



Ministry of
Finance

A BUDGET THAT BUILDS ON
PROGRESS
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BUDGET COMMUNICATION

Fiscal Year 2026/2027: A BUDGET THAT BUILD ON PROGRESS

Presented to the Honourable House of Assembly

By

The Honourable Michael Halkitis, MP

Minister of Finance

on the occasion of the presentation of the Annual Budget

Wednesday, 27 May, 2026

**Ministry of Finance
Nassau, The Bahamas**

Introduction

Madam Speaker:

I rise today to present the Fiscal Year 2026/2027 Budget Communication under the theme:
A Budget that Builds on Progress.

This theme reflects the road our country has travelled, the mandate renewed by the Bahamian people on May 12, 2026, and the work now before this Administration as we continue to strengthen the economy, manage the public finances with care, and invest in the talent and resolve of our people.

When this Government came to office in September 2021, The Bahamas faced one of the most difficult economic periods in its modern history. The economy had been downgraded. Public finances were under severe strain. The country was still recovering from the combined effects of Hurricane Dorian and the COVID-19 pandemic. Businesses were trying to survive. Workers were searching for stability. Parents were doing their best to keep food on the table, pay bills, cover school expenses, and hold their families together.

Behind every fiscal figure was a human story. A hotel worker waiting for tourism to return. A straw vendor watching for visitors to come back. A small business owner wondering whether the doors could stay open another month. A young person questioning whether the economy had space for their ambition. A pensioner trying to make a fixed income meet rising prices.

Madam Speaker, that was the condition of the country we inherited. From the first day, this Government understood that recovery would require both compassion and credibility. It required support for families, along with control of expenditure. It required investment in growth, along with a serious plan for revenue, debt, and reform. It required a Government that could speak to the needs of the Bahamian people, while also restoring confidence among investors, development partners, international bondholders, and credit rating agencies.

That is the balance we have sought to maintain.

Madam Speaker, the story of the past term is the story of a country turning around. It is the story of an economy moving from crisis to recovery, and from recovery to growth. It is the story of workers returning to their jobs, businesses rebuilding confidence, visitors returning to our shores, investment activity expanding, and public finances being placed on a stronger path.

It is also the story of families who carried the weight of that recovery in their everyday lives. They showed patience. They showed faith. They showed the strength for which Bahamians are known.

Progress came because the Bahamian people worked for it. Progress came because the Government made responsible choices. Progress came because we reopened the economy

with care, strengthened revenue performance, supported key sectors, improved public administration, and kept our focus on fiscal sustainability.

Madam Speaker, the result is clear. The Bahamas has moved from downgrade to upgrade. It has moved from emergency recovery to renewed confidence. It has moved from deep uncertainty to a stronger economic foundation.

On May 12, 2026, the Bahamian people elected this Administration to continue that progress. They gave this Government a renewed mandate to protect the gains already made, deepen the recovery, widen opportunity, and ensure that growth reaches more homes, more businesses, more communities, and more islands.

This Budget answers that mandate.

Madam Speaker, this Budget is being presented at a time when the global environment remains uncertain. Across the world, governments are managing higher borrowing costs, geopolitical tensions, supply chain risks, energy volatility, climate events, food price pressures, and slower growth in major economies.

As a small island developing state, The Bahamas feels these pressures quickly. We import much of what we consume. We remain exposed to global fuel prices, tourism trends, international financial conditions, and the growing cost of climate resilience.

In this environment, the country needs steady leadership. It needs a credible fiscal plan. It needs policy consistency. It needs public investment that supports growth. It needs reforms that improve how government works. Above all, it needs confidence in the Bahamian people, their skills, their work ethic, their creativity, and their capacity to help build the next stage of national development.

Because a country that manages its finances well is better able to support its people. A country that earns confidence is better able to attract investment. A country that protects its credit standing is better able to finance roads, airports, clinics, schools, energy reform, and national resilience at more manageable costs.

Madam Speaker, the message of this Budget in the simplest of terms is . We will protect the recovery. We will build confidence. We will invest in people. We will support economic expansion. We will strengthen the fiscal position of the country. We will prepare The Bahamas for the risks and opportunities ahead.

Our policy framework remains anchored in four priorities: Security, Opportunity, Affordability, and Reform.

Security means safer communities, stronger borders, better emergency response, and a country prepared to protect its people and its economy. Opportunity means pathways to jobs, training, entrepreneurship, education, investment, home ownership, and upward

mobility across New Providence, Grand Bahama, and the Family Islands. Affordability means easing pressure on households where responsible and practical, especially in food, energy, healthcare, housing, and daily living costs. Reform means improving public administration, strengthening accountability, expanding transparency, and delivering better service to the Bahamian people.

Madam Speaker, these priorities shaped the work of the past term. We reduced the standard VAT rate from 12 percent to 10 percent. We reduced VAT on unprepared food sold in grocery and food stores. We reduced VAT on designated basic items, including select medical supplies and hygiene products. On April 1, 2026, VAT was removed from all unprepared and uncooked food items commonly purchased in grocery stores.

These measures were designed to bring relief to households while preserving the revenue framework needed to fund schools, hospitals, roads, security, social services, and the obligations of the state.

Madam Speaker, we also invested directly in people. We introduced the national School Breakfast Programme because children learn better when they begin the day ready to learn. We expanded access to training through Upskill Bahamas and DigiLearn. We established the National Youth Guard Programme and the National Apprenticeship Programme to help young Bahamians connect training with service, work, and future opportunity. We created

the Catastrophic Care Fund to assist families facing severe medical hardship. We established the Public Hospitals Authority Academy to train Bahamians for healthcare careers and strengthen our national capacity.

We advanced major energy reforms to improve reliability, reduce costs over time, and modernize the electricity sector. The acquisition of the Grand Bahama Energy Company forms part of a wider national effort to place Grand Bahama within a stronger national energy framework.

We invested in airports, roads, runways, and Family Island infrastructure because development must reach every island. We expanded free public Wi-Fi in parks and public spaces because connection now forms part of opportunity. We established the Creative and Performing Arts School of The Bahamas because Bahamian talent deserves training, structure, and a pathway to the world. We concluded more than 60 labour agreements in a single term, improving wages and working conditions for public officers across several sectors.

Madam Speaker, we also strengthened the systems that support confidence in Government. The enhanced e-Procurement Portal has expanded access to government contracts and procurement opportunities through a single public platform. This reform supports accountability, wider participation, and greater confidence in the use of public funds.

Through healthcare reform, including the National Health Insurance Act, 2025, and the planned integration of the National Prescription Drug Plan into the National Health Insurance Authority, we are working to improve access, efficiency, and service delivery.

Through the \$300 million external debt refinancing initiative under The Bahamas Debt Conversion Project for Marine Conservation, this Government showed that sound debt management and environmental protection can move together in the national interest.

Through legislative reform and stronger enforcement on economic substance requirements, The Bahamas was removed from the European Union blacklist in 2024, protecting the standing of our financial services sector.

Through major investment commitments, including Carnival Corporation's Celebration Key development and Royal Caribbean's Royal Beach Club project, The Bahamas continues to attract investment, create jobs, and expand economic activity. At the same time, this Government is strengthening foreign direct investment compliance so that commitments made to the Bahamian people are properly monitored and honoured.

Madam Speaker, this is the record on which this Budget stands. A country downgraded in 2021 now stands with renewed confidence. An economy under pressure has returned to growth. A fiscal position under strain has been placed on a stronger path. A people tested by crisis have shown courage, patience, skill, and resolve. A Government renewed by the

Bahamian people on May 12 now returns to this Honourable House with a Budget designed to build on progress.

Madam Speaker, we are clear-eyed about the road ahead. The global environment remains uncertain. Costs remain a concern for families. Climate risks continue to threaten small island states. The country must continue to manage debt carefully, strengthen revenue systems, improve public services, and invest wisely.

But The Bahamas now moves from a stronger foundation. This Budget protects that foundation and builds upon it.

It is about making progress real in people's lives. It is about making sure economic growth reaches families. It is about giving young Bahamians a fair chance. It is about helping communities feel the benefit of national development. It is about proving that fiscal responsibility and human progress can move together.

Madam Speaker, we will navigate these times together. We will invest in the talent of our people. We will draw on the resolve that has carried this country through every storm. We will continue building a Bahamas where progress is protected, opportunity is widened, confidence is strengthened, and every Bahamian can see themselves in the future we are creating.

I now turn to the macroeconomic context among our regional and international partners.

Macroeconomic Context & Outlook

International

Madam Speaker:

The current and future performance of The Bahamas' small, open economy remains closely linked to developments within the global economy, particularly those like the United States, our major trading partner and primary tourism market. As we progress through 2026, the international economic environment continues to face heightened uncertainty driven by ongoing geopolitical conflicts, elevated trade tensions among major economies, tighter global financial conditions, volatile energy prices, and persistent supply chain disruptions. It is essential that we carefully assess the evolving global economic climate and its implications for our domestic economy.

Madam Speaker:

According to the International Monetary Fund April 2026 World Economic Outlook, global growth moderated to 3.4 percent in 2025.¹ Global growth is projected to decline to 3.1 percent in 2026, before edging slightly higher to 3.2 percent in 2027 amid heightened

¹ International Monetary Fund, World Economic Outlook: Global Economy in the Shadow of War.

geopolitical tensions and continued global uncertainty. Despite persistent services price pressures and fluctuating energy costs, global inflation eased to 4.1 percent in 2025 and is projected to rise slightly to 4.4 percent in 2026 before declining to 3.7 percent in 2027. Based on the International Labour Organization, the global unemployment rate stood at 4.9 percent in 2025 and is expected to remain the same in both 2026 and 2027.²

Madam Speaker:

Turning to the United States, real GDP grew by 2.1 percent in 2025. Growth is projected to strengthen modestly to 2.3 percent in 2026, before easing back to 2.1 percent in 2027. These movements reflect the observed surge in imports as businesses moved to front-run tariffs.

Inflation in the United States stood at 2.7 percent in 2025. Over the medium term, inflation is projected to increase to 3.2 percent in 2026 and 2.1 percent in 2027. The unemployment rate stood at 4.3 percent in 2025 and is expected to edge up slightly to 4.4 percent in 2026 before decreasing to 4.2 percent in 2027.

Madam Speaker:

² International Labour Organization, *Employment and Social Trends 2026*.

In the Euro Area, real GDP expanded by 1.4 percent in 2025. Growth is projected to moderate to 1.1 percent in 2026, before improving slightly to 1.2 percent in 2027. This outlook reflects continued uncertainty, including renewed energy price pressures.

Inflation stood at 2.1 percent in 2025 and is expected to increase to 2.6 percent in 2026. It is expected to ease to 2.2 percent by 2027. The unemployment rate is also projected to improve gradually, moving from 6.3 percent in 2025 to 6.2 percent in 2026 and 6.1 percent in 2027.

Madam Speaker:

In Canada real GDP growth was 1.7 percent in 2025 and is estimated to ease to 1.5 percent in 2026 due to external trade shocks, structural changes in population growth, and cautious domestic investment. Growth is projected to strengthen to 1.9 percent in 2027. Canada's inflation rate stood at 2.1 percent in 2025. It is likely to rise to 2.5 percent in 2026 before returning to 2.1 percent in 2027. The unemployment rate averaged 6.9 percent in 2025. It is expected to improve to 6.5 percent in 2026 and decline further to 6.3 percent in 2027.

Madam Speaker:

The United Kingdom recorded real GDP growth of 1.3 percent in 2025 and is projected to slow further to 0.8 percent in 2026, reflecting price shocks stemming from the war involving Iran. Growth is expected to recover to 1.3 percent in 2027. Inflation reached 3.4 percent in 2025 and is expected to moderate to 3.2 percent in 2026. This trend continues into 2027 with

inflation projected at 2.4 percent. The unemployment rate was 4.9 percent in 2025 and is expected to rise in 2026 to 5.6 percent before easing to 5.3 percent in 2027.

Madam Speaker:

Meanwhile, China recorded real GDP growth of 5.0 percent in 2025 and is projected to moderate to 4.4 percent in 2026 due to the effects of tariffs and continued trade policy uncertainty. Growth is expected to ease further to 4.0 percent in 2027. China experienced no inflation in 2025. The inflation rate is presumed to increase in 2026 to 1.2 percent and rise further to 1.5 percent in 2027. The unemployment rate in 2025 was 5.1 percent and is expected to remain the same in 2026 and 2027.

Madam Speaker:

Economic activity in Latin America and the Caribbean recorded real growth of 2.4 percent in 2025 and is projected to moderate slightly to 2.3 percent in 2026. Due to high borrowing costs, weak external demand, and continued investment stagnation, growth will accelerate to only 2.7 percent in 2027.³ Inflation within the region is forecasted at 6.7 percent in 2026, decreasing from 7.6 percent in 2025, and is expected to decline further to 4.9 percent in

³ IMF, World Economic Outlook.

2027. The regional unemployment rate was 5.5 percent in 2025, improving to 5.2 percent in 2026 and 5.1 percent in 2027.⁴

Madam Speaker:

The ongoing trade and tariff disputes among major global economies continue to pose risks to the Bahamian economy. As a Small Island Developing State that relies heavily on imported goods, The Bahamas remains vulnerable to increases in global prices for food, fuel, and other essential commodities. Higher tariffs and disruptions in international supply chains continue to pose risks by increasing operating costs for local businesses and placing additional pressure on household expenses across the nation.

Any slowdown in economic activity within our major trading partners could adversely affect tourism demand, foreign direct investment, and overall economic growth within the country. In addition, the prolonged crisis in Haiti, coupled with economic and social pressures in Cuba and Venezuela, continue to affect migration patterns, regional security, and economic dynamics.

Despite these external challenges, this Government will continue to pursue sound economic policies aimed at protecting Bahamian households, supporting businesses, safeguarding

⁴ ILO, Employment and Social Trends 2026.

macroeconomic stability, and ensuring that our economy remains resilient in the face of global uncertainty.

Madam Speaker:

I will now provide a more detailed review of our English-speaking regional peers for a deeper context.⁵

Guyana continues to demonstrate exceptionally strong growth, with real GDP expanding by 19.3 percent in 2025. This pace, while still robust, is anticipated to ease to 16.2 percent in 2026 before increasing further to 19.7 percent in 2027.

Inflation was recorded at 3.3 percent in 2025 and is expected to increase to 4.1 percent in 2026 and further to 5.1 percent in 2027. The latest available statistics show that the unemployment rate stood at 6.8 percent in 2025.⁶ As one of the world’s fastest growing oil producers, the sharp increase in oil prices due to the conflict in the Middle East will likely translate into higher government and export revenues.

Madam Speaker:

⁵ Indicators are sourced from CIBC Caribbean Market Overview, April 2026

⁶ Bureau of Statistics, Guyana Labour Force Survey Report Q4 2024.

The Cayman Islands recorded real GDP growth of 2.7 percent during the first half of 2025, supported by demand in financial services, accommodations, and restaurants. Growth is expected to moderate thereafter, partly due to weaker activity in mining and quarrying, manufacturing, and construction. Real GDP is projected to grow by 2.2 percent in 2026 and 2.5 percent in 2027.

Inflation stood at 1.9 percent in 2025 and is expected to rise to 2.6 percent in 2026, before easing to 2.3 percent in 2027, mainly due to food, housing, and utility costs. The unemployment rate remained low, moving around 2.8 percent throughout 2025 to 2027.

Madam Speaker:

Barbados recorded estimated real GDP growth of 2.7 percent in 2025 and is projected to moderate slightly to 2.5 percent in 2026. Further normalization of the economy places expected growth for 2027 at 2.2 percent. Inflation was estimated at 0.8 percent in 2025 and is expected to rise to 2.3 percent in 2026 then stabilize to 2.2 percent in 2027. The unemployment rate stood at 7.2 percent end-December 2025.⁷

Madam Speaker:

⁷ Central Bank of Barbados' Review of Barbados' Economy: January-March 2026

In the case of Trinidad and Tobago, the economy was estimated to record real GDP growth of 0.8 percent in 2025, and this rate is expected to remain unchanged in 2026. Forecasts point to real GDP growth increasing to 3.0 percent in 2027. Inflation, which was estimated at 1.0 percent in 2025, is projected to increase to 1.8 percent in 2026 and 2.8 percent 2027. With respect to unemployment, the rate fell to 4.3 percent in 2025 and 4.2 percent in 2026.⁸ This points to an economy maintaining stability in growth, even as price pressures are expected to edge upward in the period ahead.

Madam Speaker:

Turning to Jamaica, the economic outlook points to modest contractions after Hurricanes Beryl and Melissa. Real GDP declined by 0.1 percent in 2025 and is projected to continue to weaken by 1.2 percent in 2026 with a 3.1 percent recovery in 2027.

Inflation stood at 3.9 percent in 2025 and is expected to rise further to 6.1 percent in 2026 and 5.5 percent in 2027. As it relates to unemployment, the rate in January 2026 was 3.6 percent, down from 3.7 percent recorded in the same month in 2025.⁹

⁸ IMF, WEO April 2026.

⁹ Statistical Institute of Jamaica, January 2026 Labour Force Survey Findings.

Madam Speaker:

These developments in the region point toward a mixed environment, as solid growth in some countries is tempered by slower activity, inflationary pressures, and ongoing vulnerabilities in others.

Domestic

Expansion, Inflation, and Employment

Madam Speaker:

The Bahamian economy continued to distinguish itself throughout 2025 and into the first quarter of 2026, demonstrating resilience, momentum, and a degree of stability that speaks to the strength of our national recovery. This mold-breaking and outstanding performance is supported by sustained tourism activity, improving labour market conditions, continued investment, and stable domestic financial conditions. These developments point to an economy that is not merely recovering but advancing with confidence into the next calendar year.

Madam Speaker:

Among the comparable regional peers mentioned previously, The Bahamas recorded the strongest growth performance, exceeded only by Guyana. This is no small achievement. It represents the continuation of a remarkable period of economic expansion that has been

underway since 2021. For five consecutive years, our economy has expanded beyond the long-assumed 2.0 percent ceiling, a rate once treated as the upper limit of our country's growth potential.

What this tells us is clear: the Bahamian economy has not only regained its footing; it has outperformed expectations. It has moved beyond the old assumptions placed upon it, and it continues to demonstrate that with sound policy, sustained investment, and the industry of the Bahamian people, our national economy is capable of achieving more than many once believed possible.

Madam Speaker:

According to the latest release from the Bahamas National Statistical Institute, or BNSI, real GDP is estimated to have expanded by an exceptional 3.8 percent in 2025, following the elevated post-recovery growth of 4.2 percent recorded in 2024. This performance once again surpassed earlier external expectations, including the IMF's previous estimate of 2.8 percent for 2025.

The IMF now places real GDP growth at 2.1 percent for 2026. Yet, Madam Speaker, the recent record is instructive. Year after year, The Bahamas has shown that its economic momentum is stronger than many observers anticipated.

Madam

Speaker:

The strength of our economy is also reflected in the share each Bahamian contributes to our income, on average.

Based on calculations using figures provided by BNSI, nominal GDP per capita is estimated at \$42,722.8 in 2025. This represented growth of 6.9 percent compared to 2024.

To place this into regional context, the IMF estimated the average GDP per capita for Latin America and the Caribbean at \$10,834.4 in 2025. Our per capita GDP has outpaced other tourism-dependent peers in the region. According to the World Economic Outlook, GDP per capita for 2025 in U.S. dollars was estimated as follows:

- \$27.5 thousand for Barbados;
- \$11.7 thousand in the Dominican Republic; and
- \$8.1 thousand in Jamaica.

As described, growth in the Bahamian economy remain robust.

Madam Speaker:

Economic activity across the various industries remained generally favorable.

Growth in the agriculture, forestry, and fishing sector was 8.4 percent in 2025, reflecting ongoing expansion within the industry following the targeted support and injections made by the Government in previous years. Conversely, the mining and quarrying industry grew

modestly by 0.6 percent in 2025, following a contraction in the prior year. This was anticipated, as climate affected salt production activities on the island of Great Inagua.

The utilities sector inclusive of electricity, gas, water supply, and sewerage rebounded sharply by 20.1 percent in 2025. This recovery reflected continued investments and reform initiatives within the sector, including electricity grid modernization, LNG-transition related works, and IDB-supported upgrades within the water and sewerage network. Heightened demand driven by visitor activity and sustained construction projects contributed to stronger performance within the sector.

Construction activity itself remained firm throughout the year, with growth estimated at 9.0 percent in 2025, supported by tourism-related developments, foreign direct investment projects, and public infrastructure works occurring across the country.

Madam Speaker:

According to BNSI, the decline in the primary sector growth was balanced by stronger activity in the secondary sector, while movements in the tertiary sector were more measured. Put simply, the primary sector refers to industries that draw directly from natural resources, such as agriculture, fishing, and mining. The secondary sector covers industries that produce or build.

Within the services sector, financial and insurance activities expanded strongly by 19.8 percent, while transport and storage grew by 6.6 percent, and accommodation and food

services by 5.2 percent. These gains were moderated by declines in wholesale and retail trade, information and communication, and administrative and support services. Public administration and defence also increased by 3.8 percent, alongside continued growth in human health and social work activities.

Madam Speaker:

Price levels remained relatively stable throughout 2025, with inflation averaging 0.6 percent for the year, below the elevated global rates seen in recent years. Increases during the period were driven primarily by higher costs for communications, furnishing, household equipment and routine maintenance, as well as restaurant and hotel services. Inflation is expected to remain contained at around 1.6 percent in 2026, despite ongoing uncertainty in international energy and commodity markets.

Madam Speaker:

In support of domestic price stability in the energy industry, or tertiary sector, the Government executed a fuel hedging arrangement in December 2025 providing approximately 365 days of protection against sudden increases in international fuel prices while the transition toward LNG generation and additional energy infrastructure continues. The arrangement covers approximately 2.5 million barrels of fuel oil and is intended to help stabilize electricity generation costs and reduce exposure to external oil price shocks.

To extend this protection more broadly, it is intended that the hedging arrangement now supporting Bahamas Power and Light will be extended to the Grand Bahama Power Company.

Inflation is projected to edge slightly higher to approximately 1.9 percent during 2027 as global economic conditions continue to normalize and domestic demand strengthens alongside sustained economic activity across tourism, construction, investment, and consumer-related sectors of the economy.

Madam Speaker:

Labour market conditions strengthened further during 2025 as economic activity continued to expand across several sectors of the economy. Preliminary figures from the Bahamas National Statistical Institute showed the unemployment rate declining from 10.8 percent in March 2025 to approximately 9.3 percent by June 2025, supported by continued growth in tourism, construction, transportation, and investment-related activity across the country.

The IMF Article IV that was published just this year, estimates improvement over the medium term, with the unemployment rate projected to moderate from an annualised 9.5 percent in 2025 to 9.4 percent in 2026 and further to 9.2 percent during 2027.

These developments reflect ongoing economic recovery and continued expansion in employment opportunities for Bahamians throughout the domestic economy.

Tourism performance for 2025 & Total tourist arrivals end-March 2026

Madam Speaker:

Tourism continues to perform exceptionally well throughout 2025 and into the first quarter of 2026.¹⁰ Total visitor arrivals reached approximately 12.5 million visitors during 2025, representing growth of 11.4 percent over the previous year. Sea arrivals increased by 13.8 percent to 10.8 million visitors, while air arrivals totaled approximately 1.7 million visitors.

As of March 2026, total visitor arrivals stood at approximately 3.9 million visitors, representing growth of 17.5 percent over the same three-month period of the year before. This growth was largely attributed to the dominant category of sea arrivals which expanded by 19.6 percent to 3.3 million visitors, while air arrivals increased by 5.2 percent to over 512 thousand visitors.

Madam Speaker:

Grand Bahama recorded particularly strong growth during the review period, supported in part by the launch of Carnival Cruise Line's Celebration Key in July 2025. Total arrivals to the

¹⁰ Ministry of Tourism

island exceeded one million visitors during 2025, representing growth of 91.2 percent over the previous year.

This momentum continued into 2026. As of March 2026, arrivals to Grand Bahama reached approximately 438 thousand visitors, representing growth of nearly three times over the comparable period of 2025, led primarily by sea traffic.

Airbnb and Hotel occupancy data for end-February 2026

Madam Speaker:

Tourism demand continued to support activity within the accommodations sector. Average occupancy rates for large Nassau hotels stood at 82.6 percent during February 2026, while the average daily room rate increased by 15.3 percent to \$509.2 compared to the same period of 2025.

Short-term rental activity also remained active during the period, with Airbnb occupancy rates increasing from 55.1 percent during 2025 to approximately 57.7 percent as of March 2026 representing a significant portion of the short-term rental market with 4,805 listings.

Foreign Direct Investment update for 2025 and 2026

Madam Speaker:

Foreign direct investment activity continued across several islands during 2025 and into the first half of 2026, supporting tourism expansion, infrastructure development, and construction activity across the country.¹¹

In Abaco, approvals were granted for the expansion of the Delphi Club boutique hotel and fishing lodge at Rolling Harbour into a multi-phase villa condo hotel development. There was also additional activity with plans to redevelop the Leeward Yacht Club in Green Turtle Cay into a marina resort destination, featuring upgraded marina facilities, villa accommodations, and recreational amenities.

In Eleuthera, Coral Sands Inn & Cottages received approval for expansion through the acquisition of neighboring properties, allowing for additional hospitality and wellness offerings.

Madam Speaker:

Grand Bahama also continues to attract significant investments. Approval was granted for the development of a new cruise ship pier complex and berthing facility at Billy Cay, Freeport

¹¹ Bahamas Investment Authority

Harbour by Freeport Cruise Terminal Ltd. and MSC Cruises S.A. The project is expected to include retail outlets, entertainment facilities, and transportation infrastructure.

Further, MAG Grand Bahama Ltd. was approved to provide airport management services for the Grand Bahama International Airport, including operational improvements, infrastructure support, and training initiatives for Bahamian personnel.

Madam Speaker:

Investments are not limited to the Northern Bahamas, as significant investment is also taking place on the islands of Great Inagua and Long Island.

Lusca Group, industrial investment holding company and owner of subsidiary Grand Bahama Salt Company, has received final regulatory approval for its acquisition of 100 percent of the shares of Morton Bahamas Limited in Matthew Town, Great Inagua.

The company has committed to investing up to \$125 million not only into the facility itself, but across the island at large. The company will prioritize investments in critical areas such as power generation, airport modernization, food store upgrades, community infrastructure, and support for local activities and initiatives that will directly and positively benefit residents of Inagua.

In Long Island, approval was granted in principle for the development of an exclusive residential community at Stella Maris Village, including luxury homes, end estate homes, a restaurant, bar, supermarket and a medical and dental suite.

Madam Speaker:

Alongside these developments, ongoing investments within the tourism, infrastructure, transportation, and energy sectors continued to support activity across the domestic economy.

Banking and credit conditions for end-March 2026

Madam Speaker:

Banking and credit conditions remained stable through end-March 2026, reflecting continued improvement in economic activity and household financial conditions.¹²

Private sector credit, which represents lending to households and businesses for activities such as mortgages, business expansion, vehicle purchases, and consumer financing, increased by 5.3 percent to approximately \$6.4 billion.

¹² Central Bank of The Bahamas, Monthly Economic and Financial Developments March 2026.

Liquidity within the banking system also remained strong.

Liquid assets held by domestic banks increased by 6.0 percent to approximately \$4.8 billion, while surplus liquid assets remained well above the statutory requirement. These conditions indicate that banks continue to maintain strong cash positions and sufficient resources to support lending activity and meet financial obligations.

Domestic deposits increased further to approximately \$10.4 billion, reflecting continued growth in funds held by households and businesses within the banking system, supported by sustained tourism activity and stronger economic confidence.

The country's external reserves also remained strong at approximately \$2.8 billion at end-March 2026. These reserves support the stability of the Bahamian dollar, strengthen the Bahamas ability to meet external payment obligations, and help cushion the economy against external shocks and global uncertainty.

Madam Speaker:

Encouragingly, non-performing loans, which represent loans with overdue repayments, declined by 2.8 percent to approximately \$289.2 million. This continued improvement suggests stronger household and business financial conditions during the period.

Meanwhile, lending conditions remained relatively stable through end-March 2026. The weighted average loan rate stood at 10.88 percent, broadly in line with recent periods, while

the weighted average deposit rate moderated to 0.49 percent amid continued high liquidity conditions within the domestic banking system.

Fiscal Performance in FY2025/2026

Madam Speaker:

The Government's fiscal position for fiscal year 2025/2026 continues to be monitored against the approved budget, the medium-term fiscal framework, and the broader objective of strengthening the public finances.

For this communication, the review is based on the first nine months of the fiscal year, covering July 2025 to March 2026. These figures provide the most current basis for assessing in-year fiscal performance, while allowing for a more measured view of revenue and expenditure trends before the close of the fiscal year.

Revenue

Madam Speaker:

Total revenue for the nine-month period amounted to \$2.5 billion, equivalent to 65.3 percent of the full-year budget target. When compared to the same period in the previous fiscal year, total revenue increased by \$74.7 million, or 3.0 percent.

This outturn points to a generally stable position in revenue, although performance across individual revenue categories was mixed. As final-quarter data becomes available, the Ministry believe that these trends will remain consistent through the end of the fiscal year.

Madam Speaker:

Tax revenue remained the primary source of collections, totalling \$2.3 billion, or 89.2 percent of total revenue. This represented an increase of 4.1 percent relative to the same nine-month period ending March 2025. Non-tax revenue totaled \$255.5 million and declined by 5.6 percent over the same period.

I will now speak to the revenue developments that contributed to this outturn. Among the major revenue categories, the following movements were recorded:

- Value Added Tax receipts amounted to \$1.1 billion, accounting for 43.8 percent of total revenue. VAT collections increased by \$69.4 million, or 6.6 percent, year-over-year, supported by continued administrative improvements, compliance efforts, and the general pattern of domestic consumption activity.

Effective April 1, 2026, the VAT Act was amended to remove VAT from unprepared foods that are essential to a balanced diet. Precursing this in 2025, the VAT rate was reduced by 5 percentage points on selected essential items, including baby diapers, medications, and medical and dental supplies. VAT relief was also extended on

building materials for religious institutions, in recognition of their role within communities.

These rate reductions were designed to provide direct relief in areas that matter to households, health, and community support. At the same time, the revenue impact is expected to be partly offset by:

- VAT collected on imports and services provided on the private cruise destinations; and
- continued efforts to collect all outstanding VAT arrears.
- Excise taxes totalled \$7.4 million, increasing by 3.5 percent over the prior year.
- Gaming taxes increased by 8.9 percent to \$30.9 million for 54.2 percent of the budgetary projection. The majority of these receipts, approximately 61.7 percent, came from gaming houses, while the balance was collected from casino tax collections.
- Taxes on the use of goods, and permission to use goods, totalled \$273.5 million. This represented an increase of 22.2 percent and accounted for 81.3 percent of the full-year budget target. This category was one of the stronger performing areas during the review period.

Within this category, receipts from licences to conduct special business activities amounted to \$211.7 million, an increase of 49.0 percent over the prior year. This represented 88.2 percent of the full-year budget target and was the main contributor

to the overall growth in this category. Company licence receipts, on the other hand, declined by \$5.2 million, or 19.1 percent, to \$22.1 million.

- Within non-tax revenue, sales of goods and services totalled \$211.1 million. This represented 82.6 percent of non-tax revenue and reflected an increase of 7.4 percent over the comparable period. In the prior year, this category benefited from immigration and customs fees, along with surplus bank fees. For the current year, sales of goods and services have provided some support; however, other non-tax revenue lines have not moved at the same pace.

Madam Speaker:

Marginal decreases or movement in minor revenue categories are as follows:

- Taxes on financial and capital transactions, inclusive of taxes on banking, legal, mortgage, and property activity, amounted to \$82.2 million. During the review period, receipts declined by 13.2 percent when compared to the prior year, reflecting timing differences in transaction-based collections.
- Taxes on property totalled \$156.4 million, representing 61.4 percent of the full-year budget target. This category decreased by \$16.6 million, or 9.6 percent, compared to the same period in the previous fiscal year. While the Government continued efforts to modernize and strengthen the real property tax system, collections were below expectations, particularly within the foreign-owned property segment. In this new

budget year, we will introduce measures to address issues within this sector of the real property tax base.

- Taxes on international trade and transactions amounted to \$620.0 million, reflecting a modest decrease of 1.2 percent when compared to the same period of the prior fiscal year.
 - Departure taxes at end-March 2026 increased slightly by 1.7 percent to \$259.3 million, accounting for 65.2 percent of the overall target. This outturn reflects outstanding billings for the period.
 - Customs and other import duties totaled \$192.5 million – a 0.4 percent decrease and 62.6 percent of the full-year target.
 - Taxes on exports amounted to \$167.5 million, decreasing by 10.8 percent.

While targeted duty relief may moderate customs receipts in selected areas, departure tax collections are expected to continue reflecting the level of tourism activity through the remainder of the fiscal year.

Expenditure

Madam Speaker:

I now turn to expenditure performance.

Aggregate expenditure for the three quarters to March 2026 amounted to \$2.7 billion, or 70.7 percent of the full-year budget. Of this amount, recurrent expenditure totalled \$2.4 billion, while capital expenditure amounted to \$271.7 million.

Recurrent expenditure increased by 2.9 percent relative to the same period in the previous fiscal year and represented 70.5 percent of the full-year target.

This level of expenditure remained broadly consistent with the normal execution of the budget. It also reflects the Government's ongoing obligations in relation to public service delivery, debt servicing, and the implementation of programmes prioritized throughout the year.

Within recurrent expenditure, personal emoluments totalled \$681.8 million, representing an increase of 5.1 percent. This movement, mainly associated with salary adjustments across the public service, represented 72.5 percent of the overall target.

Spending on the use of goods and services declined by 4.0 percent to \$493.6 million.

Interest payments on public debt amounted to \$452.0 million, increasing by 1.0 percent relative to the same period in 2025. While debt servicing remains a significant component of recurrent expenditure, the contained rate of increase is consistent with the Government's focus on prudent debt management and fiscal consolidation over the medium term.

Madam Speaker:

Capital expenditure totalled \$271.7 million during the review period. These outlays supported the continued implementation of the Government's capital programme, including investments in public infrastructure, public sector modernization, and other national priorities.

Deficit

Madam Speaker:

The fiscal deficit stood at \$157.5 million at end-March 2026, or 0.9 percent of GDP. Although this was higher than the \$130.1 million recorded during the same period in the previous fiscal year, the overall fiscal position remained supported by revenue growth, measured expenditure execution, and a continued primary surplus.

The primary balance recorded a surplus of \$294.5 million at end-March 2026. This represented a \$22.8 million decrease comparative to the prior year.

The primary deficit is an important indicator of the underlying fiscal position, as it shows that revenues remained sufficient to cover non-interest expenditure over the review period.

Financing Activities

Madam Speaker:

Our improvement is reflected in the increased borrowing and debt repayment activity during the year, driven mainly by our ongoing financing operations and the rollover of short-term

obligations as they matured. Our gross borrowings during the nine months in the fiscal year amounted to \$2.5 billion, while our debt repayments totaled \$1.8 billion. However, the excess borrowing receipts were transferred to the National Investment Fund and not used for deficit financing. This underscores our commitment to meeting our obligations, maintaining our targets, and fostering stable fiscal consolidation.

Debt

Madam Speaker:

Central government debt stood at \$12.5 billion, representing a modest increase of 6.4 percent when compared to end-March 2025. It is important to note that growth in the economy outpaced the growth recorded for central government debt stock at end-March 2026.

External debt amounted to \$5.4 billion, accounting for 43.4 percent of total central government debt. Domestic debt totaled \$7.1 billion, representing 56.6 percent of total debt and increasing by 6.0 percent relative to end-March 2025.

The composition of the debt stock continues to reflect the Government's balanced approach to financing, with domestic debt remaining the larger share of the portfolio.

Madam Speaker:

While performance across individual revenue categories was mixed, the broader fiscal position remains consistent with the Government's commitment to fiscal responsibility, improved revenue administration, affordability for Bahamian families, and the long-term strengthening of the public finances.

Full-Year Fiscal Outlook for FY2025/2026

Madam Speaker:

As we move toward the close of FY2025/2026, the full-year fiscal outlook will be shaped by several important developments across revenue, expenditure, and financing activity.

One of these developments relates to the Domestic Minimum Top-Up Tax Act, which is a tax measure designed to ensure that large multinational enterprise groups operating in The Bahamas are subject to a minimum effective tax rate of 15 percent.

Revenue collections under the Domestic Minimum Top-Up Tax Act were budgeted at \$130.0 million, or 0.7 percent of GDP. This is a new revenue category for the Government, and the related collections are expected to be received in June of this fiscal year.

At the time of last year's Budget's preparation, the anticipated taxpayer base was expected to be fewer than five taxpayers. However, recent information indicates that the number of taxpayers could exceed this projection and this would have a positive impact on the overall year-end fiscal position.

Madam Speaker:

On the expenditure side, the full-year outlook will depend largely on the timing of fourth-quarter budget execution. While spending through the first nine months remained broadly aligned with the approved Budget, recurrent and capital expenditure do not always move evenly across the fiscal year. Final outturns may therefore reflect the timing of approved transfers, programme implementation, procurement, certification, and capital project payments before year-end. The Government's focus remains on disciplined budget execution while ensuring that approved programmes and priority investments continue to move forward.

As a result, the government should be able to achieve its goal of a budget surplus.

Debt Trajectory

Madam Speaker:

Government debt is projected to follow a firm downward trajectory over both the medium and long term, declining from \$11.4 billion in FY2025/2026 to \$8.0 billion by FY2035/2036. In relation to GDP, the debt ratio is expected to fall from 64.6 percent in FY2025/2026 to 51.5 percent by FY2028/2029, and further to 47.9 percent by FY2030/2031. This places the Government on a clear path toward achieving its fiscal objective of reducing central government debt to no more than 50 percent of GDP by FY2030/2031. Thereafter, the debt-to-GDP ratio is projected to continue declining steadily, reaching 30.3 percent by

FY2035/2036. This sustained reduction is underpinned by strong and persistent primary surpluses, continued economic growth, and prudent debt management.

Madam Speaker:

Allow me to also mention that the composition of public debt is also expected to improve over the projection horizon. External debt is projected to decline from \$5.1 billion in FY2025/2026 to \$2.8 billion by FY2035/2036, while domestic debt is expected to decrease more gradually, from \$6.3 billion to \$5.1 billion. This rebalancing will help reduce external vulnerabilities while maintaining a stable domestic financing base.

This projected debt trajectory remains consistent with the pace of economic expansion, with the growth of the debt stock not exceeding GDP growth. This alignment demonstrates that debt dynamics remain well contained and reinforces confidence in the sustainability of the Government's fiscal outlook.

[Other Economic/Fiscal/Financial Information](#)

[Release of the 2026 FSR](#)

Madam Speaker:

I would like to acknowledge the anticipated of the tabling of 2026 Fiscal Strategy Report at the end of this Communication, which highlights the Government's medium-term fiscal plan, continued progress in fiscal consolidation, a stronger budget outlook through fiscal

year 2026/2027, and the measures that will support long-term fiscal sustainability. It emphasizes the Government's commitment to fair and efficient revenue reform, disciplined spending on national priorities, and the principles of accountability, transparency, and inclusive growth.

Medium-Term Debt Management Strategy

Madam Speaker:

The Government will continue to adhere to the Medium-Term Debt Management Strategy as previously tabled in February. In the report, Strategy Three was adopted as the optimal approach. It prioritizes domestic financing, fixed-rate instruments, longer maturities, and liability management operations, all aimed at reducing risk and strengthening the debt portfolio.

This strategy provides a clear and credible framework for managing the nation's borrowing requirements, balancing cost and risk, and supporting our broader fiscal consolidation objectives. By maintaining this disciplined approach, anchored in a prudent mix of domestic and external financing, we will strengthen debt sustainability, reduce vulnerabilities, and ensure that our debt trajectory remains firmly on a downward path toward our long-term target.

Madam Speaker:

The Government is advancing the development of the Bahamas' Inaugural Sovereign Sustainable Finance Framework. This is an important step for our country. The framework will support the issuance of a multi-thematic bond, along with other sustainable financing instruments. It is being designed in line with international best practices, including the ICMA Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines. Through this effort, we are strengthening our ability to finance national priorities. These include climate and disaster resilience, sustainable development, and inclusive growth that benefits all Bahamians.

Credit Ratings

Madam Speaker:

As I have briefly mentioned prior, over the course of 2025 and 2026, The Bahamas has received encouraging assessments from the three major credit rating agencies: Moody's, S&P, and Fitch Ratings. These ratings reflect the steady progress we have made in strengthening the economy, improving fiscal performance, and restoring confidence in the country's financial outlook.

In September 2025, S&P upgraded The Bahamas' long-term sovereign credit rating to BB- from B+, with a stable outlook. That upgrade reflects improved economic conditions and confidence that our economy will continue to grow at a resilient pace over the medium term,

broadly in line with peer countries at a similar stage of development. Barring any major external shock, this positive trajectory is expected to continue.

As of April 2026, Moody's has also acknowledged this progress, upgrading its long-term issuer and senior unsecured ratings and pointing to the sustained strengthening of fiscal performance, as well as improvements in the Government's liquidity and funding profile. The agency also recognized The Bahamas' strong track record of fiscal consolidation, supported by the continued strength of the tourism sector.

Fitch, in its most recent March 2026 review, also noted that the Bahamian economy continues to expand at a solid pace. This performance supports The Bahamas' standing within the "BB" rating category and further underscores the resilience of our economy.

According to Fitch, the re-election of this government points to continuity in economic and fiscal policy. Our re-election gives us a clear mandate to stay the course, maintain stability, and continue the work of strengthening the Bahamian economy.

These encouraging external assessments reinforce an important point: continued improvement in our credit profile will depend on more than economic growth alone.

In our endeavors to an investment-grade rating, we must remain focused on two priorities:

- maintaining fiscal discipline; and

- strengthening domestic revenue performance through better revenue mobilization and administration.

We are committed to building greater economic capacity and strengthening the nation's finances without increasing taxes or placing additional burdens on Bahamian citizens.

Public-Private Partnerships Framework

Madam Speaker:

Public-Private Partnerships, or PPPs, remain an important vehicle for delivering major infrastructure projects in a timely manner, while combining public oversight with private sector financing and expertise. They offer a practical means of advancing critical public services and infrastructure in a way that is both strategic and efficient.

In keeping with the recommendations of the IMF, the Government of The Bahamas has continued to prioritize PPPs as a means of supporting additional investment in critical infrastructure, including airport upgrades and further improvements to the electrical grid. This approach allows the Government to accelerate development in key areas while maintaining appropriate oversight and fiscal discipline.

Madam Speaker:

To support this work, the Ministry of Finance engaged Misca Advisors Ltd. to develop a PPP Assessment Framework that will strengthen transparency, efficiency, project identification,

appraisal, and approval. This initiative is helping to refine the existing PPP framework, improve risk allocation, and incorporate Value-for-Money and fiscal affordability assessments so that future projects are pursued on a sound and responsible basis. This framework is being refined for publication by the end of the summer.

[Pension Scheme & Health Insurance Plan for Public Service](#)

Madam Speaker:

As we look ahead to build upon what we achieved over the past five years, we are excited to embrace further reforms, including enhancing the public sector pension system, ensuring it benefits every public officer.

This reform is a positive and necessary stride toward securing our financial future and providing greater peace of mind for public officers. By addressing the pressures of the current pension model and ensuring comprehensive coverage, we are laying the foundation for a brighter and more secure tomorrow.

In our new approach we are proposing a contributory pension fund, with employees investing 3 percent and Government contributing 5 percent. This system will feature individual accounts and enhanced protections for workers and their families, empowering them to plan confidently for their retirement.

Our next steps in continuing this reform include finalizing the legal framework and tabling the White Paper today, marking another milestone in our shared journey toward progress and prosperity for all Bahamians.

Madam Speaker:

In addition to pension reform, our Government will introduce comprehensive health insurance plans for public officers. Three plan options will be available, allowing public officers to choose coverage that best reflects their healthcare needs and income level. The Government will cover a significant portion of the cost, depending on which plan is selected by the officer. These plans will also include vision and dental benefits, survivor benefits, and options for family coverage. Comprehensive healthcare access for all is a priority for us. Further details will be provided by the Ministry of Public Service in the weeks ahead.

[A More Transparent Public Sector](#)

Madam Speaker:

This Government remains committed to building a more transparent, accountable, and performance-driven public sector. In preparation for the FY2026/2027 Budget, the Ministry of Finance advanced significant work to strengthen compliance with the Public Finance Management Act, 2023, including the continued implementation of Annual Plans, Business Plans, and Statements of Corporate Intent across Ministries, Government Business Enterprises, and public agencies.

Madam Speaker:

During the 2026/2027 budget preparation cycle, the Ministry of Finance sent formal, written communication to all public entities requesting their compliance with the preparation, submission, and publication of the reports required under the Act. Each entity was also asked to return a signed copy of the letter from the relevant Permanent Secretary, chief executive, and Chairperson of the Board, as applicable. This was done to support a clear and accountable notification process.

As guided by the Act, contents of the Annual Plan outlines the key priorities, objectives, programmes, performance measures, and service delivery standards for the period. It also addresses statutory requirements and operational priorities across core areas such as revenue management, expenditure control, debt sustainability, procurement oversight, and capacity building.

Madam Speaker:

To support this initiative at the Ministry, Department, and Agency level, an Annual Plan template for FY2026/2027 was developed, circulated, and revised. A workshop was also held to assist entities in meeting their statutory obligations. These efforts are intended to help public entities operate with clearer priorities, measurable targets, stronger financial oversight, and greater accountability to the Bahamian people.

Annual Plans for Ministries, Departments and Agencies which have been completed, will be tabled during the Second Reading. The Business Plans and Statements of Corporate Intent for Government Business Enterprises will be tabled during the presentations of their responsible Ministers. The documents are expected to be published on the respective entity's websites after tabling.

Madam Speaker:

Looking ahead, we will continue modernising the public financial management framework through stronger compliance monitoring, improved reporting standards, and better coordination across the public sector. We will also continue to build capacity for formal planning and support Ministries in providing the monthly and quarterly financial reports mandated by law.

Madam Speaker:

These efforts form part of the Government's broader commitment to a stronger, more responsive, and more accountable system of governance, while maintaining the fiscal discipline necessary to support long-term national development and continued economic progress.

Annual Budget for FY2026/2027

Overview of Budget Estimates for Revenue and Expenditure

Madam Speaker:

I now turn to the Budget Estimates for FY2026/2027.

The 2026/2027 budget estimate for total revenue amounts to \$4.4 billion or 23.6 percent of GDP.

Total expenditure is estimated to amount to \$4.1 billion or 22.4 percent of GDP. Of this, recurrent expenditure accounts for \$3.7 billion or 20.1 percent of GDP, and capital expenditure for \$415.8 million or 2.2 percent of GDP.

The fiscal surplus is estimated at \$223.1 million or 1.2 percent of GDP, with the primary balance showing a surplus of 5.2 percent of GDP. Given this, the debt to GDP ratio has been projected at 59.9 percent of GDP at the end of FY2026/2027.

Madam Speaker:

While this surplus is lower than previously projected in the Fiscal Strategy Report 2025, the revision reflects a changing global and domestic environment. Ongoing tensions in the Middle East have increased uncertainty, particularly around energy and import costs. At the same time, we have made the deliberate decision to strengthen our healthcare system,

including increased support for the Public Hospitals Authority and further investment in hospital services.

These are necessary and responsible choices. Although they have narrowed the surplus, the fiscal position remains positive, underscoring this Government's continued commitment to sound financial management while prioritizing the needs of the Bahamian people.

Madam Speaker:

Beyond the numbers, this Budget is defined by the policies that support it.

It is through our revenue measures that we ensure fairness, protect the tax base, and create the conditions for sustained growth and opportunity.

Key Revenue Measures

Madam Speaker:

This year's revenue measures are structured around five pillars of reform:

- Cost of Living Relief & Social Equity;
- Fair & Modern Revenue System;
- Compliance, Enforcement & Revenue Protection;
- Modernization & Ease of Doing Business; and
- Service Sustainability & Fair Contribution.

These pillars reflect a deliberate shift in our approach, from isolated adjustments to a coordinated strategy that improves fairness, strengthens enforcement, and modernizes the system as a whole.

Cost of Living Relief & Social Equity

Madam Speaker:

We begin with opportunity.

We are therefore extending VAT relief for first-time homeowners by expanding zero-rated treatment to include multi-unit properties such as fourplexes, triplexes, and duplexes; particularly where at least one unit is owner-occupied. To clarify, this VAT relief will be on the entire building rather than just the proportion where the first-time homeowner resides.

This reform reduces the upfront cost of homeownership, supports small-scale investment and rental income, and reflects how Bahamians are increasingly entering the housing market today. This measure takes immediate effect, helping more Bahamians to own property, build equity, and generate income.

Madam Speaker:

We also will discuss measures that directly impact Bahamian households.

Our review of the tariff regime revealed that several essential and sensitive goods were being taxed at rates that did not reflect their purpose or their importance to households.

We are correcting that.

We are introducing a duty-free tariff line for chair lifts designed for the elderly and people with disabilities, reducing the duty from 45 percent to zero. These items were previously grouped under general machinery, an approach that failed to recognize their essential nature.

Madam Speaker:

Today, we align policy with reality.

We are also addressing medical needs with dignity.

To help patients with cancer, alopecia, and similar conditions, we are revising the treatment of human hair and wigs by reducing duties and creating clear classifications so they are no longer grouped with cosmetic items like false beards or eyelashes.

At the same time, we are easing the cost of everyday living by reducing duties on:

- Common household plastic items;
- Paper goods such as tablecloths and serviettes; and
- Sanitary products.

These measures are targeted, practical, and designed to deliver real and meaningful relief to Bahamian households.

Madam Speaker:

We are also taking steps to improve fairness and access in everyday systems.

We are eliminating the registration fee for non-motorized bicycles, removing an outdated burden and encouraging affordable and environmentally friendly transportation options.

At the same time, we are modernizing the regulatory framework for items such as electric bicycles, ensuring that they are properly registered in a simple and accessible manner. While also encouraging safe and efficient means of transportation.

Madam Speaker:

We are also advancing energy equity through the development of legislation to ensure that residents of the Family Islands are not burdened with higher electricity costs simply because of where they live.

Equity across The Bahamas remains a priority for this Administration.

Fair & Modern Revenue System

Madam Speaker:

A fair system requires clarity, consistency, and balance.

That is why we are introducing a two-tier Real Property Tax system that clearly distinguishes between Bahamian-owned and foreign-owned properties.

Under this reform, a new category of foreign-owned property will be established, subject to a defined tax rate of 0.625 percent and a maximum cap of \$200,000. This regime will no longer depend on how many days a person spends in The Bahamas. Instead, it will be determined by whether the property is used as a residence, replacing the former 180-day test with a clearer and more practical standard.

We are also strengthening support for Bahamian families by increasing the First-Time Homeowner exemption under the Real Property Tax Act from \$500,000 to \$600,000 and broadening the exemptions available to eligible first-time homeowners.

This change creates a clearer and more consistent framework—one that protects Bahamian homeowners while ensuring that foreign-owned properties contribute fairly, transparently, and responsibly to the tax base.

Madam Speaker:

We are also advancing fairness by completing the work we began last year in the maritime sector.

Last year, we regularized and strengthened the framework for Bahamian-owned vessels.

This year, we are addressing a longstanding gap by introducing a structured regime for foreign-owned recreational vessels and non-resident users of our waters.

Let me be clear:

These measures are not directed at Bahamian boaters. They ensure that foreign users contribute fairly for access to our waters.

We are introducing:

- A formal registration regime for foreign-owned recreational vessels, where none previously existed;
- Clear classifications and fee schedules to ensure equitable treatment across all users; and
- Defined anchorage zones, improving order, safety, and environmental management across our waters.

Madam Speaker:

These reforms are designed not only to clean up legacy gaps in the system, but to establish clear, enforceable standards going forward, ensuring that compliance becomes the norm rather than the exception.

Compliance, Enforcement & Revenue Protection

Madam Speaker:

Our greatest challenge is not our low tax rates, it is revenue leakage.

There are still too many areas where taxes are not collected, not remitted, or not enforced.

We are closing those gaps.

We will introduce during this fiscal year the Bahamas Identification Number, or BIN, will further strengthen compliance, improve accountability, and support more effective enforcement. At the same time, we are advancing the ease of doing business through our One Tax Bahamas initiative focused not on raising rates, but on delivering a more efficient, modern, and service-oriented tax system.

Madam Speaker:

We are also strengthening compliance in public finance as well, such as, enhanced reporting requirements, including Domestic Minimum Top-up Tax filings and accountability frameworks for tax representatives. These measures strengthen accountability and ensure that the system operates as intended. This is about ensuring that what is due to the Bahamian people is actually collected in a seamless manner.

Madam Speaker:

We will engage in public consultation on the development of three major pieces of legislation:

- A Review of the Business Licence Act

- A Consolidated and Modern Fiscal Incentive Legislation; and
- The creation, by statute, of a national domestic revenue agency.

Madam Speaker:

We are also taking firm action to recover revenues due to the Bahamian people.

Following the recent arbitration between the Government and the Grand Bahama Port Authority, the Tribunal confirmed that the Government's cost recovery rights remain fully enforceable.

Accordingly, the Government has formally invoked its review rights and issued a demand for reimbursement of administrative costs incurred in the Port Area.

The administrative cost demanded has been independently assessed and reflect the legitimate cost of services provided by the Government.

This action reinforces a simple principle:

Where obligations exist, they must be honored.

And where revenue is due, it will be collected.

We are strengthening enforcement not only in taxation, but across our wider regulatory framework.

We are introducing fixed penalties for environmental nuisances, allowing for direct enforcement action to address issues impacting public health and community conditions.

We are also enhancing compliance in the transport sector by:

- Introducing Title Clearance Certificates to verify proof of ownership before vehicle transfers; and
- Empowering officers to issue spot fines for violations of Public Service drivers.

Madam Speaker:

In our maritime space, we are also introducing:

- Defined safe speed requirements for boaters in Nassau Harbor, supported by fixed penalties for unsafe operations; and
- Expanded inspection and registration enforcement for commercial watercrafts.

These measures ensure that rules are not only established—but enforced.

Madam Speaker,

We recognize that this robust economy has brought significant returns to the largest businesses and they have the capacity to contribute more to national development. In this regard, we are increasing the Business Licence Rate for businesses which earn more than \$175 million by 0.25% to 1.5% per annum.

Modernization & Ease of Doing Business

Madam Speaker:

We are modernizing how the system works.

A major issue uncovered in our review is that many of the problems in Customs are not about rates—they are about misclassification. We are correcting this through targeted reforms.

We are creating new tariff headings for emerging goods such as smart glasses, placing them in the appropriate category. At the same time, we are introducing proper classifications for construction materials such as specialized shingles, eliminating ambiguity in assessment and undertaking tariff clean-up exercises to remove outdated or conflicting descriptions across entire chapters.

Madam Speaker:

We are also reforming regulatory systems.

We are strengthening tax administration by standardizing processes, improving dispute resolutions, and ensuring that decisions are made based on timely and complete information.

Madam Speaker:

We are introducing structured, transparent fee schedules across the environmental approvals process, where project-based fees will now be reflect by the complexity of the project.

We are also modernizing the motor vehicle registration system through:

- A new weight-based vehicle classification framework;
- The introduction of a dedicated category for electric vehicles which will lower licensing fees, recognizing their carbon neutral impact on the environment; and
- The formal integration of ATVs and recreational vehicles into the licensing regime.

Service Sustainability & Fair Contribution

Madam Speaker:

There is also a fifth area of focus this year, one that speaks directly to the sustainability of the services we provide.

That is ensuring that those who benefit from public services contribute fairly to their cost and that those systems remain sustainable.

Madam Speaker, as our economy grows and services expand, it is important that we maintain systems that are not only effective but also sustainable.

We are therefore undertaking reforms within the immigration framework.

This includes:

- Adjusting fees for permanent residency;
- Adjusting fees for certain work permit categories covering senior and executive management;
- Introducing a late payment regime;
- Introducing amendments to the Immigration Act making zero coupon bonds a more attractive option for those seeking economic permanent residency; and

Madam Speaker:

We are also making it easier for investors to do business in the Bahamas.

We are revising the Trusted Traveller Programme, ensuring that frequent visitors for business-related purposes are not unfairly penalized by introducing annual as opposed to per visit fees.

Finally, we are lowering the work permit fees for caregivers who help our most vulnerable, the elderly or those who are bedridden.

We are also introducing targeted measures to improve environmental management and cost recovery.

This includes the introduction of fixed penalties for environmental nuisances, helping to improve public health and community conditions.

We are also reintroducing landfill tipping fees for New Providence, ensuring that large waste producers contribute to the cost of disposal, offsetting the rising cost of managing the landfill.

We are also introducing new cost recovery mechanisms where none previously existed, including seabed lease fees, aligning commercial and industrial use of marine space with fair economic value.

Madam Speaker,

Revenue reform alone is only one side of the equation.

Just as we are strengthening how we collect and manage revenue, we must also ensure that our spending reflects the priorities and aspirations of the Bahamian people.

[Key Expenditure Measures](#)

Madam Speaker:

Having been given a renewed mandate by the Bahamian people under the banner of “Choose Progress,” this Government is determined to translate that mandate into tangible outcomes.

Progress, Madam Speaker, is not abstract.

It is measured in the quality of our healthcare, the opportunities available to our young people, the strength of our communities, and the efficiency of the systems that serve our people.

This Budget therefore focuses on delivering real, visible improvements in the lives of Bahamians, while also laying the foundation for long-term national development.

Our expenditure strategy is guided by four clear priorities:

- Strengthening Public Healthcare and Resilience;
- Building Communities: Housing, Infrastructure and Affordability;
- Strengthening Maritime Security and Defence Infrastructure; and
- Driving Progress Through Modernization and Innovation.

These priorities represent a Government that is not simply spending—but investing deliberately in people, infrastructure, and the future of the country.

Strengthening Public Healthcare and Resilience

Madam Speaker:

We begin with healthcare, because no progress can be sustained if access to care remains limited. This Budget makes significant investments to expand the clinical footprint of healthcare across the islands.

We are allocating \$11.6 million for the construction and upgrading of clinics, including works in:

- Abaco;
- Andros;
- Acklins;
- Berry Islands;
- Crooked Island;
- Exuma;
- Eleuthera; and
- Long Island.

These investments are targeted at improving access to primary healthcare, reducing travel burdens, and ensuring that Family Island communities receive timely and reliable care.

Madam Speaker:

In addition, we are advancing the development of a new hospital facility in New Providence, supported by approximately a \$20 million initial investment, alongside international

financing arrangements. This project represents a major step in modernising tertiary care in The Bahamas.

We are also strengthening the system behind these facilities.

We will allocate additional resources to the Public Health Authority to enhance service delivery, support the recruitment and retention of healthcare professionals, and undertake targeted upgrades to key facilities, including mental health services.

Through the National Health Insurance Authority, we are advancing major reforms:

- Expansion of the proposed Prescription Drug Programme;
- Implementation of the Standard Health Benefit, improving coverage and long-term efficiency; and
- Improved data-sharing platforms to create a more connected healthcare system.

Building Communities: Housing, Infrastructure and Affordability

Madam Speaker:

Progress must be felt where people live — in their homes, in their communities, and in the cost of everyday living. This Budget makes deliberate investments to improve housing access, strengthen infrastructure, and support affordability across the country.

We are advancing major housing initiatives in both New Providence and Grand Bahama for subdivision development and expansion including:

In New Providence:

- Renaissance;
- Flamingo Gardens; and
- Carmichael Village.

And in Grand Bahama:

- Continuation of the road paving in Hudson Estates

Additionally, Madam Speaker, this upcoming budget will focus on small home repairs and other enhancement measures for the Government's small housing programme, which will be partly funded through a multilateral institution.

The government housing programme is being supported by modern planning tools, including the remastering of national property maps, improving accuracy and speeding up land allocation and the use of drone technology to enhance surveying and planning efficiency.

This work corrects decades-old mapping systems and allows the Government to deliver housing more efficiently, transparently, and at scale.

Madam Speaker:

We are also strengthening critical infrastructure that supports daily life.

The Water and Sewerage Corporation will invest approximately:

- \$21.5 million in water mains and system upgrades, in Abaco, Exuma, Andros, Acklins, and other Family Islands.

These projects will improve reliability of water supply, support growing communities, and build resilience in the face of climate and environmental pressures.

In this upcoming budget, we will guarantee in the upcoming fiscal year an approximately \$90 million loan for the Bridge Authority for construction of a new Glass Window Bridge in Eleuthera.

Additionally, funding has been secured through the Inter Development Bank for the development of a major drainage system in the Pinewood Gardens area, which is highly vulnerable to flooding during periods of heavy rainfall and the hurricane season. This investment underscores the importance of addressing climate-related risks through resilient infrastructure that protects communities, reduces disruption, and strengthens national preparedness. This is being augmented by funding in this current budget.

We have also provided increased funding for Bahamix, the state-owned road paving of The Bahamas, now operating as a statutory authority, to improve the efficiency, maintenance, and development of road infrastructure in New Providence. This investment will enhance project delivery, improve road conditions, and ensure that our infrastructure keeps pace with the needs of a growing economy.

Madam Speaker:

We are also taking decisive steps to modernise and diversify the country’s energy sector—reducing costs, improving reliability, and strengthening resilience.

The Bahamas Power and Light Company under the guidance of the Ministry of Energy have advanced major reforms in how energy is generated and delivered. BPL has secured new power purchase agreements for 60 megawatts of solar energy and 10 megawatt hours of battery storage, which are scheduled to come online in 2027.

These investments will reduce reliance on imported fuel, lower long-term energy costs and support a cleaner and more sustainable energy mix.

Madam

Speaker:

We are also acquiring critical components to support energy resilience for all Bahamians. A key example of this is the agreement of the acquisition of all outstanding shares of the Grand Bahama Power Company. Through this transaction, Grand Bahama Power Company will adopt the Bahamas Power and Light Company tariff structure, with effect from the date of acquisition, May 12, 2026, which is expected to significantly reduce electricity costs for Grand Bahamians. The estimated average savings is 37 percent on electricity costs for the typical Bahamian household.

Madam Speaker,

This acquisition represents a major policy accomplishment that not only alleviates the financial burden on Grand Bahamians but also strengthens investor confidence and enhances Grand Bahama's position as a more competitive and attractive destination for investment. In the medium term it would also help the national electricity sector, through the infusion of another cadre of skilled Bahamian workers.

Other critical energy infrastructure includes the development of an 18-mile dual-fuel pipeline from Clifton Pier to the Blue Hills Power Station, allowing for the use of both diesel and liquefied natural gas. This project introduces greater fuel flexibility, improved system reliability and a stronger foundation for long-term energy security.

Madam Speaker:

In addition, we are introducing a transformative project at Arawak Cay.

The Shore Power Project will be a 70-megawatt combined cycle power plant, **the first of its kind in the Caribbean** for shore power applications. This is not just another power station—this is a modern, highly efficient system that uses liquefied natural gas, alongside advanced steam generation technology.

In simple terms, Madam Speaker, instead of allowing heat from power generation to be wasted, this system captures that heat and converts it into additional electricity. This significantly improves efficiency and reduces fuel consumption.

This project will allow incoming cruise ships to connect directly to onshore power, reducing emissions in the harbour, improving environmental conditions, and creating a more modern and efficient energy system for our tourism sector.

Importantly, Madam Speaker, this plant is being developed by a 100 percent Bahamian company, ensuring that this transformation in our energy sector also supports local capacity and national development.

Madam Speaker:

Affordability is also closely tied to food security.

We are strengthening local food production and supply chains through targeted investments in agriculture and agri-business development across the islands.

This includes:

- Increase funding for the Centre for Food and Nutrition Security in the Ministry of Finance which would operate as a Think Tank for food security and agriculture development initiatives in the country.
- The completion of cultivation centres in New Providence and Eleuthera, designed to expand domestic food production capacity and support modern, climate-resilient farming practices;

- The development of a food processing plant in Eleuthera, which will allow for value-added production, reduce post-harvest losses, and create new economic opportunities within the agricultural sector; and
- Continued investments in farmers' markets, agricultural infrastructure, and programmes such as Golden Yolk, which strengthens domestic poultry production and reduces reliance on imports.

These initiatives represent a comprehensive approach to food security—supporting farmers, improving supply chains, and increasing the availability of affordable, locally produced food.

Over time, this will help reduce costs for Bahamian families while building a more resilient and self-sufficient national food system.

Madam Speaker:

We also recognise that building strong communities requires continued investment in education infrastructure.

This upcoming Budget, through the Ministry of Education, Science and Technology, will provide for the upgrading of schools across the country, ensuring that our students have access to safe, modern, and well-equipped learning environments.

Key initiatives include:

- The implementation of summer repair and upgrade programmes across public primary and secondary schools addresses critical maintenance needs and improving the overall learning environment, along with increased grants for the School Boards of our special schools such as the Stapleton School, Centre for the Deaf and School for the Blind;
- Through the Caribbean Development Bank, there will be construction of a new high school in Grand Bahama;
- Continued advancement of technical and vocational education, including support for the Bahamas Technical and Vocational Institute and University of The Bahamas, with the digitization of student records to improve efficiency, access, and long-term data management;
- Increased funding for the National School Breakfast Program, ensuring that more students across The Bahamas have access to a reliable, nutritious start to their day;
- Allocation of funding for the increase in teacher's salaries under a new five-year industrial agreement with the Bahamas Educators, Counselors, and Allied Workers Union (BECAWU), effective July 1, 2026; and
- Support for the completion of the Bahamas Polytechnic Institute, expanding tertiary-level technical and professional training opportunities aligned with national workforce needs.

Madam Speaker:

These investments go beyond infrastructure, they are about strengthening the entire education ecosystem.

By modernising facilities, expanding access, and improving administrative systems, we are equipping our young people with the tools, skills, and opportunities needed to succeed in a rapidly changing world.

In doing so, we are investing directly in the future strength and resilience of The Bahamas.

Strengthening Maritime Security and Defence Infrastructure

Madam Speaker:

As an archipelagic nation, our security, sovereignty, and economic stability are deeply tied to our maritime domain.

This Budget therefore provides targeted investments to strengthen critical institutions, improve operational capacity, and enhance the safety of communities across The Bahamas.

Key initiatives for the Defence Force include:

- The refurbishment of three patrol crafts and the auxiliary vessel, HMBS Lawrence Major;
- The acquisition of another auxiliary vessel;

- The continued development of the HMBS Coral Harbour Base, alongside advancements at the Inagua Base, strengthening our southern and northern maritime presence and improving operational reach across our archipelago;
- Investment in the upkeep of navigational aids and marine lights, ensuring safe and secure passage across our waters, supporting both national security and commercial activity;
- The strengthening of maritime capability through investment in sea vessels, as well as modern communication, security, and medical equipment, improving coordination, response capacity, and operational effectiveness across the Royal Bahamas Defence Force;
- The construction of a secure exterior perimeter wall at the Bahamas Department of Correctional Services, designed to prevent intrusions, deter escapes, and disrupt illicit activities such as drug trafficking within the compound;
- Continued improvements to correctional facilities to support the Department's pursuit of international certification, including upgrades to the remand centre to meet global standards;
- The introduction of modern security technology, including cellphone jammers, to improve control and monitoring within correctional environments;
- Investment in mobile and portable radio systems, strengthening communication capabilities across law enforcement and security agencies;

- The advancement of a Virtual Court Project, improving the efficiency of the justice system, reducing transport requirements, and accelerating case processing;
- The acquisition of 20 fire trucks for the Fire Department and 20 fire trucks for the Airport Authority to strengthen capacity and responsiveness in protecting lives and property;
- Investment in medical and surgical equipment for the new correctional medical centre, ensuring adequate care and improved health outcomes for inmates; and
- The replacement and procurement of generators for police stations and facilities across the country, ensuring continuity of operations during emergencies and strengthening resilience in times of crisis.

These investments represent a comprehensive approach to national security, strengthening maritime and land-based capabilities, modernising our justice system, and ensuring that our institutions are equipped to meet current and emerging challenges.

Madam Speaker:

In doing so, we are protecting our borders, strengthening public safety, and building a safer, more secure Bahamas for all.

[Driving Progress Through Modernization and Innovation](#)

Madam Speaker:

Progress is not only about building more—it is about building smarter.

The Government continues to place strong emphasis on digital transformation as a tool to improve efficiency, strengthen service delivery, and enhance the experience of every citizen.

This national effort, to be led by the Ministry of Innovation and National Development is focused on:

- Modernising Government systems;
- Expanding social inclusion through digital access; and
- Building the skills needed for a technology-driven economy.

At its core, this initiative aims to create services that are more accessible, more efficient, more secure, and more citizen-focused.

Madam Speaker:

As we expand our digital capabilities, we must also ensure that strong governance frameworks are in place.

We will introduce, through the Ministry of Innovation and National Development, an Artificial Intelligence Governance Act. This legislation will provide for the establishment of a National AI Commission and set out clear ethical safeguards to guide the development and use of artificial intelligence in The Bahamas.

This ensures that innovation is pursued responsibly, with appropriate protections for citizens, businesses, and public institutions.

We will also continue strengthening enforcement under the Data Protection Act, including the introduction of mandatory breach notification requirements.

These measures will enhance transparency, improve accountability, and ensure that individuals are properly informed and protected in an increasingly digital society.

Madam Speaker:

Digital transformation is not only about technology—it is about how people interact with Government.

It is about improving transparency, increasing access to information, and making it easier for Bahamians to engage with public services through modern digital platforms.

Through the Digital Transformation to Strengthen Competitiveness Programme, we are implementing several key citizen-focused initiatives, including:

- The National Computer Incident Response Team;
- DigiLearn Bahamas, supporting digital literacy;
- The Freedom of Information Online Portal; and
- The Digital Police Character Certificate, broadening services offered.

We are also advancing new digital tools such as:

- The Bahamas Emergency News App;
- The Smart City Cruise Port App; and
- A new unified Government website, among other services to be launched online.

Madam Speaker:

At the same time, the Department continues to support ministries and agencies in digitizing internal processes—improving workflows, strengthening inter-agency coordination, and enhancing the overall delivery of services to both staff and the public.

We are also making major investments in Government’s digital backbone.

This Government is committed to transforming how public services are delivered by investing in digital systems, modern infrastructure, and more efficient ways of doing business.

At the core of this transformation is our investment in data, technology, and digital government.

This includes the Oracle Data Centre, supporting the transition to modern financial and administrative systems, cloud infrastructure, including AWS environments and a Government-wide Digital Transformation Unit, supported by international partners.

Madam Speaker:

We are also modernizing how we manage borders, identity, and national security systems.

This includes intelligence targeting and analysis systems, improving data-driven decision-making in immigration, a biometric identification system and airport e-gates and automated kiosks, improving the efficiency of arrivals and departures.

We are also upgrading surveillance and security systems, including detention centre CCTV upgrades, ensuring modern, unified monitoring systems. These investments improve both security and ease of movement for residents and visitors.

Madam Speaker:

We are also investing in how we understand and plan our country.

Through Bahamas National Geographic Information Systems, we are advancing national mapping initiatives, including international and aerial mapping through Blue Sky. These projects will produce high-resolution national maps, critical for land management, infrastructure planning and environmental monitoring.

This is modern governance, decision-making based on accurate, real-time data.

Madam Speaker:

We are also investing in the future of digital payments and financial inclusion.

To support this, the Government has allocated an additional \$4 million to advance the integration of the Sand Dollar into the Government payment system.

This funding will strengthen infrastructure, expand adoption, and improve accessibility, ensuring that Bahamians and businesses can benefit from a secure, efficient, and modern digital payment ecosystem.

Madam

Speaker:

This Government, through the Ministry of Culture, Arts and Heritage will implement the National Junkanoo Authority Act, which will establishing a permanent institution to strengthen, promote, and guide the future development of Junkanoo.

This important initiative is fully aligned with our Blueprint for Change and reflects our commitment to preserving and advancing one of the most treasured expressions of Bahamian culture.

The Authority will provide a clear legal framework to recognize Junkanoo as a national cultural institution, while setting strong standards for governance, funding, safety, education, and year-round development. Funding for this implementation is allocated within the budget.

Madam Speaker:

In doing so, we are not only protecting our cultural heritage but also creating new opportunities through innovation to advance Junkanoo for future generations.

Conclusion

Madam Speaker:

As I conclude, let me return to the heart of this Budget. It is about people. It is about the family trying to hold steady. It is about the young Bahamian looking for a fair chance. It is about the senior citizen who deserves dignity. It is about the small business owner, the teacher, the nurse, the police officer, the farmer, the fisher, the public officer, and every Bahamian who wants to see progress reach their home.

We have shown that with sound policy, careful management, and a clear sense of purpose, The Bahamas can recover, grow, and regain confidence. We have reduced the deficit, stabilized debt, strengthened transparency, and delivered growth while keeping the daily pressures of Bahamian families at the centre of our work.

Madam Speaker, we will never take for granted the trust of the Bahamian people. That trust is a serious responsibility. It must be earned every day, through service, through honesty, through careful decisions, and through results that people can feel in their lives.

I believe in what we can be as a nation. I believe in the talent of our people. I believe in the strength of our families. I believe in the promise of our young people. I believe that every island, every settlement, and every community has a place in the future we are building.

The years ahead may test us. The world around us remains uncertain. Costs still weigh on families. Climate risks still threaten small island states. But we will weather these next years together, with steady hands, clear priorities, and faith in the Bahamian people.

This Budget is balanced. It is responsible. It is focused on the future. But above all, it is rooted in a simple commitment: to drive progress home by home, island by island, and community by community.

Madam Speaker, we will protect the progress we have made. We will invest in the people who make this country strong. We will reform the systems that must serve them better. And we will continue the work of building a Bahamas where every Bahamian can see, feel, and share in the promise of progress.