



C O M M O N W E A L T H O F T H E B A H A M A S

2021
2022

**FIRST QUARTER FISCAL
SNAPSHOT & REPORT**
ON BUDGETARY PERFORMANCE

FY 2021/2022 | JULY-SEPTEMBER



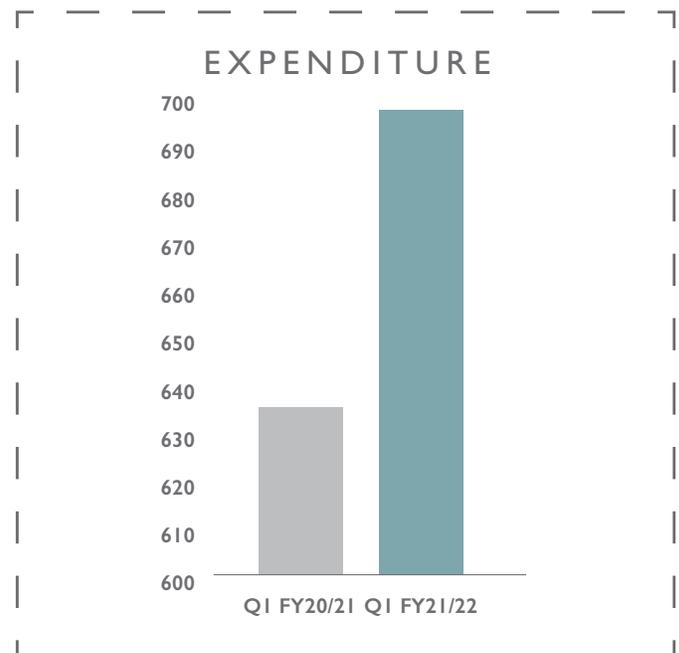
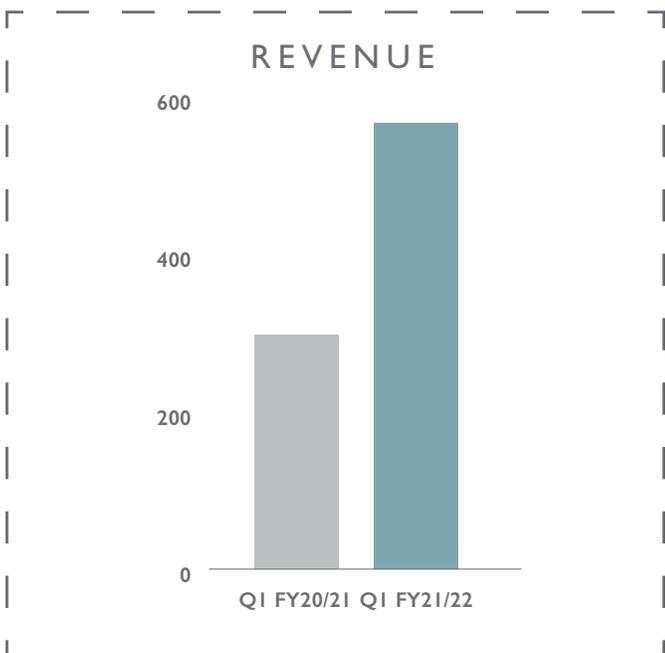
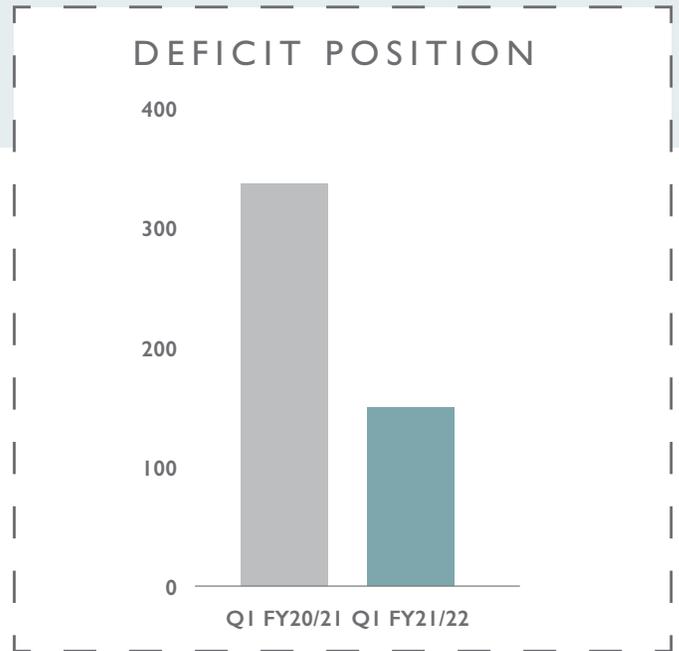
ECONOMIC OUTLOOK

The Bahamas’s improved economic performance during the first quarter FY2021/22 is reflective of the accelerated pace of recovery in the domestic economy as COVID-19 vaccination and containment efforts improve both domestically and internationally. As a result of progressive vaccine availability, relaxed curfews and the cessation of lockdowns, tourism activity has improved with stopover visitor arrivals nearing pre-pandemic levels. However, unemployment levels remain elevated with beneficiaries relying on the government unemployment benefits program. Inflation remains relatively contained but is projected to rise in the near term as global markets rebound.

As a result of elevated debt levels to weather the impact of Hurricane Dorian and the coronavirus pandemic and a weak economic outlook, Moody’s Investor Service downgraded The Bahamas’s sovereign debt rating during the quarter from Ba2 to Ba3.

FISCAL BALANCE

Preliminary data from the Central Government’s operations for the first quarter of the fiscal year 2021-2022 indicate an expected narrowing of the fiscal deficit to \$153.5 million from \$345.1 million in the previous year. This outcome is largely due to the reopening of the economy. Revenue receipts improved with increased tourism and taxable activities due to lessened COVID restrictions. However, expenditure to support various social assistance and employment support programs in response to the pandemic continued during the period.

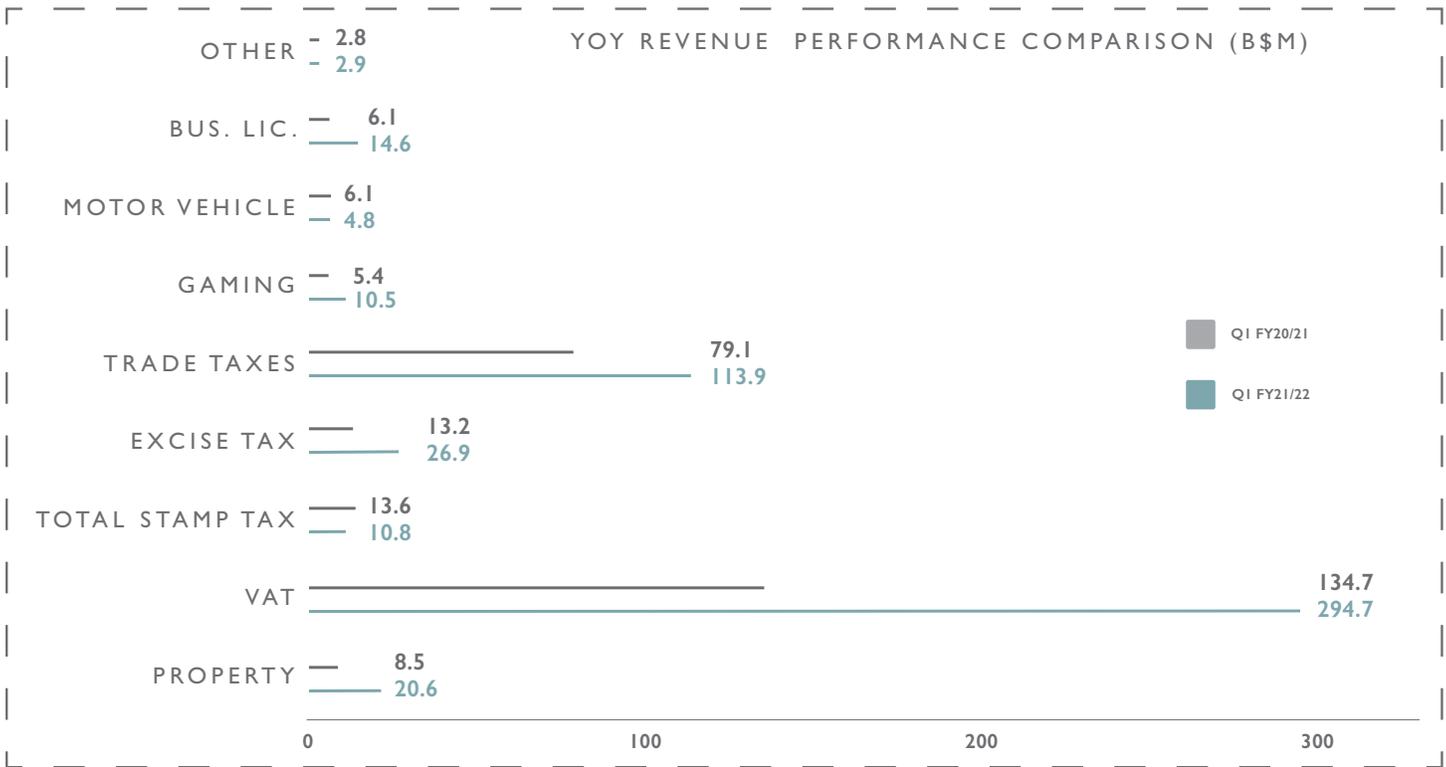




REVENUE

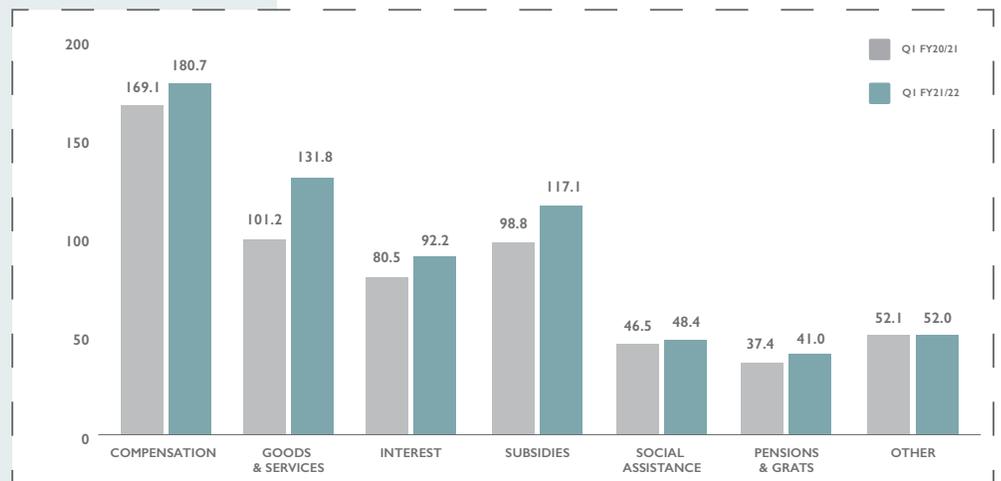
Revenue collection for the first quarter of FY2021/2022 totaled \$572.8 million, surpassing the prior year collections by 90.3 percent (\$271.9 million). During the year, revenue collections firmed as economic activity improved as a result of relaxed

COVID-19 restrictions, the resumption of taxable activities, local and global vaccine rollouts and an uptick in tourist arrivals in July and August.



EXPENDITURE

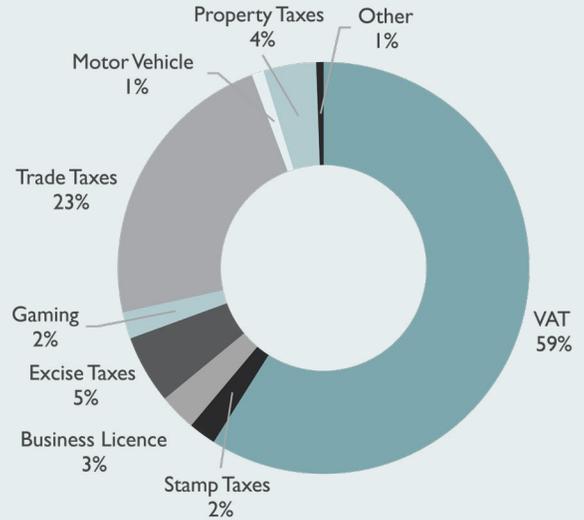
Aggregate expenditure firmed by \$80.2 million (12.4 percent) to \$726.2 million, accounting for 22.7 percent of target expenditures. The increase in aggregate expenditure is largely the result of increased spending for compensation of employees (\$11.6 million), social assistance benefits (\$1.9 million), pensions and gratuities (\$4.5 million), public debt interest (\$11.7 million) and subsidies (\$18.3 million). Overall Expenditure increase was tempered in part by period-over-period reductions of \$2.4 million for supplies and materials, \$0.9 million in current transfers, and \$3.8 million for capital transfers.





TAX REVENUE PERFORMANCE

Tax receipts improved period-over-period by \$230.2 million, an 85.4 percent increase to \$499.7 million, representative of 25.9 percent of the budget. During the quarter, taxes on property totaled \$20.6 million, an increase of \$12.1 million (142.8 percent) supported by the Government’s Real Property Amnesty program. VAT receipts firmed by 118.8 percent (\$160.0 million) to \$294.7 million owing to the enhanced economic activity caused by improved COVID-19 containment and vaccinations. Likewise, gaming taxes amplified period-over-period to \$10.5 million, a 93.7 percent increase from the previous period. Further improvements to tax performances include: departure taxes by \$9.0 million (560.9 percent) to \$10.6 million, business license tax by \$8.5 million (139.4 percent) to \$14.6 million and marine license activities by \$0.8 million (266.8 percent) to \$1.1 million.



NON-TAX REVENUE SUMMARY

Non-tax revenue firmed by \$41.6 million (132.5 percent) to \$73.0 million and 23.0 percent of the budget. Property income totaled \$15.7 million, a 1,869.9 percent increase period-over-period. Revenue from the sale of goods and services improved by \$26.1 million (88.6 percent) to \$55.6 million largely driven

by the \$20.2 million (146.6 percent) increase in immigration fee collections. Fines, penalties and forfeits firmed by \$0.4 million (46.7 percent) to \$1.2 million and miscellaneous and unidentified revenue improved by \$0.1 million (36.3 percent) to \$0.4 million.

RECURRENT EXPENDITURE

Recurrent expenditure increased by \$7.8 million (13.3 percent) to \$663.6 million during the first three months of FY2021/2022, as compared to the same period in the prior year – representing 23.5 percent of the targeted spend. Compensation of employees grew by \$11.6 million (6.8 percent) to \$180.7 million. Expenditures for the acquisition of goods & services increased by \$30.6 million (30.2 percent) to \$131.8 million. Public debt interest increased by \$11.7 million (14.5 percent) to \$92.2 million. Subsidies to government-owned and/or controlled enterprises expanded by \$18.3 million (18.6 percent) to \$117.1 to assist the health, education and air transport sectors.

Social assistance benefits expanded by \$1.9 million (4.2 percent) to \$48.4 million—being driven by COVID-19 related outlays for unemployment assistance and food assistance occasioned by extensions to the related programmes.

CAPITAL EXPENDITURE

Capital expenditure grew by \$2.2 million (3.7 percent) to \$62.6 million, when compared to the same period of the previous year - representing 16.8 percent of the budget for FY2021/2022. Transfers receded by \$3.8 million (19.6 percent) to \$15.8 million. Key capital expenses included \$1.0 million in support for small and medium sized enterprises, \$7.6 million to continue recovery efforts from Hurricane Dorian and \$5.5 million for energy restoration and renewable energy. Expenditure on fixed assets increased by \$6.1 million (14.9 percent) to \$46.9 million – representing 19.4 percent of budget. Capital fixed asset spend comprised \$18.8 million on public buildings, \$15.5 million on other structures, \$1.7 million on machinery, \$2.5 million in park and ground improvements and \$2.3 million on other fixed assets.



FINANCING ACTIVITIES

The government’s operational activities for the first quarter of FY2021/22 included a net increase in liabilities of \$154.6 million, compared to \$692.0 million in the same period of the prior fiscal year.

CHANGES IN GOVERNMENT DEBT

Given the developments in net borrowing, the Direct Charge on the Government—exclusive of interest rate adjustments, firmed by \$151.7 million to \$10,087.0 million or 98.1 percent of GDP at end-September 2021, as compared to 100.5 percent of GDP at end-June 2021.

	GOVERNMENT DEBT	% GDP
END-JUNE 2021	9,935.3	100.5%
END-SEPTEMBER 2021	10,087.0	98.1%

	MONEY BORROWED
B\$	473.8
NON B\$	23.7

	MONEY REPAID
TOTAL (\$)	342.9

	NATIONAL DEBT	
AS OF SEPTEMBER 2021	10,488.1	million

MONEY BORROWED

With the rebounding domestic economy, Government’s gross borrowing was contained at \$497.0 million as compared to \$921.0 million in the same period of the prior year. Domestic bonds totaled \$48.8 million to cover required financing. Foreign borrowing from international development agencies aggregated \$23.7 million, mainly comprised of US\$10.4 million for energy sector reconstructions, US\$2.8 million for government digitization initiatives, US\$2.7 for a micro and small business program, and US\$2.4 million to support the health sector with COVID-19 containment. Short-term financing comprised \$265.0 million in Treasury Bills and \$160.0 in Central Bank advances.

MONEY REPAID

Debt amortization payments were higher at \$342.9 million from \$229.0 million in the prior year.

POLICY INITIATIVES

As a result of national elections held 16 September, 2021, a change in administration occurred. The new administration has signaled its intent to shift policy direction which is reflected in its supplementary budget and will be reflected in future versions of this report.

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: \$10,488.1 million (to September 2021)
www.centralbankbahamas.com



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

	FY2019/20	FY2020/21P	FY2021/22 JULY - SEPT	TOTAL
RECURRENT EXPENDITURE	39.2	268.5	39.4	347.1
PUBLIC HEALTH SAFETY	1.9	36.6	0	38.5
UNEMPLOYMENT ASSISTANCE	10	164.7	29.7	204.4
GOODS & SERVICES ACQUISITION	1.8	2.2	0.4	4.4
JOB RETENTION PROGRAMME	21.4	23	0	44.4
FOOD ASSISTANCE	2	40.4	8.8	51.2
OTHER	2.1	1.5	0.5	4.1
CAPITAL EXPENDITURE	40.3	4.7	0	45
PUBLIC HEALTH SAFETY	0.4	0	0	0.4
GOODS & SERVICES ACQUISITION	0.6	0.1	0	0.7
COVID-19 UNIT	0.3	0.5	0	0.8
SMALL BUSINESS LOANS	39	4.1	0	43.1
TOTAL	79.5	273.3	39.4	392.1



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