



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



FINANCIAL REPORT
OCTOBER 2023



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FOREWORD

This report presents the financial results of the Turks and Caicos Islands Government (TCIG) or (the "Government") as at the month ended October 31, 2023.

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

Over the past seven months, Government response has been and still is important in growing the economy and mitigating the effects of the cost of living crisis through a multitude of policies and programmes. The Government has ended the period with an operating surplus of \$1 million (Year to Date: \$62.3 million).

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

The budgetary data are prepared using the cash basis of accounting and guided by International Public Sector Accounting Standards (IPSAS) cash basis. Revenue is recognized when received and not earned; Expenditure is recorded when it is paid rather than when incurred.

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

BUDGETARY OVERVIEW

The Estimates of Revenue and Expenditure (the "Estimates") for the financial year (FY) 2023-24 were approved in the House of Assembly on May 23, 2023, to implement the strategies, development programmes and projects, concentrating on the well-being of the people of the Turks and Caicos Islands, and achieving social, economic and environmental progress.

The Government presented a budget including 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.

The first supplementary budget was approved on September 28, 2023 to increase the recurrent expenditure by \$12.8 million and to increase Capital expenditure by \$0.7 million. Significant budget increases were made towards 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 updated projections indicate that there will be a spending of \$438 million, with \$372 million allocated for operating expenses and \$66 million for capital expenses, resulting in a projected net deficit of \$20 million.

ECONOMIC OVERVIEW

The local economy and, by extension, the world have faced inflationary pressures in the past year arising from global logistical bottlenecks from the pandemic and the Ukraine war. This continued into the current financial year.

The International Monetary Fund (IMF) in its October 2023 economic outlook report projects that global growth will slow from 3.5 percent in 2022 to 3.0 percent in 2023 and 2.9 percent in 2024. This is well below the historical (2000–19) average of 3.8 percent. The slowdown is due to a number of factors, including: The lingering effects of the COVID-19 pandemic, the war in Ukraine, tighter financial conditions in most regions and the cost-of-living crisis. The IMF also warns that there are significant downside risks to the outlook. These include: A further deterioration in the war in Ukraine, a more severe-than-expected slowdown in China and a sharper-than-anticipated tightening of financial conditions. The IMF urges policymakers to take decisive action to address these risks. This includes: Providing fiscal support to vulnerable households and businesses, implementing policies to address supply chain disruptions and tightening monetary policy to combat inflation. Despite the challenges, the IMF believes that the global economy can avoid a recession. However, it will require careful policymaking and a willingness to adapt to changing circumstances.

The rise in central bank policy rates to fight inflation continues to weigh on economic activity. Global headline inflation is expected to fall from 8.7 percent in 2022 to 6.9 percent in 2023 and 5.8 percent in 2024 due to tighter monetary policy aided by lower international commodity prices. Underlying (core) inflation is generally projected to decline more gradually, and inflation is not expected to return to target until 2025 in most cases.

For the Caribbean region, the Caribbean Development Bank forecasts¹ 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. 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 that could aid growth and development and increase the resilience of Caribbean economies and societies. This includes supporting comprehensive debt management strategies for public financial management and promoting access to adequate and affordable financing; promoting gender equality, women's reintegration into the workforce 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 the implementation of cross-sectoral policies and programmes, and protecting the poorest as

¹ <https://www.searchlight.vc/news/2023/01/20/cdb-forecasts-caribbean-economic-growth-5-7-2023/> and <https://www.weforum.org/agenda/2023/01/2023-will-be-a-challenging-year-for-latin-america-and-the-caribbean-here-are-some-policy-priorities/>

well as revolutionizing digital infrastructure and technical proficiency and mainstreaming environmental sustainability and climate change.

Locally, the economic outlook for the Turks and Caicos Islands is mixed, with some positive signs and some challenges. On the positive side, the tourism industry, which is the main driver of the economy, continues to rebound in 2023 as travel restrictions ease and visitors return to the islands. The government is also investing in infrastructure and other development projects, which are expected to boost economic growth. However, there are also some challenges to the economic outlook. High inflation and the rising cost of living continue to put pressure on businesses and consumers. Additionally, the war in Ukraine is having a negative impact on the global economy, and this could indirectly impact TCI.

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

Government revenue generation in the first seven months was higher than both the Estimates and the same period in the prior year. 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. 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 will be 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.

FISCAL OVERVIEW

The Government has ended the month of October 2023 with an operating surplus of \$1 million and a cash increase of \$4.2 million to a closing cash balance of \$342.9 million. Revenue for October was 15% higher than budget and 2% less than the similar period in the prior year. It is 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 with increased cash flow and strong employment growth. The Turks & Caicos Islands improved economic resilience was primarily attributable to the high volume of tourist arrivals, continued growth in the construction and real estate market and execution of the Public Sector Investment Program

FISCAL SUMMARY

The month of October recorded an operating surplus of \$1 million against a projected deficit of \$6.3 million. The result was \$3.1 million or 75% lower than the prior year and 116% higher than Estimates. The performance against budget is mostly driven by higher than expected Import duty revenue and underspend on Personnel costs.

FISCAL SUMMARY	October			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	28,899	25,008	29,284	3,891	16%	(384)	-1%	248,825	232,423	237,919	16,402	7%	10,906	5%
Non-Recurrent Revenue	-	15	226	(15)	-100%	(226)	-100%	803	2,149	3,825	(1,346)	-63%	(3,022)	-79%
Total Revenue	28,899	25,023	29,509	3,876	15%	(610)	-2%	249,627	234,572	241,744	15,056	6%	7,884	3%
Recurrent Expenditure	27,464	30,230	24,793	(2,766)	-9%	2,671	11%	182,644	231,287	171,113	(48,643)	-21%	11,532	7%
Non-Recurrent Expenditure	433	1,136	640	(703)	-62%	(207)	-32%	3,875	7,086	5,372	(3,211)	-45%	(1,498)	-28%
Total Expenditure	27,897	31,366	25,432	(3,469)	-11%	2,465	10%	186,519	238,372	176,485	(51,853)	-22%	10,034	6%
Net Operating Surplus	1,003	(6,343)	4,077	7,346	-116%	(3,075)	-75%	63,109	(3,801)	65,259	66,909	-1760%	(2,150)	-3%

CASH FLOW

The underlying cash balance increased by \$4.2 during the month of October. This resulted in an increase in TCIG's cash and cash equivalents from \$338.7 million at the end of the prior month to \$342.9 million at October, 31 2023. Cash balances comprise cash at bank, short term fixed deposits and cash-in-transit.

	October			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	1,003	(6,343)	4,077	7,346	-116%	(3,075)	-75%	63,109	(3,801)	65,259	66,909	-1760%	(2,150)	-3%
Less:														
Development Fund Expenditure	(812)	(5,278)	(1,051)	4,466	-85%	238	-23%	(16,260)	(38,989)	(7,265)	22,729	-58%	(8,996)	124%
Debt Repayments	(89)	-	(24)	(89)	0%	(65)	0%	(245)	(95)	(24)	(150)	0%	(221)	0%
Net receipts/(payments) of public accounts	4,089	-	3,756	4,089	0%	(333)	-9%	6,479	-	25,634	6,479	0%	19,155	75%
Net Cash Flow	4,190	(11,621)	6,759	15,811	-136%	(2,569)	-38%	53,082	(42,885)	83,604	95,967	-224%	(30,522)	-37%
Opening cash balance	338,719		270,556					289,827		195,700				
Closing cash balance	342,909		277,315					342,909		279,304				
Attributable to:														
Consolidated Fund	191,658							191,658						
Development Fund	93,913							93,913						
National Forfeiture Fund	6,505							6,505						
National Wealth Fund	50,833							50,833						
Closing cash balance	342,909							342,909						

REVENUE

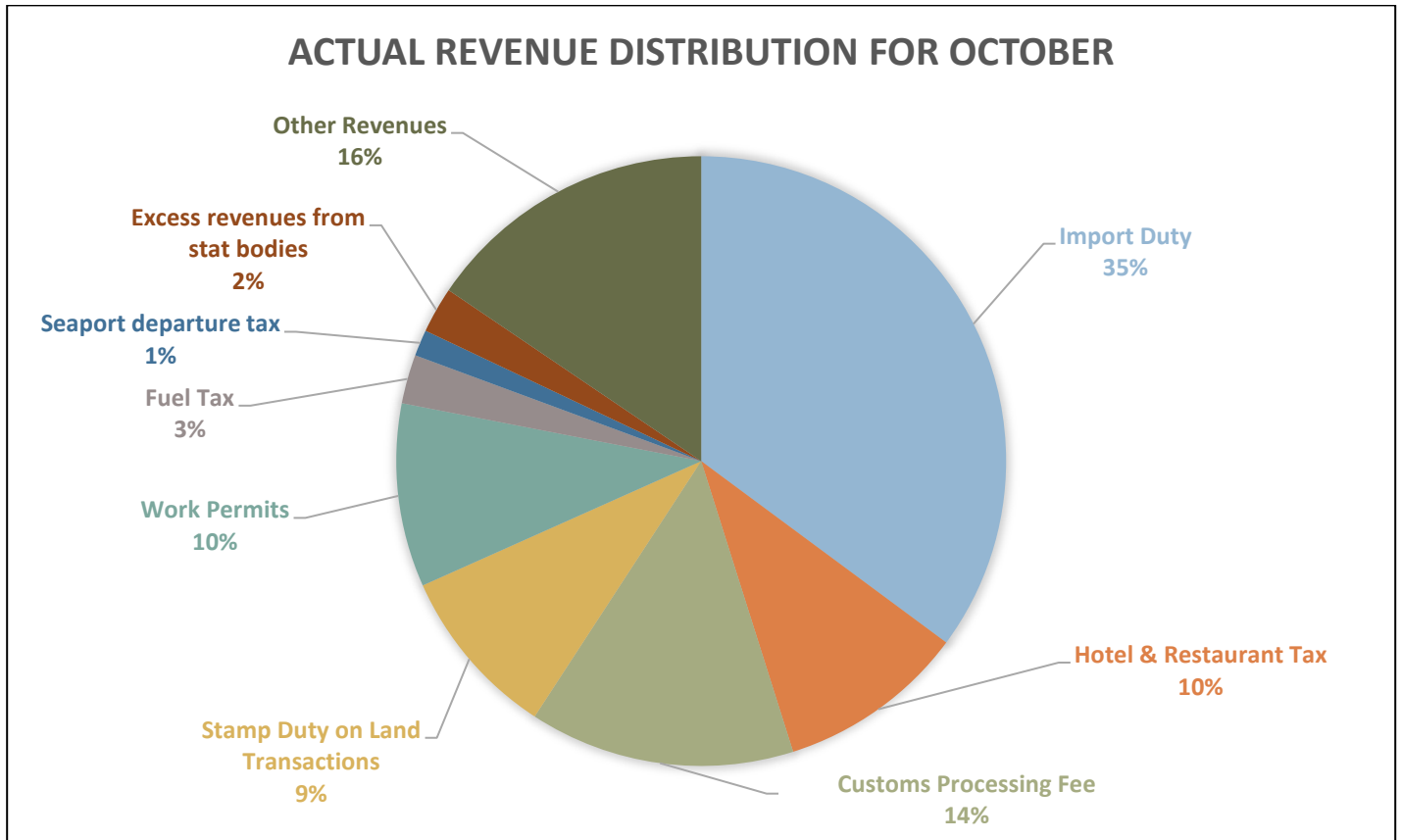
October: \$28.9 million YTD: \$249.6 million

	October			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	10,156	7,709	8,570	2,447	32%	1,586	19%	61,697	52,661	53,337	9,036	17%	8,359	16%
Hotel & Restaurant Tax	2,884	3,395	3,110	(511)	-15%	(226)	-7%	63,709	61,894	59,624	1,815	3%	4,085	7%
Customs Processing Fee	4,066	2,518	2,958	1,547	61%	1,108	37%	20,595	18,686	19,626	1,908	10%	969	5%
Stamp Duty on Land Transactions	2,636	2,915	3,940	(279)	-10%	(1,304)	-33%	29,524	34,476	38,421	(4,952)	-14%	(8,897)	-23%
Work Permits	2,812	2,682	2,693	130	5%	118	4%	18,663	14,789	14,217	3,874	26%	4,446	31%
Fuel Tax	751	617	583	133	22%	168	29%	4,632	4,390	4,551	242	6%	81	2%
Seaport Departure Tax	402	282	269	120	42%	133	49%	4,257	3,000	2,924	1,257	42%	1,333	46%
Excess revenues from stat bodies	705	550	3,245	155	28%	(2,540)	-78%	9,399	8,516	14,347	883	10%	(4,948)	-34%
Other Revenues	4,487	4,338	3,915	149	3%	572	15%	36,350	34,011	30,872	2,339	7%	5,478	18%
Total Recurrent Revenue	28,899	25,008	29,284	3,891	16%	(384)	-1%	248,825	232,423	237,919	16,402	7%	10,906	5%
Non- Recurrent Revenues														
Civil Recovery Income	-	-	-	-	0%	-	0%	-	-	-	-	0%	-	0%
Land Sales	-	5	226	(5)	-100%	(226)	-100%	788	821	2,039	(34)	-4%	(1,251)	-61%
Revenue From Grants	-	10	0	(10)	-100%	(0)	-100%	15	1,328	1,786	(1,313)	-99%	(1,771)	-99%
Insurance Proceeds	-	-	-	-	0%	-	0%	-	-	-	-	0%	-	0%
	-	15	226	(15)	-100%	(226)	-100%	803	2,149	3,825	(1,346)	-63%	(3,022)	-79%
Total Revenue	28,899	25,023	29,509	3,876	15%	(610)	-2%	249,627	234,572	241,744	15,056	6%	7,884	3%

Aggregate Revenue for October totaled \$28.9 million. This result was 15% ahead of budget and 2% lower the prior year's collections. The performance against budget is attributed to over performance of Import Duty revenue and Customs processing fees. The five main revenue lines of Hotel and Restaurant tax, import duty, stamp duty on land transactions, customs processing fees and Work permit fees contributed 78% of the total Revenue.

Year to date, aggregate revenue stands at \$249.6 million which is 6% higher than Estimates and 3% more than the prior year. This is mainly attributed to over performance of Import duties, Customs processing fees and Work permit fees.

The chart below shows the percentage distribution of Revenue for the period.



Import duties accounted for the largest share of the revenue collected, making up 35% of the total. During the period, import duty collections reached \$10.2 million, surpassing the budget by 32% and exceeding the previous year's results by 19%. Year-to-date, import duty revenue amounted to \$61.7 million, exceeding estimates by 17% and surpassing the previous year's results by 16%. 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.

Hotel and Restaurant Tax (HRT) accounted for the third largest share (10%) of the total revenue collected during the period. Despite October being considered a slower period, tourism activities remained stable throughout the month. HRT collections amounted to \$2.9 million, which is \$0.5 million or 15% lower than the estimated amount and \$0.2 million or 7% lower than the previous year. Year-to-date, the revenue from Hotel and Restaurant tax stands at \$61.7 million, which is 17% higher than the estimated amount and 16% higher than the previous year. Tourist arrivals have returned to pre-pandemic levels during the current fiscal year.

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 period totaled \$2.6 million. The collections are 15% behind the Estimates and 33% less than the prior year period. Year to date, revenue from Stamp Duty for land transactions amounted to \$29.5 million which was 14% behind Estimates and 23% less than the prior year. During the first seven months, there were 712 transactions which attracted

a stamp duty. Of these, eighteen transactions had a consideration over \$5 million, 106 transactions between \$ 1-\$5 million and the rest had a value of less than \$1 million. It is important to note that land transactions do not follow a cyclical pattern, and historical data may not accurately predict future revenue trends. The current factors influencing stamp duty from land transactions include fluctuations in the real estate market and the implementation of the BOTC Stamp Duty Rate Reduction Policy. Under this policy, a transfer with a consideration band that would typically incur a 10% stamp duty rate may be reduced to 6%.

Customs Processing Fees (CPF) for the period amounted to \$4.1 million, exceeding the budget by \$1.5 million or 61%, and surpassing the prior year's results by \$1.1 million or 37%. Year to date, revenue from Customs processing fees reached \$20.6 million, which was 10% higher than the estimated amount and 5% higher than the previous year's results. The rise in customs processing fees revenue can be attributed to increased import activities and inflation on imports.

Work Permits fees were \$2.8 million for period, accounting for 10% of the total Revenue. These exceeded Estimates by \$0.1 million or 5% and were higher than prior year by \$0.1 million or 4%. Year to date, revenue from Work permit fees totaled \$18.7 million which was 26% higher than Estimates and 31% 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 \$0.7 million. This was \$0.2 million or 28% ahead of budget and \$2.5 million or 78% less than the prior year results. Year to date. Excess revenue received for m Statutory Bodies totaled \$9.4 million which was 10% ahead of Estimates and 34% less than the prior year.

Seaport departure tax totaled \$0.4 million which was 42% higher than Estimates and 49% higher than the prior 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.

Other revenues totaled \$4.5 million for the period which was \$0.1 million or 3% higher than Estimates and \$0.6 million or 15% higher than the prior year. Year to date, other recurrent revenues stand at \$36.4 million which is 7% more than the Estimates and 18% more than the prior year. The table below shows the breakdown of Other revenue.

	October			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	65	58	63	7	12%	2	3%	2,574	2,596	2,550	(22)	(1%)	24	1%
Communication Tax	478	528	461	(50)	(10%)	17	4%	3,268	3,415	2,848	(147)	(4%)	420	15%
Gaming Machine Tax	546	480	315	65	14%	230	73%	2,953	3,740	3,041	(787)	(21%)	(88)	(3%)
Telecommunication Licenses	338	191	188	147	77%	149	79%	2,546	2,308	2,260	238	10%	286	13%
Overtime Costs Recovered	153	342	224	(189)	(55%)	(71)	(32%)	2,600	1,900	1,878	700	37%	722	38%
Vehicle License Renewals	285	338	328	(53)	(16%)	(43)	(13%)	1,989	1,888	1,811	101	5%	178	10%
Permanent Residency Fees	304	199	179	105	53%	125	70%	2,578	1,345	1,405	1,233	92%	1,173	84%
Crown lands rent	66	82	26	(16)	(19%)	40	157%	379	1,077	666	(698)	(65%)	(287)	(43%)
Insurance Premiums tax	180	91	71	90	99%	109	152%	1,466	1,010	909	456	45%	557	61%
Bank services tax	86	91	75	(6)	(6%)	11	15%	617	626	532	(10)	(2%)	85	16%
Stamp duty - vehicle hire	78	82	74	(3)	(4%)	5	7%	1,331	1,345	1,323	(14)	(1%)	9	1%
Drivers License	120	134	130	(14)	(10%)	(10)	(8%)	846	795	769	51	6%	77	10%
Duty free shops Royalties	109	118	149	(9)	(7%)	(40)	(27%)	628	690	675	(63)	(9%)	(47)	(7%)
ID Card Fees	116	121	120	(5)	(4%)	(4)	(3%)	838	652	624	187	29%	214	34%
Labour Clearance Fees	135	105	105	30	29%	30	29%	944	644	617	300	47%	327	53%
PDA application fees	174	200	205	(26)	(13%)	(30)	(15%)	1,621	1,221	1,128	400	33%	492	44%
Work Permits Repatriation Program	260	149	148	111	75%	112	76%	1,607	973	929	633	65%	678	73%
Temporary Work Permits	136	128	133	9	7%	3	3%	804	835	808	(31)	(4%)	(4)	(0%)
Other Revenues	859	903	923	(44)	(5%)	(64)	(7%)	6,762	6,951	6,098	(189)	(3%)	664	11%
TOTAL OTHER REVENUE	4,487	4,338	3,915	149	3%	572	15%	36,350	34,011	30,872	2,339	7%	5,478	18%

The was no Non-recurrent revenue collected during the period. Year to date, Non-recurrent revenue totaled \$0.8 million mainly relating to land sales. This was 63% lower than Estimates and 79% lower than the prior year. The unfavorable variances are as result of Grant Income for the RESEMBID project but not received during the period.

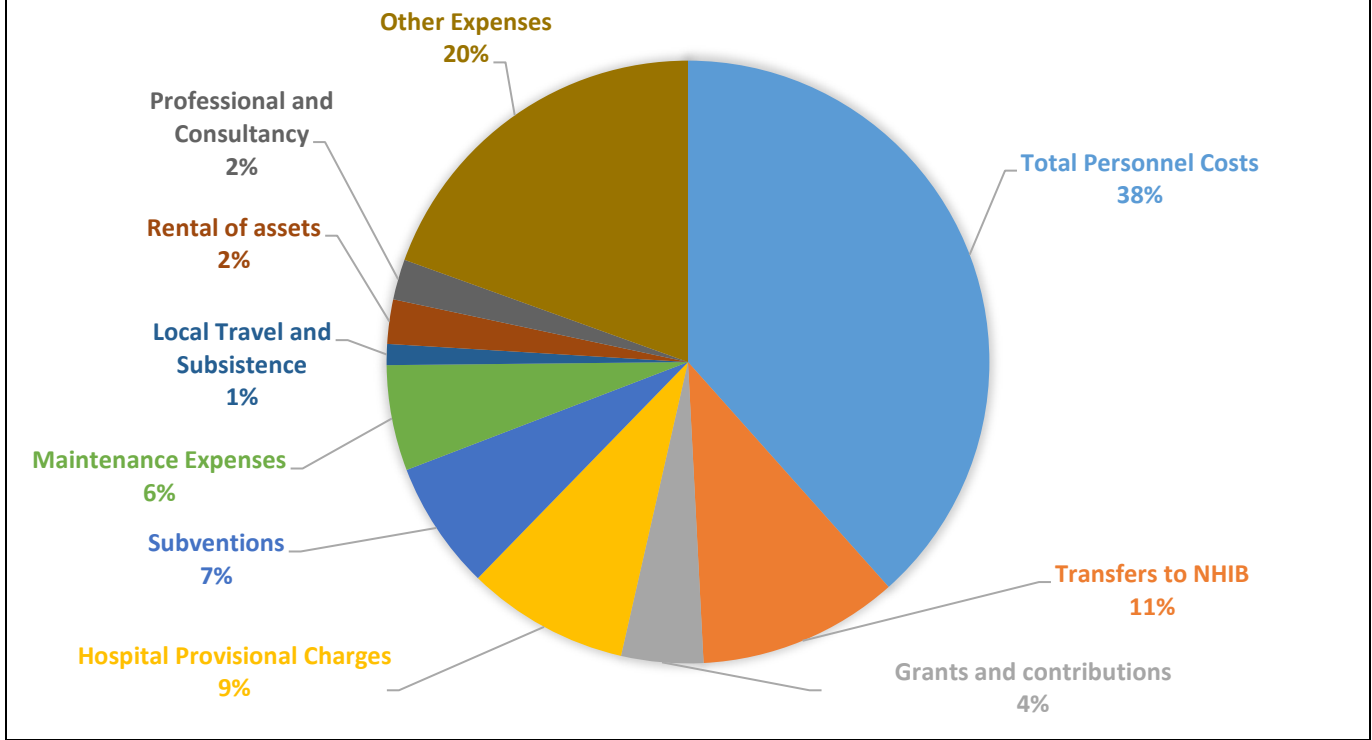
EXPENDITURE

Recurrent Expenditure: October: \$27.5 million YTD: \$182.6 million

	October			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	10,548	11,606	9,095	(1,058)	-9%	1,453	16%	72,703	81,773	63,318	(9,071)	-11%	9,385	15%
Transfers to NHIB	2,958	2,982	2,898	(24)	-1%	59	2%	20,704	20,581	20,107	122	1%	596	3%
Grants and contributions	1,206	1,356	1,372	(150)	-11%	(166)	-12%	5,938	10,522	16,048	(4,584)	-44%	(10,111)	-63%
Hospital Provisional Charges	2,391	2,296	1,904	96	4%	487	26%	17,585	17,585	16,668	0	0%	918	6%
Subventions	1,894	2,809	2,728	(915)	-33%	(834)	-31%	15,784	18,233	14,303	(2,449)	-13%	1,481	10%
Maintenance Expenses	1,555	879	1,529	676	77%	26	2%	7,830	10,729	7,171	(2,899)	-27%	659	9%
Local Travel and Subsistence	309	503	351	(194)	-39%	(42)	-12%	2,265	2,877	1,945	(612)	-21%	320	16%
Rental of assets	654	65	651	588	898%	2	0%	3,838	5,669	3,164	(1,831)	-32%	675	21%
Professional and Consultancy	595	1,282	403	(686)	-54%	193	48%	3,085	13,118	2,297	(10,033)	-76%	788	34%
Other Expenses	5,353	6,451	3,862	(1,098)	-17%	1,492	39%	32,912	50,199	26,092	(17,286)	-34%	6,820	26%
Total Recurrent Expenditure	27,464	30,230	24,793	(2,766)	-9%	2,671	11%	182,644	231,287	171,113	(48,643)	-21%	11,532	7%

Recurrent expenditure for October 2023 totaled \$27.5 million. The results were 9% or \$2.7 million less than the Estimates and \$2.7 million or 11% higher than the Prior Year. Year to date, total recurrent expenditure totaled \$182.6 million which was \$48.6 million or 21% below Estimates and \$11.5 million or 7% higher than the prior year. The underspending against the budget can be primarily attributed to vacancies within the Civil Service and lower-than-expected spending on professional and consultancy services. This was due to delays in the procurement process for various professional services. Recurrent expenditures were distributed as show below

DISTRIBUTION OF RECURRENT EXPENDITURE



NHIB transfers totaled \$3 million and Hospital Provisional Charges totaled \$2.4 million in October. These were both in line with the Estimates. The Hospital Provisional Charges are 26% higher than the prior year due to changes in the Consumer Price Index factored into INFRACO payments to Interhealth Canada. Year to date, NHIB transfers totaled \$20.7 million (1% ahead of budget and 3% ahead of prior year) and Hospital Provisional Charges totaled 17.5 million (in line with Budget and 6% higher than prior year).

Grants and contributions totaled \$1.2 million. This was \$0.2 million or 11% less than Estimates and \$0.2 million or 12% less than the prior year. Year to date, Grants and Contributions totaled \$5.9 million which was 44% lower than the Estimates and 63% less than the prior year. The variance against prior year is as a result of the Citizen’s adjustment stimulus that was awarded in 2022. The variance against budget is due to supplementary funding to the community enhancement programme that has not yet been expended. It is expected that the Grants expenditure will align with budget in the second half of the year as departments work towards completing their KPIs.

Professional and Consultancy costs totaled \$0.6 million in October. This was \$0.7 million or 54% less than Estimates and \$0.2 million or 48% higher than the prior year. The Year to date cost amounted to \$3.1 million, 76% lower than the Estimates and 34% higher than the prior year. The variance against budget is due to delays in the procurement processes of various professional services across different ministries.

Personnel Costs accounted for 38% of the recurrent expenditure, totaling \$10.5 million in October, compared to the Estimates of \$11.6 million leading to \$1.1 million or 9% underspend. Compared to the prior year, the Personnel costs were \$1.5 million or 15% higher. Year to date, total Personnel Costs are \$72.7 million which is 11% behind Estimates and 15% 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. The performance against budget results from existing vacancies that are yet to be filled throughout the civil service, offset by overspend on pension costs. Personnel costs are further itemized below

	October			Variances				Year to date			Variances			
	Actual	Budget	Last Year	Budget		Last Year		Actual	Budget	Last Year	Budget		Last Year	
	\$000	\$000	\$000	\$000	%	\$000	%	\$000	\$000	\$000	\$000	%	\$000	%
Compensation of employees														
Salaries and Wages	7,405	8,173	6,576	(768)	-9%	829	13%	49,925	56,640	45,791	(6,715)	-12%	4,134	9%
Contribution to NIB and NHIB	663	689	588	(27)	-4%	75	13%	4,510	4,858	3,962	(348)	-7%	548	14%
Housing Allowances	489	627	435	(137)	-22%	54	12%	3,271	4,227	2,921	(956)	-23%	350	12%
Transport Allowances	83	147	71	(64)	-44%	12	17%	591	1,056	559	(465)	-44%	32	6%
Telephone Allowances	98	106	89	(7)	-7%	9	11%	627	751	576	(124)	-16%	52	9%
Other Allowances	642	734	547	(92)	-13%	94	17%	4,441	5,029	4,010	(587)	-12%	431	11%
Total compensation of employees	9,380	10,475	8,305	(1,095)	-10%	1,075	13%	63,365	72,561	57,819	(9,196)	-13%	5,546	10%
Compensation to Members of the House of Assembly														
Salaries - Ministers and Members	156	156	156	(0)	0%	-	0%	1,091	1,091	1,091	(0)	0%	0	0%
NIB and NHIB for Ministers and Members	8	10	8	(2)	-16%	(0)	-3%	57	67	59	(11)	-16%	(2)	-4%
Allowances for Ministers and Members	46	49	46	(3)	-6%	-	0%	321	342	322	(21)	-6%	(1)	0%
Total compensation of members of the House of Assembly	210	214	210	(5)	-2%	(0)	0%	1,469	1,501	1,473	(32)	-2%	(3)	0%
Pensions and gratuities														
Pensions (PSPP and RAP)	374	313	505	61	19%	(131)	26%	2,768	2,190	3,217	578	26%	(449)	-14%
Employees' Pension Contribution (PSEPF)	207	244	-	(37)	-15%	207	-	1,413	1,608	-	(195)	-12%	1,413	-
Employer's Pension Contribution (PSEPF)	207	95	-	112	118%	207	-	1,411	1,524	-	(113)	-7%	1,411	-
Gratuities	28	93	75	(64)	-69%	(47)	-62%	1,177	799	503	378	47%	674	134%
Pensions - Legislators	142	129	-	13	10%	142	-	836	903	-	(67)	-7%	836	-
Gratuities - Legislators	-	43	-	(43)	-100%	-	-	263	688	307	(425)	-62%	(44)	-14%
Total pensions and gratuities	959	917	580	41	5%	379	65%	7,868	7,712	4,027	157	2%	3,842	95%
Total Wages, Salaries and Employee benefits	10,548	11,606	9,095	(1,058)	-9%	1,453	16%	72,703	81,773	63,318	(9,071)	-11%	9,385	15%

*PSPP and RAP – Public Service Pension Plan and Retiring Allowance Plan

*PSEPF-Public Sector Employees Pension Plan

Other Recurrent Expenditure: October: \$5.4 million YTD: \$32.9 million

In October, Other recurrent expenses totaled \$5.4 million which was \$1.1 million or 17% behind the Estimates and \$1.5 million or 39% more than the prior year. Year to date, Other recurrent expenditure totaled \$32.9 million which was 34% behind budget and 26% higher than the prior year. The performance against budget was mainly driven by underspend on social welfare, security expenses and recurrent sub programmes. The monthly budget variances are mainly due to timing differences between profiled and actual expenditure and this gap should narrow as the year progresses.

	October			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	565	609	544	(45)	-7%	20	4%	4,676	6,857	3,762	(2,181)	-32%	914	24%
Recurrent Sub Programmes and Projects	510	1,075	437	(565)	-53%	73	17%	2,347	5,130	1,795	(2,784)	-54%	551	31%
Utilities	517	497	292	20	4%	224	77%	2,857	3,332	2,425	(474)	-14%	432	18%
Security expenses	260	1,018	248	(759)	-74%	12	5%	1,315	2,578	1,144	(1,263)	-49%	172	15%
International Travel and Subsistence	249	195	356	54	27%	(107)	-30%	1,438	2,069	1,396	(631)	-31%	41	3%
Communication Expenses	101	177	89	(76)	-43%	12	13%	1,013	1,252	692	(239)	-19%	321	46%
Bank charges	99	118	80	(19)	-16%	18	23%	786	827	771	(40)	-5%	16	2%
Data Communication cost	219	157	2	62	39%	217	136%	814	917	370	(102)	-11%	444	120%
Insurance Expenses	62	11	-	51	449%	62	0%	1,852	2,358	1,372	(505)	-21%	480	0%
Hosting and Entertainment	346	149	131	197	132%	215	164%	1,324	1,861	1,302	(537)	-29%	22	2%
Repatriation and exportation expenses	451	314	257	137	44%	194	76%	3,270	3,297	1,980	(27)	-1%	1,290	65%
Other supplies, material & Equipment	203	231	251	(28)	-12%	(47)	-19%	1,233	2,355	846	(1,122)	-48%	387	46%
Computer License & Hardware maintenance	103	339	19	(237)	-70%	83	432%	959	2,612	414	(1,653)	-63%	544	131%
Fuel	103	221	150	(118)	-54%	(47)	-31%	917	975	711	(59)	-6%	206	29%
Other Recurrent Expenditure	1,568	1,339	1,006	228	17%	562	56%	8,110	13,779	7,111	(5,669)	-41%	1,000	14%
OTHER RECURRENT EXPENDITURE	5,353	6,451	3,862	(1,098)	-17%	1,492	39%	32,912	50,199	26,092	(17,286)	-34%	6,820	26%

Non-Recurrent Expenditure: October: \$0.4 million YTD: \$3.9 million

Non-Recurrent Expenditure results for the period totaled \$ 0.4 million (YTD- \$3.9) million mainly attributed to SIPT costs and Civil recovery costs. For October, Non-recurrent expenditures were 62% below Estimates and 32% behind the same period in the prior year. The variances to budget are mainly due to timing differences between profiled and actual expenditure and this gap should narrow as the year progresses, and minimal impact from the 2023 hurricane season hence no contingency expenses unlike the prior year.

OUTSTANDING PUBLIC DEBT

Statement of Outstanding Public Debt	Interest Rates	Outstanding Balance 01-Apr-23 US\$'000	New Drawdowns 2023/24	Principal Repayment During 2023/24 US\$'000	Outstanding Balance 31-Oct-23 US\$'000
Financial Liabilities - Borrowings	%				
Further Education (04/SFR-OR-TCI)	2.5%	457	-	(65)	391
Climate Resilient Coastal Protection and Management (4/OR-TCI)	4.90%	269	57	(157)	169
Integrated Solid Waste Management (5/OR-TCI)	4.90%	-	145	(22)	123
Total unsecured debts		725	202	(245)	682

TCIG holds three debt instruments with the Caribbean Development Bank (CDB). The outstanding debt as of October 31, 2023 was \$0.7 million. \$245k principal repayments were made during the first seven months. \$202K in new drawdowns were made on the loan facilities 4/OR-TCI (\$57K) and 5/OR-TCI (\$145K) and \$26k finance costs and commitment fees were paid. A breakdown of outstanding public debt is shown below.

Source of funding	CDB	CDB	CDB	Total
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%	4.90%	4.90%	
Total loan approved (US\$)	2,000,000	441,000	672,500	3,113,500
Total Loan Disbursed (US\$)	2,000,000	426,900	144,908	2,571,808
Outstanding Amount as at 31/10/2023 (US\$)	391,305	168,552	122,614	682,470
Year of first disbursement	2000	2021	2023	
Maturity Date	01-Apr-28	01-Jul-24		
Principal Repaid YTD (US\$)	65,217	157,170	22,294	244,681
Interest Paid YTD (US\$)	8,152	8,895	2,836	19,882
Commitment fees paid YTD (US\$)	-	433	3,610	4,043
Other charges paid YTD (US\$)	0	600	1,621	2,221
Total Debt Servicing YTD (US\$)	73,369	166,498	28,739	268,607

DEVELOPMENT FUND

Ordinance 32 of 2023 which commenced on June 1, 2023 included an amendment to regulation 33 of the PFM Regulations to revise previous amendment in 2022. 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 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 October 31, 2023 was \$93.9 million, and the movement in the fund balance is as shown below.

Closing 31/03/2022	49,695,622
Awards and commitments	56,775,197
CAPEX 2022/23	(18,186,283)
Cancelled and Completed projects - savings returned to the Consolidated Fund	(14,125,513)
Lapsed projects - funds returned to the Consolidated Fund	(29,796,585)
Closing 31/03/2023	44,362,438
FY 2023-23 Appropriation	65,110,023
FY 2023-23 Supplementary Appropriation	700,709
CAPEX 2022/23	(16,260,328)
As at 31 October 2023	93,912,842

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)

As of October 31 2023, the National Wealth Fund balance was \$50.8 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 31/10/2023 (US\$' 000)
Actual revenue	Revised Estimates	Variance	%				
413,848	404,215	9,633	2%	-	50,780	53	50,833

The value of the National Wealth fund is attributable to;

(All figures in US\$'000)	31-Oct-23 US\$'000	31-Mar-23 US\$'000
Stabilization Fund	30,683	30,646
Infrastructure and Competitiveness Fund	8,767	8,756
Heritage Fund	4,383	4,378
Citizen's Empowerment Fund	7,000	7,000
National Wealth Fund balance	50,833	50,780

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.

NATIONAL FORFEITURE FUND

The National Forfeiture Fund has a balance of \$6.5 million as at October 31, 2023. No transfers from the NFF into the Consolidated Fund were made during the period.

(All figures in US\$'000)	31-Oct-23 US\$'000	31-Mar-23 US\$'000
Opening Balance	7,184	7,273
Receipts		
Other receipts	572	-
Total receipts	572	-
Payments		
Other payments	1,251	89
Total payments	1,251	89
Net (decrease)/increase in National Forfeiture Fund balance	(679)	(89)
National Forfeiture Fund balance at period end	6,505	7,184

PUBLIC SECTOR EMPLOYEES PENSION FUND (PSEPF)

The Public Sector Employees Pension Fund Ordinance was enacted on March 25 2022, to establish a defined contribution pension fund for public sector employees. The Fund was reconciled as follows at October 31 2023.

Opening balance at April 1 2023	14,870,460
Contributions by Statutory bodies-YTD	1,377,366
Contributions by TCIG-YTD	1,204,368
TCIG Employees' contributions - YTD	1,206,234
Payments to beneficiaries - YTD	(299,530)
Total Fund balance as at October 31 2023	18,358,898
Number of persons who received benefits (YTD):	33
Cash on Escrow Account at October 31 2023:	16,247,826

