



COMMONWEALTH OF THE BAHAMAS

THE MINISTRY OF FINANCE

THREE MONTHS FY2023/24

FISCAL SNAPSHOT

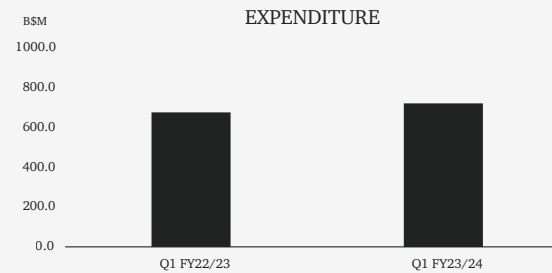
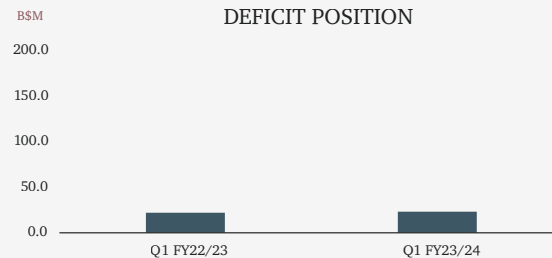
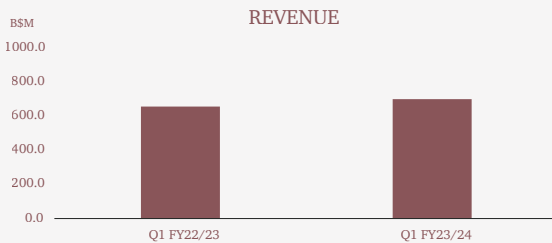
RELEASED FEBRUARY 2024

ECONOMIC OUTLOOK

In the first quarter of FY2023/24, The Bahamas demonstrated economic resilience amid global challenges. The Bahamian economy, driven by robust tourism and domestic demand recovery, recorded a 22.8 percent increase in arrivals, reaching 2.2 million. Despite modest changes in the global economy the overall domestic outlook remained positive.

FISCAL BALANCE

Central Government's operations for the first quarter of the FY2023/24 shows an increase of the fiscal deficit to \$58.2 million from \$22.0 million in the year prior, for the same period. This outcome is largely due to the growth in expenditure outpacing revenue receipts.



TAX REVENUE PERFORMANCE

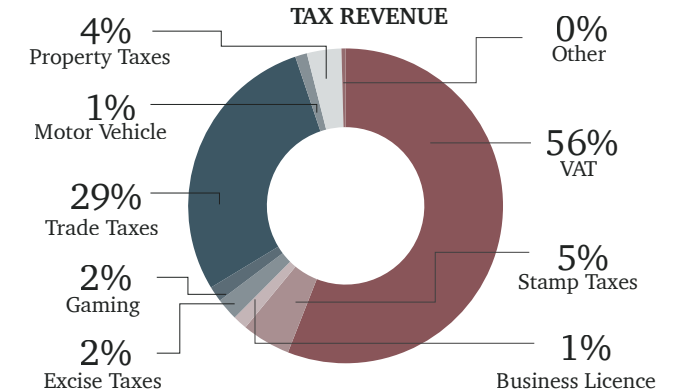
Tax collections rose \$29.0 million, a 5.0 percent increase to \$603.7 million, representing 20.7 percent of the budget target. Improvements were noted for Value Added Tax (\$6.9 million), departure tax (\$12.1 million), and excise tax (\$13.4 million).

NON-TAX REVENUE SUMMARY

Non-tax revenue performance lagged by \$20.1 million (25.2 percent) to \$59.8 million relative to the same period of the prior fiscal year. Notably there were declines of \$14.4 million in miscellaneous and unidentified revenue, and \$13.3 million in property income.

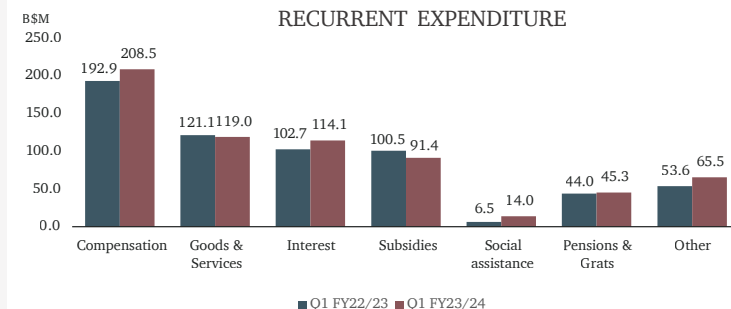
REVENUE

Revenue collection for the first quarter of the FY2023/2024 totaled \$663.5 million, surpassing the prior year collections by \$8.9 million (1.4 percent). During the quarter, major revenue sources grew as economic activity continued to improve. Value Added Tax totaled \$337.9 million, taxes on international trade and transactions amounted to \$172.0 million, stamp taxes on financial and realty transactions totaled \$28.7 million, property tax collections were \$21.4 million, and non-tax revenues equated \$59.8 million.



EXPENDITURE

Aggregate expenditure increased by \$45.1 million (6.7 percent) to \$721.8 million, accounting for 20.9 percent of the total budget target. During the quarter, compensation of employees totaled \$208.5 million, public debt interest payments amounted to \$114.1 million, \$91.4 million in subsidies were provided, and investments of \$52.6 million were made for the acquisition of non-financial assets.





RECURRENT EXPENDITURE

Recurrent expenditure increased by \$36.4 million (5.9 percent) to \$657.7 million during the first three months of the FY2023/2024. Increased outlays during the quarter resulted from higher public debt interest payments (\$11.5 million), social assistance benefits (\$7.5 million), and spending on the compensation of employees (\$15.6 million). However, spending was lower during the period on the use of goods and services (\$2.1 million), and subsidies (\$9.1 million).

FINANCING ACTIVITIES

The Government experienced a net deficit of \$58.2 million, which represented an increase of \$36.3 million relative to the prior comparable period. Net financing totaled \$33.7 million, a \$47.5 million (345.1 percent) decrease in the net liability as compared to the prior fiscal year

CHANGES IN GOVERNMENT DEBT

Government Debt is money owed directly by the Government. It is also referred to as the Direct Charge on Government. These financials are reported by the Government by fiscal year. Given the developments in net borrowing, the Direct Charge at end-September 2023 totaled \$11,214.5 million or 80.4 percent of GDP, as compared to 82.0 percent of GDP at end-June 2023.

GOVERNMENT DEBT		% GDP
END-JUNE 2023	11,260.0 million	82.0%
END-SEPTEMBER 2023	11,214.5 million	80.4%

MONEY BORROWED	
B\$	617.8 million
NON B\$	0.0 million

MONEY REPAID	
TOTAL (\$)	651.5 million

NATIONAL DEBT	
AS OF SEPTEMBER 2023	11,572.9 million

CAPITAL EXPENDITURE

Capital spending increased by \$8.7 million to \$64.0 million, representing 17.6 percent of the budget target. During the quarter, spending was higher primarily for capital transfers (\$5.3 million) and other structures (\$4.2 million). Key declines in capital outlays were owing to reduced spend on buildings other than dwellings (\$5.2 million).

MONEY BORROWED:

Government utilized gross borrowings of \$617.8 million as compared to \$401.5 million in the prior fiscal year to satisfy budgetary financing requirements and to settle maturing debt instruments. Domestic bond issuances totaled \$120.9 million; treasury bills and notes amounted to \$145.3 million, and Central Bank advances totaled \$351.5 million.

MONEY REPAID:

Repayments of Government debt increased to \$651.5 million compared to \$387.8 million in the same period of the prior year. Repayment included: \$38.3 million to international development agencies, \$121.7 million to foreign commercial banks, \$337.1 million for Central Bank advances, \$98.6 million for Bahamas Government registered stock, \$21.0 for Treasury bills, and \$34.8 million for domestic bank loans.

NATIONAL DEBT

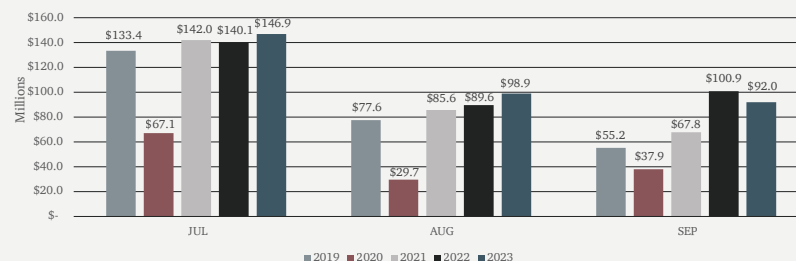
National Debt is calculated by adding Government Debt together with Contingent Liabilities, which are monies owed by State Owned Enterprises that are guaranteed by the Government. The Central Bank of The Bahamas reports on the National Debt every calendar year.

National Debt: \$11,572.9 million (to September 2023)

www.centralbankbahamas.com

<https://bahamasbudget.gov.bs/debt/>

VAT COLLECTION



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

	FY2019/20	FY2020/21	FY2021/22	FY2022/23	FY2023/24p	Total
	Mar - June	July - June	July - June	July - June	July - Sept	
Recurrent Expenditure	39.2	268.5	96.6	7.6	0.2	412.1
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	0.1	8.4
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	0.1	8.7
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	0.7	468.0

POLICY INITIATIVES

In January 2022, the Government launched of its expansionary fiscal policy which reduced the nominal rate of VAT from 12 percent to 10 and eliminated many zero rating categories, improving equitability in the domestic tax structure. Despite the reduction in the nominal VAT rate, revenue outturn from VAT receipts grew period-over-period by 2.1 percent to \$337.9 million for the first three months of FY2023/24 and by 14.4 percent when compared to FY2021/22 figure of \$295.4 million.