



Ministry of
Finance

PRESS RELEASE

Government Fiscal Rebound Continues to Widen

Q3 FY2022/23 Revenue Receipts Up \$233.7 million Over Prior Year

Source: Ministry of Finance, The Bahamas
Date: 31st July, 2023
Contact: Financemail@bahamas.gov.bs

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.

Revenue collection for the third quarter of the FY2022/2023 are estimated at \$2,079.0 million, surpassing the prior year collections by \$233.7 million (12.7 percent). Key improvements in tax revenue 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 performance lagged by \$28.0 million (9.8 percent) to \$258.6 million, owing to declines in interest and dividend collections (\$17.7 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 \$147.1 million (6.7 percent) to \$2,328.7 million, accounting for 67.8 percent of the total budget target. In recurrent expenditure developments, increased outlays primarily 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 reduced reliance on COVID-19 support, social assistance benefits receded by \$38.0 million, and subsidies tightened by \$20.9 million.

Capital spending increased by \$33.9 million to \$193.9 million, representing 54.0 percent of the budget target. Additional investments were made on buildings other than dwellings (\$21.8 million), primarily for upgrades and maintenance of Government buildings, construction of schools, and upkeep of community. However, 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.

As such, Central Government's operations for the third quarter indicate a decrease of the fiscal deficit to \$249.7 million, an \$86.6 million decrease from the deficit of \$336.3 million experienced in the year prior. 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.

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

####