



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



FINANCIAL REPORT
QUARTER 2
JULY TO SEPTEMBER 2023



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KEY POINTS

- **\$22.4 million increase in underlying cash balance**

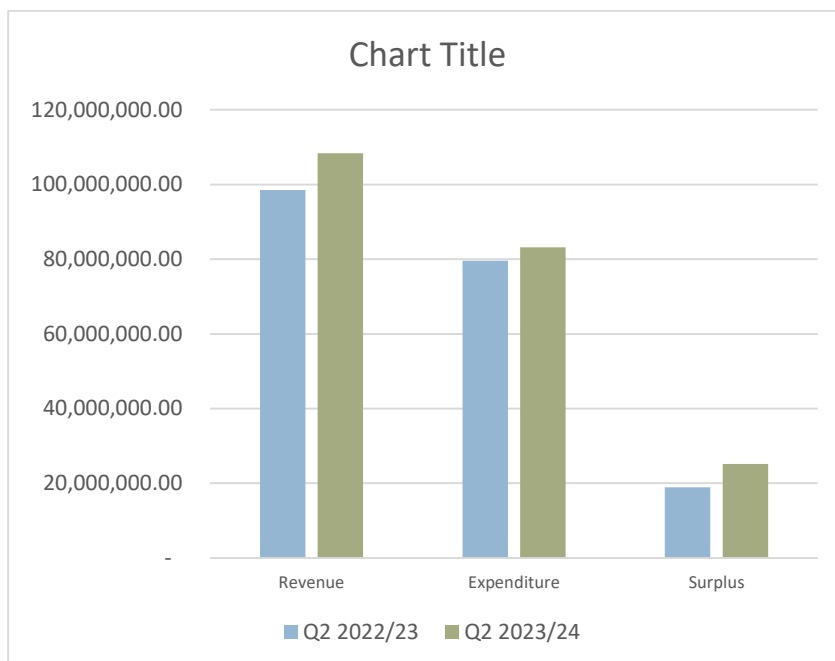
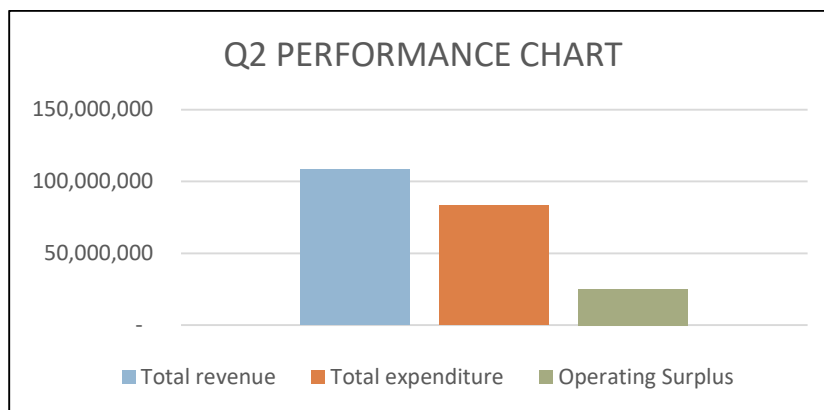
The underlying cash balance as at the quarter ending 30 September 2023 showed an increase of \$22.4 million against the expected decrease of \$31 million.

- **\$25.2 million operating surplus**

The operating balance for the quarter was a surplus of \$25.2 million against the forecast deficit of \$14.5 million.

- **\$7 Million Capital Expenditure**

During the Quarter \$8.4 Million was spent on capital projects.



Cash Balances as of September 30 2023:	US\$ '000	% share
<i>Unrestricted cash balances</i>	186,394	55%
<i>Development Fund</i>	94,833	28%
<i>National Forfeiture Fund</i>	6,505	2%
<i>National Wealth Fund</i>	50,816	15%
<i>TCI Bank</i>	170	0%
Cash and cash equivalents	338,719	100%

FOREWORD

The Second Quarter of the FY2023-24 Financial Report (Unaudited) summarizes the Government of the Turks and Caicos Islands operations results for July to September 2023.

The preparation and publication of this report represent the Government's continued commitment to transparent reporting of the Turks and Caicos Islands' finances, relevant and timely provision of financial information, and overall accountability and quality of governance for decision-making.

- **Monitoring performance:** The Quarterly financial report provides insights into the Government's financial performance over three months. By reviewing these reports, stakeholders can determine whether the Government is meeting its financial goals and make adjustments to improve performance if necessary.
- **Transparency and accountability:** The Quarterly financial report provides transparency and accountability to stakeholders. This report discloses a Government's financial condition, including its revenues, expenses, net cash flow, and losses (if any). It helps stakeholders make informed decisions about investing or borrowing.
- **Compliance with regulations:** The report has been prepared per the Amended Public Finance Management Ordinance 2014 (Section 36.01), which requires that the Accountant General prepares and submits an unaudited budget report within 28 days after the end of each Quarter.
- **Planning and forecasting:** The Quarterly financial report helps the Government and MDAs to plan and forecast their financial performance for future quarters. By analyzing trends and patterns in the data, MDAs can identify areas for improvement and adjust their strategies accordingly.

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 a 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.

PERIODICITY: Quarterly (Qtr. 2: July – September 2023)
TIMELINESS: Within 28 days after the end of the referenced Quarter as per PFMO section 36(1)
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, 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 July 2023 economic outlook report, forecast global growth of 3.0% in 2023, down from 3.5% in 2022. The IMF warned that the risks to this outlook are tilted to the downside and that a recession is possible due to many factors weighing on growth. These include the ongoing war in Ukraine, high inflation, and rising interest rates. However, there are also some positive signs, such as the strong labour market in the US.

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 6.8 percent in 2023 and 5.2 percent in 2024. Underlying (core) inflation is projected to decline more gradually, and forecasts for inflation in 2024 have been revised upward.

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.

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/>

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 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. The Government is 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 pressure businesses and consumers. Additionally, the war in Ukraine is negatively impacting the global economy, which 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 Q2 was higher than in the prior year's Estimates and the same period last 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 an extension, effective April 1 2023, for the following measure introduced to ease the cost of living burden for the citizenry;

- Reduction in rate of additional charge on fuel importation by 25% for 6 months, subject to review.
- Reduction in the rate of Customs Processing fee from 7.5% to 5% across the board on the importation of all goods, for 6 months, subject to review.
- 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.

FISCAL OVERVIEW

The Government has ended the Quarter with an operating surplus of \$25.2 million and a cash increase of \$22.4 million to a closing cash balance of \$338.7 million. Revenue for the Quarter was 13% higher than budget and 9% more 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 second Quarter of FY 2023/24 recorded an operating surplus of \$25.2 million against a projected deficit of \$14.5 million. The result was 35% or \$6.7 million higher than the prior year. The performance against budget is mostly driven by higher than expected Import duty revenue and underspend on Personnel costs.

FISCAL SUMMARY	Quarter 2			Variance			
	Actual	Budget	Prior Year	Budget		Prior Year	
	\$ 000's	\$ 000's	\$ 000's	\$ 000's	%	\$ 000's	%
Recurrent Revenue	107,787	94,025	98,181	13,762	15%	9,607	10%
Non-Recurrent Revenue	531	1,970	1,164	(1,438)	-73%	(632)	-54%
Total Revenue	108,319	95,995	99,344	12,324	13%	8,974	9%
Recurrent Expenditure	81,505	106,670	78,473	(25,165)	-24%	3,033	4%
Non-Recurrent Expenditure	1,649	3,783	2,288	(2,134)	-56%	(639)	-28%
Total Expenditure	83,154	110,454	80,761	(27,299)	-25%	2,393	3%
Net Operating Surplus	25,164	(14,459)	18,583	39,623	-274%	6,581	35%

CASH FLOW

The underlying cash balance at the end of the Quarter increased by \$22.4 million from the prior Quarter's outturn. This increased TCIG's cash and cash equivalents from \$316.4 million at the end of Q1 (June 2023) to \$338.7 million at 30 September 2023. Cash balances comprise cash at Bank, short term fixed deposits and cash-in-transit.

CASH FLOW SUMMARY	Quarter 2			Variance			
	Actual	Budget	Prior Year	Budget		Prior Year	
	\$ 000's	\$ 000's	\$ 000's	\$ 000's	%	\$ 000's	%
Cash Flow from Operations	25,164	(14,459)	18,583	39,623	-274%	6,581	35%
Less:				-			
Development Fund Expenditure	(6,891)	(16,536)	(2,956)	9,645	-58%	(3,935)	133%
Debt Repayments	(89)	(47)	(22)	(42)	0%	(67)	0%
Borrowing	-	-	-	-	0%	-	0%
Net receipts/(payments) of public accounts	4,185	-	(453)	4,185	0%	(4,638)	1024%
Net Cash Flow	22,369	(31,041)	15,152	53,410	-172%	7,217	48%
Opening cash balance	316,350		240,327				
Closing cash balance	338,719		255,479				
Attributable to:							
Consolidated Fund	186,564		115,702				
Development Fund	94,833		88,724				
National Forfeiture Fund	6,505		7,273				
National Wealth Fund	50,816		43,780				
Closing cash balance	338,719		255,479				

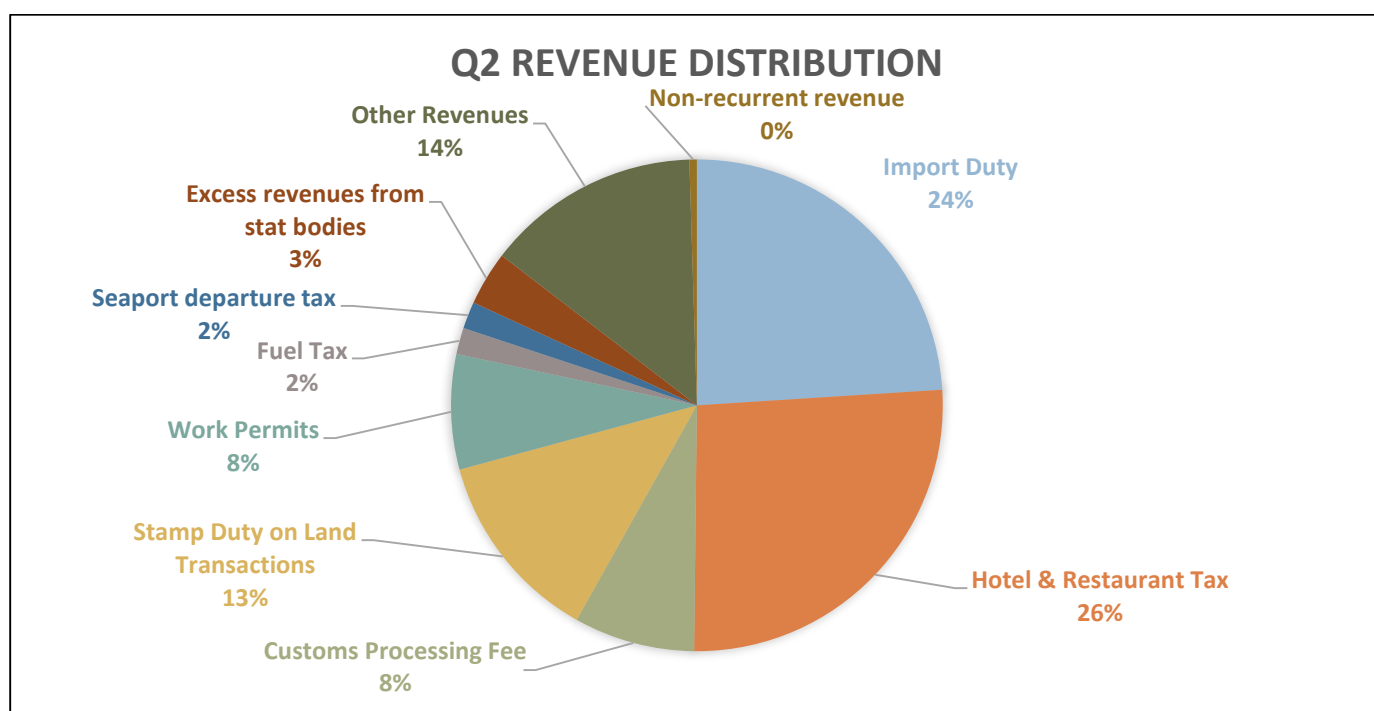
REVENUE

Q2: \$108.3 million

	Quarter 2			Variances			
	Actual	Budget	Last Year	Budget		Last Year	
	\$000	\$000	\$000	\$000	%	\$000	%
Recurrent Revenues							
Import Duty	25,986	21,151	22,205	4,834	23%	3,781	17%
Hotel & Restaurant Tax	28,367	26,545	25,705	1,822	7%	2,662	10%
Customs Processing Fee	8,611	7,500	7,995	1,112	15%	617	8%
Stamp Duty on Land Transactions	13,717	12,340	15,344	1,377	11%	(1,627)	-11%
Work Permits	8,194	6,676	6,354	1,518	23%	1,840	29%
Fuel Tax	1,879	1,624	1,711	255	16%	167	10%
Seaport Departure Tax	1,921	1,469	1,443	452	31%	478	33%
Excess revenues from stat bodies	3,855	2,750	5,231	1,105	40%	(1,376)	-26%
Other Revenues	15,258	13,971	12,193	1,287	9%	3,065	25%
Total Recurrent Revenue	107,787	94,025	98,181	13,762	15%	9,607	10%
Non- Recurrent Revenues							
Land Sales	525	652	446	(127)	-19%	79	18%
Revenue From Grants	6	1,317	718	(1,311)	-100%	(712)	-99%
	531	1,970	1,164	(1,438)	-73%	(632)	-54%
Total Revenue	108,319	95,995	99,344	12,324	13%	8,974	9%

Aggregate Revenue for the Quarter totaled \$108.3 million. This result was 13% ahead of budget and 9% higher the prior year's collections. This is attributed to higher than expected Import Duty revenue, HRTT collections, Work permit fees and Excess Revenue from Statutory Bodies. The four main revenue lines of Hotel and Restaurant tax, import duty, stamp duty on land transactions and Work permit fees contributed 70% of the total Revenue.

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



HRTT formed the largest portion of the Revenue collected (26%) during the Quarter. Tourism activities have remained steady during the summer months and tourism arrivals have returned to pre-pandemic levels. HRT collections of \$28.4 million were \$1.8 million or 7% ahead of the Estimates and \$2.7 million or 10% more than the prior year.

Import Duties formed the second largest portion of the Revenue collected (24%). Import duty collections totaled \$26 million which was 23% higher than budget and 17% higher than the prior year. Inflationary pressures have led to price increases in imported items. The increased economic activity in the tourism and construction sectors has also increased 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 second Quarter totaled \$13.7 million. The collections are \$1.4 million or 11% higher than the Estimates and \$1.6 million or 11% less than the prior year period. During the Quarter, there were 277 transactions which attracted a stamp duty. Of these, eight transactions had a consideration over \$5 million, 38 transactions between \$ 1-\$5 million and the rest had a value of less than \$1 million. 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) were \$8.6 million, this was \$1.1 million or 15% higher than the budget and \$0.6 million or 7% higher than prior year results. Customs processing fees are 5% of the value of the imported goods and likely increased due to imported inflation and increased activity in the construction and tourism industries.

Receipts from Work Permits were \$8.2 million for Q2, accounting for 8% of the total Revenue. These results were higher than the Estimates by \$1.5 million or 23% and higher than prior year by \$1.8 million or 29%. 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 \$3.9 million. This was \$1.1 million or 40% ahead of budget and \$1.4 million or 26% less than the prior year results. The reduction against prior year is as a result of no remittances received from the Airports Authority due to ongoing Capital projects.

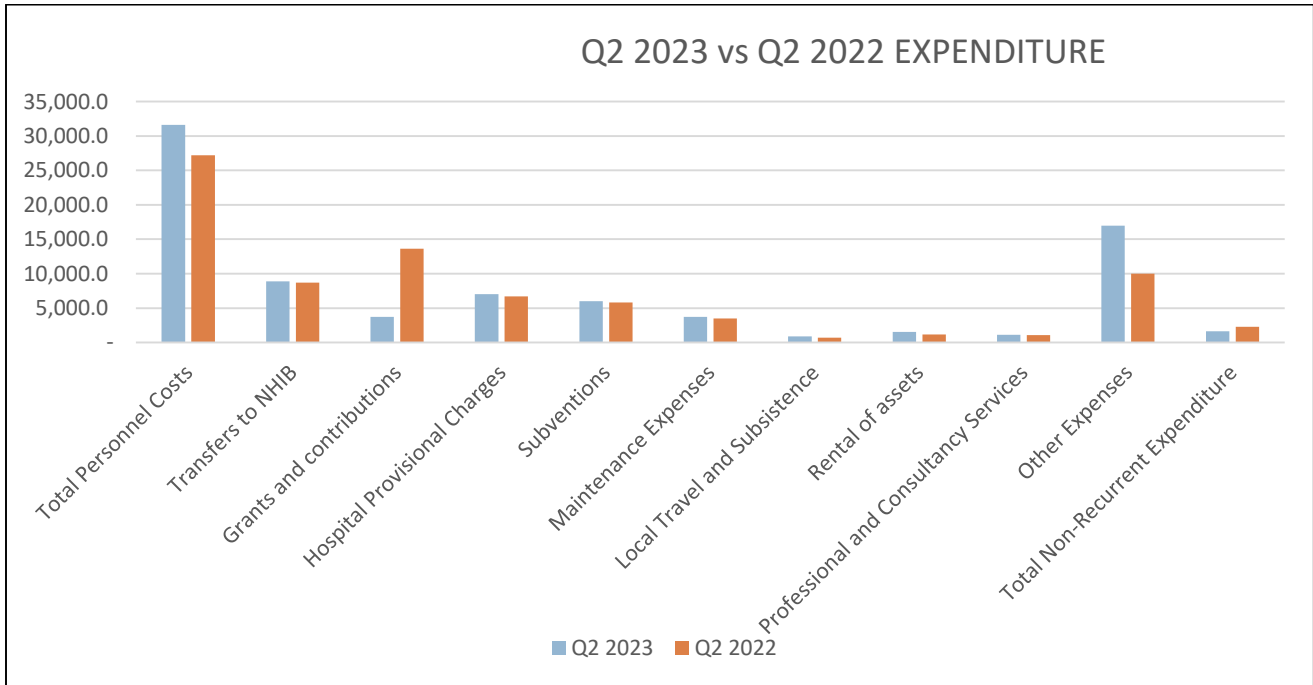
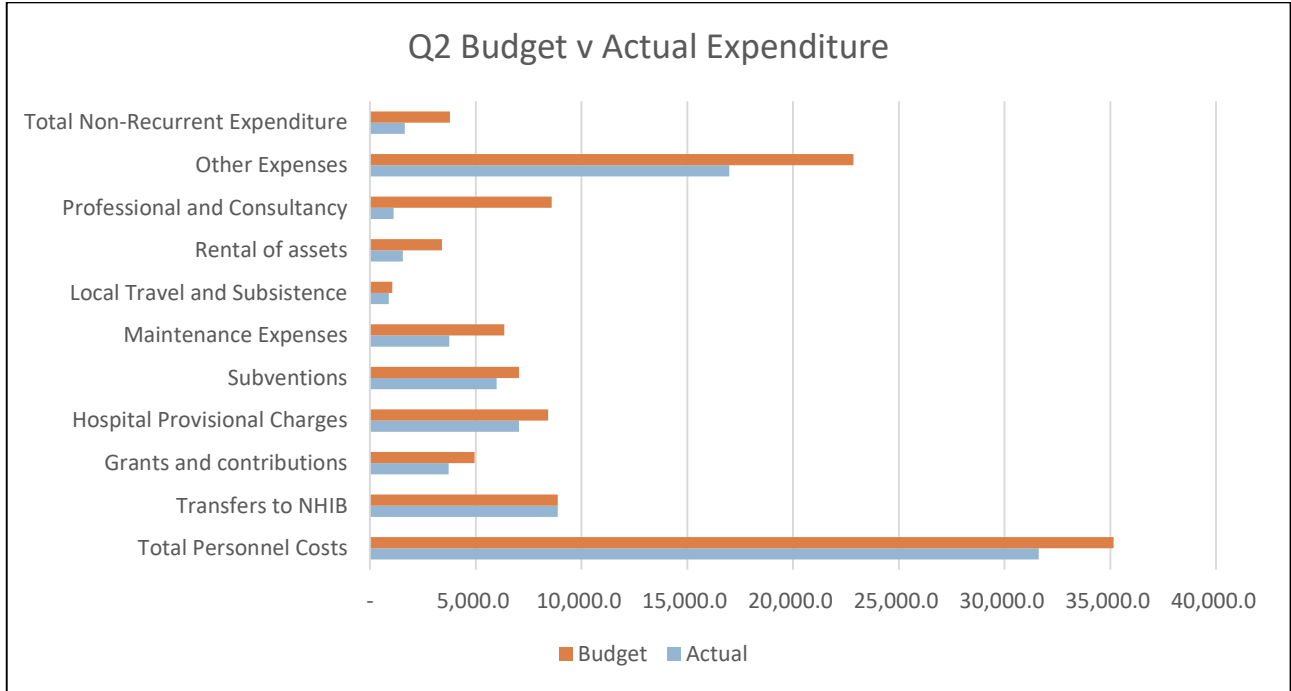
Seaport departure tax totaled \$1.9 million which was 31% higher than Estimates and 33% higher than the prior year. The Grand Turk Cruise Terminal collects \$16 in fees per passenger. Of this \$7(43.75%) is paid to the TCI Government. There was an increase in cruise arrivals which led to increased collections of the Seaport departure tax.

Others revenues totaled \$15.3 million for Q2 which was \$1.3 million or 9% higher than Estimates and \$3.1 million or 25% higher than the prior year. The table below shows the breakdown of Other Revenue.

	Quarter 2			Variances			
	Actual	Budget	Last Year	Budget		Last Year	
	\$000	\$000	\$000	\$000	%	\$000	%
Business License renewal	375	423	379	(48)	(11%)	(4)	(1%)
Communication Tax	1,230	1,511	1,185	(280)	(19%)	45	4%
Gaming Machine Tax	1,152	1,586	1,435	(435)	(27%)	(284)	(20%)
Telecommunication Licenses	965	1,087	1,061	(122)	(11%)	(95)	(9%)
Overtime Costs Recovered	868	657	744	211	32%	125	17%
Vehicle License Renewals	880	775	734	105	14%	147	20%
Permanent Residency Fees	1,531	568	459	963	170%	1,073	234%
Crown lands rent	238	328	165	(90)	(27%)	73	44%
Insurance Premiums tax	702	453	386	249	55%	316	82%
Bank services tax	258	261	207	(3)	(1%)	51	25%
Stamp duty - vehicle hire	552	585	561	(33)	(6%)	(9)	(2%)
Driver's License	363	330	319	33	10%	44	14%
Duty free shops Royalties	223	238	195	(15)	(6%)	28	14%
ID Card Fees	361	297	282	64	22%	79	28%
Labour Clearance Fees	434	276	263	158	57%	171	65%
PDA application fees	1,117	510	402	607	119%	715	178%
Work Permits Repatriation Program	591	412	390	179	43%	201	51%
Temporary Work Permits	316	367	350	(51)	(14%)	(34)	(10%)
Other Revenues	3,099	3,305	2,676	(206)	(6%)	423	16%
TOTAL OTHER REVENUE	15,258	13,971	12,193	1,287	9%	3,065	25%

Non-recurrent Revenue of \$0.5 million mainly related to land sales was recorded during the Quarter. This was 73% lower than Estimates and 54% lower than the prior year. The unfavorable variances are as result of Grant Income on the Resubmit project, expected but not received during the period.

EXPENDITURE

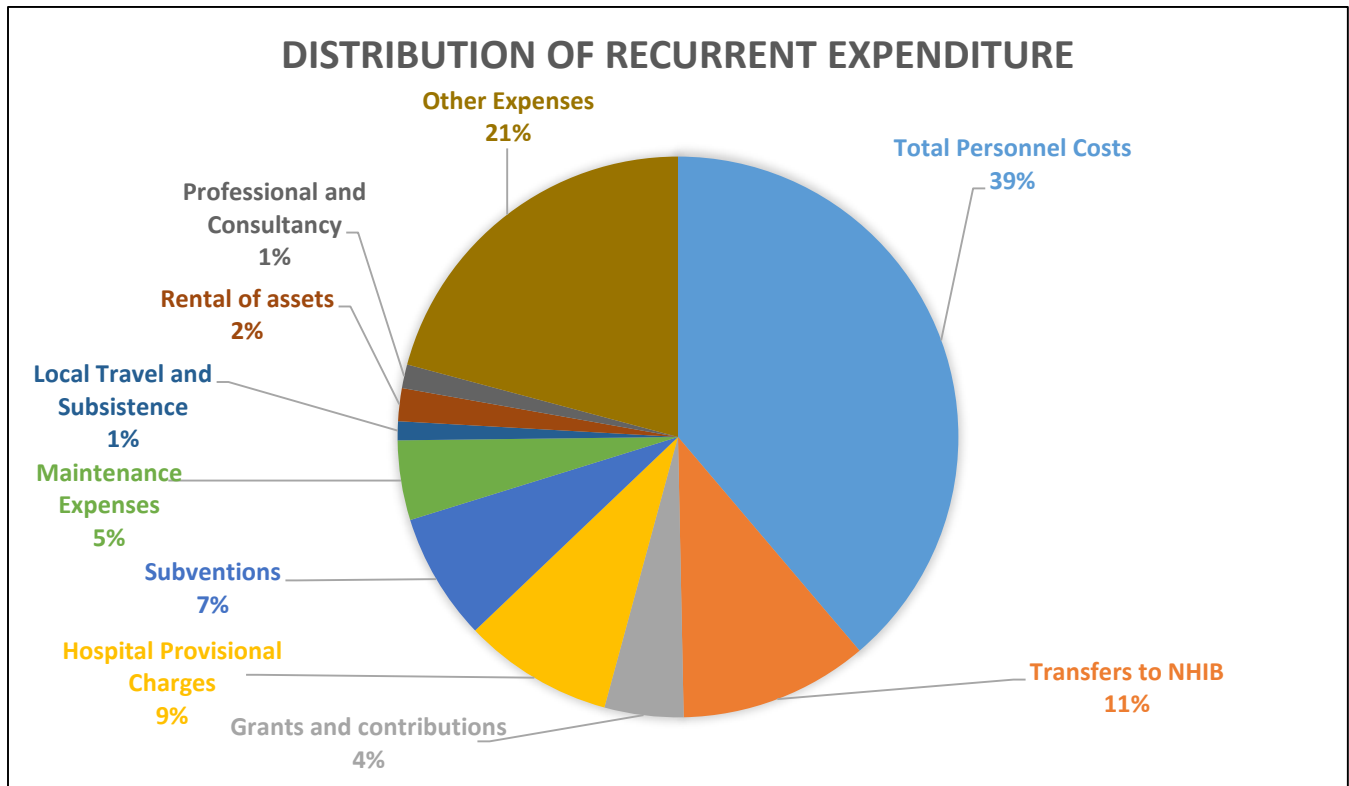


\$83.2 million was expended during the second Quarter (\$81.5 million recurrent expenditure and \$1.6 million non-recurrent expenditure). These results were 25% lower than budget and 3% higher than prior year.

Recurrent Expenditure: Q2: \$81.5 million

	Quarter 2			Variances			
	Actual	Budget	Last Year	Budget		Last Year	
	\$000	\$000	\$000	\$000	%	\$000	%
Recurrent Expenditure							
Total Personnel Costs	31,617	35,149	27,194	(3,532)	-10%	4,423	16%
Transfers to NHIB	8,873	8,869	8,695	4	0%	178	2%
Grants and contributions	3,710	4,939	13,638	(1,229)	-25%	(9,929)	-73%
Hospital Provisional Charges	7,047	8,422	6,707	(1,376)	-16%	340	5%
Subventions	5,981	7,045	5,812	(1,064)	-15%	169	3%
Maintenance Expenses	3,743	6,350	3,505	(2,606)	-41%	238	7%
Local Travel and Subsistence	887	1,052	698	(165)	-16%	189	27%
Rental of assets	1,548	3,399	1,153	(1,851)	-54%	395	34%
Professional and Consultancy Services	1,115	8,584	1,062	(7,469)	-87%	53	5%
Other Expenses	16,984	22,860	10,009	(5,876)	-26%	6,976	70%
Total Recurrent Expenditure	81,505	106,670	78,473	(25,165)	-24%	3,033	4%

Recurrent expenditure for Q2 totaled \$81.5 million. The results were 24% or \$25.2 million less than the Estimates and \$3 million or 4% higher than the Prior Year. The underspend against the budget is mainly attributed to vacancies within the Civil Service, and less than expected spending on professional and consultancy services due to slower-than-expected completion of the procurement process for various professional services. Recurrent expenditures were distributed as show below



Personnel Costs accounted for 39% of the recurrent expenditure, totaling \$31.6 million, compared to the Estimates of \$35.1 million leading to \$3.5 million or 10% underspend. The Personnel costs were \$4.4 million or 16% higher 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. Personnel costs are further itemized below

	Quarter 2			Variances			
	Actual	Budget	Last Year	Budget		Last Year	
	\$000	\$000	\$000	\$000	%	\$000	%
Compensation of employees							
Salaries and Wages	21,559	24,583	19,558	(3,024)	-12%	2,002	10%
Contribution to NIB and NHIB	1,944	2,064	1,685	(121)	-6%	259	15%
Housing Allowances	1,406	1,908	1,258	(502)	-26%	148	12%
Transport Allowances	248	450	246	(201)	-45%	2	1%
Telephone Allowances	265	323	255	(58)	-18%	9	4%
Other Allowances	1,910	2,201	1,771	(290)	-13%	139	8%
Total compensation of employees	27,332	31,529	24,773	(4,197)	-13%	2,559	10%
Compensation to Members of the House of Assembly							
Salaries - Ministers and Members	468	468	480	-	0%	(12)	-2%
Contribution to NIB and NHIB for Ministers and Members	24	29	26	(5)	-16%	(1)	-5%
Allowances for Ministers and Members	138	147	138	(9)	-6%	-	0%
Total compensation of members of the House of Assembly	630	643	643	(14)	-2%	(13)	-2%
Pensions and gratuities							
Pensions (PSPP and RAP)*	1,123	939	1,509	184	20%	(386)	-26%
Employees' Pension Contribution (PSEPF)*	603	733	-	(130)	-18%	603	100%
Employer's Pension Contribution (PSEPF)*	603	285	-	317	111%	603	100%
Gratuities	640	289	269	351	121%	371	138%
Pensions - Legislators	425	387	-	38	10%	425	100%
Gratuities - Legislators	263	344	-	(81)	-24%	263	100%
Total pensions and gratuities	3,656	2,977	1,778	678	23%	1,877	106%
Total Wages, Salaries and Employee benefits	31,617	35,149	27,194	(3,532)	-10%	4,423	16%

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

*PSEPF-Public Sector Employees Pension Plan

NHIB transfers totaled \$8.9 million and Hospital Provisional Charges totaled \$7 million against Estimates of \$8.9 million and \$8.4 million respectively. The budget variance on the Hospital Costs is due to supplementary appropriation made in September to cater for Consumer Price Index adjustment of the infrastructure cost payments

to Interrelate Canada. Transfers to NHIB were 2% higher than the prior year, while Hospital provisional charges were 3% higher than the prior year.

Grants and contributions totaled \$3.7 million. This was \$1.2 million or 25% less than Estimates and \$10 million or 73% less than the prior year. The variance against prior year is as a result of the Citizen's adjustment stimulus that was awarded in Q2 of 2022. The variance against budget is due to supplementary funding to the community enhancement programme that has not yet been expended.

Maintenance expenses totaled \$3.7 million. This was \$2.6 million or 41% less than Estimates and in line with the prior year. The variance against budget is due to supplementary funding towards street cleaning, maintenance of roads and drains, buildings and other structures that has not yet been expended.

Professional and Consultancy costs totaled \$1.1 million. This was \$7.5 million or 87% less than Estimates and in line with the prior year. The variance against budget is due to delays in the procurement processes of various professional services across different ministries.

Other Recurrent Expenditure: Q2: \$17 million

Other expenses totaled \$17 million which was \$5.9 million or 26% behind the Estimates and \$7 million or 70% more than 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.

	Quarter 2			Variances			
	Actual	Budget	Last Year	Budget		Last Year	
	\$000	\$000	\$000	\$000	%	\$000	%
Social welfare	2,178	3,872	1,892	(1,694)	-44%	286	15%
Recurrent Sub Programmes and Projects	1,196	2,040	723	(843)	-41%	473	65%
Utilities	1,205	1,457	994	(251)	-17%	211	21%
Security expenses	495	768	385	(273)	-36%	111	29%
International Travel and Subsistence	625	905	659	(280)	-31%	(33)	-5%
Communication Expenses	565	598	435	(33)	-6%	130	30%
Bank charges	334	353	283	(19)	-5%	51	18%
Data Communication cost	377	290	29	87	30%	348	1189%
Insurance Expenses	1,790	353	8	1,437	408%	1,781	0%
Hosting and Entertainment	592	738	461	(146)	-20%	131	28%
Repatriation and exportation expenses	1,763	1,941	809	(178)	-9%	954	118%
Other supplies, material & Equipment	666	1,002	359	(335)	-33%	308	86%
Computer License & Hardware maintenance	652	1,548	121	(896)	-58%	531	441%
Fuel	457	401	372	55	14%	85	23%
Other Recurrent Expenditure	4,088	6,595	2,479	(2,507)	-38%	1,609	65%
TOTAL OTHER RECURRENT EXPENDITURE	16,984	22,860	10,009	(5,876)	-26%	6,976	70%

Non-Recurrent Expenditure: Q2: \$1.6 million

	Quarter 2			Variances			
	Actual	Budget	Last Year	Budget		Last Year	
	\$000	\$000	\$000	\$000	%	\$000	%
Non-Recurrent Expenditure							
Statutory Land Acquisitions	-	-	800	-	-	(800)	-100%
SIPT	1,178	1,801	987	(624)	-35%	191	19%
Civil Recovery Costs	464	297	213	168	57%	252	118%
Covid-19 Expenses	0	7	284	(7)	-99%	(284)	-100%
Contingency	-	1,673	-	(1,673)	-100%	-	0%
Finance costs	7	5	5	2	43%	2	38%
Total Non-Recurrent Expenditure	1,649	3,783	2,288	(2,134)	(56%)	(639)	(28%)

Non-Recurrent Expenditure results for Q2 totaled \$1.6 million mainly attributed to SIPT costs of \$1.2 million and Civil recovery costs of \$0.5 million. Non-recurrent expenditures were 56% below Estimates for the Quarter and 28% 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.

OUTSTANDING PUBLIC DEBT

Debt Instruments	Interest Rates	Outstanding Balance 01-Apr-23 US\$'000	New Drawdowns 2023/24	Principal Repayment During 2023/24 US\$'000	Outstanding Balance 30-Sep-23 US\$'000
Further Education (04/SFR-OR-TCI)	2.5%	457	-	(43)	413
Climate Resilient Coastal Protection and Management (4/OR-TCI)	4.90%	269	57	(101)	225
Integrated Solid Waste Management (5/OR-TCI)	4.90%	-	145	(11)	134
Total unsecured debts		725	202	(156)	772

TCIG holds three debt instruments with the Caribbean Development Bank (CDB). The outstanding debt as of September 30, 2023 was \$0.8 million. During the Quarter, \$89k principal repayments were made and \$9k 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 30/06/2023 (US\$)	413,044	224,735	133,761	771,540
Year of first disbursement	2000	2021	2023	
Maturity Date	01-Apr-28	01-Jul-24	01-Jul-26	
Principal Repaid YTD (US\$)	43,478	100,987	11,147	155,612
Interest Paid YTD (US\$)	5,570	6,142	1,197	12,909
Commitment fees paid YTD (US\$)	-	398	3,607	4,005
Other charges paid YTD (US\$)	0	600	302	902
Total Debt Servicing YTD (US\$)	49,048	107,527	15,951	172,526

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 September 30, 2023 was \$94.8 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)
Completed projects - savings returned to CF	(14,125,513)
Lapsed projects - funds returned to CF	(29,796,585)
Closing 31/03/2023	44,362,438
FY 2023/24 Appropriation	65,110,023
FY 2023/24 Supplementary Appropriation	700,709
CAPEX FY 2023/24- YTD	(15,339,777)
As at 30 September 2023	94,833,393

CAPITAL EXPENDITURE (YTD) BY PROJECT

The capital projects expended Year to Date are shown below.

Project Number and Name	Amount '\$000
5561 - South Dock Port Redevelopment	8,323
5677 - Purchase and Installation of New 1 million gallon Salt Water Reverse Osmosis (SWRO) Unit	1,158
5678 - Installation of an additional 1-million gallon tank	1,100
5575 - Upgrading of Water Storage and Distribution Facilities - GDT	941
5566 - Construction of New Primary School PLS- Phase 2	600
5612 - IT Command and Control System (CAD Radio Upgrade All Islands	500
5630 - Replacement Vehicles	395
5610 - Grand Turk Sports Complex and Shelter	323
5560 - Radar Station	289
5697 - Police Mobile Station	249
5506 - NJS Francis Building	236
5545 - New Block, Enid Capron Primary School	230
5592 - Front Street GDT	224
5698 - Vehicles	208
5584 - Road - North Caicos	155
5617 - Software Digitization Unit	148
5496 - Police Building Repairs for All Stations	134
5605 - Installation of Lights for Parade Ground - GDT	30
5717 - Revenue Vehicles	18
5481 - Construction of Promenade/Boardwalk and Craft Market for Bottle Creek	17
5510 - Rehabilitation of Salt Shed- Salt Cay	16
5270 - Environmental Health Storage Buildings	15
5582 - Vehicles for Government	15
5600 - Mental Health Facility (GDT)	14
TOTAL	15,338

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 September 30 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 30/06/2023 (US\$' 000)
Actual revenue	Revised Estimates	Variance	%				
413,848	404,215	9,633	2%	-	50,780	36	50,816

The value of the National Wealth fund is attributable to;

(All figures in US\$'000)	30-Sep-23 US\$'000	31-Mar-23 US\$'000
Stabilization Fund	30,671	30,646
Infrastructure and Competitiveness Fund	8,762	8,756
Heritage Fund	4,383	4,378
Citizen's Empowerment Fund	7,000	7,000
National Wealth Fund balance	50,816	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 September 30, 2023. No transfers from the NFF into the Consolidated Fund were made during the period.

(All figures in US\$'000)	30-Sep-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

