



COMMONWEALTH  
OF THE BAHAMAS

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

**Q1 - FY2023/24**

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***Three Month  
Report on  
Budgetary  
Performance  
FY2023/24 July to September***

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# C O N T E N T S

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1.	ABOUT THIS REPORT	4
2.	EXECUTIVE SUMMARY	4-7
3.	ECONOMIC OVERVIEW	8
4.	REVENUE PERFORMANCE	8-12
5.	EXPENDITURE DEVELOPMENTS	13-16
	A. RECURRENT EXPENDITURE – ECONOMIC CLASSIFICATION	13-14
	B. RECURRENT EXPENDITURE – FUNCTIONAL CLASSIFICATION	14-15
	C. CAPITAL EXPENDITURE – ECONOMIC CLASSIFICATION	15
	D. CAPITAL EXPENDITURE – FUNCTIONAL CLASSIFICATION	16
6.	FINANCING ACTIVITIES	17-18

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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 – September; 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](http://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 quarter of FY2023/24, the Bahamian economy continued to benefit from a strong tourism-led growth trajectory, despite the divergences in global economic performance and accompanying challenges posed by inflation and monetary policy tightening. Gains in the dominant tourism sector were evidenced by the 22.8 percent quarterly increase in visitor arrivals to 2.2 million, which supported improvements in domestic demand and stable employment conditions and revenue performance.

Government fiscal performance for the first three months of FY2023/2024 indicated relative stability in revenue collections.

- » Total revenue during the quarter settled at \$663.5 million—a gain of \$8.9 million (1.4 percent) over the prior year and corresponding to 20.0 percent of the budget target. Approximately two-thirds of the \$29.0 million (5.0 percent) increase in tax receipts was attributed to a combination of departure taxes and Value Added Tax (VAT). Meanwhile, non-tax yields declined by \$20.1 million (25.2 percent) to \$59.8 million, owing primarily to a \$13.3 million time-related fall-off in property income.

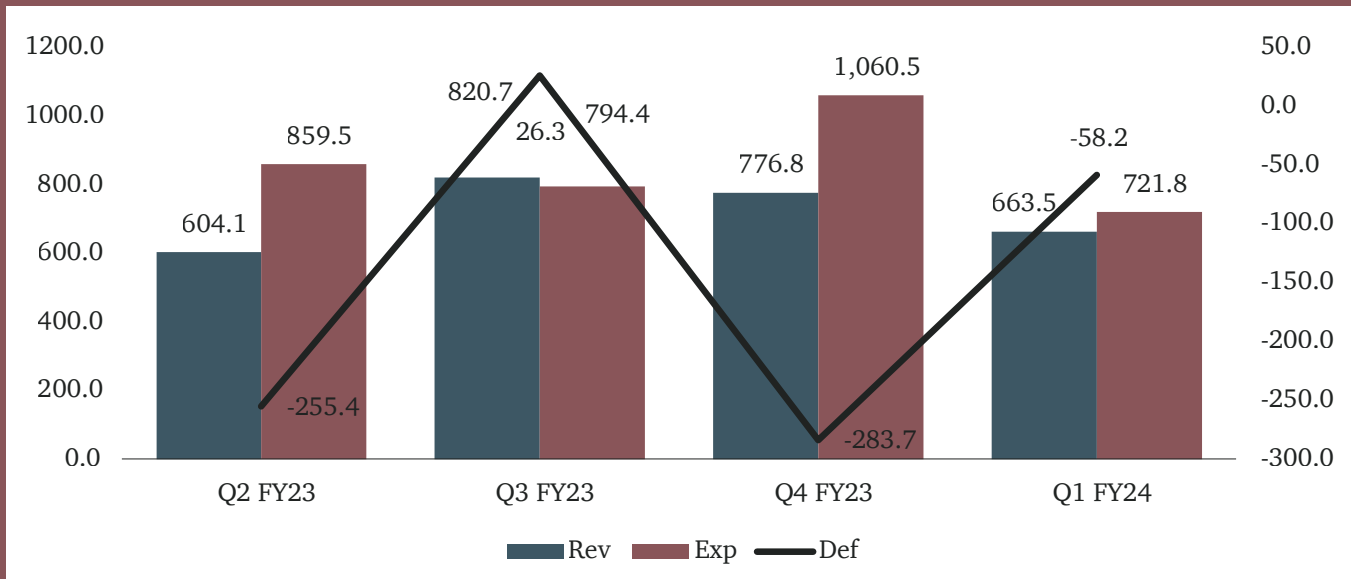
TABLE 1: FISCAL SUMMARY (STATEMENT OF SOURCES &amp; USES OF CASH)

	[a]	[b]	[c]	[b] - [c]	[b/a]
	Budget		July - Sept		
(B\$M)	FY2023/24	FY2023/24p Actual	FY2022/23p Actual	Variance	% of Budget
<b>Revenue</b>	<b>3,319.0</b>	<b>663.5</b>	<b>654.7</b>	<b>8.9</b>	<b>20.0%</b>
Tax	2,918.8	603.7	574.7	29.0	20.7%
Non-tax	397.5	59.8	79.9	(20.1)	15.0%
Grants	2.8	0.0	0.0	0.0	0.0%
<b>Expenditure</b>	<b>3,450.1</b>	<b>721.8</b>	<b>676.6</b>	<b>45.1</b>	<b>20.9%</b>
Recurrent	3,085.5	657.7	621.3	36.4	21.3%
Capital	364.6	64.0	55.3	8.7	17.6%
<b>Surplus/(Deficit)</b>	<b>(131.1)</b>	<b>(58.2)</b>	<b>(22.0)</b>	<b>(36.3)</b>	<b>44.4%</b>
<b>Financing Activities</b>	<b>131.1</b>	<b>58.2</b>	<b>22.0</b>	<b>36.3</b>	<b>44.4%</b>
<i>Net Acquisition of financial assets (-)</i>	<b>59.8</b>	<b>(47.4)</b>	<b>10.0</b>	<b>(57.4)</b>	<b>-79.2%</b>
Sinking Funds	59.8	(47.4)	10.0	(57.4)	-79.2%
Equity	0.0	0.0	0.0	0.0	0.0%
Other	0.0	0.0	0.0	0.0	0.0%
<i>Net Incurrence of Liabilities (+)</i>	<b>131.1</b>	<b>(33.7)</b>	<b>13.8</b>	<b>(47.5)</b>	<b>-25.7%</b>
Borrowings	2,198.7	617.8	401.5	216.3	28.1%
Debt Repayment	2,067.6	651.5	387.8	263.8	31.5%
<i>Change in Cash Balance [(+) = increase]</i>	<b>59.8</b>	<b>44.6</b>	<b>18.2</b>	<b>26.4</b>	<b>74.5%</b>

» Total expenditure expanded by \$45.1 million (6.7 percent) to \$721.8 million (20.9 percent of the budget target).

- Recurrent spending was higher by \$36.4 million (5.9 percent) at \$657.7 million (21.3 percent of the budget target). Approximately 42.9 percent of this gain was attributed to programmed front-loaded increases in compensation outlays, 31.7 percent to public debt interest payments and 20.6 percent for social assistance programs. Meanwhile, decreases of smaller magnitudes were registered for the acquisition of goods and services, subsidy payments, and grants.
- Capital expenditure increased by \$8.7 million (15.8 percent) to \$64.0 million (17.6 percent of the budget target)—explained primarily by additional spending of \$5.3 million in capital transfers and \$4.2 million on other structures.

FIGURE 1: BUDGETARY PERFORMANCE (B\$M)



- » As a consequence of the revenue and expenditure performance, the government's overall operations resulted in a higher deficit of \$58.2 million, compared with \$22.0 million in the prior fiscal year. Financing comprised a \$47.4 million decrease in the acquisition of financial assets, and a \$33.7 million decrease in liabilities.
- » During the period, drawings on the sinking funds totaled \$47.4 million to meet debt servicing obligations.
- » Government's borrowings to satisfy budgetary financing requirements and settle maturing debt included a net increase of \$126.3 million in Bahamian dollars, led by issuances of treasury bills, while the \$160.0 million contraction in foreign currency debt was primarily absorbed by scheduled repayments of commercial loans and liabilities to the international financial institutions.
- » Debt repayment was higher by \$263.8 million at \$651.5 million, with \$491.5 million in domestic currency and the remaining \$160.0 million in foreign currency.
- » As a result of net borrowing activities, the Direct Charge on the Government—inclusive of exchange rate adjustments, decreased by \$33.7 million to \$11,214.5 million which approximated 80.4 percent of GDP as compared to 82.0 percent of GDP at end-June 2023.

# BOX A: SUMMARY OF COVID-19 EXPENDITURE

During the first three months of FY2023/24, government continued to unwind its COVID-19 related health containment, mitigation and support programs for impacted families and businesses. The estimated \$0.7 million outlay for the review quarter brought the aggregate COVID-19 spend to approximately \$468.0 million.

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

	FY2019/20	FY2020/21	FY2021/22	FY2022/23	FY2023/24p	Total
	Mar - June	July - June	July - June	July - June	July - Sept	
<b>Recurrent Expenditure</b>	<b>39.2</b>	<b>268.5</b>	<b>96.6</b>	<b>7.6</b>	<b>0.2</b>	<b>412.1</b>
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
<b>Capital Expenditure</b>	<b>40.3</b>	<b>4.7</b>	<b>5.7</b>	<b>4.7</b>	<b>0.5</b>	<b>55.9</b>
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
<b>Total</b>	<b>79.5</b>	<b>273.3</b>	<b>102.3</b>	<b>12.3</b>	<b>0.7</b>	<b>468.0</b>

# 3 ECONOMIC OVERVIEW

During the opening quarter of FY2023/24, conditions in the global economy signaled a slowing in the growth momentum, with increasing divergences amongst regions, and with inflationary pressures tempering only slightly in response to tighter monetary policies in advanced economies.

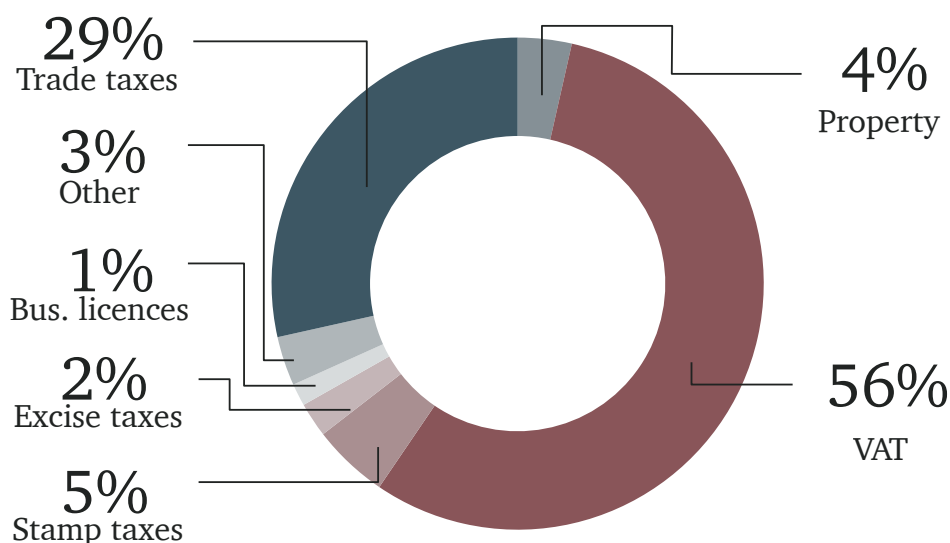
Despite this broad backdrop, the economic performance of The Bahamas in the review quarter benefitted from the uplift in US real GDP growth, to 2.9 percent from 2.4 percent in the prior period—although US inflation firmed by 0.4 percent and the unemployment rate was slightly higher at 3.8%. Despite these modest changes the US market remained a favorable source for the strong performance in domestic tourism during the period.

The ongoing resilience of tourism activity, as evidenced by the 22.8 percent hike in visitor arrivals to 2.2 million, was largely attributed to gains from US sourced visitors who accounted for 86.8 percent of the visitor pie<sup>1</sup>. In other tourism indicators, the major New Providence hotels recorded a 46.6 percent hotel occupancy rate for September 2023, an increase of 1.6 percent compared to the prior year. During the quarter price developments exhibited a moderation in the rise in average consumer prices over the twelve months to 2.2 percent at end-September 2023.

# 4 REVENUE PERFORMANCE

Reflecting the commencement of new revenue measures in the second half of the fiscal year, the improvement in revenue collections for the first three months of the fiscal year was held to 1.4 percent (\$8.9 million) over the prior year. Total revenue, estimated at \$663.5 million, equated to 20.0 percent of the budget target (see Table 3) and comprised an increase in tax collections of \$29.0 million (5.0 percent) to \$603.7 million (20.7 percent of budget), and a decline in non-tax receipts by \$20.1 million (25.2 percent) to \$59.8 million (15.0 percent of the budget).

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



<sup>1</sup> According to data provided in The Bahamas Ministry of Tourism Stopover Visitors By Country & By Month Islands Of The Bahamas Preliminary 2023



Key developments supporting the revenue outcome for the first quarter of FY2023/2024 are outlined below.

- Excise Tax grew by \$13.4 million, owing to the reclassification between excise tax and excise duty.
- Departure Taxes increased by \$12.1 million (32.3 percent) to \$49.5 million—benefitting from the strong growth in tourism activity.
- VAT receipts totaled \$337.9 million—a gain of 2.1 percent (\$6.9 million).
- The yield from license to conduct special business activity—which comprises specific business licenses and communication levies, improved by \$3.4 million (63.3 percent) to \$8.9 million.
- Stamp Taxes on financial and real estate transactions grew by \$0.2 million (0.6 percent) to \$28.7 million.
- Motor vehicle taxes were up by \$0.4 million (5.7 percent) to total \$7.4 million.
- Taxes on Property gained \$0.5 million to \$21.4 million.

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



The \$29.0 million increase in tax revenue was partially offset by a \$3.1 million (24.5 percent) reduction in Gaming Tax receipts which totaled \$9.6 million. Lower intakes were also recorded for Excise & Export Duties and General Stamp Taxes, of \$4.4 million (6.7 percent) and \$0.2 million (13.5 percent), respectively.

Non-tax revenues declined by \$20.1 million (25.2 percent) and included the following:

- Property income contracted by \$13.3 million (89.6 percent) to \$1.5 million, and was almost entirely due to a timing-related decline in dividend payments.
- Miscellaneous and unidentified revenue was lower by \$14.4 million, as the prior years' collections included reimbursements of loans related to Hurricane Matthew relief initiatives.
- The \$6.3 million (13.0 percent) improvement in receipts from the sale of goods & service to \$55.0 million mainly reflected gains in customs (\$3.6 million) and port harbor (\$1.1 million) fees.

TABLE 3: REVENUE SUMMARY (B\$M)

	Budget		July - Sept		
	FY2023/24	FY2023/24 <sup>p</sup>	FY2022/23 <sup>p</sup>	Variance	% of Budget
		Actual			
<b>TAX REVENUE (a+b+c+d)</b>	<b>2,918.8</b>	<b>603.7</b>	<b>574.7</b>	<b>29.0</b>	<b>20.7%</b>
<b>a. Taxes on Property</b>	<b>195.3</b>	<b>21.4</b>	<b>20.9</b>	<b>0.5</b>	<b>10.9%</b>
<b>b. Taxes on Goods &amp; Services (i+ii+iii)</b>	<b>2,006.8</b>	<b>408.8</b>	<b>387.8</b>	<b>21.0</b>	<b>20.4%</b>
<b>i. General</b>	<b>1,708.7</b>	<b>380.3</b>	<b>359.9</b>	<b>20.4</b>	<b>22.3%</b>
VAT	1,591.4	337.9	331.0	6.9	21.2%
Stamp taxes (Financial & Realty)	114.8	28.7	28.5	0.2	25.0%
Excise Tax	2.4	13.8	0.4	13.4	572.6%
<b>ii. Specific (Gaming taxes)</b>	<b>63.3</b>	<b>9.6</b>	<b>12.8</b>	<b>(3.1)</b>	<b>15.2%</b>
<b>iii. Taxes on Use of Goods/Permission to Use</b>	<b>234.9</b>	<b>18.8</b>	<b>15.1</b>	<b>3.7</b>	<b>8.0%</b>
Motor Vehicle Taxes	42.3	7.4	7.0	0.4	17.4%
Company Taxes	24.1	1.7	2.0	(0.3)	7.0%
Licence to Conduct Special Bus. Activity	157.7	8.9	5.4	3.4	5.6%
Marine License Activities	10.7	0.8	0.7	0.1	7.9%
<b>c. Taxes on Int'l Trade &amp; Transactions</b>	<b>708.5</b>	<b>172.0</b>	<b>164.3</b>	<b>7.7</b>	<b>24.3%</b>
Customs & other import duties	250.5	61.2	61.2	(0.0)	24.4%
Excise Duties	257.9	61.0	65.4	(4.4)	23.7%
Departure Taxes	199.3	49.5	37.5	12.1	24.9%
Other	0.8	0.3	0.2	0.0	32.4%
<b>d. General Stamp Taxes</b>	<b>8.1</b>	<b>1.5</b>	<b>1.8</b>	<b>(0.2)</b>	<b>19.0%</b>
<b>NON-TAX REVENUE (e+f+g+h+i+j)</b>	<b>397.5</b>	<b>59.8</b>	<b>79.9</b>	<b>(20.1)</b>	<b>15.0%</b>
<b>e. Property Income</b>	<b>65.5</b>	<b>1.5</b>	<b>14.8</b>	<b>(13.3)</b>	<b>2.3%</b>
Interest & Dividends	47.2	0.7	13.1	(12.5)	1.4%
Revenue_Gov't Property	18.3	0.9	1.7	(0.8)	4.8%
<b>f. Sales of goods &amp; services</b>	<b>236.3</b>	<b>55.0</b>	<b>48.7</b>	<b>6.3</b>	<b>23.3%</b>
<b>i. Fees &amp; Service Charges</b>	<b>215.3</b>	<b>49.1</b>	<b>45.2</b>	<b>3.9</b>	<b>22.8%</b>
General Registration	4.4	0.8	0.8	0.0	17.2%
General Service	18.2	3.9	3.5	0.4	21.6%
Immigration	123.9	27.0	28.3	(1.2)	21.8%
Land & Building	2.3	0.6	0.4	0.2	26.0%
Legal	1.0	0.3	0.3	(0.0)	25.9%
Customs	54.9	13.9	10.3	3.6	25.3%
Port & Harbour	9.5	2.6	1.5	1.1	27.3%
Health	1.1	0.0	0.2	(0.2)	3.9%
Other Fees	0.0	0.0	0.0	(0.0)	2.2%
<b>ii. Other</b>	<b>21.0</b>	<b>5.9</b>	<b>3.5</b>	<b>2.4</b>	<b>28.1%</b>
<b>g. Fines, Penalties &amp; Forfeits</b>	<b>5.6</b>	<b>1.4</b>	<b>1.1</b>	<b>0.3</b>	<b>24.8%</b>
<b>h. Reimbursements &amp; Repayments</b>	<b>49.2</b>	<b>0.6</b>	<b>0.0</b>	<b>0.6</b>	<b>1.3%</b>
<b>i. Misc. &amp; Unidentified Revenue</b>	<b>40.3</b>	<b>0.9</b>	<b>15.2</b>	<b>(14.4)</b>	<b>2.2%</b>
<b>j. Sales of other Non-Financial Assets</b>	<b>0.5</b>	<b>0.4</b>	<b>0.1</b>	<b>0.3</b>	<b>78.4%</b>
<b>TOTAL TAX &amp; NON-TAX REVENUE</b>	<b>3,316.3</b>	<b>663.5</b>	<b>654.7</b>	<b>8.9</b>	<b>20.0%</b>
<b>GRANTS</b>	<b>2.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>CAPITAL REVENUE</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>GRAND TOTAL</b>	<b>3,319.0</b>	<b>663.5</b>	<b>654.7</b>	<b>8.9</b>	<b>20.0%</b>

## BOX B: TRENDS IN GOVERNMENT REVENUE PERFORMANCE & POLICY INITIATIVES

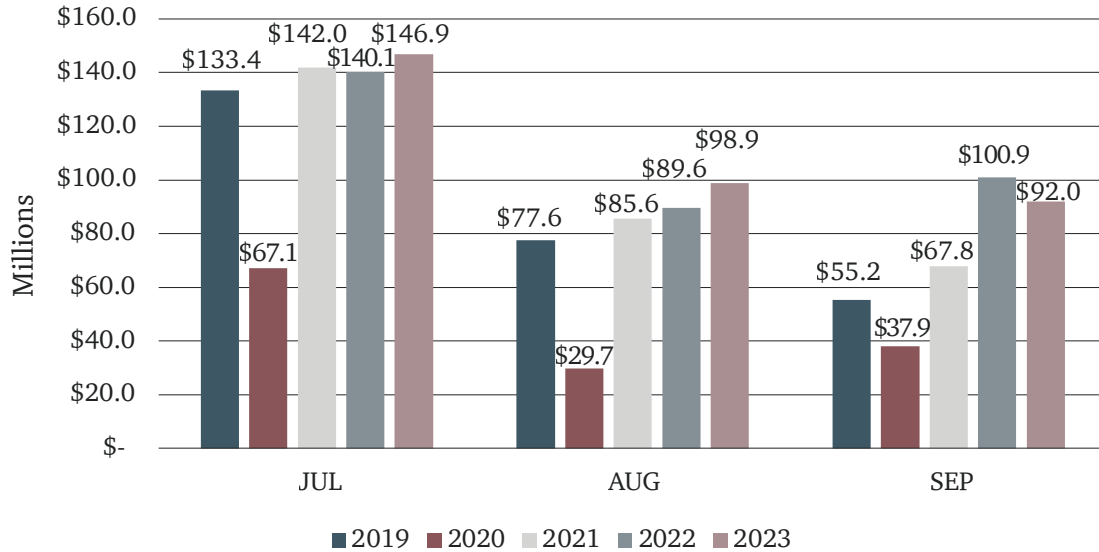
Preliminary data for Q1 FY2023/2024 revenue performance indicates growth in revenue collections. Tax revenue improved 5.0 percent (\$29.0 million) when compared to the same quarter of the prior year, and is primarily attributed to increases in General Taxes (\$20.4 million) and international trade and transaction fees (\$7.7 million).

	FY2022/23				FY2023/24	
	QI	QII	QIII	QIV	Total	QI
<b>TAX REVENUE (a+b+c+d)</b>	<b>574.7</b>	<b>521.8</b>	<b>722.7</b>	<b>654.9</b>	<b>2,474.1</b>	<b>603.7</b>
<b>a. Taxes on Property</b>	<b>20.9</b>	<b>38.6</b>	<b>67.7</b>	<b>34.3</b>	<b>161.5</b>	<b>21.4</b>
<b>b. Taxes on Goods &amp; Services (i+ii+iii)</b>	<b>387.8</b>	<b>329.2</b>	<b>477.5</b>	<b>435.1</b>	<b>1,629.5</b>	<b>408.8</b>
<b>i. General</b>	<b>359.9</b>	<b>293.4</b>	<b>363.3</b>	<b>345.0</b>	<b>1,361.7</b>	<b>380.3</b>
VAT	331.0	267.8	336.6	316.6	1,252.0	337.9
Stamp taxes (Financial & Realty)	28.5	24.9	26.2	27.3	107.0	28.7
Excise Tax	0.4	0.7	0.5	1.1	2.7	13.8
<b>ii. Specific (Gaming taxes)</b>	<b>12.8</b>	<b>13.4</b>	<b>22.4</b>	<b>15.4</b>	<b>63.9</b>	<b>9.6</b>
<b>iii. Taxes on Use of Goods/Permission to Use</b>	<b>15.1</b>	<b>22.4</b>	<b>91.8</b>	<b>74.7</b>	<b>204.0</b>	<b>18.8</b>
Motor Vehicle Taxes	7.0	7.2	11.5	9.0	34.7	7.4
Company Taxes	2.0	3.2	12.3	2.6	20.1	1.7
Licence to Conduct Special Bus. Activity	5.4	11.2	66.7	62.0	145.3	8.9
Marine License Activities	0.7	0.9	1.2	1.0	3.8	0.8
<b>c. Taxes on Int'l Trade &amp; Transactions</b>	<b>164.3</b>	<b>150.0</b>	<b>176.9</b>	<b>184.2</b>	<b>675.4</b>	<b>172.0</b>
Customs & other import duties	61.2	62.2	62.7	62.7	248.9	61.2
Taxes on Exports	65.4	53.6	58.7	75.7	253.5	61.0
Departure Taxes	37.5	34.0	55.3	45.4	172.2	49.5
Other	0.2	0.1	0.2	0.4	0.9	0.3
<b>d. General Stamp Taxes</b>	<b>1.8</b>	<b>4.0</b>	<b>0.6</b>	<b>1.3</b>	<b>7.7</b>	<b>1.5</b>

## BOX B: TRENDS IN GOVERNMENT REVENUE PERFORMANCE &amp; POLICY INITIATIVES

In January 2022, the government's fiscal policy included the reduction in the nominal rate of VAT, from 12 percent to 10, coupled with the elimination of many zero rated categories, which sought to improve equity in the domestic tax structure. Despite the reduction, 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 the \$295.4 million intake for FY2021/22.

FIGURE 4: MONTHLY VAT COLLECTIONS BY YEAR



# 5

# EXPENDITURE DEVELOPMENTS

## a. Recurrent Expenditure – Economic Classification

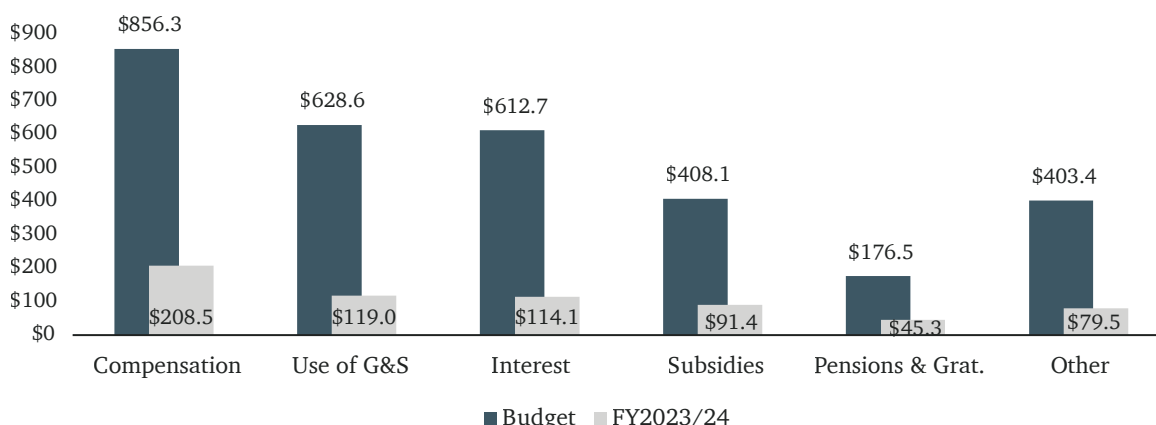
During the first quarter of FY2023/24, total recurrent expenditure increased over the prior year by \$36.4 million (5.9 percent) to \$657.7 million—representing 21.3 percent of the targeted spend (see *Table 5*).

- » Compensation of employees increased by \$15.6 million (8.1 percent) to \$208.5 million, which represented 24.3 percent of the budget target, and was explained by planned staff promotions, salary adjustments, and additional hires.

- » Spending on the use of goods and services was lower by \$2.1 million (1.7 percent) at \$119.0 million, and included the following key developments.

- Utilities and telecommunications payments decreased by \$5.0 million (35.4 percent) to \$9.1 million.
- Special financial transactions, which include payment of arrears, decreased by \$5.6 million (58.2 percent) to \$4.1 million.
- Rental costs (comprising payments for office lease and rent, vehicle leases and living accommodations) increased by \$5.3 million (34.9 percent) to \$20.6 million.
- Expenditure on supplies and materials grew by \$2.4 million (24.7 percent) to \$11.9 million.

FIGURE 5: 3-MONTH COMPARISON OF RECURRENT EXPENDITURE VS BUDGET FOR FY2023/24 (B\$M)



- » Public debt interest payments expanded by \$11.5 million (11.2 percent) to \$114.1 million, of which 39.7 percent was on foreign currency obligation.
- » Subsidies, which include transfers to government-owned and/or controlled enterprises that provide commercial goods and services to the public, receded by \$9.1 million (9.1 percent) to \$91.4 million, and accounted for 22.4 percent of the budget.
  - Subsidies to public non-financial corporations declined by \$6.1 million (6.4 percent) to \$89.5 million, reflecting a \$7.0 million contraction in assistance to Water and Sewerage.
  - Transfers to private enterprises and other sectors were lowered by \$3.0 million (62.1 percent) to \$1.8 million.
- » Social benefit payments were higher by \$8.7 million (17.2 percent) to \$59.2 million (25.0 percent of the budget).
  - Payments of social assistance benefits increased by \$7.5 million (114.7 percent) to \$14.0 million.
  - Pension and gratuity payments advanced by \$1.2 million (2.8 percent) to \$45.3 million, largely attributed to the recent cost of living increase granted to pensioners.
- » Other Payments were boosted by \$15.0 million (30.2 percent) to \$64.9 million (19.4 percent of the budget).
  - Current transfers not elsewhere classified broadened by \$8.7 million (20.7 percent) to \$51.1 million, primarily owing to higher transfers for scholarships and grants (\$4.5 million) and Bahamas Public Parks and Beaches Authority (\$3.9 million).
  - Payment of insurance premiums increased by \$6.3 million (84.0 percent) to \$13.8 million.

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

	Budget		July - Sept		
	FY2023/24	FY2023/24 <sup>p</sup>	FY2022/23 <sup>p</sup>	Variance	% of Budget
		Actual	Actual		
<b>RECURRENT EXPENDITURE</b>					
<b>Compensation of Employees</b>	<b>856.3</b>	<b>208.5</b>	<b>192.9</b>	<b>15.6</b>	<b>24.3%</b>
<b>Use of Goods &amp; Services</b>	<b>628.6</b>	<b>119.0</b>	<b>121.1</b>	<b>(2.1)</b>	<b>18.9%</b>
Travel & Subsistence	12.3	4.0	4.2	(0.2)	32.5%
Rent	94.8	20.6	15.2	5.3	21.7%
Utilities & Telecommunications	97.8	9.1	14.0	(5.0)	9.3%
Supplies & Materials	44.8	11.9	9.6	2.4	26.6%
Services	273.3	55.2	53.3	1.9	20.2%
Minor capital repairs	5.1	1.0	0.9	0.1	19.0%
Finance charges	22.0	3.0	6.0	(3.0)	13.8%
Special Financial Transactions	46.8	4.1	9.7	(5.6)	8.7%
Tourism Related	3.0	2.0	2.0	0.0	66.1%
Local Gov't Districts	14.8	5.0	3.2	1.7	33.6%
School Boards	0.1	0.0	0.0	0.0	0.0%
Other	13.8	3.1	2.9	0.2	22.8%
<b>Public Debt Interest</b>	<b>612.7</b>	<b>114.1</b>	<b>102.7</b>	<b>11.5</b>	<b>18.6%</b>
<b>Subsidies</b>	<b>408.1</b>	<b>91.4</b>	<b>100.5</b>	<b>(9.1)</b>	<b>22.4%</b>
<b>Grants</b>	<b>9.5</b>	<b>0.6</b>	<b>3.8</b>	<b>(3.2)</b>	<b>6.4%</b>
<b>Social Assistance Benefits</b>	<b>60.1</b>	<b>14.0</b>	<b>6.5</b>	<b>7.5</b>	<b>23.3%</b>
<b>Pensions &amp; Gratuities</b>	<b>176.5</b>	<b>45.3</b>	<b>44.0</b>	<b>1.2</b>	<b>25.6%</b>
<b>Other Payments</b>	<b>333.7</b>	<b>64.9</b>	<b>49.8</b>	<b>15.0</b>	<b>19.4%</b>
Current Transfers n.e.c.	253.5	51.1	42.3	8.7	20.2%
Insurance Premiums	80.2	13.8	7.5	6.3	17.2%
<b>TOTAL</b>	<b>3,085.5</b>	<b>657.7</b>	<b>621.3</b>	<b>36.4</b>	<b>21.3%</b>

**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 \$18.2 million (7.6 percent) to \$257.4 million, explained by increases in employment costs.
- » Spending on education grew by \$11.5 million (16.6 percent) to \$80.8 million, primarily owing to additional investments in secondary, tertiary, and other levels of education during the period.
- » Health-related outlays increased by \$4.1 million (4.5 percent) to \$95.0 million, mainly due to higher spend on medical products and appliances.
- » Higher spending was posted for public order and safety of \$4.0 million (6.8 percent) to \$62.7 million comprising outlays for military defense (\$3.3 million) and the court system (\$1.6 million).

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

	Budget		July - Sept		
	FY2023/24	FY2023/24p Actual	FY2022/23p Actual	Variance	% of Budget
General Public Service	1,374.4	257.4	239.2	18.2	18.7%
Defense	68.7	18.4	15.1	3.3	26.8%
Public Order & Safety	259.3	62.7	58.7	4.0	24.2%
Economic Affairs	282.5	53.0	54.3	(1.3)	18.7%
Environmental Protection	131.8	25.7	30.6	(4.9)	19.5%
Housing & Community Amenities	21.0	2.5	3.0	(0.5)	11.8%
Health	365.5	95.0	90.9	4.1	26.0%
Recreation, Culture & Religion	40.1	10.5	10.2	0.2	26.1%
Education	321.6	80.8	69.3	11.5	25.1%
Social Protection	220.7	51.9	50.0	1.9	23.5%
<b>GRAND TOTAL</b>	<b>3,085.5</b>	<b>657.7</b>	<b>621.3</b>	<b>36.4</b>	<b>21.3%</b>

### c. Capital Expenditure – Economic Classification

Capital outlays grew by \$8.7 million (15.8 percent) to \$64.0 million—representing 17.6 percent of the budget (see Table 7).

- » Capital transfers increased by \$5.3 million (86.2 percent) to \$11.4 million, primarily explained by a further \$5.6 million allocated for the national disaster recovery project.
- » Expenditure on the acquisition of non-financial assets were higher by \$3.4 million (7.0 percent) at \$52.6 million, with the dominant roadworks, repairs and maintenance-related gains in outlays for other structures (\$4.2 million) offset by a reduction in investments in buildings other than dwellings (\$5.2 million).

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

	Budget		July - Sept		
	FY2023/24	FY2023/24p Actual	FY2022/23p Actual	Variance	% of Budget
<b>Capital Transfers</b>	<b>113.2</b>	<b>11.4</b>	<b>6.1</b>	<b>5.3</b>	<b>10.1%</b>
<b>Acquisition of non-financial assets</b>	<b>251.4</b>	<b>52.6</b>	<b>49.2</b>	<b>3.4</b>	<b>20.9%</b>
<i>Fixed Assets</i>	<b>249.4</b>	<b>52.6</b>	<b>49.2</b>	<b>3.4</b>	<b>21.1%</b>
Buildings other than dwellings	83.8	28.8	33.9	(5.2)	34.3%
Other structures	109.6	12.1	7.9	4.2	11.1%
Transport equipment	10.6	1.8	1.3	0.5	17.4%
Other Machinery & equipment	18.4	2.4	2.9	(0.5)	12.9%
Land Improvements	7.2	1.5	0.3	1.2	20.7%
Other Fixed Assets	19.8	6.0	2.8	3.2	30.4%
<i>Land</i>	<b>2.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>

#### d. Capital Expenditure – Functional Classification

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

- » Health disbursements were lower by \$8.1 million, owing to ongoing moderation of spending on general hospital services post-COVID-19 recovery.
- » Spending on economic affairs increased by \$10.4 million (54.5 percent) to \$29.5 million, primarily driven by higher outlays for construction relative to national disaster recovery (\$9.6 million).

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

	Budget		July - Sept		
	FY2023/24	FY2023/24 <sup>P</sup> Actual	FY2022/23 <sup>P</sup> Actual	Variance	% of Budget
General Public Service	71.4	4.9	3.6	1.4	6.9%
Defense	11.1	1.9	0.3	1.5	16.8%
Public Order & Safety	11.7	1.2	1.4	(0.2)	10.3%
Economic Affairs	174.5	29.5	19.1	10.4	16.9%
Environmental Protection	4.2	0.1	0.1	(0.0)	1.7%
Health	40.3	1.4	9.5	(8.1)	3.5%
Recreation, Culture & Religion	0.0	0.0	0.0	0.0	0.0%
Education	48.7	25.1	21.4	3.7	51.5%
Social Protection	2.7	0.0	0.0	0.0	0.0%
<b>GRAND TOTAL</b>	<b>364.6</b>	<b>64.0</b>	<b>55.3</b>	<b>8.7</b>	<b>17.6%</b>



## 6

## FINANCING ACTIVITIES

## NET INCREASE IN LIABILITIES

For the first three months of FY2023/24, the government's financing activities comprised a \$47.4 million decrease in the acquisition of financial assets, and a \$33.7 million decrease in liabilities.

- » The \$126.3 million net increase in Bahamian Dollar liabilities included the following:
  - Net issuances of domestic securities, led by Treasury bills, amounted to \$146.6 million, while bank loans were reduced by \$34.8 million.
  - A net of \$14.4 million was obtained by way of Central Bank advances.

» Absent of new borrowings, foreign currency transactions resulted in a net repayment of \$160.0 million.

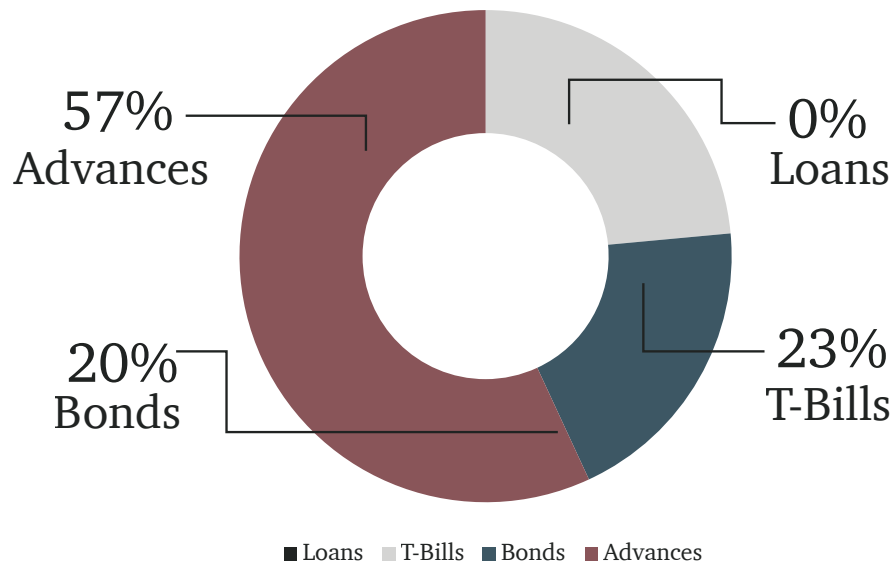
- Redemptions of bank loans totaled \$121.7 million and for loans to international development agencies, \$38.3 million. Approximately 78.7 percent of the latter was earmarked to reduce liabilities to the IMF, 7.8 percent to the CDB, 4.1 percent to the IDB and the balance to the Chinese Export-Import Bank.

Consequent on these developments, the Direct Charge on the Government—inclusive of exchange rate adjustments, decreased by \$33.7 million to an estimated \$11,214.5 million at end-September 2023—for 80.4 percent of GDP, as compared to 82.0 percent of GDP at end-June 2023.

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

	FY2023/24 July - September		
	Borrowings	Repayment	Net Change
<b>Bahamian Dollars</b>	<b>617.8</b>	<b>491.5</b>	<b>126.3</b>
Bonds	120.9	98.6	22.3
Treasury Bills/Notes	145.3	21.0	124.3
Bank Loans	-	34.8	(34.8)
Central Bank Advances	351.5	337.1	14.4
<b>Foreign Currency</b>	<b>0.0</b>	<b>160.0</b>	<b>(160.0)</b>
Bank Loans	-	121.7	(121.7)
International Bonds	-	-	-
Loans from Int'l Dev. Agencies	0.0	38.3	(38.3)
Central Bank	-	-	-
<b>TOTAL</b>	<b>617.8</b>	<b>651.5</b>	<b>(33.7)</b>

FIGURE 6: COMPOSITION OF GOVERNMENT BORROWINGS FOR FIRST 3 MONTHS FY2023/24



#### CHANGE IN FINANCIAL ASSET POSITION

At end-September 2023, drawings on the sinking funds totaled \$47.4 million for the servicing of debt obligations. On a cumulative basis the four (4) sinking fund arrangements earmarked for scheduled retirement of external bonds held a value of USD 304.8 million, of this, \$93.9 million is subject to the February 2022 repurchase agreement in which external bonds were sold for repurchase in two (2) years.



Q1 - FY2023/24

# *Three Month Report On Budgetary Performance*

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