



# **GOVERNMENT OF THE TURKS AND CAICOS ISLANDS**

## **FY2022/23 FOURTH QUARTER FINANCIAL REPORT**

**A REPORT ON THE FINANCIAL AFFAIRS OF THE TURKS AND  
CAICOS ISLAND GOVERNMENT FOR THE PERIOD 1 JANUARY  
2023 TO 31 MARCH 2023**

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# FOREWORD

The fourth Quarter of the FY2022-23 Financial Report (Unaudited) summarises the Government of the Turks and Caicos Islands operations results for January to March 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), and 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 analysing 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 recognised when received and not earned; Expenditure is recorded when it is incurred and paid.

**PERIODICITY:** Quarterly (Qtr. 4: January – March 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](http://www.gov.tc/treasury))

## KEY POINTS

- **\$14 million increase in underlying cash balance**

The underlying cash balance as at the quarter ending 31 March 2023 showed an increase of \$14 million against the expected increase of \$19.1 million.

- **\$2.3 million operating surplus**

The operating balance for the quarter was a surplus of \$2.3 million against the forecast surplus of \$34.4 million.

- **\$7.15 million transfer to Public Sector Employees Pension Fund**

\$7.15 million was transferred to the Public Sector Employees Pension Fund. As at 31 March 2022 the Fund held a balance of \$14.9 million

- **\$7m transfers to the newly established Citizens Empowerment Fund**

The National Wealth Fund Ordinance was amended to create a Citizens Empowerment Fund to provide funding for a Credit Union. An initial \$7 million was transferred to the Fund

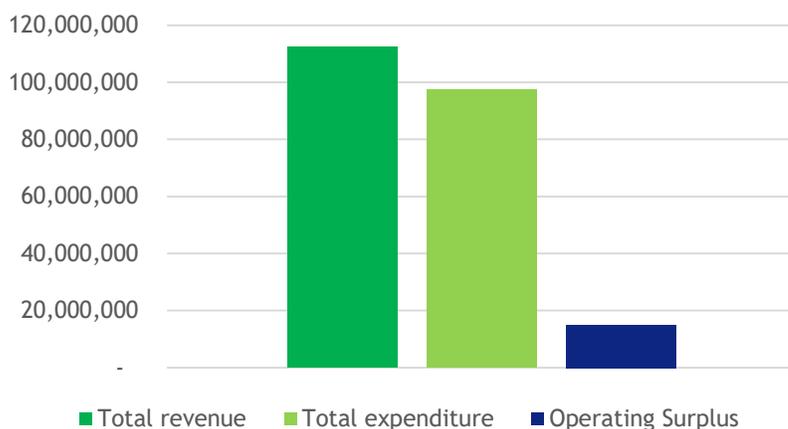
- **\$32.9 million HRT revenue**

Revenue collections for Hotel and Restaurant Tax for the Quarter was \$32.9 million against a budget of \$26.7 million.

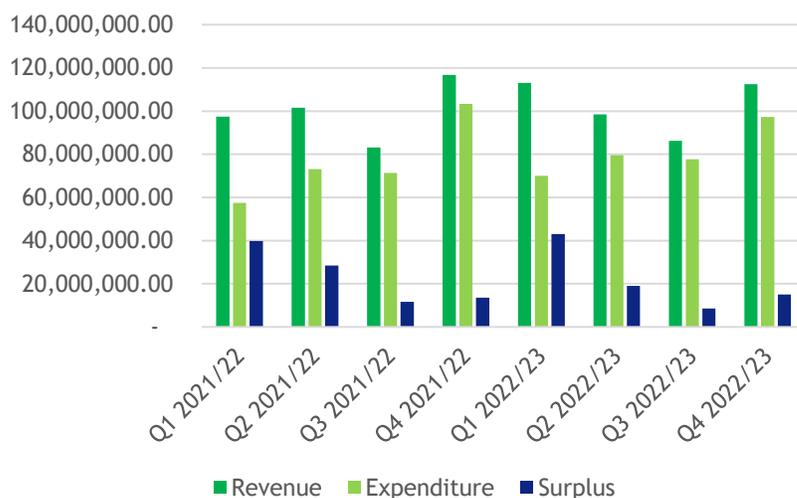
- **\$5 Million Capital Expenditure**

During the Quarter \$5 Million was spent on capital projects.

### Q4 PERFORMANCE



### Performance trend FY2021 and FY2022



#### Cash Balances as of 31 January 2023:

	US\$ '000	% share
Unrestricted cash balances	130,293	48%
Development Fund	67,392	25%
National Forfeiture Fund	7,273	3%
National Wealth Fund	50,780	19%
Public Sector Employees Pension Plan	14,870	5%
TCI Bank	170	0%
<b>Cash and cash equivalents</b>	<b>270,778</b>	<b>100%</b>

## BUDGETARY OVERVIEW

The Estimates of Revenue and Expenditure (the "Estimates") for the financial year (FY) 2022-23 were approved in the House of Assembly on 5 May 2022, to implement the strategies, development programmes and projects, concentrating on the well-being of the people of the Turks and Caicos Islands, national transformation and economic development.

The Government presented a budget including revenues of \$395 million, operating expenditures of \$388.9 million and contributions to the Development Fund of \$50 million, resulting in a budgeted surplus of \$6.8 million.

The first supplementary budget was approved in July 2022 to increase the grants and contributions expenditure estimates by \$14 million as part of a planned citizen's inflation adjustment stimulus package and the works programme, to reduce the Destination Management Organisation estimates by \$1 Million and to increase Revenues from Hotel and Restaurant tax estimates by \$4 million and Seaport departure tax by \$1 million.

A second supplementary budget was approved by the House of Assembly on 7 October 2022, to increase operating Expenditure by \$15.7 million (for priority areas like; increasing in police salaries, fuel factor subsidies, restoration, repairs and clean-up projects, and additional citizen's inflation adjustment stimulus.) and to increase the Revenue from Grants by \$0.79 million and Insurance proceeds by \$0.67 million. An additional \$3.5 million was also allocated to Capital expenditure through the Development Fund.

A third supplementary budget was approved by the House of Assembly on 7 March 2023, mainly to fund the newly created Citizens Empowerment Fund with \$7 million. This was funded by reduction of estimates for other expenditure accounts like Contingency fund (\$3 million), Grants and Contributions (\$2 million), SIPT (\$1.5 million) and Compulsory Land acquisition (\$1.5 million). An additional \$2.27 million was also allocated to Capital expenditure through the Development Fund.

A fourth supplementary budget was approved by the House of Assembly on 30 March 2023, mainly to fund Compulsory Land Acquisitions with \$5.5 million. This was funded by reduction of estimates for several other expenditure accounts.

Inclusive of all approved supplementary budgets as of 31 March, 2023, Government revised estimates comprise Revenue of \$404.2 million, operating expenditures of \$365 million and Capital expenditure of \$55.76 million, resulting in a planned operating surplus of \$39.2 million and a net deficit of \$16.5 million.

As at 31 March 2023, actual revenue was 413.8 million (2% ahead of the revised estimates). Actual expenditure was \$340.9 million (7% less than the revised estimates) and Capital expenditure was \$18.1 million (67% less than the revised Capital Expenditure budget).

## ECONOMIC OVERVIEW

The highest inflation in decades, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic which led to global logistical bottlenecks all weighed heavily on the outlook during the period.

The International Monetary Fund (IMF), in its January 2023 edition of the World Economic Outlook (WEO), made a slight increase to its global growth outlook for 2023, due to resilient demand in the United States and Europe, easing energy costs and the reopening of China's economy after Beijing abandoned its strict COVID-19 restrictions. It still sees the pace of global growth falling in 2023 compared with 2022, but by a smaller margin than it predicted in October 2022. The IMF is now forecasting 2.9% growth for 2023 – up from a 2.7% forecast in October – versus 3.4% growth last year.

For the Caribbean region, the Caribbean Development Bank forecasts economic growth of 5.7% in 2023. This is based on the continued revival of tourism arrivals and investments in the energy sector.

According to the TCI government's Department of Statistics forecast, the territory's real Gross Domestic Product (GDP) is projected to have grown by 6.2% this financial year, with nominal GDP growing to \$1.14 Billion and GDP per capita to \$25,985. Powered by tourism and the construction sector, the economy is achieving a remarkably fast recovery from the recession that ripped through the nation in 2020/2021 on the heels of the Coronavirus pandemic. Due to inflation, the Consumer Price Index rose by 6% this year. The Department of Statistics projects that real Gross Domestic Product (GDP) is 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.

The Government has undertaken interventions to reduce the cost of living on the citizens and mitigate the contraction in economic activity. These measures are reflected throughout the FY. These have included;

- Direct Assistance through a citizen inflation adjustment stimulus with the one-off payment intended to assist citizens with their general living expenses.
- The Fuel Tax was reduced from 85 cents per gallon to 64 cents per gallon; effective date - 1 April, 2022 – 31 March, 2023.
- Customs Processing fees were reduced from 7.5 % to 5%, effective 1 April, 2022 – 31 March, 2023.
- Import duties and customs fees were waived on essential basket items from 1 August, 2022, to 30 November, 2022. (The concession was extended to 31 March 2023)
- A \$2.5 Million supplementary Expenditure was introduced to subsidise the electricity bills of citizens and residents. Fuel factor stabilisation credit was capped at \$0.2 per kilowatt hour from October to December 2022.

## FISCAL OVERVIEW

For Quarter 4, the Government response has been and still is important in mitigating the contraction in economic activity while providing relief for citizens and businesses. The Government has ended the Quarter with an operating surplus of \$2.3 million (Year to date - \$85.8 million) and a cash increase of \$14 million (Year to date an increase of \$73.8 million) to a closing cash balance of \$270.8 million. TCIG continues its full reopening a recovery from the Covid-19 pandemic. The global economic outlook and current inflationary headwinds have lingered or worsened since the resumption of activities following Covid-19 lockdowns. It is imperative for TCIG to monitor Expenditure against Revenues closely 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 in its operating surplus with increased cash flow, strong employment growth and a rebound following the sluggish performance of the pandemic. The Turks & Caicos Islands improved economic resilience primarily attributable to the high volume of tourist arrivals, revenue intake on Import Duty, and reduced collections from Stamp duty from Land Transactions.

## FISCAL SUMMARY

The fourth Quarter of FY 2022-23 recorded an operating surplus of \$2.3 million against a projected surplus of \$27.5 million, an underperformance of \$25.2 million or 92%. The performance against budget is mostly driven by expenditures like Professional and consultancy costs and Grants and contributions, planned for earlier quarters that were only executed in the last Quarter of the year as different ministries and departments worked towards completing their programme strategies for FY 2022/23. Against prior year, the operating surplus for Q4 reduced by \$9.2 million or 80%. This is attributed to increased spending on the Citizens Empowerment Fund (Credit Union), Personnel costs and Social Welfare benefits when compared to the similar Quarter in the prior year.

Year to date, the operating surplus of \$73 million outperformed the budget by \$34.1 million or 88% and reduced from prior year by \$22.9 million or 24%. The performance against budget was driven by over performance in import duties (8%), Hotel and Restaurant Tax (6%), Excess Revenue collected from Statutory bodies (49%), coupled with underspend on Personnel costs (8%), Professional and consultancy costs (18%) and Statutory land acquisitions (40%). The performance against prior year is as a result of a 30% reduction in Stamp duty from land transactions combined with a 10% increase in PE costs and a 54% increase in Grants and contributions. There was also a \$7 million expenditure towards establishment of the citizens empowerment fund (credit union).

FISCAL SUMMARY	Quarter 4			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	111,107	101,936	112,577	9,171	9%	(1,470)	-1%	407,342	399,370	396,862	7,971	2%	10,480	3%
Non-Recurrent Revenue	2,660	574	744	2,086	363%	1,917	258%	6,506	4,845	1,915	1,662	34%	4,591	240%
<b>Total Revenue</b>	<b>113,767</b>	<b>102,510</b>	<b>113,321</b>	<b>11,258</b>	<b>11%</b>	<b>447</b>	<b>0%</b>	<b>413,848</b>	<b>404,215</b>	<b>398,777</b>	<b>9,633</b>	<b>2%</b>	<b>15,071</b>	<b>4%</b>
Recurrent Expenditure	105,626	71,477	88,424	34,149	48%	17,202	19%	323,982	340,277	270,328	(16,295)	-5%	53,654	20%
Non-Recurrent Expenditure	5,850	3,542	13,384	2,308	65%	(7,534)	-56%	16,905	25,114	32,625	(8,209)	-33%	(15,720)	-48%
<b>Total Expenditure</b>	<b>111,476</b>	<b>75,019</b>	<b>101,808</b>	<b>36,457</b>	<b>49%</b>	<b>9,668</b>	<b>9%</b>	<b>340,888</b>	<b>365,392</b>	<b>302,953</b>	<b>(24,504)</b>	<b>-7%</b>	<b>37,935</b>	<b>13%</b>
<b>Net Operating Surplus</b>	<b>2,291</b>	<b>27,490</b>	<b>11,512</b>	<b>(25,199)</b>	<b>-92%</b>	<b>(9,221)</b>	<b>-80%</b>	<b>72,960</b>	<b>38,823</b>	<b>95,824</b>	<b>34,137</b>	<b>88%</b>	<b>(22,864)</b>	<b>-24%</b>

## CASH FLOW

The underlying cash balance at the end of the fourth Quarter increased by \$14 million from the prior Quarter's outturn. This resulted in an increase in TCIG's cash and cash equivalents from \$256.8 million at the end of the third Quarter to \$270.8 million at the end of the fourth Quarter. Year to date, the cash balance has increased by \$73.8 million, from \$197 million at the end of FY 2021/22 to \$270.8 million at the end of FY 2022/23.

\$20 million sits in a fixed-term deposit with CIBC First Caribbean International Bank, currently earning interest at a rate of 0.32% for six (6) months. \$172.7 million representing 64% of the cash balances were restricted as at 31 March 2023

	Quarter 4			Variance				Year to Date			Variance			
	Actual \$ 000's	Budget \$ 000's	Prior Year \$ 000's	Budget \$ 000's	%	Prior Year \$ 000's	%	Actual \$ 000's	Budget \$ 000's	Prior Year \$ 000's	Budget \$ 000's	%	Prior Year \$ 000's	%
<b>Cash Flow from Operations</b>	<b>2,291</b>	<b>27,490</b>	<b>11,512</b>	<b>(25,199)</b>	<b>-92%</b>	<b>(9,221)</b>	<b>-80%</b>	<b>72,960</b>	<b>39,228</b>	<b>95,824</b>	<b>33,732</b>	<b>86%</b>	<b>(22,864)</b>	<b>-24%</b>
<b>Less:</b>														
Development Fund Expenditure	(4,954)	(15,333)	(4,971)	10,379	-68%	17	0%	(18,186)	(55,762)	(22,229)	37,575	-67%	4,043	-18%
Debt Repayments	(47)	-	-	(47)	0%	(47)	0%	(175)	(100)	(301)	(75)	0%	126	-42%
Borrowing	-	-	-	-	0%	-	0%	248	-	-	248	0%	248	0%
Bond Inflows	-	-	-	-	0%	-	0%	-	-	-	-	0%	-	0%
Net receipts/(payments) of public accounts	2,554	-	3,955	2,554	0%	1,401	35%	4,788	-	(6,327)	4,788	0%	(11,115)	0%
<b>Add:</b>														
Transfer to Civil servants														
Pension Fund	7,148	644	7,885	6,505	1011%	(737)	-9%	7,148	7,148	7,885	-	0%	(737)	-9%
Transfer to National Wealth Fund	7,000	6,273	-	727	0%	7,000	0%	7,000	7,000	-	-	0%	7,000	0%
<b>Net Cash Flow</b>	<b>13,992</b>	<b>19,073</b>	<b>18,382</b>	<b>(5,081)</b>	<b>-27%</b>	<b>(10,592)</b>	<b>-58%</b>	<b>73,783</b>	<b>(2,485)</b>	<b>74,853</b>	<b>(8,804)</b>	<b>354%</b>	<b>(16,165)</b>	<b>-22%</b>
Opening cash balance	256,786							196,995		122,142				
<b>Closing cash balance</b>	<b>270,778</b>							<b>270,778</b>		<b>196,995</b>				
<b>Attributable to:</b>														
Consolidated Fund	145,334							145,334						
Development Fund	67,392							67,392						
National Forfeiture Fund	7,273							7,273						
National Wealth Fund	50,780							50,780						
<b>Closing cash balance</b>	<b>270,778</b>							<b>270,778</b>						

# REVENUE

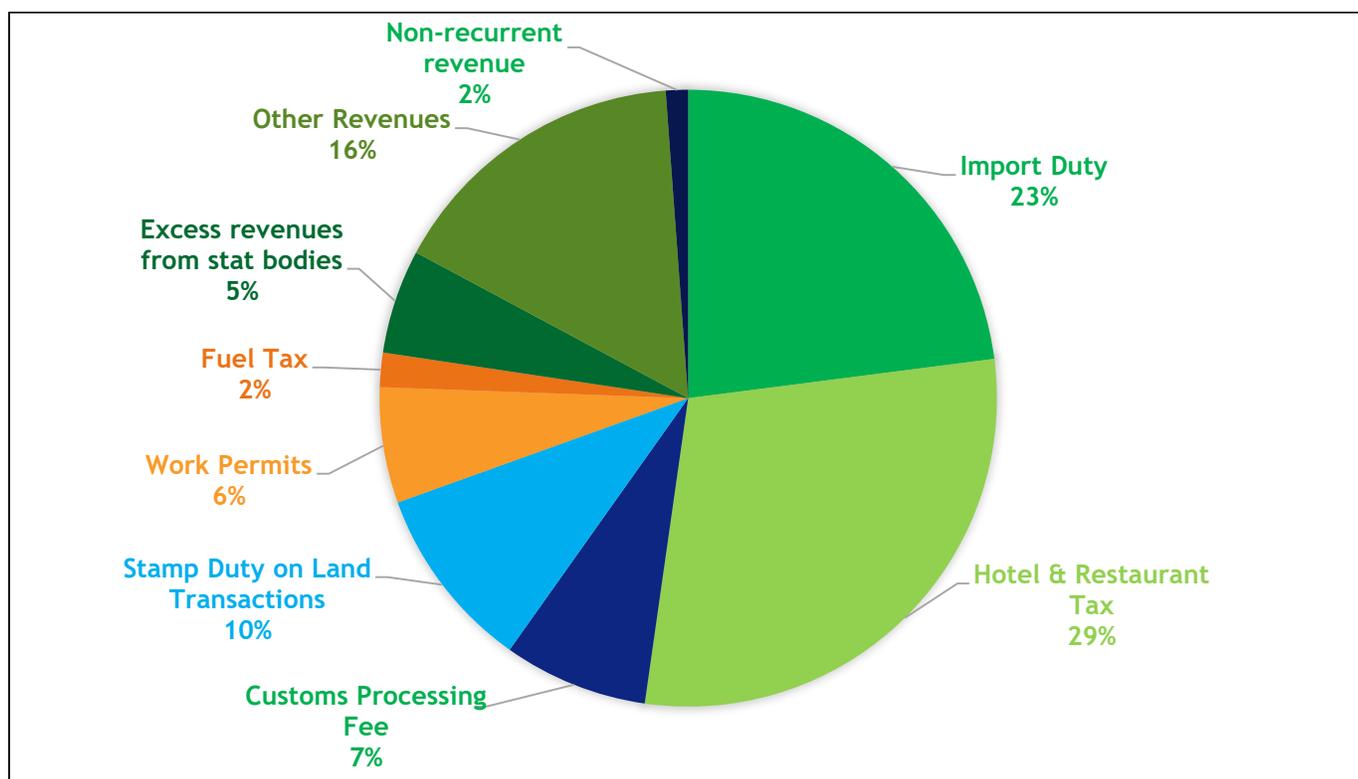
Q4: \$113.8 Million

Year to date: \$413.8 Million

	Quarter 4			Variances				Year to date			Variances			
	Actual	Budget	Last Year	Budget		Last Year		Actual	Budget	Last Year	Budget		Last Year	
	\$000	\$000	\$000	\$000	%	\$000	%	\$000	\$000	\$000	\$000	%	\$000	%
<b>Recurrent Revenues</b>														
Import Duty	25,815	27,070	20,934	(1,255)	-5%	4,881	23%	96,102	89,309	77,660	6,793	8%	18,442	24%
Hotel & Restaurant Tax	32,923	26,709	26,900	6,214	23%	6,023	22%	102,416	96,519	86,265	5,897	6%	16,151	19%
Customs Processing Fee	8,506	8,654	11,051	(148)	-2%	(2,545)	-23%	33,548	30,132	39,392	3,417	11%	(5,844)	-15%
Stamp Duty on Land Transactions	10,892	12,035	21,086	(1,143)	-9%	(10,194)	-48%	56,904	80,000	87,126	(23,096)	-29%	(30,222)	-35%
Work Permits	6,814	5,797	6,046	1,017	18%	768	13%	25,815	22,806	21,720	3,009	13%	4,095	19%
Fuel Tax	2,024	2,329	2,493	(305)	-13%	(469)	-19%	7,742	7,822	10,249	(79)	-1%	(2,507)	-24%
Excess revenues from stat bodies	6,134	3,850	9,785	2,284	59%	(3,652)	-37%	21,981	14,787	22,555	7,194	49%	(574)	-3%
Other Revenues	17,998	15,491	14,281	2,507	16%	3,717	26%	62,833	58,665	51,894	4,168	7%	10,939	21%
<b>Total Recurrent Revenue</b>	<b>111,107</b>	<b>101,936</b>	<b>112,577</b>	<b>9,171</b>	<b>9%</b>	<b>(1,470)</b>	<b>-1%</b>	<b>407,342</b>	<b>400,039</b>	<b>396,862</b>	<b>7,302</b>	<b>2%</b>	<b>10,480</b>	<b>3%</b>
<b>Non- Recurrent Revenues</b>														
Civil Recovery Income	1,183	-	-	1,183	0%	1,183	0%	1,183	-	-	1,183	0%	1,183	0%
Land Sales	67	554	643	(487)	-88%	(576)	-90%	2,127	1,507	-	619	41%	2,127	0%
Revenue From Grants	57	20	101	37	185%	(44)	-43%	1,843	2,669	1,915	(825)	-31%	(72)	-4%
Insurance Proceeds	1,353	-	-	1,353	0%	1,353	0%	1,353	669	-	684	102%	1,353	0%
	<b>2,660</b>	<b>574</b>	<b>744</b>	<b>2,086</b>	<b>363%</b>	<b>1,917</b>	<b>258%</b>	<b>6,506</b>	<b>4,845</b>	<b>1,915</b>	<b>1,662</b>	<b>34%</b>	<b>4,591</b>	<b>240%</b>
<b>Total Revenue</b>	<b>113,767</b>	<b>102,510</b>	<b>113,321</b>	<b>11,258</b>	<b>11%</b>	<b>447</b>	<b>0%</b>	<b>413,848</b>	<b>404,215</b>	<b>398,777</b>	<b>9,633</b>	<b>2%</b>	<b>15,071</b>	<b>4%</b>

Aggregate Revenue for the fourth Quarter totaled \$113.8 million. This result was \$11.3 million more than the projected Revenue of \$102.5 million. On a year-over-year basis, Revenue was up slightly by \$0.4 million when compared to the results of the fourth Quarter of FY2021/22. The four main revenue lines of Hotel and Restaurant tax, import duty, stamp duty on land transactions and customs processing fees contributed 69% of the total Revenue.

The graph below shows the percentage distribution of Revenue for the fourth Quarter.



HRT formed the largest portion of the Revenue collected (23% during the Quarter and 25% YTD). Tourism activities have remained steady since rebounding from the COVID lows in early 2021. YTD stayover/land base arrivals are estimated at 15% above pre-pandemic numbers (19% for the Quarter). Collections from tourism activities have been making significant gains, as reflected in the HRT Tax results of \$32.9 million collected for the Quarter, which is 23% above the budget and 22% above the prior year's results. Year to date, HRT collections stand at \$102.4 million, which is 6% above the budget and 19% ahead of the prior year's results.

Import Duties formed the second largest portion of the Revenue collected (29% in Q4 and 23% of total Revenue YTD). Import Duties saw a significant increase of 23% or \$4.9 million from the same Quarter in the prior year and were \$1.3 million or 5% behind the Q4 budget. Year to date, import duty collections of \$96.1 million are 8% ahead of budget and 24% of the prior year. This is attributed to inflationary pressures that have led to price increases of imported items. The normalisation of business activities and increased economic activity after the Covid-19 lockdowns has also increased imports.

Stamp duty 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 fourth Quarter totaled \$10.9 million. The collections are \$1.1 million or 9% below budget and \$10.2 million or 48% less than the prior year period. Included within this Quarter's collection was one transaction for \$20m which attracted a charge of \$2m. Two transactions for over \$5 million (accounting for over \$1m of duty) and four transactions for over \$2 million (accounting of over \$200,000 each). The results underperformed Q4 of 2021 which was part of a record breaking year in the real estate sector. Per Sotheby's Realty TCI real estate market Q4 report, "...After a history-making year in 2021, which reached \$765M in closed transactions, Turks and Caicos continued its strong performance in 2022, totaling \$553M in sales. This second-best year surpassed the prior record holder of 2019, which recorded \$337M in dollar volume, by 63.5 percent. Looking ahead into 2023, the sales pipeline remains strong with an impressive \$327M in pending

transactions led by pre-construction villa sales." This would explain the decline in stamp duty outturn as it is contingent on the value of transactions during the period that would be subject to stamp duties.

For Q4, Customs Processing Fees (CPF) were \$8.5 million, \$0.1 million and \$2.5 million below the estimates and the prior year's results, respectively. The decrease in CPF correlates with current measures by the Government to fight inflation, which has reduced the CPF rate from 7.5% to 5%. Year to date, actuals were \$33.5 million. This result was down by \$5.8 million compared to prior year receipts of \$39.4 million and greater than estimates by \$3.4 million.

Receipts from Work Permits were \$6.8 million for Q4 and accounted for 6% of the total Revenue. These results were above budget by \$1 million or 18% and greater than the prior year's results by \$0.8 million or 13%. Year-to-date actuals were \$25.8 million compared to a budget of \$22.8 million (\$3 million or 13% over performance) and were above prior year results by \$4.1 million. 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 totaling \$6.1 million was received during the Quarter. Section 43A of the PFMO 2017 Amendment requires the unexpended balance of any moneys appropriated to statutory bodies to be returned to the Consolidated Fund. Several statutory bodies' Ordinances also require remitting excess revenues to the Consolidated Fund. A breakdown of Excess Revenue received is shown at Appendix I.

<b>Statutory body</b>	<b>Q4 Actual (US\$ 000)</b>	<b>Q4 Budget (US\$ 000)</b>	<b>Prior year Q4 (US\$ 000)</b>	<b>YTD Actual (US\$ 000)</b>	<b>YTD Budget (US\$ 000)</b>	<b>Prior year YTD (US\$ 000)</b>
Telecoms Commission	-	100	3,273	600	500	5,162
Complaints Commission	28	-	-	71	-	18
Financial Intelligence Agency	-	-	-	39	-	-
TCI Airports Authority	5,355	3,000	6,000	6,855	6,000	8,259
Financial Services Commission	-	-	231	11,149	5,287	6,319
Port Authority	750	750	282	3,002	3,000	845
Invest TC	-	-	-	264	-	1,388
Civil Aviation	-	-	-	-	-	564
<b>TOTAL</b>	<b>6,134</b>	<b>3,850</b>	<b>9,785</b>	<b>21,981</b>	<b>14,787</b>	<b>22,555</b>

Others revenues were 16% above projected figures and outperformed the prior year by 26%. YTD other Revenue of \$62.9 million is 7% above estimates and 21% higher than prior year. This was mainly driven by increased collections form Seaport departure tax as a result of reopening of the cruise centre. The table below shows a breakdown of other recurrent Revenue.

	Quarter 4			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 Licence renewal	1,111	778	767	333	43%	344	45%	3,790	3,663	3,487	127	3%	303	9%
Communication Tax	1,164	1,311	1,281	(146)	(11%)	(117)	(9%)	4,929	5,381	5,124	(451)	(8%)	(195)	(4%)
Gaming Machine Tax	1,506	980	1,297	526	54%	208	16%	5,310	4,021	5,163	1,289	32%	148	3%
Seaport Departure Tax	2,139	590	846	1,549	263%	1,293	100%	6,222	4,000	846	2,222	56%	5,376	100%
Telecommunication Licences	783	1,020	875	(237)	(23%)	(92)	(11%)	3,721	3,621	2,870	101	3%	851	30%
Overtime Costs Recovered	913	1,277	954	(364)	(28%)	(41)	(4%)	3,233	4,130	3,078	(898)	(22%)	155	5%
Vehicle Licence Renewals	1,792	1,899	1,778	(106)	(6%)	14	1%	5,224	4,889	4,656	335	7%	568	12%
Permanent Residency Fees	597	865	689	(269)	(31%)	(92)	(13%)	2,267	2,923	2,784	(656)	(22%)	(517)	(19%)
Crown lands rent	233	381	385	(148)	(39%)	(152)	(39%)	1,065	1,161	1,106	(96)	(8%)	(40)	(4%)
Insurance Premiums tax	315	325	290	(10)	(3%)	25	9%	1,387	1,515	1,443	(128)	(8%)	(56)	(4%)
Bank services tax	212	274	208	(62)	(23%)	4	2%	861	1,035	986	(174)	(17%)	(124)	(13%)
Stamp duty - vehicle hire	700	589	637	111	19%	62	10%	2,283	1,932	1,840	351	18%	443	24%
Drivers Licence	385	389	348	(4)	(1%)	37	11%	1,428	1,324	1,261	104	8%	167	13%
Duty free shops Royalties	300	272	231	28	10%	69	30%	1,241	1,240	824	1	0%	417	51%
ID Card Fees	321	254	259	66	26%	62	24%	1,153	961	915	192	20%	238	26%
Labour Clearance Fees	340	244	241	96	39%	99	41%	1,209	924	880	286	31%	330	37%
PDA application fees	472	476	464	(4)	(1%)	8	2%	2,147	1,638	1,560	509	31%	587	38%
Work Permits Repatriation Program	703	276	320	428	155%	383	120%	1,982	1,143	1,088	839	73%	894	82%
Temporary Work Permits	364	327	337	37	11%	27	8%	1,409	1,364	1,299	45	3%	110	8%
Other Revenues	3,649	2,963	2,073	685	23%	1,576	76%	11,972	11,802	10,686	170	1%	1,286	12%
<b>TOTAL OTHER REVENUE</b>	<b>17,998</b>	<b>15,491</b>	<b>14,281</b>	<b>2,507</b>	<b>16%</b>	<b>3,717</b>	<b>26%</b>	<b>62,833</b>	<b>58,665</b>	<b>51,894</b>	<b>4,168</b>	<b>7%</b>	<b>10,939</b>	<b>21%</b>

Non-recurrent Revenue for Q4 was \$2.7 million mainly made up of Civil recoveries of \$1.2 million received by AG Chambers and Insurance proceeds of \$1.4 million. This was \$2.1 million above estimates. YTD non-recurrent Revenue of \$6.5 million is 34% ahead of budget and 240% greater than prior year.

# EXPENDITURE

Q4: \$111.5 Million

Year to date: \$340.9 Million

	Quarter 4			Variances				Year to date			Variances			
	Actual	Budget	Last Year	Budget		Last Year		Actual	Budget	Last Year	Budget		Last Year	
	\$000	\$000	\$000	\$000	%	\$000	%	\$000	\$000	\$000	\$000	%	\$000	%
<b>Recurrent Expenditure</b>														
Total Personnel Costs	28,965	28,633	25,752	332	1%	3,213	12%	111,111	120,182	100,730	(9,071)	-8%	10,381	10%
Transfer to Civil Servants Pension Fund	7,148	644	7,885	6,505	1011%	(737)	-9%	7,148	7,148	7,885	-	0%	(737)	-9%
Transfer to National Wealth Fund	7,000	6,273	-	727	12%	7,000	0%	7,000	7,000	-	-	0%	7,000	0%
Transfers to NHIB	10,043	9,739	8,151	304	3%	1,892	23%	35,947	35,947	32,534	0	0%	3,413	10%
Grants and contributions	8,734	(1,572)	10,469	10,306	-655%	(1,735)	-17%	28,350	28,546	18,377	(196)	-1%	9,973	54%
Hospital Provisional Charges	5,893	6,211	5,920	(318)	-5%	(26)	0%	27,100	27,217	23,841	(117)	0%	3,259	14%
Subventions	7,192	5,590	6,373	1,602	29%	819	13%	25,119	25,415	21,533	(295)	-1%	3,586	17%
Maintenance Expenses	3,982	3,323	3,886	660	20%	96	2%	13,043	13,259	10,936	(216)	-2%	2,106	19%
Other Expenses	26,668	12,638	19,987	14,030	111%	6,681	33%	69,164	75,564	54,491	(6,399)	-8%	14,674	27%
<b>Total Recurrent Expenditure</b>	<b>105,626</b>	<b>71,477</b>	<b>88,424</b>	<b>34,149</b>	<b>48%</b>	<b>17,202</b>	<b>19%</b>	<b>323,982</b>	<b>340,277</b>	<b>270,328</b>	<b>(16,295)</b>	<b>-5%</b>	<b>53,654</b>	<b>20%</b>
<b>Non-Recurrent Expenditure</b>														
Statutory Land Acquisitions	2,890	6,438	9,715	(3,548)	-55%	(6,825)	-70%	8,369	14,000	19,673	(5,631)	-40%	(11,304)	-57%
SIPT	2,655	(624)	1,773	3,279	-525%	882	50%	6,411	7,216	6,723	(805)	-11%	(312)	-5%
Civil Recovery Costs	219	270	132	(51)	-19%	87	66%	815	830	701	(15)	-2%	114	16%
Covid-19 Expenses	83	(740)	1,767	824	-111%	(1,683)	-95%	1,290	1,443	5,513	(152)	-11%	(4,222)	-77%
Contingency	-	(1,805)	-	1,805	-100%	-	0%	-	1,595	-	(1,595)	-100%	-	0%
Finance costs	3	4	(2)	(1)	-23%	5	-226%	19	30	15	(11)	-37%	4	26%
<b>Total Non-Recurrent Expenditure</b>	<b>5,850</b>	<b>3,542</b>	<b>13,384</b>	<b>2,308</b>	<b>65%</b>	<b>(7,534)</b>	<b>(56%)</b>	<b>16,905</b>	<b>25,114</b>	<b>32,625</b>	<b>(8,209)</b>	<b>(32.7%)</b>	<b>(15,720)</b>	<b>(48.2%)</b>
<b>TOTAL EXPENDITURE</b>	<b>111,476</b>	<b>75,019</b>	<b>101,808</b>	<b>36,457</b>	<b>49%</b>	<b>9,668</b>	<b>9%</b>	<b>340,888</b>	<b>365,392</b>	<b>302,953</b>	<b>(24,504)</b>	<b>(7%)</b>	<b>37,935</b>	<b>13%</b>

Aggregate Expenditure for the fourth Quarter was \$111.5 million, \$36.5 million (49%) above the projected amount and \$9.7 million (9%) more than the fourth Quarter of FY 2021/22. Overall, the over performance against budget is expected as the different ministries and departments worked towards completing their program activities for the year and absorbing any unspent funds from earlier quarters.

Personnel costs, which accounted for 30% of expenditure for the fourth Quarter, totaled \$29 million and was \$0.3 million ahead of budget while being \$3.2 million or 12% ahead of the prior year's cost. The increase against the prior year is largely owing to cost-of-living salary adjustments introduced in FY 2022/23 and 10% increase to police salaries effective October 2022. Year to date, \$111.1 million has been expended towards Personnel costs (excluding the seed funding for the Pension fund) and this is 8% behind budget and 10% ahead of prior year. The YTD underspend is mainly attributed to vacancies that were not filled during the year.

Grants and contributions for Q4 amounted to \$8.7 million. This includes \$2.8 million in electricity subsidies, \$2 million of the second tranche of the citizen inflation adjustment stimulus expended during the Quarter and \$2 million expended towards public works programs like clean-up of the islands following Hurricane Fiona. The expenditure for the Quarter is \$10 million above estimates, mainly due to underspend in earlier quarters that was absorbed in the year's final Quarter. Year to date, \$28.4 million has been expended towards Grants and Contributions, which is 1% behind budget and 54% more than the same period in the prior year. Grants and contributions grew significantly from the prior year due to interventions introduced to the east the cost of living burden of the citizenry e.g. the citizens' inflation adjustment stimulus and the energy subsidies, as well as measures taken to recover from the effects of Hurricane Fiona.

Subventions accounted for 7% of expenditure. \$7.2 million was expended during the Quarter. This was 29% above budget and 13% above prior year. The overspend against budget for the Quarter resulted from Statutory bodies needing to complete their annual strategies, hence requesting any funds that had not been remitted in the past quarters. Year to date, \$25.1 million was expended towards subventions. This is \$03 million or 1% below estimates and 17% or \$3.6 million more than the prior year.

Transfers to NHIB and Hospital Provisional Charges together accounted for 16% of total expenditure for the fourth Quarter, which is mostly in line with the budget and 10% higher than the prior year.

\$7.1 million was transferred to the Public Sector Employees Pension Fund during the quarter. This was 9% or \$0.7 million less than the transfers made in the prior year.

\$7 million was transferred to the newly formed Citizens Empowerment Fund within the National Wealth Fund. This is intended as seed funding toward establishment of a Credit Union

Other recurrent expenditures of \$26.7 million accounted for 27% of total expenditure and was 14% above budget and 33% ahead of prior year's Q4. The over performance against budget is due to exerted effort to complete programs that were lagging from earlier quarters mainly in relation to Professional and consultancy costs and Social welfare benefits. YTD, \$69 million expended is 8% below budget and 27% higher than prior year. A breakdown of Other Recurrent Expenditure is shown below.

	Quarter 4			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	%
Rental of assets	1,746	1,138	1,420	608	53%	326	23%	6,095	6,166	5,422	(71)	-1%	673	12%
Social welfare	2,983	1,461	1,692	1,521	104%	1,291	76%	7,668	7,707	3,572	(39)	-1%	4,096	115%
Professional and Consultancy Services	2,835	(524)	1,859	3,359	-641%	976	53%	6,059	7,038	4,055	(978)	-14%	2,004	49%
Recurrent Sub Programmes and Projects	1,120	703	1,755	417	59%	(635)	-36%	3,678	3,761	3,492	(84)	-2%	186	5%
Utilities	1,981	1,938	1,240	42	2%	741	60%	5,282	5,519	3,869	(236)	-4%	1,413	37%
Security expenses	649	557	526	92	17%	123	23%	2,154	2,207	1,675	(53)	-2%	479	29%
Local Travel and Subsistence	1,807	1,350	1,385	457	34%	422	30%	4,469	4,837	3,158	(368)	-8%	1,311	42%
International Travel and Subsistence	992	350	413	642	183%	579	140%	2,613	2,882	936	(269)	-9%	1,677	179%
Communication Expenses	718	397	600	322	81%	119	20%	1,998	2,176	2,023	(178)	-8%	(25)	-1%
Bank charges	358	353	270	4	1%	88	33%	1,263	1,428	1,431	(164)	-12%	(168)	-12%
Data Communication cost	854	713	626	141	20%	228	36%	1,512	1,764	1,484	(252)	-14%	28	2%
Insurance Expenses	314	(445)	42	758	-170%	271	0%	1,730	1,794	1,531	(64)	-4%	199	13%
Hosting and Entertainment	748	406	322	342	84%	426	132%	2,448	2,673	998	(225)	-8%	1,450	145%
Repatriation and exportation expenses	1,312	769	1,133	543	71%	178	16%	3,767	3,786	3,078	(19)	-1%	689	22%
Other supplies, materials & Equipment	1,189	272	1,536	918	338%	(347)	-23%	2,521	2,819	2,516	(298)	-11%	5	0%
Computer Licence & Hardware Maintenance	1,332	541	1,872	791	146%	(541)	-29%	1,833	2,064	2,501	(232)	-11%	(668)	-27%
Fuel	541	370	419	171	46%	122	29%	1,428	1,456	1,131	(29)	-2%	297	26%
Other Recurrent Expenditure	5,191	2,290	2,879	2,901	127%	2,312	80%	12,645	15,485	11,619	(2,840)	-18%	1,026	9%
<b>TOTAL OTHER RECURRENT EXPENDITURE</b>	<b>26,668</b>	<b>12,638</b>	<b>19,987</b>	<b>14,030</b>	<b>111%</b>	<b>6,681</b>	<b>33%</b>	<b>69,164</b>	<b>75,564</b>	<b>54,491</b>	<b>(6,399)</b>	<b>-8%</b>	<b>14,674</b>	<b>27%</b>

Non-recurrent expenditures totaling \$6.3 million accounted for 6% of total expenditures for the Quarter. This was \$2.3 million or 65% ahead of estimates and 56% or \$7.5 million less than the prior year Q4 spend. This was mainly driven by Statutory land acquisitions of \$2.9 million during the Quarter and \$2.7 million SIPT cost.

## OUTSTANDING PUBLIC DEBT

<i>(Figures in US\$' 000)</i>	Quarter 4			Year to date			
	Opening	Principal Repayment	Outstanding Principal	Opening	Loan disbursed	Principal Repayment	Outstanding Principal
	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's
TCIG Loans - Unsecured	658	(47)	610	538	248	(175)	610
<b>Total Outstanding Public Debt</b>	<b>658</b>	<b>(47)</b>	<b>610</b>	<b>538</b>	<b>248</b>	<b>(175)</b>	<b>610</b>

TCIG's outstanding debt as of 31 March 2023, was \$0.6 million. Total principal debt repayment for the Quarter was Fourty Seven, while total finance costs were three thousand. A breakdown of outstanding public debt is shown below

	CDB	CDB	CDB	Totals
<b>Loan description</b>	Further Education (04/SFR-OR-TCI)	Climate Resilient Coastal Protection and Management (4/OR-TCI)	Integrated Solid Waste Management (5/OR-TCI)	
<b>Effective Interest Rate</b>	2.50%	4.75%	4.75%	
<b>Total loan approved (US\$)</b>	2,000,000	441,000	672,500	<b>3,113,500</b>
<b>Total Loan Disbursed (US\$)</b>	2,000,000	255,000	-	<b>2,255,000</b>
<b>Outstanding Amount as at 31/03/2023 (US\$)</b>	456,521	153,822	-	<b>610,343</b>
<b>Year of first disbursement</b>	2000	2021	n/a	-
<b>Maturity Date</b>	01-Apr-28	01-Jul-24	n/a	-
<b>Principal Repaid during FY 2022/23 (US\$)</b>	86,957	88,107	-	<b>175,063</b>
<b>Interest Paid during FY 2022/23 (US\$)</b>	12,772	9,273	-	<b>22,045</b>
<b>Commitment fees paid during FY 2022/23 (US\$)</b>	-	-	6,801	<b>6,801</b>
<b>Total Debt Servicing during FY 2022/23 (US\$)</b>	99,729	97,380	6,801	<b>203,909</b>

## HUMAN RESOURCE MANAGEMENT

### Employees

There were 1,910 people employed by TCIG at the end of March 2023, consisting of 1,627 monthly paid employees and 283 waged employees, exclusive of the Royal Turks and Caicos Police Force. Excluding internal transfers, there were 65 joiners and 37 leavers during the Quarter.

### Pensioners

The total number of Pensioners at the end of March 2023 was 426.

## DEVELOPMENT FUND

Ordinance 23 of 2022 commenced on 25 March, 2022, included an amendment to regulation 33 of the PFM Regulations to clarify the previous amendment in 2016. The effect of the amendment was to indicate that the entire appropriation for the Development Fund shall be committed for a period of two financial years once appropriated by the House of Assembly. The value of the Fund is represented by—

- (a) the value of noted development projects, where the procedural requirements have been fulfilled whereby the Secretary to the Procurement Board has reported the contract for noting by Cabinet as required under Part 6 of the Public Procurement Ordinance;
- (b) the value of ongoing development projects, already contracted and the unexpended balances of monies appropriated to the Fund; and
- (c) the value of new development projects, not yet contracted or noted by Cabinet, providing that the two-year appropriation has not lapsed.

Any balances of funds appropriated but not required after completion of a development project, including through a virement or otherwise not committed to a warrant project, are either returned to the Consolidated Fund or to the development partner providing the development grant or loan, as appropriate.

Development Fund expenditure for locally funded projects was budgeted at \$50,000,000. And \$1 million was budgeted for projects funded through external sources.

The second supplementary budget was approved by the House of Assembly on 7 October 2022 included an additional \$3.5 million allocated to Capital expenditure through the Development Fund.

The third supplementary budget was approved by the House of Assembly on 7 March 2023, included an additional \$2.27 million allocated to Capital expenditure through the Development Fund.

Inclusive of all approved supplementary budgets as of 31 March 2023, Capital expenditure budget stood at \$55.76 million and approximately 33% of the revised Capital Expenditure budget has been absorbed.

The development fund balance as at 31 March, 2023, was \$67.4 million, and the movement in the fund balance is as shown below.

	<b>US\$ '000</b>
<b>Opening 31/03/2020 –Based on consultant report</b>	<b>59,264</b>
<i>Adjust to remove negative balances –(FSSM adjustment)</i>	<i>(4,203)</i>
<b>Adjusted opening 31/03/2020</b>	<b>63,466</b>
Contract awards and variations 2020/21	31,448
CAPEX 2020/21	(25,302)
<b>Closing 31/03/2021</b>	<b>69,613</b>
Contract awards and variations 2021/22	25,077
CAPEX 2021/22	(22,228)
<b>Closing 31/03/2022</b>	<b>72,462</b>
Contract awards and variations 2022/23	13,116
CAPEX 2022/23 -YTD	(18,186)
<b>Closing 31 March 2023</b>	<b>67,392</b>

## CAPTIAL EXPENDITURE (YTD) BY PROJECT

The top forty capital projects expended during the year are shown below.

Capital Project	Amount
5566 Construction of New Primary School PLS- Phase 2	2,145,379
5506 NJS Francis Building	1,916,721
5584 Road - North Caicos	1,097,932
5699 Road Works Promenade	948,701
5572 Technical Block Raymond Gardiner High School	917,795
5561 South Dock Port Redevelopment	887,079
5722 Police Armoured vehicle	760,783
5610 Grand Turk Sports Complex and Center	635,514
5606 Reconstruction of Lil Harkless Canal South-Caicos	610,513
5677 Purchase and Installation of New 1 million gallon Salt Water Reverse Osmosis (SWRO) Unit	579,104
5604 Refurbishment of National Stadium	573,899
5472 Prison Block Reconstruction	520,774
5592 Front Street GDT	509,137
5612 IT Command and Control System (CAD Radio Upgrade All Islands)	500,280
5575 Upgrading of Water Storage and Distribution Facilities - GDT	474,398
5611 Ballistic vests for Police	356,690
5605 Installation of Lights for Parade Ground - GDT	321,725
5678 Installation of Additional 1-million gallon tank	314,348
5545 New Block, Enid Capron Primary School	261,591
5544 New Block, Helena Jones Robinson High School	247,618
5486 Refurbishment of Ministry Infrastructure	234,551
5546 New Roof Ianthe Pratt Primary School	230,191
5635 Ambulance for Islands	198,714
5622 Furniture for Ianthe Pratt Primary School	185,348
5543 Renovation of Governor's Office Residence	184,204
5621 FURNITURE FOR RAYMOND GARDINER	181,065
5627 Upgrading of DECR Laboratory	177,579
5496 Police Building Repairs for All Stations	165,364
5505 Government Complex PLS	160,479
5631 Upgrading of DECR Laboratory	158,901
5553 Police Vehicles	156,450
5619 FURNITURE FOR HJ ROBINSON	143,412
5600 Mental Health Facility (GDT)	136,464
5478 Reinstatement of Government Buildings All Islands	135,645
5485 Furniture and Equipment for HASH	132,646
5579 Backup Generators for all Government Essential Facilities	116,331
5590 Consultancy Framework Agreement	96,028
5510 Rehabilitation of Salt Shed- Salt Cay	95,714
5616 Furniture and Equipment for Office Block South Caicos	88,956
5603 Leeward Park Phase 2	76,950

## NATIONAL WEALTH FUND

Transfers to the Fund during the year were 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. A transfer of \$17.8 million was therefore made in FY 2022/23 based on the actual results of FY 2021/22.

The Turks and Caicos National Wealth Fund (Amendment) Ordinance 2023 commenced on 23 March, 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)

Section 8A was introduced to mandate the transfer of \$7,000,000 from the Consolidated Fund to the Citizens Empowerment Fund on the coming into operation of the amended Ordinance."

As at 31 March 2023, the National Wealth Fund balance was \$50.8 million.

FY 2021-22 results (in US\$' '000)				Transfer to NWF in 2022/23 (50% of the variance) (US\$' 000)	Transfer to Citizen's empowerment Fund (US\$' 000)	Opening NWF 01/04/2022 (US\$' 000)	Closing NWF 28/02/2023 (US\$' 000)
Actual revenue	Revised Estimates	Variance	%				
398,777	363,088	35,689	10%	17,845	7,000	25,935	50,780

The value of the National wealth fund is attributable to;

(All figures in US\$' 000)	31/03/2023 US\$'000	31/03/2022 US\$'000
Stabilization Fund	30,646	18,158
Infrastructure and Competiveness Fund	8,756	5,185
Heritage Fund	4,378	2,592
Citizen's Empowerment Fund	7,000	-
<b>National Wealth Fund balance at the end of the financial year</b>	<b>50,780</b>	<b>25,935</b>

