



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



FINANCIAL REPORT
OCTOBER TO DECEMBER 2023



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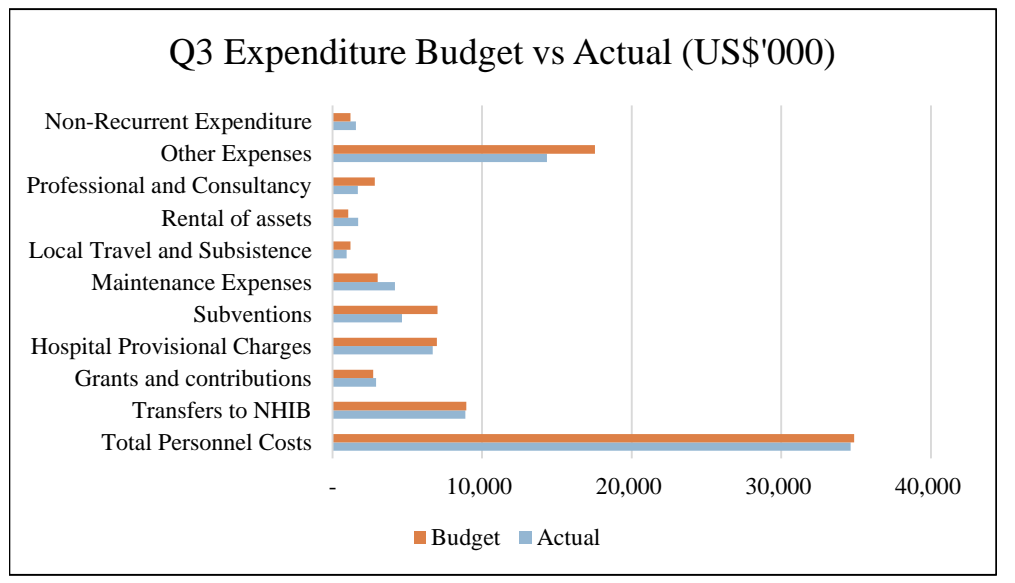
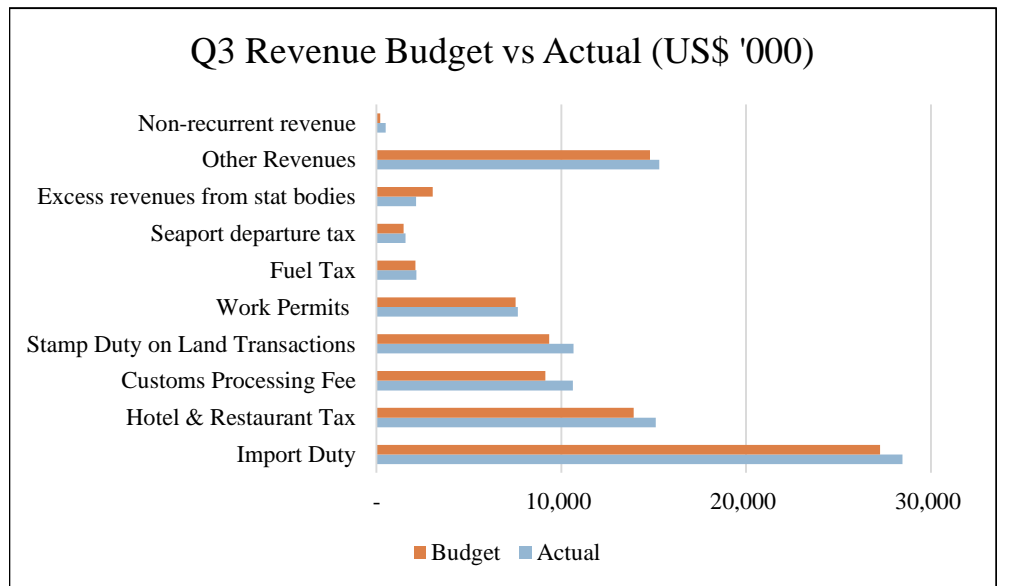
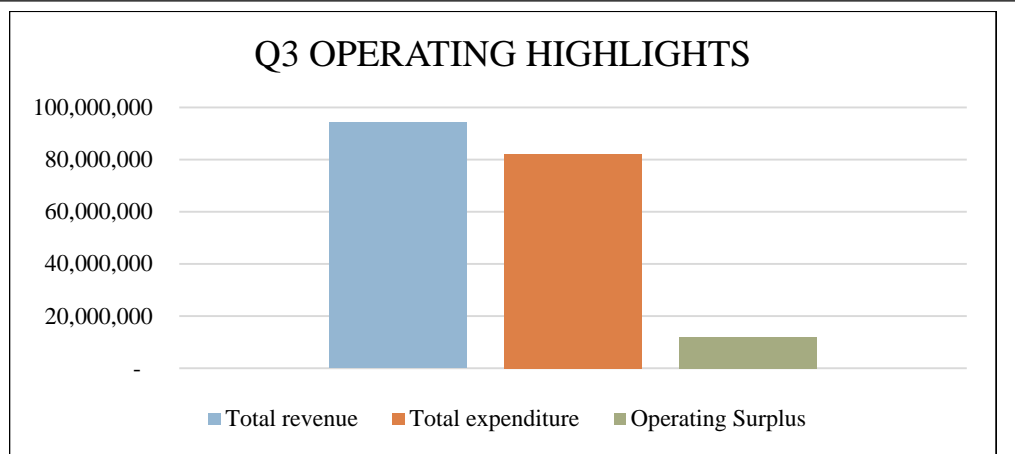
KEY HIGHLIGHTS

➤ **Completion of Pay grade exercise.** Review of the TCIG grades was completed by Ernst & Young and the recommendations were implemented. Effective December 1, 2023, pay grades were revised and salaries were adjusted.

➤ **\$12 million operating surplus.** The operating balance for the quarter was a surplus of \$12 million against the forecast surplus of \$1.5 million.

➤ **\$4.2 Million Capital Expenditure in Q3.** During the Quarter \$4.2 Million was spent on capital projects.

➤ **Increase in the underlying Cash balances.** The underlying cash balance as at the quarter ending 31 December 2023 showed an increase of \$12 million resulting in a closing cash balance of \$350.7 million



FOREWORD

The Third Quarter of the FY2023-24 Financial Report (Unaudited) summarizes the Government of the Turks and Caicos Islands operational results for October to December 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. 3: October – December 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)

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 October 2023 economic outlook report projected that global growth will slow from 3.5 percent in 2022 to 3.0 percent in 2023 and 2.9 percent in 2024. 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 high inflation. 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

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

The economic outlook for the Turks and Caicos Islands is mixed, with both positive signs and challenges. The tourism industry, the economy's main driver, has fully recovered from the effects of the Covid-19 pandemic and returned to full operation. The Government is also investing in infrastructure and other development projects to boost economic growth. However, high inflation and the rising cost of living continue to pressure businesses and consumers. Additionally, the conflicts in Ukraine and the Middle East negatively impact the global economy by leading to rising oil, gas, and other commodities prices, which could indirectly affect 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 Q3 was slightly higher than in the prior year's Estimates and the same period. The 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 October 1 2023 and is scheduled to end on March 31 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 April 1 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.

Two supplementary budgets were approved in FY 2023-24. The first, on September 28, 2023, increased recurrent expenditure by \$12.8 million and capital expenditure by \$0.7 million, with significant budget increases for the Community Enhancement Program (\$1.9 million), Border Control and Detention and Repatriation (\$1 million), Consumer Price Index increase to Interhealth Canada Infracost payments (\$1.4 million), Renewal of Leases (\$1.4 million, and Social Enhancement Aid (SEA) Program (\$1 million). The second supplementary Budget, approved on December

15, 2023, increased capital expenditure by \$4.8 million and recurrent expenditure by \$1 million, with notable Budget increases for Community Enhancement programs under the Ministry of Health (\$500k) and \$360k for the Human Resources Management Information system under the Office of the Deputy Governor. Withdrawals for the Contingencies Fund amounted to \$500k.

The updated projections show planned revenues of \$415.4 million and spending of \$443.4 million. This spending includes \$372.8 million for operating expenses and \$70.6 million for capital expenses, resulting in a projected net deficit of \$28 million.

The Government ended the third quarter of FY2023-24 with an operating surplus of \$12 million and a cash increase of \$12 million, bringing the closing cash balance to \$350.7 million. Revenue for Q3 was 6% higher than Budget and 9% more than the similar quarter 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 the third quarter was \$12 million, exceeding estimates by \$10.5 million or 729%, and higher than the same quarter in the prior year's performance by \$3.7 million or 44%. This overall performance can be attributed to the over performance of all major revenue streams and lower-than-expected staff and social welfare costs and subventions to statutory bodies.

FISCAL SUMMARY	Q3			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	93,713	88,640	86,582	5,073	6%	7,131	8%	313,360	296,055	295,217	17,305	6%	18,143	6%
Non-Recurrent Revenue	503	195	282	308	158%	222	79%	1,308	2,328	3,881	(1,020)	-44%	(2,573)	-66%
Total Revenue	94,216	88,835	86,863	5,381	6%	7,353	8%	314,668	298,383	299,098	16,285	5%	15,570	5%
Recurrent Expenditure	80,645	86,185	72,072	(5,540)	-6%	8,574	12%	235,854	286,475	218,392	(50,621)	-18%	17,462	8%
Non-Recurrent Expenditure	1,576	1,204	6,481	372	31%	(4,905)	-76%	5,017	7,153	11,213	(2,135)	-30%	(6,196)	-55%
Total Expenditure	82,221	87,388	78,552	(5,167)	-6%	3,669	5%	240,871	293,628	229,605	(52,757)	-18%	11,266	5%
Net Operating Surplus	11,995	1,447	8,311	10,549	729%	3,684	44%	73,797	4,756	69,493	69,042	1452%	4,305	6%

2.2. CASH FLOW

The underlying cash balance increased by \$12 million during the Quarter. This resulted in an increase in TCIG's cash and cash equivalents from \$338.7 million at the end of Q2 to \$350.7 million at December 31, 2023. Cash balances comprise cash at bank, short term fixed deposits and cash-in-transit.

	Q3			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	11,995	1,447	8,311	10,549	729%	3,684	44%	73,797	4,756	69,493	69,042	1452%	4,305	6%
Less:														
Development Fund Expenditure	(4,176)	(20,610)	(6,913)	16,434	-80%	2,736	-40%	(19,624)	(59,523)	(13,232)	39,899	-67%	(6,392)	48%
Debt Repayments	(89)	-	-	(89)	0%	(89)	0%	(245)	(95)	(130)	(150)	0%	(115)	0%
Bond Inflows	-	-	-	-	0%	-	0%	-	-	-	-	0%	-	0%
Net receipts/(payments) of public accounts	4,223	-	(1,815)	4,223	0%	(6,038)	333%	6,916	-	2,709	6,916	0%	(4,207)	-155%
Net Cash Flow	11,953	(19,163)	(416)	31,116	-162%	12,369	-2975%	60,845	(54,862)	58,840	115,707	-211%	2,005	3%
Opening cash balance	338,719		258,076					289,827		195,794				
Closing cash balance	350,672		257,660					350,672		254,634				
Attributable to:														
Consolidated Fund	197,230							197,230						
Development Fund	95,415							95,415						
National Forfeiture Fund	7,061							7,061						
National Wealth Fund	50,966							50,966						
Closing cash balance	350,672							350,672						

3. REVENUE

3.1. REVENUE BY ECONOMIC CLASSIFICATION

3.1.1. RECURRENT REVENUE

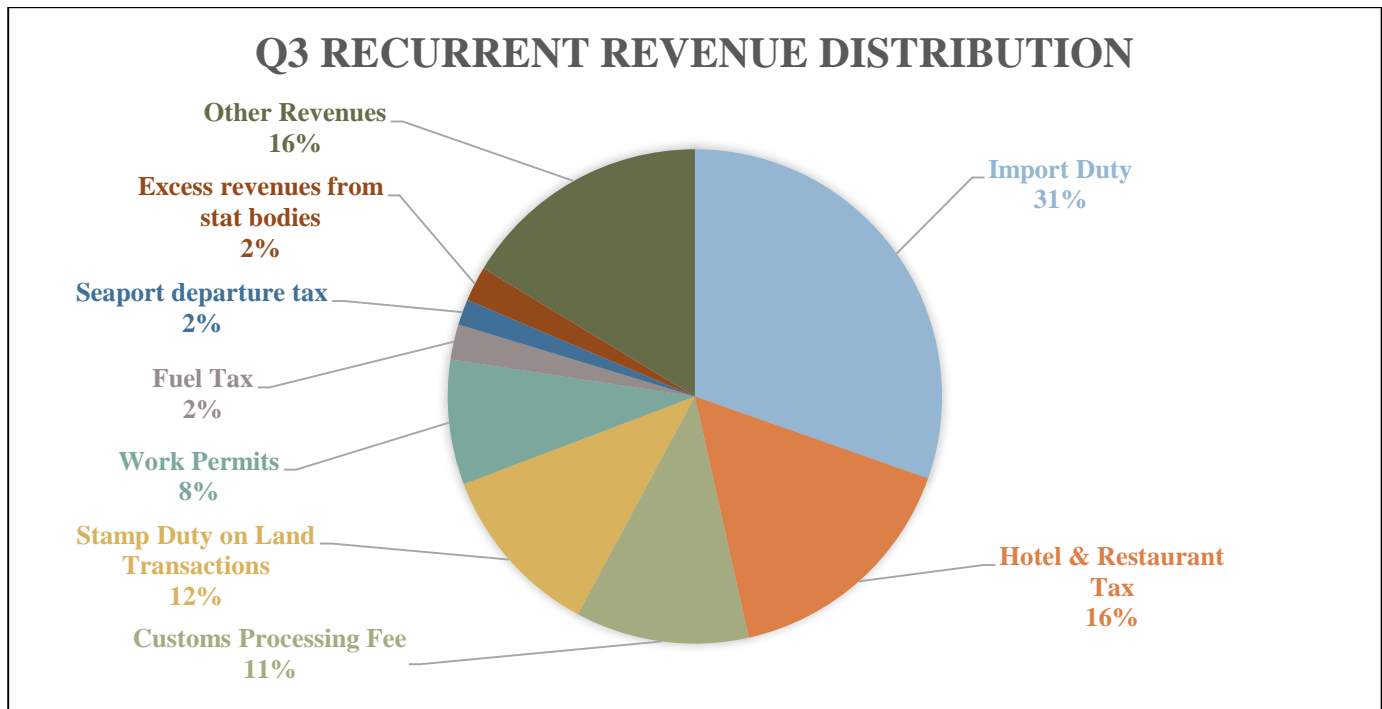
Q3: \$93.7 million YTD: \$313.4 million

	Q3			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	28,471	27,257	25,090	1,214	4%	3,381	13%	80,011	72,208	69,857	7,804	11%	10,154	15%
Hotel & Restaurant Tax	15,107	13,921	12,963	1,187	9%	2,144	17%	75,940	72,419	69,477	3,521	5%	6,463	9%
Customs Processing Fee	10,626	9,144	8,196	1,482	16%	2,430	30%	27,155	25,312	24,864	1,842	7%	2,291	9%
Stamp Duty on Land Transactions	10,671	9,356	11,403	1,315	14%	(732)	-6%	37,559	40,916	45,884	(3,357)	-8%	(8,325)	-18%
Work Permits	7,654	7,534	7,454	120	2%	200	3%	23,505	19,642	18,978	3,864	20%	4,527	24%
Fuel Tax	2,162	2,116	1,721	46	2%	441	26%	6,043	5,889	5,689	154	3%	354	6%
Seaport Departure Tax	1,579	1,461	1,428	118	8%	151	11%	5,051	4,180	4,083	871	21%	968	24%
Excess revenues from stat bodies	2,141	3,050	4,746	(909)	-30%	(2,605)	-55%	10,834	11,016	15,847	(182)	-2%	(5,013)	-32%
Other Revenues	15,302	14,801	13,581	500	3%	1,721	13%	47,261	44,474	40,537	2,788	6%	6,724	17%
Total Recurrent Revenue	93,713	88,640	86,582	5,073	6%	7,131	8%	313,360	296,055	295,217	17,305	6%	18,143	6%

In Q3, the recurrent revenue totalled \$93.7 million, exceeding the Budget by \$5.1 million (6%) and surpassing the prior year's collections by \$7.1 million (8%). The over performance of Import Duty, Customs Processing Fees, Stamp Duty on Land Transactions, and Hotel and Restaurant Taxes contributed to this result. These four main revenue lines accounted for 77% of the total recurrent revenue.

Year to date, the aggregate revenue is \$313.4 million, which is 6% higher than the Budget and 3% more than the same period in the prior year. This increase is mainly due to the overperformance of import duties, hotel and restaurant taxes, and work permit fees.

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



Import duties accounted for the largest share of the revenue collected, making up 31% of the total. During the Quarter, import duty collections reached \$28.5 million, surpassing the Budget by 4% and exceeding the previous year's results by 13%. Year-to-date, import duty revenue amounted to \$80 million, exceeding estimates by \$7.8 million or 11% and surpassing the previous year's results by \$10.2 million or 15%. Per the Quarterly report released by the department of Trade, the trade value of imports increase 19.5% in Q3 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.

Hotel and Restaurant Tax (HRT) accounted for the second largest share (16%) of the total revenue collected during the Quarter. Tourism activities have seen an increase in both the Quarter and the year to date with an uptick in arrivals and overnight stays. HRT collections amounted to \$15.1 million, which was \$1.2 million or 9% higher than the estimated amount and \$2.1 million or 17% higher than the previous year. Year-to-date, the revenue from Hotel and Restaurant tax stands at \$75.9 million, which is 5% higher than the estimated amount and 9% 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.

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 Quarter totaled \$10.7 million. The collections were 14% higher than the Estimates and 6% less than the prior year period. During the Quarter, there were 179 transactions which attracted a stamp duty. Of these, one transaction had a consideration over \$5 million, 24 transactions between \$ 1-\$5 million and the rest had a value of less than \$1 million. Year to date, revenue from Stamp Duty for land transactions amounted to \$37.6 million which was 8% behind Estimates and 18% 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 would favour 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 Quarter amounted to \$10.6 million, which was \$1.5 million or 16% more than the Estimates and surpassed the prior year's results by \$2.4 million or 30%. Year to date, revenue from customs processing fees has reached \$27.2 million, which was 7% higher than the estimated amount and 9% higher than the previous year's results. The rise in customs processing fees revenue can be attributed to increased import activities especially in the construction industry, and inflation on imports.

Work Permits fees were \$7.7 million for Quarter, accounting for 8% of the total revenue. These exceeded Estimates by \$0.1 million or 2% and were \$0.2 million or 3% more than the collections in the prior year. Year to date, revenue from Work permit fees totaled \$23.5 million which was 20% higher than Estimates and 24% more than the prior year results. Work permit Revenue collection increased as most work permit holders are employed in the tourism and hospitality sector, and hiring would have increased with increased business activity.

Excess revenue from Statutory bodies totaled \$2.1 million during the Quarter. This was \$1 million or 30% behind Budget and \$2.6 million or 55% less than the prior year results. Year to date. Excess revenue received from Statutory Bodies totaled \$10.8 million which was 2% behind the Estimates and 32% less than the prior year. The variances in both Q3 and Year-to-date are attributed to the non-remittance of excess revenue by the TCI Airports Authority due to ongoing capital projects.

Seaport departure tax totaled \$1.6 million which was \$0.1 million or 8% ahead of the Estimates and \$0.2 million or 11% higher than the prior year. Year to date, Seaport departure tax totaled \$5.1 million which is 21% higher than Budget and 24% more than the same Quarter 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

	Q3			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	185	185	189	0	0%	(4)	(2%)	2,694	2,723	2,676	(29)	(1%)	19	1%
Communication Tax	1,455	1,572	1,378	(117)	(7%)	77	6%	4,245	4,459	3,765	(214)	(5%)	480	13%
Gaming Machine Tax	1,361	1,467	1,079	(105)	(7%)	283	26%	3,769	4,726	3,804	(957)	(20%)	(36)	(1%)
Telecommunication Licenses	800	885	867	(85)	(10%)	(67)	(8%)	3,008	3,002	2,938	6	0%	70	2%
Overtime Costs Recovered	481	788	642	(307)	(39%)	(161)	(25%)	2,928	2,346	2,296	582	25%	632	28%
Vehicle License Renewals	2,146	2,164	1,948	(19)	(1%)	198	10%	3,850	3,715	3,431	135	4%	419	12%
Permanent Residency Fees	1,000	598	445	402	67%	555	125%	3,274	1,744	1,670	1,530	88%	1,604	96%
Crown lands rent	507	287	192	220	77%	315	164%	820	1,282	833	(462)	(36%)	(13)	(2%)
Insurance Premiums tax	386	290	234	96	33%	151	65%	1,671	1,209	1,072	462	38%	599	56%
Bank services tax	268	246	189	22	9%	79	42%	799	781	646	18	2%	153	24%
Stamp duty - vehicle hire	361	357	333	5	1%	28	9%	1,617	1,620	1,582	(4)	(0%)	35	2%
Drivers License	383	411	404	(28)	(7%)	(21)	(5%)	1,109	1,072	1,043	37	3%	66	6%
Duty free shops Royalties	344	425	395	(80)	(19%)	(51)	(13%)	863	997	921	(135)	(13%)	(59)	(6%)
ID Card Fees	346	331	324	15	4%	22	7%	1,068	861	828	207	24%	240	29%
Labour Clearance Fees	384	364	356	19	5%	28	8%	1,192	903	868	289	32%	324	37%
PDA application fees	453	700	773	(247)	(35%)	(321)	(41%)	1,899	1,721	1,697	178	10%	201	12%
Work Permits Repatriation Program	815	507	495	308	61%	320	65%	2,162	1,331	1,276	830	62%	885	69%
Temporary Work Permits	456	365	368	91	25%	88	24%	1,124	1,072	1,043	52	5%	81	8%
Other Revenues	3,173	2,860	2,971	312	11%	202	7%	9,170	8,909	8,146	261	3%	1,024	13%
TOTAL OTHER REVENUE	15,302	14,801	13,581	500	3%	1,721	13%	47,261	44,474	40,537	2,788	6%	6,724	17%

Other recurrent revenues totaled \$15.3 million for the Quarter which was \$0.5 million or 3% higher than Estimates and \$1.7 million or 13% higher than the prior year. Year to date, other recurrent revenues stand at \$47.2 million which is 6% more than the Estimates and 17% more than the prior year.

3.1.3. NON-RECURRENT REVENUE

Non-recurrent revenue collected during the Quarter totaled \$0.5 million which related to land sales. Year to date, Non-recurrent revenue totaled \$1.3 million mainly relating to land sales. This was 29% lower than Estimates and 38% lower than the prior year. The unfavorable variances are as result of Grant Income for the RESEMBID project but not received during the Quarter and the year to date.

3.2. REVENUE BY MINISTRIES

		Quarter 3			Variances				Year to date			Variances			
		Actual	Budget	Last Year	Budget		Last Year		Actual	Budget	Last Year	Budget		Last Year	
		\$000	\$000	\$000	\$000	%	\$000	%	\$000	\$000	\$000	\$000	%	\$000	%
	CASH INFLOWS														
01	Office of the Governor	44	-	76	44	0%	(32)	-42%	161	550	397	(389)	-71%	(237)	-60%
03	Police	65	85	173	(20)	-24%	(108)	-63%	207	272	287	(65)	-24%	(80)	-28%
04	Attorney General's Chambers	11,332	9,792	11,709	1,541	16%	(377)	-3%	38,936	42,633	47,097	(3,697)	-9%	(8,161)	-17%
05	Judiciary Administration	228	201	258	27	13%	(29)	-11%	490	510	479	(20)	-4%	11	2%
14	Statutory Charges	503	185	282	318	172%	222	79%	1,291	1,001	2,095	290	29%	(804)	-38%
16	Immigration and Border services	53,309	52,237	36,751	1,072	2%	16,558	45%	150,660	140,843	107,022	9,817	7%	43,638	41%
54	Finance Trade & Investment	23,455	21,070	22,575	2,385	11%	880	4%	108,652	99,314	101,195	9,338	9%	7,456	7%
57	Education, Youth, Sports	73	174	9,065	(101)	-58%	(8,992)	-99%	109	227	23,072	(117)	-52%	(22,963)	-100%
59	Home Affairs Transportation	4,339	3,931	3,539	408	10%	800	23%	10,669	10,000	8,663	669	7%	2,006	23%
60	Physical Planning & Infrastructure	458	707	780	(249)	-35%	(322)	-41%	1,920	1,741	1,716	179	10%	204	12%
61	Tourism, Agriculture Fisheries	175	225	1,437	(50)	-22%	(1,262)	-88%	891	825	6,605	67	8%	(5,713)	-87%
62	Health & Human Services	232	226	218	6	3%	13	6%	678	452	471	226	50%	207	44%
64	Office of The Premier	3	2	-	1	54%	3		6	17	-				
	TOTAL RECEIPTS	94,216	88,835	86,863	5,381	6%	7,353	8%	314,668	298,383	299,098	16,285	5%	15,570	5%

Significant favourable variances have been observed in the revenue collection of the Ministry of Finance and Ministry of Immigration and Border Services. These variances are mainly driven by hotel and restaurant taxes, as well as import duties, respectively. On the other hand, the Attorney General's Chambers has shown adverse revenue budget performance on a year-to-date basis, primarily due to the underperformance of stamp duty on land transactions.

4. EXPENDITURE

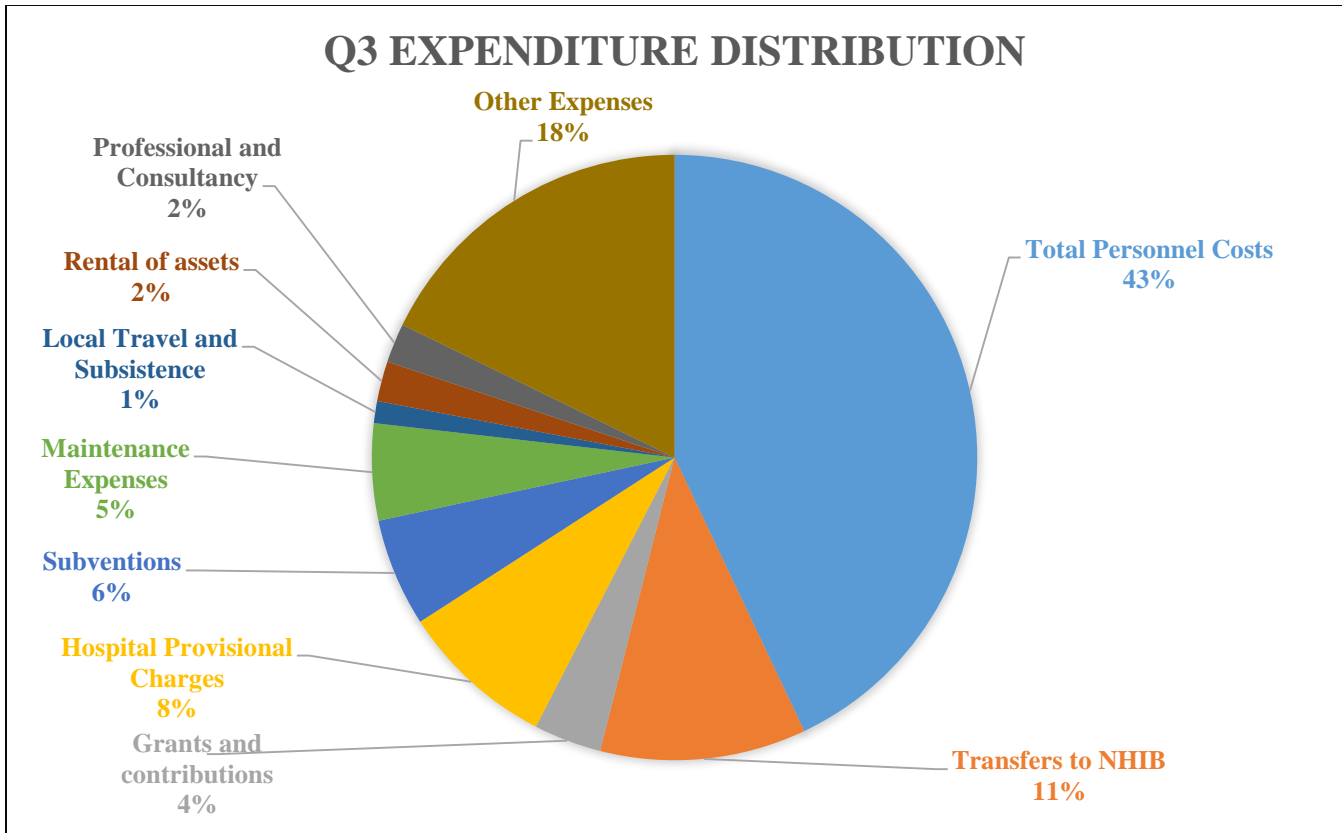
4.1. EXPENDITURE BY ECONOMIC CLASSIFICATION

4.1.1. RECURRENT EXPENDITURE

Recurrent Expenditure: Q3: \$80.6 million YTD: \$235.9 million

	Q3			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	34,637	34,878	27,923	(241)	-1%	6,713	24%	96,791	105,045	82,146	(8,253)	-8%	14,645	18%
Transfers to NHIB	8,873	8,946	8,695	(73)	-1%	178	2%	26,619	26,546	25,904	73	0%	715	3%
Grants and contributions	2,919	2,714	4,940	205	8%	(2,021)	-41%	7,650	11,880	19,616	(4,229)	-36%	(11,966)	-61%
Hospital Provisional Charges	6,698	6,974	6,443	(276)	-4%	255	4%	21,892	22,263	21,207	(371)	-2%	686	3%
Subventions	4,656	7,022	6,351	(2,366)	-34%	(1,695)	-27%	18,546	21,679	17,927	(3,133)	-14%	619	3%
Maintenance Expenses	4,167	3,016	3,418	1,152	38%	749	22%	10,442	12,866	9,060	(2,423)	-19%	1,382	15%
Local Travel and Subsistence	949	1,194	1,068	(246)	-21%	(119)	-11%	2,906	3,569	2,662	(662)	-19%	244	9%
Rental of assets	1,721	1,058	1,837	663	63%	(116)	-6%	4,906	6,662	4,349	(1,756)	-26%	556	13%
Professional & Consultancy	1,690	2,829	1,330	(1,139)	-40%	360	27%	4,193	14,666	3,224	(10,473)	-71%	969	30%
Other Expenses	14,336	17,554	10,066	(3,218)	-18%	4,270	42%	41,909	61,302	32,296	(19,393)	-32%	9,613	30%
Total Recurrent Expenditure	80,645	86,185	72,072	(5,540)	-6%	8,574	12%	235,854	286,475	218,392	(50,621)	-18%	17,462	8%

Recurrent expenditure for Quarter 3 totaled \$80.6 million. The results were \$5.5 million or 6% less than the Estimates and \$8.6 million or 12% higher than the Prior Year. The underspend against Budget during Q3 is mainly attributed to subventions that were not disbursed, and underspend on Professional services as several of these are still in the procurement phase. Year to date, total recurrent expenditure totaled \$235.9 million which was \$50.6 million or 19% below Estimates and \$17.5 million or 8% 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.



NHIB transfers totaled \$8.9 million and **Hospital Provisional Charges** totaled \$6.7 million in Q3. These were both in line with the Estimates. The Hospital Provisional Charges are 4% 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 \$26.6 million (in line with Budget and 3% ahead of prior year) and Hospital Provisional Charges totaled \$21.9 million (in line with Budget and 3% higher than prior year).

Grants and contributions totaled \$2.9 million. This was \$0.2 million or 8% higher than Estimates and \$2 million or 41% less than the prior year. Year to date, Grants and Contributions totaled \$7.7 million which was 36% lower than the Estimates and 61% less than the prior year. The variance against prior year is as a result of the Citizen's adjustment stimulus that was awarded in FY2022/23. The variance against Budget is due to supplementary funding to the community enhancement programme that has not yet been expended. It is expected that the Grants expenditure will align with Budget as the year progresses, as departments work towards completing their KPIs.

Professional and Consultancy costs totaled \$1.7 million in Q3. This was \$1.1 million or 40% lower than Estimates and \$0.4 million or 27% higher than the prior year. The Year to date cost amounted to \$4.2 million, 71% lower than the Estimates and 30% 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 43% of the recurrent expenditure, totaling \$34.6 million in Q3. This was in line with the Estimates of \$34.9 million. Compared to the prior year, the Personnel costs were \$6.7 million or 24% higher. Year to date, total Personnel Costs are \$96.8 million which is 8% behind Estimates and 18% 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.

	Q3			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	24,923	24,595	20,335	328	1%	4,589	23%	67,443	73,062	59,550	(5,619)	-8%	7,893	13%
Contribution to NIB and NHIB	2,107	2,314	1,770	(207)	-9%	337	19%	5,955	6,483	5,144	(528)	-8%	810	16%
Housing Allowances	1,436	1,711	1,336	(275)	-16%	100	8%	4,217	5,311	3,822	(1,094)	-21%	396	10%
Transport Allowances	243	442	239	(199)	-45%	4	2%	751	1,351	727	(600)	-44%	24	3%
Telephone Allowances	282	319	261	(37)	-12%	22	8%	811	965	747	(154)	-16%	64	9%
Other Allowances	1,711	2,101	1,729	(390)	-19%	(18)	-1%	5,511	6,396	5,192	(885)	-14%	319	6%
Total compensation of employees	30,703	31,482	25,668	(779)	-2%	5,035	20%	84,688	93,568	75,182	(8,880)	-9%	9,506	13%
Compensation to Members of the House of Assembly														
Salaries - Ministers and Members	520	468	467	53	11%	53	11%	1,456	1,403	1,402	53	4%	53	4%
NIB and NHIB for Ministers and Members	25	29	24	(4)	-15%	0	1%	73	87	75	(13)	-15%	(2)	-3%
Allowances for Ministers and Members	138	147	137	(9)	-6%	0	0%	413	440	414	(27)	-6%	(1)	0%
Total compensation of members of the House of Assembly	683	643	629	40	6%	54	9%	1,942	1,930	1,892	13	1%	50	3%
Pensions and gratuities														
Pensions	1,194	939	1,504	255	27%	(310)	-21%	3,446	2,816	4,216	631	22%	(770)	-18%
Employees' Pension Contribution	689	734	-	(46)	-6%	689	-	1,895	2,098	-	(203)	-10%	1,895	-
Employer's Pension Contribution	423	285	-	137	48%	423	-	1,627	1,715	-	(88)	-5%	1,627	-
Gratuities	359	278	122	81	29%	237	195%	1,507	984	549	523	53%	958	174%
Pensions - Legislators	441	387	-	53	14%	441	-	1,277	1,161	-	115	10%	1,277	-
Gratuities - Legislators	146	129	-	17	13%	146	-	408	774	307	(365)	-47%	102	33%
Total pensions and gratuities	3,251	2,752	1,626	499	18%	1,625	100%	10,161	9,547	5,073	614	6%	5,088	100%
Total Wages, Salaries and Employee benefits	34,637	34,878	27,923	(241)	-1%	6,713	24%	96,791	105,045	82,146	(8,253)	-8%	14,645	18%

4.1.2. OTHER RECURRENT EXPENDITURE

Other Recurrent Expenditure: Q3: \$14.3 million YTD: \$41.3 million

	Q3			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	1,830	2,877	1,468	(1,047)	-36%	362	25%	5,941	9,125	4,686	(3,183)	-35%	1,256	27%
Recurrent Sub Programmes and Projects	1,259	2,013	1,199	(754)	-37%	60	5%	3,096	6,069	2,558	(2,973)	-49%	538	21%
Utilities	1,171	1,407	1,169	(236)	-17%	2	0%	3,512	4,241	3,301	(730)	-17%	210	6%
Security expenses	579	1,473	609	(895)	-61%	(31)	-5%	1,626	2,975	1,505	(1,349)	-45%	121	8%
International Travel and Subsistence	543	422	581	121	29%	(37)	-6%	1,732	2,296	1,621	(564)	-25%	111	7%
Communication Expenses	451	705	471	(255)	-36%	(20)	-4%	1,616	2,003	1,280	(387)	-19%	336	26%
Bank charges	305	353	251	(48)	-14%	54	21%	998	1,062	942	(65)	-6%	56	6%
Data Communication cost	601	290	290	311	107%	311	107%	1,197	1,050	658	147	14%	539	82%
Insurance Expenses	67	70	45	(4)	-5%	22	0%	1,856	2,417	1,417	(560)	-23%	439	0%
Hosting and Entertainment	954	560	643	393	70%	311	48%	1,935	2,410	1,852	(475)	-20%	84	5%
Repatriation and exportation expenses	1,264	942	732	323	34%	532	73%	4,084	3,925	2,456	159	4%	1,628	66%
Other supplies, material & Equipment	495	1,143	691	(649)	-57%	(197)	-28%	1,518	3,259	1,285	(1,742)	-53%	233	18%
Computer License & Hardware maintenance	126	(475)	106	600	-127%	20	19%	982	1,798	501	(816)	-45%	481	96%
Fuel	408	479	325	(71)	-15%	83	25%	1,222	1,233	887	(11)	-1%	336	38%
Other Recurrent Expenditure	4,284	5,293	1,486	(1,009)	-19%	2,798	188%	10,595	17,439	7,349	(6,845)	-39%	3,245	44%
OTHER RECURRENT EXPENDITURE	14,336	17,554	10,066	(3,218)	-18%	4,270	42%	41,909	61,302	32,296	(19,393)	-32%	9,613	30%

In Quarter 3, Other recurrent expenses totaled \$14.3 million which was \$3.2 million or 18% behind the Estimates and in line with the prior year. Year to date, Other recurrent expenditure totaled \$41.9 million which was 32% behind Budget and 30% higher than the prior year. The performance against Budget was mainly driven by underspend on social welfare, security expenses and recurrent sub programmes. The budget variances are mainly due to timing differences between profiled and actual expenditure and this gap should narrow in the last quarter of the year.

4.1.3. NON RECURRENT EXPENDITURE

Non-Recurrent Expenditure results for the Quarter totaled \$ 1.6 million (YTD- \$5 million) mainly attributed to SIPT costs and Statutory Land Acquisitions. For Q3, Non-recurrent expenditures were 31% above Estimates and 40% 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.

4.2. EXPENDITURE BY MINISTRIES

		Quarter 3			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	%
01	Office of the Governor	1,342	1,930	1,603	(588)	-30%	(261)	-16%	4,947	6,032	5,441	(1,085)	-18%	(494)	-9%
03	Police	8,602	9,248	8,750	(646)	-7%	(148)	-2%	25,131	27,698	22,887	(2,567)	-9%	2,245	10%
04	Attorney General's Chambers	2,510	3,501	2,434	(991)	-28%	77	3%	7,889	10,640	7,037	(2,751)	-26%	852	12%
05	Judiciary Administration	1,769	2,591	1,925	(822)	-32%	(156)	-8%	6,069	7,364	4,983	(1,295)	-18%	1,086	22%
14	Statutory Charges	3,893	2,579	4,655	1,314	51%	(762)	-16%	12,375	12,792	13,207	(417)	-3%	(832)	-6%
16	Immigration and Border services	5,086	4,743	3,483	344	7%	1,604	46%	14,963	18,828	10,688	(3,865)	-21%	4,275	40%
54	Finance Trade & Investment	3,877	6,779	4,153	(2,903)	-43%	(276)	-7%	14,091	20,431	22,598	(6,340)	-31%	(8,508)	-38%
56	Office of the Deputy Governor	516	1,237	650	(722)	-58%	(134)	-21%	1,870	3,256	1,721	(1,387)	-43%	149	9%
57	Education, Youth, Sports & Social Services	11,841	12,517	10,683	(676)	-5%	1,158	11%	32,855	41,151	29,812	(8,297)	-20%	3,043	10%
58	Director of Public Prosecutions	446	570	369	(124)	-22%	77	21%	1,206	1,745	1,191	(539)	-31%	15	1%
59	Home Affairs Transportation	6,807	6,353	5,444	454	7%	1,362	25%	18,080	23,226	15,548	(5,146)	-22%	2,532	16%
60	Physical Planning & Infrastructure Development	6,321	5,432	5,986	889	16%	335	6%	17,267	24,600	15,101	(7,333)	-30%	2,166	14%
61	Tourism, Agriculture Fisheries Environment	3,910	3,202	4,384	708	22%	(474)	-11%	9,918	12,868	10,291	(2,950)	-23%	(374)	-4%
62	Health & Human Services	21,375	21,855	20,397	(481)	-2%	978	5%	63,304	67,705	60,247	(4,401)	-7%	3,057	5%
63	House of Assembly	882	851	911	31	4%	(29)	-3%	3,038	3,131	2,715	(93)	-3%	322	12%
64	Office of The Premier	1,737	2,266	1,976	(529)	-23%	(239)	-12%	4,326	6,984	4,109	(2,658)	-38%	216	5%
65	National Security Secretariat	1,308	1,733	752	(426)	-25%	556	74%	3,544	5,178	2,029	(1,634)	-32%	1,515	75%
	TOTAL PAYMENTS	82,221	87,388	78,552	(5,167)	-6%	3,669	5%	240,871	293,628	229,605	(52,757)	-18%	11,266	5%

5. 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-Dec-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 December 31, 2023 was \$0.7 million. \$245k principal repayments were made during the first nine 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.

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 that any funding, if not committed by the end of a financial year will expire and return to the Consolidated Fund.

The unaudited Development Fund balance as of December 31, 2023 was \$95.4 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	5,566,559
CAPEX 2022/23	(19,624,022)
As at December 31 2023	95,414,998

6.2. TOP TEN CAPITAL PROJECTS BY EXPENDITURE AMOUNT – YTD

Project Number	Ministry And Dept.	Project Title	TOTAL FUNDING	CAPITAL EXPENDITURE	UNSPENT FUNDS
5561	16-096	South Dock Port Redevelopment	34,094,730	9,073,113	25,021,618
5677	59-044	Purchase and Installation of New 1 million gallon Salt Water Reverse Osmosis (SWRO) Unit	3,683,396	1,271,504	2,411,893
5566	57-034	Construction of New Primary School PLS- Phase 2	6,897,935	1,206,355	5,691,580
5678	59-044	Installation of an additional 1-million gallon tank	1,570,652	1,099,959	470,693
5575	59-044	Upgrading of Water Storage and Distribution Facilities - GDT	1,721,475	941,283	780,192
5630	60-045	Replacement Vehicles	950,000	708,710	241,290
5506	60-043	NJS Francis Building	1,620,407	577,668	1,042,739
5612	03-009	IT Command and Control System(CAD Radio Upgrade All Islands)	999,720	500,104	499,616
5696	65-152	Purchase of Patrol Vessel	930,000	399,271	530,729
5545	57-034	New Block, Enid Capron Primary School	332,641	332,641	-
5610	57-033	Grand Turk Sport Complex and Shelter	2,012,678	322,782	1,689,896

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 December 31, 2023, the National Wealth Fund balance was \$51 million.

FY 2022-23 results (in US\$' '000)				Transfer to NWF in 2022/23 (US\$' 000)	Opening NWF 01/04/2023 (US\$' 000)	Interest income (US\$' 000)	Closing NWF 31/12/2023 (US\$' 000)
Actual revenue	Revised Estimates	Variance	%				
413,848	404,215	9,633	2%	-	50,780	186	50,966

7.2. STATEMENT OF FUNDS

The value of the National Wealth fund is attributable to;

(All figures in US\$' 000)	31-Dec-23 US\$'000	31-Mar-23 US\$'000
Stabilization Fund	30,776	30,646
Infrastructure and Competiveness Fund	8,793	8,756
Heritage Fund	4,395	4,378
Citizen's Empowerment Fund	7,002	7,000
National Wealth Fund balance at the end of the period	50,966	50,780

During the Quarter, the cash held by the fund was placed into a short term fixed deposit account with an interest rate of 3% per annum. This investment earned an interest of \$186k during the quarter. The short term deposit can be recalled at a month's notice when liquidity is required.

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

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

8. NATIONAL FORFEITURE FUND

The National Forfeiture Fund (NFF) has a balance of \$7.1 million as at December 30, 2023. During the third Quarter, the NFF received additional funding from the Consolidated Fund through the second supplementary appropriation. This was intended to fund the operational Budget of the Anti-Money Laundering Committee.

(All figures in US\$' 000)	31-Dec-23 US\$'000	31-Mar-23 US\$'000
Opening Balance	7,184	7,273
Receipts		
Transfers from Consolidated Fund	663	
Other receipts – proceeds of crime	572	
Total receipts	1,235	-
Payments		
Other payments	695	89
Total payments	695	89
Net increase in National Forfeiture Fund balance	540	(89)
National Forfeiture Fund balance at the end of the period	7,061	7,184

