. During the 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. Movement in the fund is shown below

(All figures in US\$'000)	29-Feb-24 US\$'000	31-Mar-23 US\$'000
<b>Opening Balance</b>	<b>7,184</b>	<b>7,273</b>
<b>Receipts</b>		
Transfers from Consolidated Fund	663	
Other receipts	572	
<b>Total receipts</b>	<b>1,235</b>	<b>-</b>
<b>Payments</b>		
Other payments	861	89
<b>Total payments</b>	<b>861</b>	<b>89</b>
<b>Net increase in National Forfeiture Fund balance</b>	<b>374</b>	<b>(89)</b>
<b>National Forfeiture Fund balance at the end of the period</b>	<b>6,895</b>	<b>7,184</b>

