

# FOURTH QUARTER & FISCAL SNAPSHOT & REPORT

on Budgetary Performance

FISCAL YEAR 2020/21 | JULY - JUNE

## *Section 1*

The Snapshot

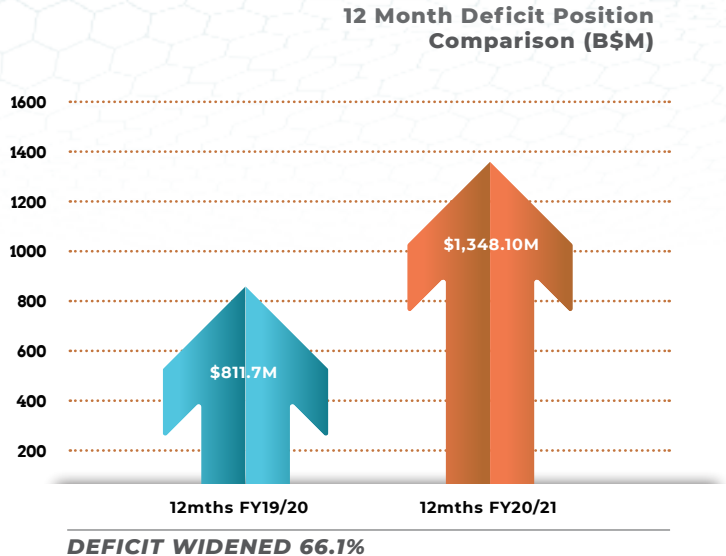
## *Section 2*

The Report

# FISCAL BALANCE

**FISCAL BALANCE**  
**\$1,348.1M**

Preliminary data from the Central Government's operations for fiscal year 2020-2021 indicate a widening of the fiscal deficit to **\$1,348.1 million** from **\$811.7 million** in the previous year, consistent with projections. This outcome is largely due to the economic impact of the COVID-19 pandemic and related expanded social welfare initiatives. This outcome is largely due to the economic impact of the COVID-19 pandemic curtailing revenue receipts and related policy measures increasing expenditure to support various social assistance and employment support programs in response to the same.

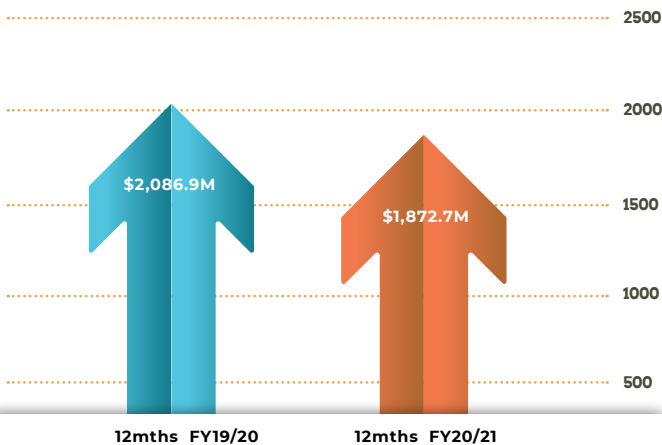


**REVENUE**  
**\$1,872.7M**

Revenue collection for FY 2020/2021 totaled **\$1,872.7 million**, surpassing the budgeted amount of **\$1,762.6** by 6.2 percent (**\$110.1 million**). However, year over year, it represented a decline of 10.8 percent (**\$226.5 million**).

During the latter half of the fiscal year, revenue collections firmed as economic activity improved as a result of, the resumption of taxable activities, global vaccine rollouts and an the attendant uptick in tourist arrivals.

**12 Month Revenue Performance Comparison (B\$M)**

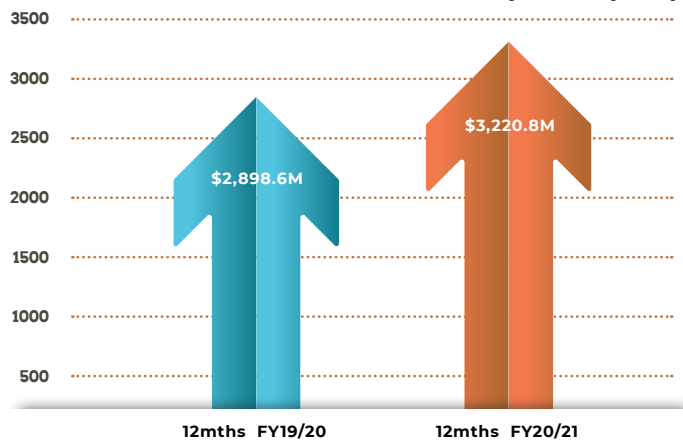


**REVENUE DECREASED BY -10.3%**

**EXPENDITURE**  
**\$3,220.8M**

Aggregate expenditure increased by **\$322.7 million** (11.1 percent) to **\$3,220.8 million**, surpassing target expenditures by 4.2 percent. The increase in aggregate expenditure is largely the result of increased spending for social assistance benefits (**\$196.9 million**), pensions and grants (**\$18.1 million**), public debt interest (**\$77.7 million**) and subsidies (**\$42.2 million**), which made up 55.1 percent of total recurrent expenditure. Expenditure increases were offset in part by year-over-year reductions of **\$55.8 million** in capital transfers, **\$65.5 million** compensation of employees, **\$15.6 million** in other fixed assets, **\$12.4 million** for other machinery and **\$2.2 million** in outlays for grants.

**12 Month Expenditure Performance Comparison (B\$M)**



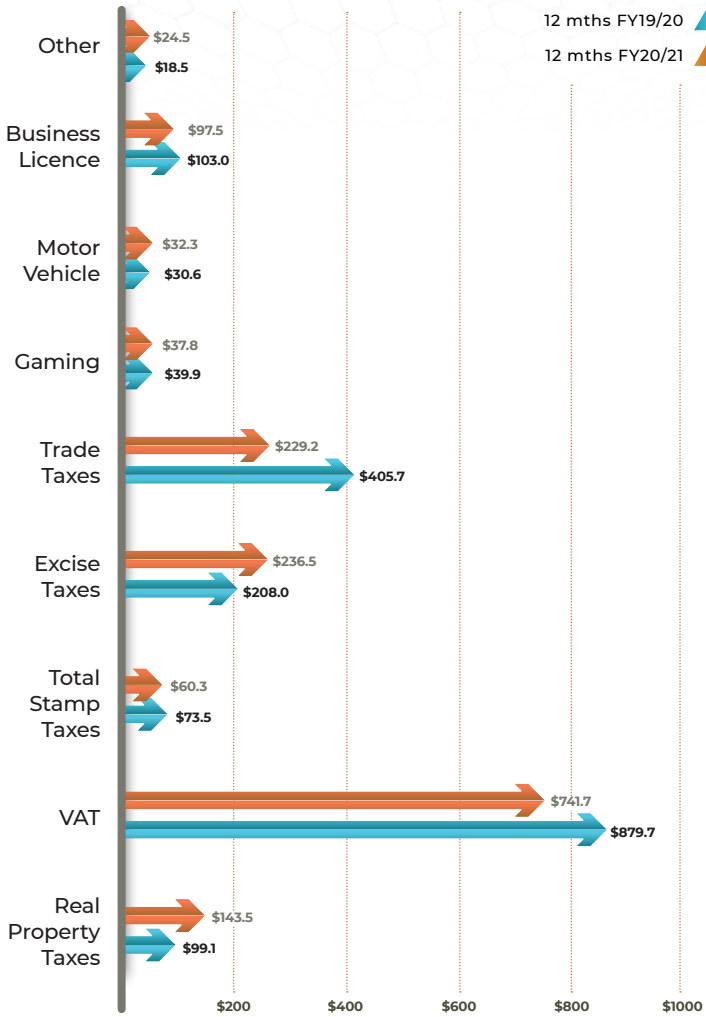
**EXPENDITURE INCREASED BY 11.1%**

# REVENUE PERFORMANCE

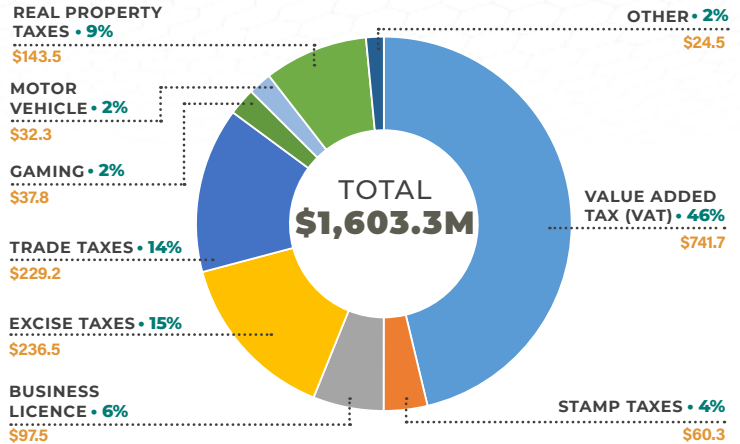
## TAX REVENUE PERFORMANCE

Taxes on Goods & Services represented 72.9 percent of total tax revenue and contracted by **\$118.78 million** (8.8 percent) compared to the previous year. VAT receipts contracted by 15.7 percent (**\$138.0 million**) to **\$741.7 million** owing to the lower than usual economic activity resulting from the COVID-19 pandemic. Motor vehicle taxes improved by **\$1.7 million** (5.7 percent) to **\$32.3 million** and marine license activities increased **\$1.4 million** to **\$3.1 million** and 157.3 percent of budget.

### 12 Month YOY Revenue Performance Comparison (B\$M)



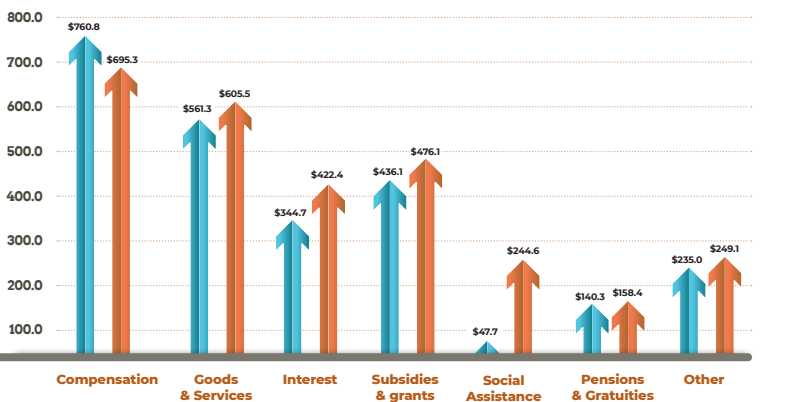
### 12 Month Tax Revenue (B\$M)



## RECURRENT EXPENDITURE

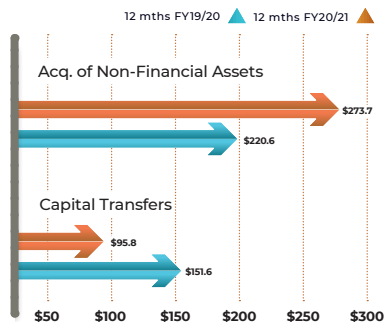
Recurrent expenditure increased by **\$325.6 million** (12.9 percent) to **\$2,851.4 million** during the twelve months FY2020/21, as compared to the same period in the prior year – representing 110.8 percent of the targeted spend. Compensation of employees contracted year on year by **\$65.5 million** (8.6 percent) to **\$695.3 million**. Expenditures for the acquisition of goods & services increased by **\$44.2 million** (7.9 percent) to **\$605.5 million**. Public debt interest increased by **\$77.7 million** (22.6 percent) to **\$422.4 million**. Subsidies to government-owned and/or controlled enterprises expanded by **\$42.2 million** (9.9 percent) to **\$469.7 million**, accounting for 126.6 percent of the budget to assist the health, education and air transport sectors. Social assistance benefits expanded year on year by **\$196.8 million** (412.5 percent) to **\$244.6 million**—being driven by extended COVID-19 related outlays for unemployment assistance (**\$164.7 million**) and food assistance programs (**\$40.4 million**).

### 12 Months Recurrent Expenditure Performance Comparison (B\$M)



## CAPITAL EXPENDITURE

Capital expenditure contracted year on year by **\$2.7 million** to **\$369.5 million** totaling 71.2 percent of budget for FY2020/21. Transfers declined by **\$55.8 million** (36.8 percent) to **\$95.8 million**. Key capital expenses included **\$68.4 million** for the construction of a new tower at the Princess Margaret Hospital, **\$40.3 million** in support for small and medium sized enterprises, **\$20.6 million** to continue recovery efforts from Hurricane Dorian and **\$9 million** to restore the Rand Memorial Hospital in Grand Bahama. Expenditure on fixed assets increased by **\$53.1 million** (24.1 percent) to **\$273.7 million** – representing 87.6 percent of budget.



## NON-TAX REVENUE SUMMARY

Non-tax revenue contracted year-on-year by **\$28.2 million** (11.7 percent) to **\$269.2 million**, representing 108.9 percent of the budgeted allocation. Revenues from the sale of goods and services improved by **\$15.9 million** (10.6 percent) to **\$166.8 million** and 107.7 percent of the budget largely driven by the **\$21.5 million** (32.0 percent) increase in immigration fee collections. Reimbursements and repayments firmed by **\$3.5 million** (8.9 percent) and miscellaneous and unidentified revenue improved by **\$3.2 million** (20.7 percent) to **\$18.7 million**, primarily driven by the **\$16.8 million** premium on the December 2020 US **\$225.0 million** bond placement.

# FINANCIAL ACTIVITIES

The government's operational activities for FY2020/21 included a net increase in liabilities of **\$1,718.1 million**, compared to **\$714.4 million** in the same period of the prior fiscal year.

## 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

**\$10,356.0M**

As of June 2021  
www.centralbankbahamas.com

## CHANGES IN GOVERNMENT DEBT

### MONEY BORROWED

**\$956.8M**

Bahamian Dollars

**\$401.0M**

Foreign Currency

### MONEY REPAID

**\$1,357.8M**

Bahamian Dollars

### GOVERNMENT DEBT

END-JUNE 2020  
**\$8,181.20M**

66.0% of GDP

END-JUNE 2021  
**\$9,909.30M**

86.3% of GDP

Direct Charge, exclusive of exchange rate adjustments, increased by **\$718.1 million** to **\$9,909.3 million** or 86.3 percent of GDP at end-June 2021, as compared to 66.0 percent of GDP at end-June 2020. 91.5 percent or **\$1,571.3 million** of the net borrowing was facilitated in foreign currency.

### Money Borrowed:

Gross borrowings required to supplement government spending totaled **\$3,075.8 million** for the fiscal year, a **\$1,534.5 million** in gross borrowings in the previous year. Domestic bonds totaled **\$559.5 million**, of which **\$462.5 million** was used to refinance maturing bonds. International bond placements totaled **\$825.0 million**—US**\$600.0 million** (October) and US**\$225.0 million** (December). New foreign bond issuances aggregated **\$1,115.2 million** and drawings on existing loans summed to **\$32.1 million**. Short-term financing comprised **\$49.1 million** in Treasury Bills and **\$494.9** in Central Bank advances.

### Money Repaid:

Debt amortization payments were higher at **\$1,357.7 million** from **\$826.9 million** in the prior year, boosted by repayments of interim funding transactions.

## POLICY INITIATIVES

## The Accelerate Bahamas Recovery Plan

During fourth quarter FY2020/21, on June 24, 2021, Parliament passed the FY2021/22 budget. Accompanying the budget was the release of the Government's Accelerated Bahamas Recovery Plan (ABRP), signaling a shift in policy orientation from recovery to growth.

### Key components of Accelerate Bahamas include:



**Job creation** - The government expects to forego up to \$40 million in revenue to maintain and expand employment opportunities through tax credits for businesses aimed at creating up to 2,500 new jobs. Small businesses will also benefit from new duty concessions.



**Small business development** - Small and medium-sized businesses development agencies will receive \$41.8 million in financing to support the growth of this sector. Over \$4 million in tax breaks on construction materials will be provided to small businesses in 11 southern Family Islands via the creation of new tax free zones in addition to duty free concessions on inventory for start-up businesses.



**Healthcare improvements & vaccinations** - Significant public healthcare support will continue with \$100 million set aside for public health infrastructure to expand operations at the Princess Margaret Hospital and the Rand Memorial Hospital. Some \$1 million is allocated for telemedicine.



**Tourism development** - The policy focus is on enhancing the Bahamian tourism product to allow for homeporting while increasing the participation of SME's in the sector to support the expanded tourism product.



**Public & private sector development** - Improving the country's national investment framework continues to be a priority with efforts to transforming public sector financing to increase use of alternative financing methods such as Public Private Partnerships. Key investments include \$31 million in renewable and resilient energy projects, \$15.4 million in Family Island Airport upgrades and \$7.5 million to build a multipurpose center (inclusive of a police station and clinic). Domestic and foreign investment will be enhanced with the launch of InvestBahamas which will attract and manage quality domestic and foreign investment.



**Digitization & innovation** - Through increased usage of digital payment solutions, the Central Bank's digital currency "Sand Dollar" and the citizen portal "MyGateway", the government will improve the accessibility, service delivery and payment methods for government services. Ongoing efforts to accelerate the digitization of government services are expected to deliver \$1 million in savings to the private sector.



**Fiscal responsibility** - The government will maintain a focus on fiscal reform while ensuring responsible debt management with the publication of a new debt management strategy, annual borrowing plan and increased fiscal reporting. There is a focus on new areas of revenue generation such as \$30 million from the use of the country's sovereign airspace, \$31 million from the vacation rental home VAT collection, and increases in real property taxes collection.



# FOURTH QUARTER REPORT

on Budgetary Performance

FISCAL YEAR 2020/21 | JULY - JUNE

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## 1. About This Report

### General Statement

To promote greater 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](http://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. Summary of Fiscal Performance for FY2020/21

Budgetary operations for FY2020/21 continued to be dominated by the adverse impact of the COVID-19 virus on domestic economic performance. This necessitated government maintaining extraordinary levels of expenditures to support health, social and economic assistance initiatives. Government also deemed it necessary to continue assisting in funding the operational requirements of several State-Owned Enterprises given the global economic downturn, as well as to limit discretionary capital expenditure so as to mute the overall fiscal impact. During the second half of the year, the fiscal performance benefitted from a stronger than expected revenue outturn, as the increase in global COVID-19 vaccination deployment and containment results supported a resurgence in the travel & tourism sector and the attendant economic recovery.

Consequent on these developments, preliminary data on central Government's fiscal performance for FY2020/21 indicate a deficit of \$1,348.1 million (*see Table 1*), some \$20.9 million (1.6 percent) over the budget target, but substantially in line with the projected deficit presented to Parliament during the budget exercise.

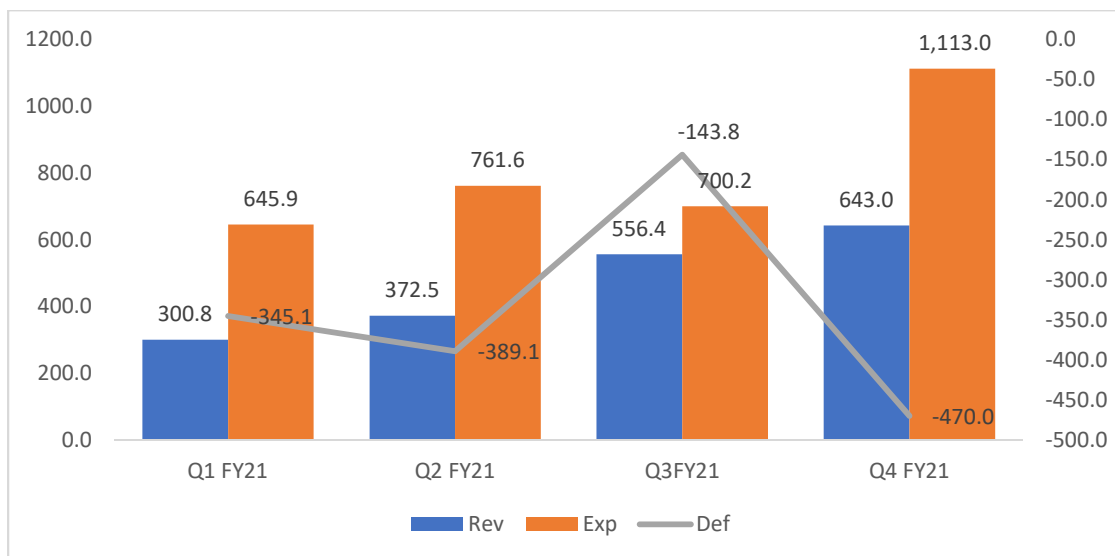
**TABLE 1: FISCAL SUMMARY (Statement of Sources & Uses of Cash) (B\$M)**

	[a]	[b]	[c]	[b] - [c]	[b/a]
	Budget	July – June			
	FY2020/21	FY2020/21 <sup>P</sup> Actual	FY2019/20 <sup>P</sup> Actual	Variance	% of Budget
<b>Revenue</b>	<b>1,762.6</b>	<b>1,872.7</b>	<b>2,086.9</b>	<b>(214.3)</b>	<b>106.2%</b>
Tax	1,513.3	1,603.3	1,858.3	(255.0)	105.9%
Non-tax	247.3	269.2	228.6	40.6	108.9%
Grants	2.0	0.2	0.1	0.1	7.5%
<b>Expenditure</b>	<b>3,089.8</b>	<b>3,220.8</b>	<b>2,898.6</b>	<b>322.2</b>	<b>104.2%</b>
Recurrent	2,574.3	2,851.3	2,526.4	324.9	110.8%
Capital	515.5	369.5	372.2	(2.7)	71.7%
<b>Surplus/(Deficit)</b>	<b>(1,327.2)</b>	<b>(1,348.1)</b>	<b>(811.7)</b>	<b>(536.5)</b>	<b>101.6%</b>
<b>Financing Activities</b>	<b>1,327.2</b>	<b>1,348.1</b>	<b>811.7</b>	<b>536.5</b>	<b>101.6%</b>
<b>Net Acquisition of financial assets (-)</b>	<b>46.5</b>	<b>27.6</b>	<b>71.8</b>	<b>(44.2)</b>	<b>59.4%</b>
Sinking Funds	46.5	27.6	46.5	(18.9)	59.4%
Equity	0.0	0.0	10.3	(10.3)	0.0%
Other	0.0	0.0	15.0	(15.0)	0.0%
<b>Net Incurrence of Liabilities (+)</b>	<b>1,327.1</b>	<b>1,718.1</b>	<b>714.4</b>	<b>1,003.7</b>	<b>129.5%</b>
Borrowings	2,023.7	3,075.8	1,541.3	1,534.5	152.0%
Debt Repayment	696.6	1,357.7	826.9	530.8	194.9%
<b>Change in Cash Balance [(+)= increase]</b>	<b>46.6</b>	<b>(342.3)</b>	<b>169.1</b>	<b>(511.4)</b>	<b>-734.7%</b>



- Consistent with budgetary expectations, total revenue decreased in comparison to the prior year, by \$214.3 million (10.3 percent), to settle at \$1,872.7 million; however, receipts were \$110.1 million (6.2 percent) in excess of the budget target. This positive outcome reflected the strengthened rebound of the tourism sector in the second half of the year, with both tax and non-tax revenues surpassing budget targets. Tax receipts, which contracted year-over-year by \$255.0 million (13.7 percent) to \$1,603.3 million, were 105.9 percent of budget. Relative to the budget, key gains were observed in taxes on property, of \$38.7 million (36.9 percent)—aided by the government’s tax amnesty program; Value Added Tax (VAT) of \$75.4 million; excise taxes of \$74.7 million and immigration fees of \$23.5 million—reflecting the recovery in economic activity; and miscellaneous and unidentified revenue of \$17.0 million, which included gains on the sale of securities held in the sinking fund to settle future foreign currency debt obligations.
- Aggregate expenditure firmed by \$322.2 million (11.1 percent) to \$3,220.8 million, boosted by substantial increases outlays for social assistance benefits (\$196.9 million), finance charges (\$43.0 million), public debt interest (\$77.7 million) and subsidies (\$42.2 million). Outlays also included the provision of \$68.4 million to the Public Hospitals Authority for the planned expansion at the Princess Margaret Hospital (PMH), following Parliamentary approval for the related loan facility and partial drawdown of same. These expenditure increases were partly offset by reductions in spending for compensation of employees (\$65.5 million), supplies & materials (\$18.9 million), services (\$10.3 million), capital transfers (\$55.8 million), other fixed assets (\$15.6 million) and other machinery (\$12.4 million).

**Budgetary Performance (B\$M)**



- Owing to prevailing fiscal conditions, the government reduced contributions to the discretionary sinking funds for future debt amortization to \$13.8 million compared with the budgeted \$46.5 million. However, the reinvestment of realized capital gains of \$13.7 million, arising from the government’s sale of a segment of the sinking fund investments to take advantage of the positive

trading fundamentals for US Treasuries, resulted in a net increase in the sinking funds of \$27.6 million.

- Budgetary financing requirements were met through gross borrowings of \$3,075.8 million compared to \$1,541.3 million in the same period of the prior fiscal year. Debt amortization payments were higher at \$1,357.8 million from \$826.9 million in the comparative year-earlier period.
- As a result of net borrowing activities, the Direct Charge on the Government—exclusive of interest rate adjustments, increased by \$1,718.1 million to \$9,909.3 million or 86.3 percent of GDP<sup>1</sup> at end-June 2021, as compared to 66.0 percent of GDP at end-June 2020.

#### BOX A: SUMMARY OF COVID-19 EXPENDITURE

During FY2020/21, the government continued its COVID-19 related health containment, mitigation and support programs for impacted families and businesses. These outlays are estimated at \$273.3 million and, together with the \$79.5 million expended in FY2019/20, brings the aggregate spend to approximately \$352.7 million.

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

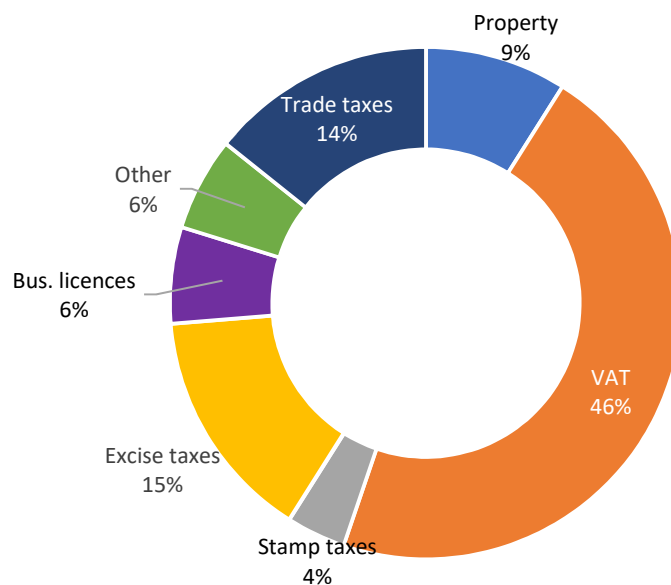
	FY2019/20	FY2020/21p July - June	Total
<b>Recurrent Expenditure</b>	<b>39.2</b>	<b>268.5</b>	<b>307.7</b>
Public Health Safety	1.9	36.6	<b>38.5</b>
Unemployment Assistance	10.0	164.7	<b>174.7</b>
Goods & Services Acquisition	1.8	2.2	<b>4.0</b>
Job Retention Programme	21.4	23.0	<b>44.4</b>
Food Assistance	2.0	40.4	<b>42.4</b>
Other	2.1	1.5	<b>3.6</b>
<b>Capital Expenditure</b>	<b>40.3</b>	<b>4.7</b>	<b>45.0</b>
Public Health Safety	0.4	0.0	<b>0.4</b>
Goods & Services Acquisition	0.6	0.1	<b>0.7</b>
COVID-19 Unit	0.3	0.5	<b>0.8</b>
Small Business Loans	39.0	4.1	<b>43.1</b>
<b>Total</b>	<b>79.5</b>	<b>273.3</b>	<b>352.7</b>

<sup>1</sup> The IMF's revised FY2020/21 GDP forecast for The Bahamas (\$11.5 billion), as published in the April 2021 World Economic Outlook (WEO), was used in the calculation of the debt to GDP ratio. In light of the Bahamas Statistical Institute's May 2021 release of the national account estimates, further revisions are anticipated to the IMF's GDP estimates in the October 2021 WEO.

### 3. Revenue Performance

Reflecting the strengthening pace of the economic recovery following the COVID-19 induced downturn, revenue receipts for FY2020/21, at an estimated \$1,872.7 million, registered an above budget gain of \$110.1 million (6.2 percent). As expected, collections trended below the FY2019/20 outturn by \$214.2 million (10.3 percent) (see **Table 2**); tax receipts contracted by \$255.0 million (13.7 percent) to \$1,603.3 million (105.9% of the budget), although non-tax revenue improved by \$40.6 million (17.8 percent) to \$269.2 million (108.9 percent of the budget).

**Percentage Composition of Tax Revenue (FY2020/21)**



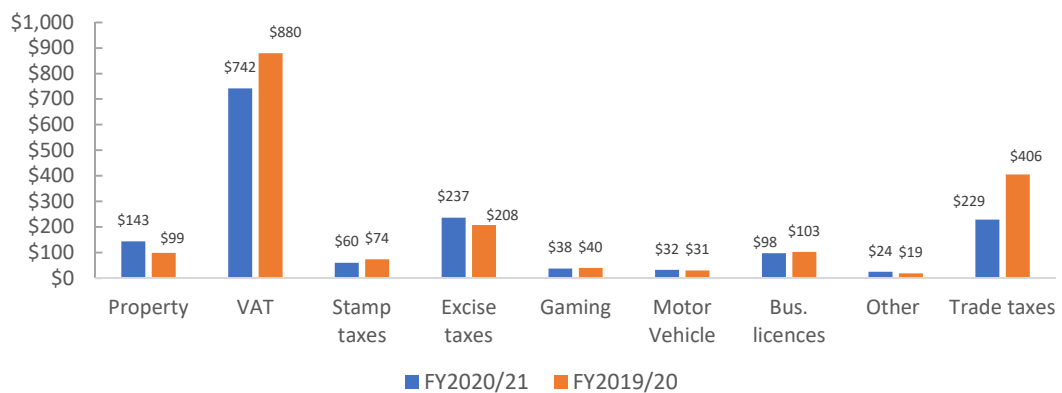
Key developments in the FY2020/21 revenue outturn, relative to the comparative FY2019/20 period, are outlined below.

- Taxes on property improved by an estimated \$44.4 million to \$143.5 million, and represented 136.9 percent of budget. This outcome included an additional \$27.6 million in collections from the government's Real Property tax forgiveness programme to reduce outstanding arrears.
- Taxes on Goods & Services, at 72.9 percent of tax revenues, contracted by \$118.7 million (8.8 percent)—although posting a \$164.2 million or 15.4 percent gain over the budget target.
  - As a result of the economic downturn and restrictive health & safety measures to contain the impact of the COVID-19 virus, VAT receipts contracted by \$138.0 million (15.7 percent) to \$741.7 million when compared to the prior year. However, the steady pace of the economic recovery, amid the relaxation of COVID-19 restrictions, supported stronger than anticipated gains in VAT collections, of \$75.4 million for 111.3 percent of the budget target. VAT collections also benefitted from the expiration of certain clauses of the Special Economic Recovery Zone (SERZ) programme which had included VAT concessions to aid

in rebuilding areas of Grand Bahama and Abaco impacted by Hurricane Dorian in September 2019.

- Stamp taxes on financial and real estate transactions were lower by \$9.1 million (13.6 percent) at \$57.8 million, for 88.6 percent of the budget.
- Taxes on specific services (gaming taxes) contracted by \$2.1 million (5.2 percent) to \$37.8 million, but outperformed the budget by \$3.6 million (10.6 percent) as consumer spending increased during the second half of the fiscal year.
- Motor vehicle taxes improved by \$1.7 million (5.7 percent) to \$32.3 million and represented 98.0 percent of budget.
- Company taxes gained \$4.5 million to \$21.3 million and outperformed the budget target by \$5.4 million (34.0 percent).

### 12 - Month Comparison of Tax Revenue Performance (B\$M)



- Receipts from license to conduct special business activity—which comprise specific business licenses and communication levies—receded by \$5.7 million to \$97.5 million, although representing a 14.1 percent gain relative to the budget. The outcome reflected the ongoing specific tax exemptions of the SERZ enjoyed by companies in areas impacted by Hurricane Dorian, intended to stimulate economic activity.
- Marine license activities contributed an increase in revenue of \$1.4 million to an estimated \$3.2 million.
- Taxes on international trade & transactions were lower by \$176.4 million (43.3 percent) at \$229.2 million and were \$108.1 million (43.5 percent) below the budget target. Contributing to this outcome were:
  - reductions in receipts of customs and other import duties, of \$40.6 million to \$186.4 million for a lower 83.0 percent of budget; and
  - declines in departure taxes of \$114.7 million to \$10.7 million and 12.8 percent of budget—in line with the strong adverse impact of the COVID-19 pandemic on travel for most of the fiscal year.

- General stamp taxes, of \$2.5 million, were \$4.1 million (62.0 percent) below the prior year's intake and represented 34.6 percent of the budget.
- Property income receipts increased by \$4.9 million (16.3 percent) to \$35.3 million, and constituted 87.2 percent of the annual target.
- Revenue from the sale of goods and services improved by \$15.6 million (10.3 percent) to \$166.8 million, for 107.7 percent of budget. This outcome was associated with strong gains in immigration fees of \$21.5 million to \$88.7 million, which equated to 136.1 percent of budget.
- Receipts from miscellaneous and unidentified revenue firmed by \$16.0 million (580.9 percent) to \$18.8 million, primarily driven by the \$16.8 million premium obtained on the December 2020 US\$225.0 million bond placement.

FOURTH QUARTER REPORT ON BUDGETARY PERFORMANCE FY2020/21 JULY - JUNE

TABLE 2: REVENUE SUMMARY (B\$M)

	[a]	[b]	[c]	[b] - [c]	[b]/[a]
	Budget		July - June		
	FY2020/21	FY2020/21 <sup>P</sup> Actual	FY2019/20 <sup>P</sup> Actual	Variance	% of Budget
<b>TAX REVENUE (a+b+c+d)</b>	<b>1,513.3</b>	<b>1,603.3</b>	<b>1,858.3</b>	<b>(255.0)</b>	<b>105.9%</b>
<b>a. Taxes on Property</b>	<b>104.8</b>	<b>143.5</b>	<b>99.1</b>	<b>44.4</b>	<b>136.9%</b>
<b>b. Taxes on Goods &amp; Services (i+ii+iii)</b>	<b>1,063.9</b>	<b>1,228.1</b>	<b>1,346.8</b>	<b>(118.7)</b>	<b>115.4%</b>
<b>i. General</b>	<b>893.3</b>	<b>1,035.9</b>	<b>1,154.5</b>	<b>(118.6)</b>	<b>116.0%</b>
VAT	666.3	741.7	879.7	(138.0)	111.3%
Stamp taxes (Financial & Realty)	65.2	57.8	66.9	(9.1)	88.6%
Excise Tax	161.8	236.5	208.0	28.5	146.2%
<b>ii. Specific (Gaming taxes)</b>	<b>34.2</b>	<b>37.8</b>	<b>39.9</b>	<b>(2.1)</b>	<b>110.6%</b>
<b>iii. Taxes on Use of Goods/Permission to Use</b>	<b>136.4</b>	<b>154.3</b>	<b>152.4</b>	<b>2.0</b>	<b>113.1%</b>
Motor Vehicle Taxes	33.0	32.3	30.6	1.7	98.0%
Company Taxes	15.9	21.3	16.8	4.5	134.0%
Licence to Conduct Special Bus. Activity	85.5	97.5	103.2	(5.7)	114.1%
Marine License Activities	2.0	3.2	1.7	1.4	157.6%
<b>c. Taxes on Int'l Trade &amp; Transactions</b>	<b>337.3</b>	<b>229.2</b>	<b>405.7</b>	<b>(176.4)</b>	<b>68.0%</b>
Customs & other import duties	224.6	186.4	227.0	(40.6)	83.0%
Taxes on Exports	29.3	32.0	53.1	(21.1)	109.2%
Departure Taxes	83.4	10.7	125.3	(114.7)	12.8%
Other	0.1	0.2	0.2	(0.0)	0.0%
<b>d. General Stamp Taxes</b>	<b>7.3</b>	<b>2.5</b>	<b>6.7</b>	<b>(4.1)</b>	<b>34.6%</b>
<b>NON-TAX REVENUE (e+f+g+h+i+j)</b>	<b>247.3</b>	<b>269.2</b>	<b>228.6</b>	<b>40.6</b>	<b>108.9%</b>
<b>e. Property Income</b>	<b>40.5</b>	<b>35.3</b>	<b>30.4</b>	<b>4.9</b>	<b>87.2%</b>
Interest & Dividends	25.6	19.6	10.9	8.7	76.5%
Revenue_Gov't Property	14.9	15.7	19.5	(3.7)	105.5%
<b>f. Sales of goods &amp; services</b>	<b>154.8</b>	<b>166.8</b>	<b>151.1</b>	<b>15.6</b>	<b>107.7%</b>
<b>i. Fees &amp; Service Charges</b>	<b>135.4</b>	<b>153.3</b>	<b>132.1</b>	<b>21.2</b>	<b>113.2%</b>
General Registration	4.0	4.0	4.3	(0.3)	100.6%
General Service	11.5	11.4	12.1	(0.6)	99.5%
Immigration	65.2	88.7	67.2	21.5	136.1%
Land & Building	2.4	2.2	2.1	0.1	93.6%
Legal	0.9	1.0	1.2	(0.2)	112.5%
Customs	45.3	39.7	40.0	(0.3)	87.7%
Port & Harbour	3.5	4.9	4.4	0.6	141.3%
Health	2.0	1.2	0.5	0.7	58.9%
Other Fees	0.6	0.0	0.3	(0.3)	0.5%
<b>ii. Other</b>	<b>19.4</b>	<b>13.5</b>	<b>19.1</b>	<b>(5.6)</b>	<b>69.3%</b>
<b>g. Fines, Penalties &amp; Forfeits</b>	<b>4.6</b>	<b>5.3</b>	<b>4.8</b>	<b>0.5</b>	<b>115.8%</b>
<b>h. Reimbursements &amp; Repayments</b>	<b>42.6</b>	<b>42.9</b>	<b>39.4</b>	<b>3.5</b>	<b>100.8%</b>
<b>i. Misc. &amp; Unidentified Revenue</b>	<b>1.8</b>	<b>18.8</b>	<b>2.8</b>	<b>16.0</b>	<b>1043.7%</b>
<b>j. Sales of other Non-Financial Assets</b>	<b>3.0</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>	<b>3.2%</b>
<b>TOTAL TAX &amp; NON-TAX REVENUE</b>	<b>1,760.6</b>	<b>1,872.5</b>	<b>2,086.8</b>	<b>(214.3)</b>	<b>106.4%</b>
GRANTS	2.0	0.2	0.1	0.1	7.5%
CAPITAL REVENUE	0.0	0.0	0.0	0.0	0.0%
<b>GRAND TOTAL</b>	<b>1,762.6</b>	<b>1,872.7</b>	<b>2,086.9</b>	<b>(214.2)</b>	<b>106.2%</b>

**BOX B: QUARTERLY TRENDS IN GOVERNMENT REVENUE PERFORMANCE & POLICY INITIATIVE**

During the second half of FY2020/21, government tax revenue collections improved, in line with the easing of the COVID-19 restrictions on economic activity and the steady recovery of tourism. Of the \$1,603.3 million in tax receipts: 16.8 percent was amassed in the first quarter; 18.7 percent in the second quarter; 29.0 percent in the third quarter and 35.5 percent in the fourth quarter. Approximately \$1,033.5 million (64.5 percent) was collected during the second half of the fiscal year. Quarterly VAT receipts strengthened progressively during the year, with the strongest gain of \$271.8 million posted in the final quarter.

	QI	QII	QIII	QIV	Total
<b>TAX REVENUE (a+b+c+d)</b>	<b>269.4</b>	<b>300.0</b>	<b>464.7</b>	<b>569.1</b>	<b>1,603.3</b>
<b>a. Taxes on Property</b>	<b>8.5</b>	<b>16.5</b>	<b>71.5</b>	<b>46.9</b>	<b>143.5</b>
<b>b. Taxes on Goods &amp; Services (i+ii+iii)</b>	<b>207.5</b>	<b>232.4</b>	<b>333.1</b>	<b>455.1</b>	<b>1,228.1</b>
<b>i. General</b>	<b>187.1</b>	<b>209.7</b>	<b>243.7</b>	<b>395.4</b>	<b>1,035.9</b>
VAT	134.7	151.7	183.5	271.8	741.7
Stamp taxes (Financial & Realty)	12.3	9.3	20.1	16.1	57.8
Excise Tax	40.2	48.7	40.1	107.6	236.5
<b>ii. Specific (Gaming taxes)</b>	<b>5.4</b>	<b>5.6</b>	<b>5.4</b>	<b>21.4</b>	<b>37.8</b>
<b>iii. Taxes on Use of Goods/Permission to Use</b>	<b>15.0</b>	<b>17.0</b>	<b>84.0</b>	<b>38.3</b>	<b>154.3</b>
Motor Vehicle Taxes	6.1	7.0	10.6	8.6	32.3
Company Taxes	2.5	3.5	11.2	4.2	21.3
Licence to Conduct Special Bus. Activity	6.1	6.3	61.6	23.5	97.5
Marine License Activities	0.3	0.3	0.6	2.0	3.2
<b>c. Taxes on Int'l Trade &amp; Transactions</b>	<b>52.1</b>	<b>51.0</b>	<b>59.9</b>	<b>66.2</b>	<b>229.3</b>
Customs & other import duties	42.3	43.4	48.5	52.2	186.4
Taxes on Exports	8.2	6.3	8.4	9.1	32.0
Departure Taxes	1.6	1.3	2.9	4.9	10.7
Other	0.0	0.0	0.0	0.1	0.2
<b>d. General Stamp Taxes</b>	<b>1.3</b>	<b>0.1</b>	<b>0.3</b>	<b>0.9</b>	<b>2.5</b>

**Real Property Tax (RPT) Forgiveness Programme**

On March 1, 2021, the government announced the RPT Forgiveness Programme, which provided waivers to Bahamian and non-Bahamian property owners in The Bahamas who are in arrears. The Programme seeks to boost the collection of outstanding property taxes, by incentivizing property owners, many of whom have been adversely impacted by the COVID-19 pandemic, to become compliant. The Programme is set to expire on August 31, 2021.

## 4. Expenditure Developments

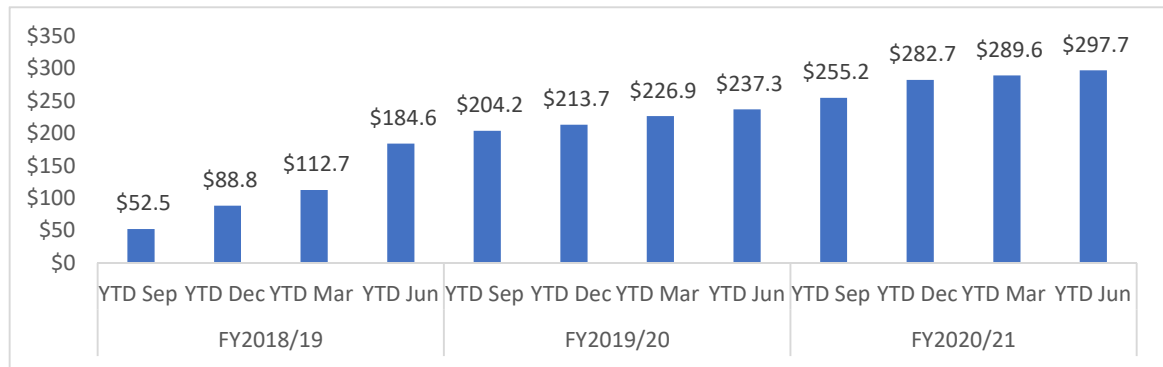
### a. Recurrent Expenditure

During FY2020/21, recurrent expenditure increased by \$324.9 million (12.9 percent) to an estimated \$2,851.3 million as compared to the prior fiscal year, and 110.8 percent of the budget target (*see Table 3*).

- Compensation of employees contracted by \$65.5 million (8.6 percent) to \$695.3 million, as compared to the same period in the prior year, and represented 92.8 percent of the budget target. This decline is largely explained by the falling away of the impact of the \$22.8 million one-off lump-sum payment to eligible government employees in the prior budget period, and discretionary year-over-year reductions in new appointments (\$5.2 million); summer employment (\$3.7 million); special employment programs (\$4.4 million); overtime (\$3.0 million) and discretionary allowances (\$16.9 million).

### Settlement of Arrears

The government settled \$60.4 million in payment arrears in FY2020/2021, representing 80.4 percent of the planned \$75.1 million payment. Since the start of the program, approximately \$297.7 million has been settled of the scheduled \$362.0 million in arrears payments.



*Note: Payments of arrears are included across several expenditure categories.*

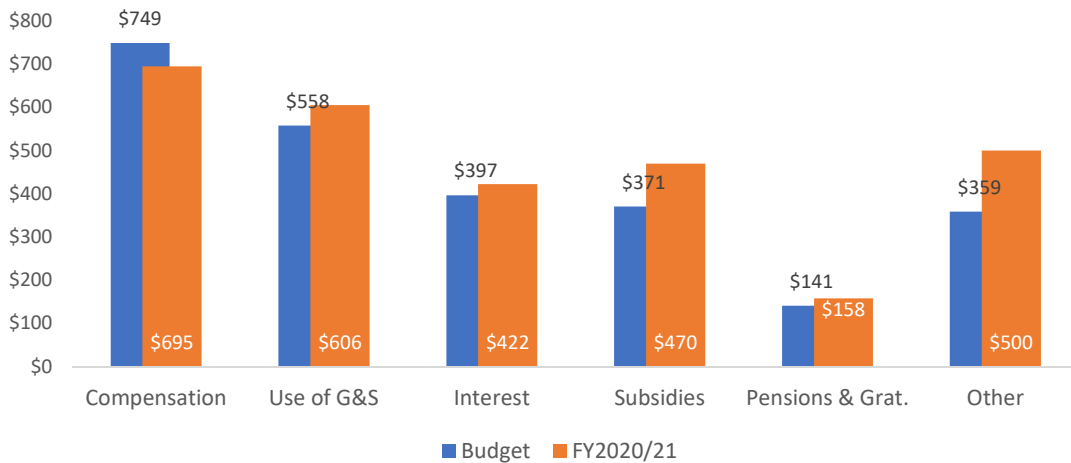
- Spending on the Use of Goods & Services increased by \$43.7 million (7.8 percent) to \$605.4 million, for 108.6 percent of the annual budget.
  - Travel and subsistence charges were lowered by \$5.7 million (44.4 percent) to \$7.1 million (74.7 percent of the budget), reflecting COVID-19 travel restrictions. Similarly, tourism-related expenses declined by \$5.1 million (73.9 percent) to \$1.8 million and positioned at 21.4 percent of the budget.
  - Supplies & Materials spend contracted by \$18.9 million (37.2 percent) to \$31.8 million, which represented 75.7 percent of the budget, and aligned with government's efforts to



contain non-essential expenditures. Similarly, spending on services was also reduced by \$10.3 million (5.6 percent) to \$173.6 million, for 93.1 percent of budget.

- Finance charges firmed by \$43.0 million (180.8 percent) to \$66.7 million (266.8 percent of the budget)—primarily explained by outlays related to the government’s debt financing and interest rate and foreign exchange hedging activities.
- Special financial transactions, which include payment of arrears, expanded by \$23.7 million (23.7 percent) to \$123.8 million to constitute 123.1 percent of the budget. During the FY2020/21, approximately \$60.4 million or 80.4 percent of the budgeted arrears were settled.

**12-Month Comparison of Recurrent Expenditure vs Budget for FY2020/21 (B\$M)**



- Public debt interest increased by \$77.7 million (22.6 percent) to \$422.4 million, equating to 106.4 percent of the budget. By currency, \$194.4 million (46.0 percent) represented payments on foreign currency obligations and \$228 million (54.0 percent) were for Bahamian debt transactions.
- Government subsidies, which include transfers to government-owned and/or controlled enterprises that provide commercial goods and services to the public, were boosted by \$42.2 million (9.9 percent) to \$469.7 million, exceeding the budget by 26.6 percent.
  - Subsidies to public non-financial corporation were higher by \$39.6 million (9.9 percent) at \$439.7 million over the comparative fiscal year. This primarily included transfers of \$238.9 million to the Public Hospital Authority (PHA) for operational activities and to support COVID-19 remediation efforts; \$78.2 million to Bahamasair; \$38.0 million to the National Health Insurance Authority; \$40.0 million to Water and Sewerage; and \$36.7 to the University of The Bahamas.
  - Transfers to private non-financial enterprises and other sectors firmed by \$2.6 million (9.6 percent) to \$30.0 million—led by \$20.8 million in grants to independent schools facing COVID-19 related hardships.

- Social assistance benefits expanded by \$196.9 million (412.5 percent) to \$244.6 million, representing 178.0 percent of the budget. The significant increase in outlays was primarily driven by extensions to the COVID-19 related food and unemployment assistance programmes.
- Pension & gratuity payments increased by \$18.1 million (12.9 percent) to \$158.4 million, which was 12.4 percent in excess of the budget target.
- Current transfers—not elsewhere classified widened by \$21.8 million (13.8 percent) to \$180.2 million (123.2 percent of the budget), reflecting additional operational support to Lucayan Renewal Holdings (\$13.6 million), Nassau Flight Services (\$5.7 million) and the Airport Authority (\$5.5 million). Transfers of \$3.4 million in scholarship funding was made to Bahamas Technical and Vocational Institute (BTVI) alongside a \$3.9 million reduction in international scholarships as the government encouraged domestic education opportunities amidst global COVID-19 health and safety protocols and travel restrictions.

TABLE 3: RECURRENT EXPENDITURE SUMMARY (B\$M)

	[a]	[b]	[c]	[b] - [c]	[b]/[a]
	Budget		July - June		
	FY2020/21	FY2020/21 <sup>P</sup> Actual	FY2019/20 <sup>P</sup> Actual	Variance	% of Budget
<b>RECURRENT EXPENDITURE</b>					
<b>Compensation of Employees</b>	<b>748.9</b>	<b>695.3</b>	<b>760.8</b>	<b>(65.5)</b>	<b>92.8%</b>
<b>Use of Goods &amp; Services</b>	<b>557.7</b>	<b>605.4</b>	<b>561.7</b>	<b>43.7</b>	<b>108.6%</b>
Travel & Subsistence	9.5	7.1	12.8	(5.7)	74.7%
Rent	64.4	61.4	72.4	(11.0)	95.3%
Utilities & Telecommunications	92.0	113.2	80.5	32.7	123.0%
Supplies & Materials	42.0	31.8	50.7	(18.9)	75.7%
Services	186.5	173.6	183.9	(10.3)	93.1%
Minor capital repairs	4.1	3.0	3.7	(0.7)	73.2%
Finance charges	25.0	66.7	23.7	43.0	266.8%
Special Financial Transactions	100.6	123.8	100.1	23.7	123.1%
Tourism Related	8.4	1.8	6.9	(5.1)	21.4%
Local Gov't Districts	13.3	11.7	13.0	(1.3)	88.0%
School Boards	0.0	0.1	0.1	0.0	0.0%
Other	11.9	11.2	14.0	(2.8)	94.1%
<b>Public Debt Interest</b>	<b>396.9</b>	<b>422.4</b>	<b>344.7</b>	<b>77.7</b>	<b>106.4%</b>
<b>Subsidies</b>	<b>370.9</b>	<b>469.7</b>	<b>427.5</b>	<b>42.2</b>	<b>126.6%</b>
<b>Grants</b>	<b>7.5</b>	<b>6.4</b>	<b>8.6</b>	<b>(2.2)</b>	<b>85.3%</b>
<b>Social Assistance Benefits</b>	<b>137.4</b>	<b>244.6</b>	<b>47.7</b>	<b>196.9</b>	<b>178.0%</b>
<b>Pensions &amp; Gratuities</b>	<b>140.9</b>	<b>158.4</b>	<b>140.3</b>	<b>18.1</b>	<b>112.4%</b>
<b>Other Payments</b>	<b>214.1</b>	<b>249.1</b>	<b>235.0</b>	<b>14.1</b>	<b>116.3%</b>
Current Transfers n.e.c.	146.3	180.2	158.4	21.8	123.2%
Insurance Premiums	67.8	68.9	76.7	(7.8)	101.6%
<b>TOTAL</b>	<b>2,574.3</b>	<b>2,851.3</b>	<b>2,526.4</b>	<b>324.9</b>	<b>110.8%</b>

## b. Capital Spending

Capital outlays for FY2020/21 contracted by \$2.7 million (0.7 percent) to \$369.5 million, when compared to FY2019/20. Government's decision to scale-back non-priority initiatives, to offset the elevated COVID-19 recurrent spending resulted in achievement of 71.7 percent of budget (*see Table 4*).

- Capital transfers receded by \$55.8 million (36.8 percent) to \$95.8 million, representing 47.2 percent of the budget target.
  - Key capital spend items included \$20.6 million in transfers related to the post-Dorian national disaster recovery, \$40.3 million for small and medium sized business support, and \$9 million towards restoration of the Rand Memorial Hospital services in Grand Bahama.
- Expenditure on the acquisition of non-financial assets was higher by \$53.1 million (24.1 percent) at \$273.7 million, although representing 87.6 percent of the annual target.
  - Buildings other than dwellings experienced an increase of \$10.4 million (14.1 percent) to \$84.5 million, accounting for 77.2 percent of budget.
  - Outlays for other structures firmed by \$61.7 million (73.6 percent) to \$145.6 million, representing 109.4 percent of budget.
    - The increased spend is largely attributed to the \$68.4 million allocation to the Public Hospitals Authority (PHA) for the construction of a new multi-story tower at the Princess Margaret Hospital (PMH). The project is funded by a \$100 million loan guaranteed by the Multilateral Investment Guarantee Agency that was approved in Parliament in June 2021. The related budgetary expenditure represents a drawdown on the loan held for the benefit of the PHA to finance the project.
  - Other machinery & equipment spend contracted by \$12.4 million (43.1 percent) to \$16.4 million, or 63.1 percent of budget.
  - Land improvements expenditures advanced by \$5.1 million (399.8 percent) to \$6.4 million, accounting for 114.3 percent of budget. This was mainly attributed to the \$5.3 million investments in park and ground improvements.
  - Acquisitions of other fixed assets declined by \$15.6 million (53.7 percent) to \$13.5 million, representing 60.8 percent of the budget.

TABLE 4: CAPITAL EXPENDITURE SUMMARY (B\$M)

	[a]	[b]	[c]	[b] - [c]	[b]/[a]
	Budget		July - June		
	FY2020/21	FY2020/21 <sup>P</sup> Actual	FY2019/20 <sup>P</sup> Actual	Variance	% of Budget
<b>Capital Transfers</b>	<b>203.0</b>	<b>95.8</b>	<b>151.6</b>	<b>(55.8)</b>	<b>47.2%</b>
<b>Acquisition of Non-financial assets</b>	<b>312.5</b>	<b>273.7</b>	<b>220.6</b>	<b>53.1</b>	<b>87.6%</b>
<i>Fixed Assets</i>	<b>307.7</b>	<b>273.7</b>	<b>220.6</b>	<b>53.1</b>	<b>89.0%</b>
Buildings other than dwellings	109.5	84.5	74.1	10.4	77.2%
Other structures	133.1	145.6	83.9	61.7	109.4%
Transport equipment	11.3	7.3	3.4	3.9	64.6%
Other Machinery & equipment	26.0	16.4	28.8	(12.4)	63.1%
Land Improvements	5.6	6.4	1.3	5.1	114.3%
Other Fixed Assets	22.2	13.5	29.1	(15.6)	60.8%
<i>Land</i>	<b>4.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>TOTAL</b>	<b>515.5</b>	<b>369.5</b>	<b>372.2</b>	<b>(2.7)</b>	<b>71.7%</b>

## 5. Financing Activities

### Net Increase in Liabilities

To meet increased operational requirements imposed by the COVID-19 economic downturn, Government's net liabilities increased by \$1,718.1 million during the review period as compared to \$826.9 million in FY2019/20.

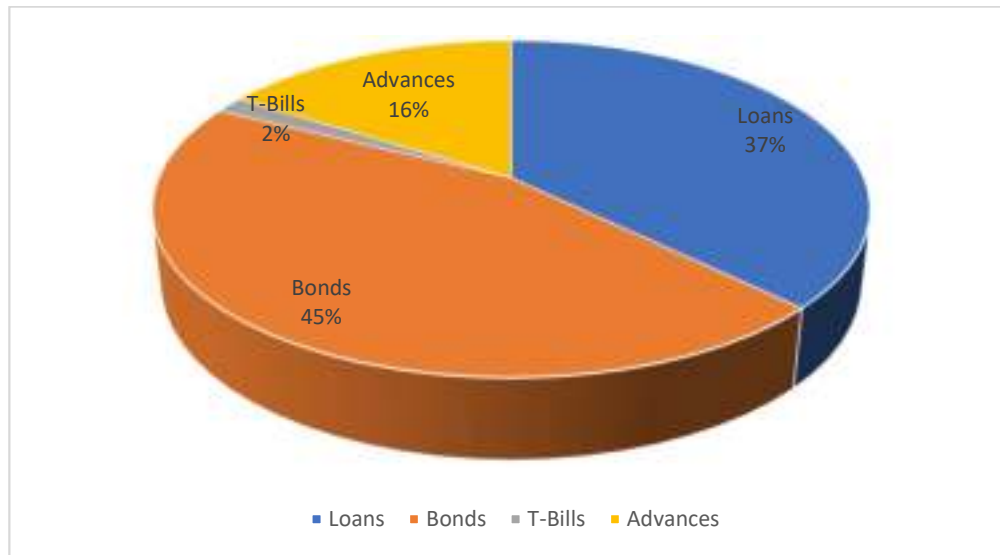
- Budgetary financing requirements were met through gross borrowings of \$3,075.8 million compared to \$1,541.3 million in the same period of the prior fiscal year.
  - Domestic bond issuances aggregated \$559.5 million, of which, \$462.5 million was used to refinance maturing bonds.
  - Two international bond issuances totaled US\$825.0 million—US\$600.0 million (October) and US\$225.0 million (December).
  - New foreign currency loan financing of US\$1,115.2 million comprised:
    - a \$246.0 million bridge facility (July) used to retire and assume direct responsibility for the Bahamas Electricity Corporation's (BEC) legacy debt of an equivalent amount;
    - a \$248.0 million bridge loan facility (August);
    - a \$200 million policy loan from the IDB under a programme to boost small business resilience and environmental protection (September);
    - drawings on new IDB facilities of \$2.6 million (December) under a \$25.0 million credit enhancement programme for micro, small and medium sized enterprises; and \$15.4 million (December) on the IDB US\$80 million loan for reconstruction and resilience in the energy sector;
    - a \$40 million policy loan from the CDB (November);
    - a \$115.2 million Multilateral Investment Guarantee Agency (MIGA) guaranteed facility from Banco Santander S.A.—principally to support the Public Health Authority's modernization (\$89.4 million) and incentivize small and medium enterprises (\$20.0 million);
    - a \$140.0 million IDB loan to support environmentally sustainable growth;
    - an \$8.0 million drawdown on the IDB \$20.0 million facility to support the health sector response to the COVID-19 virus; and
    - \$100.0 million World Bank loan to assist with COVID-19 response and recovery initiatives.

- Drawings on existing loans aggregated US\$32.1 million—of which \$19.2 million represented the undisbursed balance under the skills and jobs programme loan from the IDB, which was redirected to assist with the government’s COVID-19 support of businesses in maintaining employment levels.
- Short-term domestic financing comprised \$49.1 million in Treasury bills and \$494.9 million in Central Bank advances.
- Debt amortization payments were higher at \$1,357.7 million from \$826.9 million in the prior year, boosted by repayments of interim funding transactions.
  - The government repaid the US\$248.0 million bridge financing, out of the proceeds from the US\$600 million bond transaction (October).
  - As scheduled, an aggregate US\$153.0 million and \$7.6 million was repaid in foreign currency and Bahamian dollar loans, respectively.
  - Bahamian Dollar repayments included reductions in Central Bank advances (\$349.8 million); bonds (\$462.5 million) and Treasury note redemptions and conversions (\$136.9 million).
- As a result of net borrowing activities, the Direct Charge on the Government—exclusive of exchange rate adjustments, increased by \$1,718.1 million to \$9,909.3 million or 86.3 percent of GDP at end-June 2021, as compared to 66.0 percent of GDP at end-June 2020. 91.5 percent or \$1,571.3 million of the net borrowing was facilitated in foreign currency.

**Table 5. CHANGE IN LIABILITIES (By Currency and Instrument) (B\$M)**

	FY2020/21: July – June		
	Borrowings	Repayment	Net Change
<b>Bahamian Dollars</b>	<b>1,103.5</b>	<b>956.8</b>	<b>146.7</b>
Bonds	559.5	462.5	97.0
Treasury Bills/Notes	49.1	136.9	(87.8)
Bank Loans	0.0	7.6	(7.6)
Central Bank Advances	494.9	349.8	145.1
<b>Foreign Currency</b>	<b>1,972.3</b>	<b>401.0</b>	<b>1,571.3</b>
Bank Loans	609.2	378.2	231.0
International Bonds	825.0	0.0	825.0
Loans from Int'l Dev. Agencies	538.1	22.8	515.3
<b>TOTAL</b>	<b>3,075.8</b>	<b>1,357.8</b>	<b>1,718.1</b>

**Composition of Government Borrowings for FY2020/21**



**Contribution to Sinking Funds**

Fourth quarter contributions to the sinking fund established to retire future debt obligations totaled \$13.8 million. During the FY2020/21, the government took advantage of favourable market conditions for US Treasuries and sold a portion of the sinking fund portfolio. The resulting capital gains, of \$13.7 million, were reinvested in the sinking fund. At end-June 2021, the three (3) arrangements earmarked for scheduled retirement of external bonds held a cumulative value of \$209.4 million, while the funds set aside for the two (2) local arrangements stood at \$13.3 million.

## 6. Policy Initiatives

### a. Accelerated Bahamas Recovery Plan

#### BOX C

#### ACCELERATED BAHAMAS RECOVERY PLAN

During fourth quarter FY2020/21, on June 24, 2021, Parliament passed the FY2021/22 budget. Accompanying the budget was the release of the Government's *Accelerated Bahamas Recovery Plan (ABRP)*, signaling a shift in policy orientation from recovery to growth.

Key components of Accelerate Bahamas include:

- **Job creation** – The government expects to forego up to \$40 million in revenue to maintain and expand employment opportunities through tax credits for businesses aimed at creating up to 2,500 new jobs. Small businesses will also benefit from new duty concessions.
- **Small business development** – Small and medium-sized businesses development agencies will receive \$41.8 million in financing to support the growth of this sector. Over \$4 million in tax breaks on construction materials will be provided to small businesses in 11 southern Family Islands via the creation of new tax free zones in addition to duty free concessions on inventory for start-up businesses.
- **Healthcare improvements & vaccinations** – Significant public healthcare support will continue with \$100 million set aside for public health infrastructure to expand operations at the Princess Margaret Hospital and the Rand Memorial Hospital. Some \$1 million is allocated for telemedicine.
- **Tourism development** – The policy focus is on enhancing the Bahamian tourism product to allow for homeporting while increasing the participation of SME's in the sector to support the expanded tourism product.
- **Public & private sector development** Improving the country's national investment framework continues to be a priority with efforts to transforming public sector financing to increase use of alternative financing methods such as Public Private Partnerships. Key investments include \$31 million in renewable and resilient energy projects, \$15.4 million in Family Island Airport upgrades and \$7.5 million to build a multipurpose center (inclusive of a police station and clinic). Domestic and foreign investment will be enhanced with the launch of InvestBahamas which will attract and manage quality domestic and foreign investment.
- **Digitization & innovation** – Through increased usage of digital payment solutions, the Central Bank's digital currency "Sand Dollar" and the citizen portal "MyGateway", the government will improve the accessibility, service delivery and payment methods for government services. Ongoing efforts to accelerate the digitization of government services are expected to deliver \$1 million in savings to the private sector.
- **Fiscal responsibility** – The government will maintain a focus on fiscal reform while ensuring responsible debt management with the publication of a new debt management strategy, annual borrowing plan and increased fiscal reporting. There is a focus on new areas of revenue generation such as \$30 million from the use of the country's sovereign airspace, \$31 million from the vacation rental home VAT collection, and increases in real property taxes collection.



**b. Ministry of Finance Legislative Initiatives**

During FY2020/21, the Government made significant progress in its public financial management policy reform agenda. Outlined, in **Box D**, is the status of the various legislative initiatives.

BOX D		
LEGISLATIVE INITIATIVES	KEY FEATURES + DEVELOPMENTS	STATUS
<b>Public Procurement Act, 2021</b>	This legislation establishes a public procurement board, a digital procurement platform, and an electronic vendor registry, to modernize existing procurement systems with international best practices.	The Bill was passed in both the Upper and Lower Houses of Parliament in March. The Draft Public Procurement Regulations have been passed by Parliament during the May 2021 budget presentation. The Act comes into effect 1 <sup>st</sup> September 2021.
<b>Public Debt Management Act, 2021</b>	This legislation consolidates and amends existing laws for public debt management, as well as implement a governance framework oversight of Government debt activities, which are to be guided by defined objectives. The Act will also establish a Debt Management Unit and a Debt Management Committee and requires the production of an annual Debt Management Strategy Report.	The Bill was passed in both the Upper and Lower Houses of Parliament during March, and the finalized accompanying regulations were presented and passed by Parliament during the May 2021 budget presentation. The Act came into effect 1 <sup>st</sup> July 2021.
<b>Public Finance Management Act, 2021</b>	This legislation replaces the administrative segments of the existing Financial Administration and Audit Act, 2010. It clearly specifies the roles and responsibilities of financial officers, enhances reporting requirements and accountability expectations across the public service, and solidifies criminal penalties for malfeasance in public financial matters.	The Bill was passed in both the Upper and Lower Houses of Parliament during March. The Draft Public Finance Management Regulations was finalized and presented to Parliament during the May 2021 budget presentation. The Act came into effect 1 <sup>st</sup> July 2021. Monthly financial reporting, cash planning and management, and financial asset strategizing components of the act come into effect in January 2022.
<b>Statistics Act, 2021</b>	This legislation establishes the Bahamas National Statistics Institute and a National Statistical System and will facilitate the establishment of standards for	The Bill was passed in both the Upper and Lower Houses of Parliament during March and the Act came into effect 1 <sup>st</sup> July 2021.

Box D		
LEGISLATIVE INITIATIVES	KEY FEATURES + DEVELOPMENTS	STATUS
	collecting, compiling, analyzing and publishing official statistics.	