



Ministry of
Finance

PRESS RELEASE

Government Fiscal Rebound Continues to Widen
Q1 FY2022/23 Revenue Receipts Up \$57.8 million Over Prior Year

Source: Ministry of Finance, The Bahamas
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As a result of the continued rebounding performance in the Bahamian tourism sector, first quarter domestic economic activity continued its rebound to pre-COVID/pre-Hurricane Dorian levels. Year over year, total stopover visitors remain strong as COVID-19 protocols were eased with the elimination of COVID-19 Emergency Orders, and continuation of many Family Island market developments. Despite the continued impacts of the cost-of-living crisis, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic all dampening 2022 global growth projections, growth is estimated to remain positive at 3.2 percent according to recent IMF publications.

Revenue collection for the first quarter FY2022/2023 are estimated at \$654.3 million, surpassing prior year's collections by \$57.8 million (9.7 percent). Key improvements in tax revenue were noted for Value Added Tax (\$35.4 million), departure tax (\$26.9 million), excise duties (\$23.6 million), stamp taxes on financial and realty transactions (\$1.8 million), gaming taxes (\$2.3 million), and motor vehicle taxes (\$2.2 million). Non-tax revenue performance improved by \$3.7 million (4.9 percent) to \$79.9 million supported by the receipt of \$14.8 million in Hurricane Dorian proceeds.

Aggregate expenditure decreased by \$58.0 million (7.9 percent) to \$674.8 million, accounting for 20.0 percent of the total budget target. In recurrent expenditure developments, spending on the use of goods and services narrowed by \$13.2 million and subsidies tightened by \$16.7 million. Amidst improving economic performance and employment levels, reliance on COVID-19 support continue to wane with social assistance benefits receding by \$41.9 million as compared to the elevated levels in the prior year. Increased outlays during the quarter resulted from higher public debt interest payments (\$10.5 million), pension and gratuity payments (\$4.4 million), and spending on the compensation of employees (\$11.4 million).

Capital spending contracted by \$10.2 million to \$54.2 million, representing 14.6 percent of the budget target. Key declines in capital outlays were owing to reduced spend on other structures (\$7.6 million), other machinery and equipment (\$4.4 million), and capital transfers (\$11.5 million). During the quarter, additional investments were made on buildings other than dwellings (\$15.1 million) primarily for improvement of hospital and medical facilities and Government buildings.

As such, Central Government's operations for the first quarter indicate a narrowing of the fiscal deficit to \$20.6 million, a \$115.8 million decrease from the deficit of \$136.4 million experienced in the year prior. The Direct Charge at end-September 2022 increase by a net \$12.1 million over the period to totaled \$10,775.0 million or 86.1 percent of GDP, a decline from the 86.9 percent of GDP rate at end-June 2022.

The public is encouraged to visit the national Budget Website (www.bahamasbudget.gov.bs) to view all fiscal reports.

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