Ministry of
Finance

PRESS RELEASE

Government Fiscal Rebound Continues to Widen

Q2 FY2022/23 Revenue Receipts Up $124.7 million Over Prior Year

Source: Ministry of Finance, The Bahamas
Date: 1st March, 2023
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During the first half of FY2022/23, conditions indicate continued resurgence in domestic economic activity with the tourism sector returning to pre-COVID-19 performance levels, despite the continued impact of elevated global inflation. Demand for travel persists to the end of the quarter with numerous hotels and resorts reporting pre-pandemic revenue levels. In November 2022, the short term home rental market's occupancy outperformed 2019 levels by 88.5 percent, and total revenue was in excess of $16.5 million (162.8 percent). Thus, persistent demand within the tourism sector supported employment within the economy, as property owners and local businesses sought to service the rising market demand. However, inflationary pressures persist in tandem with vehement economic activity as both phenomena feed into one another.

Revenue collection for the second quarter of the FY2022/2023 are estimated at $1,258.3 million, surpassing the prior year's collections by $124.7 million (11.0 percent). Key improvements in tax revenue were noted for Value Added Tax ($54.2 million), departure tax ($45.0 million), excise duties ($37.4 million), property tax ($22.7 million), and gaming taxes ($8.4 million). Non-tax revenue performance lagged by $6.9 million (4.1 percent) to $160.6 million, owing to declines in interest and dividend collections ($22.2 million) that were inflated in the prior year due to a $24.5 million dividend from BTC collected in December 2021.

Aggregate expenditure increased by $119.3 million (8.4 percent) to $1,534.3 million, accounting for 45.6 percent of the total budget target. In recurrent expenditure developments, increased outlays primarily resulted from higher public debt interest payments ($41.1 million), use of goods and services ($24.1 million), compensation of employees ($42.2 million), and recurrent transfers ($19.6 million). Conversely, due to reduced reliance on COVID-19 support, social assistance benefits decreased by $36.9 million, and subsidies tightened by $5.6 million.

Capital spending increased by $14.0 million (13.5 percent) to $117.7 million, representing 31.7 percent of the budget target. Additional investments were made on buildings other than dwellings ($21.8 million), primarily for improvement of hospital and medical facilities and Government buildings. However, key declines in capital outlays were owing to reduced spend on other structures ($5.0 million) and capital transfers ($6.1 million) that were inflated in the period year due to COVID-19 support for businesses.

As such, Central Government's operations for the second quarter indicate a decrease of the fiscal deficit to $276.0 million, a $5.4 million decrease from the deficit of $281.4 million experienced in the year prior. The Direct Charge at end-December 2022 totaled $11,036.0 million or 86.9 percent of GDP, equivalent to the percentage at end-June 2022.

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

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