



NINE MONTHS FY2022/23 FISCAL SNAPSHOT

RELEASED JULY 2023

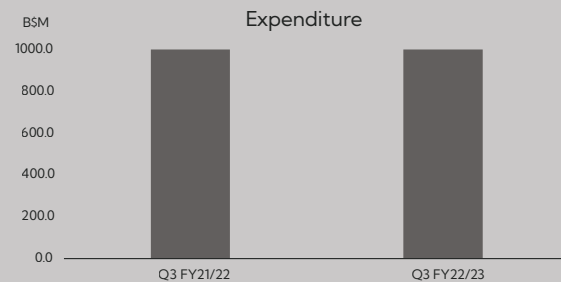
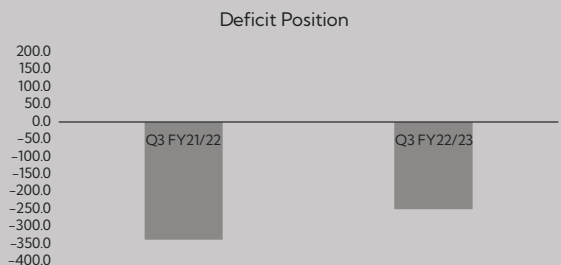
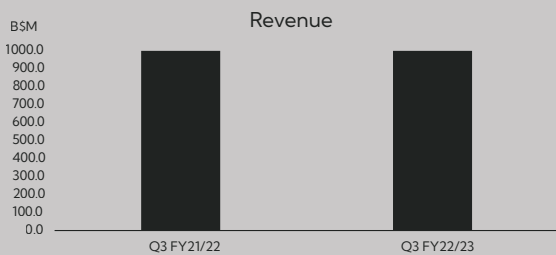
ECONOMIC OUTLOOK

During the first nine months of the FY2022/23, economic conditions indicate continued resurgence in domestic economic activity. Travel demand from major source markets remained resilient, with stopover arrivals to the Bahamas improving by 92.3 percent during the third quarter compared to the same period of the prior year. At end-March 2023, occupancy in the short term home rental market

outperformed 2019 levels by 25.0 percent, and revenue surpassed 2019 levels by \$19.4 million (92.0 percent). Thus, persistent demand within the tourism sector and growth in foreign direct investment projects has supported employment within the economy. Inflation levels over the period had begun to decline month-on-month, but saw an increase of 0.4 percent at end-March 2023.

FISCAL BALANCE

Central Government's operations for the third quarter of the FY2022/23 show a decrease of the fiscal deficit to \$249.7 million from \$336.3 million in the year prior, for the same period. This outcome is largely due to higher tax revenue collections despite an increase in overall expenditure over the period.



TAX REVENUE PERFORMANCE

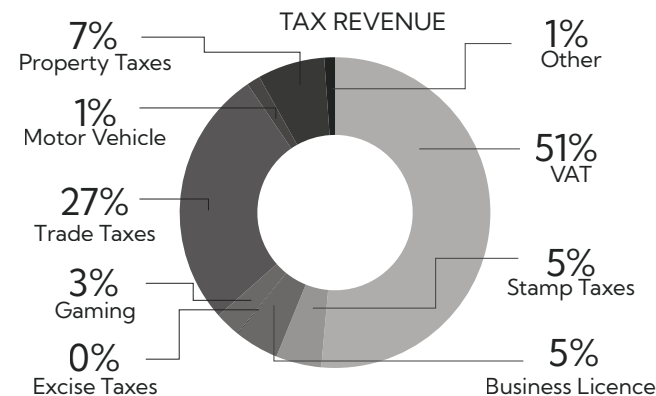
Tax collections rose \$260.7 million, a 16.7 percent increase to \$1,819.2 million, representing 71.7 percent of the budget target. Improvements were noted for Value Added Tax (\$100.4 million), departure tax (\$78.1 million), excise duties (\$61.2 million), property tax (\$20.8 million), and stamp taxes on financial and realty transactions (\$27.9 million).

NON-TAX REVENUE SUMMARY

Non-tax revenue performance lagged by \$28.0 million (9.8 percent) to \$258.6 million due to a decline in interest and dividend collections (\$17.7 million), which were inflated in the prior fiscal year due to a \$24.5 million dividend from BTC collected in December 2021. Nonetheless, major growth was noted for miscellaneous revenue (\$22.5 million).

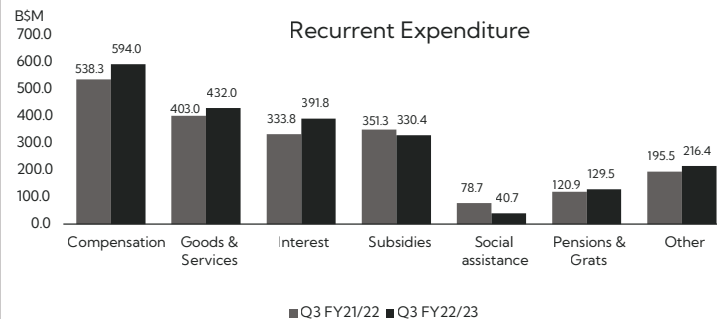
REVENUE

Revenue collection for the third quarter of the FY2022/2023 totaled \$2,079.0 million, surpassing the prior year collections by \$233.7 million (12.7 percent). Revenue collections benefited from the continued surge of visitor activity within the tourism sector as demand persists. During the quarter, Value Added Tax totaled \$935.4 million, taxes on international trade and transactions amounted to \$491.2 million, property tax collections were \$127.2 million, and non-tax revenues equated \$258.6 million.



EXPENDITURE

Aggregate expenditure increased by \$147.1 million (6.7 percent) to \$2,328.7 million, accounting for 67.8 percent of the total budget target. During the quarter, compensation of employees totaled \$594.0 million, public debt interest payments amounted to \$391.8 million, \$330.4 million in subsidies were provided, and investments of \$167.4 million were made for the acquisition of non-financial assets. Compared to the third quarter of the prior fiscal year, social assistance spending contracted by \$38.0 million and moderated to \$40.7 million, as economic conditions continue to improve and reliance on COVID-19 social support programs wane.





RECURRENT EXPENDITURE

Recurrent expenditure increased by \$113.2 million (5.6 percent) to \$2,134.8 million during the first nine months of the FY2022/2023. Spending on the use of goods and services increased by \$29.0 million, primarily due to higher outlays for consultancy services and facility operation services. During the quarter, other major increase in spending resulted from higher Public debt interest payments (\$58.0 million), compensation of employees (\$55.7 million), recurrent transfers (\$33.1 million), and pension and gratuity payments (\$8.5 million). Conversely, due to the end of Emergency Orders and reduced reliance on COVID-19 support, social assistance benefits receded by \$38.0 million, and subsidies tightened by \$20.9 million.

FINANCING ACTIVITIES

The Government experienced a net deficit of \$249.7 million, which represented a decrease of \$86.6 million (25.7 percent) relative to the prior comparable period. Net financing totaled \$290.8 million, a \$312.7 million (51.8 percent) decrease in the net liability as compared to the \$603.5 million experienced in the prior fiscal year for the same period.

CHANGES IN GOVERNMENT DEBT

Government Debt is money owed directly by the Government. It is also referred to as the Direct Charge on Government. These financials are reported by the Government by fiscal year. Given the developments in net borrowing, the Direct Charge at end-March 2023 totaled \$11,104.5 million or 83.4 percent of GDP, as compared to 87.3 percent of GDP at end-June 2022.

MONEY REPAID:

Repayments of Government debt increased to \$1,859.7 million compared to \$1,516.7 million in the same period of the prior year. Repayment included: \$22.1 million to international development agencies, \$351.5 million to foreign commercial banks, \$789.5 million for Central Bank advances, \$517.3 million for Bahamas Government registered stock, \$137.5 million for domestic bank loans, and \$41.8 million for treasury bills and notes.

NATIONAL DEBT

National Debt is calculated by adding Government Debt together with Contingent Liabilities, which are monies owed by State Owned Enterprises that are guaranteed by the Government. The Central Bank of The Bahamas reports on the National Debt every calendar year.

National Debt: \$11,494.9 million (to March 2023)

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CAPITAL EXPENDITURE

Capital spending increased by \$33.9 million to \$193.9 million, representing 54.0 percent of the budget target. During the quarter, additional investments were made on buildings other than dwellings (\$31.2 million) primarily for upgrades and maintenance of Government buildings, construction of schools, and upkeep of community. Key declines in capital outlays were owing to reduced spend on capital transfers (\$8.5 million) that were inflated in the period year due to COVID-19 support for businesses.

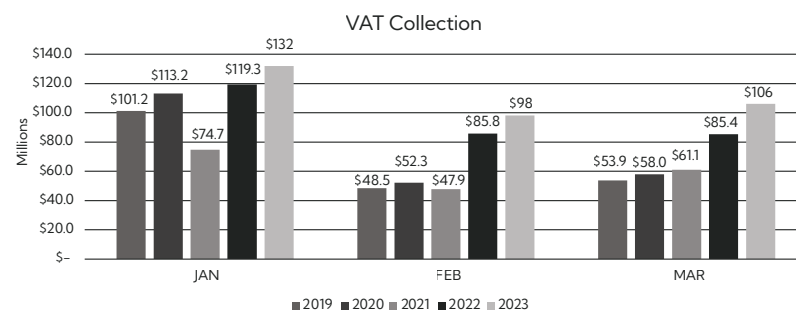
MONEY BORROWED:

Government utilized gross borrowings of \$2,150.5 million as compared to \$2,120.1 million in the prior fiscal year to satisfy budgetary financing requirements and to settle maturing debt instruments. Domestic bond issuances totaled \$591.3 million; treasury bills and notes amounted to \$104.5 million, local bank loans totaled \$115.0 million, and Central Bank advances amounted to \$917.0 million. Foreign currency financing of \$41.5 million was drawn from existing loans with development agencies, and \$381.1 million in financing was provided from foreign bank loans.

GOVERNMENT DEBT				% GDP
END-JUNE 2022	10,792.8	million		87.3%
END-MARCH 2023	11,104.5	million		83.4%
MONEY BORROWED				
B\$	1,727.8	million		
NON B\$	422.6	million		
MONEY REPAID				
TOTAL (\$)	1,859.7	million		
NATIONAL DEBT				
AS OF MARCH 2023	11,494.9	million		

POLICY INITIATIVES

In January 2022, the Government launched of its expansionary fiscal policy by reducing the nominal rate of VAT from 12.0 percent to 10.0, and eliminated many zero rating categories to improve equitability in the domestic tax structure. This new policy was implemented with effect 1st January 2022. Despite the reduction in the nominal VAT rate, revenue outturn from VAT receipts grew period-over-period by \$100.4 million to \$935.4 million for the first nine months of the FY2022/23. The same total increased over the first nine months of FY2020/21 by \$464.9, and \$196.1 over the first nine months of FY19/20.



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

	FY2019/20	FY2020/21p	FY2021/22p	FY2022/23	Total
	Mar - June	July - June	July - June	July - Mar	
Recurrent Expenditure	39.2	268.5	96.6	5.4	409.7
Public Health Safety	1.9	36.6	14.8	2.4	55.7
Unemployment Assistance	10	164.7	62.3	0.0	237.0
Goods & Services Acquisition	1.8	2.2	2.7	1.5	8.2
Job Retention Programs	21.4	23	6.4	0.0	50.8
Food Assistance	2	40.4	7.8	0.0	50.2
Other	2.1	1.5	2.6	1.5	7.7
Capital Expenditure	40.3	4.7	5.7	0.8	51.5
Public Health Safety	0.4	0	0	0	0.4
Goods & Services Acquisition	0.6	0.1	0	0	0.7
COVID-19 Unit	0.3	0.5	0	0	0.8
Small Business Loans	39	4.1	5.7	0.8	49.6
Total	79.5	273.3	102.3	6.2	461.2