

THE ANNUAL
BUDGET

2020/2021



**RESILIENT BAHAMAS
BUDGET SNAPSHOT**

MID-YEAR FY2020/2021

FROM CRISIS TO OPPORTUNITY

PUBLISHED BY THE MINISTRY OF FINANCE

RESILIENT

BUDGET PLAN

The Plan shows **how and where** the government is **spending public funds** to address the public health crisis and economic fallout.



REVENUE PLAN

- No new taxes
- Provide ongoing tax breaks
- Strengthen tax collection

Estimate: **\$1.8 BILLION**



EXPENDITURE PLAN

- Eliminate non-essential spending
- Dramatically increase social support
- Strategic target capital spending

Estimate: **\$3.1 BILLION**



DEFICIT PLAN

- Increase borrowing to cover the deficit.
- Increase foreign currency borrowing to support external reserves.

Estimate: **\$1.3 BILLION**



The government made the **deliberate decision** that even though we collected less revenue, we must spend more to **take care of the most vulnerable**. Our focus has, at all times, been on the people.

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

BAHAMAS

TOP 5 PRIORITIES



PUBLIC HEALTH

Strengthening health infrastructure and readiness for the detection, treatment and mitigation of the virus.

SOCIAL SUPPORT

Providing food assistance to the vulnerable and direct cash support for the unemployed.



DOMESTIC ECONOMY

Keeping the economy afloat with tax breaks, funding for small businesses and other forms of stimulus.

EXISTING EMPLOYMENT

Providing support to help public and private sector employees keep their jobs.



GOVERNMENT REFORM

Transforming to meet the needs of a modern Bahamas beyond the crisis.

DESIRED IMPACT

Protecting citizen **wellbeing**, maintaining **economic stability** and planting **seeds for economic recovery**.



MACRO-ECONOMIC CONTEXT

COVID-19 RESPONSE TAKES
PRIORITY IN FIRST 6 MONTHS



Contraction in GDP forecast at **16.2%** for 2020. A slight recovery of **2.0%** expected in 2021.

A full recovery of the economy to pre-crisis levels is expected by **2022** when GDP is poised to grow by **8.5%**.

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

	FY2019/20	FY2020/21 P JULY - DEC.	TOTAL
Recurrent Expenditure	39.2	124.8	164.0
Public Health & Safety	1.9	12.5	14.4
Unemployment Assistance	10.0	66.0	76.0
Goods & Services Acquisition	1.8	1.1	2.9
Private Sector Payroll Support	21.4	23.0	44.4
Food Assistance	2.0	22.0	24.0
Other	2.1	0.2	2.3
Capital Expenditure	40.3	6.6	46.9
Public Health & Safety	0.4	0.0	0.4
Goods & Services Acquisition	0.6	0.1	0.7
COVID-19 Unit	0.3	0.5	0.8
Small Business Loans	39.0	6.0	45.0
TOTAL	79.5	131.4	210.9

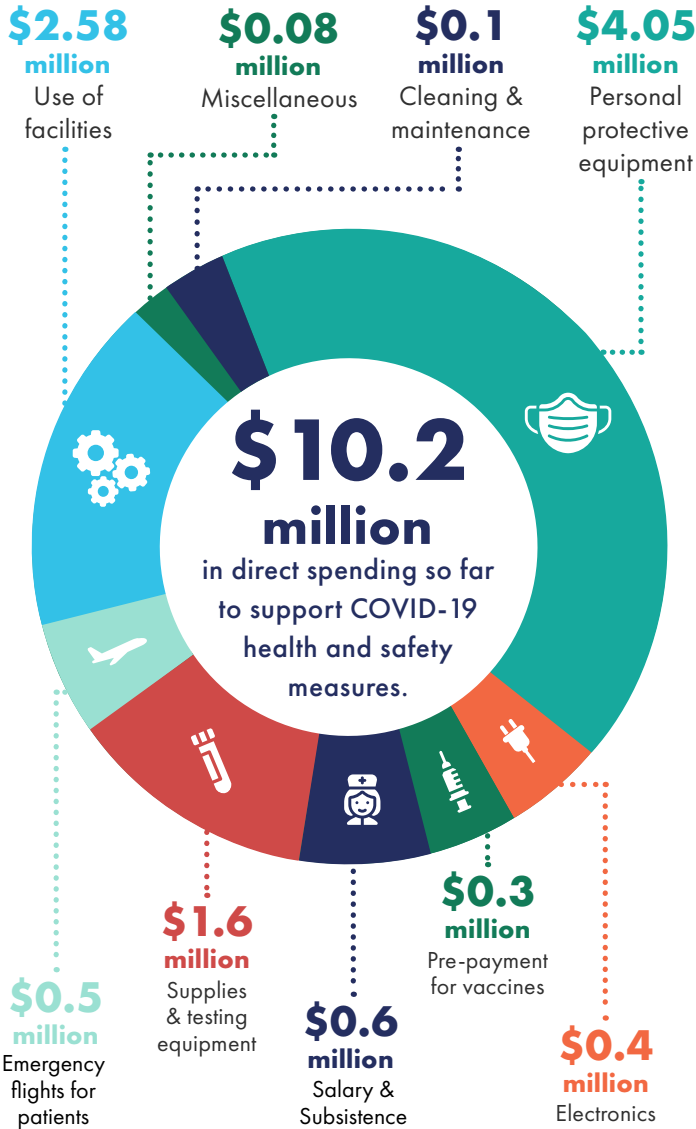
SUMMARY OF COVID-19 RESPONSE

The government has taken a number of steps to reduce the impact of COVID-19, including:

- Bolstering public health and safety to contain viral spread
- Expanding unemployment assistance offered by the National Insurance Board
- Expanding the existing social safety network (eg. food distribution)
- Extending utility coverage for impacted persons
- Supporting businesses via grants and loans
- Encouraging job retention via tax incentives

PUBLIC HEALTH AT-A-GLANCE

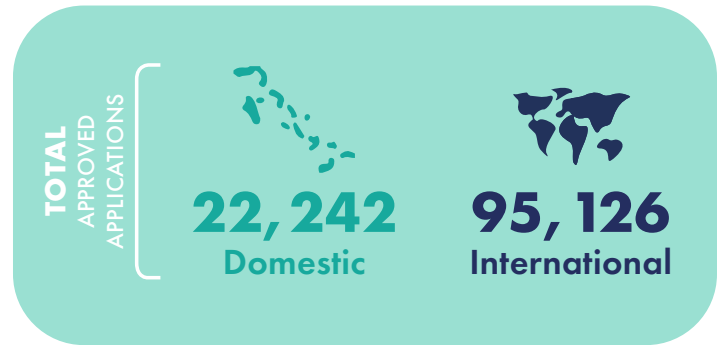
RESILIENCE IN A CRISIS



Over the past six-months, public health policies helped to **save lives**, **contain the spread** of the virus and support the **gradual reopening** of the economy.

COVID-19 TRAVEL INSURANCE

154,334 travellers applied for the Ministry of Tourism's Health COVID-19 Travel Insurance Program up to January 24, 2021.



This mandatory travel insurance program reduced financial strain on public health resources while allowing tourism sector to operate.

\$10.2 million

Spent so far to support COVID-19 health and safety measures

\$3 million

Spent to repair and upgrade Rand Memorial Hospital

HEALTH INFRASTRUCTURE

SOCIAL SUPPORT

DRAMATICALLY EXPANDED



The government understood the crisis and the severe effect on our revenue, but we recognized that our priority was and is always to do what is necessary to save lives and support people.

Senator Kwasi Thompson

Minister of State for Finance



72,000
HOUSEHOLDS

provided with food assistance through the National Food Distribution Task Force, with \$24 million in government contributions.

\$9 million in additional funds from the Department of Social Services for food voucher assistance (45.9% year-over-year increase).



85,000

**UNEMPLOYED INDIVIDUALS
SUPPORTED**

\$100.2 million

NATIONAL INSURANCE BOARD (NIB) BENEFITS

NIB paid unemployment claims to its beneficiaries for up to 13 weeks based on their normal eligibility.

\$124.8 million

GOVERNMENT-FUNDED ASSISTANCE

The government gave extra cash support to replace the lost income of persons who used up their NIB benefits, to persons who did not qualify for benefits and Dorian survivors.



GRAND BAHAMA & ABACO STRONG

\$261.8 MILLION TAX RELIEF

Special Economic Recovery Zones (SERZ) ravaged by Hurricane Dorian received tax relief between September 2019 to December 2020 to rebuild



SERZ EXTENSIONS

Because of COVID-19, the government extended tax concessions set to expire such as taxes on replacement vehicles, fuel, real property transactions, household furniture, building materials and construction services

\$6 MILLION GRANTS & LOANS

provided to 447 businesses in Grand Bahama and Abaco to rebuild after Hurricane Dorian

4,475 BUSINESSES

in Grand Bahama and Abaco received business license fee waivers valued at \$10.7 million

SUSTAINING THE DOMESTIC ECONOMY

While we provide for the health and safety of Bahamian citizens and residents, we must also sustain our local economies.



Fishing & Farming

\$5 million in small business support for farming and fishing sectors, plus tax reductions for industry materials.



Back to School

\$5 million given to help private schools over and above the budgeted sum. The government also provided tax breaks through a VAT holiday on school supplies.

\$19.8 million
Nassau & Family Island school repairs

\$3.8 million
Wifi devices for virtual schooling

Home Repairs

Homeowners were provided funding to assist with repairs following Hurricane Dorian.

1,763
Homes in Grand Bahama

882
Homes in Abaco



Capital Projects

\$85 million in construction projects to stimulate the economy and increase employment.

KEEPING JOBS SECURE

The government saw the need to sustain employment amidst the unprecedented crisis and focused its support on several areas.



\$20.3
million

\$40
million

\$44.4
million

Aviation Jobs

Funding provided to Bahamasair and Nassau Flight Services for **salary and operational support** to protect jobs, ensure necessary airlift to islands despite the COVID-19 related economic decline and other commitments.

Private Sector Payroll Support

The government provided funding in the form of tax credits and deferrals to meet the payroll of over **14,000 workers** across **126 businesses**.

Business Continuity

The government funded the Small Business Development Center (SBDC) allowing **580 small businesses** to retain approximately **4,500 jobs** with business continuity loan and grant support.

ACCELERATING GOVERNMENT REFORM

More government services go digital

DRIVER'S LICENSE RENEWAL

VEHICLE LICENSING

IMMIGRATION SERVICES

PASSPORT RENEWAL

OBTAINING BIRTH, DEATH, & MARRIAGE CERTIFICATES

Major progress with cashless payment solutions for government services

ROAD TRAFFIC

CUSTOMS

PASSPORT OFFICE

IMMIGRATION

REGISTRAR GENERAL'S OFFICE



BEYOND COVID-19 STRONG PROSPECTS FOR RECOVERY

There are positive signs of a robust emergence from this crisis.

ACTIVE INVESTMENT PIPELINE

The country is poised to rebound with the help of **\$1 billion** in foreign direct investment and multiple key projects underway such as the **Wynn Development, The Pointe, Albany expansion, the Grand Lucayan in Grand Bahama** and **the new cruise port in Downtown Nassau**.



COVID-19 VACCINE ROLLOUT

\$100,000
FOR VACCINE COOLERS

The Ministry of Health secured ultralow COVID-19 vaccine coolers to store the vaccine once in country.

100,000
ASTRAZENECA DOSES

First batch of vaccines secured by government for free distribution to high-risk populations across the islands.



US MARKET REBOUND

There are signs of potential rebound in our major source market with the passing and introduction of massive stimulus packages.

\$900 billion
STIMULUS PASSED

\$1.9 trillion
STIMULUS PROPOSED



ERC SUGGESTIONS

Government currently implementing several Economic Recovery Committee (ERC) ideas including:

- INVESTBAHAMAS, a progressive, autonomous agency for foreign and domestic investment
- The Bahamas Extended Stay (BEATS) program

