



COMMONWEALTH
OF THE BAHAMAS

T H E M I N I S T R Y O F F I N A N C E

Q2 - FY2023/24

***Six Month
Report on
Budgetary
Performance***

FY2023/24 July to December

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I ABOUT THIS REPORT

GENERAL STATEMENT

In keeping with its commitment to transparency in the public finances and align with global fiscal disclosure standards and best practices, the Ministry of Finance provides in-year reporting on the performance of the central Government's revenue, expenditure and financing operations vis-à-vis the approved budget..

- » **Periodicity:** Quarterly (Qtr. I: July – December; Qtr. II: July – December; Qtr. III: July – March; and Qtr. IV: July – June).
- » **Timeliness:** Within four (4) weeks after the end of the referenced quarter, except for Qtr. IV report which will be released two months after the end of the quarter given year-end closing activities.
- » **Publication:** To be released on the Ministry of Finance's Budget website (www.bahamasbudget.gov.bs).

BASIS OF PREPARATION

The budgetary data are prepared using a modified cash basis of accounting and guided by International Public Sector Accounting Standards (IPSAS) cash basis. As such, revenue is recognized when received and not when earned, expenditure is recorded in the period it is incurred and paid, and purchases of fixed assets, including immovable property, plant and equipment, are fully expensed in the year of purchase.

The fiscal data tables compiled in the quarterly reports are presented using the new modified chart of accounts introduced on July 1, 2018, which accomplishes two (2) important objectives, namely:

- » prepares for the eventual conversion of the accounting presentation to the IPSAS accrual basis,
- » facilitates the aggregation and presentation of the fiscal data to meet the International Monetary Fund's Government Finance Statistics (GFS) 2014 reporting standards. The primary purpose of the GFS is to provide a comprehensive conceptual and reporting framework for analyzing and evaluating the performance of the Government's finances.

UNAUDITED DATA

As reconciliation is ongoing, the fiscal data presented in these quarterly reports are subject to change and, therefore, their status is provisional (denoted as "p") until audited by the Auditor General.

ROUNDING

Because of rounding, some totals may not agree with the sum of their component parts.

2 EXECUTIVE SUMMARY

In the first half of FY2023/24, the Bahamian economy continued to benefit from a strong tourism-led growth momentum, despite the persistent divergences in global economic outcomes and accompanying challenges posed by inflation and monetary policy tightening. Gains in the dominant tourism sector were evidenced by the 16.5 percent increase in visitor arrivals to 4.6 million, which supported improvements in domestic demand and revenue performance.

Government fiscal outturn for the review period featured an improvement in revenue collections over the comparable period a year earlier.

- » Total revenue settled at \$1,302.1 million—a year-over year gain of \$43.9 million (3.5 percent), although representing a lower 39.2 percent of the budget target compared with 44.9 percent last year. Tax receipts increased by \$72.9 million (6.6 percent), with approximately two-thirds attributed to higher departure tax and Value Added Tax (VAT) collections. Meanwhile, non-tax yields declined by \$27.9 million (17.4 percent) to \$132.7 million, of which nearly 40 percent was explained by timing differences in receipt of property income.

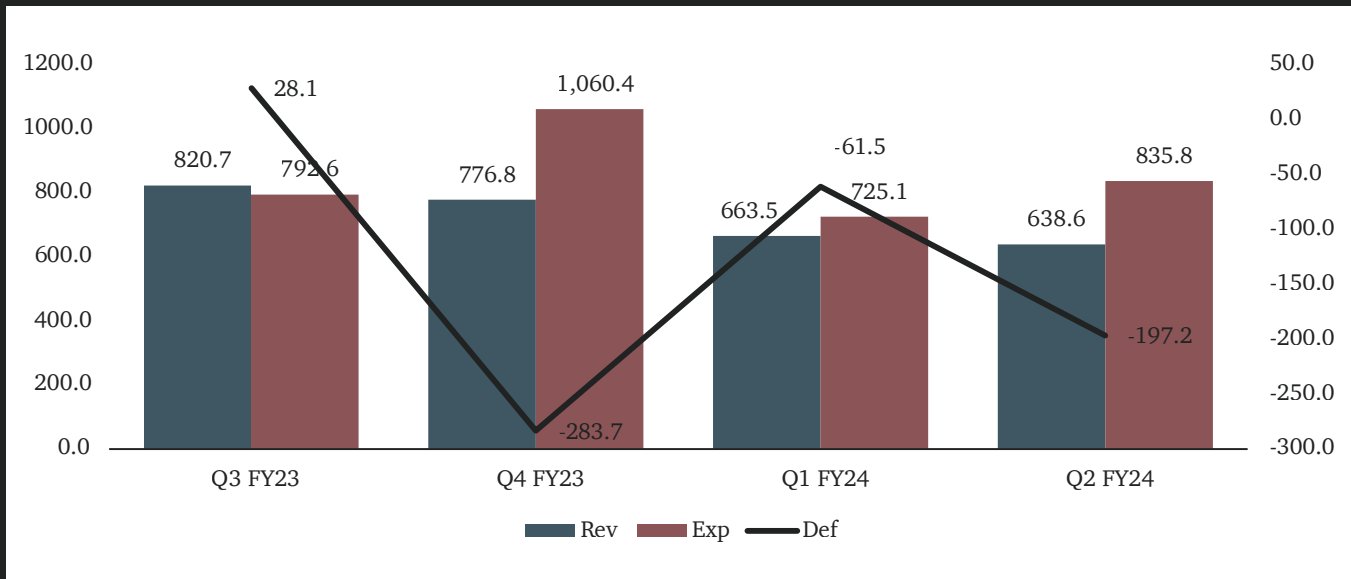
TABLE 1: FISCAL SUMMARY (STATEMENT OF SOURCES & USES OF CASH)

(B\$M)	[a]	[b]	[c]	[b] -[c]	[b/a]
	Budget		July - Dec		
	FY2023/24	FY2023/24p Actual	FY2022/23p Actual	Variance	% of Budget
Revenue	3,319.0	1,302.1	1,258.3	43.9	39.2%
Tax	2,918.8	1,169.4	1,096.5	72.9	40.1%
Non-tax	397.5	132.7	160.6	(27.9)	33.4%
Grants	2.8	0.0	1.1	(1.1)	0.0%
Expenditure	3,450.1	1,560.8	1,536.1	24.7	45.2%
Recurrent	3,085.5	1,426.8	1,418.3	8.5	46.2%
Capital	364.6	134.1	117.9	16.2	36.8%
Surplus/(Deficit)	(131.1)	(258.7)	(277.8)	19.1	197.3%
Financing Activities	131.1	258.7	277.8	(19.1)	197.3%
<i>Net Acquisition of financial assets (-)</i>	59.8	(132.7)	50.0	(182.7)	-221.8%
Sinking Funds	59.8	(132.7)	20.0	(152.7)	-221.8%
Equity	0.0	0.0	0.0	0.0	0.0%
Other	0.0	0.0	30.0	(30.0)	0.0%
<i>Net Incurrence of Liabilities (+)</i>	131.1	156.9	222.4	(65.5)	119.7%
Borrowings	2,198.7	1,947.5	1,020.6	927.0	88.6%
Debt Repayment	2,067.6	1,790.7	798.1	992.5	86.6%
Change in Cash Balance [()= increase]	59.8	(30.9)	105.4	(136.2)	-51.6%

» Total expenditure expanded by \$24.7 million (1.6 percent) to \$1,560.8 million (45.2 percent of the budget target).

- Recurrent spending was higher by \$8.5 million (0.6 percent) at \$1,426.8 million (46.2 percent of the budget target). Increases in compensation outlays (\$18.2 million) and public debt interest payments (\$20.2 million) were significantly offset by spending on goods and services, subsidy payments, and grants.
- Capital expenditure increased by \$16.2 million (13.8 percent) to \$134.1 million (36.8 percent of the budget target)—explained primarily by the \$15.5 million hike in combined outlays related to Family Island development, roadworks, and sporting infrastructures.

FIGURE 1: BUDGETARY PERFORMANCE (B\$M)



- » As a consequence of the revenue and expenditure performance, the deficit on the government’s overall operations was lower by \$19.1 million at \$258.7 million. Financing requirements were largely met via a \$132.7 million decrease in the acquisition of financial assets representing a drawing on the sinking fund to meet debt servicing obligations, alongside a \$156.9 million increase in net liabilities.
- » Of the \$156.9 million growth in net liabilities, the foreign currency component was up by \$4.8 million, with the \$152.1 million net increase in Bahamian currency debt explained by net issuances of domestic securities (\$355.6 million) against redemptions of bank loans (\$72.3 million) and Central Bank advances (\$131.1 million).
- » As a result of net borrowing activities, the Direct Charge on the Government—inclusive of exchange rate adjustments, totaled \$11,428.0 million and approximated 81.7 percent of GDP as compared to 82.6 percent of GDP at end-June 2023.

BOX A: SUMMARY OF COVID-19 EXPENDITURE

During the first six months of FY2023/24, an estimated \$1.0 million was extended for COVID-19 related programmes which brought the aggregate COVID-19 spend to approximately \$468.3 million.

TABLE 2: SUMMARY OF COVID-19 RELATED EXPENSES (B\$M)

	FY2019/20	FY2020/21p	FY2021/22p	FY2022/23	FY2023/24	Total
	Mar - June	July - June	July - June	July - June	July - Dec	
Recurrent Expenditure	39.2	268.5	96.6	7.6	0.5	412.4
Public Health Safety	1.9	36.6	14.8	3.6	0.0	56.9
Unemployment Assistance	10	164.7	62.3	0.0	0.0	237.0
Goods & Services Acquisition	1.8	2.2	2.7	1.6	0.3	8.6
Job Retention Programs	21.4	23	6.4	0.0	0.0	50.8
Food Assistance	2	40.4	7.8	0.0	0.0	50.2
Other	2.1	1.5	2.6	2.4	0.3	8.9
Capital Expenditure	40.3	4.7	5.7	4.7	0.5	55.9
Public Health Safety	0.4	0	0	0.0	0	0.4
Goods & Services Acquisition	0.6	0.1	0	0.0	0	0.7
COVID-19 Unit	0.3	0.5	0	0.0	0	0.8
Small Business Loans	39	4.1	5.7	4.7	0.5	54.0
Total	79.5	273.3	102.3	12.3	1.0	468.3

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ECONOMIC OVERVIEW

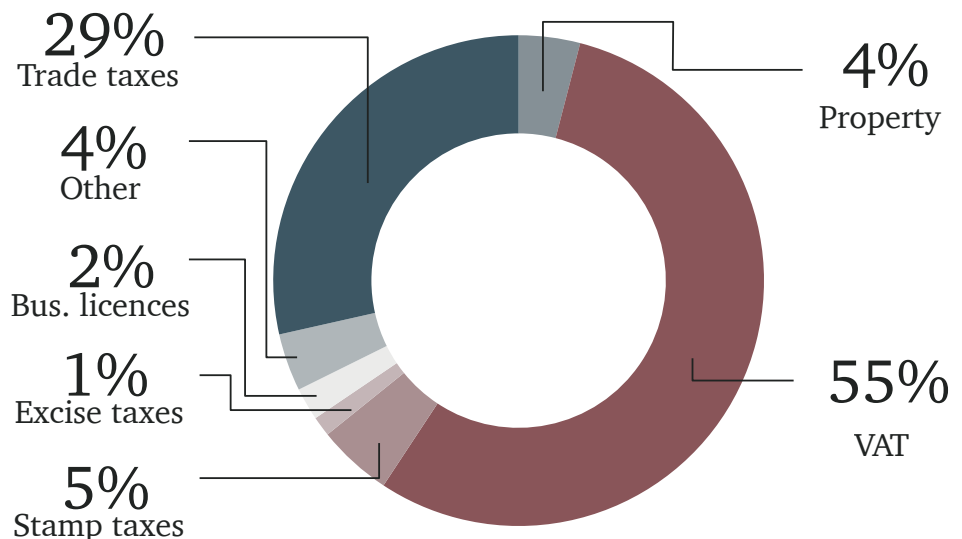
During the opening half of FY2023/24, global economic growth, although moderate and uneven, continued to support an improvement in domestic economic conditions. In particular, the performance of the Bahamian economy benefitted from the positive growth outcome in the US, our major source market for tourists, where real GDP growth firmed to 3.3 percent from 2.9 percent in the prior period and the unemployment rate was slightly lower at 3.7 percent.

At the half-point mark tourist arrivals totaled 4.6 million, a strong 16.5 percent gain over the comparable period in the prior year—with US visitors accounting for approximately 86 percent of the visitor pie.¹ In other tourism indicators, the major New Providence hotels recorded a 76.5 percent hotel occupancy rate for December 2023, an increase of 4.3 percent compared to the prior year. In price developments, the twelve months rate of increase in consumer price inflation subsided to 2.0 percent from 5.5 percent a year earlier.

REVENUE PERFORMANCE

During the six month review period, total revenue increased by \$43.9 million (3.5 percent) over the prior year, and accounted for 39.2 percent of the budget target (see Table 3). Of the \$1,302.1 million in aggregate collections, tax revenue at \$1,169.4 million (90 percent of the total) registered a gain of \$72.9 million (6.6 percent). However, non-tax receipts were lower by \$27.9 million (17.4 percent) at \$132.7 million (10 percent of the total).

FIGURE 2: PERCENTAGE COMPOSITION OF TAX REVENUE (FIRST SIX MONTHS FY2023/24)

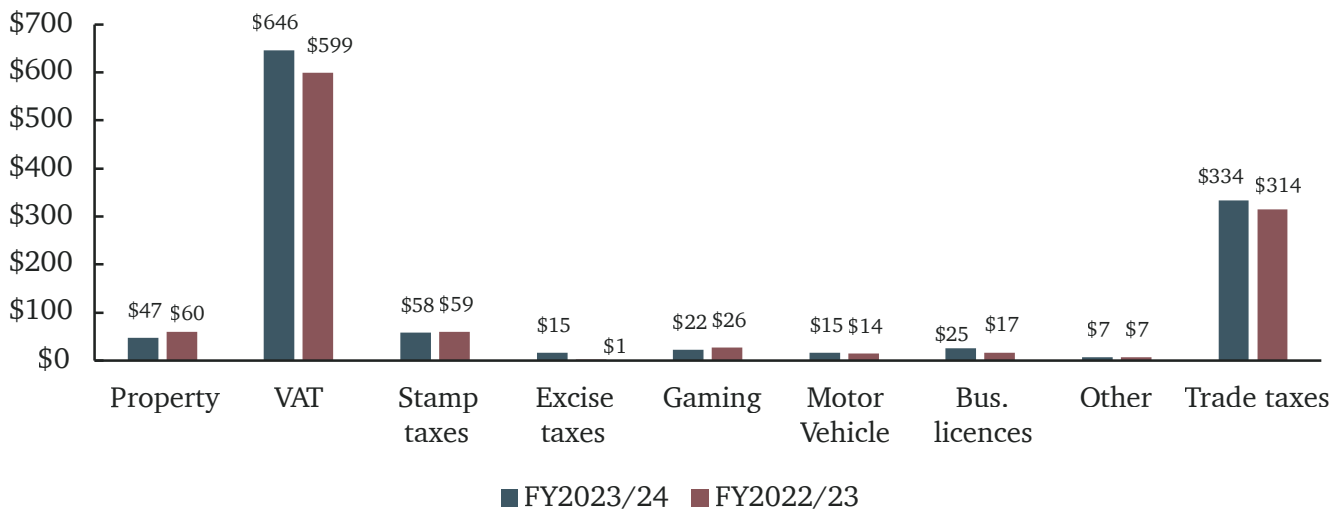


¹ The Bahamas Ministry of Tourism' Stopover Visitors By Country & By Month Islands of The Bahamas Preliminary 2023

Key developments supporting the tax revenue outcome for the first half of FY2023/24 are outlined below.

- Excise Taxes grew by \$14.3 million, explained by the ongoing impact of the reclassification between excise tax and excise duty.
- Departure Taxes increased by \$13.3 million (18.6 percent) to \$84.8 million—benefitting from the strong activity in the tourism sector.
- VAT receipts totaled \$646.0 million—a gain of \$47.2 million (7.9 percent).
- The yield from licenses to conduct special business activity—which comprise specific business licenses and communication levies, improved by \$8.5 million (51.2 percent) to \$25.1 million.
- Stamp Taxes on financial and real estate transactions grew by \$2.0 million (3.7 percent) to \$55.5 million.
- Motor vehicle taxes were \$1.2 million (8.7 percent) higher at \$15.4 million.

FIGURE 3: YEAR-ON-YEAR 6-MONTH COMPARISON OF TAX REVENUE PERFORMANCE (B\$M)



The \$72.9 million increase in tax revenue was partially offset by a \$4.3 million (16.4 percent) reduction in gaming tax receipts to \$21.8 million. Lower intakes were also recorded for real property and general stamp Taxes, of \$12.2 million (20.6 percent) and \$3.6 million (62.3 percent), respectively.

Movements in non-tax revenues are primarily owing to the following:

- A \$17.1 million contraction in property income was primarily associated with timing differences in receipt of rental payments.
- Miscellaneous and unidentified revenue was lower by \$24.9 million, as the prior years' collections included reimbursements of loans related to Hurricane Matthew relief initiatives.
- The \$12.7 million (12.7 percent) improvement in receipts from the sale of goods & service to \$112.9 million mainly reflected gains in customs (\$5.4 million), port harbor (\$1.4 million), and other (\$4.2 million) fees.

TABLE 3: REVENUE SUMMARY (B\$M)

	[a]	[b]	[c]	[b] - [c]	[b]/[a]
	Budget		July - Dec		
	FY2023/24	FY2023/24p Actual	FY2022/23p Actual	Variance	% of Budget
TAX REVENUE (a+b+c+d)	2,918.8	1,169.4	1,096.5	72.9	40.1%
a. Taxes on Property	195.3	47.3	59.5	(12.2)	24.2%
b. Taxes on Goods & Services (i+ii+iii)	2,006.8	786.4	716.9	69.5	39.2%
i. General	1,708.7	716.8	653.4	63.5	42.0%
VAT	1,591.4	646.0	598.8	47.2	40.6%
Stamp taxes (Financial & Realty)	114.8	55.5	53.5	2.0	48.3%
Excise Tax	2.4	15.4	1.1	14.3	640.9%
ii. Specific (Gaming taxes)	63.3	21.8	26.1	(4.3)	34.5%
iii. Taxes on Use of Goods/Permission to Use	234.9	47.7	37.4	10.3	20.3%
Motor Vehicle Taxes	42.3	15.4	14.2	1.2	36.4%
Company Taxes	24.1	4.8	5.1	(0.3)	19.8%
Licence to Conduct Special Bus. Activity	157.7	25.1	16.6	8.5	15.9%
Marine License Activities	10.7	2.4	1.6	0.9	22.5%
c. Taxes on Int'l Trade & Transactions	708.5	333.6	314.3	19.3	47.1%
Customs & other import duties	250.5	126.5	123.4	3.1	50.5%
Excise Duties	257.9	121.9	119.0	2.9	47.3%
Departure Taxes	199.3	84.8	71.5	13.3	42.5%
Other	0.8	0.4	0.4	0.0	46.4%
d. General Stamp Taxes	8.1	2.2	5.8	(3.6)	26.9%
NON-TAX REVENUE (e+f+g+h+i+j)	397.5	132.7	160.6	(27.9)	33.4%
e. Property Income	65.5	14.9	32.0	(17.1)	22.7%
Interest & Dividends	47.2	13.7	16.1	(2.4)	29.0%
Revenue_Gov't Property	18.3	1.2	15.9	(14.7)	6.5%
f. Sales of goods & services	236.3	112.9	100.2	12.7	47.8%
i. Fees & Service Charges	215.3	101.3	92.9	8.5	47.1%
General Registration	4.4	2.4	2.2	0.2	53.1%
General Service	18.2	8.3	7.2	1.0	45.6%
Immigration	123.9	56.6	56.1	0.6	45.7%
Land & Building	2.3	1.4	1.3	0.1	60.6%
Legal	1.0	0.6	0.6	0.0	66.0%
Customs	54.9	27.6	22.2	5.4	50.3%
Port & Harbour	9.5	4.2	2.8	1.4	44.1%
Health	1.1	0.2	0.5	(0.3)	18.1%
Other Fees	0.0	0.0	0.0	(0.0)	16.8%
ii. Other	21.0	11.6	7.4	4.2	55.2%
g. Fines, Penalties & Forfeits	5.6	2.7	2.2	0.4	47.6%
h. Reimbursements & Repayments	49.2	0.6	0.0	0.6	1.3%
i. Misc. & Unidentified Revenue	40.3	1.0	25.9	(24.9)	2.4%
j. Sales of other Non-Financial Assets	0.5	0.6	0.3	0.3	128.8%
TOTAL TAX & NON-TAX REVENUE	3,316.3	1,302.1	1,257.2	44.9	39.3%
GRANTS	2.8	0.0	1.1	(1.1)	0.0%
CAPITAL REVENUE	0.0	0.0	0.1	(0.1)	0.0%
GRAND TOTAL	3,319.0	1,302.1	1,258.3	43.9	39.2%

BOX B: TRENDS IN GOVERNMENT REVENUE PERFORMANCE & POLICY INITIATIVES

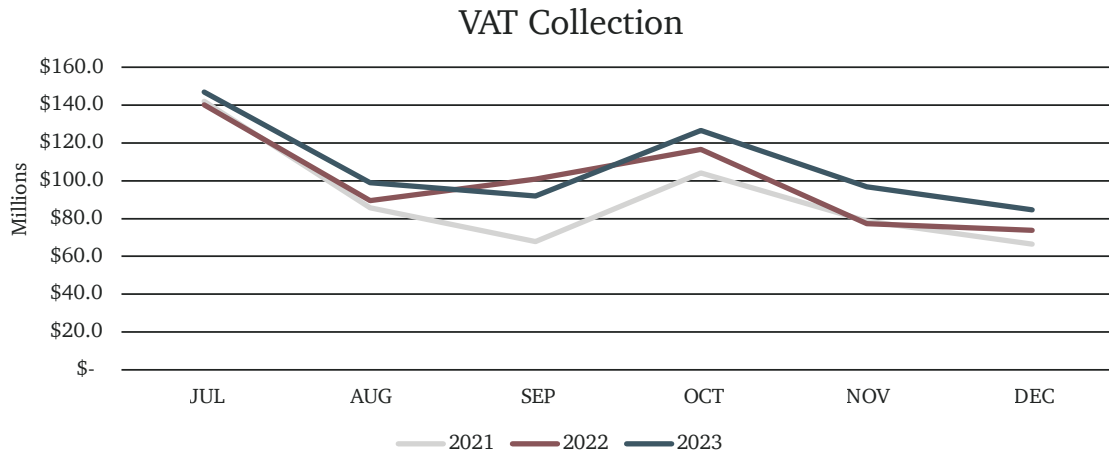
Preliminary data for first half of FY2023/2024 revenue performance indicates growth in revenue collections. Tax revenue improved 8.4 percent (\$43.9 million) when compared to the same quarter of the prior year, and is primarily attributed to increases of in Value Added Tax collections (\$40.3 million) and international trade and transaction fees (\$11.6 million).

	FY2022/23			FY2023/24		
	QII	QIII	QIV	Total	QI	QII
TAX REVENUE (a+b+c+d)	521.8	722.7	654.9	2,474.1	603.7	565.7
a. Taxes on Property	38.6	67.7	34.3	161.5	21.4	25.9
b. Taxes on Goods & Services (i+ii+iii)	329.2	477.5	435.1	1,629.5	408.8	377.6
i. General	293.4	363.3	345.0	1,361.7	380.3	336.5
VAT	267.8	336.6	316.6	1,252.0	337.9	308.1
Stamp taxes (Financial & Realty)	24.9	26.2	27.3	107.0	28.7	26.8
Excise Tax	0.7	0.5	1.1	2.7	13.8	1.6
ii. Specific (Gaming taxes)	13.4	22.4	15.4	63.9	9.6	12.2
iii. Taxes on Use of Goods/Permission to Use	22.4	91.8	74.7	204.0	18.8	28.9
Motor Vehicle Taxes	7.2	11.5	9.0	34.7	7.4	8.0
Company Taxes	3.2	12.3	2.6	20.1	1.7	3.1
Licence to Conduct Special Bus. Activity	11.2	66.7	62.0	145.3	8.9	16.2
Marine License Activities	0.9	1.2	1.0	3.8	0.8	1.6
c. Taxes on Int'l Trade & Transactions	150.0	176.9	184.2	675.4	172.0	161.5
Customs & other import duties	62.2	62.7	62.7	248.9	61.2	65.3
Taxes on Exports	53.6	58.7	75.7	253.5	61.0	60.9
Departure Taxes	34.0	55.3	45.4	172.2	49.5	35.2
Other	0.1	0.2	0.4	0.9	0.3	0.1
d. General Stamp Taxes	4.0	0.6	1.3	7.7	1.5	0.6

BOX B: TRENDS IN GOVERNMENT REVENUE PERFORMANCE & POLICY INITIATIVES

For the first six months of FY2023/24, VAT receipts grew, period-over-period, by 7.9 percent to \$646.0 million and by 18.6 percent when compared to the \$544.5 million intake for FY2021/22.

FIGURE 4: MONTHLY VAT COLLECTIONS BY YEAR



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EXPENDITURE DEVELOPMENTS

a. Recurrent Expenditure – Economic Classification

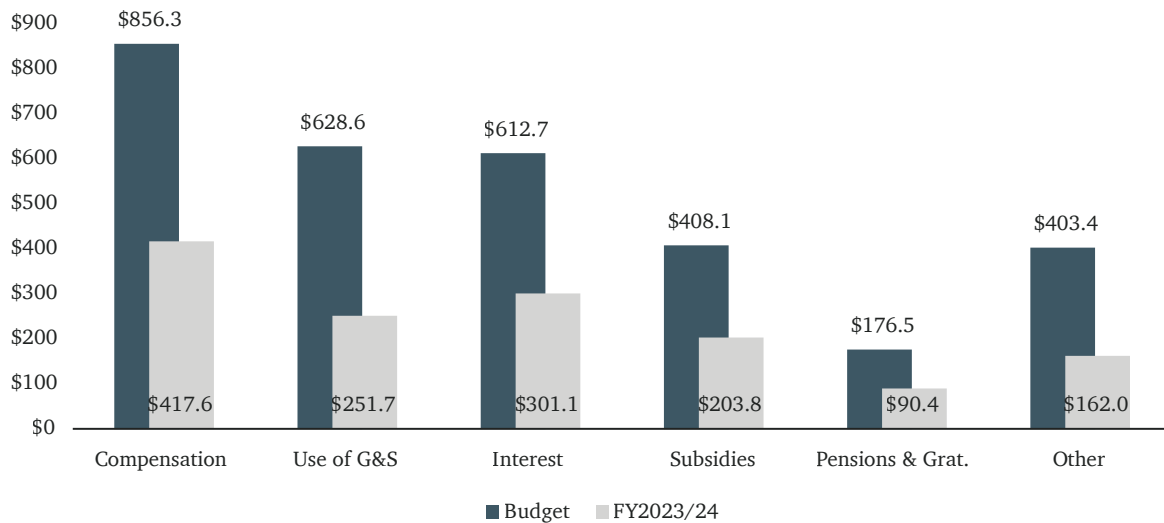
During the first half of FY2023/24, total recurrent expenditure increased over the prior year by \$8.5 million (0.6 percent) to \$1,426.8 million—representing 46.2 percent of the targeted spend (see *Table 5*).

- » Compensation of employees increased by \$18.2 million (4.6 percent) to \$417.6 million, which represented 48.8 percent of the budget target, and was explained by planned staff promotions, salary adjustments associated with industrial relation agreements, and additional hires.

- » Spending on the use of goods and services was lower by \$23.2 million (8.4 percent) at \$251.7 million, and included the following key developments.

- Utilities and telecommunications payments decreased by \$11.5 million (37.6 percent) to \$19.1 million.
- Special financial transactions, which include payment of arrears, decreased by \$17.8 million (67.1 percent) to \$8.7 million.
- Rental costs (comprising payments for office lease and rent, vehicle leases and living accommodations) decreased by \$3.8 million (8.6 percent) to \$40.3 million.
- Expenditure on services grew by \$7.2 million (5.9 percent) to \$128.6 million, owing mainly to building maintenance and communication activities.

FIGURE 5: 6-MONTH COMPARISON OF RECURRENT EXPENDITURE VS BUDGET FOR FY2023/24 (B\$M)



- » Public debt interest payments expanded by \$20.2 million (7.2 percent) to 301.1 million, of which 55.7 percent was on foreign currency obligations.
- » Subsidies, which include transfers to government-owned and/or controlled enterprises that provide commercial goods and services to the public, receded by \$15.6 million (7.1 percent) to \$203.8 million, and accounted for 49.9 percent of the budget.
 - Subsidies to public non-financial corporations declined by \$14.0 million (6.7 percent) to \$194.3 million, reflecting mainly a \$12.4 million contraction in assistance to Water and Sewerage.
 - Transfers to private enterprises and other sectors were lowered by \$1.6 million (14.4 percent) to \$9.6 million.

- » Social benefit payments were higher by \$13.7 million (12.9 percent) at \$120.4 million (50.9 percent of the budget).
 - Payments of social assistance benefits increased by \$9.2 million (44.3 percent) to \$30.0 million.
 - Pension and gratuity payments advanced by \$4.5 million (5.3 percent) to \$90.4 million, largely attributed to the recent cost of living increase granted to pensioners.
- » Other Payments fell by \$1.4 million (1.0 percent) to \$131.1 million (39.3 percent of the budget).
 - Current transfers not elsewhere classified rose by \$1.8 million (1.8 percent) to \$101.6 million.
 - Payment of insurance premiums decreased by \$3.2 million (9.8 percent) to \$29.5 million.

TABLE 5: RECURRENT EXPENDITURE BY ECONOMIC CLASSIFICATION (B\$M)

	Budget		July - Dec		
	FY2023/24	FY2023/24p Actual	FY2022/23p Actual	Variance	% of Budget
RECURRENT EXPENDITURE					
Compensation of Employees	856.3	417.6	399.4	18.2	48.8%
Use of Goods & Services	628.6	251.7	274.9	(23.2)	40.0%
Travel & Subsistence	12.3	7.9	8.1	(0.3)	64.2%
Rent	94.8	40.3	44.1	(3.8)	42.6%
Utilities & Telecommunications	97.8	19.1	30.6	(11.5)	19.5%
Supplies & Materials	44.8	20.8	17.9	2.9	46.5%
Services	273.3	128.6	121.4	7.2	47.1%
Minor capital repairs	5.1	2.5	2.5	0.1	49.7%
Finance charges	22.0	7.7	9.8	2.0	34.9%
Special Financial Transactions	46.8	8.7	26.6	(17.8)	18.6%
Tourism Related	3.0	2.0	2.0	0.0	66.1%
Local Gov't Districts	14.8	8.6	6.2	2.4	58.5%
School Boards	0.1	0.0	0.0	0.0	0.0%
Other	13.8	5.4	5.7	(0.3)	38.9%
Public Debt Interest	612.7	301.1	280.9	20.2	49.1%
Subsidies	408.1	203.8	219.5	(15.6)	49.9%
Grants	9.5	1.0	4.5	(3.5)	10.5%
Social Assistance Benefits	60.1	30.0	20.8	9.2	49.9%
Pensions & Gratuities	176.5	90.4	85.8	4.5	51.2%
Other Payments	333.7	131.1	132.4	(1.4)	39.3%
Current Transfers n.e.c.	253.5	101.6	99.7	1.8	40.1%
Insurance Premiums	80.2	29.5	32.7	(3.2)	36.7%
TOTAL	3,085.5	1,426.8	1,418.3	8.5	46.2%

b. Recurrent Expenditure – Functional Classification

On a functional basis, year-over-year variations in recurrent expenditure for the review period (see *Table 6*) were primarily explained by the following movements.

- » Outlays for general public service broadened by \$15.5 million (2.6 percent) to \$605.4 million, in line with increases in employment costs.
- » Spending on economic affairs grew by \$10.3 million (8.9 percent) to \$125.9 million, primarily owing to additional outlays related to the tourism sector.
- » Environmental protection-related outlays decreased by \$21.0 million (27.5 percent) to \$55.4 million, mainly due to reduced outlays for water management activities.

TABLE 6: RECURRENT EXPENDITURE BY FUNCTIONAL CLASSIFICATION (B\$M)

	Budget		July - Dec		
	FY2023/24	FY2023/24p Actual	FY2022/23p Actual	Variance	% of Budget
General Public Service	1,374.4	605.4	589.9	15.5	44.0%
Defense	68.7	35.1	31.5	3.6	51.1%
Public Order & Safety	259.3	126.6	120.4	6.2	48.8%
Economic Affairs	282.5	125.9	115.6	10.3	44.6%
Environmental Protection	131.8	55.4	76.5	(21.0)	42.1%
Housing & Community Amenities	21.0	5.0	11.1	(6.1)	23.6%
Health	365.5	189.2	192.5	(3.3)	51.8%
Recreation, Culture & Religion	40.1	17.3	21.1	(3.7)	43.2%
Education	321.6	159.4	154.5	4.8	49.5%
Social Protection	220.7	107.5	105.3	2.2	48.7%
GRAND TOTAL	3,085.5	1,426.8	1,418.3	8.5	46.2%

c. Capital Expenditure – Economic Classification

Capital outlays grew by \$16.2 million (13.8 percent) to \$134.1 million—representing 36.8 percent of the budget (see *Table 7*).

- » Expenditure on the acquisition of non-financial assets were higher by \$15.3 million (15.1 percent) at \$116.5 million. These gains were dominated by a \$15.5 million boost in outlays associated with roadworks, Family Island development, and sporting infrastructure. Some offsets were provided by reduced investments in other machinery and equipment (\$3.3 million) and buildings other than dwellings (\$2.9 million).

TABLE 7: CAPITAL EXPENDITURE BY ECONOMIC CLASSIFICATION (B\$M)

	Budget		July - Dec		
	FY2023/24	FY2023/24p Actual	FY2022/23p Actual	Variance	% of Budget
Capital Transfers	113.2	17.6	16.7	0.9	15.5%
Acquisition of Non-financial assets	251.4	116.5	101.2	15.3	46.4%
<i>Fixed Assets</i>	249.4	116.1	101.2	15.0	46.6%
Buildings other than dwellings	83.8	52.2	55.1	(2.9)	62.2%
Other structures	109.6	40.7	25.2	15.5	37.1%
Transport equipment	10.6	3.2	5.1	(1.9)	30.5%
Other Machinery & equipment	18.4	3.7	7.0	(3.3)	20.1%
Land Improvements	7.2	4.7	1.8	2.9	65.0%
Other Fixed Assets	19.8	11.7	7.1	4.6	59.3%
<i>Land</i>	2.0	0.4	0.0	0.4	18.8%
TOTAL	364.6	134.1	117.9	16.2	36.8%

d. Capital Expenditure – Functional Classification

During the first six months of FY2023/24, the functional classification of capital expenditure (see **Table 8**) featured the following major movements.

- » Spending on economic affairs increased by \$27.0 million (54.3 percent) to \$76.8 million, primarily driven by higher outlays for infrastructure relative to national disaster recovery.
- » Health disbursements were lower by \$11.3 million, owing to ongoing moderation of spending on general hospital services post the COVID-19 recovery.

TABLE 8: CAPITAL EXPENDITURE BY FUNCTIONAL CLASSIFICATION (B\$M)

	Budget		July - Dec		
	FY2023/24	FY2023/24p Actual	FY2022/23p Actual	Variance	% of Budget
General Public Service	71.4	9.5	8.4	1.1	13.3%
Defense	11.1	2.8	3.7	(1.0)	24.8%
Public Order & Safety	11.7	1.8	4.9	(3.1)	15.0%
Economic Affairs	174.5	76.8	49.8	27.0	44.0%
Environmental Protection	4.2	0.6	0.4	0.2	13.6%
Health	40.3	2.5	13.8	(11.3)	6.2%
Recreation, Culture & Religion	0.0	0.0	0.0	0.0	0.0%
Education	48.7	40.1	36.8	3.3	82.3%
Social Protection	2.7	0.1	0.1	0.1	4.7%
GRAND TOTAL	364.6	134.1	117.9	16.2	36.8%

6

FINANCING ACTIVITIES

NET INCREASE IN LIABILITIES

For the first six months of FY2023/24, the government's financing activities comprised a \$132.7 million decrease in the acquisition of financial assets, alongside a \$156.9 million increase in liabilities.

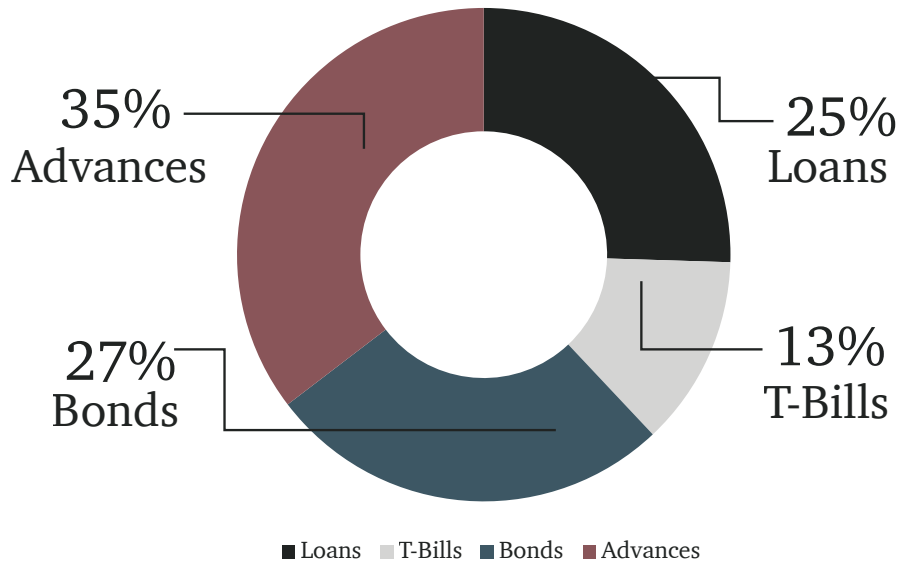
- » The \$152.1 million net increase in Bahamian Dollar liabilities included the following:
 - Net issuances of government domestic securities, led by bonds, amounted to \$355.6 million.
 - Loans to commercial banks and advances from the Central Bank were reduced by \$72.3 million and \$131.1 million, respectively.
- » The net increase of \$4.8 million in foreign currency liabilities comprised \$68.9 million in proceeds from bank loans against loan redemption with international development agencies of \$64.1 million. Approximately 78.5 percent of the latter was earmarked to reduce liabilities to the IMF, 7.7 percent to the CDB, 8.3 percent to the IDB and the balance to the Chinese Export-Import Bank.

Consequent on these developments, the Direct Charge on the Government—inclusive of exchange rate adjustments, increased by \$156.9 million to an estimated \$11,428.0 million at end-December 2023. This equated to an estimated 81.7 percent of GDP, compared to 82.6 percent of GDP at end-June 2023.

TABLE 9. CHANGE IN LIABILITIES BY CURRENCY AND INSTRUMENT (B\$M)

	FY2023/24 July - December		
	Borrowings	Repayment	Net Change
Bahamian Dollars	1,451.1	1,299.0	152.1
Bonds	518.6	357.5	161.2
Treasury Bills/Notes	243.4	49.0	194.4
Bank Loans	-	72.3	(72.3)
Central Bank Advances	689.1	820.2	(131.1)
Foreign Currency	496.4	491.7	4.8
Bank Loans	483.3	414.5	68.9
International Bonds	-	-	-
Loans from Int'l Dev. Agencies	13.1	77.2	(64.1)
Central Bank	-	-	-
TOTAL	1,947.5	1,790.7	156.9

FIGURE 6: COMPOSITION OF GOVERNMENT BORROWINGS FOR FIRST 6 MONTHS FY2023/24



CHANGE IN FINANCIAL ASSET POSITION

Over the six month period, drawings on the Sinking Fund for the servicing of debt obligations totaled \$132.7 million. On a cumulative basis, the four (4) sinking fund arrangements earmarked for scheduled retirement of external bonds amounted to USD \$245.9 million at end-December 2023, of which \$97.1 million is subject to the February 2022 repurchase agreement in which external bonds were sold for repurchase in two (2) years.



Q2 - FY2023/24

Six Month Report On Budgetary Performance

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