



Ministry of
Finance

PRESS RELEASE

Commentary on Government's Fiscal Performance

First Six Months Performance FY2024/2025

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On February 20, 2025 the Tribune released a news article titled *"Deficit Bust: Half-year red ink close to \$400M"*, in response to the Government's recently released December 2024 Monthly Fiscal Report". This commentary is narrow and limited in its perspective of important trends in recent fiscal operations, and therefore is misleading in its conclusion.

As reported for the first six months of the current fiscal year, Government's total revenue reached \$1.4 billion, a gain of \$142.2 million over the prior year, and representing the highest ever recorded growth for any first half-year revenue performance.

It is important to highlight that based on the cyclical nature of Government's revenue, this strong revenue performance in the first half of the fiscal year is projected to be reinforced by even higher yields in the second half. This expectation is clearly supported by historical analysis of revenue performance which shows that, on average, 57% of the total—especially from tourism, VAT, business licence and property taxes—is collected in the closing six months of the fiscal year.

To illustrate, real property tax intake averages 72% in the second half which aligns with payment due dates; tourism gains with the peak in visitor arrivals also helps to boost VAT receipts. Beyond this, this commentary lacks an appreciation for the Government's stepped up revenue enforcement measures that continue to yield positive results.

The Government acknowledges the higher overall fiscal deficit for the first six months. Again, this is largely explained by greater efficiency in project execution, mainly in the form of a front-loading of outlays for school repairs and critical road works. We also have paid the first \$25.0 million tranche of the \$50.0 million for the Government's membership subscription towards the Development Bank of Latin America and the Caribbean, which will provide The Bahamas with access to a new semi-concessional funding envelope of \$200.0 million. The December 2024 fiscal

data shows greater stabilization of the fiscal accounts as these front-loaded capital projects begin to taper off.

	B\$M						
	January 2024	February 2024	March 2024	April 2024	May 2024	June 2024	Q2 Fiscal Balance
Overall Fiscal Balance	\$(46.0)	\$6.9	\$83.4	\$37.5	\$25.8	\$(35.6)	\$72.0

The data table provided further illustrates that our expectation of an improved second half fiscal performance is in line with the surplus position of \$72.0 million in the prior year, following the deficit of \$44.8 million in the second half of FY2018/2019—the last normal year before the pandemic.

The Government is committed to ensuring that its fiscal operations are conducted in a manner that supports sustainability through a reduction in the overall deficit as projected in the medium term fiscal framework. Recent performance confirms the significant progress made in reducing the overall deficit to 1.3% of GDP in FY2023/24, and the anticipation of a further improvement to 0.5% for this fiscal year.