



COMMONWEALTH
OF THE BAHAMAS

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

Q3 - FY2023/24

***Nine Month
Report on
Budgetary
Performance
FY2023/24 July to March***

**PUBLICATION DATE:
JULY, 2024**

www.bahamasbudget.gov.bs

PUBLISHED & EDITED BY

The Ministry of Finance

PRINTED BY

Government Printing

CREATIVE DESIGN BY

Hilltop Designs

1.242.702.1500

financemail@bahamas.gov.bs

www.bahamas.gov.bs

www.bahamasbudget.gov.bs

C O N T E N T S

1.	ABOUT THIS REPORT	4
2.	EXECUTIVE SUMMARY	4
3.	ECONOMIC OVERVIEW	7
4.	REVENUE PERFORMANCE	7-11
5.	EXPENDITURE DEVELOPMENTS	12-15
	A. RECURRENT EXPENDITURE – ECONOMIC CLASSIFICATION	12-13
	B. RECURRENT EXPENDITURE – FUNCTIONAL CLASSIFICATION	13-14
	C. CAPITAL EXPENDITURE – ECONOMIC CLASSIFICATION	14
	D. CAPITAL EXPENDITURE – FUNCTIONAL CLASSIFICATION	15
6.	FINANCING ACTIVITIES	16-17

I ABOUT THIS REPORT

GENERAL STATEMENT

In keeping with its commitment to transparency in the public finances and align with global fiscal disclosure standards and best practices, the Ministry of Finance provides in-year reporting on the performance of the central Government's revenue, expenditure and financing operations vis-à-vis the approved budget.

- » **Periodicity:** Quarterly (Qtr. I: July – September; Qtr. II: July – December; Qtr. III: July – March; and Qtr. IV: July – June).
- » **Timeliness:** Within four (4) weeks after the end of the referenced quarter, except for Qtr. IV report which will be released two months after the end of the quarter given year-end closing activities.
- » **Publication:** To be released on the Ministry of Finance's Budget website (www.bahamasbudget.gov.bs).

BASIS OF PREPARATION

The budgetary data are prepared using a modified cash basis of accounting and guided by International Public Sector Accounting Standards (IPSAS) cash basis. As such, revenue is recognized when received and not when earned, expenditure is recorded in the period it is incurred and paid, and purchases of fixed assets, including immovable property, plant and equipment, are fully expensed in the year of purchase.

The fiscal data tables compiled in the quarterly reports are presented using the new modified chart of accounts introduced on July 1, 2018, which accomplishes two (2) important objectives, namely:

- » prepares for the eventual conversion of the accounting presentation to the IPSAS accrual basis,
- » facilitates the aggregation and presentation of the fiscal data to meet the International Monetary Fund's Government Finance Statistics (GFS) 2014 reporting standards. The primary purpose of the GFS is to provide a comprehensive conceptual and reporting framework for analyzing and evaluating the performance of the Government's finances.

UNAUDITED DATA

As reconciliation is ongoing, the fiscal data presented in these quarterly reports are subject to change and, therefore, their status is provisional (denoted as "p") until audited by the Auditor General.

ROUNDING

Because of rounding, some totals may not agree with the sum of their component parts.

2 EXECUTIVE SUMMARY

Over the nine months to March of FY2023/24, the Bahamian economy maintained a steady growth path, notwithstanding a global landscape that continues to grapple with headwinds posed by the persistence of inflation and geopolitical tensions. Tourism, the key driver of domestic economic activity, posted a 15.7 percent hike in visitor arrivals to 7.6 million, which provided a positive impulse to domestic demand, employment and government revenue outcomes.

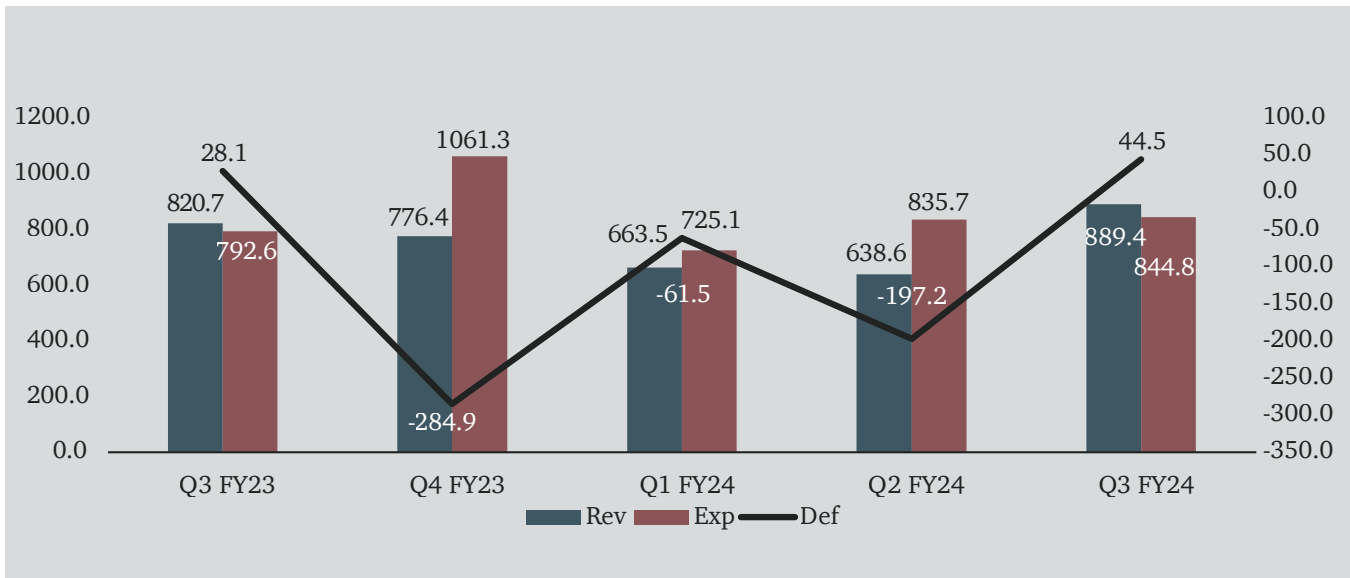
- » Total revenue settled at \$2,191.5 million—an appreciable year-over-year gain of \$112.4 million (5.4 percent), and equated to an improved 66.0 percent of the budget. The \$136.9 million (7.5 percent) hike in tax receipts was mainly derived from the Value Added Tax, business license fees, and excise taxes categories. Non-tax revenue declined by 23.2 million (9.0 percent) to \$235.4 million and was primarily linked to timing differences in receipt of property income.
- » Total expenditure expanded by \$76.9 million (3.3 percent) to \$2,405.6 million.

- Recurrent spending was higher by 35.9 million (1.7 percent) at \$2,170.7 million, with increases in compensation of employees (\$35.0 million) and public debt interest payments (\$17.3 million) significantly offset by timing related reductions in outlays on goods and services.
- Capital expenditure increased by \$41.0 million (21.2 percent) to \$235.0 million and was primarily associated with infrastructure investments in road repairs and maintenance and sporting infrastructure.
- » As a result of the revenue and expenditure performance, the deficit on the Government's overall operations was lower by \$35.5 million at \$214.2 million.
- » In financing activities, transactions relative to the acquisition of financial assets resulted in a decline relative to the year-earlier boost stemming from lending support to a Government Business Entity. Correspondingly, liabilities increased by \$257.2 million—although \$33.6 million below the comparative period of the prior year and was predominantly in Bahamian Dollars.

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

(B\$M)	Budget		July - March		
	FY2023/24	FY2023/24 ^P	FY2022/23 ^P	Variance	% of Budget
		Actual	Actual		
Revenue	3,319.0	2,191.5	2,079.0	112.4	66.0%
Tax	2,918.8	1,956.1	1,819.2	136.9	67.0%
Non-tax	397.5	235.4	258.6	(23.2)	59.2%
Grants	2.8	0.0	1.2	(1.2)	0.0%
Expenditure	3,450.1	2,405.6	2,328.7	76.9	69.7%
Recurrent	3,085.5	2,170.7	2,134.8	35.9	70.3%
Capital	364.6	235.0	193.9	41.0	64.4%
Surplus/(Deficit)	(131.1)	(214.2)	(249.7)	35.5	163.3%
Financing Activities	131.1	214.2	249.7	(35.5)	163.3%
<i>Net Acquisition of financial assets (-)</i>	59.8	(105.8)	140.0	(245.8)	-176.9%
Sinking Funds	59.8	(111.7)	30.0	(141.7)	-186.8%
Equity	0.0	0.0	0.0	0.0	0.0%
Other	0.0	5.9	110.0	(104.1)	0.0%
<i>Net Incurrence of Liabilities (+)</i>	131.1	257.2	290.8	(33.6)	196.1%
Borrowings	2,198.7	3,106.3	2,150.5	955.8	141.3%
Debt Repayment	2,067.6	2,849.1	1,859.7	989.5	137.8%
Change in Cash Balance [(+) = increase]	59.8	(148.8)	98.9	(247.7)	-248.8%

FIGURE 1: BUDGETARY PERFORMANCE (B\$M)



BOX A: SUMMARY OF COVID-19 EXPENDITURE

During FY2023/24, the Government continued the process of unwinding its COVID related mitigation and support programs for impacted families and businesses. These outlays are estimated at \$2.7 million over the nine months of the fiscal year, and an aggregated COVID-19 spending of \$470.0 million.

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

	FY2019/20	FY2020/21 ^P	FY2021/22 ^P	FY2022/23 ^P	FY2023/24 ^P	Total
	Mar - June	July - June	July - June	July - June	July - Mar	
Recurrent Expenditure	39.2	268.5	96.6	7.6	2.2	414.1
Public Health Safety	1.9	36.6	14.8	3.6	0.0	56.9
Unemployment Assistance	10	164.7	62.3	0.0	0.0	237.0
Goods & Services Acquisition	1.8	2.2	2.7	1.6	1.9	10.2
Job Retention Programs	21.4	23	6.4	0.0	0.0	50.8
Food Assistance	2	40.4	7.8	0.0	0.0	50.2
Other	2.1	1.5	2.6	2.4	0.3	8.9
Capital Expenditure	40.3	4.7	5.7	4.7	0.5	55.9
Public Health Safety	0.4	0	0	0.0	0	0.4
Goods & Services Acquisition	0.6	0.1	0	0.0	0	0.7
COVID-19 Unit	0.3	0.5	0	0.0	0	0.8
Small Business Loans	39	4.1	5.7	4.7	0.5	54.0
Total	79.5	273.3	102.3	12.3	2.7	470.0

3

ECONOMIC OVERVIEW

Despite challenges posed by supply chain disruptions and geopolitical tensions, the global economy maintained a level of resilience throughout 2023 and the opening quarter of 2024. According to the April 2024 World Economic Outlook by the International Monetary Fund (IMF), global growth moderated slightly to an estimated 3.2 percent in 2023, with stabilization expected in the near term. Although headline inflation was an elevated 6.8 percent in 2023, it is expected to soften to 5.9 percent in 2024, as central banks adjust their policies.

Notwithstanding the global challenges, the United States, The Bahamas' major trading partner, appears poised for continued economic expansion supported by strong domestic consumption and investment trends. In the United States, the 2.9 percent growth in real GDP surpassed earlier projections; and the 2024 economic outlook was revised upwards to 3.0 percent as the robust momentum witnessed in the fourth quarter of

2023 extended into end-March 2024. ¹In other real sector developments, US inflation was contained at an annualized 5.0 percent at end-March 2023, driven by lower costs for food, energy, and transportation service, and further subsided to an annualized 3.5 percent at end-March 2024.²

During the nine months to March of FY2023/2024, the Bahamian economy achieved a positive outcome for tourism performance, which supported the continuation of favourable domestic demand and employment conditions. ³Tourist arrivals at 7.6 million posted a firm 15.7 percent year-over-year gain, and featured uplifts in both sea (17.7 percent) and air (6.8 percent) arrivals. Domestic price developments over the nine months registered an easing in the average consumer price inflation to 0.1 percent from 0.4 percent a year earlier.

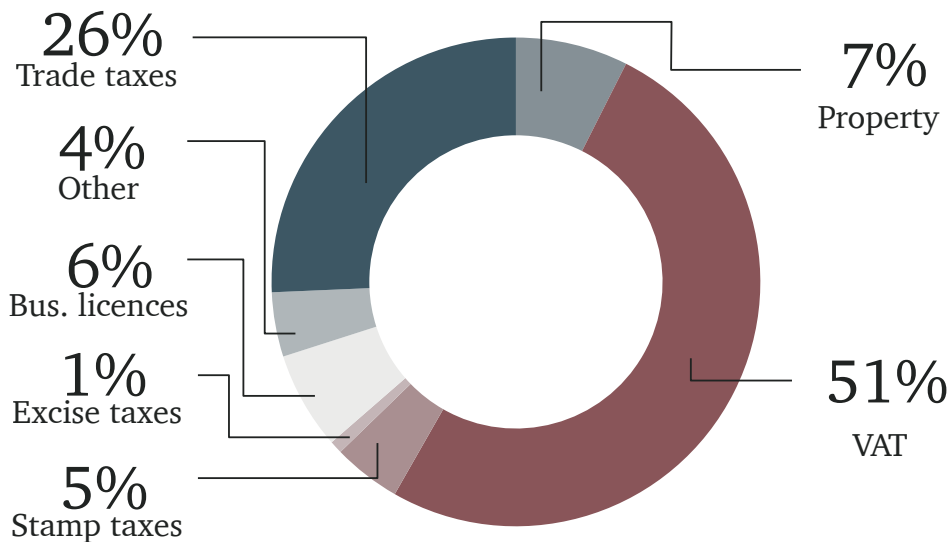
4

REVENUE PERFORMANCE

For the three quarters of FY2023/24, revenue collections aggregated \$2,191.5 million, which corresponded to a year-over-year gain of \$112.4 million (5.4 percent) and 66.0 percent of the annual budget estimate (see **Table 3**).

The dominant tax revenue component improved by \$136.9 million (7.5 percent) to \$1,956.1 million (67.0 percent of budget), while non-tax revenue declined by \$23.2 million (9.0 percent) to \$235.4 million (59.2 percent of the budget).

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



¹ Gross Domestic Product, First Quarter 2024 (Advance Estimate) – United States Bureau of Economic Analysis

² Consumer Price Index Summary – United States Bureau of Labor Statistics

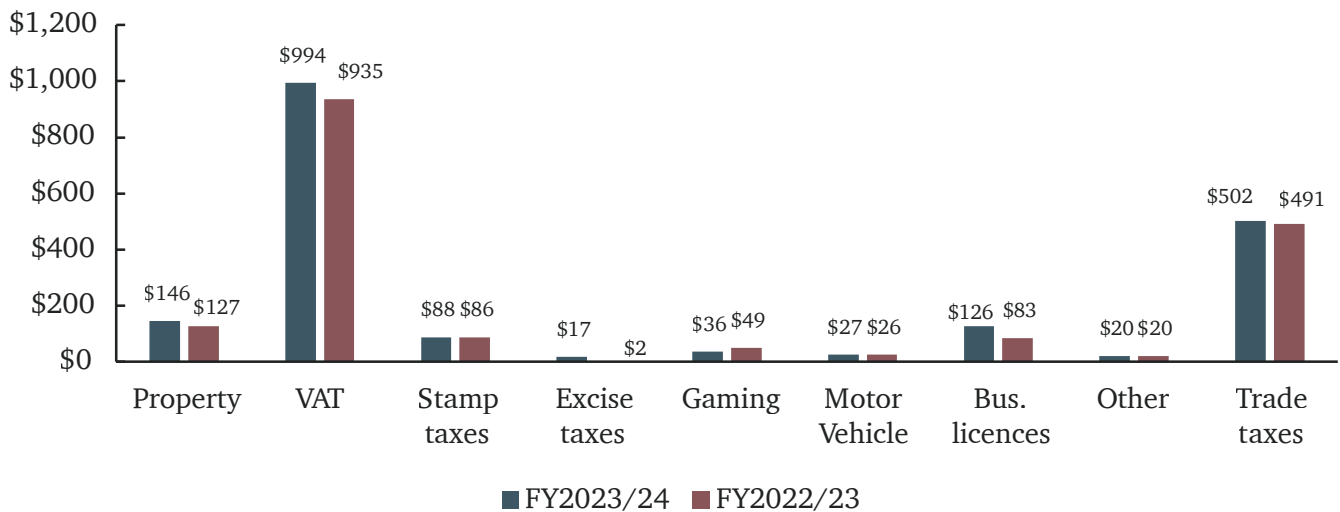
³ Foreign Arrivals (Air & Sea) Data – The Bahamas Ministry of Tourism

The tax revenue performance is primarily explained by the following outcomes.

- » Taxes on Property, at \$145.6 million, posted growth of \$18.4 million (14.5 percent)—equivalent to approximately three-quarters of the budget estimate. This upturn was supported by the more aggressive collection methods and enforcement measures employed by the Government to reduce arrears.
- » Taxes on Goods & Services amounted to \$1,302.7 million—a year over year boost of \$108.3 million (9.1 percent) for 64.9 percent of the budget target.
 - VAT collections improved by \$58.5 million (6.3 percent) to \$993.9 million for 62.5 percent of the budget—inclusive of an upswing on the goods and services component of \$88.9 million (12.0 percent) on account of the sustained economic growth fundamentals.

- Stamp Taxes on Financial and Real Estate transactions posted an increase of \$2.8 million (3.5 percent) to \$82.5 million, for 71.9 percent of the budget.
- Excise Tax receipts amounted to \$16.7 million which significantly surpassed the budget target of \$2.4 million and reflected enhanced collections efforts.
- Taxes on Specific Services (Gaming Taxes) contracted by \$12.3 million (25.3 percent) to \$36.3 million to represent 57.3 percent of budget forecasts.
- Taxes on Use of Goods/ Permission to Use amounted to \$173.4 million—a year-over-year increase of \$44.2 million (34.2 percent) for 73.8 percent of budget forecasts. This paralleled growth in the dominant business licence fee component, partly on account of recent tax policy changes and administrative enhancements.

FIGURE 3: YEAR-ON-YEAR 9- MONTH COMPARISON OF TAX REVENUE PERFORMANCE (B\$M)



- » Taxes on International Trade and Transactions increased year-over-year by \$11.1 million (2.3 percent) to \$502.3 million (70.9 percent of the budget target).
 - Excise Duties decreased by \$0.5 million (0.3 percent) to \$177.2 million, while recent changes in tax rates contributed to an improved yield on departure taxes by \$7.2 million (5.7 percent) to \$134.0 million.
- » General stamp taxes was lower by \$1.0 million (15.3 percent) to \$5.4 million (66.7 percent of the budget).

Year-over-year variances in non-tax revenue were largely attributed to the following:

- » Property Income decreased by \$5.9 million (15.2 percent) to \$33.0 million (50.4 percent of the budget), partly reflecting timing-related differences in receipts.

- Interest and dividends declined by \$4.0 million (17.8 percent) to \$18.3 million.
- Revenue from Government Property was lower by \$1.9 million (11.6 percent) at \$14.7 million, for 80.4 percent of the budget target.
- » Receipts from the sales of goods and services strengthened by \$20.8 million (13.4 percent) to \$176.2 million (74.6 percent of the budget)—with the bulk explained by higher collections of immigration and customs related fees and service charges. However, these were offset by a cumulative year-over-year decline in the reimbursement and repayments and the miscellaneous and unidentified revenue categories.

TABLE 3: REVENUE SUMMARY (B\$M)

	Budget		July - March		
	FY2023/24	FY2023/24 ^P	FY2022/23 ^P	Variance	% of Budget
		Actual	Actual		
TAX REVENUE (a+b+c+d)	2,918.8	1,956.1	1,819.2	136.9	67.0%
a. Taxes on Property	195.3	145.6	127.2	18.4	74.6%
b. Taxes on Goods & Services (i+ii+iii)	2,006.8	1,302.7	1,194.5	108.3	64.9%
i. General	1,708.7	1,093.1	1,016.7	76.4	64.0%
VAT	1,591.4	993.9	935.4	58.5	62.5%
Stamp taxes (Financial & Realty)	114.8	82.5	79.7	2.8	71.9%
Excise Tax	2.4	16.7	1.6	15.0	693.2%
ii. Specific (Gaming taxes)	63.3	36.3	48.5	(12.3)	57.3%
iii. Taxes on Use of Goods/Permission to Use	234.9	173.4	129.2	44.2	73.8%
Motor Vehicle Taxes	42.3	26.6	25.7	0.9	62.9%
Company Taxes	24.1	15.6	17.5	(1.8)	64.7%
Licence to Conduct Special Bus. Activity	157.7	126.3	83.3	43.0	80.1%
Marine License Activities	10.7	4.9	2.8	2.1	45.4%
c. Taxes on Int'l Trade & Transactions	708.5	502.3	491.2	11.1	70.9%
Customs & other import duties	250.5	190.5	186.1	4.4	76.1%
Excise Duties	257.9	177.2	177.8	(0.5)	68.7%
Departure Taxes	199.3	134.0	126.8	7.2	67.2%
Other	0.8	0.5	0.5	0.0	65.0%
d. General Stamp Taxes	8.1	5.4	6.4	(1.0)	66.7%
NON-TAX REVENUE (e+f+g+h+i+j)	397.5	235.4	258.6	(23.2)	59.2%
e. Property Income	65.5	33.0	38.9	(5.9)	50.4%
Interest & Dividends	47.2	18.3	22.2	(4.0)	38.7%
Revenue_Gov't Property	18.3	14.7	16.7	(1.9)	80.4%
f. Sales of goods & services	236.3	176.2	155.4	20.8	74.6%
i. Fees & Service Charges	215.3	159.0	143.5	15.5	73.8%
General Registration	4.4	3.7	3.6	0.1	83.6%
General Service	18.2	12.6	11.7	0.8	69.2%
Immigration	123.9	90.0	82.6	7.4	72.6%
Land & Building	2.3	2.0	1.9	0.2	88.6%
Legal	1.0	0.9	0.8	0.1	96.7%
Customs	54.9	42.2	37.2	5.0	76.8%
Port & Harbour	9.5	7.1	4.9	2.2	74.7%
Health	1.1	0.5	0.8	(0.3)	41.3%
Other Fees	0.0	0.0	0.0	(0.0)	22.3%
ii. Other	21.0	17.2	11.9	5.3	81.9%
g. Fines, Penalties & Forfeits	5.6	4.4	3.6	0.7	77.9%
h. Reimbursements & Repayments	49.2	19.7	33.6	(13.9)	40.0%
i. Misc. & Unidentified Revenue	40.3	1.0	26.6	(25.6)	2.6%
j. Sales of other Non-Financial Assets	0.5	1.1	0.4	0.6	234.6%
TOTAL TAX & NON-TAX REVENUE	3,316.3	2,191.5	2,077.8	113.6	66.1%
GRANTS	2.8	0.0	1.1	(1.1)	0.0%
CAPITAL REVENUE	0.0	0.0	0.1	(0.1)	0.0%
GRAND TOTAL	3,319.0	2,191.5	2,079.0	112.4	66.0%

BOX B: TRENDS IN GOVERNMENT REVENUE PERFORMANCE & POLICY INITIATIVES

Preliminary data for the third quarter of FY2023/24 demonstrates steady growth in revenue collections. Period-over-period the revenue collections from January to March 2024 have increased by \$64.0 million (8.9 percent) to \$786.7 million. Significant increases are realized year-over-year via real property tax collections (45.3 percent), Licence to Conduct Special Business Activity (51.7 percent), and Marine License Activities (95.8 percent).

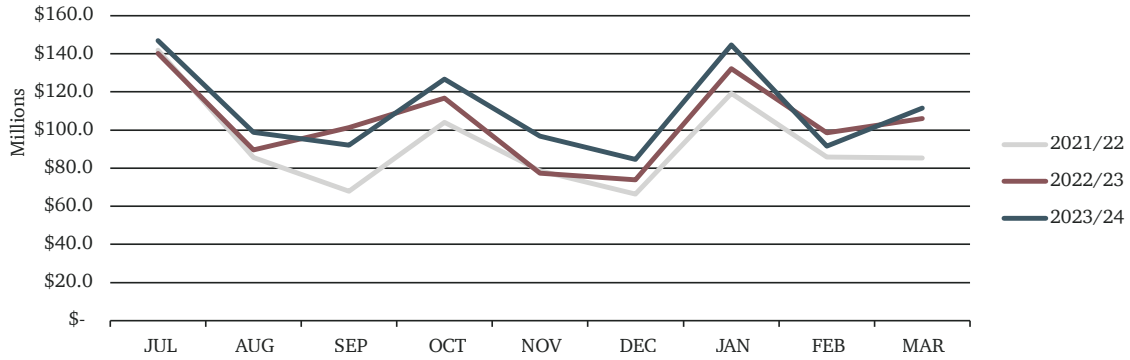
TABLE 4: REVENUE SUMMARY (B\$M)

	FY2022/23				FY2023/24			
	QI	QII	QIII	QIV	Total	QI	QII	QIII
TAX REVENUE (a+b+c+d)	574.7	521.8	722.7	654.4	2,473.6	603.7	565.7	786.7
a. Taxes on Property	20.9	38.6	67.7	34.3	161.5	21.4	25.9	98.4
b. Taxes on Goods & Services (i+ii+iii)	387.8	329.2	477.5	434.6	1,629.0	408.8	377.6	516.4
i. General	359.9	293.4	363.3	345.0	1,361.7	380.3	336.5	376.3
VAT	331.0	267.8	336.6	316.6	1,252.0	337.9	308.1	348.0
Stamp taxes (Financial & Realty)	28.5	24.9	26.2	27.3	107.0	28.7	26.8	27.0
Excise Tax	0.4	0.7	0.5	1.1	2.7	13.8	1.6	1.3
ii. Specific (Gaming taxes)	12.8	13.4	22.4	15.4	63.9	9.6	12.2	14.4
iii. Taxes on Use of Goods/Permission to Use	15.1	22.4	91.8	74.2	203.5	18.8	28.9	125.7
Motor Vehicle Taxes	7.0	7.2	11.5	9.0	34.7	7.4	8.0	11.2
Company Taxes	2.0	3.2	12.3	2.6	20.1	1.7	3.1	10.8
License to Conduct Special Bus. Activity	5.4	11.2	66.7	61.5	144.8	8.9	16.2	101.2
Marine License Activities	0.7	0.9	1.2	1.1	3.9	0.8	1.6	2.4
c. Taxes on Int'l Trade & Transactions	164.3	150.0	176.9	184.2	675.4	172.0	161.5	168.7
Customs & other import duties	61.2	62.2	62.7	62.7	248.9	61.2	65.3	64.0
Taxes on Exports	65.4	53.6	58.7	75.7	253.5	61.0	60.9	55.3
Departure Taxes	37.5	34.0	55.3	45.4	172.2	49.5	35.2	49.2
Other	0.2	0.1	0.2	0.4	0.9	0.3	0.1	0.2
d. General Stamp Taxes	1.8	4.0	0.6	1.3	7.7	1.5	0.6	3.2

BOX B: TRENDS IN GOVERNMENT REVENUE PERFORMANCE & POLICY INITIATIVES

Consistent with growth trends from recent history, VAT collections in January and March of FY2023/24 have increased period-over-period by 9.5 percent and 5.2 percent, respectively. The \$6.8 million (6.9 percent) decline in February period-over-period for VAT collections were largely explained by a contraction in realty transactions that month.

FIGURE 4: MONTHLY VAT COLLECTIONS BY FISCAL YEAR



5

EXPENDITURE DEVELOPMENTS

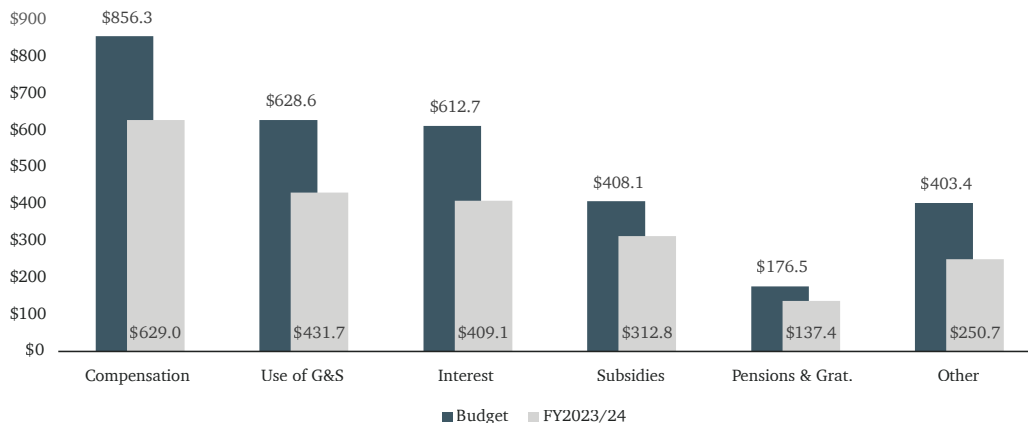
a. Recurrent Expenditure – Economic Classification

During the nine months to March 2024, total recurrent expenditure increased year-over-year by \$35.9 million (1.7 percent) to \$2,170.7 million—representing 70.3 percent of the targeted spend (see *Table 5*).

- » Compensation of employees rose by \$35.0 million (5.9 percent) to \$629.0 million (73.5 percent of the budget target), and was explained by planned staff promotions, salary adjustments associated with industrial relation agreements, and additional hires.
- » Spending on the use of goods and services was lower by \$0.3 million (0.1 percent) at \$431.7 million, and included the following key developments.

- Utilities and telecommunications payments decreased by \$16.6 million (33.8 percent) to \$32.5 million, owing to timing-related differences in payments.
- Special financial transactions, which include payment of arrears, decreased by \$27.1 million (66.7 percent) to \$13.5 million.
- Rental payments, covering leases for office and living accommodation and vehicles, increased by \$11.5 million (15.3 percent) to \$86.8 million.
- Expenditure on services (comprising building maintenance, communication activities, and IT network support arrangements) grew by \$13.2 million (7.1 percent) to \$199.7 million.
- Payment of debt related finance charges increased by \$7.4 million (51.6 percent) to \$21.8 million.

FIGURE 5: 9-MONTH COMPARISON OF RECURRENT EXPENDITURE VS BUDGET FOR FY2023/24 (B\$M)



- » Public debt interest payments expanded by \$17.3 million (4.4 percent) to 409.1 million, of which 50.3 percent was on foreign currency obligations.
- » Subsidies, which include transfers to government-owned and/or controlled enterprises that provide commercial goods and services to the public, receded by \$17.6 million (5.3 percent) to \$312.8 million, and accounted for 76.7 percent of the budget.
 - Subsidies to public non-financial corporations declined by \$17.0 million (5.4 percent) to \$296.2 million, mainly reflecting a timing-related contraction in assistance to the Water and Sewerage Corporation.
 - Transfers to private enterprises and other sectors were lower by \$0.6 million (3.2 percent) at \$16.7 million.
- » Social benefit payments were higher by \$11.5 million (6.7 percent) at \$181.6 million (76.8 percent of the budget).
 - Payments of social assistance benefits increased by \$3.5 million (8.7 percent) to \$44.2 million.
 - Pension and gratuity payments advanced by \$7.9 million (6.1 percent) to \$137.4 million, largely attributed to the recent cost of living increase granted to pensioners.
- » Other Payments fell by \$12.1 million (5.8 percent) to \$198.3 million (59.4 percent of the budget).
 - Current transfers not elsewhere classified was lowered by \$4.8 million (2.9 percent) to \$158.5 million, led by comparatively reduced transfers to several public sector entities.
 - Payment of insurance premiums was \$7.3 million (15.6 percent) below the year-earlier level at \$39.8 million.

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

	Budget		July - March		
	FY2023/24	FY2023/24 ^P Actual	FY2022/23 ^P Actual	Variance	% of Budget
RECURRENT EXPENDITURE					
Compensation of Employees	856.3	629.0	594.0	35.0	73.5%
Use of Goods & Services	628.6	431.7	432.0	(0.3)	68.7%
Travel & Subsistence	12.3	13.3	12.0	1.3	108.1%
Rent	94.8	86.8	75.2	11.5	91.6%
Utilities & Telecommunications	97.8	32.5	49.1	(16.6)	33.2%
Supplies & Materials	44.8	31.6	30.0	1.6	70.6%
Services	273.3	199.7	186.6	13.2	73.1%
Minor Capital Repairs	5.1	3.4	4.0	(0.6)	65.9%
Finance Charges	22.0	21.8	14.4	7.4	99.3%
Special Financial Transactions	46.8	13.5	40.5	(27.1)	28.8%
Tourism Related	3.0	3.0	2.0	1.0	99.2%
Local Gov't Districts	14.8	12.1	9.8	2.3	81.7%
School Boards	0.1	0.1	0.0	0.0	0.0%
Other	13.8	13.9	8.4	5.5	100.9%
Public Debt Interest	612.7	409.1	391.8	17.3	66.8%
Subsidies	408.1	312.8	330.4	(17.6)	76.7%
Grants	9.5	8.1	6.0	2.1	85.1%
Social Assistance Benefits	60.1	44.2	40.7	3.5	73.6%
Pensions & Gratuities	176.5	137.4	129.5	7.9	77.9%
Other Payments	333.7	198.3	210.4	(12.1)	59.4%
Current Transfers n.e.c.	253.5	158.5	163.3	(4.8)	62.5%
Insurance Premiums	80.2	39.8	47.1	(7.3)	49.6%
TOTAL	3,085.5	2,170.7	2,134.8	35.9	70.3%

b. Recurrent Expenditure – Functional Classification

Fluctuations in recurrent expenditure (see *Table 6*) during the review nine months of FY2023/24 were largely due to the following:

- » Defense outlays were up by \$4.8 million (10.1 percent) to \$52.0 million and accounted for 75.8 percent of budget expectations.
- » Spending related to economic and commercial affairs widened by \$24.0 million (13.6 percent) to \$199.6 million (70.6 percent of the budget estimate). Year-over-year gains were mainly in the areas of agriculture, construction, and road and air transport.
- » The \$30.6 million contraction in spending under Environmental Protection primarily corresponded with the timing-related decrease in water waste management payments.
- » Outlays for Housing and Community Amenities narrowed by \$8.5 million (47.8 percent) to \$9.3 million, for 44.5 percent of the budget.

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

	Budget		July - March		
	FY2023/24	FY2023/24 ^P Actual	FY2022/23 ^P Actual	Variance	% of Budget
General Public Service	1,374.4	905.9	867.4	38.5	65.9%
Defense	68.7	52.0	47.3	4.8	75.8%
Public Order & Safety	259.3	194.7	182.8	11.9	75.1%
Economic Affairs	282.5	199.6	175.6	24.0	70.6%
Environmental Protection	131.8	85.4	116.0	(30.6)	64.9%
Housing & Community Amenities	21.0	9.3	17.8	(8.5)	44.5%
Health	365.5	279.6	294.0	(14.3)	76.5%
Recreation, Culture & Religion	40.1	30.3	33.4	(3.1)	75.5%
Education	321.6	242.0	234.9	7.1	75.2%
Social Protection	220.7	171.8	165.7	6.1	77.8%
GRAND TOTAL	3,085.5	2,170.7	2,134.8	35.9	70.3%

c. Capital Expenditure – Economic Classification

Capital outlays grew by \$41.0 million (21.2 percent) to \$235.0 million—corresponding to 64.4 percent of the budget (see *Table 7*).

- » Capital Transfers increased by \$14.1 million (53.0 percent) to \$40.7 million, primarily reflecting disbursement associated with national disaster recovery initiatives and public private partnership.

- » Expenditure on the acquisition of non-financial assets was higher by \$26.9 million (16.1 percent) at \$194.3 million (77.3 percent of budget). These gains were dominated by a \$17.1 million boost in outlays associated with minor capital projects, and a \$14.4 million rise in investments linked to airport development, Family Island development, and sporting infrastructure.

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

	Budget		July - March		
	FY2023/24	FY2023/24 ^P Actual	FY2022/23 ^P Actual	Variance	% of Budget
Capital Transfers	113.2	40.7	26.6	14.1	35.9%
Acquisition of Non-financial Assets	251.4	194.3	167.4	26.9	77.3%
<i>Fixed Assets</i>	249.4	192.6	167.4	25.2	77.2%
Buildings other than Dwellings	83.8	76.8	83.4	(6.6)	91.7%
Other Structures	109.6	67.5	53.0	14.4	61.6%
Transport Equipment	10.6	6.3	5.7	0.6	59.1%
Other Machinery & Equipment	18.4	7.4	9.5	(2.1)	40.5%
Land Improvements	7.2	6.7	4.9	1.8	92.7%
Other Fixed Assets	19.8	27.9	10.8	17.1	140.9%
Land	2.0	1.7	0.0	1.7	85.3%
TOTAL	364.6	235.0	193.9	41.0	64.4%

d. Capital Expenditure – Functional Classification

The functional classification of capital expenditure over the review nine months (see **Table 8**) is highlighted by the following developments.

- » General Public Service spend increased by \$18.5 million (160.7 percent) to \$30.0 million (42.0 percent of the budget), and corresponds to recent cost increases in employment developments.
- » Outlays for the construction and agriculture sectors elevated the capital spend on Economic Affairs by \$28.8 million (29.5 percent) to \$126.3 million (72.4 percent of the budget).

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

	Budget		July - March		
	FY2023/24	FY2023/24 ^P Actual	FY2022/23 ^P Actual	Variance	% of Budget
General Public Service	71.4	30.0	11.5	18.5	42.0%
Defense	11.1	4.5	4.8	(0.3)	40.1%
Public Order & Safety	11.7	3.0	6.6	(3.6)	25.8%
Economic Affairs	174.5	126.3	97.5	28.8	72.4%
Environmental Protection	4.2	1.6	0.7	0.9	37.6%
Health	40.3	10.2	15.8	(5.5)	25.4%
Recreation, Culture & Religion	0.0	0.0	0.0	0.0	0.0%
Education	48.7	59.2	56.6	2.7	121.6%
Social Protection	2.7	0.1	0.6	(0.5)	4.7%
GRAND TOTAL	364.6	235.0	193.9	41.0	64.4%

6

FINANCING ACTIVITIES

NET INCREASE IN LIABILITIES

The government's financing activities comprised a \$105.8 million decline in the acquisition of financial assets, alongside a \$257.2 million increase in liabilities.

- » The Government provided a short-term advance of \$5.9 million to a government business enterprise.
- » The \$122.5 million net increase in Bahamian Dollar liabilities included the following:
 - Net issuances of government domestic securities aggregated \$356.0 million.
 - Loans to commercial banks and advances from the Central Bank were reduced by \$102.4 million and \$131.1 million, respectively.

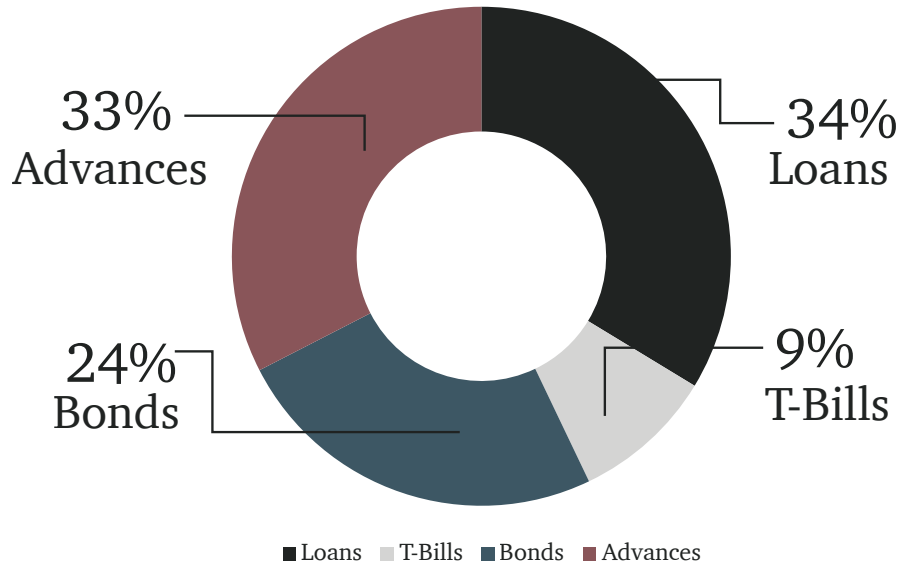
- » The \$134.7 million increase in foreign currency liabilities featured net borrowings from banks of \$487.2 million, which offset the US\$300 million international bond redemption and the reduction in liabilities to international development agencies (\$52.5 million). Approximately 81.7 percent of the latter was earmarked to reduce liabilities to the IMF, 8.0 percent to the CDB, 8.7 percent to the IDB and the balance to the Chinese Export-Import Bank.

Consequent on these developments, the Direct Charge on the Government — inclusive of exchange rate adjustments — increased by \$257.2 million to an estimated \$11,514.9 million at end-March 2024. This equated to an estimated 79.9 percent of GDP, compared to 80.3 percent of GDP at end-June 2023.

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

	FY2023/24 July - March		
	Borrowings	Repayment	Net Change
Bahamian Dollars	2,059.9	1,937.4	122.5
Bonds	762.5	613.4	149.1
Treasury Bills/Notes	286.2	79.4	206.8
Bank Loans	-	102.4	(102.4)
Central Bank Advances	1,011.1	1,142.2	(131.1)
Foreign Currency	1,046.4	911.7	134.7
Bank Loans	983.3	496.1	487.2
International Bonds	-	300.0	(300.0)
Loans from Int'l Dev. Agencies	63.1	115.6	(52.5)
TOTAL	3,106.3	2,849.1	257.2

FIGURE 6: COMPOSITION OF GOVERNMENT BORROWINGS FOR 9 MONTHS FY2023/24



CHANGE IN FINANCIAL ASSET POSITION

Over the nine month review period, drawings on the Sinking Fund for the servicing of debt obligations totaled \$111.7 million. The four (4) sinking fund arrangements earmarked for scheduled retirement of external bonds amounted to USD \$266.9 million at end-March 2024, of which \$96.5 million is subject to the February 2022 repurchase agreement in which external bonds were sold for repurchase in two (2) years.

Q3 - FY2023/24

Nine Month Report On Budgetary Performance

THE MINISTRY OF FINANCE
Cecil Wallace-Whitfield Centre
West Bay Street
P.O.Box N-3017
Nassau, The Bahamas