



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



FINANCIAL REPORT
For the Second Quarter of FY2024/2025
(1 July 2024 to 30 September 2024)



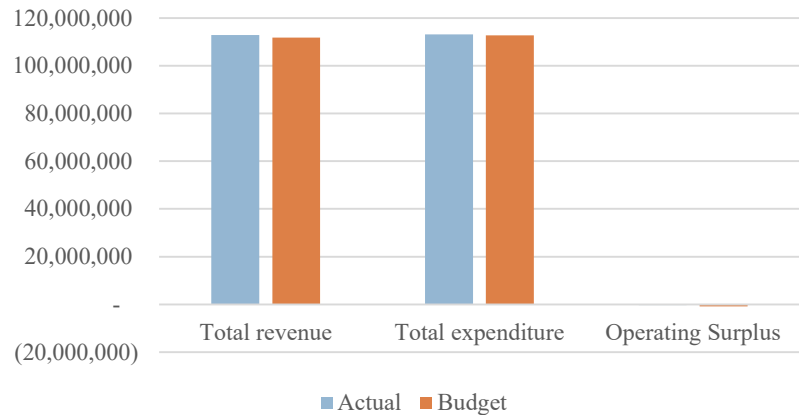
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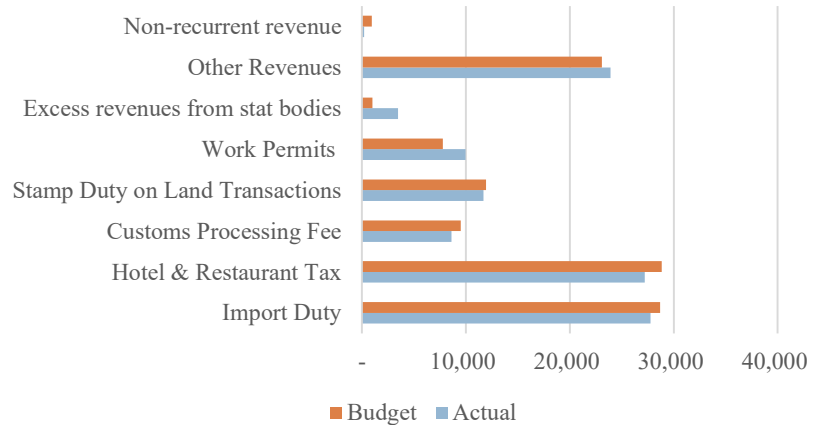
KEY POINTS

- **\$112.8 million revenue for the Quarter.** The aggregate revenue collections for Q2 were \$112.8 million against a budget of \$111.8 million.
- **\$0.3 million operating deficit.** The operating result \$0.3 million was a deficit for the Quarter against the forecast deficit of \$0.9 million.
- **Increase in the underlying Cash balances.** The closing cash balance at the end of the quarter was \$415.5 million
- **\$18.7 million Capital expenditure during the year to date.** Capital expenditure for the quarter amounted to \$8.9 million, representing a 27% increase compared to the same quarter in the previous year but a 41% underperformance on Budget.

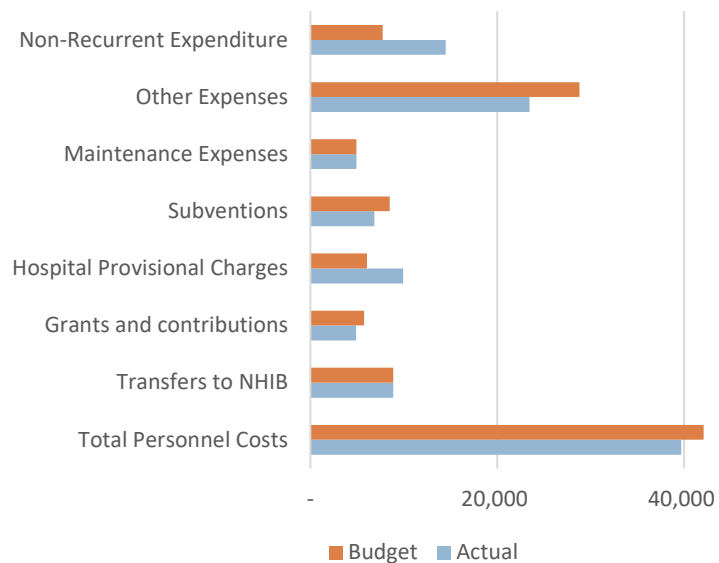
Q2 FY2024-25 Operational Highlights



Q2 FY2024-25 Revenue Budget Vs Actual



Q2 FY2024-25 Budget Vs Actual Expenditure



1. FOREWORD

The second Quarter of the FY2024-25 Financial Report (Unaudited) summarizes the results of operations for the Government of the Turks and Caicos Islands for July to September 2024.

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 2024)
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)

2. BUDGETARY OVERVIEW

The Estimates of Revenue and Expenditure for the financial year 2024-25 were approved in the House of Assembly on April 19, 2024, 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 \$476.2 million, operating expenditures of \$438.3 million, and capital expenditure estimated at \$60.3 million, resulting in a projected deficit of \$22.4 million.

The Government ended the second Quarter of FY2024-2025 with an operating deficit of \$0.3 million and a cash increase of \$4.1 million, bringing the closing cash balance to \$415.5 million. Revenue for Q2 was 1% higher than budget and 10% more than that of a similar period in the prior year. Despite inflationary pressures, the Turks & Caicos Islands Government continues to experience 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.

3. ECONOMIC OVERVIEW

The local economy and, by extension, the world continues to face inflationary pressures in FY 2024/25 arising from geopolitical tensions in Ukraine and the Middle East.

The International Monetary Fund (IMF), in its July 2024 World Economic Outlook update, projected global growth at 3.2% in 2024 and 3.3% in 2025, consistent with the previous April forecast. The global economy has shown resilience, driven by robust private consumption in key regions, despite persistent services inflation and trade tensions. However, global disinflation has slowed, raising concerns about inflation and the possibility of higher interest rates for a more extended period.

The IMF also underscored risks such as geopolitical tensions, the rise of protectionist policies, and the challenges in achieving sustainable fiscal policy. To address these, the IMF suggested that policymakers focus on maintaining price stability, cautiously approaching monetary easing, and strengthening multilateral cooperation to tackle global challenges like climate change and economic inequality.

According to the World Bank (published January 2024), the Caribbean region's growth forecast for 2024 is 2.3%, which is lower than the pre-pandemic growth levels. The region is expected to see continued, albeit slow, recovery. Key growth drivers include the revitalization of tourism and the development of the "blue economy," which focuses on the sustainable use of ocean resources. However, the region remains highly vulnerable to natural disasters and climate change, with extreme weather events posing substantial economic stability and development risks. The World Bank emphasizes the need for Caribbean countries to build fiscal and financial resilience, invest in climate adaptation, and enhance disaster preparedness to mitigate these risks. Structural reforms to improve the investment climate, increase connectivity, and foster new economic sectors are crucial for sustainable growth and high-productivity jobs¹.

The economic outlook for the Turks and Caicos Islands (TCI) in 2024 appears positive, with strong growth projected despite some global headwinds. S&P Global Ratings revised their TCI economic outlook to positive in April 2024,

¹ <https://www.worldbank.org/en/region/lac/publication/perspectivas-economicas-america-latina-caribe>

forecasting continued strong economic performance. Tourism remains the core driver of the TCI economy, accounting for about 65% of GDP. The tourism sector and, by the extension, the construction and real estate sectors are showing continued growth. The S&P report also forecasts stable fiscal policy, leading to government surpluses during the forecast horizon. The TCI Statistics Authority expects GDP per capita to increase to \$34,500 in 2024, signifying a healthy economic performance.

4. FISCAL OVERVIEW

The Government has ended the Quarter with an operating deficit of \$0.3 million and a cash increase of \$4.1 million to a closing cash balance of \$415.5 million. Revenue for the Quarter was 1% higher than budget and 10% more than in a period similar to the prior year. It is imperative to closely monitor expenditures against revenues, budget, and the prior year while 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, 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.

4.1. FISCAL SUMMARY

The second Quarter of FY 2024/25 recorded an operating deficit of \$0.3 million against a projected deficit of \$0.9 million. The result was 101% or \$20.1 million lower than the prior year. The performance against budget is mostly driven by higher than expected non-recurrent expenditure (transfer to NWF).

FISCAL SUMMARY	Quarter 2			Variance			
	Actual \$ 000's	Budget \$ 000's	Prior Year \$ 000's	Budget \$ 000's	%	Prior Year \$ 000's	%
Recurrent Revenue	112,624	110,835	101,820	1,789	2%	10,804	11%
Non-Recurrent Revenue	217	952	531	(736)	-77%	(314)	-59%
Total Revenue	112,841	111,787	102,351	1,054	1%	10,490	10%
Recurrent Expenditure	² 98,625	104,965	81,074	(6,339)	-6%	17,551	22%
Non-Recurrent Expenditure	14,475	7,716	1,415	6,759	88%	13,061	923%
Total Expenditure	113,101	112,681	82,489	420	0%	30,612	37%
Net Operating Deficit/Surplus	(260)	(894)	19,862	634	-71%	(20,122)	-101%

4.2. CASH FLOW

The underlying cash balance at the end of the Quarter increased by \$4.1 million from the prior Quarter's outturn. This increased TCIG's cash and cash equivalents from \$411.5 million at the end of Q1 (June 2024) to \$415.5 million at September 30 2024. Cash balances comprise cash at Bank, short term fixed deposits and cash-in-transit.

CASH FLOW SUMMARY	Quarter 2			Variance			
	Actual \$ 000's	Budget \$ 000's	Prior Year \$ 000's	Budget \$ 000's	%	Prior Year \$ 000's	%
Cash Flow from Operations	(260)	(894)	19,862	634	-71%	(20,122)	-101%
Less:							
Development Fund Expenditure	(8,854)	(15,000)	(6,999)	6,146	-41%	(1,855)	27%
Debt Repayments	(106)	-	(89)	(106)	0%	(17)	0%
Net receipts/(payments) of public accounts	13,295	-	4,185	13,295	0%	(9,110)	-218%
Net Cash Flow	4,076	(15,894)	16,959	19,969	-126%	(12,883)	-76%
Opening cash balance	411,456		316,350				
Closing cash balance	415,532		333,309				
Attributable to:							
Consolidated Fund	214,151		181,154				
Development Fund	101,158		94,833				
National Forfeiture Fund	7,599		6,505				
National Wealth Fund	92,581		50,816				
Destination Enhancement Fund	43		-				
Closing cash balance	415,532		333,309				

² *\$13 million in Expenditure was non-cash movement to the National Wealth Fund for the Mortgage Corporation

5. REVENUE

5.1. REVENUE BY ECONOMIC CLASSIFICATION

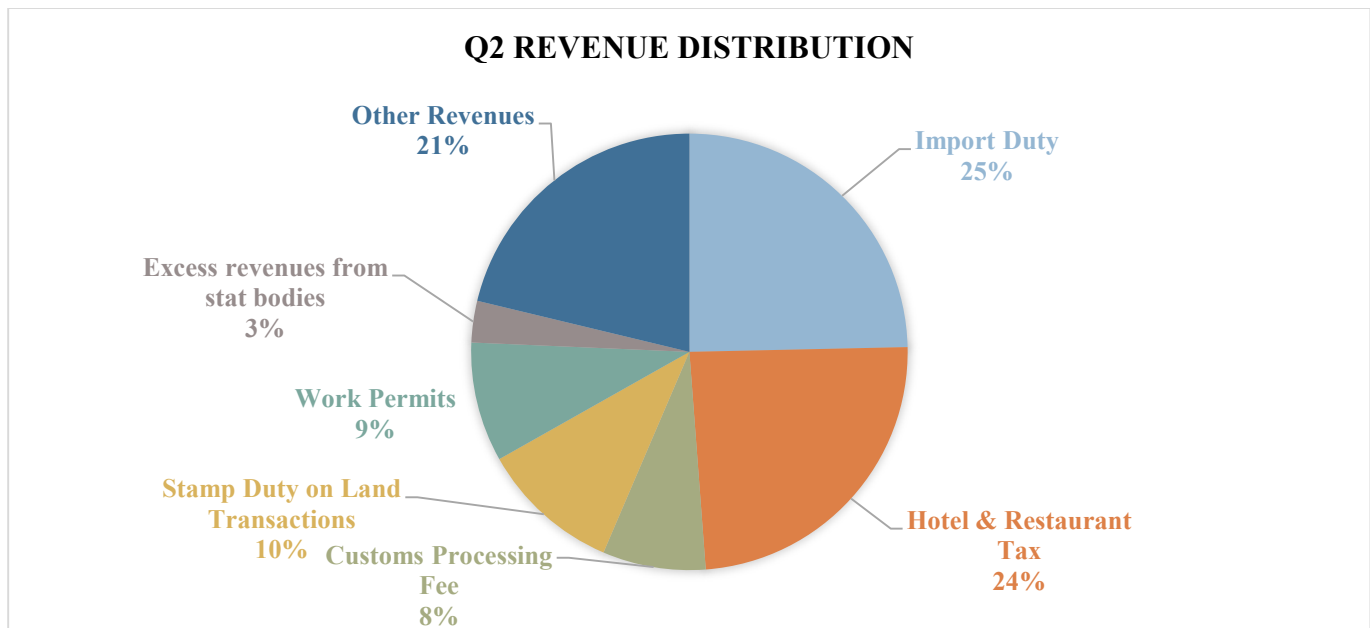
5.1.1. RECURRENT REVENUE

Q2: \$112.8 million

	Quarter 2			Variances			
	Actual	Budget	Last Year	Budget		Last Year	
	\$000	\$000	\$000	\$000	%	\$000	%
Recurrent Revenues							
Import Duty	27,764	28,702	23,965	(939)	-3%	3,799	16%
Hotel & Restaurant Tax	27,202	28,840	27,654	(1,638)	-6%	(452)	-2%
Customs Processing Fee	8,598	9,506	7,976	(908)	-10%	622	8%
Stamp Duty on Land Transactions	11,700	11,945	12,688	(245)	-2%	(988)	-8%
Work Permits	9,976	7,766	7,616	2,209	28%	2,359	31%
Excess revenues from stat bodies	3,466	988	3,855	2,478	251%	(389)	-10%
Other Revenues	23,919	23,087	18,066	832	4%	5,853	32%
Total Recurrent Revenue	112,624	110,835	101,820	1,789	2%	10,804	11%

Aggregate Revenue for the Quarter totaled \$112.8 million. This result was 1% ahead of budget and 10% higher the prior year's collections. This is attributed to higher-than-expected 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 68% of the total Revenue.

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



Import Duties formed the largest portion of the Revenue collected (25%). Import duty collections totaled \$27.8 million, which was 3% lower than budget and 16% higher than the prior year. Current legislative decisions impacting import duty collection include restrictions on importing old vehicles, extended waivers on breadbasket items, and reduced additional charges on fuel imports. Underperformance against budget is due to outstanding arrears from Oil importers due to an ongoing dispute on fuel tax rates levied between October 2023 and March 2024. Per the reports released by the Border Force, the trade value of imports has steadily increased, with the primary import items being alcohol(15%), construction materials (14%), vehicles (14%) and household items (14%). 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. The slight underperformance against budget can be attributed to duty changes that have not yet been implemented in the system, leading to delayed payments by oil companies.

Hotel, Restaurant and Tourism Tax (HRTT) formed the second-largest portion of the Revenue collected (24%) during the Quarter. Tourism activities have remained steady during the summer months and tourism arrivals have returned to pre-pandemic levels. HRT collections of \$27.2 million were \$1.6 million or 6% below the Estimates and \$0.5 million or 2% less than the prior year. The unfavourable performance in the Quarter is attributed to a slight decline in Airport arrivals during the summer period.

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 \$11.7 million. The collections are \$0.2 million or 2% lower than the Estimates and \$1 million or 8% less than the prior year period. Year to date collections totaled \$31.1 million which was \$6.4 million or 26% higher than Estimates and \$5.3 million or 21% more 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. 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 \$0.9 million or 10% lower than the budget and \$0.6 million or 8% higher than prior year results. Customs processing fees revenue can be affected by either increased or decrease in import activities especially in the construction industry, and inflation on imports. Performance against budget can be attributed to outstanding arrears from oil companies due to ongoing system rate disputes.

Receipts from Work Permits were \$10 million for Q2, accounting for 9% of the total Revenue. These results were higher than the Estimates by \$2.2 million or 28% and higher than prior year by \$2.4 million or 31%. 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 \$3.5 million. This was \$2.5 million or 251% ahead of budget and \$0.4 million or 10% less than the prior year results. This performance is attributed to remittances from Invest TC, FSC and the Civil Aviation Authority, as there were no forecast remittances for these entities for Q2.

5.1.2. OTHER RECURRENT REVENUE

Others revenues totaled \$23.9 million for Q2 which was \$0.8 million or 4% higher than Estimates and \$5.9 million or 32% higher than the prior year. The favourable performance is attributed to Seaport Departure tax and Destination Management fees offset by adverse performance of Fuel Tax and Telecommunication Licenses.

The table below shows the breakdown of Other Revenue.

	Quarter 2			Variances			
	Actual	Budget	Last Year	Budget		Last Year	
	\$000	\$000	\$000	\$000	%	\$000	%
Seaport Departure Tax	3,026	2,069	1,921	956	46%	1,105	58%
Destination Management Fees	1,972	1,210	-	762	63%	1,972	-
Business License renewal	469	389	341	80	21%	128	38%
Communication Tax	1,339	1,410	1,366	(71)	(5%)	(27)	(2%)
Gaming Machine Tax	1,266	1,396	1,062	(130)	(9%)	204	19%
Telecommunication Licenses	1,005	1,214	1,274	(210)	(17%)	(270)	(21%)
Overtime Costs Recovered	471	565	376	(94)	(17%)	95	25%
Fuel Tax	1,728	2,074	1,681	(346)	(17%)	47	3%
Vehicle License Renewals	936	803	821	134	17%	115	14%
Permanent Residency Fees	1,334	1,286	1,561	48	4%	(226)	(14%)
Insurance Premiums tax	618	738	711	(120)	(16%)	(93)	(13%)
Stamp duty - vehicle hire	703	510	460	193	38%	242	53%
Stamp duty Miscellaneous	65	80	28	(15)	(19%)	36	127%
PDA application fees	617	670	1,102	(53)	(8%)	(485)	(44%)
Work Permits Repatriation Program	1,019	723	542	296	41%	477	88%
Other Revenues	7,353	7,950	4,820	(597)	(8%)	2,533	53%
TOTAL OTHER REVENUE	23,919	23,087	18,066	832	4%	5,853	32%

5.1.3. NON-RECURRENT REVENUE

	Quarter 2			Variances			
	Actual	Budget	Last Year	Budget		Last Year	
	\$000	\$000	\$000	\$000	%	\$000	%
Non- Recurrent Revenues							
Land Sales	220	376	525	(155)	-41%	(305)	-58%
Revenue From Grants	(3)	577	6	(580)	-101%	(10)	-156%
	217	952	531	(736)	-77%	(314)	-59%

Non-recurrent Revenue of \$0.2 million mainly related to land sales was recorded during the Quarter. This was 41% lower than Estimates and 58% lower than the prior year. The unfavorable variances are as result of Grant Income, expected but not received during the period.

6. EXPENDITURE

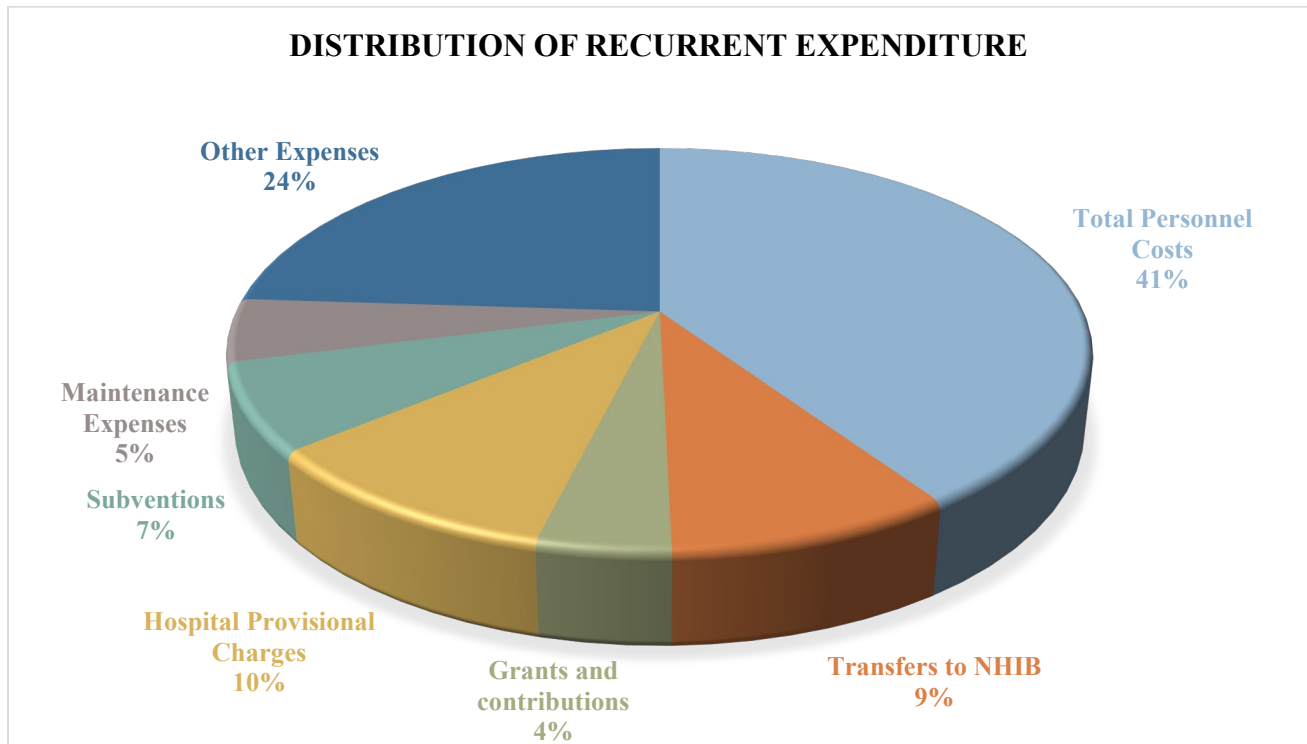
6.1. EXPENDITURE BY ECONOMIC CLASSIFICATION

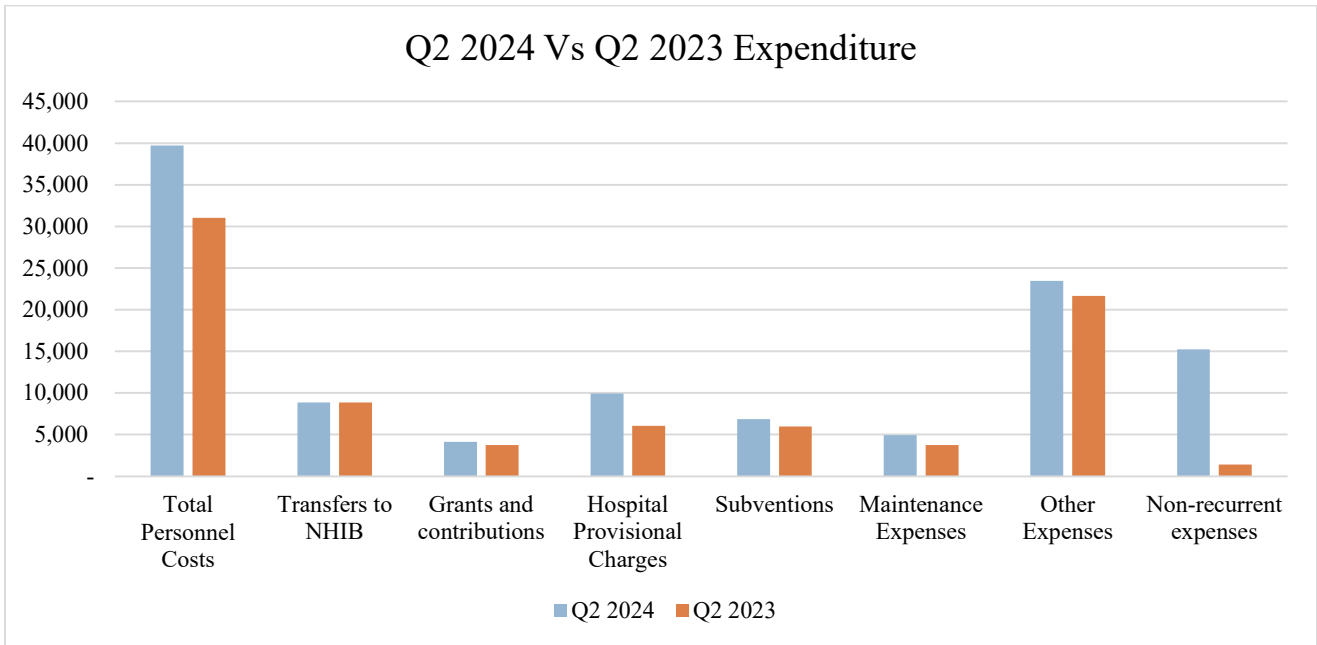
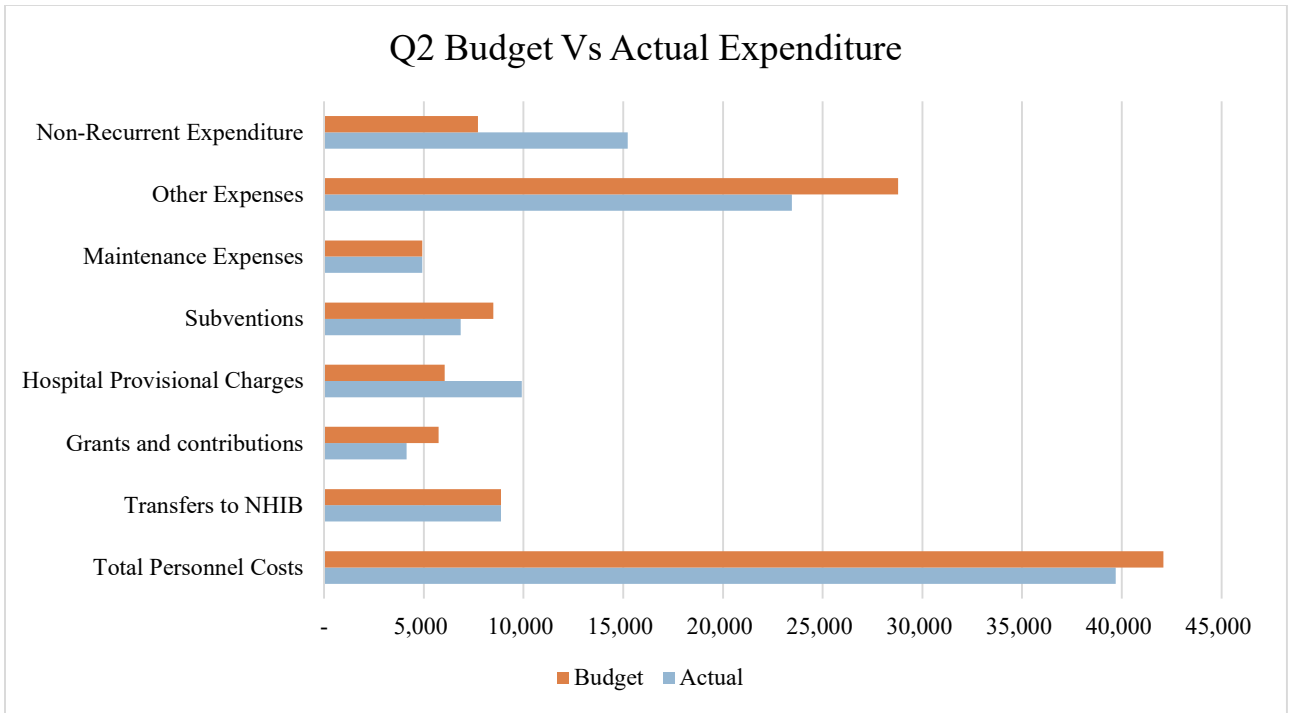
6.1.1. RECURRENT EXPENDITURE

Recurrent Expenditure: Q2: \$97.9 million

	Quarter 2			Variances			
	Actual	Budget	Last Year	Budget		Last Year	
	\$000	\$000	\$000	\$000	%	\$000	%
Recurrent Expenditure							
Total Personnel Costs	39,701	42,088	31,020	(2,387)	-6%	8,681	28%
Transfers to NHIB	8,873	8,873	8,873	(0)	0%	(0)	0%
Grants and contributions	4,145	5,748	3,756	(1,603)	-28%	388	10%
Hospital Provisional Charges	9,924	6,054	6,053	3,870	64%	3,871	64%
Subventions	6,849	8,490	5,981	(1,641)	-19%	868	15%
Maintenance Expenses	4,931	4,925	3,743	6	0%	1,188	32%
Other Expenses	23,453	28,787	21,648	(5,334)	-19%	1,805	8%
Total Recurrent Expenditure	97,875	104,965	81,074	(7,089)	-7%	16,801	21%

Recurrent expenditure for Q2 totaled \$97.9 million. The results were 7% or \$7.1 million less than the Estimates and \$16.8 million or 21% 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 Subventions, Grants & Contributions and Professional and consultancy costs offset by overspending on hospital provisional charges. Recurrent expenditures were distributed as shown below;





\$113.1 million was expended during the second Quarter (\$97.9 million recurrent expenditure and \$15.2 million non-recurrent expenditure). These results were \$0.4 million (less than 1%) lower than budget and \$30.6 million or 37% higher than prior year.

Personnel Costs accounted for 41% of the recurrent expenditure, totaling \$39.7 million, compared to the Estimates of \$42.1 million leading to \$2.4 million or 6% underspend. The Personnel costs were \$8.7 million or 28% higher than the prior year. The increase against the prior year is mainly attributed to the pay and regarding review. 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	29,417	31,995	21,559	(2,579)	-8%	7,857	36%
Contribution to NIB and NHIB	2,550	2,377	1,944	173	7%	606	31%
Housing Allowances	1,490	1,812	1,406	(323)	-18%	83	6%
Transport Allowances	254	438	248	(185)	-42%	5	2%
Telephone Allowances	288	343	265	(55)	-16%	23	9%
Other Allowances	1,276	1,290	1,910	(14)	-1%	(634)	-33%
Total compensation of employees	35,273	38,256	27,332	(2,983)	-8%	7,942	29%
Compensation to Members of the House of Assembly							
Salaries - Ministers and Members	618	626	468	(8)	-1%	151	32%
Contribution to NIB and NHIB for Ministers and Members	25	34	24	(9)	-26%	1	5%
Allowances for Ministers and Members	137	139	138	(2)	-1%	-	0%
Total compensation of members of the House of Assembly	781	800	630	(18)	-2%	152	24%
Pensions and gratuities							
Pensions (PSPP and RAP)*	1,407	1,569	1,123	(161)	-10%	285	25%
Employer's Pension Contribution (PSEPF)*	783	928	608	(145)	-16%	175	29%
Gratuities	839	90	640	749	833%	199	31%
Pensions - Legislators	617	445	425	172	39%	191	45%
Gratuities - Legislators	-	-	263	-	-	(263)	-100%
Total pensions and gratuities	3,646	3,032	3,058	614	20%	588	19%
Total Wages, Salaries and Employee benefits	39,701	42,088	31,020	(2,387)	-6%	8,681	28%

*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 \$10 million against Estimates of \$8.9 million and \$6.1 million respectively. The budget variance on the Hospital Costs is due to payments to Interhealth Canada for Q1 that cleared out in the second Quarter as a result of arbitration and reconciliations. Transfers to NHIB were in line with the prior year, while Hospital provisional charges were 64% higher than the prior year.

Grants and contributions totaled \$4.1 million. This was \$1.6 million or 28% less than Estimates and \$0.4 million or 10% higher than the prior year. The underperformance is attributed to delayed spending on the financial assistance programme and procurement process backlog that is leading to delays for the community enhancement programme.

Subventions totalled \$6.8 million, 19% less than the Q2 Estimates. The underperformance is attributed to TCI Community College's Q2 subvention being paid in Q1.

Maintenance expenses totaled \$4.9 million. This was \$6 thousand higher than Estimates and \$1.2 million or 32% higher than the prior year.

6.1.2. OTHER RECURRENT EXPENDITURE

Other Recurrent Expenditure: Q2: \$23.5 million

	Quarter 2			Variances			
	Actual	Budget	Last Year	Budget		Last Year	
	\$000	\$000	\$000	\$000	%	\$000	%
Rental of assets	1,704	1,891	1,548	(187)	-10%	156	10%
Social welfare	2,850	2,767	2,192	84	3%	658	30%
Professional and Consultancy Services	3,111	5,083	2,121	(1,971)	-39%	990	47%
Recurrent Sub Programmes and Projects	2,914	3,092	1,201	(178)	-6%	1,713	143%
Utilities	1,458	1,420	1,231	37	3%	227	18%
Security expenses	866	940	495	(75)	-8%	370	75%
Local Travel and Subsistence	1,171	1,191	895	(19)	-2%	277	31%
International Travel and Subsistence	652	965	625	(313)	-32%	27	4%
Communication Expenses	556	638	567	(82)	-13%	(11)	-2%
Bank charges	368	366	360	2	1%	8	2%
Data Communication cost	690	500	377	190	38%	313	83%
Insurance Expenses	63	557	1,790	(494)	-89%	(1,727)	-96%
Hosting and Entertainment	368	801	593	(433)	-54%	(225)	-38%
Repatriation and exportation expenses	1,283	1,807	1,763	(524)	-29%	(480)	-27%
Other supplies, material & Equipment	556	710	667	(154)	-22%	(111)	-17%
Fuel	446	386	457	60	15%	(11)	-2%
Other Recurrent Expenditure	4,397	5,673	4,765	(1,277)	-23%	(368)	-8%
TOTAL OTHER RECURRENT EXPENDITURE	23,453	28,787	21,648	(5,334)	-19%	1,805	8%

Other expenses totalled \$23.5 million, which was \$5.3 million or 19% behind the Estimates and \$1.8 million or 8% more than the prior year. The variances in budget are mainly due to timing differences between profiled and actual expenditure, and this gap should narrow as the year progresses.

6.1.3. NON RECURRENT EXPENDITURE

Non-Recurrent Expenditure: Q2: \$15.2 million

	Quarter 2			Variances			
	Actual	Budget	Last Year	Budget		Last Year	
	\$000	\$000	\$000	\$000	%	\$000	%
Non-Recurrent Expenditure							
Statutory Land Acquisitions	50	750	-	(700)	-93%	50	-
SIPT	1,326	1,714	943	(388)	-23%	383	41%
Transfer to National Wealth Fund	13,000	5,000	-	8,000	160%	13,000	-
Civil Recovery Costs	93	240	464	(147)	-61%	(371)	-80%
Covid-19 Expenses	-	-	-	-	-100%	-	-100%
Contingency	750	-	-	750	-	750	0%
Finance costs	6	12	7	(6)	-51%	(1)	-18%
Total Non-Recurrent Expenditure	15,225	7,716	1,415	7,509	97%	13,811	976%

Non-Recurrent Expenditure results for Q2 totaled \$15.2 million mainly attributed to transfer to National Wealth Fund as part of a second tranche of seed funding for the Mortgage Corporation Fund of \$13 million, SIPT costs of \$1.3 million and Contingency of \$750 thousands as contribution to the Caribbean Disaster Emergency Management Agency (CDEMA). Non-recurrent expenditures were 97% above Estimates for the Quarter and 976% above the same period in the prior year.

7. OUTSTANDING PUBLIC DEBT

Statement of Outstanding Public Debt	Interest Rates	Outstanding Balance	New Drawdowns	Principal Repayment During	Outstanding Balance
	%	01-Apr-24 US\$'000	2024/25	2024/25 US\$'000	30-Sep-24 US\$'000
Financial Liabilities - Borrowings					
Further Education (04/SFR-OR-TCI)	2.5%	370	-	(43)	326
Climate Resilient Coastal Protection and Management (4/OR-TCI)	4.90%	112	-	(112)	-
Integrated Solid Waste Management (5/OR-TCI)	4.90%	218	121	(49)	289
Total unsecured debts		700	121	(205)	616

TCIG holds three debt instruments with the Caribbean Development Bank (CDB). The outstanding debt as of September 30, 2024 was \$0.6 million. Year to date, new drawdowns of \$121k were made, \$205k principal repayments were made, and \$14k 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	289,454	2,716,354
Outstanding Amount as at 31/03/2024 (US\$)	326,087	-	289,454	615,541
Year of first disbursement	2000	2021	2023	
Maturity Date	01-Apr-28	01-Jul-24	01-Jul-26	
Principal Repaid YTD (US\$)	43,478	112,367	49,381	205,226
Interest Paid YTD (US\$)	4,484	2,086	5,386	11,955
Commitment fees paid YTD (US\$)	-	71	2,043	2,113
Other charges paid YTD (US\$)	-	-	150	150
Total Debt Servicing YTD (US\$)	47,962	114,524	56,809	219,295

8. DEVELOPMENT FUND

8.1. DEVELOPMENT FUND ANALYSIS

The Development Fund balance as of September 30, 2024 was \$101.2 million, and the Capital expenditure year to date is \$18.7 million. The movement in the fund balance is shown below.

Closing 31/03/2023	45,772,571
Awards and commitments	41,710,022
Completed projects - savings returned to CF	(375,778)
CAPEX 2023/24	(27,610,359)
Closing 31/03/2024	59,496,455
Appropriation for FY 2024-25	60,336,000
Capex YTD	(18,674,202)
As at September 30 2024	101,158,253

8.2. TOP CAPITAL PROJECTS BY EXPENDITURE AMOUNT

The top capital projects expended Year to Date are shown below.

	Project Number	Project Title	CAPEX YTD
1	5561	South Dock Port Redevelopment	9,266,286.07
2	5763	Bridges, Ponds and Roads - GDT	1,293,802.50
3	5788	Ambulances for Islands	855,228.13
4	5624	Prison Works	775,230.36
5	5566	Construction of New Primary School PLS- Phase 2	718,246.74
6	5683	Remediation Works to Ponds and Bridges	697,095.62
7	5610	Grand Turk Sports Complex and Shelter	492,780.68
8	5762	Back-up Generators including Housing	469,731.20
9	5668	Digitization Phase 2	391,209.60
10	5741	Land Registry Digitalization Project	355,111.80
11	5752	Furniture and Equipment for Schools	263,920.05
12	5720	DECR Equipment	246,348.40
13	5807	Crown Land Projects	234,075.00
14	5677	Purchase and Installation of New 1 million gallon SWRO Unit	232,056.75
15	5838	Equipment for Electoral Office	227,669.00
16	5673	Drainage and Site Works HJRHS	221,868.00
17	5617	Software Digitization Unit	172,724.00
18	5734	Housing Project Initiative	160,567.64
19	5678	Installation of an additional 1-million-gallon tank	157,234.20
20	5698	Vehicles - one full size sports utility vehicle and four pick-up trucks	154,000.00
21	5697	Police Mobile Station	144,220.00
22	5664	Furniture and Equipment for Court Buildings in North and South Caicos	103,208.10
23	5688	Vehicles for Departments	102,340.00

9. NATIONAL WEALTH FUND

Transfers to the National Wealth Fund during the year are made as per the 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. Transfers totaling \$20.7m has been computed based on the actual results of FY 2023/24. Actual transfers will be effected once the financial statements have been audited.

The approved budget for FY2024-25 included \$13 million additional funding to the Mortgage Corporation Fund. These funds were transferred during the Quarter.

9.1. STATEMENT OF ACCOUNT

As of September 30 2024, the National Wealth Fund balance was \$92.6 million.

FY 2023-24 results (in US\$' '000)				Transfer of (50%) excess revenue (US\$' 000)	Opening NWF 01/04/2024 (US\$' 000)	Transfers to Mortgage Fund (US\$' 000)	Interest income (US\$' 000)	Closing NWF 30/09/2024 (US\$' 000)
Actual revenue	Estimates	Excess	%					
458,890	417,847	41,043	10%	20,522	58,376	13,000	683	92,581

9.2. STATEMENT OF FUNDS

The value of the National Wealth fund is attributable to;

(All figures in US\$'000)	30-Sep-24 US\$'000	31-Mar-24 US\$'000
Stabilization Fund	45,907	31,063
Infrastructure and Competiveness Fund	13,116	8,875
Heritage Fund	6,340	4,432
Citizen's Empowerment Fund	7,112	7,006
Mortgage Corporation Fund	20,106	7,000
National Wealth Fund balance at the end of the period	92,581	58,376
Represented by		
Cash at Bank	19,825	7,005
Cash receivable from the Consolidated Fund (excess reserves)	20,522	-
Fixed deposit	52,050	51,371
Investment Property	184	-
	92,581	58,376

Fixed deposit totaling to \$52.1 million is currently held by the National Wealth Fund with an interest rate of 3.1% per annum. The short term deposit can be recalled at a month's notice when liquidity is required. The Fund also holds \$184k as a deposit on an investment property.

10. NATIONAL FORFEITURE FUND

The National Forfeiture Fund (NFF) has a balance of \$7.6 million as of September 30, 2024. During the year, the NFF received additional funding from the Consolidated Fund through appropriation. This was intended to fund the operational Budget of the Anti-Money Laundering Committee.

Movement in the Fund is shown below.

(All figures in US\$'000)	30-Sep-24 US\$'000	31-Mar-24 US\$'000
Opening Balance	6,832	7,184
Receipts		
Transfers from Consolidated Fund	920	663
Other receipts	19	572
Total receipts	939	1,235
Payments		
Other payments	172	1,587
Total payments	172	1,587
Net increase in National Forfeiture Fund balance	767	(352)
National Forfeiture Fund balance at the end of the period	7,599	6,832

11. DESTINATION ENHANCEMENT FUND (DEF)

Section 12 of the Destination Management Fee Ordinance stipulates the establishment of the Destination Enhancement Fund under the administration and control of the Permanent Secretary of Finance. All fees collected by carriers (Destination Management Fees) are to be deposited into the Fund. The Fund is intended for the following purposes: the protection and preservation of the natural, rural, agricultural, and marine environments; the promotion of sustainable tourism; the maintenance of historical and cultural heritage sites; tourism education and training of tourism businesses; the maintenance and development of tourist sites and other tourism-related activities throughout the Islands; and the marketing of the Islands as a premier tourist destination.

11.1. STATEMENT OF DEF FUNDS

The Destination Enhancement Fund balance as at September 30, 2024 is shown below;

(All figures in US\$'000)	30-Sep-24	31-Mar-24
Opening Balance	1,164	-
Receipts		
Destination management fees	2,127	1,164
Total receipts	3,291	1,164
Payments		
Subvention to the DMMO	(3,248)	-
Other payments	-	-
Total payments	(3,248)	-
Destination Enhancement Fund balance at the end of the period	43	1,164

*DMMO- Destination Marketing and Management Organisation

11.2. STATEMENT OF DEF ARREARS

The outstanding arrears due from the TCI Airport Authority to the Destination Enhancement Fund are shown below

Amounts billed to Airlines by TCIAA \$'000	Amounts remitted to the DEF by TCIAA \$'000	Outstanding amounts due from TCIAA \$'000
6,509	3,291	3,218

12. PUBLIC SECTOR EMPLOYEES PENSION FUND (PSEPF)

The Fund was reconciled as follows at September 30 2024.

	30-Sep-24	31-Mar-24
Opening balance at April 1	21,179,406.46	14,870,460.00
CONTRIBUTIONS MADE:		
Contributions by Statutory bodies	661,977.12	1,714,960.38
Employer's Contributions by TCIG- YTD	1,574,767.00	2,700,047.05
TCIG Employees' contributions- YTD	1,574,767.00	2,610,305.43
BENEFITS PAID:		
Payments to beneficiaries YTD	(249,698.37)	(692,071.00)
Prior year adjustment on benefits paid		(24,272.15)
Bank charges YTD	(15.50)	(23.25)
Closing PSEPF balance	24,741,203.71	21,179,406.46
Bank balance as at September 30 2024	21,841,368.08	
Amounts due from TCIG	2,899,835.63	

PSEPF pay-out beneficiaries - year to date – 24 (Q2 2023/24: 15)

13. HUMAN RESOURCE MANAGEMENT

Employees

There were 2,076 people employed by TCIG at the end of September 2024, consisting of 1,786 monthly paid employees and 290 waged employees, exclusive of the Royal Turks and Caicos Police Force. Excluding internal transfers, there were 76 new recruits and 54 attritions during the Quarter.

Pensioners

The total number of Pensioners on the Public Service Pension and Retiring Allowance Plans at the end of the Quarter was 316.

14. FINANCIAL OUTLOOK

The Turks and Caicos Islands Government (TCIG) has maintained strong financial performance, despite an operating deficit in the second Quarter of 2024. Revenue targets are expected to be met, and as funds are released, MDAs will expedite program activities.

Tourism remains the cornerstone of the economy, significantly impacting TCIG's financial outlook. Tourism generates Revenue, creates jobs, and drives economic growth. Despite global economic uncertainties and inflationary pressures, the Turks and Caicos Islands economy has rebounded financially and witnessed stable tourist arrivals. Real Gross Domestic Product (GDP) is projected to grow by 4% in FY2024-25.

