

2021/2022



THE ANNUAL
BUDGET
2021/2022

Budget at a Glance

ACCELERATING RECOVERY:
From Restoration to Growth



PRESENTED BY
Marlon Johnson
Acting Financial Secretary

“”

As we continue to lead the country out of the ravages of this pandemic, we are confident that our efforts thus far have positioned the economy to be robust and sustainable. **The Accelerated Bahamas Recovery Plan** defines the next steps in our ultimate mission, which is to not only recover, but to **thrive in a post-pandemic world**.

The Most Hon. Dr. Hubert Minnis
Prime Minister and Minister of Finance



THE ANNUAL
BUDGET
2021/2022

THE OBJECTIVES

1. Strengthen the impact of much needed COVID-19 related support;
2. Accelerate the re-engagement of displaced workers;
3. Stimulate domestic economic and commercial activity;
4. Extract greater value from the tourism sector; and
5. Accelerate the adoption of innovation and eGovernment technologies and services.

THE STRATEGY

1. Job Creation
2. Small Business Development
3. Healthcare Improvements and Vaccination
4. Tourism Development
5. Public & Private Sector Investment
6. Digitization and Innovation
7. Fiscal Responsibility

OVERVIEW

01 Economic Context

02 Fiscal Outlook

03 Accelerated Bahamas Recovery Plan

04 Future Prospects

05 Announcements



A Economic output is expected to increase from a contraction of **5.8%** in FY20/21 to a modest growth of **3.9%** in FY21/22

B Success of national and international vaccine strategy is crucial.

C Growth contingent on increase in international and domestic activity in tourism sector

Fiscal deficit remains higher than desirable. **Improvements** are expected.

Demand for government **social support** still high

High **unemployment** and **small business closures** remain

Increased **pressure on healthcare** system persists



EXPENDITURE ESTIMATE

\$2.83 billion (recurrent)

\$372.4 million (capital)

Critical expenditures to support implementation
of *Accelerated Bahamas Recovery Plan*

DEFICIT ESTIMATE

\$951.8M

or 7.7 percent of GDP

“With the state of the global economy and our revenue shortfalls, **significant expenditure is still needed to sustain our support for COVID-19 relief measures and to spur economic growth** through the Accelerated Bahamas Recovery Plan.”

The Most Hon. Dr. Hubert Minnis
Prime Minister and Minister of Finance



Job Creation



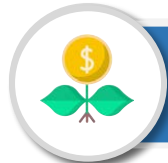
Small Business Development



Healthcare Improvements and Vaccination



Tourism Development



Public & Private Sector Investment



Digitization and Innovation



Fiscal Responsibility



Creating Opportunities for Employment

- **Employment Incentive Programme**

Businesses can now apply for VAT credit up to **\$400 per week** per employee to cover 10 new private sector employees

\$40M

in foregone revenue

250

SMEs estimated to benefit

2.5K

estimated new jobs

- **Small Business Tax Concession and Relief Programme**

Duty-free concessions to start or expand business, including **start-up inventory**



Increasing Financing and Concessions

\$250M

financing over 5 years for
Access Accelerator
(SBDC)

\$35M

budgeted for Access
Accelerator (SBDC) in
FY2021/22

\$4M

support for Bahamas
Development Bank over
2 years

New Tax Free Zones for 11 Southern Islands

- **Duty and VAT concessions** on construction materials
- **Tax breaks** on business license fees and real property tax
- **0% VAT on conveyance** transactions under **\$500K**
- **\$4M** - estimated savings from tax breaks

ACCELERATED BAHAMAS RECOVERY PLAN

HEALTHCARE IMPROVEMENTS AND VACCINATION



Building a resilient healthcare system

\$100 million investment in new fiscal year will be the **largest healthcare investment in decades.**

National Health Insurance Expansion

- All Bahamians will have access to **public and private doctors for primary care** and related services.

\$1M

for telemedicine
initiative

\$19M

for new tower at Rand
Memorial Hospital

\$70M

for expansion of
Princess Margaret
Hospital



A plan to leverage high-demand

A

Diversified approach to the cruise industry

B

Homeporting and Bahamas-centered itineraries

C

Integration of SMEs throughout the tourism value chain

D

Enhanced global marketing and PR efforts





Improving the Framework for Investment

- New **InvestBahamas Project** to attract and manage quality domestic and foreign direct investments
- New **capital projects** to leverage PPPs

\$7.5M

for Ragged Island
multi-purpose building

\$15.4M

to support Family Island
airport repairs and rebuild
projects

\$31M

in renewable and
resilient energy projects

\$3.3M

in funding for the Inagua
Comprehensive School

\$1.9M

in funding for the East Grand
Bahamas Comprehensive
School



Accelerating the Pace of Digital Transformation

A

MyGateway Expansion to Continue

40 New e-Services by December 2021

6,900 Citizens already registered on platform

B

New Tax Incentives for Private Sector

\$900,000 in private sector tax savings on digital transformation expenses.

New initiatives to **increase** revenue collection efficiency, **improve** government service delivery, and **expand** access to services outside of the capital.



New ways to increase revenue and offset losses from various tax concessions

\$31M

in new revenue from vacation home rental taxes

\$4M

in increased revenue from VAT on realty transaction

14K

new properties in Real Property Tax Roll (**\$9B** in taxable properties)

Sovereign Airspace Control

\$25-30M

Revenue from new agreement to control sovereign airspace will offset the cost of the Civil Aviation Authority and related agencies.

- Sinking Fund arrangements to pay off **\$775M**
- **Containing interest costs** through International Financial Institutions
- Leveraging **fixed rate debt** in a low interest rate environment
- Fixing appropriate mix between **domestic and foreign currency debt**

Public Debt Management Act, 2021 to establish an appropriate framework for a **credible, transparent and accountable** debt management strategy

The Bahamas is implementing programmes that will lead to real growth in the medium term:



Targeted COVID-19 relief will decline over time with the implementation of the vaccine strategy and rebound of the tourism sector.

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Website Launch on June 2nd!

